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Financial Ratio Analysis of Semarang City Regional Revenue and Expenditure Budget (APBD) 2017-2021

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Abstract : *This study aims to analyze regional financial performance and regional financial capacity of the Semarang City Government for the 2017-2021 fiscal year. The data analysis in this study is descriptive quantitative by calculating the financial ratios of the Regional Revenue and Expenditure Budget (APBD) of Semarang Regency including. The results of this study indicate that the regional financial performance of Surakarta City in 2017-2021 shows the ratio of independence included in the delegative relationship pattern with the highest ratio of independence in 2021 of 102.82%. The rise and fall of the independence ratio is also accompanied by the rise and fall of the dependency ratio in the medium to low category and the ratio of the degree of fiscal decentralization in good condition. The ratio of effectiveness and efficiency of Semarang City's own-source revenue receipts has also fluctuated, but the level of effectiveness has been adjusted effectively to very effective and the efficiency is still focused on being very good or efficient. Semarang City Regional Government spending is still prioritized for direct spending with a ratio of direct and indirect expenditure of 35.61% to 64.39%. Furthermore, the position of locking the regional financial capacity of Semarang City is in quadrant II, namely low share and high growth with an average share of 45.93% and an average growth of 106.62%. While the results of the calculation of the Semarang City Financial Capability Index for Fiscal Years 2017 to 2021, the index scale shows the number 0.938. This means that the Financial Capability of Semarang City is high.*

Keywords : *APBD; Regional Financial Performance; Regional Financial Capacitys.*

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INTRODUCTION

Economic growth is an indicator of successful development in a country, in this case the central government gives authority, rights and obligations to regional governments to manage and regulate existing resources according to the capabilities of each region through the Regional Autonomy Law No. 23 2014 with the aim of increasing economic growth through community welfare in each region (Warsono & Yuwanto, 2016). To achieve this goal, a strategy is needed with a policy package through improving superior sectors which include the real, financial and infrastructure sectors. The success of development in an area cannot be separated from the role of the government, private sector and society, thus the policies made by the government are based on achieving output, income and profits from natural resources and human resources that are managed optimally (Hm & Darminto, 2021). In this case, the community has the same right, namely to get transparent access to information on regional financial performance so that budget management is needed in accordance with the targets to be achieved so that regional performance and accountability are needed to measure regional government performance (Kisworo and Shauki, 2019).

According to institutional theory which explains institutionalized structures in organizations, in this case it discusses individual and organizational behavior which is divided into two, namely old institutional theory (OIT) and new institutional theory (NIT). In OIT there are values, norms and behavior while NIT includes rules, schemes, classifications (Powell and DiMaggio, 1991; Wilson et al., 2012)). The NIT approach developed by (Powell and DiMaggio, 1991) is more suitable for use in preparing public sector reports. One way to analyze financial performance in financial management is by financial ratios to the Regional Revenue and Expenditure Budget (APBD) (Sulila, 2020). In assessing government performance, it includes the regional financial independence ratio, dependency ratio, fiscal decentralization ratio, effectiveness ratio, efficiency ratio, regional income and expenditure budget harmony ratio, regional financial capability with share growth. In research on financial accountability, it is a picture of the government in allocating the budget based on predetermined plans (Sulila, 2020; Yulianadewi et al., 2022). The research that has been carried out aims to analyze the financial ratios of the Semarang City regional income and expenditure budget (APBD) for 2017-2021.

METHOD

Data analysis in this research is descriptive quantitative to analyze regional financial performance and regional financial capacity of the Semarang City Government. The first step is to calculate the financial ratios of the Semarang Regency Regional Revenue and Expenditure Budget (APBD) in the 2017–2021 Fiscal Year, including: Regional Financial Independence Ratio, Dependency Ratio, Degree of Fiscal Decentralization Ratio, PAD Effectiveness Ratio, PAD Efficiency, Expenditure Harmony Ratio Regional Revenue and Expenditure Budget and Regional Financial Capability Ratio with Share and Growth. This data was obtained through the Notes to the Semarang City Financial Report (CaLK) for

2017-2021. Then the data is analyzed according to theory in written sources and described in the form of sentences or images so that it can provide a realistic and systematic explanation of financial performance.

RESULT AND DISCUSSION

1. Regional Financial Performance Analysis

The independence ratio of the Semarang City Regional Government in 2017-2021 is included in the delegative relationship pattern, meaning that Central Government interference no longer exists because the Semarang City Regional Government is truly able to carry out its regional autonomy affairs. This can be seen from the level of independence ratio of Semarang City which is at more than 80%. In 2018 the level of independence of the City of Semarang decreased by 3.85% from the previous year which was recorded at 86.72%, however the level of independence of the City of Semarang has increased again from 2019-2021. This increase was caused by an increase in PAD in 2019 amounting to Rp. 2,066,333,418,588 and in 2021 it will be IDR. 2,385,944,758,477. The highest level of independence ratio reached 102.82% in 2021. This condition is of course accompanied by a decrease in the dependence of the Semarang City Regional Government on the Central Government.

