ACCOUNTING TREATMENT IN THE VILLAGE PUBLIC SECTOR: UNEXPECTED EXPENDitures

Siswadi Sululing¹, Haliah², Andi Kusumawati³
Universitas Muhammadiyah Luwuk¹
Hasanuddin University²,³
E-mail: siswadi.sululing@gmail.com

Abstract: The current condition during the COVID-19 pandemic forces the Village Government to provide spending using unexpected expenditures in the Village Revenue and Expenditure Budget, which in normal conditions is rarely done. This study discusses the accounting treatment of unexpected expenditures conducted by the Village Government, which includes recognition, measurement, and presentation in financial statements. In this study, the researchers analyzed secondary data, namely the 2021 Village Revenue and Expenditure Budget Report using qualitative descriptive analysis to find out how the accounting treatment of unexpected expenditures was applied by the Village Government. The results of this study can be used as a reference by local governments in treating unexpected expenditures that have been realized during the COVID-19 pandemic.

Keywords: accounting treatment, village public sector.

1. Introduction
Government accounting has a very important role in the management of public finances. It plays a role in helping to realize good government financial management. Public financial management is a form of an obligation of the Village Government (Indonesian: Pemerintah Desa (PEMDES)), Regional Government (Indonesian: Pemerintah Daerah (PEMDA)), and Central Government (Indonesian: Pemerintah Pusat). In other words, this financial management is conducted at the village, regional, and central levels. One of the important principles of government financial management is accountability and transparency, which are highly necessary for the preparation of government financial reports. One indicator of the success of a region can be seen from its regional financial management accountability report. This financial management is realized starting from the village level to regional and central levels.

The Village Government as a government organizational entity deals directly with people who have various backgrounds, interests, and needs. For this reason, the Village Government has a very strategic role. It can be said that the basis of a country’s progress is determined by the progress of villages or sub-districts. The village is like a small country. This is because the village has all the tools owned by a country, such as a territory, population, rules, and government. The village is also an autonomous institution with its unique traditions, customs, and laws. Therefore, the village must be understood as a legal
community unit that has the right and power to regulate and manage the interests of its community to achieve prosperity independently.

Villages or sub-districts have an important role in the progress of a region. The development of village independence has long been considered by the Central Government through the establishment of the Ministry of Village.

The spirit of the Central Government to improve the welfare of the village community has been ratified in Indonesia’s Law No. 6/2004 concerning Villages. Furthermore, to keep up with the times, the law has been amended several times, such as in Indonesia’s Law No. 43/2014. The newest law provides several changes and additions to the old regulations, namely in terms of the authority possessed by the Village. One of the special powers possessed by the Village Government is the village-scale authority which is funded by the Village Revenue and Expenditure Budget (Indonesian: Anggaran Pendapatan Belanja Desa (APBDes)) and can also be funded by the State Revenue and Expenditure Budget (Indonesian: Anggaran Pendapatan dan Belanja Negara (APBN)) and the Regional Revenue and Expenditure Budget (Indonesian: Anggaran Pendapatan dan Belanja Daerah (APBD)) obtained from the Provincial Government and Regency/City Government through the Village Fund Allocation (Indonesian: Alokasi Dana Desa (ADD)).

The COVID-19 pandemic happening to date has had an impact on various sectors in people’s lives, including the regional financial sector. The Regional Government as the administrator of government in the current era of decentralization has a strategic role in overcoming the COVID-19 pandemic. However, in general, Regional Governments face quite a difficult situation.

On the spending side, the Regional Government must face the fact that the need for spending is increasing, especially for activities to overcome the COVID-19 pandemic. However, for overcoming this pandemic, the various activities or programs have not been fully allocated in the Regional Revenue and Expenditure Budget.

Meanwhile, on the income side, the sluggish economy can affect decreasing regional government revenues. Therefore, regional financial management needs to be carried out carefully to achieve the goals of the program and activity without leaving budget order and discipline.

