

ANALYSIS OF FINANCIAL RATIO OF REGIONAL REVENUE AND EXPENDITURE BUDGET OF WEST JAVA PROVINCE

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Abstrak

Penelitian ini bertujuan untuk menganalisis rasio keuangan berdasarkan Anggaran Pendapatan dan Belanja Daerah (APBD) Provinsi Jawa Barat. Data yang digunakan adalah data sekunder dari Badan Pusat Statistik Provinsi Jawa Barat. Metode yang digunakan adalah kuantitatif dengan menggunakan beberapa rasio keuangan, yaitu rasio otonomi, rasio efektivitas, rasio efisiensi, pangsa, dan pertumbuhan. Berdasarkan hasil perhitungan yang telah dilakukan dari tahun 2013 hingga 2017 menunjukkan bahwa kinerja keuangan pemerintah daerah Provinsi Jawa Barat dalam hal otonomi masih sangat kurang dengan pola hubungan instruktif dan tingkat rasio rata-rata sebesar 11,67%, sedangkan dari segi efektivitas dinilai sangat efektif karena memiliki rasio rata-rata 131,19%, dari segi efisiensi rata-rata 99,5% yang menunjukkan masih kurang inefisiensi. Dan untuk perhitungan porsi dan pertumbuhan anggaran pendapatan dan belanja daerah Provinsi Jawa Barat dari tahun 2013 hingga 2017, menunjukkan rata-rata pangsa 8,61%, dan pertumbuhan 211,96%.

Kata kunci: kinerja keuangan, rasio otonomi, rasio efektivitas, rasio efisiensi, pangsa dan pertumbuhan.

Abstract

This study aims to analyze the financial ratios based on the Regional Budget of Revenue and Expenditure (APBD) of West Java Province. The data used are secondary data from the Central Statistics Agency of West Java Province. The method used is quantitative by using several financial ratios, particularly, the autonomy ratio, effectiveness ratio, efficiency ratio, share, and growth. Based on the results of calculations that have been done from 2013 to 2017 shows that the financial performance of the regional government of West Java Province in terms of autonomy is still very insufficient with an instructive relationship pattern and an average ratio level of 11.67%, while in terms of effectiveness it is considered to be very effective because it has an average ratio of 131.19%, in terms of efficiency it has an average of 99.5% which indicates that it is still lacking inefficiency. And for the calculation of the share and growth of the regional income and expenditure budget of West Java Province from 2013 to 2017, shows an average share of 8.61%, and growth of 211.96%.

Keywords: financial performance, autonomy ratio, effectiveness ratio, efficiency ratio, share and growth.

Introduction

This study aims to analyze the financial ratios of the regional income and expenditure budget of West Java Province. Several financial ratios that can be used to measure regional government accountability according to (Halim, 2002) are the financial autonomy ratio, the ratio of effectiveness to local own-source revenue, the ratio of regional financial efficiency. Meanwhile, to calculate the ability of regional finance, namely by calculating the share and growth.

Regional autonomy is the authority of autonomous regions to regulate and manage the interests of local communities. In

carrying out regional autonomy, local governments are required to run the government effectively and efficiently. The aim is to encourage the community to take an active role in the implementation of development. Local governments are also required to improve equity and justice so that they can develop the full potential of each region. High demands on performance and accountability of regional performance lead to the need to measure the performance of local governments. Therefore, the government is demanded to be able to build good performance measures.

Regional autonomy is an effort to empower the region in making regional decisions related to the management of resources owned in accordance with the interests, priorities, and potentials of the region (Dewi, 2015). The enactment of regional autonomy has given local governments greater opportunities to optimize the potential of human resources, funds, and other wealth (Sulanti & Ika, 2012)

The autonomous policy is also intended so that local governments can manage their respective regional finances. One important aspect in the implementation of regional autonomy is the problem of the Regional Budget. APBD is the basis for regional financial management for 1 (one) fiscal year from 1 January to 31 December (Bastian, 2006).

One technique that is widely used in analyzing financial statements is the analysis of financial ratios. This ratio is used to identify financial characteristics based on existing financial statements. Analysis of financial ratios to Regional Revenue and Expenditure Budget (APBD) is done by calculating the Independent Ratio, Effectiveness Ratio, Efficiency Ratio. Meanwhile, to calculate the ability of regional finance, namely by calculating the share and growth.

