Analysis Of Financial Performance of Depok City Government

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ABSTRACT
This study aimed to determine the financial performance of the Depok City Government in 2016 and 2017. The data used in this study is the 2017 financial report, then analyzed using the ratio of independence and compatibility. The results of the analysis state that the financial performance of the Depok City Government in the aspect of independence in 2016 was 59%, and in 2017 has increased by 74%; this is included in the sedan category. Meanwhile, from the aspect of compatibility, it is not good in indirect expenditure, namely in 2016 by 25% and 2017 by 28.6%. In contrast, direct expenditure is likely reasonable in 2017, namely 54.4%, compared to 2016, only 49.5% in the poor category. The Depok city government is expected to strive to further increase its PAD by optimizing resource management and expanding sectors with the potential to increase PAD so that it does not depend on revenue from the Central Government.

Keywords: Independence Ratio, Compatibility Ratio, Financial Performance.

1. INTRODUCTION

State financial management requires that accountability in state financial management be carried out in the form of regional budget calculations under legal provisions. The government is accountable to the public when a comparative local government financial report is realized, namely the local government financial report is used to compare accurate financial performance with the budget, assess operational conditions and results, help determine the level of compliance with laws and regulations related to financial matters and other provisions and help evaluate the level of efficiency and effectiveness.

Analysis of the financial performance of the Depok city government will produce essential information, especially for making policies in local financial management and assessing whether the local government has managed its finances well and has a positive impact on public welfare. Furthermore, measuring the performance of revenue and expenditure budget realization can be evaluated and restore performance by comparing work schemes and implementation. In addition, it can be a benchmark for improving government performance in the future, one of the measuring instruments that can be used to analyze financial performance by analyzing the ratio of independence and compatibility.

This performance measurement uses regional financial ratios on the calculation report of the realization of government revenue and expenditure budgets consisting of the ratio of independence and the ratio of regional financial compatibility, so the performance analysis of the realization of government revenue and expenditure budgets is fundamental because it can be used as a guide for improving future performance and showing the direction of achieving predetermined performance targets and evaluating government performance.

233

The Draft Regional Regulation on accountability for the implementation of the 2017 Regional Budget has been improved under the decision of the West Java Governor Number: 903/Kep.752-BPKAD/2018 concerning the evaluation of the draft regional regulation of the city of Depok on accountability for the implementation of the 2017 Regional Budget as outlined in the minutes of the discussion of the results of the evaluation of the draft regional regulation of the city of Depok on accountability for the implementation of the 2017 regional budget revenue and expenditure and the draft regulation of the Mayor of Depok on the elaboration of accountability for the implementation of the 2017 regional budget revenue and expenditure Number: 172/284-DPRD dated 21 August 2018.

According to Fahmi (2018), financial performance is an analysis carried out to see the extent to which a company has implemented using the rules of financial implementation properly and correctly. The main problem to date that is often faced by Indonesian local governments related to the financial performance of the Regional Government is the low PAD and the high dependence on transfer funds from the central government. In this case, PAD depends on the ownership of the sector in Depok to increase its Regional Revenue.

The realization of the Depok City Government Budget in this study is an assessment process regarding the level of progress in achieving the implementation of the work/activities of the Depok City government in the field of Government Budget for the period 2016-2017. The ratios used by this study analyze the realization of the Depok city government's revenue and expenditure budgets using the independence and compatibility ratios.

The Revenue Budget is an integral part of the preparation of the APBD, where the preparation of the revenue budget has an essential meaning for local governments, especially the creation of effective planning and implementation. The preparation of the Revenue Budget is a plan that is systematically arranged so that the activities of the government or agency have a certain period to come.

According to Government Regulation No.71 of 2010, Regional Expenditures are all expenditures from the Regional General Cash Account, which reduce the excess Budget Balance in the relevant fiscal year period, which the government will not repay. This analysis is carried out to analyze financial performance using the ratio of independence and compatibility ratio to determine the ups and downs of this performance.

2. LITERATURE REVIEW

Performance Analysis is a process of systematically assessing a person's or organization's performance or job performance. A performance analysis aims to measure the success or failure in implementing the program and then improve or increase it to achieve the vision and mission.

