

# Village Financial Ratios in Assessing the Performance of Village Financial Statements in Kota Pari Village

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## Abstract

Government financial reports are an information media tool as a means to assess government financial performance in assessing government achievements in village financial management. The purpose of this study is to analyze village financial performance through a ratio approach with village income and expenditure analysis, analyze the degree of decentralization, village financial income ratio, village income growth analysis, village expenditure efficiency ratio, PADesa effectiveness ratio, village expenditure ratio per field village government organizers, implementers of village development, disaster management and community development on village income, City Village Government It is necessary to improve financial performance such as the degree of decentralization and analysis of very low village income growth, high village financial dependence ratio, less effective village original income effectiveness ratio, less efficient village expenditure efficiency ratio, good perfield village expenditure ratio. The village government of Kota Pari makes policies regarding the management of village original income through monitoring and evaluation so that the village's original income target is achieved.

**Keywords**— Village financial ratio, Village Financial Report

## I. INTRODUCTION

Village government financial statements are structured village government reports discussing the financial position and transactions carried out by a public organization based on government accounting standards. The purpose of village government financial statements is to present financial positions such as (assets, liabilities, fund equity, income, expenditure, transfers, financing and cash flow), budget realization, cash flow and financial performance of the village government as useful reporting for internal users (government) and evaluate all decisions regarding resources. The financial performance of the village government is an achievement obtained by the village government for the work program carried out in one period which will then be used as an evaluation for the future. Optimal financial performance is seen from well-executed financial management starting from planning, budgeting, administration, implementation, reporting and accountability. The Village Government of Pari City is a village government located in Serdang Bedagai Regency with the geographical location of the beach, the income of fishing communities and entrepreneurship such as MSMEs. The development of the Pari City Village Budget Realization Report for 2018-2022 is as follows:

Source : Desa Kota Pari, 2024

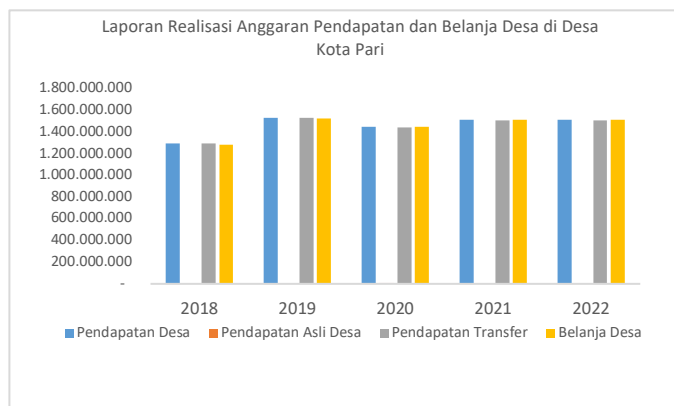


Figure 1. Development of Village Budget Realization Report in Kota Pari Village

Based on figure 1 describes the condition of the state of village income, original village income, transfer income and village expenditure. The largest composition in contributing to Village Revenue is Transfer Revenue from 2018 to 2022, this shows that the village government of Kota Pari still expects assistance funds from the provincial government. In 2019, village income and transfer income have increased every year, but for the original village income only in 2019. For the original income of the village in 2019 it was Rp. 260,010, in 2020 it was Rp. 7,018,396, in 2021 it was Rp. 4,817,055 and in 2022 it was 4,630,846. The amount of original village income is still below the amount of transfer income, because the village government of Pari City is still very dependent on aid funds from the provincial government. The Pari City Village Government next year can increase the village's original income so that it is no longer dominant in financing village expenditures from transfer income from the provincial government.

Anugeraheni et al (2022) explained that villages must be able to optimize village original income by maximizing the management of village income sources and exploring and developing the potentials owned by villages to increase village original income sources, so that increasing local original income will increase PAD collection to become efficient. Martiastuti (2021) explained that increasing human resources, transparency, accountability and improving the management of BUMDes in order to provide income in PADes so that they can improve financial performance.



Inefficient performance tends to be due to waste, when calculating financial allocations for development costs and village government activities are not careful in calculating village financial capacity and funding priority levels, so that target achievement is not optimal (Rahmadani, 2019). Then the village needs to supervise and control correctly and continuously so that the allocation of village funds is right and according to the expected target (Martiasuti, 2021). Syah (2021) said that through the APBDes, village policies are implemented in various programs or activities because the budget has been determined. Based on the results of the research gap, previous researchers made researchers want to analyze village financial ratios, namely the degree of decentralization, village financial affordability ratio, village income growth analysis, village original income effectiveness ratio, in Kota Pari Village, Serdang Begadai Regency.

