


Analysis of the Financial Performance of the Regional Government of Pohuwato Regency

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Article Info	ABSTRACT
Keywords: Financial Performance, Local Government, Pohuwato Regency, Financial Ratio Analysis, Covid-19 Pandemic.	This study aims to analyze the financial performance of the Pohuwato Regency Regional Government during the 2018-2022 period, with a focus on the impact of the Covid-19 pandemic on regional financial management. The methods used include financial ratio analysis, which includes the ratio of independence, effectiveness, efficiency, and degree of fiscal decentralization. The results of the study show that during the pandemic, there was a significant shift in regional expenditure allocation, where operational expenditure increased while capital expenditure decreased. The regional financial independence ratio shows a high dependence on transfers from the central government, while Regional Original Revenue (PAD) has stagnated. This study also found that budget management through the Regional Revenue and Expenditure Budget (APBD) needs to be improved to ensure a more optimal allocation of funds in supporting development programs. This finding is expected to provide recommendations for local governments in formulating policies that are more effective and responsive to the needs of the community and increase regional competitiveness. Thus, this financial performance analysis is important in order to achieve sustainable development goals in Pohuwato Regency.
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INTRODUCTION

The economic system in Indonesia is quite complex with many policies that have been issued by the government. Appropriate fiscal policies can help countries overcome economic challenges and achieve their long-term development goals. One of the regulations that regulates financial management is Law Number 17 of 2003 concerning state finance. The issuance of the law is an important step in the reform of the financial system in Indonesia. With this policy, the state is expected to be able to design and implement strategies to overcome economic challenges. Basically, financial management is an important aspect that needs to be understood more deeply to ensure stability and sustainable economic growth.

Law Number 17 of 2003 is an important regulation that is the legal basis for state financial management in Indonesia. The management includes all planning, mastering, using, supervising, and accountability activities. In this law, State Finance is defined as all the rights and obligations of the state that can be valued in money, as well as everything both in the form of money and in the form of goods that can be made into state property in connection with the implementation of these rights and obligations.

This Law stipulates general provisions, power over the management of state finances, the preparation and determination of the State Revenue and Expenditure Budget (APBN) and the Regional Revenue and Expenditure Budget (APBD). This law also regulates financial relations between the central government, local governments, and foreign governments/institutions. The implementation of the State Budget and Regional Budget, accountability, as well as criminal provisions and administrative sanctions, are also regulated in this Law.

In line with Law Number 17 of 2003 which is the principle for the Government in regulating state finances. The government also issued Government Regulation (PP) Number 12 of 2019. Where this regulation specifically discusses regional financial management, a provision that has previously been regulated in Government Regulation number 58 of 2005.

Government Regulation (PP) Number 12 of 2019 regulates various important aspects in the scope of regional finance, including all sources of revenue, expenditure, and financing used to support operations and development at the regional level, as well as regional wealth managed by itself or other parties, as well as the wealth of other parties controlled by local governments. In budget management, Government Regulation Number 12 of 2019 regulates the submission and issuance of documents for various financial expenditure letters by delegating part of the authority of the budget manager (PA) to the Budget Expenditure Authority (KPA).

Government Regulation No. 12 of 2019 also regulates the provision of regional financial information to the public which is necessary for transparency and accountability in budget financial management. With the formation of these two regulations, the existing financial system in Indonesia can complement each other, where Law No. 17 of 2003 provides a framework for overall state financial management, while Government Regulation No. 12 of 2019 further organizes financial management at the regional level.

Regional financial management is described in the Regional Revenue and Expenditure Budget (APBD). The APBD is an annual financial planning document that reflects the priorities and policies of local governments in allocating resources. The APBD includes estimates of regional revenues from various sources, such as regional taxes, regional levies, and balance funds from the central government, as well as details of expenditures for various programs and activities. The APBD is stipulated in the

Regional Regulation (Perda). The process of determining the APBD involves various stages, ranging from drafting, discussion, to ratification by the DPRD and regional heads.

In the APBD structure, regional revenue consists of Regional Original Revenue (PAD), transfer funds from the central government, such as the General Allocation Fund (DAU) and the Special Allocation Fund (DAK). This revenue is used to finance various types of regional spending, which include operational spending, capital spending, and unexpected spending, all of which aim to support the implementation of government, development, and services to the community. Meanwhile, regional spending in the APBD is allocated to various sectors, such as education, health, infrastructure, and other sectors that are considered important to improve the quality of life of the community and encourage regional economic growth.

Regional financial management through the APBD and Regional Regulation, plays an important role in realizing good governance and quality public services for the community. One of the regional regulations (Perda) issued by the Pohuwato Regency Government in 2022 is Regional Regulation Number 5 of 2022 concerning Changes to the Regional Revenue and Expenditure Budget for the 2022 Fiscal Year. This Regional Regulation aims to change several details in the 2022 Fiscal Year APBD, which is adjusted to the development of needs in the implementation of local government activity programs. As is known in recent years, the whole world has experienced several economic problems that have arisen due to the *Covid-19* pandemic. Pohuwato Regional Regulation No. 5 of 2022 was indirectly issued to overcome these problems. This Regional Regulation is also expected to help the local government of Pohuwato Regency optimize its regional financial management after the *Covid-19 pandemic towards the new normal*.

As referred to in the Pohuwato Regency Regulation No. 5 of 2022, Pohuwato Regency faces unique challenges during the pandemic. One of these challenges is regional financial management. When calculated using the compatibility ratio, we can see how Pohuwato Regency allocates its funds between routine expenditure and capital expenditure. In an ideal situation, it should not come to a distant comparison. However, during the pandemic, there was an overshift towards operational spending due to urgent needs at unexpected costs.

This is evidenced by the capital expenditure ratio of Pohuwato Regency in 2021 which touched 25% and even in 2022 it dropped to 23%. This percentage is quite extreme for an area. Meanwhile, in terms of revenue receipts, Pohuwato Regency has actually increased, but in this income, its revenue is more supported by the amount of transfer income received than the PAD generated by Pohuwato Regency itself.

