

FINANCIAL ANALYSIS OF THE REGIONAL GOVERNMENT BUDGET IN THE BLITAR CITY

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Abstract – This study aims to measure the regional financial performance of Blitar City in 2017-2021 by using regional financial ratios. The existence of regional autonomy requires each region to manage its finances independently and also public sector organization required to pay attention the value for money. Financial management in 2011-2015, Blitar City had several problems such as, high ratio of dependence and indicate the dominance fund from central government, the poor degree of decentralization, while income growth stays positive. Through the ratio analysis, it is expected that this study can give some references to the Government. This research is descriptive quantitative with the data collection technique used are documentation method and literature study. This research is an analysis of the financial performance of Blitar city in 2017-2021 uses analysis ratio from its financial report. The result was determined as seen from the Financial Performance of the Blitar City Government in 2017-2021: (1) Very low Income Growth Ratio show not optimal policy improvement, (2) Degree of Decentralization in 2018-2020 shows categorized as less and there is improvement as sufficient in 2021, (3) High Regional Financial Dependence Ratio, (4) Consultative or high level Regional Financial Independence Ratio, (5) Very effectiveness PAD Effectiveness Ratio, (6) Very efficient PAD Efficiency Ratio, (7) Effective Budget Effectiveness Ratio, (8) Sufficient Budget Efficiency Ratio. Government expected to increase the target for revenue growth and PAD acquisition as a form of improving decentralization, reducing financial dependence and increasing regional independence.

Keywords: Financial Statement Analysis, Regional Financial Performance, Local Revenue, Public Budget Planning

I. INTRODUCTION

The performance of local government is one of the key factors of the success of an organization to ensure the satisfaction of public service and the reaching of pre-established organizational goals (Aswar, 2019). The financial performance can measure by analyzing the components of the financial statements issued by the regional government. In Government Regulation no. 8 of 2006 concerning Financial Reporting and Performance of Government Agencies, it is stated that financial information is contained in financial reports containing ceiling information and budget implementation as well as financial reports. In Government Regulation of the Republic Indonesia No. 12 of 2019 Concerning Regional Financial Management, regional financial reports include: Operational Reports (LO), Reports on Changes in Equity (LPE), Reports on Budget Realization (LRA), Reports on Changes in Excess Budget Balances (LPSAL), Cash Flow Reports (LAK), Balance Sheets, and Notes to Financial Reports (CALK). According to Mahmudi (2016:163), financial performance ratio analysis is an analysis by comparing the two figures from the budget realization report in the financial statements to assess the performance of financial reports from one period to the next. Financial ratio analysis has the objective of calculating the performance and capacity of a

region in its financial management. Sources of input and reviews from the results of the analysis of financial ratios can be used by regional governments as a reference for financial planning also used as a benchmark in developing local government performance in the following years.

According to Indriyani & Putra (2020) the performance of managers can improve to make the public believe that the organization will prioritize the interests and credibility of the company where the responsibilities and tasks assigned to managers will be carried out properly. Based on Ritonga et al. (2012) local governments are given the right to design their own policies to achieve goals that are congruent with the central government and national strategic plans. So that the implementation of local government programs and activities has an impact on the different financial conditions of each local government. Assessment of government financial performance is a method intended to assess the performance of managers in government to achieve a performance target through financial and non-financial measuring instruments, so that government financial performance evaluation is part of the public sector financial performance assessment (Mardiasmo 2018: 151).

In Lubis & Ningsi (2022) one of the instruments that can be used to assess regional financial performance is by analyzing the components of the regional revenue and expenditure budget (APBD). Thus, the local government must create a APBD structure with the capability of each region that is able to demonstrate conformity with the needs of the community. APBD describes the amount of revenue, costs and financing, as a standard measure for performance evaluation, a tool for development planning and decision making, a tool for measuring expenditure and a coordination tool for all activities in work units. Performance related to finance and budgeting is regional financial performance by making comparisons between posts in the APBD. Performance appraisal can use financial report analysis on the assessment of the main components of the APBD, namely regional income analysis, regional expenditure analysis, and regional financing analysis.