## II. EASE OF USE

### A. The theory of agency in government

Local government management must be monitored to ensure that management is carried out in full compliance with that management is carried out in full compliance with various applicable regulations and regulations. The results of the performance that have been implemented by the local government will produce information that is submitted to the community must be transparent and accountable. It aims to be able to provide balanced information between the *agent* and the *principal*. Thus the information conveyed will reduce the existence of *information asymmetry* so that the possibility of corruption crimes will be reduced. In agency theory, there are two parties who make an agreement or contract, namely the party who gives authority called the principal and the party who receives authority called the agent. *Agency problems* arise when the principal declares decision-making authority to the agent. Agency theory views that local governments as agents for the principal community will act consciously for their own interests and views that local governments cannot be trusted to act properly for the benefit of the community. *Agency theory* assumes that there is a lot of *information asymmetry* between agents (government) who have direct access to information and the principal (public). The existence of *information asymmetry* is what allows misappropriation or corruption by agents. As a consequence, local governments must be able to increase accountability for their performance as a mechanism of *checks and balances* in order to reduce *information asymmetry*.

### B. Village Revenue and Expenditure Budget

The Village Revenue and Expenditure Budget (APBDesa) is an annual financial planning process of the village government that has been discussed or agreed upon jointly by the Regional Government and the Regional Consultative Body which is determined by village regulations covering income, expenditure and financing. The implementation of village governance will have a strategic and measurable plan based on the existing budget and which will be used. Government Regulation of the Republic of Indonesia Number 43 of 2014 concerning the Implementation Regulations of Law Number 6 of 2014 concerning Villages, stated that the Village Revenue and Expenditure Budget, hereinafter referred to as APBDesa, is the annual financial plan of the Village Government. APBDesa is the responsibility and holder of village management to provide information about all village activities and activities to the

community and village government for the management of village financial funds and implementation in the form of program plans financed with village money. Village Budget Function Village budget has the main functions, namely:

1. Planning Tools  
The budget is a controlling tool for village management in order to achieve goals.
2. Control Tools  
The budget contains a detailed planning of village income and expenditure.
3. Fiscal Policy Tools  
By using the budget, it can be known how fiscal policy will be explained by the village, thus it will be easy to predict and estimate the economy and organization.
4. Coordination and Communication Tools  
In preparing the budget, it is certain that the work units will communicate and coordinate with all village officials.
5. Work Assessment Tools  
Budget planning and implementation will be an assessment of the performance of the village apparatus.
6. Motivational Tools  
The budget can be used to motivate village officials to work effectively and efficiently

### C. Local Government Performance Measurement

Public sector performance measurement is carried out to fulfill three purposes: *First*, public sector performance measurement is intended to help improve government performance. Performance measures are intended to help the government focus on the goals and objectives of the work unit program. This will ultimately increase the efficiency and effectiveness of public sector organizations in delivering public sector services. *Second*, public sector performance measures are used to allocate resources and make decisions. *Third*, public sector performance measures are intended to realize public accountability and improve institutional communication (Ihyahul Ulum, 2009).

### D. Village Financial Performance Ratio

Mahmudi (2009) there are several ratio models that will measure the financial performance of local governments are:

#### a. Degree of Decentralization

This ratio compares the amount of PADesa divided by the total amount of village income. The higher the contribution of PADesa indicates that the village government, the higher the village government's ability to implement decentralization.

Decentralization Degree Formula

$$= \text{Local Original Revenue} / \text{Total Village Income}$$

The degree of decentralization refers to Kepmendagri No. 690,900,327 of 1996, as follows:

**Table 2.1 Decentralization Degree Interval Scale**

Decentralization Degree	Village Financial Capability
00,00 – 10,00%	Very less
10,01 % - 20,00%	Not enough
20,01% - 30,00 %	Enough
30,01% - 40,00 %	Currently
40,01% - 50,00 %	Good
> 50,01%	Very good

#### b. Village Financial Dependency Ratio

This ratio compares the amount of transfer revenue received by village revenue with the total village revenue. The higher this ratio, the greater the level of dependence of the village government on the central or provincial government. Village financial Dependency Ratio Formula = Transfer Revenue / Total Village Income  
The level of village financial dependence ratio refers to Kepmendagri No. 690,900,327 of 1996, as follows:

**Table 2.2 Village Financial Dependency Interval Scale**

Village Financial Dependency	Village Financial Capability
0 % - 25 %	Very low
25% - 50%	Low
50% - 75%	Currently
75% - 100%	Tall

**c. Village Income Growth Analysis**

Ratio by looking at the performance of revenue growth positively or negatively. If revenue growth is positive then it tends to increase and vice versa.