Literature Review

Analysis of Financial Ratios in APBD

Ratio analysis of APBD needs to be carried out considering that in the framework of regional financial management that is transparent, truthful, democratic, effective, efficient, and accountable. According to (Halim, 2008) the results of the ratio analysis aim to:

1. Assessing regional financial autonomy in financing the implementation of regional autonomy
2. Measure local Government's efficiency in realizing local revenue
3. Measure the extent of the effectiveness of local governments in spending their regional revenues
4. Measuring the contributions of each income source in the formation of regional revenues

5. See the growth of income and expenses earned over a certain period.

The regional government as the parties entrusted with the task of carrying out the wheels of government, development, and social services of the community is obliged to submit a report on the financial accountability of the region to assess whether the regional government has successfully carried out its duties properly or not. A good government is a government that can improve the welfare of its people by empowering its human resources (Suryaningsum & Pamungkas, 2015). The existence of demands for accountability in financial performance by the community requires autonomous local governments to provide a clear picture of their performance. The performance appraisal must provide transparent information to the public, so that the community can participate in controlling the financial performance of the area. To realize transparency and accountability in the management of regional finances, local government financial accountability reports need to be submitted in a timely manner and compiled according to government accounting standards (Machmud, 2014).

Performance measurement is a process of evaluating work progress against predetermined goals and objectives, including information on: efficient use of resources in producing goods and services; quality of goods and services; the results of the activities are compared with the intended purpose; and the effectiveness of actions in achieving goals. Performance measurement is used to assess the achievement of management and organizational units they lead. Performance measurement is measured based on four factors including liquidity, solvency, total profitability, and internal profitability (Achjari & Suryaningsum, 2008).

Regional Revenue and Expenditure Budget (APBD)

The Regional Revenue and Expenditure Budget (APBD) is the annual financial plan of the regional government which is discussed and agreed upon jointly by the regional government and the DPRD, and determined by regional regulations.

APBD is the main policy instrument for regional government in developing capabilities and effectiveness. It is also a tool in determining the amount of income and expenditure as well as helping decision making and development planning (Mardiasmo, 2005). According to Law No.33 of 2004, APBD has the following functions:

1. The regional budget is the basis for implementing revenue and expenditure in the year concerned
2. The regional budget becomes a guideline for management in planning activities in the relevant year
3. The regional budget shall become a guideline for evaluating a government administration activity in accordance with the stipulated provisions or not
4. Regional budgets to reduce unemployment and waste resources, and increase the efficiency and effectiveness of the economy.

Research Methods

The method in this study is to use the ratio of autonomy, effectiveness ratio, efficiency ratio, share and growth. This research was conducted to determine the level of autonomy, effectiveness, efficiency and financial performance of the area from the share and growth in West Java Province. Then compare the results achieved from one period with the previous period. This study uses analysis techniques in the form of quantitative analysis, i.e. data or information in the form of numbers which are then drawn conclusions by clearly comparing one with another with quantitative calculations.

The analysis used in this study is as follows:

Calculate autonomy ratio based on APBD

$$\text{Autonomy ratio} = \frac{\text{P.A.D}}{\text{Assistance from central and local government}} \times 100\%$$

Calculate the effectiveness ratio based on APBD

$$\text{Effectiveness ratio} = \frac{\text{Realization of reception PAD}}{\text{Target of reception PAD}} \times 100\%$$

Calculate the efficiency ratio based on APBD

$$\text{Efficiency ratio} = \frac{\text{Costs incurred to pick up the PAD}}{\text{Realization of reception PAD}} \times 100\%$$

Calculate share based on APBD

$$\text{Share} = \frac{\text{PAD}}{\text{Total Expenditure}} \times 100\%$$

Calculate growth based on APBD

$$\text{Growth} = \frac{\text{PAD}_t}{\text{PAD}_{t-1}} \times 100\%$$

Discussion

Financial analysis is an attempt to identify financial characteristics based on available financial statements. Several types of ratios that can be developed based on financial data sourced from the Regional Budget are as follows:

Autonomy ratio

The ratio of regional financial autonomy is the ability of a region to fund its regional expenditure originating from PAD. Regional financial autonomy shows the ability of local governments to finance their government activities, development, and services to people who have paid taxes and levies as a source of revenue needed by the region. This ratio illustrates the level of community participation in regional development. The higher this ratio means the higher community participation in paying local taxes and fees which are components of PAD.