Analysis of these financial reports is very important because they can reflect the implementation of local government policies and the direction of regional development, improve government performance in the coming period, control, monitor and evaluate performance, support revealing and resolving existing problems (Mahmudi 2019:154).

The government as the organizer of the state can no longer close itself in the midst of increasingly rapid technological changes. Based on data from the Ombudsman of the Republic of Indonesia throughout 2021, the number of public reports that came in the most was the local government of 40.99% with complaints about protracted delays, not providing services and procedural irregularities. Society is increasingly aware and critical in observing the implementation of public services. Low compliance with public service standards results in low quality of service quality, sooner or later this will erode public trust in government apparatus. For this reason, it is necessary to improve public service standards and research collaboration related to increasing accountability for government performance in managing APBD.

Research to measure the financial performance of local governments using financial statement analysis has been carried out by Hasanah & Vidiyastutik (2018) on the City Government of Probolinggo in 2013-2017, and Susanto & Rahayu (2021) on Kab. North Bengkulu in 2012-2019 shows that the results of APBD revenue growth in several local governments have fluctuated positively, but are not optimal and there is a need for increased growth. Maskuna et al. (2017) on the City Government of Blitar in 2011-2015, Sari et al. (2021) to the South Tangerang City Government in 2010-2019, Putra (2022) in the Riau Provincial Government in 2014-2020, Siswanto & Maylani (2022) to the Sleman Regency Government in 2016-2020, Zuhri et al. (2022) for the City Government of Palembang in 2016-2020, and Hariani & Bauchy (2023) for Kab. Labuhan batu North Sumatra at the Riau Provincial in 2015-2020 show the results of regional government financial dependence ratio high and very high categories. The role of regional autonomy in the implementation of decentralization is still not optimal, this is

indicated by the portion of transfer revenue that still dominates the total regional revenue and also shows the results of the local government independence still low with instructive and consultative category.

Research on other financial performance analyzes was conducted by Pramono (2014) on the Surakarta City Government in 2010-2011, Farida & Nugraha (2019) on the Subang Regency Government in 2014-2017 and Amin (2015) for the Government of Bengkalis Regency for 2010-2014 show the effectiveness of local governments in obtaining effective and very effective results by achieving revenue realization exceeding 100% of the total targeted revenue and also the efficiency of regional original revenues has been carried out efficiently.

This research will take the object of Blitar City, a small town in East Java Province. From the results of the 2021 Government Agency Performance Accountability Evaluation System (SAKIP) and Bureaucratic Reform (RB) by KemenPAN-RB, Blitar City received a BB (Very Good) predicate for SAKIP and a B (Good) predicate for RB. The SAKIP assessment and evaluation emphasizes three main focuses, namely the effectiveness and efficiency of budget use, simplification of the bureaucracy, as well as service innovation and strengthening integrity during a pandemic. With this achievement, the Blitar City Government continues to strive to improve performance and services and has a good management system based on information technology.

Realization of regional revenue from data the Central Bureau of Statistics (BPS) for Blitar City has increased during 2018-2019, but decreased in 2020. The realization of the value of revenue amounted to 881 billion rupiah in 2020. Meanwhile, the realization of regional original income compared to 2019, in 2020 it rose by 5.12 percent. Receipts from the original regional income of Blitar City amounted to 175 billion rupiahs or around 19.8 percent of the total revenue of Blitar City, the majority of regional revenues came from central and provincial transfer funds up to 60 percent. From the results of measuring the realization of Blitar City expenditure according

to the function of the 2020 fiscal year, the largest expenditure was used to finance public services, education and health, followed by the economy and housing and public facilities. Other expenditures for the environment, social protection, tourism and culture and order and security are relatively small.