Village Income Growth Analysis Formula

$$= (\text{Village Revenue Year (t)} - \text{Village Income Year (t-1)}) / \text{Village Income Year (t)}$$

The level of analysis of village income growth refers to Kepmendagri No. 690,900,327 of 1996, as follows:

**Table 2.3 Growth Interval Scale**

Growth Interval Scale	Village Financial Capability
0% - 10%	Very low
11% - 20%	Low
21% - 30%	Currently
Diatas 40%	Tall

**e. Village Original Income Effectiveness Ratio**

Ratio by comparing Village Original Income Realization with Village Original Income Target. The higher this ratio indicates the more effective the village government is in mobilizing PADesa revenues.

PADesa Effectiveness Ratio Formula

$$= \text{Village Original Income Realization} / \text{Village Original Income Target}$$

The level of Village Original Income Effectiveness Ratio refers to Kepmendagri No. 690,900,327 of 1996, as follows:

**Table 2.4 Village Financial Effectiveness Interval Scale**

Village Original Income Effectiveness	Village Financial Capability
> 100%	Very effective
90 % - 100%	Effective
80% - 90%	Effective enough
80% - 60%	Less effective
≤ 60%	Ineffective

**f. Village Expenditure Ratio Per Field**

Ratio by comparing the realization of village expenditure per program divided by total village expenditure. The ratio of village expenditure per program is very important to know the pattern and orientation of village government spending.

Village Shopping Formula Per Field

$$= \text{Realization of Village Expenditure per Field} / \text{Total Village Expenditure}$$

The level of village financial capability in managing Village Expenditure per Field refers to Kepmendagri No. 690,900,327 of 1996, as follows:

**Table 2.5 Village Expenditure Ratio Per Field Interval Scale**

Village Financial Interval Scale	Village Financial Capability
Dibawah 40%	Good
40% - 80%	Pretty good
80% - 100%	Not good

**g. Village Expenditure Efficiency Ratio**

Ratio by comparing the realization of village expenditure divided by the realization of village income. The village expenditure efficiency ratio is used to measure the level of budget savings made by the village government.

Village Expenditure Efficiency Ratio Formula

$$= \text{Realization of Village Expenditure} / \text{Realization of Village Income}$$

The level of Village Belnaja Efficiency Ratio refers to Kepmendagri No. 690,900,327 of 1996, as follows:

**Table 2.6 Village Financial Efficiency Interval Scale**

Village Financial Efficiency Interval Scale	Village Financial Capability
> 100%	Not efficient
90 % - 100%	Less efficient
80% - 90%	Quite Efficient
80% - 60%	Efficient
< 60%	Very Efficient

**III. PREPARE YOUR PAPER BEFORE STYLING**

This study uses quantitative description, where the study uses data from village budget realization reports in Kota Pari Village from 2015 to 2022. Data collection techniques use documentation studies to the Pari City Village office and discuss with the village head secretary, then make observations in the Pari City Village area. After the data of the APBDesa realization report, then the village financial performance ratios are carried out and then interpret the results of the financial ratio calculation and compare with the results of the next researcher.

**IV. USING THE TEMPLATE**

**A. Result**

The financial performance of the village can be seen in the calculation of the following ratio:

**a. Decentralization Degree Ratio**

The degree of decentralization is the village's financial ability to finance village government activities. For this reason, we can see the calculation of the degree of decentralization of Pari City Village is:

**Table 4.1 Calculation of the Degree of Decentralization in Pari City Village**

Year	Original Village Income	Village Income	Calculation	Category
2015	0.00	980,100,000	0.000	Very less
2016	0.00	1,100,564,320	0.000	Very less
2017	0.00	1,246,340,000	0.000	Very less
2018	0.00	1,297,781,448	0.000	Very less
2019	260,010	1,536,062,572	0.000	Very less
2020	7,018,396	1,454,049,760	0.483	Very less
2021	4,817,055	1,515,502,484	0.318	Very less
2022	4,630,846	1,515,200,250	0.306	Very less

Source: Processed Data, 2024

Based on table 4.1, the degree of decentralization of urban villages from 2015 to 2022 is very lacking in increasing village income. The Pari City Village Government really

needs to mobilize in increasing the village's original income such as one of the UN payments, increasing BUMDES. By increasing BUMDES, the development of village business entities with the emergence of many small micro business actors and will be able to contribute to increasing the village's original income by paying the business license levy rate.

