

Analysis of the Performance and Financial Capabilities of the Mataram City Government for the 2019-2023 Fiscal Year

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Abstract

The purpose of this study is to determine the performance and financial capabilities of the Mataram City Government for the 2019-2023 fiscal year. This type of research is quantitative descriptive. The data used are primary data and secondary data. The results of the study are: 1) The level of financial independence shows that the Mataram city government already has a fairly good independence with a criterion of 51%. 2) The level of financial effectiveness of the Mataram city government in collecting PAD tends to be very effective with a percentage of 100%. The level of financial efficiency of the local government of Mataram city is inefficient in using the budget optimally with a percentage of 111%. 3) The level of financial activity of the Mataram city government still prioritizes regional spending for direct spending rather than indirect spending, 4) The growth rate of PAD and TPD of the Mataram city government shows that the average growth of PAD is 7% and TPD is 3%. The Mataram City Government prioritizes direct spending, with an average of 2%, compared to indirect spending which is only 1% on average. 5) The degree of fiscal financial decentralization of the Mataram City Government has regional fiscal independence that is quite optimal with a percentage of 37%. Overall, the financial performance of the Mataram City Government shows progress in the effectiveness of PAD collection and a fairly good level of financial independence, although the region is still dependent on central fund transfers.

Keywords: Financial Performance, Financial Ability, Financial Ratio.

INTRODUCTION

Regional development is part of national development and is based on the principle of regional autonomy and the regulation of national resources. This allows for increased democracy and regional performance to result in increased public welfare. In the administration of government, regional governments are inseparable from the issue of financing and budgeting. One important capital for regional governments to finance their spending is their financial capacity. One important part of regional income that is still very low today is Regional Original Income.

The government's steps in an effort to accelerate regional economic development are by implementing regional autonomy. With the enactment of Law No. 23 of 2014 concerning the Government, it can provide broad, real and responsible authority or autonomy to regional governments proportionally (Tohawi & Musthofa, 2022).

In the implementation of Regional Autonomy, there are four important elements that are handed over by the Central Government to the Regional Government. The four elements are Political Decentralization, Fiscal Decentralization, Administrative Decentralization and Economic Decentralization. These four elements are the obligation of the region to manage efficiently and effectively, so that the financial capacity of a region is created to support the implementation of regional autonomy properly (Fairuz, 2015).

The financial aspect is one of the criteria that can be used to determine the ability of a region to manage its own household. The APBD shows the ability of the regional government to manage finances, which shows how well they can finance development tasks and ensure that everyone has equal opportunities. The financial capacity of a region in the era of regional autonomy is often measured using regional financial performance. This form of performance is in the form of a financial ratio formed from elements of the Regional Head's Accountability Report in the form of APBD calculations.

One of the tools for analyzing the financial performance of the regional government is to conduct a financial ratio analysis of the APBD that has been set and implemented. Some ratios that can be used to measure the accountability of the regional government include the independence ratio, effectiveness ratio, efficiency ratio and debt service coverage ratio (Halim & Kusufi, 2007). One of the main characteristics of a region that is able to implement regional autonomy lies in the financial capacity of the region to finance the implementation of its regional government with a level of dependence on the central government having a proportion that is getting smaller and it is expected that PAD must be the largest part in mobilizing and implementing regional government. Regional Original Income is one of the important factors in the implementation of the wheels of government of a region.



NTB Province is one of the provinces in Indonesia. Based on Law Number 32 of 2014, the autonomy policy is directed to accelerate the realization of community welfare through improving services, empowerment and community participation. There are several changes that change the way regional finances are managed. The concept of money follows function refers to the management of regional finances economically, effectively, efficiently, transparently and accountably through a performance-based budget system. This concept includes three steps that must be taken by the regional government in carrying out its public service functions: economically (thrifty and careful) in the procurement and allocation of resources, efficiently (effectively) in the use of resources in the sense that use is minimized and the results are maximized, and effectively (effectively) in the sense of achieving goals and targets (Mardiasmo, 2021).