For this phenomenon, researchers will focus on measure the financial performance of the Blitar City local government to obtain information on how the Blitar City local government manages and uses existing resources like Local Genuine and regional Income and to find out whether the local government of Blitar City has sufficient financial capacity to carry out its duties and responsibilities.

II. METHODS

This study uses quantitative descriptive study where conclusion is drawn using financial ratio analysis tools for local government including: a) Income Growth ratio, b) Degree of Decentralization, c) Regional Financial Dependency Ratio, d) Regional Financial Independency Ratio, e) Local Genuine Income (PAD) Effectiveness Ratio, f) PAD Efficiency Ratio, g) Budget Effectiveness Ratio, h) Budget Efficiency Ratio. The subject of the study is the Local Government of Blitar City, East Java Province, while the object of the study is the Local Government Financial Report of the Blitar City Government in 2017-2021. So, that the data in this study uses a secondary data resource and are collected through documentation method and literature study.

Further details of each financial ratio are as follow: Analysis of income growth in Mahmudi (2019) is an analysis used to measure whether the performance of the local government budget has experienced positive or negative growth in the relevant fiscal year during several budget periods. An upward trend of income growth indicates good revenue growth. However, if income growth shows a downward trend, the cause must be sought, whether due to economic factors or due to poor

regional financial management. This growth ratio assesses the ability of local governments in subsequent years when maintaining and increasing success in obtaining budget growth.

$$\text{Growth Ratio (PAD)} = \frac{\text{PAD (n)} - \text{PAD (n-1)}}{\text{PAD (n-1)}} \times 100\%$$

Table 1. Income Growth Ratio Interval Rate

Income Growth (%)	Financial Capability
0 - 10	Very low
11 - 20	Low
21 - 30	Moderate
> 40	High

Source: *Research and Development of the Ministry of Home Affairs-FISIPOL UGM in Zulkarnain (2020).*

The degree of decentralization in Mahmudi (2019) is a financial ratio whose calculation is carried out by comparing the total regional original income to the total regional income. This ratio measures the capacity of local governments to increase local revenue to finance regional development. The higher the portion of regional own-source revenue, the higher the ability of local governments to implement decentralization and the more independent they are in managing their administration.

$$\text{Degree of Decentralization} = \frac{\text{(PAD)}}{\text{Total Regional Income}} \times 100\%$$

Table 2. Degree of Decentralization Interval Rate

Percentage	Financial Capability
00,00 - 10,00	Very Less
10,01 - 20,00	Less
20,01 - 30,00	Average
30,01 - 40,00	Medium
40,01 - 50,00	Good
> 50,01	Very Good

Source: *Research and Development of the Ministry of Home Affairs-FISIPOL UGM in Zulkarnain (2020).*

The regional financial dependency ratio in Mahmudi (2019) is a financial ratio which is calculated by comparing the amount of central income funds obtained with total regional income. The greater level dependence ratio of local government, the higher the ratio of regional financial dependence on the central government and/or provincial government and local revenue from these governments is still not dominating. Regional progress in the implementation of development in terms of infrastructure, facilities and infrastructure is a form of optimizing regional original income obtained from the ratio of transfer income to total regional income.

Regional Financial Dependency Ratio

$$= \frac{\text{Transfer Income}}{\text{Total Regional Income}} \times 100\%$$

Table 3. Regional Financial Dependency Interval Rate

Percentage	Regional Financial Dependence
00,00 - 10,00	Very Low
10,01 - 20,00	Low
20,01 - 30,00	Average
30,01 - 40,00	Medium
40,01 - 50,00	High
> 50,01	Very High

Source: *Research and Development of the Ministry of Home Affairs-FISIPOL UGM in Zulkarnain (2020)*

The ratio of regional financial independence according to Halim (2008) is a ratio that describes the analysis of regional dependence level on external financial assistance (central and provincial government transfers and loans). Community participation and participation in regional development is shown from the results of this ratio, the higher the ratio of independence, indicating that the higher the participation of the community in paying regional taxes and levies and will describe a high level of community welfare, and vice versa.