**b. Village Financial Dependency Ratio**

The Village Financial Dependency Ratio is a measure of the level of regional ability to finance village development activities through the optimization of Village Original Income as measured by the ratio between village original income and total village budget receipts without subsidies. The following calculation of the village's financial dependence ratio is

**Table 4.2. Village Financial Dependency Ratio in Pari City Village**

Year	Transfer Income	Village Income	Calculation	Category
2015	980,100,000	980,100,000	100.0	Tall
2016	1,100,564,320	1,100,564,320	100.0	Tall
2017	1,246,340,000	1,246,340,000	100.0	Tall
2018	1,295,265,073	1,297,781,448	100.2	Tall
2019	1,534,321,992	1,536,062,572	100.1	Tall
2020	1,447,031,361	1,454,049,760	100.5	Tall
2021	1,510,685,429	1,515,502,484	100.3	Tall
2022	1,510,569,404	1,515,200,250	100.3	Tall

Source: Processed Data, 2024

Based on table 4.2 shows that the condition of Pari City Village for the ratio of village financial dependence to the high category, it is important for the Pari City Village Government to increase the original income of its village through community development for entrepreneurship so that MSME actors increase in the village. So that Bumdes Desa Kota Pari becomes developed by creating new investors or looking for capital subsidies for prospective MSME actors. The Pari City Village Government in the future must further reduce dependence on transfer revenues to the provincial government. So for 2025 until the next year the village government reduces the increase in transfer income assistance, if the village continues to depend on the provincial government making the Pari City Village Government not independent.

**c. Village Income Growth Analysis**

Village Income Growth Analysis is the growth of village income obtained from the next period to the next period. The following calculation of village income growth analysis is

**Table 4.3 Analysis of Village Income Growth in Pari City Village**

Source: Processed Data, 2024

Based on table 4.3 shows that the category of village growth analysis is very low, although every year it has increased but this increase has not shown good conditions for village growth. The village government of Pari City is very hard working in increasing village income, in order to make this Pari City Village an independent village. The geographical location of this pari city village is a village that has a beautiful beach and is a strategic village government in increasing village income. It only needs village government management to generate village income. So this is really a challenge for the village government to further increase the amount of village income, then with a large village income will affect the development of an advanced village with the aim of the welfare and prosperity of the village community.

**d. Village Original Income Effectiveness Ratio**

The Village Original Income Effectiveness Ratio is the ability of the village government to realize the planned original village income, then compared with the budgeted village income. The following is the calculation of the effectiveness ratio of the village's original income, is:

**Tabel 4.4. Rasio Efektivitas Pendapatan Asli Desa Di Desa Kota Pari**  
Source: Processed Data, 2024

Year	Realization of Village Original Income	Village Original Income Target	Calculation	Category
2015	0.00	0	0	Ineffective
2016	0.00	0	0	Ineffective
2017	0.00	0	0	Ineffective
2018	0.00	0	0	Ineffective
2019	260,010	260,010	100	Effective
2020	7,018,396	7,018,396	100	Effective
2021	4,817,055	4,817,055	100	Effective
2022	4,630,846	4,630,846	100	Effective

Based on table 4.4 that the ratio of effectiveness of village original income from 2015 to 2018 with the category of ineffective, because that year the City Village Government did not produce Local Original Income so that the village government had not succeeded in obtaining village original income for those 4 years, because the village government did not make the target of village original income. Then from 2019 to 2022, the village government of Pari City finally obtained the village's original income with conditions that fluctuated in the amount of original village income. The effectiveness ratio of village original income is categorized as effective, meaning that the village government of Kota Pari has succeeded in achieving the original village income target they made in achieving its realization.

**e. Village Expenditure Efficiency Ratio**

The Village Expenditure Efficiency Ratio is the ability of village governments to spend their village budget in accordance with their village income capabilities. The following is the calculation of the village expenditure efficiency ratio:

**Table 4.5 Village Expenditure Efficiency Ratio in Pari City Village**

Year	Realization of Village Expenditures	Village Income	Calculation	Category
2015	980,100,000	980,100,000	100	Less efficient
2016	1,100,564,320	1,100,564,320	100	Less efficient
2017	1,246,340,000	1,246,340,000	100	Less efficient
2018	1,285,365,073	1,297,781,448	99	Less efficient
2019	1,530,442,128	1,536,062,572	100	Less efficient
2020	1,454,049,760	1,454,049,760	100	Less efficient
2021	1,515,502,484	1,515,502,484	100	Less efficient
2022	1,515,200,250	1,515,200,250	100	Less efficient

Source: Processed Data, 2024

Based on table 4.5, it shows that the ratio of village expenditure efficiency in the Pari City Village government to the category is less efficient from 2015 to 2022. The village government of Pari City must be more efficient in using its shopping, because all village income must be spent but the use of shopping is only consumable. Not for village development that will stimulate an increase in village original income, for this the village government of Pari City to be wiser in using village spending. It is necessary to supervise and evaluate in using village spending, so that there is no

waste that has an impact on the development of the village development of the city of pari.

