



Analysis of financial performance at the Regional Financial and Asset Agency: Evidence from Regional Government Majene

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Abstract

This study aims to assess the Government's financial performance Majene Regency uses Financial Ratio Analysis (Analysis of Independence Ratio, Regional Financial Dependency Ratio, Fiscal Decentralization Ratio, Efficiency Ratio, Effectiveness Ratio, Ratio of Local Revenue, Growth Ratio, and Ratio of Spending Harmony) for 2013-2017 Fiscal Year. This type of research is quantitative descriptive with a case study approach. The data processed is the Realization of the Majene Regency Government Budget Report for the 2013-2017 Fiscal Year obtained from the Majene Regency Financial and Asset Agency. The results of the study with the analysis of financial ratios show that the financial performance of the Majene Regency government during the last five years is still low, although the income received always increases every year, but most of the funds owned by local governments are prioritized for operational expenditure needs so that the capital expenditure ratio is relatively small.



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1 Introduction

Good regional financial management will affect the progress of an area. If the management is carried out economically, efficiently and effectively or meets the principles of value for money and participation, transparency, accountability and justice will be able to encourage economic growth (Pelu, 2019). Good regional financial management not only requires reliable human resources but must also be supported by adequate regional financial capacity. The efforts of local governments in exploring the ability of regional finances can be seen from the performance of regional finances measured using the analysis of local government financial ratios. Measurement of financial performance in local governments is also used to assess the accountability and financial capacity of the region in the implementation of regional autonomy. Thus, an area with good financial performance means that the region has the financial capacity to finance the implementation of regional autonomy.

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According to Halim, (2008), Nugroho, (2012) regional finance can be interpreted as rights and obligations that are valued in money, as well as everything in the form of money or goods that can be used as regional wealth as long as it has not been controlled or owned by a higher state or region or other parties in accordance with applicable laws and regulations. Faud (2016) explains that financial ratios are the activities of comparing numbers in a financial statement by dividing units of numbers with other numbers, the numbers being compared can be numbers in one period or several periods. The comparison activity can be carried out among components contained in the financial statements, and the comparison can be in the form of figures that occur in one period or several periods.

According to Halim (2008), the analysis of financial ratios in the Regional Revenue and Expenditure Budget (APBD) is done by comparing the results achieved from a decade compared to the previous period so that it can be seen how the trends occur. This statement explains that financial ratio analysis is the activity of comparing the numbers contained in the financial statements, the numbers being compared are numbers in one period or several periods, the purpose of this analysis is to determine the level of performance or results achieved during the analyzed period. Financial ratio analysis on the Regional Revenue and Expenditure Budget (APBD) is very useful for several parties such as the Regional People's Representative Council (DPRD) as representatives of the regional owner (community), the Executive as the basis in preparing the Regional Revenue and Expenditure Budget (APBD), the Government central / provincial as input for fostering the implementation of regional financial management, the community and creditors of parties who are willing to provide loans or buy bonds (Faud, 2016).

Regional Financial Independence Ratio is shown by the amount of Local Original Revenue (PAD) compared to Regional Revenues originating from other sources (Transfer Income), including tax revenue sharing, non-natural resource revenue sharing, General Allocation Fund (DAU), Special Allocation Fund (DAK), Emergency funds and loans (Widodo, 2001; Abdullah, 2017). The Regional Financial Independence Ratio shows the ability of regional governments to self-finance government activities, development and services to the people who have paid taxes and levies as a source of revenue needed by the region. The higher the ratio of regional financial independence means the higher the regional financial independence (Halim, 2012). According to Rahmawati & Mahmudi (2016), the regional dependency ratio is shown by comparing the transfer revenue and total income. it is useful to know the level of regional dependence on the central or provincial government.

Decentralization is a tool to achieve one of the objectives of the state, especially in order to provide better public services and create a democratic decision-making process that can be realized through the delegation of authority, authority given by the central government to regional governments, namely to do things like authority collecting taxes, the formation of the House of Representatives (Halim & Mujib, 2009; Amran, 2020). The ratio of regional financial efficiency illustrates the ratio between the amount of costs incurred to obtain revenue with the realization of revenue received. Output is the realization of costs to obtain regional income and input is the realization of regional revenue (Mahsun, 2016). The ratio of effectiveness of Regional Original Revenue (PAD) illustrates the ability of local governments in realizing planned Regional Original Revenues (PAD) compared to targets set based on the region's real potential. (Rahmawati et al., 2016). The Growth Ratio measures how much the ability of local governments to maintain and improve their success has been achieved from period to period. (Mahmudi, 2011; Liando et al., 2014; Basri et al., 2020). The ratio of shopping harmony is useful to know the balance between shopping (Mahmudi, 2016).

