**CONTENTS**

1. **Introduction**

The presentation of budget information in financial reports is a feature of public sector reporting because the budget is a legislative mandate and a form of reporting to the public. The application of accrual accounting has led to many

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problems and ambiguities (Arnaboldi & Lapsley, 2009). This ambiguity arises from the simultaneous application of two financial accounting systems based on accrual and cash-based budget accounting, which hinders the effective implementation of accrual accounting in practice (Alijarde & Julve, 2014). The role of financial reports as a government accountability tool is often emphasized (Steccolini, 2004). Financial reports appear not to serve the general public but are more used for internal accountability, and it is unknown whether these reports are actually read, with no significant role for external users (Steccolini, 2004). Budget information (both planned and actual) plays a crucial role in governance, and legislative bodies worldwide pay more attention to budget reports (cash-based LRA) than financial reports (accrual-based) (van Schaik, 2023).

Local governments in Indonesia present financial reports in two accounting bases: cash and accrual. These reports, mandated for local governments, include Budget Implementation Reports (LRA) and Statements of Budgetary Surplus or Deficit Changes (LPSAL) prepared on a cash basis, and Financial Reports prepared on an accrual basis, consisting of Balance Sheets, Operating Statements (LO), Statements of Equity Changes (LPE), Cash Flow Statements (LAK), and Notes to the Financial Statements (CaLK) (Wargenau, Astrid; Che, 2004) state:

"The adoption of accrual accounting in itself is not sufficient to ensure that the reforms that have been introduced are successful in achieving their goals, and it should also be introduced to the budgetary system because inevitably both are complementary. In decision-making, the government needs a clear idea of what effects policies will have on its financial situation, and this is only possible if a similar basis is used for budgeting purposes and financial reporting."

The Budget Realization Report (LRA), which presents budget information and its realization, provides information on revenues, expenditures, and financing received and/or paid in the respective year. The Operating Statement presents financial information using accrual accounting, so revenue and expense accounts in the Operating Statement (LO) not only show received cash revenue and paid cash expenses but also information on revenue that is still in the form of receivables (not yet received in cash) and expenses that are still in the form of liabilities (not yet settled/paid). Based on this concept, the amounts of revenue and expenses recorded in the cash-based LRA should be smaller than the revenue and expenses in the accrual-based LO because revenue transactions are recognized earlier and recorded first. However, uniquely, in some local governments in Aceh for the financial reporting year 2018, different surplus and deficit figures were presented as follows:
Based on the above graph, it can be observed that the surplus/deficit amounts between the cash-based LRA and accrual-based LO vary among regions. The realized surplus/deficit in the LRA reflects the difference between the cash inflow from revenue and the cash outflow for expenses, while the surplus/deficit figures in the LO reflect the difference between recognized revenue and recognized expenses, not reflecting cash inflows or outflows. This means that the amounts of surplus/deficit in the LRA and LO do not have a positive correlation, requiring an analysis of the accrual behavior on revenue and expenses (Abdullah, 2022). The distinction between budgetary reporting and financial reporting is essential (Jorge et al., 2018).

Quoted from the Directorate General of Treasury of the Ministry of Finance at the end of 2022, the issue of the increasing amount of Unspent Budget (SiLPA) from the Regional Budgets (APBD) of all provinces/districts/cities in Aceh has been on the rise annually. This condition indicates the weakness of APBD planning by local governments at the beginning of the year. In this regard, there are imperfections in forecasting and certain interests from all parties involved in proposing and determining the budget. Therefore, calculations and analyses of variances are needed as tools to assist management in making planning and control decisions.

The size of local governments is one of the factors influencing information presentation, where larger local governments have higher complexity issues (Handayani et al., 2022) and are one of the factors in public financial analysis that can be measured by total assets, the number of employees, total revenue, and productivity levels (Damanpour, 1991). Districts or cities with larger budgets are more complex in their management. The larger the size of the local government, the more likely the budget for operational activities and the local government's administrative activities will be more complex, and vice versa. The research by (Alijarde & Julve, 2014) found that entities with larger budgets show larger differences between cash and accrual-based accounting.

The level of financial dependence of local governments on the central government remains high, or at the level of Local Own Revenues (PAD) that are still low compared to Total Regional Revenues. Research conducted by Halim (2001) shows that fiscal stress can affect the regional budget (APBD) of an area. Bradbury (1982) defines fiscal pressure as "budget pressure," which occurs when local governments cannot balance the annual budget with current transactions. This means...
that the larger the transactions, the greater the fiscal pressure. The findings of Jones & Walker (2007) show that fiscal pressure experienced by local governments is positively associated with the population served by local governments and the composition of the local government’s revenue. This means that the lower the proportion of local own revenue to total revenue and the lower the percentage of local own revenue to total assets, the greater the fiscal pressure on the local government.