**f. Village Expenditure Ratio in the Field of Village Government Administration**

The Village Expenditure Ratio in the Field of Village Government Administration is the ability of villages to use village expenditures for village government activities. The following is the calculation of the ratio of village expenditure in the field of village government administration, namely:

**Table 4.6 Village Expenditure Ratio in the Village Government Administration Sector in Pari City Village**

Source: Processed Data, 2024

Based on table 4.6, it shows the ratio of village expenditure in the field of village government administration in the good category from 2015 to 2022. For this reason, the village government of the city of pari can continue to maintain village spending in the field of government administration to more advanced village development. So as to create a village that is more advanced and prosperous community development because the village government has equipped the facilities needed by the community. The development of village spending in the field of government administration from 2015 to 2022 has increased, this increase in village spending leads to improving village government facilities to the community.

**g. Village Expenditure Ratio for Village Development Implementation**

The Village Expenditure Ratio for Village Development Implementers is a comparison of total village expenditures in financing the expenditures of Village Development Implementers for one period in the village. The following calculation of the Village Expenditure Ratio per Expenditure Field of Village Development Implementers is

**Table 4.7 Ratio of Village Expenditures for Implementing Village Development in Pari City Village**

Year	Village Expenditure	Village Development Implementer	Calculation	Category
2015	980,100,000	680,600,000	69.442	Pretty good
2016	1,100,564,320	708,345,000	64.362	Pretty good
2017	1,246,340,000	720,145,000	57.781	Pretty good
2018	1,285,365,073	742,488,163	57.765	Pretty good
2019	1,530,442,128	898,372,535	58.700	Pretty good
2020	1,454,049,760	263,195,000	18.101	Good
2021	1,515,502,484	560,798,800	37.004	Good
2022	1,515,200,250	278076280	18.352	Good

Source: Processed Data, 2024

Based on table 4.7, it shows that the ratio of village expenditure in the field of implementing village development from 2015 to 2019 is categorized as quite good, meaning that during that year the expenditure on implementing development was very large. So the village government of pari city can only use 40% of the village development implementation costs from village expenditures, above 40% to 80% of the condition is quite good. Then from 2020 to 2022 for the ratio of village development implementers with good categories, the condition of village spending in the field of implementing village development has decreased.

**h. Village Expenditure Ratio in the Field of Community Development**

The ratio of village expenditure per field of community development expenditure is a comparison of total village expenditures in financing community development expenditures for one period in the village. The following is the calculation of the Village Expenditure Ratio Per Field of Community Development Expenditure is

**Table 4.8 Village Expenditure Ratio in the Community Development Sector in Pari City Village**

Year	Village Expenditure	Community Development	Calculation	Category
2015	980,100,000	45,786,000	4.672	Good
2016	1,100,564,320	46,345,200	4.211	Good
2017	1,246,340,000	48,976,300	3.930	Good
2018	1,285,365,073	51,247,000	3.987	Good
2019	1,530,442,128	97,847,010	6.393	Good
2020	1,454,049,760	49,000,000	3.370	Good
2021	1,515,502,484	38,463,200	2.538	Good
2022	1,515,200,250	64,573,600	4.262	Good

Source: Processed Data, 2024

Based on table 4.8, it shows that the ratio of village expenditure in the field of community development from 2015 to 2022 is categorized as good. However, this guidance has not increased MSME actors in the village of Kota Pari to increase entrepreneurship, employment and the community's economy. So that the village government needs to tie work programs such as training to become a successful entrepreneur, how to digital marketing outside the region and abroad, improving the quality of the economic value of products. So it is necessary to increase community development spending, so that rural communities gain knowledge to become successful MSME actors and look for stakeholders who can help provide additional business capital for MSMEs so that MSME businesses run smoothly and help village governments in increasing village original income.

