

Analysis of Fiscal Capability of The City of Palopo Indonesia in 2019, 2020, 2021, 2022 and 2023

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Abstrak

In this study, we are looking at the fiscal capability of the city of Palopo, whether it is in the low category, medium category or high category. The analysis in this study uses descriptive and quantitative analysis by evaluating various regional budget components along with other aspects such as population. In the descriptive analysis, it was found that regional budget components such as local original income, profit sharing funds, other income, general allocation funds and personnel expenditures have increased every year and the population has also increased every year. In the quantitative analysis, the calculation results showed that, in 2019, the calculated value for fiscal capacity was 22.08%, this shows that the fiscal capacity of the city of Palopo is classified as low. In 2020, the calculated value of fiscal capacity was 42.18%, this shows that the fiscal capacity of Palopo City is classified as high. In 2021, the calculated value for fiscal capacity was 26.76%, this shows that fiscal capacity is classified as low. In 2022, the value obtained from the fiscal capacity calculation is 26.89%, this shows that the fiscal capacity of the city of Palopo is of low qualification. Then in 2023, the results obtained from calculating the fiscal capacity were 17.16%, this shows that the fiscal capacity of the city of Palopo still has low qualifications.

Keywords: Fiscal capability; Palopo

1. Introduction

Talking about regional autonomy cannot be separated from policy issues. Regional financial capacity. Even in previous years, autonomy was always associated with automoney. This means that regional independence in exercising its authority is measured by its ability to explore its own sources of income. The implications of implementing the automoney principle are what then encourage regions to actively increase Regional Original Income (PAD) and obtain Profit Sharing Funds (DBH) and other Legitimate Income (LP), including by creating various forms of regional taxes and levies.

Palopo City is one of the medium-sized cities in South Sulawesi which continues to experience development. This is possible because of the logical consequence of Palopo City's position as a visiting area for three districts resulting from the expansion of the Luwu Land region, such as Luwu, North Luwu and East Luwu districts.

The administrative area of Palopo City is around 247.52 square kilometers or equal to 0.39% of the area of South Sulawesi Province. Administratively, Palopo City is divided into 9 sub-districts and 48 sub-districts.

Most of the Palopo City area is lowland in accordance with its existence as an area located on the coast. Approximately 62.00 percent of the area of Palopo City is lowland areas with a height of 0-500 m above sea level, 24.00 percent is located at an altitude of 501-1000 m, around 14.00 percent is located above an altitude of more than 1000 m. In terms of area, it appears that the largest sub-district is West Wara Sub-district with an area of 54.13 km² and the narrowest is North Wara Sub-district with an area of 10.58 km².

2. Methodology

The data that has been collected, grouped and processed is then analyzed qualitatively or quantitatively to test the hypothesis of the problem posed using the descriptive statistical analysis method (Simple Statistical Analysis). By using the following formula: To calculate the fiscal capacity qualifications of Palopo City, you can use the following formula:

$$K.F = \frac{(PAD + DBH + LP + DAU) - BP}{Total\ Population} \times \%$$

Where :

KF : Fiscal Capacity

PAD : Original Regional Income

DBH : Profit Sharing Fund

BP : Source Employee Expenditures. Minister of Finance Regulation No. 129 / 2005

JP : Population

DAU : General Allocation Fund

LP : Other legal regional income except Special Allocation Funds, Emergency Funds, Loan Funds and other revenues whose use is limited.

The qualifications to determine whether the regional fiscal capacity of Palopo City is at low, medium, high fiscal capacity can be seen in the following table:

Table 1. Fiscal Capacity Qualification

Scale	Fiscal Capacity Percentage	Qualifying
1	0 – 20,00 %	Low
2	30,00 – 40,00 %	Medium
3	> 50,00 %	High

Source: Minister of Finance Regulation No. 129 of 2005

3. Result and Discussion

Based on the background and objectives of this research, namely the fiscal capacity of the city of Palopo above, the research results can be presented as follows:

The PAD item is local original income which consists of regional tax income, regional levy income and income from separated regional wealth management. For the DBH item, profit sharing funds are funds obtained from tax proceeds carried out by the Palopo city regional government, including vehicle tax, income tax and other taxes collected such as PPH and VAT.

LP items include other legitimate income consisting of grant income, emergency fund income, financial assistance from other provincial/regional governments and other income. The DAU item is a general allocation fund that comes from the center and is given to autonomous regions to be able to run government and meet employee expenses. For BP items, these are employee expenditures which are transferred to the Regional Government account every month.

