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# ANALYSIS OF THE APBD OF CENTRAL LOMBOK CITY AND SUMBAWA CITY USING INDEPENDENCE, EFFECTIVENESS AND EFFICIENCY RATIO IN 2018-2022

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***ABSTRACT***

*This study aims to compare the financial performance of the Central Lombok and Sumbawa regions by analyzing their Regional Revenue and Expenditure Budgets (APBD) from 2018 to 2022. The analysis focuses on three financial ratios: independence, effectiveness, and efficiency. The independence ratio measures the ability of the regional government to finance its own activities without relying on external funds. The effectiveness ratio assesses the government's ability to realize planned revenues, while the efficiency ratio evaluates the cost-effectiveness of revenue collection. The study found that both regions face challenges in managing their finances effectively and efficiently. Despite these challenges, there is a strong commitment from local governments to improve financial management and achieve better outcomes for regional development and community welfare. The findings of this study provide valuable insights for local governments in decision-making processes to enhance financial performance and support sustainable regional development.*

***Keywords:*** *Regional Revenue and Expenditure Budget (APBD), Financial Performance, Independence Ratio, Effectiveness Ratio, Efficiency Ratio, Central Lombok, Sumbawa*

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## 1. INTRODUCTION

The Regional Revenue and Expenditure Budget (APBD) is a very vital financial instrument for local governments because it includes revenue and expenditure plans that will be carried out during one fiscal year. APBD reflects fiscal policy and regional development priorities, as well as a tool to measure the performance of local governments in managing existing resources. In the context of decentralization and regional autonomy in Indonesia, APBD analysis is becoming increasingly important because each region has the authority to manage its local finances.

Based on the 1945 Constitution of the Republic of Indonesia (UUD NRI), the regions have the authority and responsibility to regulate and manage their own government in accordance with the principles of autonomy and assistance. This is regulated in Article 18 paragraph (2) of the 1945 Constitution. The aim is to accelerate the community's welfare through services, empowerment, and the role of the community in increasing regional competitiveness, by prioritizing the principles of democracy, equity, justice, privileges, and regional specificity. These principles are also the basis for planning and preparing budgets to develop regional potential by local governments.

The influence of the APBD on the economy of a region has a very important impact. It is noted that the realization of the APBD has a significant impact on economic growth in a region. In addition, the APBD is used to finance the development and maintenance of infrastructure such as roads, bridges, schools, hospitals, and other public facilities that can improve the quality of life of the community and support regional economic growth. In addition, APBD is also allocated to improve the quality of public services such as education, health, hygiene, and transportation, so that these services can be accessed by the entire community. Community empowerment programs, such as skills training and the provision of small business capital, are also financed through the APBD to improve welfare and reduce poverty.

In regions such as Central Lombok and Sumbawa, the APBD (Regional Revenue and Expenditure Budget) is an important foundation in realizing development and community welfare. Regulated in Law No. 33/2004 and Government Regulation No. 58/2005, the APBD is funded from regional own-source revenue (PAD) and fund transfers. Although Central Lombok and Sumbawa have the same commitment to develop the region through the APBD,

there are several challenges faced together, such as the effective use of funds, accountable financial management, and the realization of the APBD needs to be improved. Recognizing these challenges, a joint effort is needed from the local government, DPRD, and the community to realize an effective and accountable APBD. With strong commitment and cooperation, it is hoped that the APBD can become a powerful instrument to advance Central Lombok and Sumbawa towards a prosperous and just society. Therefore, the purpose of this study is to explore the comparison of APBD conditions in the Central Lombok and Sumbawa regions by using several ratios in the hope that it can be a consideration for local governments in making decisions.

## 2. LITERATURE REVIEW

### 2.1 The Regional Revenue and Expenditure Budget

According to R.A. Chalit, APBD is a concrete form of a comprehensive regional financial work plan that links local government revenues and expenditures expressed in money, to achieve planned goals within a certain period of time in one fiscal year. According to Ateng Syafruddin, the functions and position of the APBD are: As a basis for running financial policies that will be implemented by local governments for a certain period, namely one fiscal year. As a grant of power from the legislature, namely the DPRD to the regional head as the executive leader to make expenditures in order to run the wheels of regional government. There are three indicators that can be used to assess the financial performance of a region, namely the regional financial independence ratio, the effectiveness ratio, and the efficiency ratio (Amin, 2015).

**a. Regional Independence Ratio**

Regional Financial Independence (fiscal autonomy) shows the ability of the Regional Government to finance its own government activities, development and services to the people who have paid taxes and levies as a source of revenue needed by the region. Regional financial independence, shown through the size of the Regional Original Revenue (PAD) compared to regional income sourced from other sources for example; Central / Provincial Government Assistance or from Regional Loans.