Indonesia’s President through Instruction No. 4/2020 states that with the stipulation of the COVID-19 outbreak as a global pandemic, all levels of government must refocus activities, reallocate budgets, and procure goods and services in the context of accelerating the handling of COVID-19.

In addition, the Minister of Home Affairs and the Minister of Finance have agreed on Joint Decision No. 119/2813/SJ and No. 177/KMK.07/2020 which regulate the necessity of all Regional Governments to make adjustments to their respective 2020 Regional Revenue and Expenditure Budget by (a) adjusting (decreasing) revenue targets in the Regional Revenue and Expenditure Budget, (b) adjusting regional spending through rationalization of personnel, goods, and capital expenditures, and (c) refocusing and reallocating spending to finance activities in the context of accelerating the handling of COVID-19. Activities in the context of accelerating the handling of COVID-19 can be in the form of spending on health, providing social safety nets, and handling economic impacts.

However, unexpected expenditure is a type of expenditure that is rarely used in a Regional Revenue and Expenditure Budget. During the COVID-19 pandemic, the budget for
the unexpected expenditure is an interesting topic to discuss because this budget allocation is currently being used to finance COVID-19 handling activities. These COVID-19 handling activities can include procurement of health materials, medical devices, and the provision of free services & material assistance for people affected by COVID-19.

Previous studies on accounting treatment in the public sector indicate that the accounting policies implemented by the Kebondalem Kidul Village Government have been in line with existing government regulations. In addition, the presence of a village-based accounting information system, such as SISKEUDES, shows that the Kebondalem Kidul Village Government has conducted serious presentation and preparation of its accountability reports. Items in the Realization Report of the Regional Revenue and Expenditure Budget have been also in line with the Ministry of Home Affairs Regulation No. 113/2014. Besides, the allocation of the village expenditure has been in line with Government Regulation No. 43/2014 (Jaya, 2019).

However, the problem that occurs in the Indonesian context is that market prices available in Indonesia cannot be used as a basis for measuring the value of assets possessed by the government organization. This is because there are still many estimates of certain parties that are not the same in each region. Market prices that are too influenced by estimates will result in unreliable information. In other words, this information may allow related parties to provide different estimates each time (Putu Megi Arimbawa, 2016).

Another previous study focusing on recognition, measurement, presentation, and disclosure of regional assets in the preparation of the Balance Sheet of the Jember Government reveals the following. The recognition of current assets, long-term investments, fixed assets, other assets, liabilities, and equity has met the Government Accounting Standards contrary to the recognition of intangible assets which does not meet the standard. In addition, the measurement of current assets, long-term investments, fixed assets, other assets, liabilities, and equity has met the standards. Moreover, the presentation of current assets, long-term investments, fixed assets, other assets, liabilities, and equity has met the standards contrary to the presentations of cash in the expenditure treasurer, permanent investments (region-owned tap water company), and other assets which do not meet the standard. At last, the disclosure of current assets, long-term investments, fixed assets, other assets, liabilities, and equity has met the standards (Sulaiman, 2012).

At the presentation stage, errors may occur in presenting the depreciation expense of fixed assets because the basis for the valuation of fixed assets has not been disclosed, the policy regarding the capitalization of fixed assets maintenance costs has not been established, or the list of fixed assets still contains fixed assets whose book value is below the minimum capitalization value of fixed assets. For the classification, measurement, depreciation, and disposal of fixed assets, we may refer to the Government Accounting Standards (Indonesian: Standar Akuntansi Pemerintahan (SAP)) No. 07 and 08 (Shella Iko Sita, 2017). Furthermore, the accounting records of unexpected expenditures differ from expenditures that immediately become an expense, resulting in inventories or the emergence of fixed assets. Recording unexpected expenditures will involve recording at the levels of Regional Work Units (Indonesian: Satuan Kerja Perangkat Daerah (SKPD)) and Village Financial Management (Indonesian: Pengelolaan Keuangan Desa (PPKD)). In other words, unexpected expenditures will be able to affect the presentation of financial statements in the Budget Realization Report (Indonesian: Laporan Realisasi Anggaran (LRA)), Operational Report (Indonesian: Laporan
Operasional (LOI), Cash Flow Statement (Indonesian: Laporan Arus Kas (LAK)), and Balance Sheet (Sugiri, 2021).