So based on this, the NTB Provincial Government is also trying as much as possible to carry out regional financial management based on performance. In 2021, NTB Province had a total APBD revenue of IDR 5,326 trillion, while PAD realization was IDR 1,888 trillion or 83.62% of the target set. However, for regional development there was a transfer from the central government of IDR 3,343 trillion or 99.62% of the target set. This illustrates that the NTB provincial government still relies more on the central government (Picia, 2023). The NTB Government's Financial Performance can be observed in the development of Regional Revenue and Expenditure Budget revenues. The Regional Revenue and Expenditure Budget is a regional government revenue budget obtained from the economic potentials owned by the region in a certain budget year (Cahyadi, 2022). The development of the NTB Provincial Revenue and Expenditure Budget from 2019-2023 can be seen in the table below:

Table 1. NTB APBD Budget Realization Report for Fiscal Year 2019-2023

Description	2019 (trillion Rp)	2020 (trillion Rp)	2021 (trillion Rp)	2022 (trillion Rp)	2023 (trillion Rp)
Local Original Income	1.807.482.745,86	1.815.690.092.106,42	1.888.456.286.095,61	2.292.065.852.874,77	2.790.069.455.407,19
Transfer Income	3.383.819.523,68	3.351.385.124.044,00	3.414.313.104.250,00	2.978.480.323.175,00	3.007.931.709.650,00
Other Legitimate Income	6.425.218,71	7.218.005,52	24.163.400.358,00	41.029.949.125,00	10.233.268,00
Total Income	5,197,727,488.24	5.174.293.221.665	5.326.932.790.703,61	5.302.613.771.985,77	5.798.011.398.325,19
Operating Expenditure	3,702,483,611,115.43	3,640,079,368,674	4,083,390,493,557.81	3,701,095,254,837.57	4,206,705,437,137.75
Capital Expenditure	669,705,153.60	608,297,481,636	771,280,939,990.10	1,313,667,766,855.00	545,851,730,153.50
Unexpected Expenditure	3,357,918,186.33	311,110,985,117	33,364,840,102.00	466,511,668.00	2,133,476,223.00
Total Expenditure	4,375,546,682,896.76	4,559,487,835,427	4,888,036,273,649.91	5,015,229,533,360.57	4,754,690,643,514.25
Financial Assistance Transfer	15,276,124.10	358,087,500	1,302,852,800.00	5,150,353,000.00	17,683,520,800.00
Financing Receipts	95,360,252,975.39	144,568,927	307,367,513,687.05	633,458,744,495.75	62,536,729,043.95
Financing Expenditure	-	-	5,000,000,000.00	-	11,004,023,932.00

Source: data.ntbprov.go.id

Based on the table above, it can be seen that the West Nusa Tenggara Provincial Budget fluctuates every year. The Regional Original Income (PAD) has increased significantly from year to year, especially in 2022 and 2023, increasing by 21-22%. Transfer income fluctuates every year, in 2022 it decreased by -13% and increased again in 2023 by 1%. This decrease of -13% is likely to have an impact on the NTB Provincial budget, especially in terms of financing programs that depend on transfer funds.

The comparison between PAD in NTB Province has a relatively small proportion in the APBD, although PAD increases or decreases every year, this is not enough to meet the proportion of Regional Expenditure. So that in the NTB Provincial APBD it still depends heavily on Transfer Income or Balancing from the Central Government.

The Regional Revenue and Expenditure Budget (APBD) of West Nusa Tenggara (NTB) Province plays an important role in regulating the allocation of funds to each Regency in NTB Province. Funds are allocated to each district/city in NTB Province to support various development programs, public services, and infrastructure projects that are in line with provincial development priorities. With the aim of helping provincial and district governments work together better, ensuring local needs are met, and encouraging equitable economic growth across regions. The development of the Regional Revenue and Expenditure Budget for each District/City in NTB Province from 2019-2023 can be seen in the table below:

Table 2. Realization of Regional Budget for Each Regency/City of NTB Province 2019-2023

