

# Analysis of Articulation of Local Government Financial Statements

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## Abstract

The Financial and Development Supervisory Agency (BPKP) stated that the non-obtainment of WTP's opinion was due to several factors. The factor is the presentation of financial statements that do not follow government accounting standards (SAP). The study aims to see the suitability of the Palopo City LKPD, which has the opinion of WTP (2021-2020) with government regulation number 71 of 2010 concerning government accounting standards (SAP). To answer these problems, researchers use descriptive qualitative research methods using documentation techniques to collect data. In this study, there were 27 OPDs and one LKPD, which were the object of analysis with accrual-based articulation analysis. The analysis was conducted by comparing the facts in the front sheet of OPD and LKPD financial statements with criteria based on accounting equations and government accounting standards (SAP). The results of this study showed that for the financial statements of 27 OPDs, 4 OPDs achieved 100% articulation, and 23 OPDs achieved 96.67% articulation, with an average cumulative articulation value of all OPDs of 97.16%. In contrast, for the analysis of LKPD articulation, the results of 100% articulation achievements were found to be two types of articulation with 23 events in the OPD financial statements.

**Keywords:** Articulation, Local Government Financial Statements, Accrual-Based Reporting

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## Introduction

State financial reform has been initiated since 2003, marked by the birth of a package of laws in the field of State Finance, namely Law Number 17 of 2003 concerning State Finance, Law Number 1 of 2004 concerning State Treasury, and Law Number 15 of 2004 concerning examination of State financial management and responsibility. These three laws underlie the State's financial management, which refers to international best practices. Meanwhile, in Law No. 32 of 2004 Chapter I General Provisions Article 1 paragraph 2 concerning Regional Government is the implementation of government affairs by local governments and DPRD according to the principle of autonomy and assistance duties with the principle of the broadest autonomy in the system and principles of the Unitary State of the Republic of Indonesia as referred to in the Constitution of the Republic of Indonesia in 1945.

After the law, several government regulations emerged that essentially aimed to realise good governance, especially those related to financial issues. The reform of State/Regional financial management resulted in fundamental changes in State/Regional financial management. The provisions in Law Number 17 of 2003 Article 36 paragraph (1) concerning State Finance mandate the use of accrual bases in the recognition and measurement of income and expenditure. The provisions regarding the recognition and measurement of accrual-based income and expenditure, as referred to in Article 1 numbers 13, 14, 15, and 16 of this law, shall be implemented within 5 (five) years. During recognition, accrual-based income and expenditure measurement has not been implemented using cash-based recognition and measurement. Regional financial statements are assertions or statements from local government management that inform other parties, namely existing stakeholders, about local governments' financial condition (Mahmudi & Sallama, 2011). According to Mustain in Nuryathi (2019), articulation is what we define as structures in the brain that involve speech (speech ability area), reading or other word processing, and additional motion areas (writing, sketching, and other expressive movements). That is, articulation refers to anything related to talking or doing something as a result of processing the brain's work. Applying articulation models in learning also involves speaking and expressing movements due to student thinking activities. The articulation model is in the form of paired groups, where one of the students conveys the newly received material to his partner and then takes turns a presentation in front of the class about the results of the discussion, and the teacher guides the students to give conclusions.

Articulation is a derivative or consequence of the unity of effort. By articulation, it will always be shown that the profit in the profit and loss statement will be equal to the profit in the final equity change statement in the equity change statement will be equal to the dollar amount of equity in the balance sheet. The asset liability and cost revenue approaches define, measure, and recognise one element as a by-product of the other elements' definition, measurement, and recognition. It happens because accounting adheres to the articulation approach, namely that financial statements must be articulate. With this approach, all changes in net assets due to transactions with non-owners are reported through profit-loss statements and total profits so that the integrity of profit and loss statements can be maintained (Permana, 2018). The function of government financial statements is to provide helpful information for users in assessing accountability and making decisions both economic, social, and political decisions by providing information on the adequacy of revenues during the current period to finance all expenditures, the suitability of how to obtain economic resources and their allocation with the established budget and laws and regulations, financial position and condition of reporting entities related to its sources of receipt, both short-term and long-term, including those derived from tax levies and loans, changes in the position of the reporting entity, whether it has increased or decreased, as a result of activities carried out during the reporting period (M Ahlal Firdaus & Ritonga, 2018).

Financial statements will be one of the necessary research materials because this entity works based on a budget, and the realisation of the budget is listed in the financial statements, especially for local governments. Financial statements are one of the media that can be used to measure the performance of an entity. Regional governments have created a system, namely the regional autonomy system, which is the right, authority, and obligation of autonomous

regions to regulate and manage their government affairs and the interests of local communities by laws and regulations (Tuasikal, 2015). Financial statements prepared must comply with the principles stated in government regulation No. 71 of 2010. Government financial statements are generated from each Regional Apparatus Organization (OPD), which is then used as a basis for making Government financial statements. Compliance with laws and regulations applicable to the district/city government is the responsibility of the local government. According to Government Regulation Number 71 of 2010, good government financial statements must include 4 (four) characteristics: relevant, reliable, comparable, and understandable. The laws governing government financial reporting as stated in Government Regulation Number 71 of 2010 include (1) Budget Realization Report, (2) Report on Changes in Excess Budget Balance, 3) Balance Sheet, (4) Operational Report, (5) Cash Flow Statement, and (6) Report on Changes in Equity, (7) Notes to Financial Statements (Nazaruddin, 2008).