Based on the explanation of the condition mentioned above, the problem investigated in this study is how the accounting treatment for unexpected expenditures made by the Village Government is. This accounting treatment includes recognition, measurement, and presentation in financial statements. The results of this study are expected to be useful for the Village Government and local financial observers to understand the accounting treatment for unexpected expenditures.

The introduction includes the background to the issue or problem as well as the urgency and rationalization of activities (research or service).

The purpose of the activity and the problem solving plan are presented in this section. A review of relevant literature and the development of hypotheses (if any) is included in this section. [Times New Roman, 12, normal].

2. Literature Review

2.1 Village Government Financial Management

Financial management at the village level covers all activities that include planning, implementation, administration, reports, and accountability of village finances. The implementation of village finances based on origin rights and local authority at a village scale is funded by the Village Revenue and Expenditure Budget. However, it can also be funded by the State and Regional Revenue and Expenditure Budget.

According to Article 71 Paragraph 1 of Indonesia’s Law No. 6/2014, village finances are village rights and obligations that can be valued in money or everything in the form of money and goods related to the implementation of village rights and obligations. Furthermore, in Paragraph 2, the presence of rights and obligations will result in income, expenditure, financing, and management of village finances.

With the enactment of Government Regulation No. 43/2014 concerning Implementing Regulations of Indonesia’s Law No. 6/2014 concerning Villages, the followings are the description of what is regulated in Indonesia’s Law No. 6/2014.

First, Article 93 Paragraph 1 states that village financial management includes planning, implementation, administration, reporting, and accountability. For further explanation, Article 105 states that the provisions regarding village financial management are regulated in the ministerial regulation (i.e., Ministry of Home Affairs).

Second, Article 94 states that village financial management is carried out within 1 fiscal year starting from January 1 to December 31.

Third, Article 103 states that the Village Head should submit the Realization Report of the Village Revenue and Expenditure Budget to the Regent or Mayor per semester. The first-semester report is submitted at the end of July of that year. Meanwhile, the second-semester report is submitted no later than the end of January of the following year.

Fourth, Article 104 states that in addition to submitting the Realization Report of the Village Revenue and Expenditure Budget, the Village Head must also submit an accountability report concerning the implementation of the realization of the Village Revenue and Expenditure Budget to the Regent or Mayor every fiscal year. The report is an integral part of the report on the implementation of the Village Government to the Regent or Mayor through the District Head at the end of each fiscal year.
As previously mentioned, village financial management includes planning, implementation, administration, reporting, and accountability which are explained further in the following.