DISTRICT/CITY	2019 (trillion Rp)	2020 (trillion Rp)	2021 (trillion Rp)	2022 (trillion Rp)	2023 (trillion Rp)
East Lombok Regency	546,276,142.00	508,119,153	5,459,775,987	5,878,024,130	-
Central Lombok Regency	60,797,430,357.75	57,647,473,773.88	28,993,291,635.86	41,854,095,220	39,084,647,243.49
West Lombok Regency	26,050,245,928.29	10,527,829,086.21	42,932,916,336.00	5,658,553,165.00	14,083,176,359.67
North Lombok Regency	35,790,184,541.00	20,950,858,237.32	20,079,656,738.49	23,254,413,987.08	24,529,000,000.00
Mataram City	106,952,379,326.39	42,262,441,503.77	69,795,792,716.46	103,600,936,763.46	115,184,309,369.84
Bima City	889,501,011,607.40	782,163,084,634.73	767,247,135,434	805,811,256,060.22	773,124,623,905.70
Bima Regency	-	39,104,262,080.02	58,349,893,422.52	24,228,625,698.86	585,612,417.45
Dompu Regency	45,954,482,057.90	41,871,956,540.00	11,671,758.75	28,019,493.42	40,721,209.50
Sumbawa Regency	89,436,927,537.64	64,727,200,781.00	-	1,191,251,684,197.89	1,418,998,606,687.00
West Sumbawa Regency	1,020,871,750.00	1,011,827,690.00	942,523,774.66	1,076,544,921.75	1,115,692,671.68

Source: BPS for each Regency/City

Based on the realization of the APBD in the last five years, it has fluctuated, East Lombok Regency has the lowest figure because it has a smaller economic base compared to other regencies in West Nusa Tenggara Province. This can lead to lower PAD and affect the total budget that can be realized, the East Lombok Regional Government continues to encourage an increase in this (Sugandika, 2022).

Then, Bima City has the highest figure compared to other regencies and Mataram City. Bima City, has a smaller scale, allowing for a more focused reach, so that it can manage the budget more efficiently and faster in realizing it. Meanwhile, Mataram City as the provincial capital, Mataram City may have a greater need for routine spending such as employee salaries, government facilities, and public services compared to Bima City. As a result, Mataram City's budget can be divided more widely, and even though it has a large budget, its realization may be lower for physical spending or important programs.

Mataram's Original Regional Income (PAD) is largely influenced by the center of government, educational institutions, and the rapidly growing trade sector. However, based on the Mataram City Budget Realization Report, the contribution of PAD is still very low when compared to Transfer Revenue. As research conducted by Wulandari (2023), the contribution of PAD in Mataram City to regional income is still very low compared to transfer revenue, causing the region's ability to carry out decentralization to be very low (Wulandari et al., 2023). The Mataram City Government still prioritizes the allocation of regional spending funds for operational spending rather than capital spending. This can be seen from the following table:

Table 3. Report on Realization of Revenue and Expenditure Budget of Mataram City for Fiscal Year 2019 to 2023

Description	2019 (trillion Rp)	2020 (trillion Rp)	2021 (trillion Rp)	2022 (trillion Rp)	2023 (trillion Rp)
Local Original Income	373,951,422,339.15	363,165,361,010.56	392,556,124,241.49	446,332,721,389.05	492,062,017,951.22
Transfer Income	1,036,597,510,641.00	971,125,111,760.00	970,243,717,002.00	1,051,642,188,665.00	1,172,258,100,334.00
Other Legitimate Income	52,246,780,000.00	61,719,142,604.00	57,086,377,715.77	2,308,183,204.00	3,750,000,000.00
Total Income	1,462,795,712,980.15	1,396,009,615,374.56	1,419,886,218,959.26	1,500,283,093,258.05	1,668,070,118,285.22
Operating Expenditure	1,115,360,714,808.67	1,113,409,266,561.18	1,184,115,032,150.37	1,287,767,626,136.05	1,369,463,337,115.07
Capital Expenditure	331,560,943,664.74	209,066,411,335.00	185,546,615,534.20	174,005,861,795.00	281,986,437,862.00

Unexpected Expenditure	54,203,298.00	133,875,525,346.00	11,249,870,000.00	870,033,300.00	34,297,616.00
Total Expenditure	1,446,975,861,771.41	1,456,531,203,197.18	1,382,352,867,746.57	1,464,164,668,856.05	1,653,925,422,593.07
Financial Assistance Transfer	2,136,185,770.00	1,351,350,000.00	1,441,350,000.00	1,512,147,625.00	2,441,350,000.00
Financing Receipts	105,088,713,887.65	106,952,379,326.36	42,262,441,503.77	74,735,512,361.46	103,289,613,677.69
Financing Expenditure	11,820,000,000.00	2,997,000,000.00	10,000,000,000.00	7,250,000,000.00	2,250,000,000.00

Source: mataramkota.go.id

Based on the Budget Realization Report, the PAD of Mataram City continues to increase even though in 2020 it decreased by -3% due to economic activities being halted due to the Covid-19 pandemic, in 2022 it increased by 14% from the previous year. And in 2023 it decreased by 10%. Meanwhile, transfer income in 2020 decreased by -6%. However, in 2023 it increased by 11% from the previous year.