The use of accrual bases in government has a different purpose from that of companies. The company has a goal to maximise profits. While the government is to determine the cost of services & charging for services (D. Mardiasmo & MBA, 2009). Law of the Republic of Indonesia Number 17 of 2003 concerning State Finance has stated that the contents and forms of accountability reports for the implementation of the State Budget and Expenditure Revenue (APBN) / Regional Budget and Expenditure Revenue (APBD) are presented and prepared based on Government Accounting Standards (SAP). The SAP will be determined through government regulations. Local government financial statements (LKPD) are a form of local government accountability for the management of economic resources used by the government for a period. Local government financial statements are required to follow government accounting standards by Government Regulation No. 71 of 2010. However many organisations in Indonesia still have low-quality accounting information. It is evidenced by the relatively few local governments that receive unqualified fair opinions (WTP) from the audit results of local government financial statements (LKPD) conducted by BPK. There are four types of financial statement examination, namely unqualified opinion, qualified opinion, adverse opinion, and disclaimer of opinion. According to Mulyadi (2014), Reasonable Opinion Without Evaluation (WTP) is good news for local governments, so it should be conveyed as soon as possible to the community.

This research is a development of research conducted by (Mohamad Ahlal Firdaus, 2020). Research conducted by Firdaus (2016) explains how to define the type of inarticulation if the LKPD experiences an unarticulated condition which compares the facts on the face sheet of the LKPD with criteria based on accounting equations and government accounting standards (SAP). Meanwhile, in this study, the articulation of the financial statements of the local government of Palopo City focused on the usefulness of the annual reports of local governments from 27 OPD concerning PP Number 71 of 2010, including Budget Realization Report, Balance Sheet, Cash Flow Statement, and Notes to financial statements. However, whether the audited LKPD will provide high usefulness and will be used as a basis for decision-making like general accounting information in financial statements; in addition, the existence of financial statements that have been presented relatively will provide information about the economy, efficiency, and operational effectiveness of an entity and can be the basis for the allocation of economic resources. The purpose of the LKPD examination is to provide an opinion on the fairness of financial information presented in financial statements based on

criteria, namely: Conformity with Government Accounting Standards (SAP), adequacy of disclosure, Compliance with laws and regulations, and Effectiveness of the Internal Control System (Christiana, 2017).

BPKP stated that the non-obtainment of WTP's opinion was due to several factors. These factors are the presentation of financial statements that are not by government accounting standards (SAP), weaknesses in the financial statement preparation system, and inadequate competence of the human resources of financial managers in local governments. According to Lamonisi (2016), to produce quality financial statements, factors that must be the basis for consideration are the quality of human resources and the application of information system technology. Meanwhile, the authority of the Audit Board (BPK, 2011) is: a. Determine the object of the examination, plan and carry out the examination, determine the time and method, and compile and present the inspection report. b. Request information and documents that must be provided by every person of the central government organisational unit, local government, other State institutions, Bank Indonesia, State-owned enterprises, public service agencies, regional-owned enterprises, and other institutions or entities that manage State finances.

Palopo City's local government financial report (LKPD) is an accountability document for the annual implementation of the regional budget (APBD). The preparation of government financial statements is carried out by each Regional Apparatus Work Unit (SKPD), and then the financial statements are consolidated by the regional financial management work unit (SKPKD), which then becomes local government financial statements (LKPD). Based on the Report of the Audit Board of the Republic of Indonesia (BPK RI) provided an Opinion to the Palopo City Government with the results of an Unqualified Fair Examination (WTP) in 2020 and 2021. However, of the 27 OPDs in Palopo City, there are still some OPDs that still do not meet Government Accounting standards in the application of Government Regulation No. 71 of 2010 concerning accrual-based SAP, so there are still decisions that have not been finalised by BPK RI as happened to LKPD in 2021 which must wait 2 (two) months after BPK conducts inspections. However, overall, Palopo City's Local Government Financial Statements (LKPD) achievement in 2020 and 2021 shows good quality. The percentage of LKPD for which financial information is reliable.

Through this research, researchers feel the need for the elaboration of LKPD so that the financial statements of the Palopo City government can be explicitly understood and understood through this research. Therefore, researchers determine research intending to know the application of articulation of local government financial statements in Palopo. Karasek (2012) stated that what is discussed in signal theory is how the success or failure of the management of an organisation, both companies and local governments (agents), can be conveyed or informed to stakeholders. The submission of financial statements is considered a signal of whether the agent is acting by the contract set by the principal. Black, quoted by Rusmana (2018), suggests that this signal theory's core argument is encouraging economic factors to do something, even bad things when making financial statements.

Signalling theory assumes governments should strive to give and transfer good signals to the public because the government is one of the parties given the mandate and responsibility by the community (Halim, 2012). The signal that must be given by the government to the community is in the form of local government financial statements.