Table 1 Autonomy Ratio

Year	Realization PAD	Total Regional Income	Autonomy Ratio	Relationship Patterns
2013	1.026.156	16.140.881	15,72%	Instructive
2014	1.910.113	21.015.005	11,01%	Instructive
2015	2.251.326	25.692.147	11,41%	Instructive
2016	2.647.612	29.537.096	11,15%	Instructive
2017	2.660.612	30.098.405	11,31%	Instructive
Average			11,67%	Instructive

*in million rupiah

The average autonomy ratio of West Java Province for 5 years is 11,67%. With this number of ratios, according to the pattern of relationship the level of autonomy of West Java Province is categorized as very inadequate so that it falls into the category of instructive relationship patterns. In the pattern of instructive relations, the role of the central government is more dominant towards regional autonomy.

Based on the table, the original regional income of West Java Province is more likely to increase as well as the total revenue from the central government. So it can be said that the regional government of West Java Province is still very dependent on the central government. This shows that the government of West Java Province has

not been optimal in exploring the potential that exists in the area both in the form of taxes, levies that can increase local revenue so that the level of dependence on the central government decreases.

Effectiveness Ratio

This ratio shows the ability of regional governments in realizing Regional Original Revenue (PAD) compared to targets set based on the real potential of the region. The ability of regions to carry out their tasks is considered effective if the ratio achieved is at least 100%. However, the higher the effectiveness ratio illustrates the ability of the region the better.

Table 2 Effectiveness ratio

Year	Realization PAD	Target PAD	Effectiveness Ratio	Criteria of Effectiveness Ratio
2013	1.026.156	1.200.000	85,51%	Enough Effective
2014	1.910.113	1.400.000	136,43%	Very Effective
2015	2.251.326	1.600.000	140,7%	Very Effective
2016	2.647.612	1.800.000	147,08%	Very Effective
2017	2.660.612	2.000.000	133,03%	Very Effective
Average			131,19%	Very Effective

*in million rupiah

Based on the data in the tables and graphs, the effectiveness ratio of West Java Province in 2013 to 2017, the effectiveness ratio is not yet effective in 2013 but continues to occur very effectively even though there are still fluctuations from 2014 to 2017.

The effectiveness ratio of West Java Province for five years, it can be concluded that the effectiveness ratio of 5 years is said to be very effective, except in 2013 where the level of effectiveness included in the

criteria is quite effective. The average effectiveness ratio of West Java Province for 5 years is 131.19%. With this amount, the criteria for effectiveness ratio in West Java Province fall into a very effective category. This shows that the comparison between the target and the realization of Regional Original Revenue (PAD) has a good ability to mobilize revenue as targeted.

Efficiency Ratio

Efficiency Ratio is a ratio that illustrates the ratio between the number of costs incurred to obtain revenue with the realization of income received. Local government performance can be

categorized as efficient if the ratio achieved is less than 100%. The smaller the efficiency ratio, the better the performance of local government. The following are the results of the calculation of the efficiency ratio of West Java Province.

Table 3 Efficiency Ratio

Year	Realization Regional Expenditure	Realization of Revenue	Efficiency Ratio	Criteria of Efficiency Ratio
2013	15.364.621	16.140.891	95,19%	Less Efficient
2014	20.323.658	21.015.005	96,71%	Less Efficient
2015	25.319.156	25.692.147	98,53%	Less Efficient
2016	30.060.805	29.537.096	101,77%	Not Efficient
2017	30.804.059	30.098.405	102,34%	Not Efficient
Average			99,5%	Less Efficient

*in million rupiah

Based on the data in the table, the efficiency ratio of West Java Province in fiscal years 2013 to 2017, West Java Province which was initially less efficient has decreased to increasingly inefficient. With this amount, the average efficiency ratio of West Java Province is 99.5%. According to the efficiency criteria, West Java Province is classified as less efficient. The smaller the value of the efficiency ratio, the better the performance of the government is spending its income so that spending can contribute to increasing regional income. West Java Province still has to allocate spending that contributes greatly to regional income. As well as

supervising the possibility of deviations and waste in the regional budget so that the efficiency ratio of West Java Province can be even better.