The first aspect of village financial management is planning. Planning consists of 7 stages, as follows. (a) The draft of the village regulations regarding the Village Revenue and Expenditure Budget is made by the Village Head and then discussed with the Village Consultative Body to be mutually agreed upon no later than October of that year. (b) The draft that has been agreed upon is submitted by the Village Head to be evaluated to the Regent or Mayor through the District Head no later than three days after it is agreed. (c) The Regent or Mayor evaluates the draft no later than 20 days after received. If the Regent or Mayor does not evaluate the draft within that time limit, the draft automatically becomes village regulation and shall be applied. (d) If resulting in some corrections or adjustments from the results of the evaluation, the Village Head must revise it no later than 7 working days after received. (e) If the results of the evaluation are not followed up by the Village Head and the Village Head insists on stipulating the draft to become a Village Regulation, the Regent or Mayor may cancel that Village Regulation with the Decree of the Regent or Mayor. With the cancellation of the Village Regulation, it means that the Village Revenue and Expenditure Budget of the previous fiscal year is applied in that year. In the event of a cancellation, the Village Head only makes expenditures for the implementation of the Village Government. (f) The Village Head must dismiss the implementation of the Village Regulation no later than 7 working days after the cancellation and then together with the Village Consultative Body revoke the Village Regulation. (g) If the Regent or Mayor delegates the evaluation of the draft to the District Head, the steps to be taken are as follows. (g1) The District Head evaluates the draft no later than 20 days after received. (g2) If the District Head does not evaluate the draft within that time limit, the draft automatically becomes village regulation and shall be applied. (g3) If resulting in some corrections or adjustments from the results of the evaluation, the Village Head must revise it no later than 7 working days after received. (g4) If the results of the evaluation are not followed up by the Village Head and the Village Head insists on stipulating the draft to become a Village Regulation, the District Head may submit a proposal to cancel that Village Regulation to the Regent or Mayor.

The second aspect of village financial management is implementation. The implementation consists of 8 stages, as follows. (a) All expenditures and revenues of the village in the implementation of village authority are carried out through the village treasury account. (b) All expenditures and revenues of the village must be supported by complete and valid evidence. (c) The village government is prohibited from making levies as village revenues other than those stipulated in village regulations. (d) The treasurer can save money in the village treasury at a certain amount to meet the operational needs of the village government. (e) Village expenditures that result in the burden on the Village Revenue and Expenditure Budget cannot be executed before the draft of the Village Regulation concerning the Village Revenue and Expenditure Budget is determined to become a Village Regulation. (f) Village expenditures for binding personnel expenditures and office operations stipulated in the Village Head Regulation can still be issued even though the draft of the Village Regulation concerning the Village Revenue and Expenditure Budget has not been determined. (g) In case for applying for funding to carry out activities, the village officials
must provide several documents, including the Draft Budget (Indonesian: *Rancangan Anggaran Biaya* (RAB)). Before being applied, this Draft Budget is verified by the Village Secretary and approved by the Village Head. The activity implementer is responsible for actions that cause expenditures to be made by using the Activity Cash Assistance Book (Indonesian: *Buku Pembantu Kas Kegiatan*) as accountability for the implementation of Village Government activities.

The third aspect of village financial management is administration. In this aspect, the Village Treasurers shall be responsible for 2 actions. (a) The Village Treasurers shall record all revenues and expenditures and close the books at the end of each month in an orderly manner. Administration of revenues and expenditures is carried out using General Cash Book (Indonesian: *Buku Kas Umum*), Tax Cash Book (Indonesian: *Buku Kas Pembantu Pajak*), and Bank Book (Indonesian: *Buku Bank*). (b) The Village Treasurers shall be accountable for the fund they manage through accountability reports.

The fourth aspect of village financial management is reporting. In this aspect, the Village Head must submit the Realization Report of the Village Revenue and Expenditure Budget to the Regent or Mayor per semester. (a) The first-semester report is in the form of a Realization Report on the First-Semester Implementation of the Village Revenue and Expenditure Budget. (b) The second-semester report or year-end semester report is in the form of a Realization Report on the Year-End Semester Implementation of the Village Revenue and Expenditure Budget.

The fifth aspect of village financial management is accountability. In this aspect, the Village Head must submit 3 reports to the Regent or Mayor at the end of every fiscal year. (a) The first is the Accountability Report on the Implementation of the Realization of the Village Revenue and Expenditure Budget of that fiscal year. (a1) It is an integral part of the report on the implementation of the Village Government. (a2) It must be informed to the public in writing and through information media that is easily accessible by the public. (a3) It is submitted to the Regent or Mayor through the District Head. (b) The second is the Village Property Report as of December 31 of that fiscal year. (c) The third is the reports concerning Central Government and Regional Government Programs that enter the Village.