Financial statements are reliable, complete, detailed, quality, and presented on local government websites. A good performance from the government must be informed to the public as a form of accountability (Puspita & Martani, 2016). The meaning of the word articulation in the use of accounting science is conveyed by Suwardjono (2005) that articulation is a derivative or consequence of the concept of business unity. By articulation, it can always be shown that the profit in the budget realisation statement will be equal to the profit in the statement of change in equity, and the number of dollars of final equity in the statement of change in equity will be equal to the number of dollars of equity in the balance sheet. Articulation of financial statements occurs considering that financial statements are prepared from elements of financial statements that represent the accounting equation. Financial statements are the final result of accounting. Various kinds of reports, such as budget realisation reports, capital change reports, balance sheets, and cash flow statements, are significantly related, also called the articulation of financial statements.

Local government financial statements (LKPD) are derived from the words financial statements and local government. Financial statements are the product of an accounting process. This explanation can be known from Ritonga (defining accounting, namely: Accounting is the process of identifying, recording (journaling), classifying (posting), and summarising economic/financial transactions carried out by an entity and reporting the results in a financial statement called a financial statement. Accrual-based government accounting reports will always show the articulation of financial statements in each component of their financial statements. The following figure shows the articulation of accrual-based Government financial statements in Indonesia (Watubun et al., 2016). This articulation unifies budget reports and accounting reports in one government financial statement.

The articulation of LKPD can be called the relationship or suitability or meeting between financial statements. Ritonga (2018) uses the word linkage between financial statements to say that financial statements have a relationship (articulation). Ratmono (2015) uses the word relationship to explain the relationship between types of financial statements. Mahmudi (2016) stated: At the end of the accounting period, there will be a meeting between the accurate account statement, namely the balance sheet, and the Budget Realization Report which is a nominal account. Reconciliation between the balance sheet statement and the Budget Realization Report related to the calculation of surplus/deficit and SiLPA/SiKPA from the Budget Realization Report into equity funds on the balance sheet.

Accrual-Based Accounting Accrual-based accounting is an international best practice in modern financial management following New Public Management (NPM) principles, prioritising transparency and accountability of financial management (Septiani, 2021). The application of accrual basis in public sector accounting is basically to determine the cost of service and charging for services, namely to determine the number of costs needed to produce public services and the price of services charged to the public. According to Mardiasmo, it is considered better than cash accounting; accrual-based accounting techniques are believed to produce financial statements that can be more reliable, accurate, comprehensive, and relevant for economic, social, and political decision-making. Conceptually, accrual-based accounting is believed to produce more accountable and transparent information compared to cash-based accounting.

## Research Design and Method

This study used a descriptive qualitative approach. Qualitative data is not in the form of numbers which is the basis of theoretical thinking and is related to the research conducted. The data collection method used in this study is documentation, which is documenting research activities that are considered necessary, including collecting documents/data needed and conducting interviews. The data source used is primary data, which is data obtained directly by conducting direct interviews with parties related to the research. The data analysis method used is a percentage descriptive technique. Sugiyono (2017) stated that the percentage descriptive technique is a technique to calculate the level of conformity by making a percentage of the existing data and then described. The steps in carrying out descriptive techniques to determine the appropriateness of LKPD articulation are as follows: a) Determine the articulation criteria of OPD and LKPD Financial Statements according to the accounting equation and SAP; b) Find the facts of OPD and LKPD Financial Statements in the LKPD front sheet; c) Provide a score, namely a score of 1 if it matches the criteria and a score of 0 if the facts do not match the criteria; d) Summing the total scores obtained by each OPD and LKPD Financial Report; e) Calculate the average percentage of articulation rate of OPD and LKPD financial statements; f) Provide descriptive and interpretive percentage scores of the articulation level of OPD and LKPD Financial Statements obtained.

## Results and Discussion

### *Statistical Result & Discussion*

The analysis is divided into analysis for the Financial Statements of Regional Apparatus Organizations (OPD) and Local Government Financial Statements (LKPD). Both financial statements use accrual-based articulation analysis. The 2021 OPD and LKPD financial statements present comparative financial information for 2021 and 2020 so that the analysis includes financial information for 2021 and 2020. The level of articulation achievement is indicated in the form of a percentage (%).

**Table 1. Results of Articulation Analysis of Accrual-Based OPD Financial Statements**

No.	OPD Financial Report	Articulation Achievement Rate (%)
1.	Investment Office &; PTSP	100
2.	Department of Food Security	96,67
3.	Department of Agriculture, Livestock & Plantation	96,67
4.	Fisheries Service	96,67
5.	Office of Cooperatives & SMEs	96,67
6.	Health Office	96,67
7.	Sawerigading Hospital	100
8.	Cultural Office	96,67
9.	Social Services	96,67
10.	Human Resources Development and Personnel Agency	96,67
11.	Youth and Sports Office	96,67
12.	Office of Corruption	100

In 27 OPDs, four offices have 100% articulation achievements, namely the PMPTSP Office, Library Office, Sawerigading Hospital, and PUPR Office. The above results are

obtained from the results of the analysis of the level of articulation achievement of OPD financial statements in table 2.