Regional Financial Independence Ratio

$$\frac{PAD}{External\ Funding\ Source} \times 100\%$$

Table 4. Regional Financial Independency Interval Rate

Ratio	Ability Regional Finance	Relationship Pattern
0-25	Very Low	Instructive
25-50	Low	Consultative
50-75	Moderate	Participatory
75-100	High	Delegative

Source: *Research and Development of the Ministry of Home Affairs-FISIPOL UGM in Zulkarnain (2020)*

The effectiveness ratio of local genuine income (PAD) in Amin (2015) is a ratio analysis that shows the capacity of local governments to obtain local-origin revenue compared to targets that have been planned based on the real potential of the region. This calculation is carried out by comparing the actual PAD revenue with the predetermined PAD revenue target. The higher the effectiveness ratio, the better the capacity of the region to obtain PAD that has been budgeted.

PAD Effectiveness Ratio =

$$\frac{Realized\ PAD}{Target\ PAD} \times 100\%$$

Table 5. PAD Effectiveness Ratio Interval Rate

Percentage	Effectiveness Criteria
>100%	Very Effective
100%	Effective
90% - 99%	Quite Effective
75% - 89%	Less Effective
<75%	Ineffective

Source: *Research and Development of the Ministry of Home Affairs-FISIPOL UGM in Zulkarnain (2020)*

In obtaining a measure of local government performance when obtaining PAD better,

according to Mahmudi (2019) using the PAD effectiveness ratio indicator alone is not enough. This is because even though the PAD effectiveness ratio is good, if it turns out that the costs required to obtain the target set are very large, then it means that the PAD collection is not efficient.

Thus, the PAD effectiveness ratio must be matched with the PAD efficiency ratio obtained by the local government. The reflection of the relationship between the amount needed to earn income and the achievement of the income earned is shown in the PAD efficiency ratio. The smaller the PAD efficiency ratio, this shows the better ability of local government or vice versa. Local government performance can be categorized as effective if the ratio obtained is less than 100% or less than one. If the PAD efficiency ratio is getting smaller, the financial performance of the regional government is getting bigger. So it is necessary to recalculate carefully how much the total costs incurred to obtain all PAD so that it looks efficient or not.

PAD Efficiency Ratio =

$$\frac{Realized\ Regional\ Expenditure}{Realized\ PAD\ Revenue} \times 100\%$$

Table 6. PAD Efficiency Ratio Interval Rate

Percentage	Efficiency Criteria
<60%	Very Efficient
60%-80%	Efficient
80% - 90%	Quite Efficient
90% - 100%	Less Efficient
>100%	Not Efficient

Source: *Research and Development of the Ministry of Home Affairs-FISIPOL UGM in Zuhri et al., (2022)*

Budget effectiveness in Dhiniharitsa (2019) in an organization is a condition that does not always increase, can experience a decrease at any time. An activity program has been achieved from a predetermined plan can be seen from the level of effectiveness of the budget. The spending effectiveness indicator

shows the result of the output, namely the achievement of the realization or implementation of a program. The greater the output produced, the more effective the work process of an organizational unit.

Budget Effectiveness Ratio =

$$\frac{\text{Realized Direct Budget}}{\text{Target Direct Budget}} \times 100\%$$

Table 7. Budget Effectiveness Ratio Interval Rate

Percentage	Effectiveness Criteria
> 100%	Very Effective
90% - 100%	Effective
80% - 90%	Quite Effective
60% - 80 %	Less Effective
0% - 60%	Ineffective

Source: Mahmudi (2019)

The budget efficiency ratio in Mahmudi (2019) is a comparison between the amount of direct expenditure realization and budget realization. The spending efficiency ratio is a ratio to determine the level of budget savings made by local governments. The smaller value of the spending efficiency ratio obtained, it shows the efficiency level of local government performance in allocating its spending. Budget efficiency in local government is indicated by the efficiency ratio obtained which is less than 100%, but if the results show higher, it indicates that there has been a waste of the budget. Measurement of the level of efficiency in Dhiniharitsa (2019) in an organization is shown in the ratio between the number of inputs and outputs used in the comparison between the realization of the direct budget and the realization of the budget.

