

# The Model of Presentation of Net Financing Accounting based on 2019 Government Accounting Standards to the Nias Regency Government

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## ABSTRACT

Regional Recognition of Net Financing recorded by the Nias District Government. Financing receipts are recognized when cash is received and financing expenditures are recognized when cash is issued in the State / Regional General Cash Account or by the reporting entity. The policy, measurement, recognition and presentation of financial statements for net financing implemented by the Nias District Government are guided by PSAP No. 02 PP number 71 of 2010 concerning Government Accounting Standards. Net financing is the difference between the receipt of financing after deducting financing expenditures in a certain fiscal year period. Net financing is used to cover surpluses / deficits and affect SILPA. Financing measurements using the rupiah currency based on the present value of cash received or to be received by the present value of cash issued or to be issued. Financing measured in foreign currency is converted to rupiah based on the exchange rate (middle rate of Bank Indonesia) on the date of financing transaction.

**Keywords:** Recognition of financing, financing receipts, financing expenditures, net financing, SILPA, SAP and PSAP No. 02

## 1. INTRODUCTION

Financial reporting standards are a challenge that requires changes in dealing with the need for accountable and transparent Central Government and Regional Government Financial Statements. Every change and standard mechanism of financial statements is made by the collaboration of the Indonesian Institute of

Accountants and the government itself. For entities that are owned by the government, both the government institution itself and the non-profit organization it has, the government is trying to develop a standard called the Government Accounting Standards (SAP). SAP is prepared based on the mandate of Law Number 17 of 2003 concerning State Finance in Article 32, that the form and contents of the accountability report on the implementation of the APBN / APBD are prepared and presented in accordance with Government Accounting Standards so that it is realized by Government Regulation Number 24 of 2005 which has been amended by Government Regulation Number 71 of 2010 is Accrual-based Government Accounting Standards. The application of Government Regulation Number 71 Year 2010, experienced obstacles in each Regional Government. The constraints mainly relate to the transition from a cash-based accounting system to the accrual basis and human resources that are lacking in applying accruals. This is applied to the 2019 Government Accounting Standards based on accruals. Accrual-based accounting is an accounting basis that recognizes the effects of transactions and events that occur, without regard to when cash or cash equivalents are received or paid (PSAP No. 01 Paragraph 8). Accrual Based SAP is SAP that recognizes revenue, expenses, assets, debt and equity in accrual-based financial reporting, and recognizes revenue,

expenditure and financing in reporting the implementation of the budget based on the basis set in the APBN / APBD. All of these things aim to produce accurate, trustworthy and timely regional financial reports that can create a clean, authoritative and responsible government.

The accounting basis used in government financial statements is the accrual basis, for the recognition of LO-income, expenses, assets, liabilities, and equity. In the event that laws and regulations require the presentation of financial statements on a cash basis, the entity must present such reports (PSAP No. 01 Paragraph 42). In the event that the budget is prepared and implemented on a cash basis, the LRA is compiled on a cash basis, meaning that income and financing receipts are recognized when cash is received in the State / Regional General Cash Account or by the reporting entity; and expenditure, transfers and financing expenditures are recognized when cash is issued from the State / Regional General Cash Account. However, when the budget is prepared and implemented on an accrual basis, the LRA is compiled on an accrual basis (PSAP No. 01 paragraph 44). The Regional Government Budget is the result of an agreement between the executive and the legislature regarding the design of Revenues in financing the stipulated expenditure as well as the financing needed if it is estimated in the event of a deficit or a surplus. A surplus or deficit which is then covered by net financing will result in SILPA. In preparing APBD, this SILPA number should be equal to zero. This research was conducted to find out the Net Financial Accounting Presentation Model based on the 2019 Government Accounting Standards in the Nias Regency Government.

## **2. LITERATURE REVIEW**

In PSAP No. 02 Paragraph 58-59, net financing is the difference between the financing receipts after deducting financing expenditures for a certain fiscal year period. The excess / less difference between income