The higher the independence ratio, the lower the level of dependence of the local government on external assistance. The independence ratio illustrates the level of community participation in developing the region. The higher the self-reliance ratio, the higher the participation of the community in paying local taxes and levies, which are the main components of PAD.

**Table 1. Regional Independence Ratio**

| Financial Capability | Ratio (%) | Relationship Pattern |
|---|---|---|
| Very Low | <25 | Instructive |
| Low | 25,1-50 | Consultative |
| Medium | 50,1-75 | Participative |
| High | 75,1-100 | Delegative |

**b. Effectiveness Ratio**

This ratio describes the local government's ability to realize planned revenue compared to the PAD target set based on the real potential of the region. The ability of the region is said to be effective, if the effectiveness ratio achieved is at least 100%. The higher, the better. In general, the effectiveness value of PAD can be categorized as follows;

**Table 2. Effectiveness Ratio**

| Criteria | percentage (100%) |
|---|---|
| very effective | >100 |
| effective | >9-100 |
| moderately effective | >80-90 |
| less effective | >60-80 |
| not effective | < 60 |

**c. Efficiency ratio**

This ratio describes the comparison between the amount of costs incurred or expenditure to obtain revenue with the realization of revenue received. The performance of local governments in collecting revenue is categorized as efficient if the ratio achieved is less than one or below 100%. The smaller the efficiency ratio, the better the performance of the local government.

**Table 3. Efficiency ratio**

| Financial capability | percentage (100%) |
|---|---|
| Inefficient | >100 |
| Less efficient | >9-100 |
| Moderately efficient | >80-90 |
| Efficient | >60-80 |
| Highly efficient | < 60 |

**2.2 Comparison of regional revenue and expenditure budgets**

Research conducted by Paat, S. (2013) with the title "Comparison of APBD Management Performance between Tomohon City Government and Manado City Government." This study compares the performance of APBD management between Tomohon City and Manado City in 2010-2011. The results show that Tomohon City excels in terms of effectiveness and efficiency, while Manado City has a higher level of fiscal independence and decentralization, as well as higher growth. The analysis was conducted using 2010-2011 APBD Realization Report data and analytical tools such as budget difference analysis and financial ratio analysis. The ratios measured include independence, fiscal decentralization, effectiveness, activity, efficiency, and growth. Overall, this study shows that both cities have strengths and weaknesses in their local financial management. Tomohon City needs to improve its level of fiscal independence and decentralization, and encourage higher growth. Manado city needs to improve the effectiveness and efficiency of its APBD management.

Karina, N. N., & Wibowo, P. (2022). with the title Analysis of the financial performance of Semarang city local governments before and during the co-19 pandemic ". This study analyzes the financial performance of the Semarang City Regional Government in 2018-2021 using 5 financial ratios for evaluation and decision making. The ratios used are the degree of fiscal autonomy (DOF), the independence ratio, the effectiveness ratio of regional own-source revenue (PAD), the efficiency ratio, and the compatibility ratio. The data used is secondary data, in the form of Regional Revenue and Expenditure Budget (APBD) data for the 2018-2021 fiscal year. The results showed that in general the financial performance of

the Semarang City Regional Government was quite good. This can be seen from several indicators, such as the positive growth of DOF, the ratio of independence in the consultative relationship pattern, the effectiveness of PAD which is quite effective, the very efficient regional financial efficiency ratio, and the very good compatibility ratio.

Pramono, J. (2014). "Financial ratio analysis to assess local government financial performance (Case Study on Surakarta City government)" This study analyzes the financial performance of Surakarta City Government in 2010 and 2011, as well as the level of efficiency and effectiveness of its resource management. The analysis was conducted using 6 financial ratios: independence, effectiveness, efficiency, harmony, growth, and DSCR (Debt Service Coverage Ratio). The data used is the financial statements of Surakarta City Government in 2011. The results showed that the financial performance of Surakarta City Government is quite good, with some notes. Aspects of independence and harmony still need to be improved because the ratio of independence is low and the ratio of expenditure to APBD and capital expenditure to APBD is not proportional. However, Surakarta City Government showed a high level of efficiency and effectiveness, as well as significant growth in PAD. The ability to repay loans is also considered sufficient.

"Analysis of the Ratio of Effectiveness and Efficiency of Local Original Income of West Bandung Regency for the 2018-2022 Period". The authors are Ravlina Aisyah Mahri and Kumba Digdowiseiso and the year is 2024. This research focuses on analyzing the effectiveness and efficiency of local revenue management in West Bandung Regency for the 2018-2022 period. Furthermore, this study uses quantitative descriptive methods to analyze the variables used: effectiveness and efficiency ratios. Based on the findings and calculations, especially on the effectiveness ratio variable, the West Bandung Regency local government is categorized as quite effective in managing its local revenue with an average acquisition of 90.98%. The efficiency ratio variable shows that the West Bandung Regency local government is categorized as inefficient in managing local revenue, where the average gain is 103.4%. Thus, the effectiveness ratio aspect is quite practical. This needs to be improved in the future. The efficiency ratio of the West Bandung Regency local government needs to make good adjustments to its local revenue in the future so that the budget used can be more efficient with targeted management.