Adhiantoko's research (2013) shows that the Financial Performance of Blora Regency DPPKAD seen from (1) Fiscal Decentralization Degree Ratio can be categorized as very poor, because on average it is 6.57% (2) Regional Financial Independence Ratio the relationship pattern is still classified in the instructive relationship pattern because the average magnitude of this ratio is 7.17% (3) The Effectiveness Ratio of PAD effectiveness in the financial performance of Blora Regency has been effective because the average effectiveness is above 100%, namely 108.71%. (4) The Regional Financial Efficiency Ratio can be said to be less efficient because the average financial efficiency of Blora Regency is 99.61% (5) The Harmony Match ratio is known that the average regional operating expenditure is still very high at 84.55% compared to the average average capital expenditure of 12.99% so that it can be said that the Regional Government still does not pay attention to regional development.

Dora's research (2017) shows that generally the financial performance of the Yogyakarta City Government is good. This is indicated by the average low degree of decentralization, the ratio of regional financial dependency is very high, the ratio of regional financial independence is low with a consultative pattern, the ratio of effectiveness of local tax is very efficient, the ratio of local tax efficiency is very efficient, the ratio of efficiency of efficient expenditure, ratio of operating expenditure to total expenditure dominates expenditure allocation compared to the ratio of capital expenditure to total expenditure, the ratio of growth of local own-source revenue and the ratio of income growth experienced positive growth, the ratio of operating expenditure growth, and the ratio of capital expenditure growth experienced positive growth.

Aulia Research (2017) shows the results of the study that the financial performance of the East Aceh District Government seen from (1) Fiscal Decentralization Degree Ratio for fiscal years 2011 to 2015 is categorized Very Poor because it is still in the interval scale 00.00-10.00% (2) The Regional Financial Independence Ratio for five years in the East Aceh District Government has an average independence that is still relatively low because it is still classified in the 0% - 25% interval. (3) The effectiveness ratio of PAD in East Aceh Regency in 2014-2015 has been effective because the average effectiveness is above 100%. (4) East Aceh District Financial Efficiency Ratio for 2011-2015 is classified as still less efficient because the average ratio is 90-99%. (5) East Aceh Regional Government's Growth Ratio Has been classified as successful in maintaining the growth of PAD, Revenue, and Operating Expenditures. (6) the Harmony Ratio of most of the funds owned by the Regional Government is still prioritized for the needs of operating expenditure so that the capital expenditure ratio is relatively small.

Research on regional financial ratios in Majene Regency has been carried out by Manggu (2019) which shows the results that the financial capability of Majene Regency in the 2014-2017 fiscal year is measured based on financial independence ratios, included in regional criteria with a very low level of independence. This is what causes the level of regional dependence is very high, so that by itself the level of fiscal decentralization is also included in the criteria is very less. However, the effectiveness of revenue in Majene Regency has been quite effective, and must continue to be improved so that it can reduce the financial dependence of Majene Regency on the central government. The financial capability of the Majene Regency in this case the level of regional independence and the level of fiscal decentralization will be even better if the Majene Regency government can increase the percentage of revenue from the Regional Original Revenue.

Some of the descriptions that have been explained show the urgency of this study that the calculation of regional financial ratios is needed to provide a complete picture of the financial performance of local governments. However, for Majene Regency, research conducted related to financial ratios has not yet fully used comprehensive regional financial ratios covering all aspects of performance. Therefore, research is needed to measure the performance of the Government of Majene Regency by using more complete financial ratios covering all aspects.

The Regional Financial, Revenue and Asset Management Office in carrying out its duties has the function as; 1) technical policy makers in the field of financial management and regional assets, 2) implementing technical support tasks in the field of financial management and regional assets, 3) monitoring, evaluation, and reporting of the implementation of tasks and technical support in the field of financial management and regional assets, 4) technical development of the implementation of supporting functions of regional government affairs in the area of financial management and regional assets, 5) the administration of the Regional Financial and Asset Management Agency, and 6) the implementation of other functions provided by the Regent in relation to his duties and functions. Financial performance analysis at the Majene Regency Regional Financial and Asset Agency (BKAD) is an assessment process regarding the level of progress in achieving the work / activities of the Majene Regency Regional Financial and Asset Agency (BKAD) in the financial sector for a certain period of time. Based on this description, the authors are interested in conducting research by taking the title of Financial Performance Analysis in the Regional Finance and Assets Agency (BKAD) of Majene Regency in 2013-2017. Analysis of financial performance at the Regional Finance and Assets Agency (BKAD) of Majene Regency is an assessment process regarding the level of progress in achieving the work / activities of the Regional Financial and Asset Agency (BKAD) of Majene Regency in the financial sector for a certain period of time. The purpose of this study is to determine Majene district government regional financial performance during the 2013-2017 period as measured by the level of regional financial independence, the level of regional

dependence, the level of fiscal decentralization, the level of regional financial efficiency, the level of effectiveness of Local Original Revenue (PAD), and the level of growth and the level of harmony in spending.