The sixth aspect is supervision. The roles to be taken in this supervision are as follows. (a) The Provincial Government is obliged to foster and supervise the revenues and distribution of Village Funds, allocation of Village Funds, and Revenue Sharing of Regional Taxes and Levies from the Regency/City to the Village. (b) The Regency/City Government is obliged to foster and supervise the implementation of Village Financial Management, especially regarding the Village Revenue and Expenditure Budget. The Village Revenue and Expenditure Budget fundamentally is the village government’s annual financial plan. It consists of 3 things. (b1) The first is Village Revenue covering all money received through village accounts which are village rights within 1 fiscal year and do not need to be repaid by the Village. Village Revenues must be classified by the Village Government based on groups and types. (b2) The second is Village Expenditures covering all expenditures from the village account within 1 fiscal year for which the village will not receive any repayment. Village Expenditures are used to fund the implementation of village authority and must be classified by the Village Government based on groups, activities, and types. (b3) The third is Village Financing covering all revenues that need to be repaid and/or expenditures that will be received back in both the concerned year and the following fiscal years. Village Financing
must be classified by the Village Government based on groups and types (Nyoman Sunarti, 2018).

2.2 Village Accounting System and Village Financial Administration
The village accounting system is a recording system of the transaction processes that occur in the village evidenced by receipts. These receipts are recorded and reported, resulting in financial reports that can be used by parties related to the village, such as the village community, village officials, regional government, and the central government.

In carrying out village financial administration, the Village Head must select the Village Treasurer. The determination of the Village Treasurer must be done before the start of the fiscal year and based on the decision of the Village Head. A treasurer is a Village Official appointed by the Village Head to receive, deposit, administer, pay, and account for village finances in the context of implementing the Village Revenue and Expenditure Budget. The Village Treasurer is obliged to account for village finance through an accountability report. The accountability report must be submitted every month to the Village Head and no later than the 10th of the following month. According to the Ministry of Home Affairs Regulation No. 113/2014, the accountability reports that must be made by the Village treasurer are (1) General Cash Book (Indonesian: Buku Kas Umum), (2) Tax Cash Book (Indonesian: Buku Kas Pembantu Pajak), and (3) Bank Book (Indonesian: Buku Bank) (Sujarweni, 2015).

2.3 The Understanding of Unexpected Expenditures
The Statement of Government Accounting Standards (Indonesian: Pernyataan Standar Akuntansi Pemerintah (PSAP)) No. 2 Paragraph 34 states that government expenditures are classified according to economic classification (type of expenditure), organization, and function. The economic classification is a grouping of expenditures based on the type of spending to carry out an activity. The economic classification for local governments covers personnel expenditures, goods expenditures, capital expenditures, interest, subsidies, grants, social assistance, and unexpected expenditures (The Statement of Government Accounting Standards No. 2 Paragraph 35).

Directorate General of Fiscal Balance (Indonesian: Direktorat Jenderal Perimbangan Keuangan (DJPK)) (2020) defines unexpected expenditures as spending for activities that are unusual in nature and are not expected to be repeated, such as the management of natural disasters, social disasters, and others that are highly needed in the context of administering the authority of the central or regional governments. It is in line with the definition of unexpected expenditures in the Statement of Government Accounting Standards No. 02 Paragraph 38 (http://www.djpckemenkeu.go.id/?ufaq=apakah-yang-dimaksud-dengan-belanja-tidak-terduga).