and expenditure of financing during one reporting period is recorded in Net Financing. The surplus or deficit that occurs in the APBD is covered by net financing which will eventually produce SILPA. In preparing the APBD, this SILPA number should be equal to zero. This means that the receipt of financing must be able to cover the budget deficit that occurs. For example, in the APBD there is a budget deficit of Rp. 100 Billion, covered with financing receipts (net financing) of Rp. 100 Billion, then the SILPA is Rp. 0, but if there is a budget deficit of Rp. 100 Billion and closed with financing receipts (net financing). IDR 120 Billion (SILPA Positive), which means that in the budget there are still funds from the receipt of financing of IDR 20 Billion which has not been used to finance Regional Expenditure and or Regional Financing Expenditures (DGT Ministry of Finance). Thus, net financing is the result of a reduction in financing receipts from financing expenditures. Financing is defined in Regulation of the Minister of Home Affairs No. 13 of 2006 namely Regional Financing is all revenue that needs to be paid back and / or expenditure that will be reimbursed, both in the relevant fiscal year and in the following fiscal years. Based on Government Regulation Number 71 In 2010 PSAP No. 02 Paragraph 50 defines financing (financing) is all government financial transactions, both revenues and expenditures, which need to be paid or will be re-received, which in government budgeting is primarily intended to cover deficits and or utilize budget surpluses. Financing receipts include but are not limited to loans and proceeds from divestment. Meanwhile, financing expenditures are used, among others, for repayment of loan principal, lending to other entities, and capital investment by the government. Funding is classified into 2 (two) parts, namely financing receipts and financing expenditures. Funding items according to Accrual Based PSAP Number 02, can be explained as follows:

a. Receipt of Financing

Financing receipts are all Regional General Cash Account receipts, among others, from loan receipts, sale of government bonds, privatization results of regional companies, loan repayment to third parties, sale of other permanent investments, and disbursement of reserve funds. Financing receipts are recognized when received at the State / Regional General Cash Account. Accounting for financing receipts is carried out based on the gross principle, namely by recording gross receipts, and not recording the net amount (after being compensated by expenses).

b. Funding Expenditures

Financing expenditures are all expenses of the State / Regional General Cash Account, including lending to third parties, government capital participation, repayment of loan principal within a certain fiscal year period, and the formation of reserve funds. Financing expenditures are recognized when issued from the State / Regional General Cash Account.

The measurement of financing uses the rupiah currency based on the present value of cash received or to be received by the present value of cash issued or to be issued. Financing measured in foreign currency is converted to rupiah based on the exchange rate (middle rate of Bank Indonesia) on the date of the financing transaction.

Dina Rosdini in the paper presented at the DKI Jakarta Provincial Government Finance Bureau (2008), the transaction for financing receipts came from:

- Use of SiLPA in the previous fiscal year
- Disbursement of reserve funds
- Proceeds from the sale of separated regional assets
- Receipt of regional loans
- Receipt of lending again
- Receipt of regional receivables.

Expenditure financing transactions originate from:

- The formation of a reserve fund
- Regional government capital participation
- Principal loan payments (debt)
- Granting regional loans.

Financing transactions are transactions that occur in PPKD as Local Government. This is due to the nature or purpose of conducting this transaction, which is to take advantage of surpluses or cover regional budget deficits. Also in a financing transaction, it will involve funds equity accounts that are only found in the balance sheet of the LG. Therefore this transaction is recorded and reported in the LRA PPKD as the Regional Government (head office), which will then be combined with other LRA SKPDs, into the Regional Government's financial statements.

### 3. RESEARCH METHOD

This type of research is a comparative descriptive study, where this study will describe and compare the phenomena or characteristics of the data that are taking place at the time of the study which is then compared with the provisions used. The analytical method used uses a qualitative descriptive analysis based on portrayals that support this analysis, this analysis emphasizes the comparison between the results of field research with relevant theoretical reviews obtained from the results of library research.

### 4. RESULTS AND DISCUSSION

#### 4.1. Results

Since 2015, the Nias Regency Government has adopted the Government SAP by issuing Regional Government Accounting Standards Number 35 of 2015, and Accounting Policy Division Number 55 of 2017. PSAP regarding Net Financing Accounting is not specifically explained, but is part of Financing Accounting so that researchers must spell out from Financing Accounting. In this Nias Regent Regulation, Recognition and measurement of regional financing which ultimately results in net financing refers to PSAP no. 02

#### A. GENERAL

1. Definition In the Regional Government Accounting Standards and Nias Regency Accounting Policies, based on Government Regulation Number 71 of 2010

PSAP Number 02 Paragraph 50 defines financing is all government financial transactions, both revenues and expenditures, which need to be paid or will be accepted back, which are in the budgeting the government is primarily intended to cover the deficit and / or take advantage of the budget surplus. Receipt of financing can be derived from loans, and the results of divestment. Meanwhile, financing expenditures are used, among others, for repayment of loan principal, lending to other entities, and capital investment by the government.