Gege Edy Prasetya's (2010) Budget Realisation is a report that compares the revenue and expenditure budgets with the realization that shows compliance with the rules and regulations.

Revenue is the receipt of money and goods from other parties and industries valued based on a certain amount of money from the current property. Income is a source of a person's income to meet daily needs and is very important for the survival and livelihood of a person, directly or indirectly (Lontaan & Oangeraoan, 2016).

Mahmudi's (2010) analysis of expenditure growth helps us know expenditure development from year to year. In general, expenditure tends to increase continually. The increase in expenditure is usually associated with adjustments to inflation, changes in the rupiah exchange rate, changes in the amount of service coverage, and adjustments to macroeconomic factors. However, with the new paradigm of regional autonomy, local governments must be able to control regional spending and make spending efficient and budget savings.

Daling (2013) states that budgeting is a process or method for preparing a budget with

a highly complex stage and contains thick political nuances because it requires discussion and ratification from people's representatives in the parliament consisting of various representatives of political parties. In the public sector, budgets must be made available to the public for criticism, discussion, and input. Public sector budgets are instruments of accountability for managing public funds and implementing programs financed with public money.

Based on the provisions of Article 164 (2), paragraph (3), and Paragraph (4) of Government Regulation Number 12 of 2019 concerning Regional Financial Management of Depok City, budget shifts between expenditure objects and between expenditure object details are carried out through changes to the Perkada on the Explanation of the Regional Budget on Regional Financial Management stipulated by the Regional Head. Then the budget shift is formulated in the DPA SKPD Amendment.

Daling (2013) states that the analysis of regional revenue performance is generally seen from the realization of revenue with its budget. (Sumenge 2013) states that revenue budget variance analysis is carried out by calculating the difference between revenue and budget.

Halim (2014) states that the ratio of regional financial independence (RKKD) shows the level of ability of a region to finance its own government activities, development, and services to the people who have paid taxes and levies as a source of income needed by the region. The ratio of regional financial independence is indicated by the amount of local revenue compared to local revenue from other sources (transfer revenue), including tax revenue sharing, non-tax revenue sharing of natural resources, general allocation funds and special allocations, emergency funds, and loans.

Mahsun, Firma, and Heribertus (2011) state that the Compatibility Ratio presents the difference between the realized budget and the budget based on the existing budget realization report. Usually, readers of budget reports can find out the amount of variance in expenditure budgets, realizing that they can be seen as nominal values or percentages.In this research, the discussion is about:

1. How is the financial performance of the Depok Government using the independence ratio analysis?
2. How is the financial performance of the Depok government using the compatibility ratio analysis?

3. RESEARCH METHOD

This research is included in quantitative descriptive research, which focuses on a systematic explanation of the facts obtained when the research was conducted, namely to determine the financial performance of the Depok City Government as seen from the independence and compatibility ratios.

3.1. Data Sources

The source of data in this study is field data obtained directly from the Department of Revenue, Financial Management, and Assets of the Depok City Government for the 2016-2017 fiscal year.

3.2. Data Analysis Techniques

Following the research, the analysis technique used is descriptive quantitative, calculating the financial data obtained to solve existing problems under the research objectives.

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4. RESULTS AND DISCUSSIONS

4.1. Results

Table 1: Realisation of Government Revenue and Expenditure Budget

No	Description	Period (in years)	
		2016	2017
A	Revenue	**2.486.470.138.301**	**2.847.403.733.203**
1	Local Revenue	922.297.784.280	1.210.748.605.561
2	Transfer Income	1.557.540.534.321	1.618.576.523.642
3	Other Legitimate Revenues	6.631.819.700	18.078.604.000
B	Expenditure	**3.667.905.836.785**	**3.217.677.598.663**
1	Indirect Expenditure	936.122.553.610	921.481.580.273
2	Direct Expenditure	1.819.134.249.956	1.750.682.462.524
3	Regional Financing	912.649.033.219	545.513.555.866
	Surplus/(Deficit)	**(1.181.435.698.484)**	**(370.273.865.460)**

