



ANALYSIS OF LOCAL GOVERNMENT FINANCIAL PERFORMANCE IN THE MANAGEMENT OF THE 2024 PADANGSIDIMPUAN CITY BUDGET

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<p>Info Article</p> <p>Received : 06 September 2025</p> <p>Revised : 03 Oktober 2025</p> <p>Accepted : 01 November 2025</p> <p>Publication : 30 November 2025</p>	<p>Abstract: <i>This study analyzes the financial performance of the Padangsidimpuan City Government in managing the 2024 Regional Revenue and Expenditure Budget (APBD). The method used is a descriptive quantitative approach through financial ratio analysis, including fiscal autonomy, local revenue (PAD) effectiveness, efficiency, and expenditure alignment. Data were sourced from the 2024 APBD realization report. The results indicate that financial performance still faces challenges, particularly low fiscal independence due to high reliance on transfer funds from the central government. Efforts to optimize PAD have been made, but they have not fully supported independent development financing. Moreover, the expenditure structure is still dominated by operational spending rather than development spending, which may hinder regional economic growth. Therefore, improvements in revenue optimization, efficiency, and budget allocation are needed to ensure more effective and sustainable local financial management.</i></p>
<p>Keywords: <i>Financial Performance, Regional Revenue and Expenditure Budget, Budget Realization Report, Local Revenue</i></p> <p>Kata Kunci: Kinerja Keuangan, Anggaran Pendapatan dan Belanja Daerah, Laporan Realisasi Anggaran, Pendapatan Asli Daerah</p>	<p>Abstrak: Penelitian ini menganalisis kinerja keuangan Pemerintah Kota Padangsidimpuan dalam mengelola Anggaran Pendapatan dan Belanja Daerah (APBD) tahun 2024. Metode yang digunakan adalah deskriptif kuantitatif melalui analisis rasio keuangan, meliputi kemandirian, efektivitas PAD, efisiensi, dan keserasian belanja. Data bersumber dari laporan realisasi APBD tahun 2024. Hasil penelitian menunjukkan bahwa kinerja keuangan masih menghadapi tantangan, terutama rendahnya kemandirian fiskal akibat tingginya ketergantungan pada dana transfer dari pemerintah pusat. Upaya optimalisasi PAD telah dilakukan, namun belum sepenuhnya mendukung pembiayaan pembangunan secara mandiri. Selain itu, struktur belanja masih didominasi belanja operasional dibandingkan belanja pembangunan, yang berpotensi menghambat pertumbuhan ekonomi daerah. Oleh karena itu, diperlukan peningkatan optimalisasi pendapatan, efisiensi, serta perbaikan alokasi anggaran agar pengelolaan keuangan daerah lebih efektif dan berkelanjutan.</p>
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INTRODUCTION

Local government finance is one of the most important aspects in the administration of regional governance. Through the Regional Revenue and Expenditure Budget (Anggaran Pendapatan dan Belanja Daerah/APBD), local governments plan and implement various development programs and public services. The APBD functions not only as a planning instrument but also as a tool for control, supervision, and evaluation of the use of regional finances. Therefore, APBD management must be carried out in an effective, efficient, transparent, and accountable manner so that regional development objectives can be optimally achieved and provide tangible benefits to society.

The financial performance of local governments can be assessed through their ability to manage regional revenue sources and allocate expenditures appropriately. Financial performance analysis is important because it demonstrates the extent to which local governments are able to utilize their available financial resources to support development and improve public welfare. Through the analysis of regional financial reports, it is possible to determine the level of fiscal independence, revenue effectiveness, expenditure efficiency, and the government's capability in managing the available budget.

As one of the autonomous regions in North Sumatra Province, Padangsidempuan City has the responsibility to manage its regional finances in accordance with the principles of public financial management. Every year, the Padangsidempuan City Government prepares the APBD as the basis for implementing various regional development programs. Based on the 2024 APBD data, total regional revenue reached approximately IDR 896.55 billion, while total regional expenditure amounted to IDR 953.05 billion. This condition indicates a potential budget deficit, which requires proper regional financing management to maintain fiscal sustainability.

From the revenue structure perspective, Local Own-Source Revenue (PAD) of Padangsidempuan City in 2024 amounted to only around IDR 117.71 billion, or approximately 13% of total regional revenue. This percentage indicates that the region's capacity to generate its own revenue sources remains relatively low. On the other hand, transfer revenue from the central government still dominates, contributing more than 70% of total regional revenue. The high proportion of transfer revenue indicates that the level of regional fiscal dependence on the central government remains considerably high, thereby limiting the flexibility of the region in determining its development policies.

From the expenditure side, the 2024 APBD allocation of Padangsidempuan City is still dominated by operational expenditures, particularly personnel expenditures, which reached approximately IDR 370.07 billion. Meanwhile, capital expenditures, which are directly related to infrastructure development and the improvement of public service quality, amounted to only approximately IDR 20.48 billion, or around 2% of total regional expenditure. This condition indicates that budget orientation is still largely directed toward routine governmental operational needs rather than long-term investments that can stimulate economic growth and improve public welfare.