This study aims to analyze the practical implementation of accrual accounting, adopting a dual accounting system where cash accounting is used alongside accrual accounting (Kobayashi et al., 2016), resulting in two types of information: accrual information and cash information. Legislative bodies pay more attention to budget reports (cash-based LRA), so accrual-based financial figures are only used for accountability purposes (Alijarde & Julve, 2014). This research contributes to the extensive literature on the implementation of accrual accounting and the issues and ambiguities it raises. This is demonstrated through empirical studies, indicating that the implementation of accrual accounting has many problems in practice, even though entities/local governments always strive to follow the applicable government accounting standards; its implementation may not be effective.

The research conducted by Anessi Pessina and Steccolini (2007) shows that the largest items explaining the difference between the current surplus and net income are extraordinary gains, followed by depreciation. The study by Brusca et al. (2014) suggests that the difference between accrual and cash-based reporting is more theoretical than practical. This means that the adoption of accrual accounting in local governments is nominal rather than real; the experience of entities in using accrual accounting does not improve its use, and larger entities show larger differences in figures between accrual-based and cash-based accounting due to strict accrual implementation.

Previous studies on the benefits of accounting information have focused more on its formal aspects, supporting the implementation of accruals in the public sector (Rowles, 2002), rather than on the substantial/essential aspects. Formal aspects refer to the methods of recording and reporting or presenting financial activities on an accrual basis, while substantial/essential aspects involve the use of accrual and cash information that reflects information content not yet discussed in previous studies. The substance/essence of using accrual information is more critical than just accrual accounting recording and reporting. The difference in the meaning of information in cash-based LRA and accrual-based LO is termed information content. Previous research has generally investigated the types and weights of accounting entries that cause differences, and the ‘experience’ with the use of accrual accounting has influenced differences only in surplus/deficit and income. However, previous research is still limited, especially in the context of differences in expenses and expenditures, presenting an empirical perspective on implementation and issues faced in practice.

This paper is organized into five sections. The first section presents the background of the research problem (literature gap), research objectives, and research contributions. The second section presents the theoretical framework and hypothesis development. The third section explains the adopted methodology. The fourth
The adoption of accrual accounting in itself is not sufficient to ensure that the reforms that have been introduced are successful in achieving their goals, and it should also be introduced to the budgetary system because inevitably both are complementary. In decision-making, the government needs a clear idea what effects policies will have on its financial situation, and this is only possible if a similar basis is used for budgeting purposes and financial reporting.”

1. Theoretical Framework and Hypothesis Development

The birth of the New Public Management (NPM) concept has driven reforms in public organizations (Guthrie, 1998); (Lapsley & Pallot, 2000). These reforms involve the adoption of private sector rules in the public sector (Poljašević et al., 2019), including accrual-based accounting practices developed by the private sector, increasingly being adopted by the public sector (Pilcher, 2011). This is considered "best practice" from the private sector to the public sector, aiming to enhance public service management, transparency, and government accountability (Alijarde & Julve, 2014). The information content of financial reports is seen as an agency problem, addressing the relationship between principals and agents, such as the legislature (DPR) as the principal and the executive (government) as the agent. Therefore, understanding the significance of information is crucial for decision-making (Halim, 2002). In accrual accounting, the primary goal of financial reporting is to provide information useful for accountability and decision-making.

From a theoretical perspective, various theories can explain the introduction of accrual accounting and reporting in local governments. According to agency theory, local government information can be used to monitor and link managerial actions with principals, serving as a primary means of accountability to external users. Budget reports for decision-making emerge from publicly discussed budget proposals between the executive and the Regional People's Representative Council (DPRD), leading to the implementation of budget reports. Accountability for the implementation of the regional budget is conveyed through financial reports (Abdullah, 2021). This study is intriguing considering that accrual accounting in Indonesia is adopted to meet international organizational demands rather than for internal use (McLeod & Harun, 2014); Prabowo, 2015).

The Theory of Decision Usefulness (Decision Usefulness Theory), first used by Chambers (Lestari and Delwi, 2020), is based on the conditions of financial report quality. This theory specifies rules that components of financial reporting must meet to be beneficial for economic decision-making.

The Influence of Variance in Local Government Expenditures on Information Content

The highest expenditure variance results in surplus budgets across all SKPK Rahayu, Darwanis, Abdullah (2014). Andalia et al.'s (2012) study found that both operational and capital expenditure variances simultaneously and partially positively affect budget surplus. However, revenue realization variance does not affect expenditure realization variance (Abdullah and Nazry, 2014). The study aims
to investigate the influence of expenditure variance on information content in local government financial reports.