of Depok City in 2016-2017

Source: Regional Finance Agency of Depok City

Based on Table 1 that the realization of the revenue and expenditure budget of the Depok city government in 2016 - 2017 generally decreased. The decline in revenue and expenditure in 2016 experienced a budget deficit of 1,181,435,698,484, and in 2017, it also experienced a budget deficit of 370,273,86,460. The revenue from the Depok City Government comes from Transfer Revenue, while the Local Original Revenue is still relatively small from all total revenues. Then the aspect of expenditure obtained from the Depok City Government comes from Indirect Expenditure, Direct Expenditure. Direct expenditure is known to have higher expenditure than Indirect Expenditure.

Based on the explanation above, the author writes that this Final Project titled "Analysis of the Performance of the Realisation of the Depok City Government Revenue and Expenditure Budget" is an assessment process to determine the level of financial budget progress in the Depok City Government in 2016-2017. The ratios used in this Final Project are the Independence and Compatibility Ratios.

Table 2: Revenue Independence Ratio of Depok City Government

Year	Original local revenue (PAD) (IDR)	Transfer Revenue (IDR)	RKKD (%)	Description
2016	922.297.784.280,15	1.557.540.534.321,00	59	Medium
2017	1.210.748.605.561,14	1.618.576.523.642,00	74	Medium

Source: Regional Finance Agency of Depok City

Based on the calculation of the independence ratio according to Halim (2014) calculation formula that the local financial income of the city of Depok is declared "medium" in 2016 of 922,297,784,280.15 or 59% and 2017 1,210,748,605,561.14 or 74% because local revenue is obtained from the results of Land and Building Tax (PBB), vehicles, tourism. In the opinion of Mr Lala Alawi as the village treasurer that Land and Building Tax there are some landowners who live in the Jakarta area and do not know where their permanent address is and it is difficult to attract local revenue.

Table 3: Indirect Expenditure Coherence Ratio of Depok City Government in 2016-2017

Year	Total Expenditure (IDR)	Indirect Expenditure	RBO (%)	Description
2016	3.667.905.836.785,75	936.122.553.610,00	25,5	Not good

2017	3.217.677.598.663,88	921.481.580.273,00	28,6	Not good

Source: Regional Finance Agency of Depok City

Table 4: Conformity Ratio of Depok City Government Direct Spending 2016-2017

Year	Total Expenditure (IDR)	Direct Expenditure	RBO (%)	Description
2016	3.667.905.836.785,75	1.819.134.249.956,27	49,5	Not good
2017	3.217.677.598.663,88	1.750.682.462.524,52	54,4	Good

Source: Regional Finance Agency of Depok City

Based on the calculation of the compatibility ratio according to the calculation formula of Mahsun, Firma and Heribertus (2011) that the regional financial expenditure of the city of Depok on indirect expenditure was declared "Not Good" in 2016 amounting to 3,667,905,836,785.75 or 49.5% and 2017 amounting to 3,217,677,598,663.88 or 54.4% because it was obtained from uninhabitable houses (RTLH), social assistance, sepiteng, other assistance. According to Mr. Lala Alawi as the Treasurer of Bojongsari Village, usually like RTLH, for example, in 2016 it was budgeted and submitted, maybe it was not built immediately because it was just a plan, then in 2017 it was already good on the way to 2017 because the house that wanted to be helped was very badly damaged, then the community all contributed to help the owner of this house because the house that the government wanted to help was already good, so the RTLH plan in 2016 was cancelled because it was categorized as a habitable house. Because the year between the implementation and the plan is different, it is possible that the houses of the people who want to be assisted are already good and the sepiteng is already there, so the budget plan that has been made and submitted is cancelled.