Table 1: Independence Ratio

Fiscal Year	PAD Realization	Governance Assistance and Loans	Independence Ratio	Relationship Pattern
2021	2.385.944.758.477	2.320.535.370.128	102,82%	Delagation
2020	2.024.537.808.307	2.276.517.182.012	88,93%	Delagation
2019	2.066.333.418.588	2.420.442.701.342	85,37%	Delagation
2018	1.935.290.836.052	2.335.260.495.454	82,87%	Delagation
2017	1.862.771.710.964	2.148.101.585.903	86,72%	Delagation

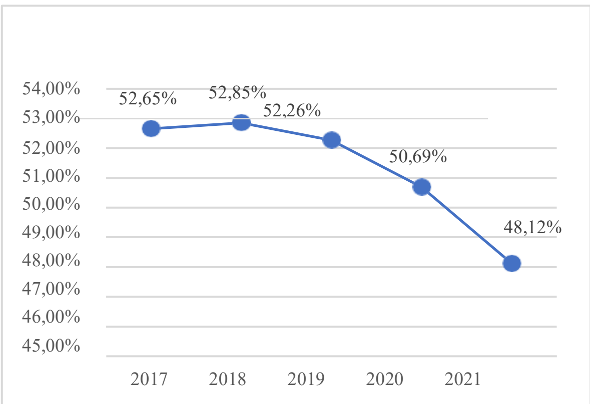

Figure : Dependency Ratio

2. Fiscal Decentralization Degree Ratio

The ratio of the degree of fiscal autonomy of the Semarang City Regional Government tends to increase from year to year, although it decreased from 45.96% to 43.80% in 2018. This condition improved. In 2019 it was recorded at 45.26, in 2020 it was 46. 01%, and in 2021 it will be 48.45%. This shows that the degree of fiscal decentralization is quite stable with a gradual increase from year to year. Thus, this indicates that the ability of the Semarang City Regional Government to find its own sources of income and manage the income obtained can be said to be 'good' and continues to make changes for the better.

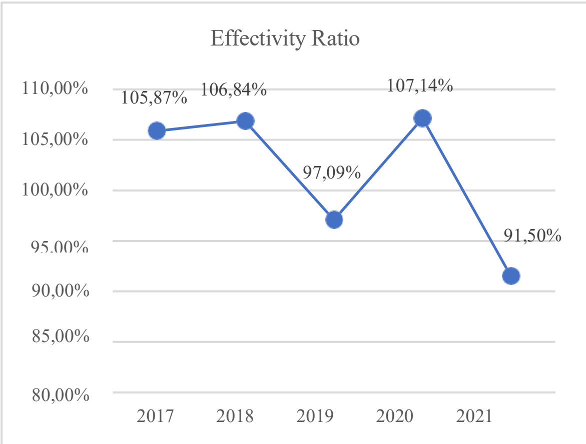

Figure 2: Effectivity Ratio

The effectiveness ratio describes the regional government's ability to collect Original Regional Income from its real target/potential. The revenue effectiveness ratio of the Semarang City Regional Government tends to fluctuate. In 2017 the effectiveness ratio was 105.87%, 106.84 in 2018, 97.09% in 2019, 107.14 in 2020, and 91.50% in 2021. Semarang City PAD Realization in 2021 2019 and 2021 not meeting targets could be caused by two possibilities. First, the PAD target set in the APBD is less realistic or too high compared to the estimated real potential. Second, there is a possibility that some potential sources of income cannot be collected because taxpayers or levy payers from the Semarang City Regional Government avoid the obligation to pay taxes and levies.

Table 2: Efficiency Ratio

Fiscal Year	PAD Acquisition Costs	Realization of PAD Revenue	Efficiency Ratio	Efficiency criteria
2021	2.385.944.758.477	96.153.573.767	4,03%	Very efficient
2020	2.024.537.808.307	129.975.327.293	6,42%	Very efficient
2019	2.066.333.418.588	86.992.636.923	4,21%	Very efficient
2018	1.935.290.836.052	102.957.472.478	5,32%	Very efficient
2017	1.862.771.710.964	89.226.764.955	4,79%	Very efficient

This ratio is used to measure the harmony of expenditure realization, such as the ratio of total indirect expenditure to total direct expenditure. Based on the table above, it shows that the spending harmony ratio between indirect spending and direct spending in the Semarang City Regional Government is still not balanced. The Semarang City Regional Government's expenditure is still prioritized for direct spending. Even though both indirect and direct expenditure ratios experienced fluctuations, the ratio of direct and indirect expenditure was 35.61% versus 64.39%. Thus, the harmony of Semarang City Regional Government spending is still categorized as poor, which requires better financing management for the following years.