**i. Village Expenditure Ratio in Disaster Management**

The ratio of village expenditure per field of disaster management expenditure is a comparison of total village expenditure in financing disaster management expenditure during one period in the village. The following calculation of the Village Expenditure Ratio per Disaster Management Expenditure Field is

**Table 4.9 Village Expenditure Ratio for Disaster Management in Pari City Village**

Source: Processed Data, 2024

Year	Village Expenditure	Village Government Administrator	Calculation	Category
2015	980,100,000	267,800,000	27.324	Good
2016	1,100,564,320	300,150,430	27.272	Good
2017	1,246,340,000	320,456,600	25.712	Good
2018	1,285,365,073	346,970,796	26.994	Good
2019	1,530,442,128	463,565,959	30.290	Good
2020	1,454,049,760	523,664,760	36.014	Good
2021	1,515,502,484	532,175,484	35.115	Good
2022	1,515,200,250	556,884,250	36.753	Good

Year	Village Expenditure	Disaster management	Calculation	Category
2015	980,100,000	0	0	Good
2016	1,100,564,320	0	0	Good

2017	1,246,340,000	0	0	Good
2018	1,285,365,073	0	0	Good
2019	1,530,442,128	0	0	Good
2020	1,454,049,760	613,190,000	42.171	Pretty good
2021	1,515,502,484	384,065,000	25.342	Good
2022	1,515,200,250	386,741,120	25.524	Good

Based on table 4.9, it shows the ratio of village expenditure in the field of disaster management in the village of Kota Pari in the category both from 2015 to 2019, then 2021 and 2022. In 2020, this ratio was in the category quite good because that year the amount of disaster management spending because in 2020 all countries experienced the disaster of the Covid19 outbreak. So the government facilitates the health needs of the community so that people are maintained healthy and avoid transmission of the covid19 disease. But in 2021 and 2022 it has decreased every year, and the following year the covid19 disaster has begun to end, disaster spending for covid19 no longer exists, unless there are other disasters such as floods and others. But the village government of the city of pari and the community must continue to maintain the condition of the village of the city of pari in order to avoid disasters, good cooperation will create conditions for a prosperous, beautiful and prosperous village. The establishment of friendship between the village government apparatus and the entire pari city community is an example of an exemplary village, this will make people outside the village happy to visit the village.

#### j. Village Expenditure Ratio in the Field of Community Empowerment

The ratio of village expenditure per field of community empowerment expenditure is a comparison of total village expenditures in financing community empowerment expenditures for one period in the village. The following is the calculation of the Village Expenditure Ratio per Community Empowerment Expenditure Field, which is

**Table 4.10 Village Expenditure Ratio for Community Empowerment in Pari City Village**

Year	Village Expenditure	Community empowerment	Calculation	Category
2015	980,100,000	98,345,000	10.034	Good
2016	1,100,564,320	100,200,130	9.104	Good
2017	1,246,340,000	110,675,320	8.880	Good
2018	1,285,365,073	113,721,150	8.847	Good
2019	1,530,442,128	70,656,624	4.617	Good
2020	1,454,049,760	5,000,000	0.344	Good
2021	1,515,502,484	-	0.000	Good
2022	1,515,200,250	228,925,000	15.109	Good

Source: Processed Data, 2024

Based on table 4.10, it shows that the ratio of village expenditure in the field of empowerment of pari urban village communities from 2015 to 2022 is categorized as good. Community empowerment spending in the village of Kota Pari ranges from approximately 15%. The village government of Pari City must further increase spending on the empowerment of the pari city village community with the aim of making people superior in creating jobs so that the community's economy increases. The attention of the village

government apparatus of Kota Pari to the community is very important, so the community is motivated to further improve their standard of living. Village change for the better and wisest starts from the village government apparatus and then the village community, but must be limited so as not to become negative in village development. The village government often conducts socialization of SME workshops and others that make people gain knowledge in improving their standard of living. So this is one of the goals of the village government in increasing the village's original income.

#### B. Discussion

Village Financial Management is an activity that includes planning, implementing, administering, reporting and accountability of village finances. The success of the village in achieving financial performance is how the village apparatus is able to run and manage the village's finances. The village government of Kota Pari is located in the Serdang Bedagai regency area with the village area close to the outskirts of the beach. The development of the village financial performance of the Pari City Village Government during 2015 to 2022 can be seen from several ratios. The degree of decentralization explains how the village's financial ability to finance village government activities, the degree of decentralization in the village of Kota Pari is categorized as very lacking. The Pari City Village Government has a new local original income in 2019 until now 2022 has increased. This means that the Pari City Village Government finances village needs from other income such as transfer income.