'Comparison Of The Financial Performance Of Regional Governments In Indonesia Before And During The Covid-19 Pandemic": A Literature Review Noffany Yukotan, Imelda

Nindy Ardilla, Suyanto, Dyah Anggraeni, Selly Hikmatur Rohmah, Nizarul Alim (2023). This research is the result of a literature review that analyzes approaches in evaluating the financial performance of local governments in Indonesia before and Indonesia before and during the COVID-19 pandemic. This study used a systematic literature review method with a sample of 20 articles. The results of the analysis show that the ratio of independence, efficiency and effectiveness is the main ratio used in evaluating the financial performance of local governments. Local government financial performance. The COVID-19 pandemic had a significant impact on financial performance with the majority of studies recording a decline in performance in 2020, although some cases experienced an improvement. Further research is needed to understand the long term impact of the pandemic on the financial performance of local governments in Indonesia.

Analysis Of Financial Ratios To Measure Financial Performance In West Sumbawa Regency Ilza Lail Fatul Janna, Shofyah Syafinah, Yunia Yunara Hustin, Verren Regina Agustin, Sumarni Puspawati (2022). Financial ratio analysis of the Regional Revenue and Expenditure Budget (APBD) is one of the parameters in measuring regional financial management performance. Financial performance analysis uses ratio calculations of effectiveness, efficiency and regional financial independence. This research aims to measure the financial performance of the West Sumbawa Regency Regional Government for the 2019 - 2021 Fiscal Year. The type of research used is quantitative descriptive using the ratio analysis method. The research results show that the effectiveness ratio is categorized as very effective, the efficiency ratio is categorized as inefficient, and the regional financial independence ratio is categorized as very low. It is hoped that the Regional Government of West Sumbawa Regency can further increase PAD, and optimize PAD acquisition through exploring new regional sources of income.

A Comparative Study Of The Financial Performance Of The Tabanan District Government Prior And After The Covid-19 Pandemic Dewi Putu Rita Wintari, Purbawangsa Ida Bagus Anom (2023). This research aims to analyze differences in the financial performance of the Tabanan Regency regional government before and after the Covid-19 pandemic. The financial performance of a region is measured using several ratios, namely: regional financial independence ratio, degree of fiscal decentralization ratio, PAD effectiveness ratio, regional financial efficiency ratio, and growth ratio. The Tabanan Regency Government is the main object of this research. This research uses secondary data. This

research uses the Wilcoxon Signed Rank Test to analyze the data. Based on current research, it is reported that there is no significant difference in the financial performance of the Tabanan Regency government when comparing conditions before and after the Covid-19 pandemic. The theoretical implications of this research provide empirical evidence based on the results of tests that have been carried out. The practical implications of this research can be used as a reference as a basis for considering financial performance decisions when considering the realization of PAD revenues.

Determinants of Financial Performance in Local Governments in District/City in Indonesia Irna Triannur Lubis and Etty Harya Ningsi (2022). This research aims to determine and analyze the influence of government size, balancing funds, and economic growth on regional financial performance in districts/cities in Indonesia. This type of research is causal research and the objects of this research are all districts and cities in districts/cities in Indonesia. The data used is secondary data obtained from the Directorate General of Fiscal Balance and the Central Statistics Agency for the 2014-2018 period with a sample size of 2,056 research data. Using a quantitative approach and data analysis using a simple regression analysis model. The research results show that government size has a positive effect, the Balancing Fund has a negative effect, and Economic Growth has a negative effect on Regional Financial Performance.

Analysis of Regional Financial Efficiency and Effectiveness of Regional Original Income on Economic Growth in South Sulawesi Province Muh. Fauzil Hidaya and Hasbiullah (2023). Economic growth in South Sulawesi has fluctuated over the last 5 years, especially 2018-2022, with the level of efficiency and effectiveness of Original Regional Income. Therefore, this research is directed at analyzing the Regional Financial Efficiency Ratio and the Regional Original Income Effectiveness Ratio in South Sulawesi Province from 2008-2022, and to determine its impact on economic growth in the province. Using secondary data from the Directorate General of Fiscal Balance, Ministry of Finance and the Central Statistics Agency of South Sulawesi Province. South Sulawesi, this research uses multiple linear regression analysis. The results of the research show that the Regional Financial Efficiency Ratio is in the less efficient criteria, while the Regional Original Income Effectiveness Ratio is in the effective criteria. In addition, this research found that the Regional Financial Efficiency Ratio had a negative and insignificant effect on economic growth, whereas the Effectiveness of Regional Original Income had a positive and significant effect on economic growth in South Sulawesi

Province.