**Table 2. Results of OPD Financial Statement Articulation Analysis**

No.	OPD	Year	#X Instruments	Instrument #Y	Articulation Achievement Rate (%)
1.	Investment Office &; PTSP	2021	100	100	100
		2020	100	100	
2.	Department of Food Security	2021	100	93,33	96,67
		2020	100	93,33	
3.	Department of Agriculture, Livestock, Plantation	2021	100	93,33	96,67
		2020	100	93,33	
4.	Fisheries Service	2021	100	93,33	96,67
		2020	100	93,33	
5.	Office of Cooperatives, Small & Medium Enterprises	2021	100	93,33	96,67
		2020	100	93,33	
6.	Health Office	2021	100	93,33	96,67
		2020	100	93,33	
7.	Sawerigading Hospital	2021	100	100	100
		2020	100	100	
8.	Cultural Office	2021	100	93,33	96,67
		2020	100	93,33	
9.	Social Services	2021	100	93,33	96,67
		2020	100	93,33	
10.	Staffing Agency & Human Resource Development	2021	100	93,33	96,67
		2020	100	93,33	
11.	Youth and Sports Office	2021	100	93,33	96,67
		2020	100	93,33	
12.	Library Office	2021	100	100	100
		2020	100	100	
13.	Education Office	2021	100	93,33	96,67
		2020	100	93,33	
14.	Bappeda	2021	100	93,33	96,67
		2020	100	93,33	
15.	Population & Civil Registration Office	2021	100	93,33	96,67
		2020	100	93,33	
16.	Population Control & Family Planning Office	2021	100	93,33	96,67
		2020	100	93,33	
17.	Civil Service Police Unit	2021	100	93,33	96,67
		2020	100	93,33	
18.	Regional Disaster Management Agency	2021	100	93,33	96,67
		2020	100	93,33	
19.	Firefighter	2021	100	93,33	96,67
		2020	100	93,33	
20.	Environmental Agency	2021	100	93,33	67,67
		2020	100	93,33	
21.	Department of Transportation	2021	100	93,33	96,67
		2020	100	93,33	
22.	Department of Public Works &; Public Housing	2021	100	100	100
		2020	100	100	
23.	National & Political Unity	2021	100	93,33	96,67

	Agency	2020	100	93,33	
		2021	100	93,33	
24.	Regional Secretariat	2020	100	93,33	96,67
		2021	100	93,33	
25.	Secretariat of the House of Representatives	2020	100	93,33	96,67
		2021	100	93,33	
26.	Inspectorate	2020	100	93,33	96,67
		2021	100	93,33	
27.	Regional Financial & Asset Management Agency	2020	100	93,33	96,67

The analysis results in Table 2 are obtained from the interest and inter-component articulation of OPD's financial statements. Table 3 of this article presents the criteria for articulation between the posts of accrual based OPD financial statements.

**Table 3. Interest Articulation Criteria Accrual-Based OPD financial statements (#X)**

Description		2021	2020
#A.1	Postal Articulation in LRA		
#A.1.1	Total LRA Revenue – Total Expenditure = LRA Surplus/Deficit	Yes=1 Tdak=0	Yes=1 No=0
#A.1.2	SILPA/SIKPA = LRA Surplus/Deficit + Financing Receipts + Financing Expenditures	Yes=1 No=0	Yes=1 No=0
#A.2	Postal Articulation Articulation in LO		
#A.2.1	Total LO Revenue – Total expenses = Surplus/Deficit of Operating Activities	Yes=1 No=0	Yes=1 No=0
#A.2.2	Surplus/Deficit from Operational Activities + Surplus/Deficit from Non-Operating Activities + Ordinary Area Post = LO Surplus/Deficit	Yes=1 No=0	Yes=1 No=0
#A.3	Postal Articulation in LPE		
#A.3.1	End 2020 Equity = Initial 2021 Equity	Yes=1 No=0	Yes=1 No=0
#A.4	Interheading Articulation on the Balance Sheet		
#A.4.1	Total Assets = Total Liabilities + Total Equity	Yes=1 No=0	Yes=1 No=0

Based on the inter post articulation criteria, OPD financial statements in Table 3 obtained the results of analysis from table 4

**Table 4. Postal Articulation Achievement Level of Accrual-Based OPD Financial Statements (#X)**

No.	OPD	Year	LRA	LO	LPE	Balance	Sum	Average2
1.	Investment Office & PTSP	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
2.	Department of Food Security	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
3.	Department of Agriculture, Livestock, Plantation	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
4.	Fisheries Service	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
5.	Office of Cooperatives, Small & Medium Enterprises	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
6.	Health Office	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
7.	Sawerigading Hospital	2021	100	100	100	100	400	100

		2020	100	100	100	100	400	100
8.	Cultural Office	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
9.	Social Services	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
10.	Staffing Agency & Human Resource Development	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
11.	Youth and Sports Office	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
12.	Library Office	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
13.	Education Office	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
14.	Bappeda	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
15.	Population Office & Civil Registration	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
16.	Control Service Population & KB	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
17.	Civil Service Police Unit	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
18.	Countermeasures Agency Regional Disasters	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
19.	Firefighter	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
20.	Environmental Agency	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
21.	Department of Transportation	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
22.	Department of Public Works &; Public Housing	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
23.	National & Political Unity Agency	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
24.	Regional Secretariat	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
25.	Secretariat of the House of Representatives	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
26.	Inspectorate	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100
27.	Management Board Regional Finance & Assets	2021	100	100	100	100	400	100
		2020	100	100	100	100	400	100

Table 4 shows the level of articulation achievement between financial statement items for each OPD analysed. After the Postal Articulation assessment, the analysis continued on the inter-component articulation analysis of accrual based OPD financial statements with the following criteria in table 5.