Then, when viewed from the total Regional Income of Mataram City in 2020 it decreased by -5%. This decrease was due to reduced revenue from various sources, including PAD and transfer funds from the center which were adjusted due to national economic pressures. In 2021, total Regional Income showed signs of recovery with an increase of 2%. This was influenced by the increase in PAD and transfer funds from the central government. In 2023, total Regional Income continued to increase by 11%, this increase was also influenced by the increase in transfer funds from the central government. This identifies that the Mataram City Regional Budget is highly dependent on external funds to finance various programs, projects, and operations, rather than relying on local revenue (PAD) such as local taxes, local levies, and other legitimate local revenues.

The low contribution of PAD to the APBD is generally caused by the lack of ability of the district/city government to explore regional finances from existing potential, this assumption also applies to regions that have strong economic growth potential based on goods and services and strategic positions, such as Mataram City. Therefore, the local government must have effective and efficient financial performance in order to develop the region better. Then, regional financial capacity is very much needed in order to prepare this region to become the provincial capital where a provincial capital is required to be able to support its own government and regional financial activities in order to fulfill public service obligations to the community and the implementation of regional autonomy.

Referring to the formulation of the problem above, the objectives of this study are: To determine the achievement of performance and financial capacity of the Mataram city government in the 2019-2023 budget year.

METHOD

This type of research is quantitative descriptive research. Descriptive research is research used to analyze data by describing or depicting the data that has been collected as it is without intending to make conclusions that apply to the public or generalization. Research conducted on a population (without sampling) will clearly use descriptive statistics in its analysis (Sugiyono, 2019). This study will explain the level of independence, effectiveness, efficiency, activity (harmony of spending), growth and degree of fiscal decentralization in the financial management of the Mataram City government in 2019-2023.

Research Location

The location of this research was conducted in Mataram City, West Nusa Tenggara. According to BPS, Mataram City has succeeded in recording the lowest percentage of poor people in West Nusa Tenggara Province, indicating a positive correlation between effective regional financial management and increasing public welfare. This study can examine the extent to which the effectiveness, efficiency, and contribution of regional budget priorities are to improving public welfare. In addition, because Mataram is the provincial capital and has a complex APBD structure and relatively complete data, researchers can conduct a comprehensive evaluation of public financial performance. This research can be useful for local governments in improving accountability and quality of regional spending. It can also be a lesson for other regions in the NTB region.

Data Collection Method

The data collection method that is appropriate for this research is a case study, which is a study of a specific or typical phase of the entire personality. This study assesses the Mataram City Government for five years of managing and maintaining its financial performance, and the government's ability to finance operations independently. This data collection was carried out directly by visiting related agencies such as the Mataram City Regional Finance Agency Office.

Data Analysis Method

Data collection techniques in this study include interviews, documentation, and literature studies. Interviews were conducted directly with the head of the accounting division of the Mataram City Regional Finance Agency to obtain in-depth primary data. In addition, documentation techniques were used by collecting secondary data in the form of the 2019-2023 APBD Budget Realization Report from the Mataram City Regional Finance Agency which was then documented, recorded, and analyzed according to research needs. Furthermore, a literature study was conducted by reading various related literature obtained from the library of the Faculty of Economics and Business, University of Mataram and the NTB Provincial Library as a theoretical basis and support for analysis.

Data Type

The type of data used in this study is secondary data, namely data that has been collected and published by related institutions, as explained by Kuncoro (Tamboto et al., 2014). The secondary data is in the form of the Mataram City Regional Revenue and Expenditure Budget Realization Report (APBD) for the period 2019 to 2023. The sources of research data come from various agencies, including the Mataram City Regional Finance Agency, the Mataram City Central Statistics Agency (BPS) and BPS in a number of districts in the NTB region, such as East Lombok, Central Lombok, North Lombok, West Lombok, Sumbawa, West Sumbawa, Dompu, Bima, and Bima City. In addition, supporting data was also obtained from the library of the Faculty of Economics and Business, University of Mataram and the NTB Provincial Library.