In the previous study conducted by (Nugraeni et al., 2022) It is known that there are only two Regional Governments that have more capital expenditure, while for the other 94% of Regional

Governments, there is more expenditure on operating expenditure during the pandemic handling period *Covid-19*. The Regional Government is more dominant in incurring large costs, and is included in operating costs. This additional operating cost is to meet the needs of public services, especially health. Among others, for the cost of vaccines for the community, the cost of living for residents, as well as for the cost of handling in hospitals and other social assistance.

In the context of the compatibility ratio, Regional Governments tend to prioritize the allocation of funds to routine or operational expenditures rather than capital expenditures. Routine spending usually includes operational costs such as employee salaries, facility maintenance, and more. Meanwhile, development spending is usually aimed at infrastructure projects and other development initiatives aimed at improving the quality of life of the community.

The compatibility ratio can provide an idea of the extent to which local governments are able to balance between routine spending and development spending. The higher the percentage of funds allocated for routine spending, the smaller the development expenditure used to provide the community's economic infrastructure. Thus, the compatibility ratio can be a useful tool to evaluate and improve the financial management of the Regional Government.

To overcome these challenges, local governments need to improve their financial performance in order to optimally allocate their funds to support regional development programs. Regional financial performance is a crucial aspect in evaluating and measuring the success of a local government in carrying out regional autonomy. One of the financial performance measurements can be used to help improve the performance of local governments.

The measurement of financial performance is expected to be a consideration in the evaluation by comparing the scheme and its implementation in previous years. As a very important element in assessing the accountability of local governments to the process of regional autonomy. The assessment is not only the ability to show that the public money has been spent, but also includes the ability to show that the public money has been spent effectively and efficiently, so that the use of the funds is not only to meet the needs of the moment but at the same time it is able to become an investment for the government in carrying out other programs in the future.

Before the era of regional autonomy, almost all provincial, district and city governments throughout Indonesia obtained sources of revenue from the Central Government's revenue sharing. This will obviously reduce the nature of local government independence. Autonomy itself means giving authority from the central government to local governments. Therefore, local governments are required to maximize Regional Original Revenue (PAD).

In regional autonomy, regional financial performance analysis is an important instrument in ensuring optimal fund allocation and the achievement of sustainable development goals. Research and

Development Agency of the Ministry of Home Affairs of the Republic of Indonesia in collaboration with FISIPOL UGM (in Susanto, 2014), they stated that to determine the regional economic pattern, the main variables such as: regional financial capacity (level of regional financial independence, level of dependence of local governments on the central government and level of regional fiscal decentralization), local government apparatus, community participation, economy, demographics, community organizations and supporters, consisting of several aspects measured using financial ratios.

The use of ratio analysis is focused on the Regional Revenue and Expenditure Budget (APBD), namely by comparing the results achieved from one period compared to the previous period, so that it can be known how the trend occurs. In addition, measurements can also be made by comparing the financial ratios owned by a certain local government with other regions that have relatively similar regional potential to find out how the financial ratio of the local government to other local governments (Susanto, 2019).

This research is inseparable from the reflection of several previous studies that measured the performance of local governments using several financial ratio analyses. The use of regional financial ratio analysis that is often encountered in this type of research generally includes efficiency ratios, effectiveness ratios, and fiscal decentralization degree ratios. This ratio is very familiar to be used in this type of research. However, it is interesting to see that the researchers were able to develop several variations of the assessment method, ranging from the many existing problems, the research objects used differently, to several scopes of financial ratio aspects that have not been used.

Based on the above explanation about the analysis of local government financial ratios, the author is interested in taking this type of research using the title "Analysis of the Financial Performance of the Regional Government of Pohuwato Regency". The title of this study was taken because of the unique and representative financial dynamics. This reflects the challenges in regional financial management during the 2018-2022 period, especially during *the Covid-19* pandemic which has fluctuated quite severely. The results of this study can be the basis for making more targeted policies, so that local governments can respond to the needs of the community more effectively and strengthen regional competitiveness at the regional and national levels.

METHOD

This study uses a descriptive analysis method. Descriptive analysis is a technique used to collect, process, analyze, and present quantitative data in a descriptive manner. In general, this type of method uses two research approaches where this method describes a situation or phenomenon qualitatively from data collection in the form of quantitative numbers. Based on this explanation, the

method applied in this study uses calculations by reviewing the financial data of the local government of Pohuwato Regency and then processing it using financial ratios so that the results of this research report will later contain a detailed and systematically organized data description.

Type of Research

The type of data in this study is more dominant in using secondary data. Considering the modern era with many advanced technologies like we feel today, document analysis can be easily done by obtaining information online from many sources that can be accessed on the internet. The information in question is in the form of data on the Regional Financial Statements of Pohuwato Regency and is supported by other data that is studied from several literatures such as reviewing documents both in person and online. These documents can be in the form of books, articles, and journals as well as Budget Realization Reports (LRA) regarding the analysis of regional financial performance.

Data collection techniques can be carried out in various settings, various sources, and various ways. In this study, when viewed from the data source, data collection uses primary and secondary sources. Primary sources are data sources that directly provide data to researchers, while secondary sources are sources that do not directly provide data to researchers. As for the data collection technique in this study, referring to the type of secondary data, the researcher will focus on library *research*. The research was carried out by studying relevant literature related to the object of research in the form of *hardcopy* and *softcopy documents* owned by the local government of Pohuwato Regency to support this research. The document is in the form of the Regional Expenditure Revenue Budget and the Budget Realization Report.

RESULTS AND DISCUSSION

Pohuwato Regency is one of the regencies in Gorontalo Province. Pohuwato Regency was formed as a result of the expansion of Boalemo Regency, in Gorontalo Province, Indonesia. This regency was formed based on Law Number 6 of 2003 dated February 25, 2003 signed by President Megawati Soekarnoputri. This area is unique because it bloomed from the parent area, namely Boalemo Regency which at that time was only 3.5 years old.