Tama, A. I. (2015). Analysis of Regional Government Financial Performance through Financial Ratio Analysis of Regency/City APBDs in Indonesia Before and After the Implementation of Law Number 28 of 2009. This research aims to find out the comparison of regional financial performance indicators in Indonesia and find out whether there are differences before and after the implementation of Law No.28/2009. In this research, financial performance is assessed based on indicators of independence, degree of decentralization, regional financial dependence, effectiveness, efficiency, and contribution of regional taxes and levies in the financial reports of 17 regions. This research uses audited regional financial reports to prove the hypothesis. 2010 is claimed to be the previous year the period of enactment of the law, and 2012 as the year after the enactment of the law. The analytical technique used in this research is an analytical study of regional financial performance. Hypothesis testing uses a paired sample t test with a significance level of 0.05. The results show that there are significant differences in regional financial performance. In the form of indicators of independence, degree of decentralization, regional tax efficiency, contribution of regional taxes and levies were higher in the period before implementation, but financial dependence was lower in the period after implementation. On the other hand, there is no difference in the form of regional financial effectiveness before and after the implementation of this law

Camila, C., Akbar, R., Sutria, M. I., Suri, N., & Chairunnissa, S. (2018). Visualization of Comparison of APBD and Realization of Regency/City Budgets in West Sumatra . Regional Revenue and Expenditure Budget (APBD) is the annual financial plan of local government in Indonesia approved by the Regional House of Representatives. APBD each region in Indonesia is uneven, so there is also a growth gap each region of Indonesia, including in West Sumatra. Along with technological developments, data APBD District / City in West Sumatra can be analyzed by processing and managing it in many ways one of them is Business intelligence (BI). In this research, data analysis is done by using Tableau Public application. Tableau Public is a business intelligence software that is easy to use, especially in terms of creating data visualization, data analysis, and reporting. The results of this research is the visualization of the comparison of the values of the Local Budget, with the realization as well as the comparison in each city/regency in West Sumatra. With these results, the West Sumatra government is expected to be wiser in making decisions.

Asri, J. D. (2016). Comparison of the financial performance of district/city governments in West Java Province in 2009-2013. his study aims to analyze the comparison of financial performance as well as analyze whether there are differences in financial performance between districts/cities in West Java Province during 2009-2013. The research used the descriptive method with quantitative data analysis technique of financial ratios as well as T test and Mann-Whitney test. The results showed that city government has a higher level of independence ratio than the district. The district effectiveness ratio is very effective with an average of 120.06%. T and Mann-Whitney test results showed no difference between effectiveness ratio, while independence ratio showed the difference.

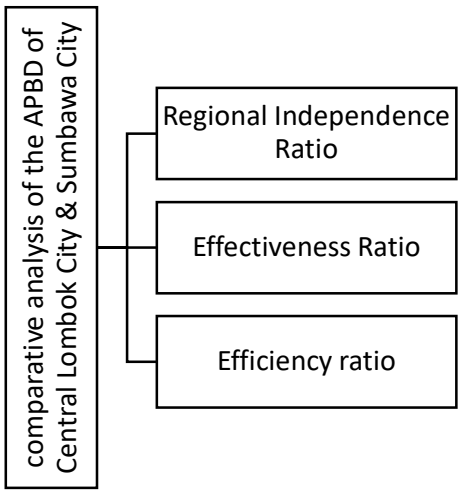
Mulistini, P. N., & Yadnyana, I. K. (2013). Comparison of the Financial Performance of District/City Governments in the Sarbagita Metropolitan Area for the 2007-2011 Fiscal Year. This research aimed to know comparation financial performance of local governments encompassing the metropolitan region of sarbagita (such as Denpasar, Badung, Gianyar, Tabanan) and based on local finance independency, effectiveness, and activity of financial ratio. The technique that used to analysis in this research is quantitative analysis and k independent sample test (Kruskal-Wallis). The analysis result showed, based on financial independency, effectiveness, and activity of local financial ratio, the highest rank of financial performance owned by Badung Regency (69,44 percent). Denpasar City has the second rank (62,17 percent), Tabanan Regency has the third rank (58,35 percent), and Gianyar Regency has the lowest rank (57,46 percent). Furthermore, the result of KruskalWallis Test showed, based on financial independency and activity of local financial ratio, there was significance differences in the financial performance of local governments encompassing the metropolitan region of sarbagita. However, based on effectiveness ratio there was not significance differences.