2 Research Method

Data collection in this study uses secondary data documentation techniques that are stored in the form of documents or files (conventional or electronic records), books, writings, reports, minutes of meetings, magazines, newspapers, etc. (Suharso, 2009). This Documentation Method collects data from the Central Statistics Agency in the form of data in the form of Report on the Realization of the Majene Regency Government Budget for the 2013-2017 fiscal year. This study tries to explain the general facts and actual facts of the phenomenon under study, namely the Financial Performance of the Government of Majene Regency. The subject in this research is the Regional Government Financial Performance, while the object of this research is the Realization of the Majene Regency Government Budget Report from 2013 to 2017. The data analysis technique used in this study is Regional Financial Ratio Analysis consisting of:

Regional Financial Independence Ratio

$$RKKD = \frac{PAD}{Transfer\ Revenue} \times 100\%$$

Regional Dependency Ratio

$$RKD = \frac{Transfer\ Revenue}{TPD} \times 100\%$$

Decentralized Degree Ratio

$$DDF = \frac{PADt}{TPDt} \times 100\%$$

Regional Financial Efficiency Ratio

$$REKD = \frac{RBD}{RPD} \times 100\%$$

PAD Effectiveness Ratio

$$PAD\ Effectiveness\ Ratio = \frac{Realization\ of\ PAD}{PAD\ Budget} \times 100\%$$

Revenue Growth Ratio

$$RP\ PAD = \frac{(PADt - PADt - 1)}{PADt - 1} \times 100\%$$

3 Result and Discussion

Result

Regional Revenue and Expenditure Budget and Realization of Majene Regency Budget 2013-2017

Regional Revenue and Expenditure Budget (APBD) is the regional government's financial plan in the context of exercising its authority for one fiscal year (Mahsun, 2016). Table 1 shows the regional revenue and

expenditure budget of Majene Regency in 2013-2017. If seen in the table, it can be seen that each year the revenue budget and expenditure budget always experiences an increase. In the table, in 2013 there was a surplus of Rp 7,299,195,546.00 and in 2014-2016 there was a deficit, in 2014 there was a deficit of Rp 823,981,051.05, in 2015 there was an increase in deficit of Rp 4,496,230,202.35 and in 2016 there was a deficit amounting to Rp 1,985,475,327.66, then for the following year 2017 the results of budgeting will result in a surplus of Rp 59,036,489.68. Table 2 shows the realization of the regional income and expenditure budget of Majene Regency in 2013-2017, in that table in 2013 and 2014 there was a surplus of Rp 8,446,236,847.28 and in 2014 it decreased by Rp 4,359,115,858.30, then for the year subsequently namely from 2015 and 2016 there was a deficit with a deficit value of 2015 namely Rp.18,2,212,287.40 and 2016 decreased by Rp.130,820,800.94. In 2017 experienced a greater surplus of Rp 30,408,864,362.27 because the local government was able to reduce budgeted outposts. Regional original income is all regional revenue that comes from the original regional economic resources (Halim, 2012). Local own-source revenue (PAD) consists of: local tax revenue, regional levies, separated regional wealth management results, and other legal pad. Table 4.3 shows the original regional income (PAD) of Majene Regency in 2013 amounting to Rp 21,901,551,954.15, increasing to Rp 53,921,491,920.68 in 2014. In 2015 it decreased to Rp 45,231,988,393.56 and in 2016 it increased in the amount of Rp. 50,615,846,955.75. The increase in 2017 amounted to Rp 83,238,112,411.80, this regional own-source revenue (PAD) was higher than in 2013-2016.

Transfer income is regional income derived from the above governmental authorities. Transfer revenues consist of: central government transfers balancing funds (tax revenue sharing, natural resource revenue sharing funds, general allocation funds, and special allocation funds), other central government transfers (special autonomy funds and adjustment funds), and provincial government transfers (tax-sharing revenue and other revenue-sharing). The table shows that transfer income from 2013-2015 continued to increase respectively: Rp. 571,059,414,758.41, Rp. 613,773,112,669.00, Rp. 713,333,734,230.00, and decreased in 2016 amounting to Rp. 705,578,138,238.87, and increased by Rp. 757,200,541,952.08 in 2017. Other legal income, this income is grouped in the type of contingency / balancing aid from the government and emergency funds. Other legal income consists of: grant income, special financial assistance, and village funds. In the table shows others the valid income from 2013-2017 continued to increase in succession, namely: Rp. 3,646,492,000.00, Rp. 5,062,744,200.00, Rp. 23,964,638,000.00, Rp. 44,335,907,791.00 and Rp. 78,106,422,302.00.