Based on these conditions, an analysis of the financial performance of the Padangsidempuan City Government in managing the 2024 APBD is highly important. This study aims to assess the extent to which revenue management effectiveness, expenditure efficiency, fiscal independence, and regional financing structures have been implemented in accordance with the principles of good regional financial governance. The results of this study are expected to provide an overview of the condition of regional financial management and serve as an evaluation basis for the Padangsidempuan City Government in improving the quality of APBD management in the future.

METHOD

This study employs a quantitative descriptive approach to analyze the financial performance of the local government based on the 2024 Regional Revenue and Expenditure Budget (APBD) of Padangsidempuan City. The data used in this study are secondary data obtained from official sources, namely the Directorate General of Fiscal Balance (DJPB) of the Ministry of Finance and the website of the North Sumatra Provincial Government.

This study focuses on analyzing the main components of the APBD, including regional revenue, regional expenditure, and budget realization. The collected data was then processed and analyzed using financial ratio analysis to assess the performance of the local government. The ratios used in this study include the autonomy ratio, the effectiveness ratio, and the efficiency ratio.

Next, the analysis was conducted by comparing the proportion of Local Own-Source Revenue (PAD) to total revenue, as well as examining the structure of local government expenditures, particularly the breakdown between operational and capital expenditures. This approach aims to provide a clear picture of the region's financial condition and fiscal capacity. Thus, the research method employed includes the stages of

data collection, data processing, analysis, and interpretation of results to draw conclusions regarding the performance and effectiveness of the implementation of the Padangsidempuan City APBD.

RESULTS AND DISCUSSION

Local Revenue Performance

The realization of the Padangsidempuan City APBD revenue for 2024 shows excellent results, reaching 91.9% of the set target. The revenue structure remains dominated by transfers from the central government, such as the General Allocation Fund (DAU), the Special Allocation Fund (DAK), and the Village Fund.

This indicates that:

- a. Dependence on the central government remains quite high.
 - b. Local Original Revenue (PAD) has not yet become the primary source of revenue.
- Nevertheless, an achievement above 90% reflects fairly effective revenue management and realistic budget planning.

Local Government Expenditure Performance

On the expenditure side, the realization reached approximately 84%, meaning there is a budget surplus that was not fully utilized.

The expenditure composition shows:

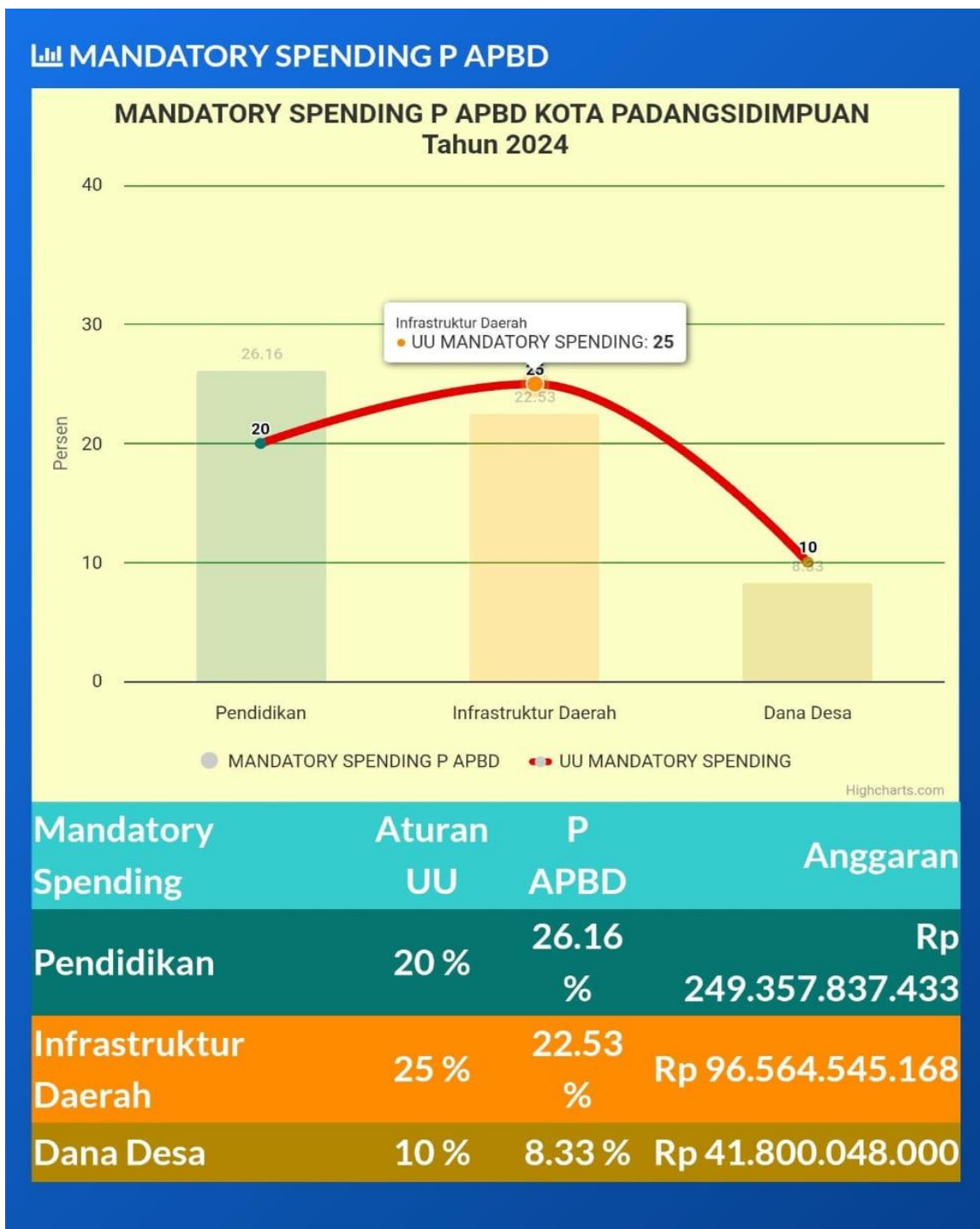
- a. Operational expenditures constitute the largest portion ($\pm 84.1\%$)
- b. Followed by capital expenditures and other expenditures in smaller amounts
- c. This indicates:
- d. The local government's focus remains on funding routine activities (salaries, office operations, etc.)
- e. Productive expenditures (such as infrastructure) have not been maximized
- f. This situation could lead to:
- g. A lack of acceleration in regional development
- h. Minimal long-term effects on economic growth