Budget Efficiency Ratio =

$$\frac{\text{Realized Budget}}{\text{Estimated Budget}} \times 100\%$$

Table 8. Budget Efficiency Ratio Interval Rate

Percentage	Efficiency Criteria
> 100%	Not Efficient
90% - 100%	Less Efficient

80% - 90%	Quite Efficient
60% - 80 %	Efficient
0% - 60%	Very Efficient

Source: Mahmudi (2019)

III. RESULTS AND DISCUSSION

The results of an assessment of the financial performance of the Blitar City government based on an analysis of revenue growth from 2017-2019 and 2020 to 2021 showed a steady increase in growth even though it was in the very low category, but there was an exception in 2020 which experienced minus growth. This minus income growth is due to the COVID-19 pandemic so that many sources of regional income which include regional levies and regional taxes cannot be maximized because many community business sectors are closed and are not operating optimally. In 2021 revenue growth has increased significantly due to the improvement in conditions and the recovery of the economy after the COVID-19 pandemic. The business sector has revived and rise so the revenue from regional levies and regional taxes as the largest contributor to regional original income can be optimized (Inasito & Rosdiana, n.d., 2021).

Inflation rate and economic growth in Blitar City and national is an integral part of income growth. Based this analysis from 2017 to 2021 the inflation rate was relatively low and stable so that it could encourage economic growth in Blitar City and National. The exception occurred in 2020 where there was growth in APBD revenues and a minus growth economy due to the Covid-19 pandemic. APBD revenue growth is directly proportional to economic growth, but the results of the analysis above show that revenue growth is still lower than Blitar City's economic growth. The City of Blitar has not increased its revenue growth in terms of high economic growth in the City of Blitar, even exceeding the growth of the national economy.

In 2022 the City of Blitar has budgeted an allocation of revenue of Rp. 877,505,226,884 of this amount obtained revenue growth from

2021 to 2022 of -15.75%. From the results of the analysis above, it can be assessed that the Blitar City Government has not been able to maintain consistency and improve performance optimally and in the very low category from one period to the next.

Table 9. Income Growth Analysis*

Year	Realized Income	Income Growth	Category
2017	850.942	0,44%	Very Low
2018	894.409	5,11%	Very Low
2019	940.722	5,18%	Very Low
2020	880.876	-6,36%	Minus Growth
2021	1.041.505	18,24%	Low

Source: Budget Realization Report (LRA) Blitar City 2017-2021 (Processed Data) *Note: data is displayed in thousands of rupiah

Table 10. Cumulative Inflation Level

Indicator	Cumulative Inflation					
	2017	2018	2019	2020	2021	2022
Cumulative Inflation of Kediri City (BPS Sample for Blitar City)	3,44	1,97	1,83	1,93	1,64	5,76
National Cumulative Inflation	3,61	3,13	2,72	1,68	1,87	5,51

Source: BPS Blitar City 2017-2021 and Central Bank of Indonesia (BI) (Processed Data)

Table 11. Cumulative Inflation Level

Indicator	Year					
	2017	2018	2019	2020	2021	2022
Income Growth	0,44	5,11	5,18	-6,36	18,24	-15,75
Blitar City Economic Growth	5,78	5,83	5,84	-2,28	4,28	
National Economic Growth	5,19	5,18	4,97	-2,19	3,69	5,31

Source: BPS Blitar City 2017-2021 (processed Data)

The results of the degree of decentralization Blitar City for the five years period 2017-2021 have a percentage of less value in 2018-2020 and average value in 2017 and 2021. The contribution of local revenue for the City of Blitar in 2017 to 2021 is still in the average capability. The lower the degree of decentralization, the less independent the regional government is carrying out decentralization based on the contribution of its own regional income.