Operational expenditure is budget expenditure for daily activities of local governments that provide short-term benefits (Halim, 2012). Operational expenditure consists of employee expenditure, goods expenditure, subsidy expenditure, grant expenditure, and social assistance expenditure. In table 4.4 Majene district operating expenses in 2013-2015 experienced a successive increase, namely: Rp.44,923,942,018.74 in 2013, Rp.519,191,322,686.00 in 2014, and in 2015 Rp. 577,424,015,514.36. In 2016 it decreased to Rp 564,960,769,605.00 and again increased in 2017 to Rp 583,914,338,638.00, this amount is greater than the previous years.

Capital expenditure is a budget expenditure for the acquisition of fixed assets and other assets that provide benefits over one accounting period. Capital expenditure consists of: land expenditure, equipment and machinery expenditure, building and building expenditure, road shopping, irrigation, and network expenditure, and other asset expenditure. Table 4.4 shows capital expenditure in 2013 of Rp. 131,022,159,952.00, in 2014 amounting to Rp. 132,218,339,008.00, and increasing in 2015 to Rp. 167,696,761,495.00, and decreasing in 2016 to Rp. 149,384,498,183.00. then in 2017 amounting to Rp 198,623,551,604.01, this amount is greater than the previous year.

Unexpected expenditures are budget expenditures for activities that are unusual and are not expected to recur, such as overcoming natural disasters, social disasters, and other unexpected expenses that are needed in the context of implementing the authority of the central / regional government. In table 4.4 shows the unexpected expenditure realization in Majene district in 2013-2017. Unexpected expenditure expenditure in 2013 amounted to Rp 486,640,700.00, increased to Rp 551,683,537.00 in 2014, and in 2015 amounted to Rp 1,159,064,288.00, this amount is quite high compared to the year before and after. In 2016 and 2017 decreased to Rp 395,977,500.00 in 2016 and in 2017 amounted to Rp 88,528,800.00

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Table 1. Majene Regency Regional Revenue and Expenditure Budget Report 2013-2017

Year	APBD		Surplus/Deficit
	Budget revenue	Budget	
2013	597.336.447.221,41	590.037.251.765,41	7.299.195.456,00
2014	679.593.174.306,36	680.417.155.357,41	(823.981.051,05)
2015	793.626.751.412,97	798.122.981.615,32	(4.496.230.202,35)
2016	892.228.943.039,07	894.214.418.366,73	(1.985.475.327,66)
2017	916.743.403.103,66	916.684.366.613,98	59.036.489,68

Source: Regional Financial and Asset Agency of Majene Regency

Table 2. Report of Realization of Regional Revenue and Expenditures of Majene Regency 2013-2017

Year	APBD		Surplus/Deficit
	Realization of Revenue	Shopping Realization	
2013	596.607.458.712,56	588.161.221.865,28	8.446.236.847,28
2014	672.757.348.789,68	668.398.232.931,38	4.359.115.858,30
2015	782.530.360.623,56	782.708.572.910,96	(178.212.287,40)
2016	800.529.893.025,62	800.660.713.826,56	(130.820.800,94)
2017	918.545.076.665,88	888.136.212.303,61	30.408.864.362,27

Source: Regional Financial and Asset Agency of Majene Regency

Table 3. Realization of Regional Original Revenue (PAD), Transfer Income, and Other Legitimate Revenues of Majene Regency 2013-2017

Year	Local Own Revenue (PAD)	Transfer Revenue	Other Legal Revenue
2013	21.901.551.954,15	571.059.414.758,41	3.646.492.000,00
2014	53.921.491.920,68	613.773.112.669,00	5.062.744.200,00
2015	45.231.988.393,56	713.333.734.230,00	23.964.638.000,00
2016	50.615.846.995,75	705.578.138.238,87	44.335.907.791,00
2017	83.238.112.411,80	757.200.541.952,08	78.106.422.302,00

Source: Regional Financial and Asset Agency of Majene Regency

Table 4. Realization of Operational Expenditures, Capital Expenditures, Unexpected Expenditures, and Transfers of Majene Regency 2013-2017

Year	Operating Expenditures	Capital Expenditures	Unexpected Shopping	Transfer
2013	440.923.942.018,74	131.022.159.952,00	486.640.700,00	15.728.479.194,54
2014	519.191.322.686,00	132.218.339.008,00	551.683.537,00	16.436.887.700,38
2015	577.424.015.514,36	167.696.761.495,00	1.159.064.288,00	36.428.731.673,60
2016	564.960.769.605,00	149.384.498.183,00	395.977.500,00	85.919.468.538,56
2017	583.914.338.638,00	198.623.551.604,01	88.528.800,00	105.509.793.261,60

Source: Regional Financial and Asset Agency of Majene Regency

Unexpected expenditures are budget expenditures for activities that are unusual and are not expected to recur, such as overcoming natural disasters, social disasters, and other unexpected expenses that are needed in the context of implementing the authority of the central / regional government. In table 4.4 shows the unexpected expenditure realization in Majene district in 2013-2017. Unexpected expenditure expenditure in 2013 amounted to Rp 486,640,700.00, increased to Rp 551,683,537.00 in 2014, and in 2015 amounted to Rp 1,159,064,288.00, this amount is quite high compared to the year before and after. In 2016 and 2017 decreased to Rp 395,977,500.00 in 2016 and in 2017 amounted to Rp 88,528,800.00.