Technical Bulletin No. 4 states that the realization of unexpected expenditures must be recorded and presented in the Budget Realization Report (Indonesian: Laporan Realisasi Anggaran (LRA)) as unexpected expenditures. If the unexpected expenditures result in fixed assets, then these fixed assets are recorded and presented in the Regional Government’s Balance Sheet. The classification of regional expenditures consists of operating expenditures, capital expenditures, unexpected expenditures, and transfer expenditures (Government Regulation No. 12/2019 Article 55 Paragraphs 1-5).
a. The operational expenditure as referred to in Paragraph 1 Letter a is a budget expenditure for the daily activities of the Regional Government that provide short-term benefits.

b. The capital expenditure as referred to in Paragraph 1 Letter b is a budget expenditure for the acquisition of fixed assets and other assets that provide benefits for more than 1 accounting period.

c. The unexpected expenditure as referred to in Paragraph 1 Letter c is a budget expenditure on the expenses of the Regional Revenue and Expenditure Budget for emergency purposes including urgent needs that cannot be predicted in advance.

d. The transfer expenditure as referred to in Paragraph 1 Letter d is a budget expenditure from the Regional Government to other Regional Governments and/or from the Regional Government to Village Government.

Unexpected expenditures are used to record a decrease in economic benefits or service potential in the reporting period that reduces the equity in the form of expenditure as unexpected expenses (Attachment of the Ministry of Home Affairs Regulation No. 90/2019). In Government Regulation No. 12/2019, Article 56 explains that operating expenditures must be detailed into specific types, such as personnel expenditures, goods & service expenditures, capital expenditures, interest, subsidies, grants, and social assistance.

Moreover, Article 68 states that unexpected expenditure is a budget expenditure on the expenses of the Regional Revenue and Expenditure Budget for emergency purposes and refunds for overpayment of Regional Revenues in previous years. Furthermore, Article 69 Paragraph 1 explains that emergencies that need to be financed with unexpected expenditures are as follows.

a. Natural disasters, non-natural disasters, social disasters, and/or extraordinary events

b. Search and rescue operations

c. Damage to facilities/infrastructure that can interfere with public service activities

Apart from that, Article 69 Paragraph 2 regulates that urgent conditions or needs are as follows.

a. Regional needs in the framework of basic public services whose budget is not yet available in that fiscal year

b. Regional expenditures that are binding and mandatory

c. Regional expenditures that are beyond the control of the Regional Government, cannot be predicted in advance, or are the mandate of laws and regulations

d. Other regional expenditures which, if postponed, will cause greater losses to the Regional Government and/or the community

The criteria for emergencies and urgent needs in Government Regulation No. 12/2019 Article 69 Paragraphs 1 and 2 are stipulated in a Regional Regulation (Indonesian: Peraturan Daerah (PERDA)) concerning the Regional Revenue and Expenditure Budget of the concerned year.

(1) Expenditures to fund emergencies for which the budget is not yet available shall be formulated in advance in the Work Plan and Budget of the Regional Work Units (Indonesian: Rencana Kerja dan Anggaran Satuan Kerja Perangkat Daerah (RKA SKPD)), except for the need for an emergency response to disasters, social conflicts, and/or extraordinary events.
Expenditures for emergency responses, such as disasters, social conflicts, and/or extraordinary events as referred to in Paragraph 4, are used based on the provisions of applicable laws and regulations.

Expenditures to fund urgent needs for which the budget is not yet available and/or the budget is not sufficient shall be formulated in advance in the Work Plan and Budget of the Regional Work Units and/or Amendment to the Budget Execution Documents of the Regional Work Units (Indonesian: Dokumen Pelaksanaan Anggaran Satuan Kerja Perangkat Daerah (DPA SKPD)).

Expenses are classified according to economic classification. Economic classification in principle categorizes expenses based on the type. The economic classification for the central government is personnel expenditures, goods expenditures, interest, subsidies, grants, social assistance, fixed asset depreciation expense/amortization, transfer, and others. Meanwhile, the economic classification for regional governments consists of personnel expenditures, goods expenditures, interest, subsidies, grants, social assistance, fixed asset depreciation expense/amortization, transfer, and unexpected expenditures (The Statement of Government Accounting Standards No. 12 Paragraphs 37 and 38)).