Mandatory Spending

The implementation of mandatory spending shows fairly good results:

- a. Education: approximately 26.16% (exceeding the minimum requirement of 20%)
- b. Infrastructure: approximately 22.5% (close to or below 25%)
- c. Village Funds: approximately 8.33% (close to or below 10%)

- d. This means:
- e. Local governments have complied with regulations regarding minimum budget allocations
- f. Prioritization of key sectors such as education is proceeding well
- g. However:
- h. Infrastructure and village funds still need to be optimized to have a more direct impact on the community



Village Funds

Village Fund disbursement reached 97.72%, indicating:

- a. Fund distribution to villages is highly effective
- b. Development programs at the village level are relatively well-implemented
- c. Additionally:
- d. Non-Earmarked Village Funds also show high disbursement (97.72%)
- e. This reflects strong administrative and budget distribution capabilities

General Analysis

Overall:

- a. High revenue (91.9%) → planning is fairly accurate
- b. Lower expenditure (84%) → there is efficiency, but also potential for program delays
- c. Village Funds are highly optimal (97.7%) → success at the village level
- d. Reliance on central government transfers remains high

Findings

The performance of the 2024 Padangsidempuan City Regional Budget (APBD) can be categorized as fairly good, particularly in terms of revenue and the disbursement of village funds. However, there are several points that require attention:

- a. Optimizing local revenue (PAD) to reduce reliance on the central government
- b. Improving expenditure absorption, particularly capital expenditures
- c. Strengthening the infrastructure sector to drive economic growth

With these improvements, future APBD management can become more effective, self-reliant, and have a direct impact on the community.

CONCLUSION

Overall, the financial performance of the Padangsidempuan City Government in 2024 showed a fairly high level of budget execution. The Regional Revenue Budget was set at Rp 897,895,779,180, with a budget execution rate of 91.9%. Meanwhile, the Regional Expenditure Budget was planned at Rp 954,397,621,217, with a realization rate of 84%. These figures indicate that most revenue targets were met, although there is a discrepancy between the revenue and expenditure budgets, indicating a planned deficit within the APBD structure.

Budget allocations for expenditures are prioritized to meet mandatory spending obligations in accordance with laws and regulations. For the education sector, the budget was allocated at Rp 249,357,837,433 with a realization of 26.16% of the APBD. In the infrastructure sector, the budget was allocated at Rp 96,564,545,168 with a realization of 22.53%. Additionally, the management of Village Funds has yielded positive results. The budget for Non-Earmarked Village Funds is Rp 33,396,536,000.00, with total disbursements reaching Rp 32,635,114,200.00, or 97.72% of the total budget.

In conclusion, the Padangsidempuan City Government has successfully implemented most of the programs and activities outlined in the 2024 Local Budget, with significant levels of revenue and expenditure realization. The very high realization rate of Village Funds demonstrates the effectiveness of fund disbursement to the village level. However, the lower expenditure realization rate compared to revenue indicates that there is a budget surplus that has not been fully absorbed as of the December 2024 reporting period. This data serves as the basis for evaluating the planning of the next year's budget to ensure more optimal budget absorption.

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