The degree of decentralization of Blitar City in 2022 is in the sufficient average category, from the results of the analysis of 23%. This shows that there has been no significant improvement in the degree of decentralization because it is still in the same range of figures as in previous years, namely between average and less categories. In this regard, policies are needed related to increasing existing regional original income and increasing potential sources of other regional original income, both from increasing community empowerment training programs and maximizing the role of existing regional owned enterprises (BUMD) so that the government can be more independent in managing its income (Triosaputra, 2019).

Table 12. Degree of Decentralization Analysis*

Year	PAD	Income Growth	%	Category
2017	194.764	850.942	22,89	Average
2018	163.026	894.409	18,23	Less
2019	166.140	940.722	17,66	Less
2020	174.590	880.876	19,82	Less
2021	297.618	1.041.50	28,58	Average

Source: LRA Blitar City 2017-2021 (Processed Data)

*Note: data is displayed in thousands of rupiah

The ratio of regional financial dependency analysis for the Blitar City Government for 2017-2021 is in the very high category. This illustrates that transfer income from the central and/or provincial governments is still very high in composition to the total regional revenue component of Blitar City. The regional income of Blitar City is highly dependent on transfer income compared to its own regional income.

The dependency ratio analysis in 2022 shows a very high category with a yield of 76.06%. The overall results of calculating the ratio of regional financial dependence on the government of Blitar City have a very high dependence on transfer funds from the central and/or provincial governments and the proportion of regional own-source revenues in regional income posts is still low.

Table 13. Dependency Ratio Analysis*

Year	Transfer Income	Total Regional Income	%	Category
2017	656.177	850.942	77,11	Very High
2018	714.475	894.409	79,88	Very High
2019	757.519	940.722	80,53	Very High
2020	688.978	880.876	78,22	Very High
2021	713.998	1.041.505	68,55	Very High

Source: LRA Blitar City 2017-2021 (Processed Data)

*Note: data is displayed in thousands of rupiah

The average regional financial independence ratio in the Regional Government of Blitar City during 2017-2021 fluctuated with successive percentages of 29.68%, 22.82%, 21.93%, 25.34% then jumped up in 2021 with a percentage of 41.68%. From the calculation above, it is obtained that the financial independence of the Blitar City Government has moved up and down between the Instructive (Very Low) and Consultative (Low) categories. Analysis in 2022 with a result of 30.24% in the Consultative or low category. This illustrates that the category of level of financial independence of the Blitar City Government is at the level of low or consultative and very low or instructive financial independence where the role of balancing funds or transfer funds from the central and provincial governments is still high and dominates the portion of the financial composition of the Blitar City Government APBD. For this reason, the City Government of Blitar is expected to be able to increase local revenue by exploring new potentials and maximizing existing potentials (Hanafi et al., 2021).

Table 14. Independency Ratio Analysis*

Year	PAD	External Funding	%	Category
2017	194.764	656.177	29,68	Consultative (Low)
2018	163.026	714.475	22,82	Instructive (Very Low)
2019	166.140	757.519	21,93	Instructive (Very Low)
2020	174.590	688.977	25,34	Consultative (Low)
2021	297.618	713.997	41,68	Consultative (Low)

Source: LRA Blitar City 2017-2021 (Processed Data)

*Note: data is displayed in thousands of rupiah

The effectiveness of regional financial management in Blitar City are quite good/effective in realizing regional original income exceeding the targeted nominal income compared to the regional original income target set with an average percentage value from 2017-2021 of 132.12%. However, there was a decrease in PAD effectiveness in 2019 to less than the target with a percentage of 93.72%, this was due to the realization of other legitimate PAD which did not reach the budgeted target. This shows that the Blitar City Government is able to maintain effectiveness in good budget planning and the acquisition of PAD which exceeds the amount planned is in the very effective category.