3. Research Method
3.1 Population and Sample
The population of this study was the Government of Langonsari Village, Pameungpeuk, Bandung Regency, West Java. Meanwhile, the sample was the unexpected expenditure budget for the 2021 Village Revenue and Expenditure Budget.

3.2 Types and sources of data
The type of data used in this study was secondary data. The data was the Report of the 2021 Village Revenue and Expenditure Budget of the Government of Langonsari Village, Pameungpeuk, Bandung Regency, West Java. It was obtained online at https://www.langonsari.desa.id.

3.3 Method of data collection
In this study, the researchers used the documentation method concerning accounting treatment, such as documenting the 2021 Financial Statements of the Government of Langonsari Village, Pameungpeuk, Bandung Regency.

3.4 Method of analysis
In this study, the researchers employed the descriptive-qualitative method, aiming at providing a description and getting a clear picture for answering the problem formulation, namely “How is the accounting treatment for unexpected expenditures carried out by the Government of Langonsari Village, Pameungpeuk District, Bandung Regency during the COVID-19 pandemic?”

4 Results and Discussion
The 2021 Revenue and Expenditure Budget of Langonsari Village, Pameungpeuk, Bandung Regency mentions that the unexpected expenditure budget is a budget used for disaster
management (e.g., natural disasters (floods or volcanic eruptions), emergency response (e.g., the COVID-19 pandemic), and village urgent needs that are used for providing direct village cash assistance for affected communities as a result of the COVID-19 pandemic. For more details, it is shown in the following.

Table 1. Unexpected Expenditure Budget

<table>
<thead>
<tr>
<th>No.</th>
<th>Disaster Management, Emergency Response, and Village Urgent Needs</th>
<th>Amount (in IDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The handling of the COVID-19 pandemic</td>
<td>88,277,280</td>
</tr>
<tr>
<td>2.</td>
<td>Natural disaster management</td>
<td>5,000,000</td>
</tr>
<tr>
<td>3.</td>
<td>The provision of village cash direct assistance</td>
<td>313,200,000</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>406,477,280</strong></td>
</tr>
</tbody>
</table>


4.1 Accounting Treatment for Unexpected Expenditures

4.1.1 Recognition

The Ministry of Home Affairs Regulation No. 64/2013 Appendix I states that expenditures are recognized at the time of disbursement from the Regional General Treasury Account. Specifically for expenditures through the treasurer, the recognition occurs when the accountability report for these expenditures is approved by the budget user. Unexpected expenditure recognition shall be made when the expenditure is realized by recording “Unexpected Expenditure” on the debit and recording the “Estimated Change in SAL” or “Estimated Change in RK-PPKD” on the credit. The ministerial regulation also mentions that unexpected expenditure will be recognized when liabilities arise, asset consumption occurs, or a decrease in economic benefits or service potential happens.

Unexpected expenditures generally arise from the consumption of assets, namely cash disbursements to other parties which are not preceded by the emergence of liabilities and/or consumption of non-cash assets in government operations. In this case, unexpected expenditures are recognized when incurred.

Example:

On January 10, 2021, the Government of Langonsari Village spent money on medical equipment to handle COVID-19 (i.e., masks, hand sanitizers, and face shields) and COVID-19 patient treatment costs for 88,277,280 IDR.

<table>
<thead>
<tr>
<th>Journal of Transaction</th>
<th>Unexpected Expenditures</th>
<th>88,277,280 IDR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td></td>
<td>88,277,280 IDR</td>
</tr>
</tbody>
</table>

(Expenditures for the handling of COVID-19)

or

<table>
<thead>
<tr>
<th>Unexpected Expenditures</th>
<th>88,277,280 IDR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account Bank of Village Government</td>
<td>88,277,280 IDR</td>
</tr>
</tbody>
</table>

(Expenditures for the handling of COVID-19)

Based on the example above, the expenditure is recognized by the Village Government when the expenditure is recorded in the village cash account, namely on January 10, 2021, amounting to 88,277,280 IDR.
4.1.2 Measurement
The Ministry of Home Affairs Regulation No. 64/2013 Appendix I states that the accounting for expenditures including unexpected expenditures is carried out based on the gross principle and is measured based on the nominal value issued and listed in a valid expenditure document. For this reason, the measurement of unexpected expenses is carried out with the following provisions.

a) Expenditures from non-exchange transactions are measured at the assets used or issued, which at the time of acquisition are measured at fair value.

b) Expenditures from exchange transactions are measured using the actual price paid or billed based on the agreement that has established the price.