Pohuwato used to be named by the Dutch "paguat" because they had difficulty pronouncing pohuwato. Now Paguat is divided into various sub-districts, this district consists of 13 sub-districts with 9 new sub-district expansions. The sub-district consists of 13 areas, namely Popayato Sub-district (62.97 km²), West Popayato Sub-district (702.93 km²), East Popayato Sub-district (401.95 km²), Lemito Sub-district (459.81 km²), Wanggarasi Sub-district (554.33 km²), Marisa Sub-district (28.29 km²), Patilanggio Sub-district (232.41 km²), Buntulia Sub-district (433.99 km²), Duhiadaa Sub-district

(36.87 km²), Randangan Sub-district (181.53 km²), Taluditi Sub-district (830.82 km²), Paguat Sub-district (68.75 km²) and Dengilo District (364.86 km²).

Pohuwato Regency is the largest district in Gorontalo Province with an area five times larger than the capital city of Gorontalo itself. Pohuwato Regency is located between 0.27° – 0.01° North Latitude and 121.23° – 122.44° East Longitude. The southernmost tip is Tanjung Panjang at 0.41° South Latitude and 121.804° E. The northernmost is Mount Tentolomatinan at 0.938° N and 121.776° E. The westernmost boundary is at Mount Sentayu at 0.682° N and 121.173°E and the easternmost is in Tabulo village at 0.506° N and 122.152°E.

Pohuwato Regency has territorial boundaries, namely to the north it is bordered by Buol Regency (Central Sulawesi Province) and Sumalata District (North Pohuwato Regency), to the south it is bordered by Tomini Bay, to the west it is bordered by Parigi Moutong Regency and Buol Regency (Central Sulawesi Province), to the east it is bordered by Mananggu District (Boalemo Regency).

In mid-2023, it is known that the population of Pohuwato is 157,660 people with an area of 4,244.31 KM² (Source: BPS Pohuwato Regency). This condition makes Pohuwato district have quite high potential in the agricultural and plantation sectors compared to several other areas in Gorontalo.

The southern region which borders Tomini Bay, which is the largest bay in Indonesia, makes this regency have potential marine resources. At the western end of Pohuwato Regency is directly adjacent to Central Sulawesi Province, positioning Pohuwato Regency as a connecting door between Gorontalo Province and Central Sulawesi. This position causes Pohuwato Regency to be the main link between Central Sulawesi and Gorontalo land routes.

Research Results

In this study, to conduct an analysis of Regional Financial Performance in the Regional Government of Pohuwato Regency, the researcher used a ratio analysis. There are 5 (five) ratios used by researchers in analyzing the Regional Financial Performance of Pohuwato Regency, including: Regional Financial Independence Ratio, Fiscal Decentralization Degree Ratio, PAD Effectiveness Ratio, Regional Financial Efficiency Ratio, and Regional Revenue Growth Ratio.

The data used in conducting the analysis of this study is data from the Pohuwato Regency Revenue and Expenditure Budget Realization Report (LRAPBD). This LRAPBD was obtained from the Regional Finance Agency (BKD) of Pohuwato Regency. The results of the financial analysis are as follows:

Regional Financial Independence Ratio

This ratio measures how much financial independence the Regional Government has by comparing the amount of transfer income from both the central and regional governments as well as

regional loans. Based on this explanation, the following are the results of the analysis of the Regional Financial Independence Ratio:

$$\text{Independence Ratio} = \frac{\text{Locally – Generated Revenue}}{\text{Transfer Income}} \times 100\%$$

$$2018 = \frac{52.151.698.921}{828.345.870.871} \times 100\% = 6,29\%$$

$$2019 = \frac{62.337.943.760}{880.890.770.953} \times 100\% = 7,07\%$$

$$2020 = \frac{50.953.585.078}{873.954.766.371} \times 100\% = 5,83\%$$

$$2021 = \frac{71.987.067.694}{804.350.112.053} \times 100\% = 8,94\%$$

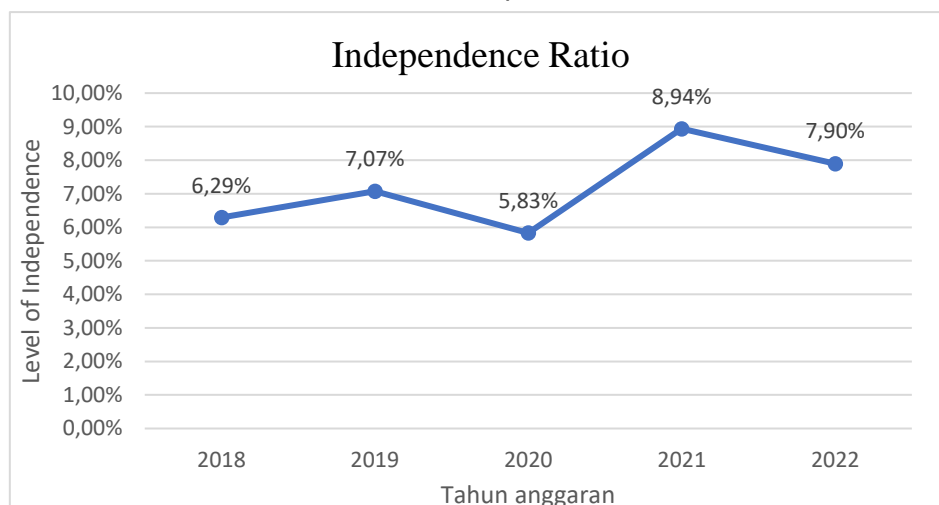
$$2022 = \frac{65.049.926.012}{823.124.340.181} \times 100\% = 7,90\%$$

Based on the results of the analysis above, the following is a comprehensive table along with a chart of the Regional Financial Independence Ratio:

Table 1 Regional Financial Independence Ratio

Year	PAD Realization	Realization Transfer Revenue	Percentage	Ket
2018	52.151.698.921	828.345.870.871	6,29 %	Very Less
2019	62.337.943.760	880.890.770.953	7,07 %	Very Less
2020	50.953.585.078	873.954.766.371	5,83 %	Very Less
2021	71.987.067.694	804.350.112.053	8,94 %	Very Less
2022	65.049.926.012	823.124.340.181	7,90 %	Very Less

Source: Data processed (2024)



Picture 1 Regional Financial Independence Level

Fiscal Decentralization Degree Ratio

The ratio of degrees of fiscal decentralization measures how much the ratio between the amount of Regional Original Revenue (PAD) and the total Regional Revenue is. Based on this explanation, the following are the results of the analysis of the Regional Decentralization Ratio:

$$\text{Decentralization Ratio} = \frac{\text{Locally - Generated Revenue}}{\text{Total Regional Income}} \times 100\%$$

$$2018 = \frac{52.151.698.921}{904.691.929.792} \times 100\% = 5,76\%$$

$$2019 = \frac{62.337.943.760}{970.534.277.246} \times 100\% = 6,42\%$$

$$2020 = \frac{50.953.585.078}{955.946.119.926} \times 100\% = 5,33\%$$

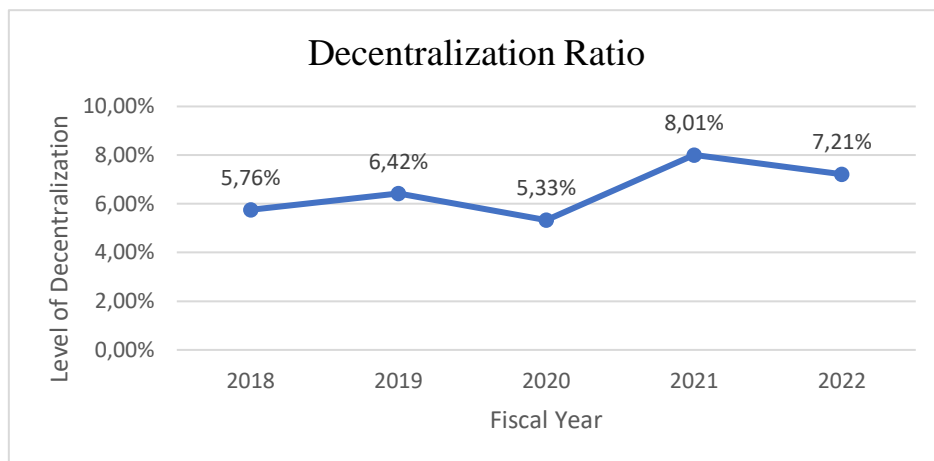
$$2021 = \frac{71.987.067.694}{898.490.260.677} \times 100\% = 8,01\%$$

$$2022 = \frac{65.049.926.012}{902.175.682.605} \times 100\% = 7,21\%$$

Table 2 Fiscal Decentralization Degree Ratio

Year	PAD	Total PAD	Percentage	Ket
2018	52.151.698.921	904.691.929.792	5,76%	Very Low
2019	62.337.943.760	970.534.277.246	6,42%	Very Low
2020	50.953.385.078	955.946.119.926	5,33%	Very Low
2021	71.987.067.694	898.490.260.677	8,01%	Very Low
2022	65.049.926.012	902.175.682.605	7,21%	Very Low

Source: Data processed (2024)



Picture 2 Degree of Fiscal Decentralization

Effectiveness ratio

The effectiveness ratio measures how effective the local government's financial management is formulated using a comparison between the realization of PAD revenue and the set target. Based on this explanation, the following are the results of the analysis of the PAD Acceptance Effectiveness Ratio:

$$\text{Effectiveness Ratio} = \frac{\text{Realization of PAD Revenue}}{\text{PAD Revenue Target}} \times 100\%$$

$$2018 = \frac{52.151.698.921}{60.636.332.336} \times 100\% = 86,00\%$$

$$2019 = \frac{62.337.943.760}{66.564.152.234} \times 100\% = 93,65\%$$

$$2020 = \frac{50.953.585.078}{74.201.375.007} \times 100\% = 68,66\%$$

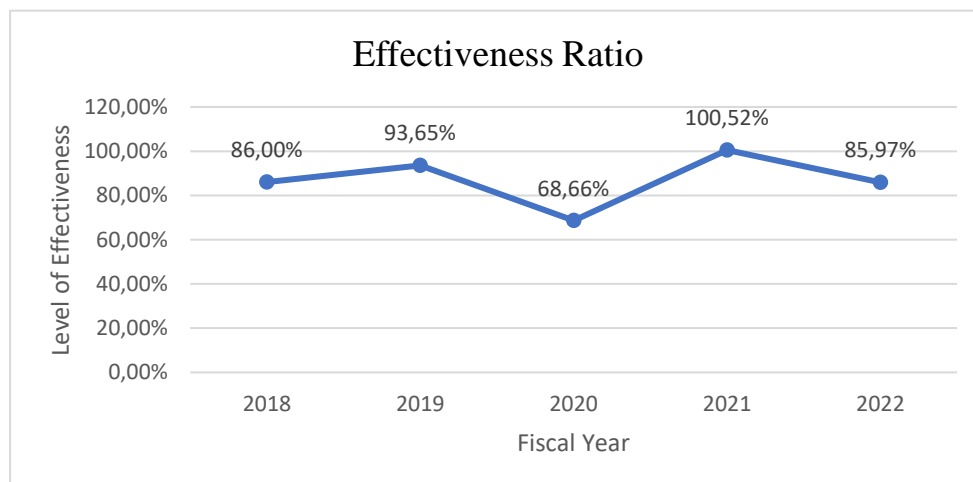
$$2021 = \frac{71.987.067.694}{71.610.138.306} \times 100\% = 100,52\%$$

$$2022 = \frac{65.049.926.012}{75.662.553.685} \times 100\% = 85,97\%$$

Table 3 PAD Effectiveness Ratio

Year	PAD Realization	Target PAD	Percentage	Ket
2018	52.151.698.921	60.636.332.336	86,00%	Less Effective
2019	62.337.943.760	66.564.152.234	93,65%	Quite Effective
2020	50.953.585.078	74.201.375.007	68,66%	Ineffective
2021	71.987.067.694	71.610.138.306	100,52%	Highly Effective
2022	65.049.926.012	75.662.553.685	85,97%	Less Effective