H1: Variance of Local Government Spending Positively Affects Information Content

The Influence of Local Government Size on Information Content

The size of Pemda can be proxied from the number of residents, employees, organizational units, total income and expenditure in the APBD (total budget), level of productivity, and total assets (Damanpour, 1991; Abdullah, et al., 2019; Sari & Mustanda, 2019). Regions that have a larger number of employees and employees have larger capacities and expenses, so this has implications for their financial performance (Sari, 2016; Abdullah, et al., 2019; Sari & Mustanda, 2019). With a large regional size, regional governments are required to improve government performance compared to regional government governments that are small in size. In this case, the size of the regional government has an influence on the performance of the regional government. Research by Andani, Sarwani, and Relspati (2019) proves that regional size has a positive influence on regional government. The greater the budget amount charged to the local government, the greater the information content in the LKPD. So we propose a hypothesis:

H2: Regional size has a positive effect on Information Content

The Influence of Fiscal Distress on Information Content

Trussell (2002) and Trussell & Greenlee (2004) state that fiscal distress is a significant reduction in resources (income or assets), when transfer spending is more than total income, administrative expenditure is less than total expenditure, debt is more, and slightly experienced income growth. Junita and Adullah's (2016) study found that fiscal pressure had a negative effect on changes in regional budgets.

Research has not yet been found regarding the influence of fiscal distress on the content of information in regional government financial reports. For this reason, we are trying to test the effect of fiscal disruption as measured by the regional government budget surplus/deficit. Or in other words, do regional governments that have large surpluses/deficits use the information content in their financial reports for decision making?
H3: Fiscal Distress has a positive influence on Information Content

Based on the description of the thinking framework, a thinking framework scheme can be presented which is used to facilitate the way of thinking about the problems that will be discussed. This framework of thought is described as follows:

1. Model 1

```
Shopping Variants
 Government Size
 Fiscal Distress
 └── Information Content (Difference in Surplus/deficit of LO and LRA)
```

2. Model 2

```
Shopping Variants
 Government Size
 Fiscal Distress
 └── Information Content (Difference in LO and LRA Revenue)
```

3. Model 3

```
Shopping Variants
 Government Size
 Fiscal Distress
 └── Information Content (Difference between LO Load and LRA Spending)
```

Gambar 1 Skema Kerangka Pemikiran Teoritis
RESEARCH METHOD

The population in this study comprises all district/city local governments (Pemda) in Indonesia, totaling 508 as of December 31, 2021. The purposively selected sample includes 23 Pemda in Aceh, consisting of 18 districts and 5 cities. The uniqueness of this sample lies in its special autonomy status and the application of Islamic Sharia, which has implications for receiving transfers from the central government in the form of special autonomy funds (Otsus) and additional funds from oil and gas revenue sharing (TDBH Migas). Additionally, many new regional apparatus organizations (OPD) have been formed, which do not exist in other provinces. Furthermore, the sample possesses complete data for Local Government Financial Reports (LKPD) from 2017 to 2021. The LKPD used includes Budget Realization Reports (LRA) for obtaining Revenue-LRA and Expenditure-LRA data and Operational Reports (LO) for obtaining Revenue-LO and Expense-LO data.

This research utilizes secondary data obtained from audited financial reports of districts and cities in Aceh, presented in the Audit Results Report (LHP) from the Supreme Audit Agency (BPK RI) Provincial Representative Office in Aceh.

The research variables include three dependent variables: Information Content (difference in surplus/deficit in LO and LRA), Information Content (difference in revenue in LRA and LO), Information Content (difference in expenses in LO and expenditure in LRA). There are also three independent variables: expenditure variance, local government size, and fiscal distress.

Information Content is defined as the impact on decision-making due to differences in information generated from the two accounting bases. This variable is measured by the Surplus and Deficit Difference in LRA and LO, Revenue Difference in LRA and LO, and Expense Difference in LRA and LO (Brusca, 2014).

Government Expenditure Variance is the difference between the budget and actual expenditure (Abdullah & Nazry, 2014). This variable is measured using the formula:

\[
\text{Budget \ t-1 \ – \ Realization of Shopping \ t-1} \times 100\% \quad \frac{\text{Budget \ t-1}}{}
\]

Local government size is one variable that measures the size of a government in terms of its assets, number of employees, total revenue, and productivity level (Damanpour, 1991). This variable is measured by the Budget Amount in LRA as of December 31.