Financial Performance of Majene Regency 2013-2017

Regional Financial Independence Ratio

The results of calculations in table 5 of the Regional Financial Independence Ratio for five years at the Government of Majene Regency can be seen that the Regional Financial Independence Ratio in Majene Regency in 2013 was 3.83%, in 2014 it was 8.78%, in 2015 it was 6.34%, in 2016 amounted to 7.17%, and in 2017 amounted to 10.99%. The ratio of Regional Financial Independence in Majene Regency for 2013-2017 is very low because it is still 0% -25%. Table 6 shows that the Regional Financial Dependency Ratio for five years in the Majene Regency Government can be seen that the Dependency Ratio in the Majene Regency in 2013 was 95.71%, in 2014 it was 91.23%, in 2015 it was 91.15%, year 2016 amounted to 88.13%, and in 2017 amounted to 82.43%. The Regional Dependency Ratio in Majene Regency for 2013-2017 is very high because it is still above 50%.

Table 5. Calculation of the Regional Financial Independence Ratio in Majene Regency, Fiscal Year 2013-2017

Year	PAD (Rp)	RKKD Transfer Income (Rp) (%)		Pattern Relationship
	(1)	(2)	(1:2)	
2013	21.901.551.954,15	571.059.414.758,41	3,83	Instructive
2014	53.921.491.920,68	613.773.112.669,00	8,78	Instructive
2015	45.231.988.393,56	713.333.734.230,00	6,34	Instructive
2016	50.615.864.995,75	705.578.138.238,87	7,17	Instructive
2017	83.238.112.411,80	757.200.541.952,08	10,99	Instructive

Source: Majene Regency Financial and Asset Agency (data processed)

Table 6. Calculation of the Dependency Ratio in Majene Regency, Budget Year 2013-2017

Year	Transfer Revenue (Rp) (1)	Total income Area (Rp) (2)	RKD (%) (1:2)	Criteria
2013	571.059.414.758,41	596.607.458.712,56	95,71	Very high
2014	613.773.112.669,00	672.757.348.789,68	91,23	Very high
2015	713.333.734.230,00	782.530.360.623,56	91,15	Very high
2016	705.578.138.238,87	800.529.893.025,62	88,13	Very high
2017	757.200.541.952,08	918.545.076.665,88	82,43	Very high

Source: Majene Regency Financial and Asset Agency (data processed).

Ratio of Fiscal Decentralization Degrees

Table 7 shows that the Fiscal Decentralization Degree Ratio for five years at Majene Regency Government can be seen that the Fiscal Decentralization Degree Ratio in Majene Regency in 2013 was 3.67%, in 2014 it was 8.01%, in 2015 it was 5.78%, year 2016 at 6.32%, and in 2017 at 9.06%. Ratio of Fiscal Decentralization in Majene Regency for 2013-2017 is very less because it is still 0% -10%.

Table 7. Calculation of the Ratio of Fiscal Decentralization in Majene Regency, Budget Year 2013-2017

Year	PAD (Rp) (1)	TPD (Rp) (2)	DDF (%) (1:2)	Financial ability
2013	21.901.551.954,15	596.607.458.712,56	3,67	Very low
2014	53.921.491.920,68	672.757.348.789,68	8,01	Very low
2015	45.231.988.393,56	782.530.360.623,56	5,78	Very low
2016	50.615.864.995,75	800.529.893.025,62	6,32	Very low
2017	83.238.112.411,80	918.545.076.665,88	9,06	Very low

Source: Majene Regency Financial and Asset Agency (data processed)

Regional Financial Efficiency Ratio

Table 8 shows that the average Regional Financial Efficiency of Majene Regency in 2013 to 2017 was 98.92% or can be said to be Less Efficient. In 2013 the efficiency ratio was 98.58%, then in 2014 it became 99.35%, in 2015 it was 100.02%, in 2016 it was 100.01%, and in 2017 it was 96.68%.