**Table 5. Criteria for Inter-Component Articulation of Accrual-based OPD Financial Statements (#Y)**

Description		2021	2020
<b>#B.1</b>	<b>Articulation between LO and LPE</b>		
#B.1.1	LO Surplus/Deficit in LO = LO Surplus/Deficit in LPE	Yes=1 No=0	Yes=1 No=0
<b>#B.2</b>	<b>Articulation Between LO and Balance Sheet</b>		
#B.2.1	Depreciation Expense in LO = Depreciation Expense Fixed Assets + Depreciation Expense of Miscellaneous Assets in CaLK	Yes=1 No=0	Yes=1 No=0
#B.2.2	Accumulated depreciation of Fixed Assets in 2020 + Depreciation of Fixed Assets due to Policy Changes + Depreciation of Fixed Assets in 2021 – Accumulated depreciation of fixed assets written off = Accumulated depreciation of Fixed Assets in 2021 Accumulated depreciation of Miscellaneous Assets in 2020 + Depreciation of Miscellaneous Assets due to Policy Changes + Depreciation of Other Assets 2021- Accumulation of Written Off Miscellaneous Assets = Accumulated Depreciation of Miscellaneous Assets in 2021	Yes=1 No=0	Yes=1 No=0
#B.2.3	Depreciation of Other Assets 2021- Accumulation of Written Off Miscellaneous Assets = Accumulated Depreciation of Miscellaneous Assets in 2021	Yes=1 No=0	Yes=1 No=0
<b>#B.3</b>	<b>Articulation Between LPE and Balance Sheet</b>		
#B.3.1	Final Equity in LPE = Equity in Balance Sheet	Yes=1 No=0	Yes=1 No=0

Based on the criteria for articulation between components of the accrual based OPD Financial Statements in Table 5, the following analyst results are obtained as in table 6.

**Table 6. Level of Articulation Achievement Between OPD Financial Statement Components Accrual-Based**

No.	OPD	Year	LO- LPE	LO- Balance	LPE – Balance	Sum	Average2
1.	Investment Office &; PTSP	2021	100	100	100	300	100
		2020	100	100	100	300	100
2.	Department of Food Security	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
3.	Department of Agriculture, Livestock & Plantations	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
4.	Fisheries Service	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
5.	Office of Cooperatives, Small & Medium Enterprises	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
6.	Health Office	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
7.	Sawerigading Hospital	2021	100	100	100	300	100
		2020	100	100	100	300	100
8.	Cultural Office	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
9.	Social Services	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
10.	Staffing & Human	2021	100	80	100	280	93,33

	Resources Development Agency	2020	100	80	100	280	93,33
11.	Youth and Sports Office	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
12.	Library Office	2021	100	100	100	300	100
		2020	100	100	100	300	100
13.	Education Office	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
14.	Bappeda	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
15.	Population & Civil Registration Office	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
16.	Population Control & Family Planning Office	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
17.	Civil Service Police Unit	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
18.	Countermeasures Agency Regional Disasters	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
19.	Firefighter	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
20.	Environmental Agency	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
21.	Department of Transportation	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
22.	Department of Public Works & Public Housing	2021	100	100	100	300	100
		2020	100	100	100	300	100
23.	Unitary Agency Nation & Politics	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
24.	Regional Secretariat	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
25.	Secretariat of the House of Representatives	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
26.	Inspectorate	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33
27.	Regional Financial & Asset Management Agency	2021	100	80	100	280	93,33
		2020	100	80	100	280	93,33

Table 6 shows that the results of the analysis of criteria between components of the accrual based OPD Financial Statements range from 93.33% to 100%. The highest achievement was obtained by four agencies, namely the PMPSTP Office, Library Office, Sawerigading Hospital, and PUPR Office, with 100% achievement.

**Table 7. Analysis of the Articulation achievement level of each OPD**

Instruments	Articulated Instrument Name	Year	
		2021	2020
#X	Interheading Articulation in Financial statement components	100%	100%
#Y	Articulation Between Financial Statement Components	100%	100%
	Articulation Achievement Rate Per OPD		100%

Table 7 shows to get the Articulation achievement level of each OPD in the form of an average value of two articulation values in percentage form. The average is obtained from the sum of all data values in a group of instruments.