Source: Data processed (2024)



Picture 3 PAD Effectiveness Level

Efficiency Ratio

The calculation of the efficiency of local government financial management is formulated using a comparison between the realization of expenditure and the realization of regional revenue. The following are the results of the analysis of the Regional Expenditure Efficiency Ratio:

$$\text{Efficiency Ratio} = \frac{\text{Shopping Realization}}{\text{Income Realization}} \times 100\%$$

$$2018 = \frac{758.514.064.354}{904.691.929.792} \times 100\% = 83,84\%$$

$$2019 = \frac{827.465.026.349}{970.534.277.246} \times 100\% = 85,25\%$$

$$2020 = \frac{812.324.184.587}{955.946.119.926} \times 100\% = 84,97\%$$

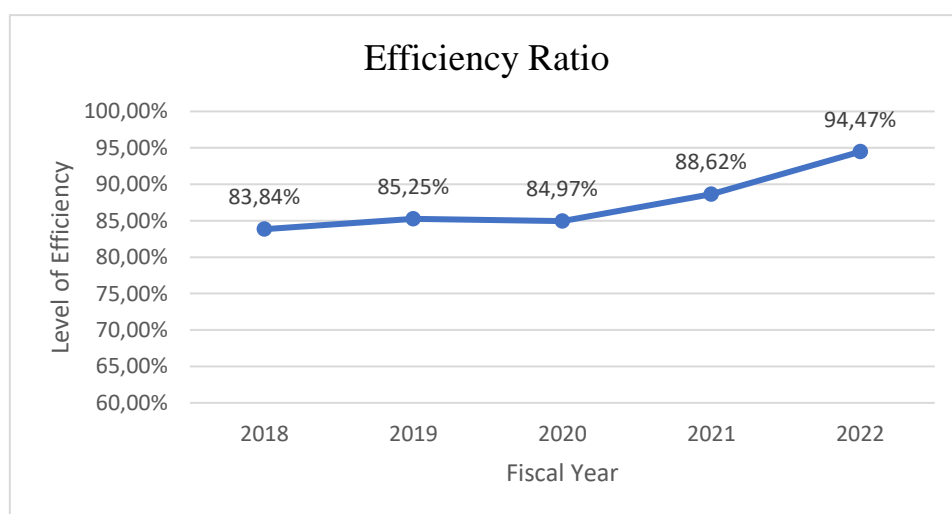
$$2021 = \frac{796.311.863.390}{898.490.260.677} \times 100\% = 88,62\%$$

$$2022 = \frac{852.373.208.844}{902.175.682.605} \times 100\% = 94,47\%$$

Table 4 Spending Efficiency Ratio

Year	Spending Realization	Revenue Realization	Percentage	Ket
2018	758.514.064.354	904.691.929.792	83,84 %	Quite efficient
2019	827.465.026.349	970.534.277.246	85,25%	Quite efficient
2020	812.324.184.587	955.946.119.926	84,97%	Quite efficient
2021	796.311.863.390	898.490.260.677	88,62%	Quite efficient
2022	852.373.208.844	902.175.682.605	94,47%	Less efficient

Source: Data processed (2024)



Picture 4 Spending Efficiency Level

Revenue Growth Ratio

This ratio measures the development of regional financial growth per year formulated using a comparison of this year's income minus the previous year. Based on this explanation, the following are the results of the analysis of Regional Original Revenue Growth:

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

$$2018 = \frac{(17.235.898.203)}{69.387.597.124} \times 100\% = (24,84\%)$$

$$2019 = \frac{52.151.698.921}{10.186.244.839} \times 100\% = 19,53 \%$$

$$2020 = \frac{(11.384.358.682)}{62.337.943.760} \times 100\% = (18,26\%)$$

$$2021 = \frac{21.033.682.616}{50.953.385.078} \times 100\% = 41,28\%$$

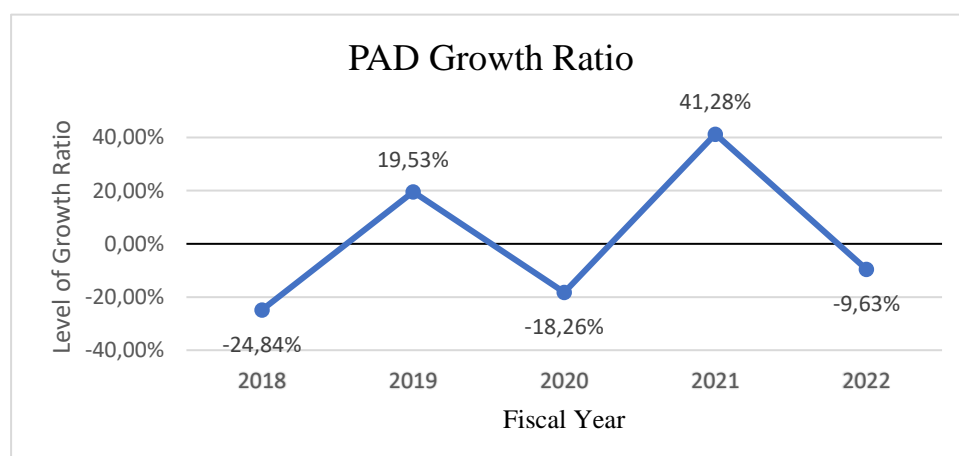
$$2022 = \frac{(6.937.141.682)}{71.987.067.694} \times 100\% = (9,63\%)$$

Based on the results of the analysis above, the following is a comprehensive table along with a chart of the Regional Original Income Growth Ratio:

Table 5 PAD Growth Ratio

Year	PAD year p	PAD ($TH P - TH P-1$)	PAD year $p-1$	Percentage	Ket
2018	52.151.698.921	(17.235.898.203)	69.387.597.124	(24,84%)	Very low
2019	62.337.943.760	10.186.244.839	52.151.698.921	19,53 %	Low
2020	50.953.385.078	(11.384.358.682)	62.337.943.760	(18,26%)	Very low
2021	71.987.067.694	21.033.682.616	50.953.385.078	41,28%	Very high
2022	65.049.926.012	(6.937.141.682)	71.987.067.694	(9,63%)	Very low

Source: Data processed (2024)



Picture 5 Regional Growth Rate

Discussion

Independence ratio

Based on the data above, we can analyze the level of regional financial independence of Pohuwato Regency during the 2018-2022 period. The level of regional financial independence is measured through the ratio between Regional Original Revenue (PAD) to Transfer Income. This ratio describes the extent to which local governments are able to finance operational and development activities from original revenues without relying on transfer funds from the central government.

Based on previous research conducted by (Soraida, 2022) The criteria for assessing the level of regional financial independence are classified as follows:

Table 6 Criteria for Assessing the Level of Regional Financial Independence

Percentage of independence	Regional Financial Independence
Below 10%	Very Less
10% – 20%	Less
20% – 30%	Keep
30% - 40%	Enough
40% – 50%	Good
Above 50%	Excellent

In this study, the condition of Pohuwato Regency during the last five years, namely from 2018 to 2022, has a percentage of regional financial independence that is only below 10%. With an average score of 7.21%. The smallest percentage was in 2020 which was 5.83% while the largest percentage in 2021 was 8.94%. In this case, if you look at the criteria for the level of financial independence in the Pohuwato Regency region, it is in the Very Lacking category.

In 2018, the PAD of Pohuwato Regency reached Rp52,151,698,921, while the transfer income was Rp828,345,870,871 This resulted in a percentage of financial independence of 6.29%, which is categorized as very low. This figure shows that most of the regional financing needs still depend on transfer funds.

The following year, 2019, showed an increase in PAD to IDR 62,337,943,760 with transfer income of IDR 880,890,770,953. The percentage of financial independence increased to 7.07%. Although still in the very low category, there was an increase from the previous year, reflecting efforts to increase PAD through sustainable government programs.

In 2020, there was a decrease in PAD to Rp50,953,385,078 while transfer income reached Rp873,954,766,371. The percentage of regional financial independence decreased to 5.83%, which again reflects the high dependence on transfer funds. This decline is of course caused by an unexpected

variable, namely the COVID-19 pandemic that hit almost the entire world, resulting in an unstable economic situation.

In 2021, it showed a significant increase with PAD reaching IDR 71,987,067,694 with transfer income of IDR 804,350,112,053. The percentage of regional financial independence increased to 8.94%, which is still in the very low category but shows substantial progress compared to previous years.

In 2022, PAD was recorded at IDR 65,049,926,012 with transfer income of IDR 823,124,340,181. The percentage of financial independence showed 7.90%, a slight decrease compared to 2021 but still higher than in previous years.

Based on the description above, it can be interpreted that the average level of regional financial independence of Pohuwato Regency during the 2018-2022 period is 7.21%. This figure shows that overall, the level of regional financial independence is still very low. However, there is a significant upward trend in 2021 and 2022, which indicates that there are improvement efforts in increasing PAD.

The low level of regional financial independence has several important implications. First, the high dependence on transfer funds from the central government means that local governments have limitations in allocating budgets flexibly according to local needs. Second, low financial independence can limit the capacity of regions to implement development programs that have a direct impact on community welfare.

To increase the level of financial independence, local governments need to focus on efforts to increase PAD through more effective management of local resources, improving the efficiency of regional taxes and levies, and developing potential economic sectors that can contribute more to PAD.

Decentralized Ratio

Based on the data presented, we can analyze the level of fiscal decentralization of the Pohuwato Regency region during the 2018-2022 period. The level of regional fiscal decentralization is measured through the ratio between Regional Original Revenue (PAD) to Total Regional Revenue. This ratio describes the extent to which local governments are able to distribute PAD and contribute more to the total regional revenue compared to the transfer funds received from the central government.

Based on previous research conducted by (Harahap, 2020), (Marliani, 2022) The criteria for assessing the level of fiscal decentralization are classified as follows:

Table 7 Criteria for Assessing the Degree of Fiscal Decentralization

Financial Performance Percentage	Criterion
Below 10%	Very Low
10% – 20%	Low
20% – 40%	Enough

40% – 50%	Tall
Above 50%	Very High

In this study, the condition of Pohuwato Regency for a period of five years, namely from 2018 to 2022, has a Very Low percentage of regional fiscal decentralization. This is the same as what happened at the level of regional financial independence, which is stagnant below the range of 10%. With an average score of 7.21%. The smallest percentage was in 2020 which was 5.83% while the largest percentage in 2021 was 8.94%. The data, if viewed from the criteria for the level of fiscal decentralization, Pohuwato Regency is included in the Very Low category.

In 2018, the PAD of Pohuwato Regency reached Rp52,151,698,921, while the total regional revenue was Rp904,691,929,792. This resulted in a fiscal decentralization ratio of 5.76%, which is categorized as very low. This figure shows that the contribution of PAD to total regional revenue is still very limited, so that most of the sustainability of regional financing depends on transfer funds is still high.

In 2019, it showed an increase in PAD to IDR 62,337,943,760 with a total regional revenue of IDR 970,534,277,246 so that the fiscal decentralization ratio increased to 6.42%. Although it is still in the very low category, there has been an increase from the previous year, showing a good trend although the results have not been significant, this reflects efforts to increase PAD through sustainable government programs.

In 2020, there was a decrease in PAD to IDR 50,953,385,078 while total regional revenue reached IDR 955,946,119,926. The fiscal decentralization ratio decreased drastically to 5.33%, which again reflects the high dependence on transfer funds. This decline is caused by several factors and also unexpected variables, namely the COVID-19 pandemic that hit almost the entire world, resulting in the entire economic situation becoming less stable.