Saputra, D. (2014). Analysis of Regional Financial Independence and Effectiveness in Regencies and Cities in West Sumatra Province. Journal of Accounting, 2(1). This study aims to examine the financial performance of the government district and city in West Sumatra by : 1 ) the ratio of the area of financial independence in the 2004-2011 budget period , 2 ) the ratio of the area of financial effectiveness of the 2004-2011 budget period , 3 ) the trend of regional financial independence in the 2004-2011 budget period , 4 ) the effectiveness of regional financial trends in the 2004-2011 budget period .This research is a descriptive study . The population in this study is the regencies and cities in West Sumatra . The samples in

this study were all regencies and cities in West Sumatra . The data is secondary data obtained from the Central Statistics Agency of West Sumatra Province . The data analysis technique used is the ratio analysis technique to measure the financial performance of government .The results showed : 1 ) The ratio of the area of financial independence on average is at 6.5 % with a very low category from year 2004 to 2011 . 2 ) Effectiveness Ratio PAD are at an average of 109.8 % with a tendency to be very effective category of the year 2004-2011 . 3 ) financial independence Trend area average is at 95.3 % from the year trend from 2005 to 2011 . 4 ) Trend of financial effectiveness of regional average is at 116.2 % of year trend from 2005 to 2011 .Based on the above results , it is suggested : 1 ) For the Government of the autonomous region , preferably in developing and merealiasasikan budget needs to consider financial ratios for the next period so as to increase local revenues , such as through the optimization of the intensification and extension of local taxation and levies . 2 ) For further Researcher , can expand the place and time of the study , as well as the use of measurement tools / other ratio as a tool of analysis of the financial performance of local government .

Karlina, A., & Handayani, N. Analysis Of Regional Government Financial Performance In The Management Of The Surabaya City Apbd 2012-2015.The result of the analysis shows that 1) the financial performance of the local government in the local revenue budget management of Surabaya cityin generalis stated to be less good in revenue variant. It is proven that (a) the variant of the average of local revenue is under 100%, (b) local financial ratio isreviewedfrom the degree of decentralization shows the average is 53.54%, the average of local financial independency is 176.05% ,the average of the growth of local revenue ratio is positive, 2) The financial performance of local government inthe management of local budget of Surabaya city in generally it can be said to be good. This is proven by (a) the average of the variant of local expenditure is under 100%, (b) the average of the harmony of local expenditure when it is reviewed from the average of capital expenditure is 24.98% and the average of the operating expenditure is 74.98%, (c) the average of the efficiency of local expenditure is under 100% which is 82.54%, (b) the growth of local expenditure has experienced the average growth is 11.00%, (c) the harmony of local expenditure can be said that the municipal of Surabaya city has allocated most of theirexpenditure budget for the average of operating expenditureis 90.33% when it is comparedto the average of capital expenditure is 9.57%,(d) the efficiency of local expenditure shows that the average is under 100%.

### 2.3 Conceptual Framework




## 3. RESEARCH METHOD

### *3.1 Types of research*

*The type of data used in this research is quantitative data, namely data in the form of numbers or qualitative data that is added up (Sugiyono (2019). The quantitative data for this research is in the form of Regional Revenue and Expenditure Budget (APBD) data for Central Lombok and Sumbawa Regency from 2018- 2022.*

### *3.2 Data source*

*The data source for this research is secondary data. According to Sugiarto (2017), secondary data is information obtained not directly from sources but from third parties. In this research, secondary data was obtained from the Regional Financial and Asset Management Agency of Sumbawa and Central Lombok Regency, as well as literature such as books, journals and other sources related to the material in this research problem.*

### *3.3 Data analysis technique*

*The data analysis technique used in this research is a quantitative analysis technique, namely by calculating the financial data contained in the APBD of Central Lombok and Sumbawa Regency in 2018-2022*

a. Regional Financial Independence Ratio

The ratio of regional financial independence points out the ability of governments to finance their government activities or development. In this case, the ratio of regional financial independence is calculated as follows:

$$\text{Independence Ratio} = \frac{\text{Local Original Income}}{\text{Balancing Fund}} \times 100\%$$

b. Regional Financial Effectiveness Ratio

The effectiveness ratio is the achievement degree of the implementation of activities or achievement achieved by the local government (success or failure to achieve budget objectives) which is measured by calculating the revenue realization compared to the revenue target. Calculating the ratio of regional financial effectiveness is as follows:

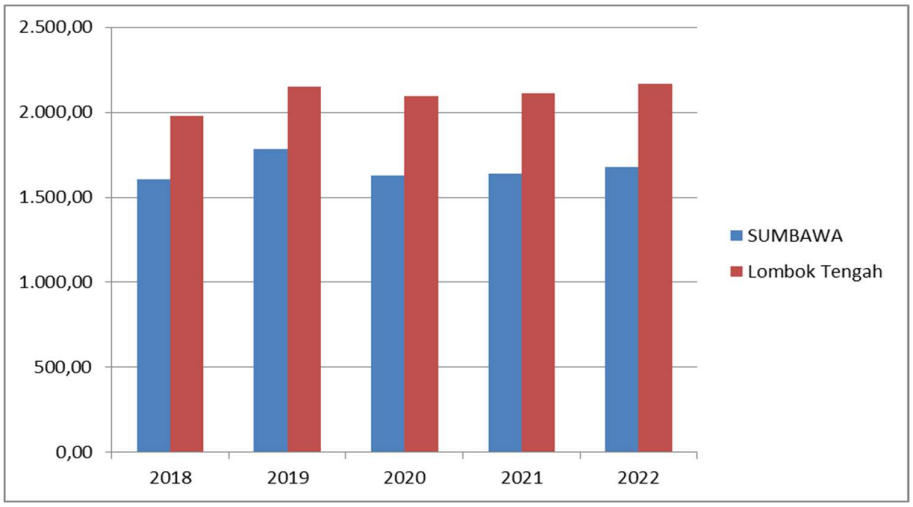
$$\text{Effectiveness Ratio} = \frac{\text{Revenue Realization}}{\text{Revenue Target}} \times 100\%$$

c. Regional Financial Efficiency

Ratio Efficiency Ratio of performance is a description of the achievement of the implementation of an activity in achieving the goals, or vision of an institution. The efficiency ratio is a ratio that indicates a description of comparing the total realization of expenditure (regional expenditure) with the realization of income. The smaller value of the efficiency ratio is better the performance of local governments (Agus, 2016). According to (Andirfa, 2018) that the calculation of the ratio of efficiency to financial performance can be done using the formula

$$\text{Efficiency Ratio} = \frac{\text{Total Realization of Regional Expenditure}}{\text{Total Regional Revenue Realization}} \times 100\%$$

## 4. RESULT AND DISCUSSION




The graph above shows significant changes in the income of Sumbawa Regency and Central Lombok Regency. In 2018, Sumbawa district's regional income, marked in the blue graph, was 1,604.62 billion and in 2019 it rose to 1,782.26 billion. However, in 2020 Sumbawa's PAD decreased to 1,630.12 billion, then in 2021, it increased by around 10.97 billion to 1,641.09 billion. And in 2022 Pad from Sumbawa district will experience an increase of around 34.59M to 1,675.68M. Sumbawa's PAD looks higher and relatively stable from year to year, with a slight decline in 2020 but then increasing again in the following years. The regional income of Central Lombok district was 1,976.69 billion in 2018 and 2,148.57 billion in 2019. In 2018 and 2019, Central Lombok's PAD experienced a fairly high increase. However, income decreased to 2,096.75 in 2020, however, income increasing little by little to 2,109.74 and 2,165.88 in 2021 and 2022.

Central Lombok PAD has a similar trend to Sumbawa, but the value is lower than Sumbawa. Central Lombok also experienced a sharper decline in 2020, but then increased again in subsequent years. Overall, although there was a decline in 2020 which was possibly caused by the impact of the COVID-19 pandemic, the PAD of the two districts tends to be stable and shows an increasing trend from year to year

### 4.1 1. Independence Rasio

The degree of regional economic independence is described by the involvement of the city government in developing the region. The higher the level of self-sufficiency, the

more the municipality participates in paying local taxes and fees, which constitute a very large share of local income. Higher community participation in paying regional taxes and rates means that regional prosperity increases, which means the region is less dependent on provincial/central support. The following is a description of the economic independence of the Sumbawa Regency region.

**Table 4.1. Independence of regional financial management in Sumbawa Regency FY 2018-2022**

| Year | Realized PAD | Revenue Transfer | Ratio independence | Category |
|---|---|---|---|---|
| 2018 | 143,94 | 1.345,70 | 11% | Very Low |
| 2019 | 163,93 | 1.482,36 | 11% | Very Low |
| 2020 | 181,31 | 1.167,33 | 16% | Very Low |
| 2021 | 202,86 | 1.300,91 | 16% | Very Low |
| 2022 | 163,15 | 1.406,83 | 12% | Very Low |
| Average independence of local revenue | | | 13% | Very Low |

Based on the table presented, analyzing the independence ratio in Sumbawa district, where the realized PAD (Regional Original Income) shows an increasing trend from 2018 to 2022. The Realized PAD value increased from 143.94 in 2018 to 163, 15 in 2022. Revenue Transfer shows a fluctuating value, with a decrease in 2020 but then increasing again in the following years. The Independence Ratio, which describes the percentage of PAD to total regional income, is in the range of 11-12% during the 2018-2022 period, which is included in the "Very Low" category based on the criteria provided. The category given for the Independence Ratio is "Very Low" during the 2018-2022 period, indicating that regional dependence on income transfers from the central government is still very high. Overall, this table depicts regional financial trends, which show an increase in Realized PAD but with an independence ratio that is still considered very low during the 2018-2022 period