Table 8. Calculation of the Regional Financial Efficiency Ratio in Majene Regency, Fiscal Year 2013-2017

Year	Shopping Realization (Rp) (1)	Realization Income (Rp) (2)	REKD (%) (1:2)	Criteria
2013	588.161.221.865,28	596.607.458.712,56	98,58	Less efficient
2014	668.398.232.931,38	672.757.348.789,68	99,35	Less efficient
2015	782.708.572.910,96	782.530.360.623,56	100,02	Not efficient
2016	800.660.713.826,56	800.529.893.025,62	100,01	Not efficient
2017	888.136.212.303,61	918.545.076.665,88	96,68	Less efficient

Source: Majene Regency Financial and Asset Agency (data processed)

Effectiveness Ratio of Local Own Revenue (PAD)

Table 9 shows that the Effectiveness of Regional Original Revenue (PAD) of the Regional Finance and Assets Agency (BKAD) of Majene Regency in 2013 amounted to 91.16%, in 2014 amounted to 89.69%, in 2015 amounted to 92.47%, in 2016 amounted to 80.31%, and in 2017 93.88%. The effectiveness of the financial performance of Majene Regency for 2013-2017 runs ineffective because its effectiveness is still below 100%.

Table 9. Calculation of the Effectiveness Ratio of Original Local Revenue (PAD) in Majene Regency, 2013-2017 Fiscal Year

Year	Realization of PAD (Rp) (1)	Budget of PAD (Rp) (2)	REPAD (%) (1:2)	Criteria
2013	21.901.551.954,15	24.022.771.160,00	91,16	Not efficient
2014	53.921.491.920,68	60.113.206.364,00	89,69	Not efficient
2015	45.231.988.393,56	48.910.511.046,56	92,47	Not efficient
2016	50.615.864.995,75	63.018.948.059,66	80,31	Not efficient
2017	83.238.112.411,80	88.662543.617,25	93,88	Not efficient

Source: Majene Regency Financial and Asset Agency (data processed)

Growth Ratio

Revenue Growth Ratio

Table 10. Calculation of the Ratio of Regional Original Revenue Growth (PAD) of Majene Regency, Fiscal Year 2013-2017

Year	PAD _{Tt} (Rp) (1)	PAD _{Tt-1} (Rp) (2)	P Growth (Rp) (1-2)	RP PAD (%) (1-2:2)
2013	21.901.551.954,15	15.389.348.488,60	6.512.203.465,55	42,31
2014	53.921.491.920,68	21.901.551.954,15	32.019.939.966,53	146,19
2015	45.231.988.393,56	53.921.491.920,68	-8.689.503.527,12	-16,11
2016	50.615.864.995,75	45.231.988.393,56	5.383.876.602,19	11,90
2017	83.238.112.411,80	50.615.864.995,75	32.622.247.416,05	64,45

Source: Majene Regency Financial and Asset Agency (data processed)

Table 10, shows that the Majene Regional Revenue (PAD) of Majene Regency fluctuated or increased and decreased. The average growth ratio of local own-source revenue (PAD) from 2013 to 2017 is 49.74%. In 2013 it grew by 42.31% and grew by 146.19% in 2014, and experienced a decline in growth of -16.11% in 2015 and rose in the following year to 11.90% in 2016. In 2017 again experienced growth 64.45%. Table 11 shows the development from year to year which always experiences an increase, so it can be said that the Majene Regency Revenue Growth Ratio has experienced positive growth. In 2013 grew 17.30%, in 2014 grew 12.76% lower than the previous year, in 2015 grew 16.31% higher than the previous year, and in 2016 grew 2.30% experienced the lowest decline from the year than others. In 2017, it increased again by 14.74% from the previous year. The efforts of the Majene Regency government to always increase their regional income can be

said to be successful even though most of their income is still sourced from assistance from the central government.

Table 11. Calculation of the Revenue Growth Ratio in Majene Regency, Budget Year 2013-2017

Year	TPTt(Rp) (1)	TPTt-1 (Rp) (2)	Growth (Rp) (1-2)	RPP (%) (1-2:2)
2013	596.607.458.712,56	508.575.015.828,60	88.032.442.883,96	17,30
2014	672.757.348.789,68	596.607.458.712,56	76.149.890.077,12	12,76
2015	782.530.360.623,56	672.757.348.789,68	109.773.011.833,88	16,31
2016	800.529.893.025,62	782.530.360.623,56	17.999.532.402,06	2,30
2017	918.545.076.665,88	800.529.893.025,62	118.015.183.640,26	14,74

Source: Majene Regency Financial and Asset Agency (data processed)

Shopping Growth Ratio

Table 12 shows the year-on-year development of the Operational Expenditures Growth Ratio increasing and decreasing. In 2013 it grew 14.98%, grew 17.75% in 2014, and in 2015 it decreased to 11.21% from the previous year. In 2016 it decreased to -2.15% and in 2017 it rose to 3.35%. The average growth is 9.02%. Table 13 shows the Capital Expenditures Growth Ratio also increased and decreased, in 2013 amounted to 16.64% and decreased by 0.91% in 2014 then rose to 26.83% in 2015. Down again to -10.91% in 2016 and rose 32.96% in 2017. So the average growth of 13.28%.