The year 2021 showed a significant increase with PAD reaching IDR 71,987,067,694 from the total regional revenue of IDR 898,490,260,677. The percentage of fiscal decentralization increased to 8.01%, but it cannot be said to be good because it is still in the very low category, but this increase shows substantial progress compared to previous years.

In 2022, PAD was recorded at IDR 65,049,926,012 with total regional revenue of IDR 902,175,682,605. The percentage of fiscal decentralization ratio was 7.21%, a slight decrease compared to 2021 but still higher than other years.

Effectiveness Ratio

Based on the data presented, we can analyze the level of effectiveness of Pohuwato Regency's

Regional Original Revenue (PAD) revenue during the 2018-2022 period. The level of effectiveness of Regional Original Revenue revenue is measured through the ratio between the Realization of Regional Original Revenue to the Regional Original Revenue Target. This ratio describes the extent to which local governments are able to achieve the targeted Regional Original Revenue within a certain period of time during a period.

Based on previous research conducted by (Harahap, 2020), (Marliani, 2022), (Deswira, 2022), (Sari & Baku, 2022), the criteria for assessing the level of effectiveness of regional revenue receipts are classified as follows:

Tabel 8 Financial Performance Pertage

Financial Performance Percentage	Criterion
Above 100%	Highly Effective
100%	Effective
90% - 99%	Quite Effective
75% - 89%	Less Effective
Below 75%	Ineffective

In this study, the condition of Pohuwato Regency for a period of five years, namely from 2018 to 2022, shows that the ratio of PAD revenue effectiveness in Pohuwato Regency often fluctuates. The average score shows a figure of 86.96%. This percentage was less effective during that period. Although it has an average value that is somewhat less effective, this trend shows a positive number in 2019, which is 93.65%. This significant increase occurred again in 2021 which reached the maximum potential of PAD receipts to touch 100%

In 2018, the realization of Pohuwato Regency's PAD reached Rp52,151,698,921 or 86.00% of the target set at Rp60,636,332,336. Although it has not fully reached the target, this percentage can be categorized as "Less Effective". This may be caused by various obstacles, such as less optimal management of local resources or bureaucratic obstacles.

In 2019, there was a significant increase in the realization of PAD, which reached Rp62,337,943,760 or 93.65% of the target set at Rp66,564,152,234. This percentage shows a fairly good improvement compared to the previous year and can be categorized as "Quite Effective". This increase can be interpreted as the result of local government efforts in improving PAD management strategies and strengthening local resources.

However, in 2020, there was a drastic decrease in the realization of PAD which only reached Rp50,953,585,078 or 68.66% of the target set at Rp74,201,375,007. This percentage is categorized as

"Ineffective". This decline is most likely influenced by the impact of the COVID-19 pandemic that shook the local economy, resulting in a decline in economic activity and regional income.

In 2021, there was a significant jump in the percentage of PAD realization which reached IDR 71,987,067,694 or 100.52% of the target set at IDR 71,610,138,306. This percentage is categorized as "Highly Effective", indicating that local governments have succeeded in overcoming the challenges of the pandemic and improving the efficiency of local resource management. This is an extraordinary achievement and is proof of the success of the strategy implemented.

In 2022, the realization of PAD decreased to IDR 65,049,926,012 or 85.97% of the target set at IDR 75,662,553,685. This percentage is again included in the "Less Effective" category. This decline may be caused by various factors such as policies that are not on target or a decline in post-pandemic economic activity.

Efficiency Ratio

Based on the data presented, we can analyze the level of regional expenditure efficiency in Pohuwato Regency during the 2018-2022 period. The level of regional expenditure efficiency is measured through the ratio between the realization of regional expenditure to the realization of regional revenue. This ratio describes the extent to which local governments are able to spend their budgets in accordance with and proportional to the revenue earned by local governments. It is known that the higher the percentage level, the lower the level of Expenditure Efficiency carried out by the Regional Government.

Based on previous research conducted by (Sari & Baku, 2022) The criteria for assessing the level of regional expenditure efficiency are classified as follows:

Table 9 Criteria for Assessment of Regional Financial Efficiency Level

Financial Performance Percentage	Criterion
Above 100%	Inefficient
90% - 100%	Less efficient
80% - 90%	Quite efficient
60% - 80%	Efficient
Below 60%	Highly efficient

In this study, the condition of Pohuwato Regency for a period of five years, namely from 2018 to 2022, shows that the regional expenditure efficiency ratio has gradually decreased, peaking in 2022 the percentage of the Expenditure Efficiency level has touched 94.47%, which means Less Efficient. The

average score shows a figure of 87.43%. The smallest percentage was in 2018, which was 83.84%, while the largest percentage in 2022 was 94.47%. This shows that regional spending has been quite efficient in the last four years.

In 2018, the realization of Regional Expenditure in Pohuwato Regency reached Rp758,514,064,354 or 83.84% of the revenue obtained of Rp904,691,929,792. This ratio is included in the category of "quite efficient", this percentage can be said to be quite good compared to the following years. This may only be due to unexpected spending

In 2019, there was a significant increase in the realization of regional expenditure, which reached Rp827,465,026,349 or 85.25% of the revenue obtained of Rp970,534,277,246. This percentage indicates that there is an excess budget expenditure compared to the previous year and can be categorized as "Quite Efficient". This increase can be interpreted as the result of the local government's efforts to improve public facilities or services as a strategy to prosper local residents considering that the income obtained is slightly more than the previous year.

However, in 2020, there was a slight decrease in the realization of regional expenditure which only reached Rp812,324,184,587 or 84.97% of the revenue obtained of Rp955,946,119,926. This percentage is categorized as "Quite Efficient". This decline has become a positive trend during the impact of the COVID-19 pandemic which has shaken the local and global economy. This indicates that the local government of Pohuwato Regency is aware of its revenue to be allocated more or even saved to overcome the impact of COVID-19 which will be even worse.

