
Analysis of Budget Realization Report of Karo Regency in Fiscal Year 2024

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Abstract:

The Budget Realization Report (LRA) is an important component aimed at evaluating government finances. A published LRA can provide important information. The budget realization report shows the realization of revenues and expenditures. This study aims to determine and evaluate the realization of the Kabupaten Karo government's budget and revenues in 2024 using data from the 2023 and 2024 budget realization reports. In public sector organizations, budgeting can help achieve accountability. The budget realization report shows the difference between the budget and the use of financial resources overseen by the local government. This study uses a quantitative and descriptive methodology using analytical methods such as the analysis of Kabupaten Karo revenue and expenditure. The analysis shows an increase, although not a significant increase, where revenues increased by around 1.3% while expenditures increased by around 5.6%. Kabupaten Karo government has managed its expenditures effectively in this regard.

Keywords: Budget Realization Report, Regional Finance, Revenue Performance, Expenditure Analysis, Kabupaten Karo

Abstrak :

Laporan Realisasi Anggaran (LRA) merupakan komponen penting yang ditujukan untuk mengevaluasi keuangan pemerintah. LRA yang diterbitkan dapat memberikan informasi penting. Laporan realisasi anggaran menunjukkan realisasi pendapatan dan pengeluaran. Penelitian ini bertujuan untuk mengetahui dan mengevaluasi realisasi anggaran dan penerimaan pemerintah Kabupaten Karo tahun 2024 dengan menggunakan data dari laporan realisasi anggaran 2023 dan 2024. Dalam organisasi sektor publik, penganggaran dapat membantu mencapai akuntabilitas. Laporan realisasi anggaran menunjukkan perbedaan antara anggaran dan penggunaan sumber daya keuangan yang diawasi oleh pemerintah daerah. Penelitian ini menggunakan metodologi kuantitatif dan deskriptif menggunakan metode analitis seperti analisis pendapatan dan pengeluaran Kabupaten Karo. Analisis menunjukkan peningkatan, meskipun bukan peningkatan yang signifikan, di mana pendapatan meningkat sekitar 1,3% sementara pengeluaran meningkat sekitar 5,6%. Pemerintah Kabupaten Karo telah mengelola pengeluarannya secara efektif dalam hal ini.

Kata Kunci: Laporan Realisasi Anggaran, Keuangan Daerah, Kinerja Pendapatan, Analisis Pengeluaran, Kabupaten Karo

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INTRODUCTION

In the current era of reform and increased regional autonomy, all government finances and budgets must comply with the Public Sector Accounting System (Petra and Sari 2021). A region's ability to manage its financial resources to support regional development and government administration without relying on central government funding is reflected in its regional financial performance. Strengthening fiscal capacity at the regional level is therefore essential for achieving sustainable governance.

The importance of regional financial management has become a focus of attention for the Karo Regency government. In managing its finances, the regional government is required to ensure transparency and accountability to the public. The Regional Revenue and Expenditure Budget (APBD) is the primary instrument used to plan and control revenues and expenditures within a fiscal year. According to Mahmudi (2019), the APBD serves not only as a financial planning document but also as a manifestation of local government accountability to the public.

The Budget Realization Report (LRA) is the result of the accounting process, namely the collection and management of financial data presented in the form of financial statements. The LRA plays a critical role in assisting users of financial information in decision-making. This report compares the established budget with the actual results achieved, allowing the assessment of the effectiveness, efficiency, and accountability of budget management (Mardiasmo, 2018).

Law No. 1 of 2004 concerning State Treasury explains that financial reports must be prepared based on standardized accounting processes implemented by every budget user and manager of the State/Regional General Treasury. Budget realization reports are regulated in several regulations, including Law No. 17 of 2003 concerning State Finance, Law No. 23 of 2014 concerning Regional Government, and Government Regulation No. 12 of 2019 concerning Regional Financial Management. This includes the preparation of regional financial reports based on Government Accounting Standards (SAP), as regulated in Government Regulation No. 71 of 2010.

The financial performance of Karo Regency reflects several fiscal challenges. Recent data shows that the regency's Regional Original Revenue (PAD) has remained relatively low compared to total budget receipts, while transfer revenues account for more than 85% of total income, indicating a high level of dependence on central government transfers. Although revenue and expenditure have increased between 2023 and 2024, the increase remains modest, showing that fiscal independence is still limited. These conditions highlight the need for systematic evaluation of budget performance, especially in terms of effectiveness and efficiency.

While various studies have analyzed regional budget realization reports in Indonesia, there has been no research comparing the performance of the 2023 and 2024 LRA of Karo Regency. Existing studies mainly focus on single-year evaluations without analyzing fiscal growth patterns and the implications for regional financial sustainability.

This study provides a comparative evaluation of the fiscal performance of Karo Regency using effectiveness and efficiency indicators, allowing a deeper understanding of the government's spending quality and revenue realization trends over time. The analysis highlights the fiscal strengths and weaknesses of the Karo Regency government and provides strategic insights to improve local financial management.