The Pari City Village Government must increase the village's original income in order to be able to finance the needs of the village government by growing investors to do business in Pari City Village. Kota Pari Village is a village that has the potential for the village government to increase the village's original income, so this all depends on the village government making cooperation with outside parties in advancing the village, opening other internal job opportunities. The results of this study are the same as Syahputra (2017) and Demora (2016), the results of their research are the same as this study that regional finances have not been able to finance the needs of the government, thus showing that the region is still high dependence on income with the central government due to weak or low local original income. Furthermore, Sugarwati (2021) stated that the degree

Year	Village Income	Calculation	Category
2015	980,100,000	0.000	Very low
2016	1,100,564,320	10.946	Very low
2017	1,246,340,000	11.696	Very low
2018	1,297,781,448	3.964	Very low
2019	1,536,062,572	15.512	Very low
2020	1,454,049,760	-5.640	Very low
2021	1,515,502,484	4.055	Very low
2022	1,515,200,250	-0.020	Very low

of decentralization in city governments is higher compared to district governments, the need to accelerate the results of regional autonomy through increasing the degree of decentralization of district governments which have traditional characteristics including carrying out modernization policies in various economic sectors, improving the quality of human resources and providing

stronger social supervision in rural areas. Therefore, the Pari City Village Government needs to utilize assets that have the potential to increase the village's original income, in line with the opinion of Sugarwati (2021) the need to change the mindset of village officials and village communities in advancing their villages by continuing to carry out community social supervision so as not to destroy the traditional culture of the Pari City Village Community. Utilizing the tension of the stingray city village by looking at the geographical location of the village is a village whose periphery is surrounded by the beach. Pondok Permai Beach is managed by the private sector, then the private sector is subject to a business license that increases village income, then this location is very good by selling souvenirs from the beach sea managed by BUMDES people. MSME players in this village are not too big, only home-based MSMEs to meet the needs of the community in the village, such as beach tourism MSMEs, brown sugar MSMEs, chips, and tempoh. So from MSME players in Kota Pari Village, it is necessary to add and improve their products outside the village, so that more and more familiar with MSME products will be able to increase MSME income and have an impact on village income.

The Village Financial Dependence Ratio is the village's financial ability to finance government needs from village income without subsidies from the central government. The development of the village financial dependence ratio in Pari City Village during 2015 to 2022 is categorized as high, meaning that in financing the needs of the Pari City Village Government that income comes from the provincial/district/central government. The Pari City Village Government needs to increase village income, especially the original village income, with various policies and programs that need to be issued by the village government so that in the following year the village government achieves an increase in village income so that the next year's Pari City Village Government in transfer income does not increase. Fatiyah (2022), Rohman (2017) and Rosaliena (2019) have the same research results that the local or village governments they studied have a very high dependency ratio. Rohman (2017) explained that if the percentage of regional financial dependence ratio above 50% shows that the region has a very high regional financial dependence ratio, so that the village or regional government must carry out optimal financial planning so that the next year the village does not become dependent on the next central government. But district and city governments in Indonesia are still always for financing using centralization policies, not in accordance with what is said to be autonomous regions with decentralization policies where regions are able to finance their own government household needs without any assistance from the central government. One way to help the Village Government of Kota Pari so that it is not dependent on village finances with the provincial/akbupaten/central government by using transfer revenues is used for village development to create business activities running smoothly through road and bridge facilities to the beach, the establishment of market locations to sell souvenirs, restaurants and drinks or cafes managed by Village Government BUMDES, So that beachgoers can more easily get access to buy food and drink. So the market created by the Village Government BUMDES becomes alive which will

eventually have an impact on the payment of market business levies and increase the village's original income.

Village Income Growth Analysis is the development of village income owned by the village government during each period. The development of the analysis of village income growth during 2015 to 2022 is in the very low category. The government of the city village must be able to increase the growth of village income above 40%, the success of a village in village financial management is that the village government has succeeded in increasing industry and business in the village area so that it has an impact on increasing the village's original income then the village income increases. The results of Deswira's research (2022) argue that looking at revenue growth by comparing the amount of current income with previous income, if the current income is greater, it shows the success of local governments. Deswira (2022), Rohman (2017), Anugeraheni (2022) stated that the financial performance of the village government studied that the analysis of village income growth in very low conditions is in line with the results of the researchers. Then Rahmadani (2019) and Martiastuti (2021) stated that the financial performance of local governments that they examined for 2 years decreased then the following year the analysis of regional revenue growth increased by a percentage of 50%, this shows that local governments have succeeded in increasing their regional revenue growth.

The Village Original Income Effectiveness Ratio is the ability of the village government to achieve the village's original income target that has been determined in each period. The development of the effectiveness ratio of village original income in Kota Pari village during 2015 to 2018 in the category of ineffective, because during those 4 years the village government did not target the village's original income. Then the ratio of the effectiveness of village original income from 2019 to 2022 with the effective category, because the village government has succeeded in achieving the amount of targeted village original income. The results of Anugeraheni (2022) and Martiastuti's (2021) research are not in line with this study, because their research shows that the effectiveness ratio of village original income is said to be effective, meaning that the village government has succeeded in achieving the village's original income target even exceeding the target that has been made, which is up to 150%.