Fiscal Distress is a significant reduction in resources (revenue or net assets) (Trussell, 2002; Trussell & GrelelNlelel, 2004). This variable is measured by the Surplus/Deficit Amount of Regional Government Budgets in Districts/Cities, reported in the operational report until December 31.

The data analysis model in this study employs multiple linear regression analysis with the equation: \( Y_{123} = a + b_1 X_1 + b_2 X_2 + b_3 X_3 + \epsilon \), where \( Y \) represents Information Content (surplus/deficit difference in LO and LRA)/1Y1, Information Content (difference in revenue in LRA and LO)/2Y2, Information Content (difference in expenses in LO and expenditure in LRA)/3Y3, \( a \) is the constant, \( 1X1 \) is Expenditure Variance (VB), \( 2X2 \) is Local Government Size (UP), \( 3X3 \) is Fiscal Distress (FD), \( b_1 \)-b4 are regression coefficients, and \( \epsilon \) is the error term.
RESULT AND DISCUSSION

In summary, the descriptive statistics of the research data can be seen in Table 1 below.

<table>
<thead>
<tr>
<th>No</th>
<th>Description</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Surplus/Deficit Difference in LO and LRA (Y1)</td>
<td>-1602007990560</td>
<td>343547801830</td>
<td>58953998225,29</td>
<td>226543731291,090</td>
</tr>
<tr>
<td>2</td>
<td>Income Difference in LO and LRA (Y2)</td>
<td>-610727273854</td>
<td>209859332067</td>
<td>-93077622343,19</td>
<td>164298295645,112</td>
</tr>
<tr>
<td>3</td>
<td>Expense Difference in LO and LRA (Y3)</td>
<td>-208090996162</td>
<td>222531725234</td>
<td>42133309546,37</td>
<td>97681163641,795</td>
</tr>
<tr>
<td>4</td>
<td>Expense Variance (X1)</td>
<td>-37,78</td>
<td>52,62</td>
<td>12,2218</td>
<td>13,90971</td>
</tr>
<tr>
<td>5</td>
<td>Local Government Size (X2)</td>
<td>671146033790</td>
<td>2362371637345</td>
<td>1316310127657,66</td>
<td>405967239814,762</td>
</tr>
<tr>
<td>6</td>
<td>Fiscal Distress (X3)</td>
<td>-372123614448</td>
<td>439968119919</td>
<td>91363658232,07</td>
<td>113548890253,952</td>
</tr>
</tbody>
</table>

Source: Processed Data, 2023

The mean value of the information content (Y1 = Surplus/Deficit difference in LO and LRA) in Aceh from 2017 to 2021 is Rp58,953,998,225.29, with a standard deviation of Rp226,543,731,291.090. The lowest deficit in Y1 occurred in Aceh Utara in 2017 at -Rp1,602,007,990,559,000, while the highest surplus occurred in Aceh Timur in 2019 at Rp343,547,801,830.

The mean value of the information content (Income in LO and Income in LRA) in Aceh from 2017 to 2021 is Rp42,133,309,546.37, with a standard deviation of 97,681,163,641.795. The lowest income in Y2 occurred in Aceh Utara in 2020 at -Rp610,727,273,854, while the highest income occurred in Langsa in 2018 at Rp209,859,332,067.

The mean value of information content Y3 (Expense Difference in LO and Expenditure in LRA) in Aceh from 2017 to 2021 is -Rp93,077,622,343.19, with a standard deviation of 164,298,295,645.112. The lowest difference in expense and spending in Y3 occurred in Langsa in 2021 at -Rp208,090,996,162, while the highest difference occurred in Aceh Tengah in 2021 at Rp222,531,725,234.

The average variance in expenditure from 2017 to 2021 is 12.221, with a standard deviation of 13.909. The minimum expenditure variance was -37.78 in Aceh Selatan in 2020, and the maximum was 52.62 in Bener Meriah in 2017. The highest budget was in 2017 at Rp5,981 trillion in Banda Aceh, and the lowest was in 2016 at Rp1,064 trillion in Subulussalam. This indicates that the level of expenditure variance differs each year in each region.

The average increase in local government size from 2017 to 2021 is Rp1,316,310,121,657.66, with a standard deviation of 405,967,239,814.762. The highest budget was in Bener Meriah in 2021 at Rp2,362,371,637,345, and the lowest was in Sabang in 2017 at Rp671,146,033,790. This indicates that the increasing budget varies each year for each region.
The average fiscal distress from 2017 to 2021 is Rp91,363,658,232.07, with a standard deviation of Rp113,548,890,253.952. This condition indicates that there are different levels of surplus/deficit in each district/city every year. The highest surplus in local government occurred in 2017 at Rp439,968,119,918 in Pidie Jaya, and the lowest surplus in 2021 at Rp5,162,292,431 in Aceh Tengah. The highest local government deficit was reached in 2018 at -Rp372,123,614,448 in Banda Aceh, while the lowest was -Rp1,779,729,568 in Aceh Barat in 2021.