Based on the above background, this research is presented under the title "Analysis of Budget Realization Report of Karo Regency for Fiscal Year 2024". This study is expected to provide an in-depth understanding of how budget management is implemented and how revenue and expenditure strategies contribute to improving public financial accountability in Karo Regency.

RESEARCH METHODOLOGY

This study uses a quantitative descriptive research method to analyze the Budget Realization Report (LRA) of Karo Regency. The research aims to evaluate the financial performance of the regional government through a comparative analysis of fiscal year 2023 and 2024. Data analysis focuses on the calculation of several key financial performance indicators.

Type of Research

The research is categorized as descriptive quantitative research, which systematically analyzes numerical data obtained from official regional financial reports. The descriptive approach aims to provide an objective picture of the regional financial condition based on the LRA.

Data Type and Source

This research uses secondary data, which is sourced from:

1. The Public Information and Documentation Management Officer (PPID) of Karo Regency.
2. Official documents of the Budget Realization Report (LRA) for fiscal years 2023 and 2024.
3. Relevant publications and supporting documents issued by the Regional Government.
4. The data consists of structured and written financial information in the form of annual budget realization reports.

Data Collection Method

The data collection technique uses documentation, in which the researcher collects and records the official LRA from Karo Regency. The collected documents are then organized and prepared for analysis. Data collected includes:

1. Budget realization values.
2. Regional revenue components.
3. Expenditure components.
4. Regional fiscal indicators related to PAD, transfer funds, and spending structure.

Data Analysis Technique

The analysis uses several financial ratio calculations commonly applied in public sector financial performance evaluation. The analytical techniques include:

1. Growth Ratio. Measures the growth of regional revenue and expenditure from 2023 to 2024.
2. Regional Original Revenue (PAD) Effectiveness Ratio. Evaluates the ability of the region to realize its revenue targets.
3. Regional Financial Independence Ratio. Assesses the level of dependency on central government transfers and the capacity for fiscal autonomy.
4. Expenditure Efficiency Ratio. Measures the efficiency level in the use of regional expenditure compared to planned targets.

The results of the ratio analysis provide a comparative evaluation of fiscal performance between 2023 and 2024 to identify trends, improvements, or weaknesses in regional financial management.

DISCUSSION

Based on the analysis of the Budget Realization Report (LRA) of Karo Regency for the fiscal year 2024, the total regional revenue reached IDR 1,494,271,957,203, equivalent to 96.75% of the

budgeted revenue target. In nominal terms, regional revenue increased by approximately 1.3% from the 2023 realization of IDR 1,426,392,533,987, as table 1 below.

Table 1. Revenue Realization of Karo Regency in 2024

Revenue Components	2024 Budget (Target)	2024 Realization	Realization Percentage (%)	2023 Realization
TOTAL REGIONAL INCOME	Rp.1,494,271,957,203	Rp.144,733,830,603.70	96.75	Rp. 1,426,392,533,987.17
Regional Original Income (PAD)	Rp.122,751,275,000	Rp.105,417,387,536.70	85.88	Rp. 103,440,404,582.17
Transfer Income	Rp.1,354,465,549,322	Rp.1,323,732,110,577	97.73%	Rp. 1,307,290,443,055
Other Income	Rp. 17,055,132,871	Rp.16,584,332,490	97.24%	Rp. 15,661,686,350

The budget realization performance shows a clear variation across components. PAD realization reached only 85.88%, indicating a significant gap between targets and actual outcomes. A larger deviation was identified in specific PAD items, with a realization of 43.98%, signaling structural weaknesses in local revenue generation. In contrast, transfer revenue reached 97.73%, and the Revenue Sharing Fund (DBH) even exceeded the budget target at 113.21%, demonstrating strong central government support.

Realization of Regional Expenditure

Total regional expenditure budgeted in 2024 amounted to IDR 1,588,390,854,030, with actual realization reaching IDR 1,511,497,764,907 or 95.16% of the total budget. This reflects an increase of 5.6% from the 2023 realization of IDR 1,431,501,392,744, as table 2 below.

Table 2. Expenditure Realization of Karo Regency in 2024

Shopping Description	2024 Budget (Target)	2024 Realization	Percentage of Realization (%)	2023 Realization
TOTAL REGIONAL EXPENDITURE	Rp.1,588,390,854,030	Rp.511,497,764,907	95.16	1,431,501,392,744
Operating Expenses	Rp.1,059,461,027,370	Rp.1,004,714,952,805	94.83	934,206,103,692
Capital Expenditure	Rp.233,728,825,458	Rp.214,428,297,002	91.74	214,908,503,256

Transfer Shopping	Rp.292,161,429,000	Rp.292,161,039,100	100.00	283,286,785,796
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Transfer expenditures show strong performance with 100% realization, indicating the optimal distribution of allocated funds to villages and other mandated targets. However, a sub-component of expenditure, namely unexpected expenditures, only realized 6.37%, indicating very low utilization.