RESULTS AND DISCUSSION

In the discussion of the results of this study, it will be discussed about how the performance and financial capabilities of the Mataram City regional government are using financial ratio analysis such as independence ratio, effectiveness and efficiency ratio, activity ratio (harmony), growth ratio, and degree of fiscal decentralization.

Regional Financial Independence Ratio

Regional Financial Independence shows the ability of the regional government to finance its own government activities, development and services to the community who have paid taxes and levies as a source of income needed by the region. The higher the independence ratio means that the level of regional dependence on external assistance (especially the central and provincial governments) is lower, and vice versa (Halim, 2001). To see the level of independence of the Mataram City Government, it can be calculated as follows:

$$RKKD = \frac{\text{Total PAD Revenue}}{\text{Total Regional Assistance and Loans}} \times 100\%$$

Table 4. Calculation of the Independence Ratio of the Mataram City Government 2019-2023

Year	PAD (trillion IDR)	Central Government Assistance (trillion IDR)	Results (%)	Criteria
2023	493.302.232.061,10	910.733.475.189	54	Medium
2022	446.332.721.389,05	797.518.887.102	56	Medium

2021	392.556.124.241,49	771.164.529.721	51	Medium
2020	363.165.361.010,56	788.787.612.546	46	Low
2019	373.951.422.339,15	868.528.168.215	43	Low
Average			51	Medium

Source: Mataram City BKD, Processed Data (attachment)

As seen from the calculation results in the table above, in terms of the level of regional financial independence, the financial performance of the Mataram City Government has increased every year, although in 2023 it has decreased. The level of independence is classified as moderate with an average of 50%, which means that regional independence is quite capable of managing regional finances with most of the income coming from PAD, but there is still dependence on central transfers, this shows that half of the total regional income of the city of Mataram comes from Regional Original Income (PAD), while the rest comes from transfer funds from the central government or other assistance. It is still not enough to fund development activities and regional government operations independently. Ideally, the higher the regional independence ratio, the better because it shows that the region is able to finance its own needs without being too dependent on central fund transfers.

However, to increase this ratio, regions need to optimize sources of original income, such as regional taxes, levies, and results of regional wealth management. This is almost the same as the research presented by Ichlasul M and Wibowo Puji (2022) which shows that the average level of financial independence of the DKI Jakarta Government is relatively high even though it has decreased in 2020 (Amal & Wibowo, 2022). The high contribution of Regional Original Income is due to the high public awareness in carrying out the obligation to pay taxes and the strong management of regional assets by the DKI Jakarta Provincial Government so that it is able to generate maximum Regional Original Income (PAD).

Regional Financial Effectiveness and Efficiency Ratio

The effectiveness ratio describes the ability of the regional government to realize the planned PAD compared to the target set based on the real potential of the region. The higher the effectiveness ratio, the better the regional ability (Halim & Kusufi, 2007). To see the level of effectiveness of the Mataram City government, it can be calculated as follows:

$$REKD = \frac{\text{Realization of PAD Receipts}}{\text{PAD Revenue Target}} \times 100\%$$

Table 5. Calculation of the Effectiveness Ratio of the Mataram City Government 2019-2023

Year	PAD		Results (%)	Criteria
	Realization (trillion IDR)	Target (trillion IDR)		
2023	1.502.176.145.955,10	1.486.518.123.209	101	Very Effective
2022	1.334.122.685.059,05	1.325.436.657.200	101	Very Effective
2021	1.301.163.451.602,26	1.301.926.075.048	100	Effective
2020	1.247.831.232.079,56	1.227.838.508.200,15	102	Very Effective
2019	1.321.794.980.354,15	1.350.139.008.000	98	Quite Effective
Average			100	Effective

Source: Mataram City BKD processed data (attachment)

From the calculation of the effectiveness ratio above, the finances of the Mataram City regional government in 2019-2023 are classified as very effective/effective with an average of 100%, which means that the income achieved or spending used is in accordance with the desired target, indicating the success of financial management. This shows that the Mataram City government has succeeded in realizing PAD more than the target planned in the budget. It can be seen from the realization that each year is higher than the previous target. This happens because revenue from the tax and regional retribution sector exceeds that previously set. The Mataram City Government must also continue to optimize revenue from other sources. This is the same as that stated by

Wayan Anggita and Halailah (2024) which shows that the effectiveness ratio of the Kolaka Regency regional government experiences movement every year but is still included in the effective category (SARI, 2014). The revenue budget has also increased along with an increase in the realization of regional income.