Table 15. PAD Effectiveness Ratio Analysis*

Year	Realized PAD	Target PAD	%	Category
2017	194.764	114.676	169,84	Very Effective
2018	163.026	155.482	104,85	Very Effective
2019	166.140	177.268	93,72	Quite Effective
2020	174.590	135.002	129,32	Very Effective
2021	297.618	182.713	162,89	Very Effective

Source: LRA Blitar City 2017-2021 (Processed Data)

*Note: data is displayed in thousands of rupiah

The efficiency of the Blitar City Government for 2017-2021 show very efficient results. In 2017 with a value of 19.68% in 2018 with a value of 25.91% then in 2019 with a value of 29.26% and in 2020 with a value of 23.47%. In 2021 there is an increase in the PAD efficiency value to 14.60%. The more efficient the financial performance is indicated by the smaller the efficiency ratio results obtained. The results of the Blitar City PAD efficiency ratio show that the performance efficiency of Blitar City regional financial management is good and very efficient.

Table 16. PAD Efficiency Ratio Analysis*

Year	Realized Regional Spend	Realized PAD	%	Category
2017	38.322	194.764	19,68	Very Efficient
2018	42.234	163.026	25,91	Very Effective
2019	48.619	166.140	29,26	Quite Effective
2020	40.976	174.590	23,47	Very Effective
2021	43.451	297.618	14,60	Very Effective

Source: LRA Blitar City 2017-2021 (Processed Data)

*Note: data is displayed in thousands of rupiah

Comparison of the results of calculating the effectiveness and efficiency ratios of this PAD illustrates the results that the Blitar City Government has a very effective capacity in realizing the targeted regional original income, but in an effort to obtain this income, costs are needed to achieve the target which is already below the ratio of 60% so that the efficiency of regional original income show very efficient. This illustrates the relationship between the amount obtained to realize regional original income and the achievement of the income obtained is very effective and very efficient.

The budget effectiveness of Blitar City spending is quite effective. The realization of direct expenditure compared to the target of the direct expenditure budget obtained quite effective results. The level of effectiveness in 2017 reached 112.59% indicate a very effective value, then in 2018 to 2020 it decreased to become quite effective with a

yield of 86.68% in 2018, a yield of 87.43% in 2019 and a yield of 89, 33% in 2020. In 2021 there will be an increase of budget effectiveness to effective category and in 2022 increased again to be very effective.

Blitar City Government has been quite good at utilizing funds as direct expenditure so that the implementation of Blitar City activity programs can be achieved. The effectiveness of the expenditure budget to be effective in achieving a program requires cooperation and coordination between agencies in the SKPD of the City of Blitar concerned. In addition, oversight is needed so that the preparation of the expenditure budget and the implementation of expenditures can be better, so that plans and targets for the program budget that will be spent and utilized can be realized carefully. This is shown by the calculations in 2022 with the results of improvements being very effective so that it shows that the Blitar City government is able to realize direct spending that has been budgeted into government programs and activities (Ramadhani et al., 2022).

Table 17. Budget Effectiveness Ratio Analysis*

Year	Realized Direct Budget	Target Direct Budget	%	Category
2017	609.276	541.142	112,59	Very Effective
2018	650.851	750.828	86,68	Quite Effective
2019	727.328	831.874	87,43	Quite Effective
2020	724.635	811.198	89,33	Quite Effective
2021	842.312	882.133	95,49	Effective

Source: LRA Blitar City 2017-2021 (Processed Data)

*Note: data is displayed in thousands of rupiah

The results of spending efficiency ratio in 2017 and 2019. In 2018, 2020 and 2021 the results of the spending efficiency ratio obtained are quite efficient. Analysis of the calculation of the efficiency of the 2022 budget shows a fairly efficient result of 86.56%. The more efficient the financial performance is indicated by the smaller the spending efficiency ratio (Handayani, n.d., 2018).