In 2021, there was a significant increase in the percentage of realization of regional expenditure which reached IDR 796,311,863,390 or 88.62% of the revenue obtained of IDR 898,490,260,677. This percentage is categorized as "Quite Efficient", indicating that local governments are still struggling to overcome the challenges of the pandemic by issuing budgets to help manage existing resources. This is a good effort for the government in carrying out regional spending, this can be seen from how the trend is still running in the category of "quite efficient" and is evidence of the success of the strategy implemented.

In 2022, the realization of regional spending soared to IDR 852,373,208,844 or 94.47% of the target set at IDR 902,175,682,605. This percentage has even been included in the "Less Efficient" category. This decline may be caused by various factors such as policies that are not on target or a decline in post-pandemic economic activity as well as improvements and recovery carried out by local governments in managing local resources.

Growth Ratio

Based on the data presented, we can analyze the growth rate of Regional Original Revenue

(PAD) of Pohuwato Regency during the 2018-2022 period. The growth rate of PAD is measured through the ratio between the current year's PAD minus the previous year's PAD to the previous year's PAD. This ratio describes the extent to which local governments are able to increase Regional Original Revenue from year to year.

Based on previous research conducted by (Deswira, 2022) The criteria for assessing the growth rate of PAD are classified as follows:

Tabel 10 Percentage Growth Rate

Percentage Growth Rate	Criterion
Below 10%	Very Low
11% – 20%	Low
21% – 30%	Keep
Above 40%	Tall

In this study in the 2018-2022 period, data shows that the condition of Pohuwato Regency has experienced quite severe fluctuations in PAD growth during the five-year period. In general, regional taxes and regional levies are often the largest contributing components of PAD. The strategy to increase PAD is usually focused on optimizing tax and levy collection and improving the efficiency of regional asset management.

In 2018, the PAD of Pohuwato Regency decreased by 24.84% compared to the previous year. This decline reflects a very low performance in terms of increasing local revenue. These downturn factors could include changes in fiscal policy, less effective tax management, or even less supportive economic conditions.

In 2019, Pohuwato Regency managed to increase its PAD by 19.53% compared to 2018. Although this increase is still in the low category, it shows that there are efforts to improve the management of regional revenue sources. Corrective measures such as increasing the effectiveness of tax collection and levies may begin to show results

The year 2020 was marked by major challenges due to the COVID-19 pandemic, which affected many economic sectors in various regions. The PAD of Pohuwato Regency has decreased again by 18.26%. This decline indicates the significant impact of the pandemic on regional income, especially from the most affected sectors such as tourism and trade.

In 2021, Pohuwato Regency recorded a very high PAD growth, reaching 41.28%. This figure is the highest in the last five years and shows a significant economic recovery. Local governments are likely

to have implemented effective strategies in maximizing revenue potential.

However, 2022 again showed a decline in PAD growth of 9.63%. This decline may be caused by a variety of factors, including policy changes, declining economic performance, or instability in regional revenue management. However, this decline is not as large as the decline in 2018 and 2020.

One of the main causes of the fluctuation of PAD produced by Pohuwato Regency lies in the problem of managing tax contributions and levies to the PAD itself. This statement is supported by research conducted by (Az-zahra et al., 2021) The results of the study show that the tax contribution of the Pohuwato Regency Region is in the "Less" category. Likewise, the contribution from regional levies shows a fluctuating percentage where every year it decreases.

Table 11 Regional Tax Contribution to the PAD of Pohuwato Regency

Year	Regional Tax Realization	PAD Realization	Percentage	Criterion
2017	8.273.524.614	69.387.597.125	11,92%	Less
2018	8.880.247.117	52.151.698.921	17,02%	Less
2019	9.648.779.242	62.337.943.760	15,47%	Less
2020	8.244.259.730	50.953.585.078	16,18%	Less
2021	11.488.765.524	71.987.067.694	15,96%	Less

Source: (Az-zahra et al., 2021)

Table 12 Contribution of Regional Levies to Pohuwato Regency PAD

Year	Realization of Regional Levies	PAD Realization	Percentage	Criterion
2017	6.633.108.218	69.387.597.125	9,56%	Very Less
2018	5.322.895.756	52.151.698.921	10,21%	Less
2019	5.593.069.349	62.337.943.760	8,97%	Very Less
2020	8.252.543.342	50.953.585.078	16,20%	Less
2021	4.983.487.715	71.987.067.694	6,92%	Very Less

Source: (Az-zahra et al., 2021)

Overall, the discussion above provides a clear picture of the challenges faced by the Regional Government of Pohuwato Regency in carrying out regional autonomy during the 2018-2022 fiscal year. Fluctuations that continue until 2022 indicate improvement efforts from year to year

CONCLUSION

Referring to the analysis of the research results and discussions that have been described in the previous chapter, the following is a summary of the conclusions that can be conveyed: The Regional Financial Independence Ratio of Pohuwato Regency during 2018-2022 is at the Very Lacking criterion. This shows that the Regional Government is still very dependent on transfer revenue. Because the percentage is only below 10% with an average value of 7.21%. The ratio of the Degree of Fiscal Decentralization of Pohuwato Regency during 2018-2022 is at the Very Low criterion. Similar to the percentage of independence, the level of decentralization in Pohuwato Regency is stagnant below 10%. The Effectiveness Ratio of PAD revenues in Pohuwato Regency in 2018-2022 has fluctuated. In 2018 it was in the less effective category, then in 2019 it went up and then dropped drastically in 2020 to Ineffective, and the peak in 2021 was able to reach the Very Effective category and then dropped again in 2022 to be quite effective. The Regional Expenditure Efficiency Ratio of Pohuwato Regency in 2018-2022 is at the Fairly Efficient criterion and has continued to increase throughout the year with the last percentage in 2022 being in the Less Efficient category. The Regional Revenue Growth Ratio of Pohuwato Regency during 2018-2022 has fluctuated quite severely. Throughout the year, there were several periods of sharp declines followed by short increases. This shows that there is instability in regional revenue sources.

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