Regional Financial Efficiency Ratio

The Efficiency Ratio is a ratio that describes the comparison between the amount of costs incurred to obtain income and the realization of income received. The smaller the efficiency ratio means the better the performance of the local government. To see the level of efficiency of the Mataram City government, it can be calculated as follows:

$$REKD = \frac{\text{Realization of PAD Expenditure}}{\text{Realization of PAD Receipts}} \times 100\%$$

Table 6. Calculation of Efficiency Ratio of Mataram City Government 2019-2023

Year	PAD		Results (%)	Criteria
	Expenditure Realization (trillion Rp)	Realization of Revenue (trillion Rp)		
2023	1.653.900.067.407,07	1.502.176.145.955,10	111	Inefficient
2022	1.471.414.688.856,05	1.334.122.685.059,05	110	Inefficient
2021	1.392.352.867.746,57	1.301.163.451.602,26	107	Inefficient
2020	1.460.699.553.197,18	1.247.831.232.079,56	117	Inefficient
2019	1.460.932.047.541,41	1.321.794.980.354,15	111	Inefficient
Average			111	Inefficient

Source: Mataram City BKD processed data (attachment)

From the calculation of the efficiency ratio above, the finances of the Mataram city government in 2019-2023 are classified as inefficient with an average of 111%, which means that the expenditures made do not produce optimal or efficient results, this is because the realization of expenditure is greater than the realization of revenue. The Mataram City Government needs to build a more effective monitoring and evaluation system, which is very important to ensure that all programs and policies implemented can be monitored and evaluated periodically. This is the same as the research conducted by Wayan Anggita S (2024) where the performance of the Kolaka Regency Government for the 2019-2021 period based on calculations using the efficiency ratio was never efficient because the realization of regional spending was still greater than the realization of regional income, resulting in a deficit. The government needs to adjust its strategy based on the evaluation results to improve the achievement of goals. In addition, involving the community in the evaluation and feedback process will increase the accountability and effectiveness of the programs being run.

Activity Ratio

The activity ratio describes how the local government prioritizes the allocation of its funds for routine spending and indirect spending optimally. The higher percentage of funds allocated for direct spending means the percentage of indirect spending used to provide community economic facilities and infrastructure tends to be small. Simply put, this harmony ratio can be formulated as follows:

$$\text{Direct Spending Ratio} = \frac{\text{Total Direct Shopping}}{\text{Total Regional Expenditure}}$$

$$\text{Indirect Spending Ratio} = \frac{\text{Total Indirect Expenditure}}{\text{Total Regional Expenditure}}$$

Table 7. Calculation of Activity Ratio of Mataram City Government 2019-2023

Year	Total Regional Expenditure (trillion IDR)	Direct Shopping (trillion IDR) (a)	Indirect Spending (trillion IDR) (b)	Results (%)	
				(a)	(b)
2023	2.233.731.531.489	1.541.935.836.973	691.795.694.516	68	31
2022	2.028.293.704.823	1.382.068.655.443	646.737.197.005	68	32
2021	1.913.978.791.716	1.270.277.921.404	645.142.194.579	66	34
2020	2.034.310.024.252	1.209.471.707.713	826.189.666.536	60	41
2019	2.037.883.209.653,51	777.019.706.744	670.862.403.569	38	33
Average				66	34

Source: Mataram City BKD processed data (attachment)

From the calculation of the activity ratio, it can be seen that the Mataram City regional spending funds from 2019-2023 are more dominantly allocated for direct spending compared to indirect spending. Where the average direct spending of 66% shows that most of the funds are allocated for purposes directly related to the implementation of work programs or public services such as employee salaries, goods and services spending, and capital expenditures. Meanwhile, indirect spending of 34% means that a smaller portion of the budget is used for expenditures that are not directly related to programs or activities such as salaries and allowances for permanent employees, pension funds, social assistance, grants, subsidies, and transfers to other regions.