4.2. Discussion

The financial performance of the Depok City Government in this study is a processed data that can improve progress in achieving the implementation of the work / activities of the Depok City Government in the field of Government Revenue and Expenditure Budget in the period 2016-2017. In this study also uses the ratio of independence and the ratio of compatibility, the data used in this study were obtained from the Regional Finance Book issued by the City of Depok and given

Based on the calculation of the compatibility ratio according to the calculation formula of Mahsun, Firma and Heribertus (2011) that the regional financial expenditure of the city of Depok on direct expenditure in 2016 is declared not good, namely such as employee salaries, expenditure on goods and services, capital expenditure. According to the opinion of Mr Lala Alawi as the treasurer of the bojongsari village, such as employee salaries, usually in the city of Depok, for example, there are 50 civil servants, then it has been budgeted but there is still civil servant data that is not recorded, so it is "not good", Then for goods and services, there is a possibility of increasing the Qty on these goods and services, such as ac service which should be 3 times in 1 month but must be done 5 times in 1 month, then the occurrence is not good, then on capital expenditures such as shopping for HVS, ink, pens etc. which should be purchased for each item 4 pcs but still lacking, then in 1 month it can spend 5 to 6 pcs of each item. But in 2017 there was a change in which direct expenditure was declared "good" because at the time of budgeting it was adjusted to the needs and needs and could be said to be better than the previous year.

permission to process data from Bojongsari Village, Bojongsari District.

In table 1 above in the independence ratio according to Halim's calculation formula (2014: 267) that the Realisation of the Depok City Revenue Budget in 2016 experienced a decrease and in 2017 experienced an increase. In 2016 the Realisation of the Depok City Revenue Budget decreased by 922,297,784,280.15 or by 59% of total revenue. In 2017 the realisation of the Depok City

Revenue Budget increased by 1,210,748,605,561.14 or 74% of total revenue.

According to the description above, the Revenue Budget Realisation using the Independence Ratio for 2 years in Depok City has an average independence in the "medium" category.

Based on table 2 on the ratio of compatibility of indirect expenditure according to the calculation of Mahsun, Firma and Heribertus (2011: 81) that the average ratio of compatibility in indirect expenditure of Depok City experienced a very drastic decline in 2016 of 3,667,905,836,785.75 or 25.5% and in 2017 of 3,217,677,598,663.88 or 28.6% obtained from total expenditure which can be criticised as "not good".

Based on table 3 on the ratio of direct expenditure compatibility according to the calculations of Mahsun, Firma and Heribertus (2011) above that the average ratio of compatibility in direct expenditure of Depok City in 2016 was 3,667,905,836,785.75 or 49.5% and in 2017 it was 3,217,677,598,663.88 or 54.4% which was obtained from total expenditure that had been categorised in 2016 as "Not Good" and in 2017 as "Good".

According to the description and calculation above, most of the funds allocated are still highly prioritised to direct expenditure while indirect expenditure is still relatively small. This can be seen in the average ratio of direct expenditure which is still very large compared to the average ratio of indirect expenditure. The amount of indirect expenditure fund allocation.

5. CONCLUSIONS

Based on the discussion above, it can be concluded that the first financial performance of the Depok City Government can be seen from the independence ratio that is in the "Moderate" category, because it is still classified in the 50% - 75% criteria category during 2016 - 2017. With the respective ratios in 2016 of 922,297,784,280.15 or 59% and in 2017 of 1,210,748,605,561.14 or 74%. The second is seen from the ratio of compatibility in indirect expenditure of the depok city government in 2016-2017 is declared "Not Good" because it is still in the 0% - 50% criteria category during 2016-2017. With the respective ratios in 2016 amounting to 3,667,905,836,785.75 or 25.5% and in 2017 amounting to 3,217,677,598,663.88 or 28.6%. The third is the direct expenditure of the depok city government in 2016 in the "Not Good" category because it is in the 0% - 50% criteria, while in 2017 the direct expenditure of the depok city government is declared "good" because it is still in the 50% - 100% criteria. With a ratio of 3,667,905,836,785.75 or 49.5% in 2016 and 3,217,677,598,663.88 or 54.4% in 2017.

As for some suggestions that can be given by the author in connection with this research as follows is So that the Financial Performance of the Depok City Government which has not been in accordance between the realisation and the budget presented can improve again in the following years. And with the calculation of the Realisation of Revenues and Expenditures of the Depok City Government in this study with the Independence Ratio and the Coherence Ratio, it can help improve the financial performance of the Depok City Government.

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