**Hypothesis Testing Results**

**Effect of Spending Variance, Local Government Size, and Fiscal Distress on Information Content (Surplus/Deficit Difference in LO and LRA)**

The results of data processing using the multiple linear regression model for testing the hypotheses in Model 1 are presented in Table 2 below:

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Standard Error</th>
<th>t-value</th>
<th>Sig. value</th>
<th>F-value/Adj.R^2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intercept</td>
<td>1,193</td>
<td>7,863</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure variance (X1)</td>
<td>-0.024</td>
<td>0.024</td>
<td>-784</td>
<td>0.004</td>
<td>20.960/0.000</td>
</tr>
<tr>
<td>Local government size (X2)</td>
<td>-0.784</td>
<td>0.784</td>
<td>981</td>
<td>0.000</td>
<td>0.601/0.362/0.344</td>
</tr>
<tr>
<td>Fiscal distress (X3)</td>
<td>7,863</td>
<td>7,863</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note:* significant at α=5%

Source: Research Data (2023).

Table 2 presents a calculated F value of 20.960 with a probability value limitation of significance is 0.000 less than a significant 5% (0.000 < 0.05) and the F of the table at 111 is 2.45. Thus, the calculated F value (20.960) is greater than the table F (2.45) so that a decision can be made, namely accepting the alternative hypothesis (Ha1) and rejecting the H0 hypothesis, meaning that spending variance (X1), local government size (X2), and fiscal distress (X3) together affect the information content (Y1) (the difference between surplus and deficit). The correlation coefficient (R) of 0.601 describes the degree of relationship (correlation) between variables. Expenditure variance (X1), local government measures (X2), and fiscal distress (X3) with surplus and deficit information content (Y1) were positive with a close relationship of 60.1%. Furthermore, the coefficient of determination (R square) shows a value of 0.362, which means that 36% of the role of expenditure variance variables (X1), local government size (X2), and fiscal distress (X3) in influencing the content of surplus and deficit information (Y1), while the remaining 63.8% is influenced by other variables that are not used in this study. The calculated value for the shopping variance variable is obtained at -0.024 which is smaller than the table value of 1.658. Then accept H04 or reject Ha4 so that it is concluded that the variable of shopping variance has no effect on the variable of information content (the difference in surplus/deficit in LO and LRA). The calculated value for the local government size variable is obtained at -0.784 which is smaller than the table value of 1.658. So accept H05 or reject Ha5 so that it is concluded that the local government size variable has no effect on the variable.
information content (the difference in surplus/deficit in LO and LRA). The calculated value for the fiscal distress variable is obtained at 7.863 which is greater than the ttable value of 1.658. So accept Ha6 or reject H06 so that it is concluded that the fiscal distress variable has a positive effect on the variable information content (the difference in surplus/deficit in LO and LRA).

Effects of Spending Variance, Local Government Size, and Fiscal Distress on Information Content (Revenue Differences in LO and LRA)

The results of data processing using multiple linear regression models for hypothesis testing of model 2 are shown in the following Table 3:

<table>
<thead>
<tr>
<th></th>
<th>t-value</th>
<th>Sig.value</th>
<th>F-value/Sig.value</th>
<th>R/R²/Adj.R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y2 = 8926354396,541 - 1610076891,151VB + 0,046UP - 0,087FD + e</td>
<td>-2.486</td>
<td>0.014</td>
<td>3.346/0.022</td>
<td>0.288/0.83/0.58</td>
</tr>
</tbody>
</table>

Note:* significant at α=5%
Source: Research Data (2023).