## 2. Classification

Funding is classified into 2 (two) parts, namely financing receipts and financing expenditures. Funding items according to Accrual Based PSAP Number 02, can be explained as follows:

### a) Receipt of Financing

Financing receipts are all Regional General Cash Account receipts, among others, from loan receipts, sale of government bonds, privatization results of regional companies, loan repayment to third parties, sale of other permanent investments, and disbursement of reserve funds.

### b) Financing Expenditures

Financing expenditures are all expenses of the State / Regional General Cash Account, including lending to third parties, government capital participation, repayment of loan principal within a certain fiscal year period, and the formation of reserve funds.

## 3. Recognition

a) Receipt of financing is recognized when received at the State / Regional General Cash Account.

b) Financing expenditures are recognized when issued from the State / Regional General Cash Account.

## 4. Measurement

Financing measurements using the rupiah currency based on the present value of cash received or to be received by the present value of cash issued or to be issued. Financing measured in foreign currency is converted to rupiah based on the exchange

rate (middle rate of Bank Indonesia) on the date of financing transaction.

## 5. Presentation in Financial Statements

Financing receipts and regional government financing expenditures are presented in the budget realization report. The following is an example of the presentation of financing receipts and financing expenditures in the Realization Report of the Regional Government Budget.

## B. RELATED PARTIES

Parties related to the financing accounting system include the PPKD and PPKD Accounting Functions.

### 1. Accounting Function - PPKD

In the financing accounting system, the accounting function is PPKD has the following tasks:

a. record transactions / other investment events based on legal transaction evidence to the General Journal Book;

b. Post investment transaction / event journals in the ledger of each account (object details);

c. prepare financial reports, which consist of Budget Realization Reports (LRA), SAL Changes Reports (LP-SAL), Operational Reports (LO), Equity Change Reports (LPE), Cash Flow Reports, Balance Sheets and Notes to Financial Statements (CaLK).

### 2. BUD

In the financing accounting system, BUD performs the function of administering financing receipts and financing expenditures, so that BUD has the task of preparing transaction documents for accounting records by the PPKD Accounting Function that was previously authorized by the Head of SKPKD.

### 3. PPKD

In the financing accounting system, PPKD has the task of signing the Regional Government's financial statements before submitting them to the BPK.

## C. DOCUMENTS USED

Documents used in the liability accounting system include:

1. Regional Regulations related to financing transactions;
2. Credit Agreement Manuscript;
3. SP2D LS as a disbursement document from the regional general cash account;
4. Credit Note;
5. Other documents.

PSAP but is seen at the end of the financial reporting period, in the Budget Realization Report. Net financing is the result of total accounting receipts of financing receipts less financing expenditures in accordance with PSAP 02 paragraph 58-59. In the Realization Report of the Nias Regency Regional Government Budget A.A 2019 recorded net funding of Rp. 89,319,014,854.26.

The Net Financing accounting presentation is not specifically discussed at

Table 1.1				
DESCRIPTION	AFTER BUDGET CHANGE	REALIZATION	%	(in Rupiah)
		TA. 2019		REALIZATION TA. 2018
2	3	4	5	4
SURPLUS/ DEFICIT	- 88.690.659.687,00	- 10.911.540.731,27	12,30	- 28.384.243.539,52
FINANCING				
REGIONAL ADMISSION	93.190.659.687,00	93.319.014.854,26	100,14	126.994.668.498,49
Use of Time Over Budget Calculation (SILPA)	92.818.154.932,00	92.818.154.932,97	100,00	126.896.881.160,75
Reimbursement of Other Non-Permanent Investment	372.504.755,00	500.859.921,29	134,46	97.787.337,74
TOTAL	93.190.659.687,00	93.319.014.854,26	100,14	126.994.668.498,49
REGIONAL EXPENDITURE	4.500.000.000,00	4.000.000.000,00	88,89	5.792.270.026,00
Equity Participation (Investment) Regional Government	4.500.000.000,00	4.000.000.000,00	88,89	5.792.270.026,00
Distribution of Revolving Funds	-	-	-	-
TOTAL	4.500.000.000,00	4.000.000.000,00	88,89	5.792.270.026,00
Net Financing	88.690.659.687,00	89.319.014.854,26	100,71	121.202.398.472,49
Remaining Budget Financing(SILPA)	-	78.407.474.122,99	-	92.818.154.932,97