Table 12. Calculation of Growth Ratio for Majene Regency Operational Expenditures Budget Year 2013-2017

Year	BOTt (Rp) (1)	BOTt-1 (Rp) (2)	Growth (Rp) (1-2)	RPBO (%) (1-2:2)
2013	440.923.942.018,74	383.460.189.875,72	57.463.752.143,02	14,98
2014	519.191.322.686,00	440.923.942.018,74	78.267.380.667,26	17,75
2015	577.424.015.514,36	519.191.322.686,00	58.232.692.828,36	11,21
2016	564.960.769.605,00	577.424.015.514,36	-12.463.245.909,36	-2,15
2017	583.914.338.638,00	564.960.769.605,00	18.953.569.033,00	3,35

Source: Majene Regency Financial and Asset Agency (data processed)

Table 13. Calculation of Capital Expenditure Ratio in Majene Regency, Budget Year 2013-2017

Year	BMTt(Rp) (1)	BMTt-1 (Rp) (2)	Growth (Rp) (1-2)	RPBM (%) (1-2:2)
2013	131.022.159.952,00	112.329.703.837,00	18.692.456.115,00	16,64
2014	132.218.339.008,00	131.022.159.952,00	1.196.179.056,00	0,91
2015	167.696.761.495,00	132.218.339.008,00	35.478.422.487,00	26,83
2016	149.384.498.183,00	167.696.761.495,00	-18.312.263.312,00	-10,91
2017	198.623.551.604,01	149.384.498.183,00	49.239.053.421,01	32,96

Source: Majene Regency Financial and Asset Agency (data processed)

Shopping Harmony Ratio

Table 14. Calculation of Operating Expense Ratio in Majene Regency Operational Fiscal Year 2013-2017

Year	Shopping Total Operation (Rp) (1)	Shopping Total Area (Rp) (2)	Shopping Ratio Operation (%) (1:2)
2013	440.923.942.018,74	588.161.221.865,28	74,96
2014	519.191.322.686,00	668.398.232.931,38	77,67
2015	577.424.015.514,36	782.708.572.910,96	73,77
2016	564.960.769.605,00	800.660.713.826,56	70,56
2017	583.914.338.638,00	888.136.212.303,61	65,74

Source: Majene Regency Financial and Asset Agency (data processed)

Tables 14 and 15 show that the Operating Expense Ratio and the Capital Expenditure Ratio have not been stable from year to year. Starting in 2013, the Operational Expenditures Ratio of 74.96% increased in 2014 to 77.67%, then decreased in 2015 to 73.77%, and in 2016 it dropped to 70.56%. In 2017 it decreased again to 65.74%, so the average ratio was 72.54%. While the Capital Expenditure Ratio in 2013 amounted to 22.27%, down to 19.78% in 2014. In 2015 it increased to 21.42%, and decreased again in 2016 to 18.65%. In 2017 there was an increase back to 22.36% so that the average ratio was 20.89%.

Table 15. Calculation of Harmonization Ratio of Capital Expenditures in Majene Regency, Budget Year 2013-2017

Year	Total Capital Expenditures (Rp) (1)	Total Regional Expenditures (Rp) (2)	Total Capital Expenditures (%) (1:2)
2013	131.022.159.952,00	588.161.221.865,28	22,27
2014	132.218.339.008,00	668.398.232.931,38	19,78
2015	167.696.761.495,00	782.708.572.910,96	21,42
2016	149.384.498.183,00	800.660.713.826,56	18,65
2017	198.623.551.604,01	888.136.212.303,61	22,36

Source: Majene Regency Financial and Asset Agency (data processed)

Discussion

Spending arrangements for capital expenditures have not yet established a definite standard, so that the Regional Government still concentrates on fulfilling operational spending which has resulted in small or unmet capital expenditure for the Majene Regency Government. For the future, the Government of Majene Regency is expected to pay more attention to services to the community which can later be enjoyed directly by the public. Because basically the funds in the regional budget are public funds so that the funds are used for the public interest. For more details, the depiction of regional original income can be concluded from the presentation of the tables that have been explained previously. For this reason, it can be said that the income and financial ratio of regional income or assistance from external parties, in this case assistance from the provincial and central government always increases except in the in 2016. In 2013 it amounted to Rp 571,059,414,758.41 then in 2014 it increased by 7.47% or as much as Rp 613,773,112,669.00. In 2015 it increased to Rp. 713,333,734,230.00 or 16.22% from the previous year, then decreased by -1.08% or to Rp. 705,578,138,238.87 in 2016. In 2017 again experienced an increase of 7.31% or Rp. 757,200,541,952.08. The increase in income from external parties has increased due to an increase in balancing fund posts from the central government such as: Tax-Sharing Funds, Non-Tax Sharing Funds, General Allocation Funds (DAU), and DAK (Special Allocation Funds). it can be seen that the Regional Financial Independence Ratio in Majene Regency in 2013 was 3.83%, in 2014 it was 8.78%, in 2015 it was 6.34%, in 2016 it was 7.17%, and in 2017 it was 10.99%. The ratio of Regional Financial Independence in Majene Regency for 2013-2017 is very low because it is still 0% -25%.