**Table 4.2. Independence of regional financial management in Central Lombok Regency FY 2018-2022**

| Year | Realized PAD | Revenue Transfer | Ratio independence | Category |
|---|---|---|---|---|
| 2018 | 187,32 | 1.620,96 | 12% | Very Low |
| 2019 | 204,51 | 1.744,52 | 12% | Very Low |
| 2020 | 206,42 | 1.696,62 | 12% | Very Low |
| 2021 | 163,08 | 1.717,53 | 9% | Very Low |
| 2022 | 283 | 1.653,23 | 17% | Very Low |
| Average independence of local revenue | | | 12% | Very Low |

Realized PAD (Regional Original Income) shows a fluctuating trend during the 2018-2022 period. The Realized PAD value increased from 187.92 in 2018 to 233 in 2022, but experienced a decline in 2020 and 2021. Revenue Transfer also fluctuated, with a decrease in 2020 but then increasing again in the following years. The Independence Ratio, which describes the percentage of PAD to total regional income, is in the range of 12-17% during the 2018-2022 period, which is included in the "Very Low" category based on the criteria provided. The category given for the Independence Ratio is "Very Low" during the 2018-2022 period, indicating that regional dependence on income transfers from the central government is still very high.

### 4.1.2 Effectiveness ratio

The Effectiveness Ratio is specifically able to measure the ability of local governments to realize targeted local original income compared to targets that have been set with reference to the real potential of the region (Halim, 2002).

**Table 4.3. Effectiveness ratio of regional financial management in Sumbawa Regency FY 2018-2022**

| Year | Results Realization Revenue (Rp) | Regional Revenue Budget (Rp | Effectiveness Ratio Local Revenue | Financial capability |
|---|---|---|---|---|
| 2018 | 1.604,62 | 1.632,00 | 98% | Effective |
| 2019 | 1.782,26 | 1.778,38 | 100% | Effective |
| 2020 | 1.630,12 | 1.791,42 | 91% | Effective |
| 2021 | 1.641,09 | 1.670,79 | 98% | Effective |
| 2022 | 1.675,68 | 1.794,60 | 93% | Effective |
| Average effectiveness of local revenue | | | 96% | Effective |

The Revenue Realization Results (RR) show an increasing trend from 2018 to 2022, with the highest value in 2022 amounting to 1,675.68. The Regional Revenue Budget (Rp) shows an increasing trend from 2018 to 2022, with the highest value in 2022 amounting to 1,794.60. The Local Revenue Effectiveness Ratio is in the range of 93-100% during the 2018-2022 period, which is included in the "Effective" category. Regional financial capability is rated "Effective" during the 2018-2022 period. Overall, this table illustrates regional financial conditions which tend to improve, marked by an increase in the value of realized income and budget revenues, as well as effectiveness ratios and financial capabilities which are classified as effective

**Table4.3. Effectiveness ratio of regional financial management in Central Lombok Regency FY 2018-2022**

| Year | Results Realization Revenue (Rp) | Regional Revenue Budget (Rp | Effectiveness Ratio Local Revenue | Financial capability |
|---|---|---|---|---|
| 2018 | 1.976,69 | 1.972,16 | 100% | Effective |
| 2019 | 2.148,57 | 215269% | 100% | Effective |
| 2020 | 2.096,75 | 2.296,60 | 91% | Effective |
| 2021 | 2.109,74 | 2.197,46 | 96% | Effective |
| 2022 | 2.165,88 | 2.282,41 | 95% | Effective |
| Average effectiveness of local revenue | | | 96% | Effective |

The Regional Revenue Budget (Rp) also increases every year, with the highest value in 2022 amounting to 2,392.41. The Local Revenue Effectiveness Ratio is in the range of 95-100% during the 2018-2022 period, which is included in the "Effective" category. Regional financial capability is rated "Effective" during the 2018-2022 period. The average effectiveness of local revenue shows a value of 96%, which means that the average effectiveness level of local revenue during the 2018-2022 period is 96%. Overall, this table depicts regional financial conditions that are improving and stable, with an increase in the realization of revenue and budget revenues, as well as effectiveness ratios and financial capabilities that are classified as effective.

### 4.1.3 Regional Financial Efficiency Rasio

The regional financial efficiency ratio describes the comparison between the total costs incurred to obtain income and the actual income received. The following results of the calculation of the Regional Financial Efficiency Ratio can be seen in the table below:

**Table4.3. Efficiency Rasio of regional financial management in Sumbawa Regency FY 2018-2022**

| Year | Realization Regional Expenditure(Rp) | Revenue Realization (Rp) | Efficiency Ratio Regional Finance | Financial capability |
|---|---|---|---|---|
| 2018 | 1.684,21 | 1.604,62 | 105% | Inefficient |
| 2019 | 1.834,15 | 1.782,26 | 103% | Inefficient |
| 2020 | 1.608,79 | 1.630,12 | 99% | Less efficient |
| 2021 | 1.669,71 | 1.641,09 | 102% | Inefficient |
| 2022 | 1.608,15 | 1.675,68 | 96% | Less efficient |
| Average efficiency of local revenue | | | 101% | Inefficient |