3. Regional Financial Capacity Map

Based on elasticity, growth and share information, a performance map of Semarang City PAD can be displayed as a general overview of regional financial capabilities. The PAD performance map is displayed using the Quadrant and Index methods. From the results of the Share and Growth calculations for the LRA of the Semarang City Government for the 2017 to 2021 Fiscal Year, data obtained on an average Share of 45.93% and an average Growth of 106.62%. Thus, the position of mapping the regional financial capacity of Semarang City based on the Quadrant method, is in quadrant II, namely low share and high growth. This means that conditions are not yet ideal, but the elasticity of the PAD to Direct Expenditure ratio shows that the Semarang City Regional Government has the ability to develop local potential in exploring potential PAD sources so that PAD has a large role in Total Expenditure with an average elasticity of 71.90 %.

Table 3: Elasticity Index

Year	Value	Maxsimum Condition	Minimum Condition	Indexs
2021	0,76284154	0,87408903	0,63487226	0,535
2020	0,87408903	0,87408903	0,63487226	1,000
2019	0,68778056	0,87408903	0,63487226	0,221
2018	0,63553976	0,87408903	0,63487226	0,003
2017	0,63487226	0,87408903	0,63487226	0,000
Total				**1,759**
Average				**0,352**

Table 4: PAD (Growth) Index

Year	Value	Maxsimum Condition	Minimum Condition	Indexs
2021	2.385.944.758.477	2.385.944.758.477	1.862.771.710.964	1,000
2020	2.024.537.808.307	2.385.944.758.477	1.862.771.710.964	0,309
2019	2.066.333.418.588	2.385.944.758.477	1.862.771.710.964	0,389
2018	1.935.290.836.052	2.385.944.758.477	1.862.771.710.964	0,139
2017	1.862.771.710.964	2.385.944.758.477	1.862.771.710.964	0,000
Total				**1,837**
Average				**0,367**

Table 4: PAD Role Index (Share)

Year	Value	Maxsimum Condition	Minimum Condition	Indexs
2021	0,5008232	0,5008232	0,4294531	1,000
2020	0,4903320	0,5008232	0,4294531	0,853
2019	0,4459134	0,5008232	0,4294531	0,231
2018	0,4294531	0,5008232	0,4294531	0,000
2017	0,4303064	0,5008232	0,4294531	0,012
		Total		**2,096**
		Average		**0,419**

The elasticity index aims to see the sensitivity or elasticity of PAD to the economic development of a region. Meanwhile, the share index is used to see regional financial capacity. Thus, the Financial Capability Index (IKK) provides an initial picture of the level of regional readiness to enter this era of autonomy and how regional financial performance will develop after entering the era of autonomy. To find out the Financial Capacity Index (IKK) of the Semarang City Regional Government for 2017-2021.

Judging from the calculation results of the Semarang City Financial Capacity Index for the 2017 to 2021 Fiscal Year, the index scale shows 0.938. This means that the financial capacity of the city of Semarang is relatively high. The high level of financial capability of the Semarang City Regional Government is caused by the large Independence Ratio which shows that the Semarang City Regional Government has a very high level of independence.

CONCLUSION

Based on the results of normative calculations and analysis of the Regional Financial Performance of the City of Surakarta in 2017-2021, it can be concluded that the independence ratio of the Regional Government of the City of Semarang in 2017-2021 is included in the delegative relationship pattern. This means that the Semarang City Regional Government has truly been able to carry out its regional autonomy affairs with the highest independence ratio in 2021 of 102.82%. The rise and fall of the independence ratio is also accompanied by the rise and fall of the dependency ratio in the medium to low category and the ratio of the degree of fiscal decentralization in good condition. The revenue effectiveness ratio of the Semarang City Regional Government also tends to fluctuate. In 2017 the effectiveness ratio was 105.87%, 106.84 in 2018, 97.09% in 2019, 107.14 in 2020, and 91.50% in 2021. Meanwhile, the revenue revenue efficiency ratio The original area of Semarang City also experienced fluctuations, but the level of efficiency was still categorized as very good or efficient. Semarang City Regional Government expenditure is still prioritized for direct expenditure with a ratio of direct and indirect expenditure of 35.61% versus 64.39%. Furthermore, based on the results of Share and Growth calculations for the LRA of the Semarang City Government for the 2017 to 2021 Fiscal Year, data obtained on an average Share of 45.93% and an average Growth of 106.62%. Thus, the mapping position of Semarang City's regional financial capabilities is in quadrant II, namely low share and high growth. Meanwhile, the results of the calculation of the Semarang City Financial Capability Index for the 2017 to 2021 Fiscal Year, the index scale shows 0.938. This means that the financial capacity of the city of Semarang is relatively high.

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