**Table 8. Results of LKPD Articulation Analysis Palopo City**

LKPD	Articulation Achievement Level (%)
Palopo City Government	100

The results in table 8 are obtained from the results of the analysis in table 9 as follows:

**Table 9. Results of LKPD Articulation Analysis**

No.	LKPD	Year	#X Instruments	Instrument #Y	Articulation Achievement Rate (%)
1.	Palopo City Government	2021	100	100	100
		2020	100	100	

The analysis results in Table 9 were obtained from the Postal Articulation and inter-component articulation analysis of LKPD. The following are the criteria for accrual based Postal LKPD articulation analysis.

**Table 10. Accrual-Based LKPD Postal Articulation Criteria (#X)**

Description	2021	2020
#C.1 LRA Postal Articulation		
#. C.1.1 LRA Revenue Amount - Spend Amount - Transfer Amount = LRA Surplus/Deficit	Yes = 1; No = 0	Yes = 1; No = 0
#. C.1.2 SiLPA/SiKPA= LRA Surplus/Deficit + Financing Receipts - Financing Expenditure	Yes = 1; No = 0	Yes = 1; No = 0
#C.2 Postal Articulation In Lpsal		
#C.2.1 SAL end 2020 = SAL early 2021	Yes = 1; No = 0	#N/A No=0
#C.3 Postal Articulation In Lacquer		
#C.3.1 Ending Cash Balance in BUD in 20x0 = Ending Cash Balance in BUD in 20x1	Yes = 1; No = 0	Yes = 1; No = 0
#C.3.2 Net Cash from Operating Activities = Cash inflows account Operations - Cash outflow Account Operation	Yes = 1; No = 0	Yes = 1; No = 0
#C.3.3 Net Cash from Investment Activities = Cash inflows account Investment - Cash outflow account investment	Yes = 1; No = 0	Yes = 1; No = 0
#C.3.4 Net Cash from Funding Activities = Cash inflows Funding Activities - Cash outflows Funding Activities	Yes = 1; No = 0	Yes = 1; No = 0
#C.3.5 Net Cash from Transitory Activities = Cash inflow accounts Transitory - Cash outflow account Transitory	Yes = 1; No = 0	Yes = 1; No = 0
#C.3.6 Cash Increase/Decrease over the period = Net cash sum of each activity	Yes = 1; No = 0	Yes = 1; No = 0
#C.4 Postal Articulation Lo		
#C.4.1 Total LO Revenue - Total Expenses = Surplus/Deficit of Operating Activities	Yes = 1; No = 0	Yes = 1; No = 0
#C.4.2 Surplus/Deficit from Operational Activities +	Yes = 1;	Yes = 1;

	Surplus/Deficit from Non-Operating Activities + Extraordinary Post = Surplus/Deficit-LO	No = 0	No = 0
#C.5 LPE Postal Articulation			
#C.5.1	End-of-2020 equity = Early-2021 equity	Yes = 1; No = 0	Yes = 1; No = 0
#C.6 INTER-POST ARTICULATION OF BALANCE SHEET			
#C.6.1	Total Assets = Total Liabilities + Total Equity	Yes = 1; No = 0	Yes = 1; No = 0

The following analysis results were obtained based on the criteria for accrual-based Postal articulation of LKPD (Table 1:1).

**Table 11. Accrual-Based Postal Articulation Level of LKPD Palopo City (#X)**

Postal Articulation	Year	
	2021	2020
LRA	100	100
LPSAL	100	100
LAK	100	100
LO	100	100
LPE	100	100
BALANCE	100	100
Sum	100	100
Average2	100	100

Table 11 shows the Accrual-based Postal articulation achievement level for financial information for 2021 and 2020 from Palopo City LKPD analysed.

**Table 12. Accrual-Based Intercomponent Articulation Criteria (#Y)**

Description		2021	2020
#D.1 Articulation Between LRA and LPSAL			
#D.1.1	Use of SILPA in LRA = Usage SAL as Financing Receipt for the Current Year at LPSAL	Yes = 1; No = 0	Yes = 1; No = 0
#D.1.2	SILPA/SIKPA in LRA = SILPA/SIKPA in LPSAL	Yes = 1; No = 0	Yes = 1; No = 0
#D.2 LRA And Lacquer Articulation			
#D.2.1	Cash in LAK >= SILPA in LRA	Yes = 1; No = 0	Yes = 1; No = 0
#D.2.2	Total Revenue in LRA = Total Cash Inflows from Operating Activities + Total Cash Inflows from Investment Activities - Results of Selling Regional Wealth Segregated - Disbursement of Reserve Funds	Yes = 1; No = 0	Yes = 1; No = 0
#D.2.3	Total Financing Receipts - Use of SILPA - Disbursement of Reserve Funds - Proceeds from the Sale of Segregated Regional Assets = Number of Flows	Yes = 1; No = 0	Yes = 1; No = 0
#D.2.4	Cash Entry from Funding Activities Amount of Expenditures and Transfers = Total Cash Outflows from Operating Activities + Total Cash Outflows from Investment Activities - Establishment of Reserve Fund - Government Capital Participation	Yes = 1; No = 0	Yes = 1; No = 0