Realization of Regional Expenditure (Rp) shows a downward trend from 2018 to 2022, decreasing from 1,634.21 in 2018 to 1,608.15 in 2022. Revenue Realization (Rp) has increased gradually from 1,604, 62 in 2018 to 1,675.68 in 2022. The Regional Finance Efficiency Ratio is in the range of 96-105% during the 2018-2022 period, with the category "Inefficient" in 2018 and 2019, "Less Efficient" in 2020 and 2021, and "Less Efficient" in 2022. Regional financial capability is rated "Inefficient" in 2018 and 2019, "Less Efficient" in 2020, 2021 and 2022. Overall, this table describes the financial condition regions that have experienced improvements in terms of Revenue Realization but there are still problems in Regional Financial Efficiency and Financial Capacity that are not yet optimal.

**Table4.3. Efficiency ratio of regional financial management in Central Lombok Regency FY 2018-2022**

| Year | Realization Regional Expenditure(Rp) | Revenue Realization (Rp) | Efficiency Ratio Regional Finance | Financial capability |
|---|---|---|---|---|
| 2018 | 2.028,96 | 1.976,69 | 103% | Inefficient |
| 2019 | 2.195,37 | 2.148,57 | 102% | Inefficient |
| 2020 | 2.093,64 | 2.096,75 | 100% | Less efficient |
| 2021 | 2.118,55 | 2.109,74 | 100% | Less efficient |
| 2022 | 2.075,25 | 2.165,88 | 96% | Less efficient |
| Average efficiency of local revenue | | | 100% | Less efficient |

Regional Expenditure Realization (Rp) tends to increase from 2018 by 2,028.96 to 2,075.23 in 2022. Revenue Realization (Rp) also shows an increasing trend from 1,976.69 in 2018 to 2,165.88 in 2022. The Regional Finance Efficiency Ratio is in the range of 96-103% during the 2018-2022 period, with the categories "Inefficient" in 2018 and 2019, "Efficient" in 2020-2021, and "Less Efficient" in 2022. Regional financial capability is rated "Inefficient" in 2018 and 2019, "Less Efficient" in 2020-2022. Average efficiency of local revenue shows a value of 100%, which means the average efficiency level of local revenue during the 2018-2022 period is 100%. Overall, this table depicts a fairly good regional financial condition with an increase in Regional Expenditure Realization and Revenue Realization, although there are still challenges in Regional Financial Efficiency and Financial Capability that is not yet optimal.

## 5. CONCLUSION AND SUGGESTION

### a. Conclusions

This research analyzes the regional financial performance of Central Lombok Regency and Sumbawa Regency using the ratio of independence, effectiveness and efficiency in the 2018-2022 period. The research results show that:

- Regional Financial Independence Ratio:

Central Lombok Regency has a financial independence ratio that is classified as "Independent" in its regional financial management. Sumbawa Regency has a financial independence ratio that is also in the "Independent" category, although with more significant fluctuations than Central Lombok.

- Regional Financial Management Effectiveness Ratio:

The effectiveness of regional financial management in Central Lombok Regency is consistently in the "Effective" category with an average effectiveness level of 96% during the research period. Sumbawa District showed varying levels of effectiveness but remained in the "Effective" category in most years of the study period.

- Regional Financial Efficiency Ratio:

Regional financial efficiency in Central Lombok Regency has increased with the realization of regional expenditure and regional income showing a positive trend. However, efficiency still faces challenges in recent years. Sumbawa Regency shows mixed efficiency trends with several years in the "Less Efficient" category, despite an increase in revenue realization.

Overall, both regions show relatively good financial performance with improvements in several financial indicators, but there is still room for improvement, especially in the aspect of financial efficiency.

### b. Recommendations

- Improved Financial Efficiency:

Further efforts are needed to improve the efficiency of regional financial management, especially by optimizing budget use and reducing unnecessary expenditure.

- Increased Financial Independence:

Regional governments need to increase efforts in exploring the potential for new sources of local original income (PAD) and developing existing ones in order to increase financial independence.

- Oversight and Accountability:

Increase supervision and accountability in regional financial management to ensure that every expenditure is carried out on target and transparently.

- Infrastructure and Public Service Development:

Allocate the budget optimally for infrastructure development and improving the quality of public services that can support regional economic growth and community welfare.

- HR Training and Development:

Providing training and capacity development to local government officials in more effective and efficient financial management and budget preparation.

By implementing the suggestions above, it is hoped that regional financial performance can be improved and support development and community welfare in Central Lombok Regency and Sumbawa Regency.

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