To understand how to recognize and measure unexpected expenditure transactions, we may follow the illustration of the realization of unexpected expenditures as follows.

**Example:**
On January 15, 2021, the Village Government used natural disaster management funds of 5,000,000 IDR.

**Journal of Transaction**

<table>
<thead>
<tr>
<th>Unexpected Expenditures</th>
<th>5,000,000 IDR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>5,000,000 IDR</td>
</tr>
</tbody>
</table>

(Expenditures for natural disaster management)

**or**

<table>
<thead>
<tr>
<th>Unexpected Expenditures</th>
<th>5,000,000 IDR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account Bank of Village Government</td>
<td>5,000,000 IDR</td>
</tr>
</tbody>
</table>

(Expenditures for natural disaster management)

This transaction expense can be measured using the actual price paid or billed based on the agreement that has established the price. Therefore, the measurement of natural disaster management is 5,000,000 IDR. In other words, the transaction expense that occurs applies to the actual price of 5,000,000 IDR.

4.1.3 Presentation in Financial Statements
In the Village Government Financial Reports, the realization of unexpected expenditures will have an impact on the presentation of several types of local government and village government financial reports. This is because the Regency Government and the Village Government are separate entities that carry out recording and reporting. The types of reports they make are the Budget Realization Report, Operational Report, and Balance Sheet. For presentation in the Budget Realization Report, unexpected expenditures are part of operating expenses. Therefore, they will be presented in the report as cash and goods in the amount of the value of unexpected expenditures realized. For the Village Government, the realization of unexpected expenditures will have an impact on the presentation of the Budget Realization Report and the Balance Sheet.

Based on the previous examples, the presentation of unexpected expenditures in the Budget Realization Report is as follows.

| The Handling of COVID-19 | 88,277,280 IDR |
| Natural Disaster Management | 5,000,000 IDR |
4.1.4 Presentation on Balance Sheet

Unexpected expenditures may affect the presentation in the Balance Sheet. Unexpected expenditures in the form of goods with a service life of less than one year will be presented as a group of inventories in the Balance Sheet. Meanwhile, unexpected expenditures payable is presented in the liability group for the amount of social assistance spending.

Based on the two examples above, the expenditures concerning the handling of COVID-19 and natural disaster management are not presented in the Village Government’s Balance Sheet because the expenditures do not cause inventory to appear. Therefore, it is not presented in the Balance Sheet. Conversely, if the transaction results in the occurrence of inventories, these inventories must be presented in the Village Government’s Balance Sheet.

5. Conclusion and Suggestion

The criteria for unexpected expenditures are needed to identify any expenditures that can be classified as unexpected expenditures. The unexpected expenditure observed in this study consists of the handling of COVID-19, natural disaster management, and the provision of direct village cash assistance.

The accounting treatments for unexpected expenditures are recognition (recorded based on expenses from the village cash account), measurement (recorded on a gross basis and measured based on the nominal value issued and listed in the valid expenditure documents), and presentation (unexpected expenditures may affect the presentation of financial statements on the Budget Realization Report unless unexpected expenditures are used to cause inventory assets to appear, therefore, they must be presented in the Village Government’s Balance Sheet).

Suggestion derived from this study is that the government officials need to explore the adjustment of the Village Revenue and Expenditure Budget and/or the Village Government Work Plan if conditions indicate that the budget for the unexpected expenditure is not sufficient.

References