Based on Table 3 The correlation coefficient (R) of 0.288 explains the degree of relationship (correlation) between the variables of expenditure variance (X1), local government size (X2), and fiscal distress (X3) with information content (Y2) (difference in income in LO and LRA) is positive with a close relationship of 28.8%. Furthermore, the coefficient of determination (R square) showed a value of 0.83 which means that 8.3% of the role of expenditure variance variables (X1), local government size (X2), and fiscal distress (X3) in influencing information content (Y2) (income differences in LO and LRA), while the remaining 92.7% was influenced by other variables that were not used in this study. The calculated F value is 3.346 with the limitation of the significance probability value is 0.022. While the F value of the table at a significant level of 5% and df 111 is 2.45. Thus, the calculated F value (3.346) is greater than the table F (2.45) so that a decision can be made, namely accepting the alternative hypothesis (Ha2) and rejecting the H0 hypothesis, meaning that the variables of expenditure variance (X1), local government size (X2), and fiscal distress (X3) together affect the information content of the difference in income in LO and income in LRA (Y2). The calculated value for the shopping variance variable is obtained at -2.486 which is greater than the table value of 1.658. So accept Ha7 or reject H07 so that it is concluded that the variable of shopping variance negatively affects the variable of information content (difference in income in LRA and LO). The calculated value for the local government size variable was obtained at 2.089 which was greater than the table value of 1.658. So accept Ha8 or reject H08 so that it is concluded that the local government size variable has a positive effect on the information content variable (difference in income in LRA and LO). The calculated value for the fiscal distress variable is obtained -1.108 which is smaller than the table value of 1.658. So
accept $H_09$ or reject $H_{a9}$ so that it is concluded that the fiscal distress variable has no effect on the variable information content (difference in income in LRA and LO).

**Effect of Spending Variance, Local Government Size, and Fiscal Distress on Information Content (Difference in Burden on LO and Expenditure on LRA)**

The results of data processing using multiple linear regression models for hypothesis testing of model 3 are shown in the following Table 4:

<table>
<thead>
<tr>
<th>Table 4</th>
<th>Data Processing Results Equation 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>$Y_3 = 110669953038,001 - 67679176,852VB - 0,151UP + 0,039FD + e$</td>
<td></td>
</tr>
<tr>
<td>$t$-value</td>
<td>-.065</td>
</tr>
<tr>
<td>$Sig.$-value</td>
<td>0.949</td>
</tr>
<tr>
<td>$F$-value/$Sig.$-value</td>
<td>6.618/0.000</td>
</tr>
<tr>
<td>$R/R^2/Adj.R^2$</td>
<td>0.390/0.152/0.129</td>
</tr>
</tbody>
</table>

Note:* significant at $\alpha=5$

Source: Research Data (2023).

Based on Table 4, the correlation coefficient $R$ of 0.390 explains the degree of relationship (correlation) between the variables of expenditure variance ($X_1$), local government size ($X_2$), and fiscal distress ($X_3$) with information content of spending differences in LRA and LO ($Y_3$) is positive with a close relationship of 39%. Furthermore, the coefficient of determination ($R$ square) shows a value of 0.129 which means that it is 12.9%. the role of spending variance variables ($X_1$), local government size ($X_2$), and fiscal distress ($X_3$) in influencing information content with information content of spending differences in LRA and LO ($Y_3$), while the remaining 87.1% was influenced by other variables not used in this study. The calculated $F$ value is 6.618 with the limitation of the significance probability value is 0.000. While the $F$ value of the table at a significant level of 5% and df 111 is 2.45. Thus, the calculated $F$ value (1.662) is greater than the table $F$ (2.45) so that a decision can be made, namely accepting the alternative hypothesis ($H_{a3}$) and rejecting the $H_0$ hypothesis, meaning that the variables of spending variance ($X_1$), local government size ($X_2$), and fiscal distress ($X_3$) together affect the information content of the difference in burden on LO and expenditure on LRA ($Y_3$). The calculated value for the shopping variance variable is obtained at -0.065 which is smaller than the ttable value of 1.658. So accept $H_{010}$ or reject $H_{a10}$ so that it is concluded that the variable of shopping variance has no effect on the variable of information content (the difference in load on LO and spending on LRA). The calculated value for the local government size variable was obtained at -4.384 which is greater than the ttable value of 1.658. So accept $H_{a11}$ or reject $H_{011}$ so that it is concluded that the local government size variable has a negative effect on the information content variable (the difference in burden on LO and expenditure on LRA). The calculated value for the fiscal distress variable is obtained 0.309 which is smaller than the ttable value of 1.658. So accept $H_{012}$ or reject $H_{a12}$ so
that it is concluded that the fiscal distress variable has no effect on the variable information content (the difference in burden on LO and spending on LRA).

**Analysis of Information Content (Surplus/Deficit on LO and Surplus/Deficit on LRA)**

Based on the processed data, an analysis of information content (Surplus/Deficit on LO and Surplus/Deficit on LRA) can be conducted on the local government reports from the fiscal year 2017 to 2021. The estimated determinants influencing this analysis are the variables of regional expenditure variance, local government size, and fiscal distress.