Budget expenditure efficiency ratio for Blitar City show that the efficiency of spending related to its financial performance is in the category of efficient and moderately efficient. Quite efficient results were obtained in 2018, 2020 and 2021 and in 2022 then in 2017 and 2019 showing efficient results. Although the results of the analysis of spending over the past five years show results with fluctuations in spending efficiency from efficient and quite efficient up to 2022, this shows quite good results with increased developments related to the use and savings of the expenditure budget that has occurred and requires more policy efforts to achieve efficiency and budget savings (Mandl et al., 2008).

Table 18. Budget Efficiency Ratio Analysis*

Year	Realized Direct Budget	Realized Budget	%	Category
2017	609.276	784.297	77,68	Efficient
2018	650.851	811.030	80,25	Quite Efficient
2019	727.328	974.719	74,62	Efficient
2020	724.635	868.055	83,48	Quite Efficient
2021	842.312	986.004	85,43	Quite Efficient

Source: LRA Blitar City 2017-2021 (Processed Data)

*Note: data is displayed in thousands of rupiah

Comparison of the results of calculating the ratio of effectiveness and efficiency of this budget illustrates the result that the City Government of Blitar has a fairly effective capacity in realizing the budget against the budget targets that have been planned. However, related to input efficiency, namely the expenditure budget, especially the direct expenditure budget, is carried out quite efficiently as well. Direct spending is regional spending that is directly related to the implementation of programs and activities (D. N. Sari et al., 2018). So this shows a fairly effective and fairly efficient relationship between the use of direct spending funds and the efficiency of implementing direct spending on total spending.

IV. CONCLUSION

From the discussion carried out, judging from Analysis of Financial Performance Realization Blitar City Government Revenue Budget for 2017-2021 as follows, the Analysis of Income growth is low categories and lower than the economic growth of Blitar City. The degree of decentralization is lacking in 2018-2020 and enough in 2017 and 2021 so it shows an improvement in decentralization management. The regional financial dependency ratio is in the very high category but shows the direction of improvement. The ratio of regional financial independence is at a consultative or low level where the role of central financing funds dominates regional financial component. The ratio of the effectiveness of PAD shows very effective results because it is able to realize revenue targets and the efficiency of PAD shows very efficient results. Budget effectiveness analysis with very effective results in 2017 and 2021, then in 2018-2020 decreased to be quite effective. Expenditure efficiency analysis with quite efficient results in 2018, 2020 and 2021 then in 2017 and 2019 showed efficient results. So it is quite effective and quite efficient in managing its expenditure budget.

The researcher submits several suggestions for developing financial performance as follows: The Government of Blitar City needs improvement in preparing revenue targets by taking into account economic growth so that revenue growth can boost the degree of decentralization, reduce dependency and increase regional independence. It is necessary to increase the acquisition of the amount of PAD by maximizing regional fees and regional taxes, boosting the performance of BUMD and optimizing PAD sources so as to increase regional independence, reduce financial dependence on balancing funds, and increase the degree of decentralization. Blitar City Government is expected to always evaluate and improve the quality and financial performance of the revenue budget and the regional budget, especially in managing regional original income and the budget and financial expenditures so the government is

able to realize better efficiency, effectiveness and savings in the regional budget.

Blitar City Government are expected to be able to improve and increase their financial performance, the researcher makes the following recommendations: The next researcher can analyze the financial ratios of the APBD with other, deeper ratios and make comparisons with the operational performance of the regional government and can carry out analysis with comparisons of the APBD financial reports from several regions. Research can be developed by analyzing the investment performance of the local government, analyzing the impact of regulatory changes on the APBD financial reports, as well as analyzing the factors that influence the effectiveness and efficiency of the regional government's financial performance. The Blitar City Government requires improvement in preparing revenue targets with due regard. The Blitar City Government can hold regional innovation competitions related to breakthroughs in improving government management and services.

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