Revenue and Expenditure Performance Relative to the Previous Year

The revenue increase of only 1.3% highlights that the fiscal capacity of Karo Regency remains weak in terms of local revenue generation. The dominance of transfer revenue (97.73%) indicates high dependency on central government funds, in line with previous findings stating that regions with limited PAD typically rely on DAU, DAK, and DBH transfers. From a growth perspective, the revenue growth rate remains below the ideal growth range for regional fiscal sustainability. The low PAD growth reflects limited expansion of the local tax base and operational challenges in local revenue collection.

Effectiveness of Expenditure Management & Accountability

The expenditure realization rate of 95.16% indicates that Karo Regency managed to execute most of its planned programs and activities effectively. The operating expenditure effectiveness (94.83%) and capital spending (91.74%) highlight that the majority of development activities were implemented according to plan.

In the context of public accountability, the high realization rate demonstrates strong administrative capacity in budget execution, aligned with Government Regulation No. 12/2019 on Regional Financial Management. However, low realization of unexpected expenditure (6.37%) may indicate either:

1. Efficient fiscal management (no fiscal shocks requiring unexpected spending), or
2. Insufficient contingency planning, suggesting weak risk management preparedness.

Critical Component Analysis: PAD Effectiveness & Fiscal Independence

1. PAD Effectiveness Ratio

The PAD effectiveness ratio of 85.88% falls into the category of “less effective”, based on regional financial performance assessment standards (>100% good; 90–100% effective; <90% less effective). This indicates that Karo Regency has not yet achieved optimal revenue collection performance.

2. Fiscal Independence Ratio and Dependency

The proportion of PAD to total regional revenue remains low, showing that Karo Regency is still a transfer-dependent region. The transfer dependency ratio exceeds 88%, meaning fiscal autonomy remains weak. This condition may limit the Regency’s flexibility in development planning.

3. Expenditure Efficiency Ratio

The expenditure efficiency ratio of 95.16% shows that spending is in the “efficient” category, meaning budget execution aligns closely with planning targets.

Implications for Regional Fiscal Conditions

The analysis reveals a contradiction in fiscal performance:

1. Revenue side is weak (low PAD, high transfer dependency).
2. Expenditure side is strong (high absorption, efficient spending).

This condition implies that Karo Regency has strong administrative and managerial capacity in executing budgets, but lacks fiscal strength in generating own-source revenues. In the long run, this may:

1. Reduce fiscal resilience.
2. Limit independent development initiation.
3. Create long-term dependency on central fiscal support.
4. Reduce innovation in local tax and retribution management.

Evaluation of the Effectiveness of Expenditure Management and Accountability

Karo Regency overall spending realization rate reached 95.16%, indicating effective expenditure management. Budget absorption, which approached 100%, particularly for operational spending (94.83%) and capital spending (91.74%), indicates that the Karo Regency government's planned work programs were largely successful.

Critical Component Analysis

Although capital expenditures were absorbed at 91.74%, the subcomponent of other fixed assets capital expenditures were only realized 54.66%. Likewise, unforeseen expenditures only realized 6.37%. These two very low figures can be interpreted positively as either fiscal efficiency or planning inefficiency.

CONCLUSION

The analysis of the 2024 Budget Realization Report of Karo Regency shows a contrast between strong expenditure performance and relatively weak revenue performance. Total regional revenue reached 96.75% of the budget target with a growth rate of only 1.3% compared to 2023, indicating low revenue expansion and high dependency on transfer funds. Meanwhile, the expenditure side demonstrates strong fiscal execution, with a realization rate of 95.16% and expenditure growth of 5.6%.

The findings highlight that fiscal pressure continues to increase, as the growth of expenditure consistently exceeds the growth of revenue. This indicates that the region's fiscal capacity does not fully meet the expanding financial needs of regional development. From a fiscal management standpoint, budget absorption is effective, especially for operating and capital expenditure, reflecting good administrative performance and fulfillment of public accountability standards. Based on these findings, the research concludes that Karo Regency's fiscal structure remains transfer-dependent, and the current level of Regional Original Revenue (PAD) is insufficient to support a more autonomous and sustainable regional financial system. While the government has proven capable in managing expenditure, the challenge lies in strengthening local fiscal capacity.

The 2024 budget realization indicates that Karo Regency has demonstrated strong fiscal management capacity, yet strategic measures are still required to strengthen regional fiscal independence. Optimizing PAD remains essential, particularly through expanding the local tax base using data digitization and GIS mapping, as well as improving retribution management in key sectors such as tourism, agriculture, and MSMEs. To further reduce dependency on central government transfers, the region also needs to develop innovative financing alternatives, including regional investments, PPP schemes, and strengthened regional-owned enterprises (BUMD).

Enhancing revenue effectiveness can be achieved by implementing performance-based budgeting and expanding integrated online payment systems. On the expenditure side, maintaining efficient and high-quality spending especially in capital expenditure with long-term development benefits is crucial. Strengthening fiscal governance through real-time APBD reporting and improved internal audit mechanisms is also necessary to uphold transparency and accountability.

Altogether, these efforts are vital for reinforcing fiscal autonomy and ensuring more sustainable regional development.

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