The data processing results using the regression model of the Regional Expenditure Variance (VB) variable against the information content variable (Surplus/Deficit on LO and Surplus/Deficit on LRA) statistically show that the regional expenditure variance does not affect the information content variable (Surplus/Deficit on LO and Surplus/Deficit on LRA). This contradicts the formulated hypothesis, where the regional expenditure variance was expected to have a negative impact on the information content (Surplus/Deficit on LO and Surplus/Deficit on LRA). The negative value of the regression coefficient indicates a reverse direction in the relationship with the information content variable (Surplus/Deficit on LO and Surplus/Deficit on LRA), meaning that the lower the regional expenditure variance, the higher the information content (Surplus/Deficit on LO and Surplus/Deficit on LRA). However, this relationship can be disregarded as it is not statistically significant. Budget variance serves as a tool for planning, implementing, and overseeing budget execution, minimizing the remaining budget (Coan, 1986). The impact of expenditure variance on budget performance in SKPK/OPD has been noted in previous studies (Junita et al., 2020). Several determinants of expenditure variance have been identified earlier by Rahmah et al. (2017), Ruhmaini et al. (2018), and Abdullah et al. (2019), stating that Budget Size, Budget Changes, and Previous Year Budget Residue together have an impact on Budget Surplus. However, in this study, it is found that expenditure variance does not affect the information content (Surplus/Deficit on LO and Surplus/Deficit on LRA).

The regression results of the data on the Size of Local Government (UP) variable against the information content variable (Surplus/Deficit on LO and Surplus/Deficit on LRA) show that, statistically, the Size of Local Government does not affect the information content variable (Surplus/Deficit on LO and Surplus/Deficit on LRA). This contradicts the hypothesis, where the size of the local government was expected to positively impact the information content (Surplus/Deficit on LO and Surplus/Deficit on LRA). Thus, the larger the size of the local government, the higher the information content (Surplus/Deficit on LO and Surplus/Deficit on LRA). However, this relationship can be disregarded as it is not statistically significant. This finding differs from Brusca (2014), who also used the local government size variable but found that a larger entity size indicates a larger difference in figures between accrual and cash basis accounting.

The processed data examining the influence of the fiscal distress variable (FD) on the information content (Surplus/Deficit on LO and Surplus/Deficit on LRA) shows that fiscal distress has a positive (significant) effect on the information
content (Surplus/Deficit on LO and Surplus/Deficit on LRA). This means that the higher the fiscal distress, the higher the information content (Surplus/Deficit on LO and Surplus/Deficit on LRA) for the Local Government. This aligns with the hypothesis that fiscal distress is expected to have a positive impact on the information content (Surplus/Deficit on LO and Surplus/Deficit on LRA). Abdullah and Junita's study (2016) indicated that fiscal pressure has a negative influence on changes in local government expenditure. On the other hand, PAD (Local Revenue) and transfer income have been proven to reduce fiscal distress at the local government level (Ansori et al., 2021). The findings suggest that if the difference in the figures of LO and LRA surplus/deficit is high, then fiscal distress is also higher. This implies that both the executive and legislative branches of the government need to make appropriate policies to increase regional revenue, providing crucial information to prevent, detect, and reduce fiscal distress in local governments.

Analysis of Information Content (Income Difference on LO and LRA)

Based on the processed data, an analysis of information content (Income Difference on LO and LRA) can be conducted on the local government reports from the fiscal year 2017 to 2021. The estimated determinants influencing this analysis are the variables of regional expenditure variance, local government size, and fiscal distress.

The data processing results using the regression model of the Regional Expenditure Variance (VB) variable against the information content variable (Income Difference on LO and Income on LRA) statistically show that the regional expenditure variance affects the information content variable (Income Difference on LO and Income on LRA). This aligns with the hypothesis that the regional expenditure variance is expected to have a negative impact on the information content (Income Difference on LO and Income on LRA). The negative value of the regression coefficient indicates a reverse direction in the relationship with the information content variable (Income Difference on LO and Income on LRA), meaning that the higher the regional expenditure variance, the lower the information content (Income Difference on LO and Income on LRA). This finding provides important information that a lower difference in figures in Income LO and LRA indicates a significant regional expenditure variance (undesirable difference) due to inaccuracies in predicting the budget in the previous year.