The results of tracing financial data for 2019-2023 for the city of Palopo can reveal the following fiscal capabilities:

- a. From the results of searching for Palopo city 2019 financial data, it can be seen that the fiscal capacity is as follows:

$$\text{Formula} = \frac{(PAD + DBH + LP + DAU) - BP}{\text{Total Population}} \times \% \\ = \frac{(167.052.191.690 + 18.737.193.000 + 90.223.381.000 + 546.193.286.000) - 414.465.356.996}{184.614} \times \% \\ = 22,08 \%$$

b. From the results of searching for Palopo city 2020 financial data, it can be seen that the fiscal capacity is as follows:

$$\text{Formula} = \frac{(PAD + DBH + LP + DAU) - BP}{\text{Total Population}} \times \% \\ = \frac{(189.592.384.308 + 15.320.569.000 + 81.765.348.300 + 549.105.917.000) - 566.678.506.000}{184.614} \times \% \\ = 42,18 \%$$

c. From the results of searching for Palopo City 2021 financial data, it can be seen that the fiscal capacity is as follows

$$\text{Formula} = \frac{(PAD + DBH + LP + DAU) - BP}{\text{Total Population}} \times \% \\ = \frac{(167.917.529.330 + 56.137.327.400 + 20.790.800.000 + 737.562.704.000) - 462.384.926.936}{187.331} \times \% \\ = 26,89 \%$$

d. From the results of searching for Palopo city 2022 financial data, it can be seen that the fiscal capacity is as follows

$$\text{Formula} = \frac{(PAD + DBH + LP + DAU) - BP}{\text{Total Population}} \times \% \\ = \frac{(151.137/159.527 + 56.642.135.559 + 18.881.327.130 + 741.993.172.000) - 454.846.021.168}{190.867} \times \% \\ = 26,89 \%$$

e. From the results of searching for Palopo city 2023 financial data, it can be seen that the fiscal capacity is as follows

$$\text{Formula} = \frac{(PAD + DBH + LP + DAU) - BP}{\text{Total Population}} \times \% \\ = \frac{(239.578.584.000 + 67.411.308.181 + 32.381.327.130 + 655.464.976.000) - 406.410.800.917}{194.493} \times \% \\ = 27,16 \%$$

3.1. Discussion

Table I: Development of the Fiscal Capability Qualifications of Palopo City.

Year	Qualification Fiscal ability %	Remarks
2019	22,08 %	Low
2020	42,18 %	High
2021	26,76 %	Low
2022	26,89 %	Low
2023	27,16 %	Low

Data source: Palopo city government (Website)

Based on the data in the table above, it can be illustrated that in 2019 it was classified as low qualifications because the regional capacity to support itself was only around 22 percent while funding from the center was 78 percent. In 2020, the qualification for fiscal capacity increased compared to the high category if seen in the previous year, namely achieved by 42.18 percent, this was because PAD had increased so that dependence on central funds was only around 57.82 percent, better than the previous year. In 2021, the qualification was obtained at 26.76%. In that year, PAD acquisition decreased again compared to the previous year. so it is in the low category. This shows that Palopo city's dependence on the center is around 72.24 percent.

In 2022, the qualification obtained was 26.89%, still due to low PAD, so it was included in the low qualification category and had a budget dependency on the center of 72.11 percent. Likewise, in 2023, the fiscal capability qualification was 27.16% and again again. PAD acquisition has decreased again compared to the previous year so that it is classified as low. This shows that Palopo city's dependence on the center is in the range of 72.84 percent. In this section, authors must answer "what the obtained results mean and are recognized as research findings." This section may seem easy to write but is the most challenging part to get right, and it is the most important part of an article. Most manuscripts receive serious attention from editors and reviewers because their discussion is weak, and many are even returned for resubmission or rejected.

4. Conclusion (Font 12, Times New Roman, 1.15 Spacing)

Based on the results of the research and discussion above, the author can draw the following conclusions:

- a. In 2019, the calculated value of the fiscal capacity qualification was relatively low
- b. In 2020, the value obtained from the calculation of fiscal capacity qualifications was relatively high.
- c. In 2021, the calculated value of the fiscal capacity qualification is still low
- d. In 2022, the calculated value of the fiscal capacity qualification will remain low
- e. In 2023, the calculated value of the fiscal capacity qualification will remain low.

5. Acknowledgement (Font 12, Times New Roman, 1.15 Spacing)

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