Share

Share is the ratio of PAD to routine expenditure and regional development expenditure (total expenditure) in the APBD. Where this ratio is useful to see the capacity of the region's financial capacity to finance routine activities and development activities. Then, the share ratio based on the Regional Budget in West Java Province is as follows:

Table 4 Share

Year	PAD	Total Regional Expenditure	Percentage
2013	1.026.156	15.364.621	6,67%
2014	1.910.113	20.323.658	9,39%
2015	2.251.326	25.319.156	8,89%
2016	2.647.612	30.060.805	8,80%
2017	2.660.612	30.804.059	8,63%
Average			8,61%

*in million rupiah

Based on the data in the table, the share of West Java Province from the fiscal year 2013 to 2017, West Java Province experienced an increase although there was a slight decrease in 2015. In 2013 the percentage of the share

was 6,67%. In 2014 the percentage share was 9,39%. In 2015 the share percentage was 8,89%. In 2016 the percentage share of 8,80%. In 2017 the percentage share was 8,63%.

From the calculation of the share for five years an average share percentage of 8,61% was obtained. This shows that the contribution of PAD to total expenditure is still low, meaning that the regional government still has to explore its potential more optimally so that it can increase PAD which plays a large role in the APBD.

Growth

The growth ratio measures how much the ability of local governments to maintain and improve their success achieved from period to period. The ratio of growth is said to be exceptional if every year experiences positive growth or has increased. Based on the data in the table, Growth in West Java Province in the 2013 to 2017 fiscal year, experienced fluctuations in which there was an increase and decrease. The average PAD growth was 351,19%.

Table 5

Year	PAD	Percentage
2013	1.026.156	-
2014	1.910.113	216,09%
2015	2.251.326	659,8%
2016	2.647.612	668,1%
2017	2.660.612	211,96%
Average		351,19%

*in million rupiah

From the calculation of the Share and Growth of the regional income and expenditure budget of West Java Province from 2013 to 2017, an average share of 8,61% was obtained. and Growth of 351,19%. Then the mapping of regional financial capacity based on the quadrant method of West Java Province Position in Quadrant II, this condition is not yet ideal, this can be seen from the contribution of PAD to total expenditure (Share) is still low but growth (Growth) PAD is high. This shows that regions have the potential to increase the role of PAD in total expenditure.

From the explanation above it can be concluded that the regional government of West Java Province is

still able to explore the potential of the region to its full potential, thereby increasing PAD which plays a major role in the regional income and expenditure budget.

Regional Capability Map

QUADRANT III 2015 Share : 8,89% Growth : 659,8%	QUADRANT I 2014 Share : 9,39% Growth : 216,086%
QUADRANT IV 2017 Share : 8,63% Growth : 211,96%	QUADRANT II 2016 Share : 8,80% Growth : 668,1%

- a. Quadrant I: This means that West Java Province in 2014 was the only ideal area with the highest share and growth value among all other years. Although in 2014 the instructive autonomy ratio and the efficiency ratio are still less efficient in terms of the effectiveness ratio this year is very effective.
- b. Quadrant II: In 2016 the West Java Province showed its position in quadrant II. Thus 2016 is considered to have insufficient autonomy but has great growth potential. The low aspect of financial autonomy in 2016 was due to the large burden of regional expenditure management which made this year inefficient. But in planning the effectiveness of PAD is still very effective.
- c. Quadrant III: In this quadrant is 2015. With the category of quadrant III, it means that 2015 has a high share but the growth is insignificant or it is interpreted as a year that is quite independent but has less potential.
- d. Quadrant IV: In this category, the government's performance illustrated in the year 2017. This Quadrant IV is honestly the least ideal year of the other years. Because it is defined by the lowest share and growth value. Although not significant.

Conclusion and Suggestion

Financial performance of West Java Province in 2013-2017 using autonomy ratio, effectiveness ratio, efficiency ratio, share and growth. Financial performance of the regional government of West Java Province in terms of autonomy ratio is still very low with an instructive relationship pattern and an average ratio level of 11.67%, while in terms of effectiveness it is considered to be very effective because it has an average ratio of 131.19%, in terms of efficiency it has an average of 99.5% which indicates that it is still lacking in efficiency. And for the calculation of the Share and Growth of the regional income and expenditure budget of West Java Province in 2013 to 2017, shows an average Share of 8.61%, and Growth of 211.96%.

The provincial government of West Java Province still needs to allocate spending that contributes greatly to its regional revenues. As well as supervising the possibility of deviation and extravagance in the district budget so that the ratio of efficiency can be better

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