The regression results of the data on the Size of Local Government (UP) variable against the information content variable (Income Difference on LO and Income on LRA) show that, statistically, the Size of Local Government positively affects the information content variable (Income Difference on LO and Income on LRA). This aligns with the hypothesis that the size of the local government is expected to positively impact the information content (Income Difference on LO and Income on LRA). Thus, the larger the size of the local government, the higher the information content (Income Difference on LO and Income on LRA). Larger governments have a more complex workload due to serving a larger population and managing a larger budget. Financial and budget management policies at the local level receive greater attention from the central government and the public, and they are subject to closer scrutiny politically from the legislative branch. This research...
finding is consistent with Brusca (2014) that a larger entity size indicates a larger difference in figures between accrual and cash basis accounting due to the complexities of accrual accounting.

The processed data examining the influence of the fiscal distress variable (FD) on the information content variable (Income Difference on LO and Income on LRA) shows that fiscal distress does not affect the information content variable (Income Difference on LO and Income on LRA). This contradicts the hypothesis that fiscal distress is expected to have a negative impact on the information content. The negative value of the regression coefficient indicates a reverse direction in the relationship with the information content variable (Income Difference on LO and Income on LRA), meaning that the higher the fiscal distress, the smaller the information content (Income Difference on LO and Income on LRA). However, this relationship can be disregarded as it is not statistically significant. Abdullah and Junita’s study (2016) indicated that fiscal pressure has a negative influence on changes in local government expenditure. On the other hand, PAD (Local Revenue) and transfer income have been proven to reduce fiscal distress at the local government level (Ansori et al., 2021). However, the results of this study suggest that fiscal distress does not affect the information content (Income Difference on LO and Income on LRA).

**Analysis of Information Content (Expense Difference on LO and Expenditure on LRA)**

The processed data using the regression model of the Regional Expenditure Variance (VB) variable against the information content variable (Expense Difference on LO and Expenditure on LRA) statistically show that the regional expenditure variance does not affect the information content variable (Expense Difference on LO and Expenditure on LRA). This contradicts the hypothesis that the regional expenditure variance is expected to have a negative impact on the information content (Expense Difference on LO and Expenditure on LRA). The negative value of the regression coefficient indicates a reverse direction in the relationship with the information content variable (Expense Difference on LO and Expenditure on LRA), meaning that the higher the regional expenditure variance, the lower the information content (Expense Difference on LO and Expenditure on LRA). However, this relationship can be disregarded as it is not statistically significant. The absence of an impact of expenditure variance on information content implies that variations in regional expenditure do not significantly affect the information content regarding the difference in expense figures between LO and LRA.

The regression results of the data on the Size of Local Government (UP) variable against the information content variable (Expense Difference on LO and Expenditure on LRA) show that, statistically, the Size of Local Government negatively affects the information content variable (Expense Difference on LO and Expenditure on LRA). This aligns with the hypothesis that the size of the local government is expected to negatively impact the information content (Expense Difference on LO and Expenditure on LRA). The negative value of the regression coefficient indicates a reverse direction in the relationship with the information content variable (Expense Difference on LO and Expenditure on LRA), meaning that the larger the
size of the local government, the lower the information content (Expense Difference on LO and Expenditure on LRA). Larger governments, due to their complexity, may have challenges in accurately predicting and reporting expenditure figures. This finding is consistent with the idea that larger entities face difficulties in achieving comparability between accrual and cash basis accounting.

The processed data examining the influence of the fiscal distress variable (FD) on the information content variable (Expense Difference on LO and Expenditure on LRA) shows that fiscal distress does not affect the information content variable (Expense Difference on LO and Expenditure on LRA). This contradicts the hypothesis that fiscal distress is expected to have a negative impact on the information content. The absence of a significant relationship implies that variations in fiscal distress do not have a substantial impact on the information content regarding the difference in expense figures between LO and LRA.

**CONCLUSION**

Based on the results of testing and analysis that have been carried out on the effect of regional spending variants, the size of local government fiscal distress on the content of information in the financial reporting of Regional Governments in Aceh Province in 2017-2021 can be concluded that spending variants (X1), local government size (X2), and fiscal distress (X3) together affect the information content of the difference between surplus and deficit (Y1). Expenditure variance (X1), local government measure (X2), and fiscal distress (X3) together affect the information content of revenue differences in LO and revenue in LRA (Y2). Spending variance (X1), local government measures (X2), and fiscal distress (X3) together affect the information content of the difference in burden on LO and spending on LRA (y3). Fiscal distress has a positive effect but the expenditure variance and size of local governments do not affect the variable information content (the difference in surplus/deficit in LO and LRA). Spending variance has a negative effect, local government size has a positive effect, but fiscal distress variables do not affect information content variables (income differences in LRA and LO). Local government measures negatively affected information content variables (differences in burden on LO and spending on LRA), but spending variance and fiscal distress had no effect on information content variables (differences in burden on LO and spending on LRA).

**REFERENCES**