#D.2.5	Total Financing Expenditure - Establishment of Reserve Fund - Government Capital Participation = Total Outflow	Yes = 1; No = 0	Yes = 1; No = 0
	Cash from Funding Activities		
#D.2.6	Total Revenue in LRA + Total Financing Receipts - Use of SILPA = Total Cash Inflows from Operating Activities + Total Cash Inflows from Investment Activities + Total Flows	Yes = 1; No = 0	Yes = 1; No = 0
	Cash Entry from Funding Activities		
#D.2.7	Amount of Expenditure + Transfer Amount + Amount of financing expenditure = Total Cash Outflow from Operating Activities + Total Cash Outflow from Investment + Total Cash Outflows from Funding Activities	Yes = 1; No = 0	Yes = 1; No = 0
#D.3	Articulation Between Shellac and Balance Sheet		
#D.3.1	Ending Cash Balance in LAK = Cash Balance in Balance	Yes = 1; No = 0	Yes = 1; No = 0
#D.4	Articulation Between Lacquer and LPSAL		
#D.4.1	Ending Cash Balance in LAK >= LP SAL	Yes = 1; No = 0	Yes = 1; No = 0
#D.5	Articulation Between LO AND LPE		
#D.5.1	Surplus/Deficit - LO in LO = LO Surplus/Deficit in LPE	Yes = 1; No = 0	Yes = 1; No = 0
#D.6	Articulation Between LO and BALANCE SHEET		
#D.6.1	Depreciation Expense in LO = Fixed Asset Depreciation Expense + Expense Depreciation of Other Assets in CaLK	Yes = 1; No = 0	Yes = 1; No = 0
#D.6.2	Accumulated Fixed Asset Depreciation in 2020 + Fixed Asset Depreciation due to policy changes + Fixed Asset Depreciation 2021 - Accumulated Fixed Asset Depreciation Written Off = Accumulated Fixed Asset Depreciation in 2021	Yes = 1; No = 0	Yes = 1; No = 0
#D.6.3	Accumulated Depreciation of Miscellaneous Assets in 2020 + Depreciation of Miscellaneous Assets due to policy changes + Depreciation of Miscellaneous Assets 2021 - Accumulated Depreciation of Miscellaneous Assets Written Off = Accumulated Depreciation of Assets Miscellaneous in 2021	Yes = 1; No = 0	Yes = 1; No = 0
#D.6.4	Allowance Balance for Bad Debts 20x1 on Balance Sheet = 20x0 Allowance for Bad Receivables on Balance Sheet + 20x1 Allowance for Bad Receivables Allowance for 20x1 in LO	Yes = 1; No = 0	Yes = 1; No = 0
#D.7	Articulation Between LPE and Balance Sheet		
#D.7.1	Final Equity in LPE = Equity in Balance Sheet	Yes = 1; No = 0	Yes = 1; No = 0

After assessing the articulation between accrual-based LKPD posts, the accrual-based intercomponent analysis of LKPD with the criteria in Table 12 obtained the following analysis results in Table 13.

**Table 13. Accrual-Based Intercomponent Articulation Level of LKPD Palopo City (#Y)**

Intercomponent Articulation	Year	
	2021	2020
LRA – LPSAL	100	100
LRA - LAK	100	100
LACQUER - BALANCE SHEET	100	100
LAK - LPSAL	100	100
LO - LPE	100	100
LO – BALANCE SHEET	100	100
LPE – BALANCE SHEET	100	100
Sum	100	100
Average2	100	100

Table 13 states that the LKPD of Palopo City meets the criteria of 100% articulation between components of accrual based LKPD.

**Table 14. Analysis of LKPD Articulation achievement level**

Instruments	Articulated Instrument Name	Year	
		2021	2020
#X	Interheading Articulation in Financial statement components	100%	100%
#Y	Articulation Between Financial Statement Components	100%	100%
	Articulation Achievement Rate Per OPD		100%

Table 14 shows the LKPD Articulation achievement level in the form of the average value of the two articulation values in percentage form. The average is obtained from the sum of all data values in a group of instruments.

Based on the articulation analysis of accrual based OPD financial statements, one type of inarticulation was found, as shown in table 15.

**Table 15. Types of Inarticulation in Accrual-Based OPD Financial Statements**

No.	Race	Event	
		Sum	%
1.	The value of Depreciation of Other Assets (amortisation) is not listed on the 2021 and 2020 Balance Sheets	21	4,35
2.	the value of other assets (intangible assets) is Not included in the 2021 and 2020 Balance Sheets.	22	95,65
		23	100

### Discussion

The results of this study use two analyses, namely analysis of the Financial Statements of Regional Apparatus Organizations (OPD) and analysis of Local Government Financial Statements (LKPD). Both financial statements use accrual-based articulation analysis. The 2021 OPD and LKPD Financial Statements present comparative financial information for 2021 and 2020 so that the analysis includes financial information for 2021 and 2020. The level of articulation achievement is indicated in the form of a percentage (%). The articulation of OPD and LKPD Financial Statements can be interpreted as conditions of interconnection or linkage between components in a financial statement (OPD and Regional

Government) and the relationship between items/elements in a component of financial statements, as follows:

A total of 27 OPDs analysed obtained the results of 4 OPDs with 100% articulation, namely the Investment and One-Stop Integrated Services Office (DPMPTSP), Sawerigading Regional Hospital, Library Office, and Public Works and Public Housing Office. The other 23 OPDs articulated 96.67%. The cumulative average reached 97.16%. This value is obtained from the analysis of articulation between posts and between components in OPD's financial statements, as stated in Tables 5 and 7. The results of such analysis are shown in Tables 6 and 8. Furthermore, the interleading and intercomponent articulation analysis results are analysed with equations in Table 9 and shown in Table 4. The result, the level of articulation achievement, is shown in table 3. In the accrual based OPD Financial Statements, there are only 4 (four) components, namely: Budget Realization Report (LRA), Report on Changes in Equity (LPE), Balance Sheet, and Operational Report (LO) and Notes to Financial Statements (CaLK). Thus, the determination of the articulation criteria is small, namely for Postal criteria totalling 6 (six) criteria and for inter-components totalling 5 (five) criteria.

From the results of the Palopo City LKPD Articulation analysis, 100% articulation results were obtained. It means that the LKPD of Palopo City is reliable and qualified enough to obtain a Reasonable Without Quality Opinion (WTP). Similar to the OPD financial statements above, articulation was achieved from the analysis of Postal and inter-component criteria, as shown in Table 12 for inter-post criteria and Table 14 for intercomponent criteria. The results of these two analyses are presented in Table 13 for interleading and Table 15 for the component. The results of the inter-post articulation and intercomponent articulation analysis are further analysed using the equations in Table 16, and the results are shown in table 11 and table 10. The Palopo City LKPD is an accumulation of OPD financial statements within the Palopo City Government. Therefore, the scope is more comprehensive. In accrual based LKPD, there are 7 seven components, namely: Budget Realization Report (LRA), Report on Changes in Excess Budget Balance (LPSAL), Operational Report (LO), Balance Sheet, Cash Flow Statement (LAK), Report on Changes in Equity (LPE) and Notes to Financial Statements (CaLK). Thus, there are 13 criteria established for Postal articulation analysis and 17 criteria for intercomponent articulation analysis. Therefore, things not found in OPD's financial statements will be found in LKPD. It is also a consideration that the two types of financial statements become the object of research because it is well understood that both have a close and inseparable relationship.

OPD's financial statements found two types of articulations and as many as 23 incidents. The first type found that the accumulated value of depreciation of Miscellaneous assets (intangible assets) in the 2020 Balance Sheet is not the same as the accumulated value in the 2021 Balance Sheet, with one occurrence. It is because other agencies mutated the other assets (intangible assets) in question because of the expansion of OPD in 2021. The new service in question is not included as an object of research. The second type does not include the value of other assets (intangible assets) on the Balance Sheet in 2021 and 2020. In this case, there were 22 incidents. However, all cases of non-articulation in OPD's financial statements were answered to LKPD, and all these assets were recorded and articulated well in LKPD. It is answered to LKPD that all these assets are recorded and articulated well in LKPD. As a reliable, quality LKPD, it is accountable to the community that contains data on the

progress achieved today and an overview of the prospects for achieving targets in the future. Through good publication, this information will foster public trust in local governments and grow the world of regional investment. Several experts have put it forward in signalling theory. So that the articulation of local government financial statements (LKPD) can be interpreted as conditions of interconnection or interrelationship between components in an LKPD or between posts/elements in a component of LKPD, the results of this study are in line with Firdaus' previous research in 2014, a statement that the preparation of Regional Government Financial Statements (LKPD) does not guarantee the absence of financial reports from misinterpretation, even though they have been presented relatively and provide information regarding the economy, efficiency and operational effectiveness of an entity, and can be used as a basis for the allocation of economic resources.

## Conclusions

Based on the results of the analysis that has been described, it can be concluded that the Local Government Financial Statements have a very strategic meaning and urgency in the implementation of Regional Government, where in substance, the Local Government Financial Statements are the realisation of the implementation of programs/activities prepared and carried out by considering potential and social conditions Regional economy as one of the indicators for the progress and development of a region. Local Government Financial Statements are prepared to provide relevant information about the financial position and all transactions conducted and are designed to meet the information needs transparently of all user groups. On an accrual basis, the components of financial statements increase, namely the appearance of Operational Statements (LO) and Statements of Changes in Equity (LPE). In addition, there are changes in the treatment of accrual-based recognition of items in each financial statement. Since 2020, local government financial statements have prepared two new financial statements that emerged due to the implementation of SAP Accrual: the Operational Report (LO) and the Equity Change Report (LPE). Items in local government financial statements are also recognised based on the SAP accrual basis applicable in PP No. 71 of 2010. Given that PP No. 71 of 2010 concerning the Articulation of LKPD on an accrual basis will be mandatory in 2015, then from the results of the analysis and conclusions, some suggestions that can be submitted are: 1. For the Palopo City Government, asset management at the OPD level is good but needs to be further improved including asset management through coaching activities (courses and training on asset or goods management) and capacity building or human resources for financial and asset managers OPD. 2. For further researchers, it is proposed to expand the scope of research to cover all OPDs applicable in Palopo City or several city districts with the following financial statement budget year.

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