The Dependency Ratio of Majene Regency in 2013 was 95.71%, in 2014 it was 91.23%, in 2015 it was 91.15%, in 2016 it was 88.13%, and in 2017 it was 82.43%. The Regional Dependency Ratio in Majene Regency for 2013-2017 is very high because it is still above 50%. According to the description above it can be concluded that the Regional Financial Dependency Ratio for five years in the Majene Regency Government has a high dependence on Transfer Income, namely the role of the central government is still very dominant compared to regional governments, this can be seen from the Regional Financial Dependency Ratio is still classified as a percentage > 50%. The high dependency ratio is due to the fact that regions are still unable to manage their own income so that funding for the implementation of government and regional development is still highly dependent on assistance from the central government.

Ratio of Fiscal Decentralization in Majene Regency in 2013 was 3.67%, in 2014 it was 8.01%, in 2015 it was 5.78%, in 2016 it was 6.32%, and in 2017 it was 9.06%. Ratio of Fiscal Decentralization in Majene Regency for 2013-2017 is very less because it is still 0% -10%. The Fiscal Decentralization Degree Ratio for five years at the Government of Majene Regency is still very lacking because it is still in the scale of 0.00% - 10.00% intervals and this means that Local Own Revenue (PAD) has very little ability to finance regional development.

This happens because the Regional Original Revenue (PAD) in Majene Regency is still relatively small when compared to the total regional income. In addition, regional taxes and the management of separated Regional Wealth are still very insufficient so that the Regional Original Revenue (PAD) does not have a big share in financing regional development in Majene Regency. The Government of Majene Regency in financing the implementation of governance and development is still very dependent on assistance from the central government and the local provincial government.

The Regional Financial Efficiency of Majene Regency in 2013 to 2017 was 98.92% or can be said to be Less Efficient. In 2013 the efficiency ratio was 98.58%, then in 2014 it became 99.35%, in 2015 it was 100.02%, in 2016 it was 100.01%, and in 2017 it was 96.68%. The Regional Financial Efficiency Ratio of Majene Regency which is classified as still Less Efficient because the average ratio is 98.61%. Although in 2013, 2014, and 2017 the Government of Majene Regency has been able to reduce its expenditure than previously budgeted, but the amount of revenue it receives is still small in number when compared to regional spending. Meanwhile, in 2015 and 2016 spending exceeded revenue realization. So it can be said that the performance of the Government of Majene Regency in this case is still not good because it has not been able to reduce the amount of regional expenditure. In the future, it is expected that the Majene Regency Government can minimize the amount of spending by adjusting its income.

The effectiveness of the Regional Original Revenue (PAD) of Majene Regency in 2013-2017 has not been effective because the value of its effectiveness is below 100%. This is because the realization of Regional Original Revenue (PAD) has not been able to exceed the budgeted Regional Original Revenue (PAD). The Government of Majene Regency can also be said to have less than optimal performance in terms of realizing planned Local Revenue (PAD).

Local governments must continue to optimize revenue from their existing revenue potential. The initiative and capability of the Regional Government is very much needed in an effort to increase Local Revenue (PAD). The Regional Government must look for possible alternatives to overcome the lack of funding, and this requires creativity from the regional financial implementation apparatus to find new sources of funding both through a collaborative financing program with the private sector and also a program to increase Regional Original Revenue (PAD) For example, the establishment of regional-owned enterprises (BUMD) with potential sectors.

4 Conclusions

Based on the results of an analysis of the conditions found in the study, the results of this study indicate that the financial performance of Majene Regency is still lacking, based on the results of normative calculations and the analysis of Regional Financial Performance, it can be concluded that the relationship pattern of regional independence is on the instructive criteria. Independence of the Government of Majene Regency is in the financial capacity which is still very low in meeting the funding requirements for carrying out government tasks, development and social services of the community. This shows that, the role of the Central Government is very high or still dominant in the financial management of the Majene Regency Government.

Considering the role of the Central Government which is still very dominant, it is natural that the Degree of Fiscal Decentralization of the Regional Government of Majene Regency is still lacking. That is, the Central Government gives little authority and responsibility to the Regional Government of Majene Regency. And, the level of Efficiency and Effectiveness of Regional Original Revenue (PAD) in the management of Majene Regency is somewhat inefficient and ineffective. This can be seen from the high average Efficiency Ratio, which is 98.61% and the low average value of the Effectiveness Ratio of Local Original Revenue (PAD) because its effectiveness is still below 100% during the 5 year budget period, it can be said that the Government of Majene Regency is still lacking pay attention to regional development.

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