Source : LKPD unaudited Kab. Nias 2019

From the Budget Realization Report Data, the journals which arise to form the Net Financing are:

1. Journal of Receiving Financing from SILPA for the previous fiscal year Rp. 92,818,154,932.97

#### LO Journal and Balance Sheet

Tanggal	Number of evidence	Account code	Description	Debit	Credit
XXX	Proof of transfer	1.1.1.01.xx	Cash in the Regional Treasury	92.818.154.932,97	
		1.5.1.01.xx	Equity		92.818.154.932,97

#### LRA Journal

Date	Number of evidence	Account code	Description	Debit	Credit
XXX	Proof of transfer	0.0.0.00.xx	Estimated Change SAL	92.818.154.932,97	
		7.1.2.01.xx	Receipt of Financing-Usage SILPA		92.818.154.932,97

2. Journal of Funding Receipts from Re-receipt of other non-permanent investments for the previous fiscal year period of Rp. 500,859,921.29

#### LO Journal and Balance Sheet

Date	Number of evidence	Account code	Description	Debit	Credit
XXX	Proof of transfer	1.1.1.01.xx	Cash in the Regional Treasury	500.859.921,29	
		1.4.1.01.xx	Non-Permanen Investment		500.859.921,29

#### LRA Journal

Date	Number of evidence	Account code	Description	Debit	Credit
XXX	Proof of transfer	0.0.0.00.xx	Estimated Change SAL	500.859.921,29	
		7.1.2.01.xx	Financing Receipts - Receipts from other non-permanent investments		500.859.921,29

3. Journal of Financing Expenditures from Recovering other non-permanent investments for the previous fiscal year Rp. 4.000.000.000,00

### LO Journal and Balance Sheet

Date	Number of evidence	Account code	Description	Debit	Credit
XXX	Proof of transfer	7.2.2.01.xx	Regional Government equity participation	4.000.000.000,00	
		1.4.1.01.xx	Cash in the Regional Treasury		4.000.000.000,00

### LRA Journal

Date	Number of evidence	Account code	Description	Debit	Credit
XXX	Proof of transfer	7.2.2.01.xx	Financing Expenditures - Inclusion of Regional Government Capital	4.000.000.000,00	
		7.1.2.01.xx	Estimated Change SAL -		4.000.000.000,00

From the three transaction records above, it will form a net financing, which is the difference between the financing receipts and financing expenditures in the Budget Realization Report. The journals formed after the closing journal are:

### LRA Journal (with Closing Journal)

Date	Number of evidence	Account code	Description	Debit	Credit
XXX	Proof of transfer	0.0.0.00.xx	Receipt of Financing	93.319.014.854,26	
		0.0.0.00.xx	NET FINANCING		89.319.014.854,26
		0.0.0.00.xx	Funding Expenditures	4.000.000.000,00	

Net financing in T.A 2019 is Rp. 89,319,014,854.26 which was used to cover the expenditure deficit on revenues made by the Nias Regency government. The deficit that occurred in 2019 was Rp. -10,911,540,731.27. Then the records that occur are :

### LRA Journal (with Closing Journal)

Date	Number of evidence	Account code	Description	Debit	Credit
XXX	Bukti Pindah bukuan	0.0.0.00.xx	NET FINANCING	89.319.014.854,26	
		0.0.0.00.xx	Surplus/Deficit- LRA	- 10.911540.731,27	
		0.0.0.00.xx	SILPA		78.407.474.122,99

## 4.2. DISCUSSION

The journal for recording financing transactions in the Nias Regency Government is in accordance with the Nias Regent's Regulation concerning the Regional Government Accounting Standards Number 35 Year 2015 and the Nias Regent's Regulation on Accounting Policy No. 55 of 2017. All the final results of the Nias Regency Government Financial Report are based on transactions and journal evidence which has been recorded in

accordance with Government Accounting Standards PP number 71 of 2010 and Permendagri number 64 of 2014. Recording of transactions has also been in accordance with the accrual-based Regional Financial Accounting Book by Erlina, Omar SaktiRambe and Rasdianto. The Nias District Government always reports the Financial Statements at the end of the reporting period. The summary data of the Nias Regency Government Financial Statements from 2015-2019 are:

Account	Fiscal Year				
	2015	2016	2017	2018	2019
Income	691.021.858.641,92	818.455.989.241,95	870.868.735.873,20	901.833.538.568,77	964.328.916.448,52
Shopping+transfer	666.992.376.342,00	796.586.640.123,75	881.983.873.162,00	930.217.782.108,29	975.240.457.179,79
Surplus/Deficit	24.029.482.299,92	21.869.349.118,20	- 11.115.137.288,80	- 28.384.243.539,52	-10.911.540.731,27
Receipt of Financing	98.763.965.785,76	122.070.604.695,70	142.284.523.204,55	126.994.668.498,49	93.319.014.854,26
Funding Expenditures	925.000.000,00	1.820.000.000,00	4.000.000.000,00	5.792.270.026,00	4.000.000.000,00
Net Financing	97.838.965.785,76	120.250.604.695,70	138.284.523.204,55	121.202.398.472,49	89.319.014.854,26
SILPA	121.868.448.085,68	142.119.953.813,90	127.169.385.915,75	92.818.154.932,97	78.407.474.122,99

Source : Nias Regency LKPD

Net financing is included in the Nias District Budget Realization Report at the end of each financial reporting period. All financing transactions are PPKD records, then consolidated into Regional Government Financial Reports and the process can be assisted using worksheets or working papers. From the data in Table 1.2, the surplus or deficit that occurred in the APBD has been covered by net financing which will eventually produce SILPA. During the 3 (three) financial reporting periods, the Nias District Government experienced a deficit of expenditure on the revenue received. However, the receipt of financing can cover the budget deficit that occurs. From Table 1.1 it can be seen that the main element of financing receipts is the use of SILPA of the previous fiscal year, the value of which is very significant in covering the deficit. This can be used in accordance with Permendagri 13 of 2006 Article 137 which states that the remaining balance of the budget calculation (SiLPA) of the previous year is the receipt of financing used for:

- a. cover the budget deficit if the revenue realization is smaller than the expenditure realization;
- b. fund the implementation of follow-up activities at the expense of direct expenditure;
- c. fund other obligations which have not been completed until the end of the fiscal year

and this is supported by Regulation of the Minister of Finance Number 130 / PMK.07 / 2019 concerning the management of the Special Physical Allocation Fund. DAK is a source of SILPA in the Nias District Government. Although in the Journal in accounting for the use of SILPA, the designation must be in accordance with government regulatory mechanisms. Funding Receipts - SILPA use is used in accordance with the designated source of funds and designation. Net financing by recording is used to cover surpluses / deficits as well as indicators in the use or addition of SILPA. In accounting records

for the next reporting period, receipts of financing- use of SILPA can be maximized for use in spending if it is not contrary to government regulations. Remaining Budget Financing (SiLPA) will arise from the following conditions:

- a. If the amount of positive net financing is greater than the amount of the deficit, the difference becomes SiLPA.
- b. If there is a surplus and positive net financing.
- c. If there is negative net financing but the surplus is greater.

## **5. CONCLUSION**

Research with the title "Presentation Model of Net Financing Accounting based on 2019 Government Accounting Standards on the Government of Nias Regency" produces several conclusions, including:

1. Nias Regent Regulations concerning Accounting Policies Number 55 Year 2017 and Nias Regent Regulations Regarding Regional Government Accounting Standards number 35 of 2015 for regional financing to produce Reports on Realization of the Nias Regency Government Budget in accordance with PSAP No. 02 according to Government Regulation Number 71 of 2010 concerning Standards Government Accounting (SAP).
2. The Nias Regent's Regulations regarding Accounting Policies Number 55 Year 2017 and the Nias Regent Regulations on Regional Government Accounting Standards Number 35 of 2015, do not list and discuss in full the net financing so that the method of recording cannot be traced properly, especially with regard to closing journals. Closing journal in recording Surplus / deficit, net financing and SILPA, recognition and measurement are not found in Accounting Policies and SAPD. This matter must be considered and immediately revised to be able to produce better Regional Government Financial Reports.
3. In accounting records, net financing is a comparison of the surplus / deficit as well as a determinant of SILPA in the financial statements of regional

governments. At the beginning of the next reporting period, by accounting records, SILPA will be used in the receipt of financing in spending but cannot be maximized because of Permendagri government regulation / regulation number 13 of 2006 article on the use of SILPA and Regulation of the Minister of Finance Number 130 / PMK.07 / 2019 concerning management Special Physical Allocation Fund. The SILPA must be used according to the source of the funds and the initial destination. This is contrary to the rules of recording and the realization value of SILPA still cannot be denied. Although the SILPA trend in the Nias District Government is declining, the SILPA value is still quite large, which means that it has not been maximally used.

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