Direct spending that dominates the APBD structure shows the efficiency of budget use because it directly funds priority programs and increases accountability because spending can be linked to performance achievements. This is the same as stated by Shella Kriekhoff (2024) which shows that the level of the capital expenditure ratio of the East Lombok Regency Government in 2014-2018, which is 17.36, is quite good because it is on a scale of 10-40% interval (Kriekhoff & Riupassa, 2024). This means that the East Lombok Regency Government is quite capable of allocating its regional spending to increase development activities in order to achieve targeted growth.

Growth Ratio

The growth ratio measures how much the regional government is able to maintain and improve the capabilities that have been achieved from one period to the next. With the success of growth for each component of income and expenditure sources, it can be used to evaluate which potentials need attention (Halim & Kusufi, 2007). The measurement of the growth ratio can be formulated as follows:

$$PAD \text{ Growth Ratio} = \frac{PAD_t - PAD_{t-1}}{PAD_{t-1}}$$

Measurement of Regional Income Level (DPD) can be calculated using the formula:

$$TPD \text{ Growth} = \frac{TPD_t - TPD_{t-1}}{TPD_{t-1}} \times 100\%$$

Measurement of the level of Direct Spending (BL) and Indirect Spending (BTL) in a region can be determined using the following formula:

$$\begin{aligned} \text{Direct Shopping Growth} &= \frac{BL_t - BL_{t-1}}{BL_{t-1}} \times 100\% \\ \text{Indirect Spending Growth} &= \frac{BTL_t - BTL_{t-1}}{BTL_{t-1}} \times 100\% \end{aligned}$$

Table 8. Calculation of the growth ratio of the Mataram City Government 2019-2023

Year	2019 (%)	2020 (%)	2021 (%)	2022 (%)	2023 (%)	Average (%)
Growth ON	4	-3	8	14	11	7

TPS Growth	3	-5	2	6	11	3
BL growth	-4	-12	5	9	12	2
BTL Growth	-3	23	-22	0,3	7	1

Source: Mataram City BKD processed data (attachment)

Based on the data above, it shows that PAD growth and regional income levels had decreased in 2020. This was influenced by the Covid-19 pandemic, as a result of which the achievement of revenue targets, especially those from regional taxes, did not reach the targets set in the APBD. Then after the Covid-19 pandemic, PAD growth and regional income levels in the city of Mataram showed economic recovery. On average, PAD growth was 7%. Meanwhile, average revenue growth from 2019 to 2023 was 3%. This increase was driven by the regional tax sector, the realization of which reached the target, as well as optimization of regional levies and management of regional assets. Furthermore, direct spending over the past five years has increased, although in 2019 to 2020 it decreased from -4% to -12% due to the response to the pandemic, the Mataram City Government refocused and reallocated the budget to fund handling of Covid-19.

As a result, capital expenditures and other physical activities were temporarily stopped to divert funds to the health and social assistance sectors. Meanwhile, indirect spending also increased in 2022 and 2023 by 7%, although since 2019 and 2021 it has decreased by -3% to -22% due to a decrease in regional income, budget refocusing to fund health care and social assistance, as well as delays and efficiency in program implementation, while in 2020 it increased by 23% due to employee spending that had to be paid, such as additional incentives for health workers involved in handling Covid. The Mataram City regional government prioritizes direct spending, namely employee salaries, goods/services and capital expenditures, rather than indirect spending which includes salaries and allowances for permanent employees, pension funds, social assistance, grants, subsidies, and transfers to other regions, direct spending is focused on productively oriented activities and has benefits for improving the quality of human resources, public services and regional economic growth.

In other words, regional spending is expressed in the form of activity programs, the benefits of which can be felt directly by the community. Payment of direct spending shows the government's commitment to fulfilling the rights of third parties, such as providers of goods and services, and ensuring that development programs run smoothly. Local original income (PAD), gross regional domestic product (PDRB), and other development sectors are some of the economic sectors that have experienced significant increases as a result of this growth.

This is the same as stated by Cheris Enjelita k, et al (2016) which shows that the growth of PAD in Manado City in 2010-2016 has increased, for income growth for 5 years has also increased (Kaunang, 2016). Then for the growth of direct and indirect spending has increased even though in 2012 there was a decrease of -6%. But the growth ratio is quite good because there is a more dominant ranking.