The Village Expenditure Efficiency Ratio is the village's financial ability to spend village income for a period. The development of the village expenditure efficiency ratio in Kota Pari villages during 2015 to 2022 is categorized as less efficient, because the village government spends village income for all spent. The occurrence of waste of expenditure by the village government does not show an increase in village development which has an impact on increasing the village's original income. The results of this study are in line with Anugeraheni (2022) that the efficiency ratio of village spending is less efficient, namely the amount of village spending is equal to village income. But in contrast to Martiastuti (2021), Rohman (2017), Ramadhani (2019) and Martiastuti (2021) that the ratio of village expenditure efficiency carried out by village governments is efficient so that village or regional governments are very wise in using village or regional expenditures so that village and regional governments are not wasteful in financing spending.

The ratio of village expenditure per field is village expenditure according to the types or groups of each activity carried out by the village government. The Village Expenditure Ratio in the Field of Village Government Administration is the village's financial ability to spend on the needs of village government administration activities. Development of Village Expenditure Ratio in the Field of Village Government Administration during 2015 to 2022 in Pari City Village with a good category, the Pari City Village Government is really good at financing village government activities with the percentage of expenditure still below 40%. The Village Expenditure Ratio for Village Development Implementation is the village's financial ability to spend on the implementation of village development. The development of the Village Expenditure Ratio in the Field of Village Development Implementation during 2015 to 2019 with the category is quite good, because during that year the percentage of village expenditure in the field was above 40%. Where the village government of Pari City starts the stage of Village Development for 5 years so that it requires a large cost for the development of the Pari City Village. Meanwhile, the Village Ratio for Village Development Implementation during 2020 to 2022 with a good category, shows that in those 3 years, the village government of Pari City did not cost too much in village development. Village expenditure in implementing village development has decreased for 2 years because village development facilities have been fulfilled and made the community prosperous. However, if the facilities have not been fulfilled, then the village government is very important to provide these facilities. So the village government in implementing village development obtains information from the community, what is needed by the community in improving and advancing the development of the pari city village. The Village Expenditure Ratio in the Field of Community Development is the village's ability to finance community development. The development of the Village Expenditure Ratio in the Field of Community Development during 2015 to 2022 is categorized as good, because the cost of community development carried out by the village government of Pari City is still below 40%.

The Village Expenditure Ratio in the Field of Community Empowerment is the village's financial ability to finance community empowerment. The development of the Village Expenditure Ratio in the Field of Community Empowerment during 2015 to 2022 in Pari City Village in the good category, community empowerment financing is still below 5% and not more than 40%. The Village Expenditure Ratio in the Disaster Management Sector is the village's financial ability to finance disaster situations that occur in the village for 1 period. The development of the Village Expenditure Ratio in the Disaster Management Sector during 2015 -2019 is categorized as good because there is no financing and the percentage is 0%, then in 2020 the category is quite good with a percentage of 42.17%, then in 2021 and 2022 it is categorized as good with a percentage of 25%. The Pari City Village Government incurred disaster costs because at that time all countries in the world and Indonesia including villages in Indonesia were affected by the covid19 virus, so the village government provided health facilities to people affected by covid19 and not affected by covid19 such as multivitamins, basic food assistance, handsaiteze, masks and other necessities for the prevention of the infectious virus.

Village financial performance has been planned by the village government apparatus in order to obtain an optimal performance appraisal, but the agent in this study is that the village apparatus does not optimally direct the principal as a pari city community to be able to improve village financial performance. The wishes of the community and apparatus in the village of Kota Pari have not been optimally striving to improve village financial management.

#### V. CONCLUSION

Financial Performance of the Village Government of Pari City during 2015 - 2022 with financial ratios is the degree of decentralization with the very low category, the ratio of village financial dependence with the high category, analysis of village income growth with the very low category, the ratio of effectiveness of the original income of the village with the ineffective category in 2015 - 2018 and the effective category in 2019-2022, the ratio of village expenditure efficiency with the less efficient category, The ratio of village expenditures in the field of village government organizers with good categories, the field of implementing village silence with quite good categories in 2015-2019 and good in 2020-2022, the field of community development with good categories, the field of community empowerment with good categories and the field of disaster management with good categories in 2015-2019 and 2021-2022, then the good category in 2020. Optimal village financial management will improve financial performance, especially in increasing the village's original income, the village government must change the mindset by making policies in utilizing assets by bringing investors so as to create business activities in the village.

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