Fiscal Decentralization Degree Ratio

The Fiscal Decentralization Degree Ratio is a calculation that shows the ability of the regional government to finance its own government activities, development and services to the community who have paid taxes and levies as a source of income needed by the region. The fiscal decentralization degree ratio can be formulated as follows:

- a. $\frac{\text{Locally-generated revenue}}{\text{Total Regional Revenue}}$
- b. $\frac{\text{Sharing of Tax and Non-Tax Revenues for Regions}}{\text{Total Regional Revenue}}$
- c. $\frac{\text{Regional Contribution}}{\text{Total Regional Revenue}}$

With TPD = PAD + BHPBP + SB, the higher the calculation result, the higher the decentralization (independent).

Table 9. Calculation of the ratio of the degree of fiscal decentralization of the Mataram City Government in 2019-2023

Year	TPD (trillion Rp)	PAD (trillion Rp)	BHPBP (trillion Rp)	SB (trillion Rp)	Results (%)				Criteria
					(a)	(b)	(c)	=	

	(a)	(b)	(c)						
2023	1.668.282.889.314,10	493.302.232.061,10	114.721.414.159	5.006.245.200	30	7	0,30	37,30	Enough
2022	1.500.283.093.258,05	446.332.721.389,05	110.989.044.199	2.250.000.000	30	7	0,10	37,10	Enough
2021	1.419.886.218.959,26	392.556.124.241,49	88.478.633.357	0	28	6	0	34,00	Enough
2020	1.396.009.615.374,56	363.165.361.101,56	84.447.703.386	61.637.242.604,99	26	6	4	36,00	Enough
2019	1.462.795.712.980,15	373.951.422.339,15	106.955.529.626	53.238.280.000	25	7	4	36,00	Enough
Average					28	7	1,7	37,00	Enough

Source: Mataram City BKD processed data (attachment)

Based on the table above, it can be seen that Mataram City is included in the category of moderate/sufficient independence, which means that regional fiscal independence is sufficient but not yet optimal. The transfer policy from the center is still quite dominant in the APBD structure. Judging from the ratio of the Degree of Fiscal Autonomy of the Mataram City Regional Government, the average is around 37%, which means that the expenditures made do not produce optimal or efficient results. Where the ratio between PAD and TPD from 2019-2023 has increased, the ratio between Regional Original Income to Total Regional Income when viewed on average from 2019-2023, the ratio result is 28% (the category is as a measuring tool) which shows that the financial capacity of Mataram City is still lacking in financing regional development.

Meanwhile, the Ratio of Tax and Non-Tax Revenue Sharing (BHPBP) to Total Regional Income (TPD) shows an average ratio result of 7%. The calculation of the ratio between Regional Contributions and Assistance (SB) to Total Regional Income (TPD) on average from 2019-2023, the ratio result is 1.7%. This is the same as that stated by Siswanto (2022) who showed that the fiscal decentralization ratio of Sleman Regency in 2016-2020 showed an average value of 32.11% so it can be said that the fiscal decentralization ratio is in the sufficient category (Siswanto & Maylani, 2022).

CONCLUSION

Based on the research results, it can be concluded that the financial independence of the Mataram City Government in the 2019-2023 period is classified as moderate with a level of independence of 51%, which indicates that the government is not yet fully fiscally independent but is quite capable of managing most of its own finances. The city's financial performance is considered very effective in terms of budget management effectiveness, although spending efficiency is still less than optimal due to the mismatch between the amount of spending and the results obtained. The harmony ratio shows a greater proportion of direct spending than indirect spending, indicating quite good performance. However, the stability of financial performance has not been fully achieved, influenced by local economic dynamics and changes in fiscal policy both at the national and global levels, so that revenue and spending growth have fluctuated over the past five years. The Mataram City Government has been able to finance most of its own fiscal activities, although it still requires support from transfer funds from the central government with a degree of fiscal decentralization of 37% which is quite sufficient.

Based on the research results, several suggestions that can be given to improve the performance and financial capabilities of the Mataram City Government include reducing dependence on funds from the central government by optimizing regional tax potential and increasing revenue from the local investment sector and regional levies. In addition, considering the efficiency ratio is not yet optimal, the government needs to build a more effective monitoring and evaluation system so that each program and policy can be monitored and evaluated periodically, by involving the community to increase accountability and effectiveness. For further research, it is recommended to expand the scope of location and time and use other measurement tools as a more comprehensive instrument for analyzing local government financial performance.

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