COMPARATIVE STUDY OF REGIONAL FINANCIAL PERFORMANCE IN UNDERDEVELOPED AND DEVELOPING REGIONS IN EAST NUSA TENGGARA PROVINCE

Eugenia H. P. Tanan
Accountting
State Kupang Polytechnic
Kupang
tanan.indry@yahoo.co.id

Agnes K. B. Mudamakin
Accountting
State Kupang Polytechnic
Kupang
agnesbetan.mudamakin@gmail.com

Abstract - Measuring financial performance is crucial in order to assess the accountability of regional governments in managing regional finances. Accountability is not just the ability to demonstrate how public money is spent but also covers the ability to show that public money has been spent efficiently, effectively and economically. According to Mardiasmo (2004: 182), efficient means that the use of public funds produces maximum output, while effective means that the use of the budget must achieve the goals that serve public interest, moreover, economically is related to the selection and use of resources under a certain quantity and quality at the lowest price level.

Based on the opinion of the Audit Board of the Republic of Indonesia, poor financial performance that occurs in underdeveloped districts in East Nusa Tenggara Province includes: mismanagement and misadministration of asset; mismanagement of School Operational Assistance (SOA) funds as well as the miscalculation of cash and balance by including the accumulative values of school buildings depreciation; the existence of permanent investment and fixed assets in the Regional Government Financial Report (RGFR); incomplete and unaccountable financial reports; inconformity with the Government Accounting Standards (GAS), inadequacy of disclosure, incompliance with laws and regulations, and ineffective internal control system; accumulative depreciation of fixed assets, such as irrigation, roads and networks, has not been regarded as part of the development process and not been capitalized into the main fixed assets; weak internal control of the fixed asset management.

Of the four ratios, developing regions show progress in terms of using the budget for the construction of infrastructure for the community, being able to minimize the amount of collection fees so that they are considered efficient in obtaining PAD.

***Keyword*s: Comparison, Regional Financial Performance, Underdeveloped and Developing.**

I. INTRODUCTION

Indonesia is a unitary state with a state capital and oversees the provincial governments as well as the district, or city, governments. As Indonesia spans over a large territory, and possesses a large population, these unavoidably lead to several difficulties. Furthermore, according to Sutedi (2012: 120), financial performance measurement aims to increase the competitiveness of the national economy and global economic activities. In order to administer the government effectively and efficiently, it is necessary to divide the work areas. The Article 18 of the 1945 Constitution states that the unitary state of the republic of Indonesia is divided into provincial regions and the province is divided into regencies and cities, each of which has a government, which is regulated by law, and also specifically consider the rights and origins of the special regions. This means the establishment of a decentralized governmental system has a strong legal basis.

East Nusa Tenggara Province, as one of 34 provinces in Indonesia, has several underdeveloped regencies. Based on the Presidential Regulation number 131 of 2015, East Nusa Tenggara province had 18 underdeveloped regions in 2015-2019, and the

Presidential Regulation of the Republic of Indonesia number 63 of 2020 elucidates that

East Nusa Tenggara province has 13 underdeveloped regions in 2020-2024.

That in 2015-2019 there were 18 underdeveloped districts, 3 developing districts and 1developing city. In 2020-2024, the number of underdeveloped areas decreased to 13 districts and developing areas increased to 8 districts and 1 city. Based on the theory and problems explained in the background above, the authors are interested in conducting research titled "Comparative Study of Regional Financial Performance in Underdeveloped Regions and Developing Regions in East Nusa Tenggara Province".
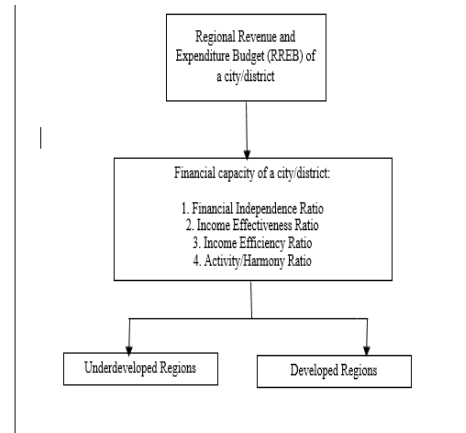
II. LITERATURE REVIEW

2.1. Underdeveloped Regions

Underdeveloped regions, as explained in the Government Regulation no. 78 of 2014, are less developed areas and communities measured by a set of national scales, namely economic development level, human resources, infrastructure, regional financial capacity, accessibility, and regional characteristics. Therefore, a systematic development plan is pivotal in order to lift these regions from the underdeveloped category.

2.2. Regional Finance

1. Efficiency is a level of achievement that uses the lowest amount of inputs to create the greatest amount of outputs.
2. Economical is the acquisition of inputs with certain quality and quantity at the lowest price level.
3. Effectiveness is the achievement of the predetermined target by comparing outputs with results.
4. Transparent is the principle of openness that allows public to know and gain access to the widest possible information about regional finances.
5. Responsibility is the obligation of a person or a work unit to be accountable for the management and control of resources, as well as the implementation of policies, in order to achieve the predetermined targets.
6. Justice is a balance between the distribution of authority and its funding. Meanwhile, propriety is an action or an attitude that is conducted fairly and proportionally.

2.3. Framework

Figure 2.1. Framework

III. METHOD

3.1. Types of Research

Research methods are approaches used by researchers in designing, implementing, processing data, and drawing conclusions regarding certain research problems. The method used in this research is the descriptive method which is a research method that aims to describe current or past phenomena.

3.2. Location and Timeline of Research

This research is conducted at the Regional

Regency	Year	Regional Income	Central Government Funding	Independence (%)	Financial Ability
Underdeveloped regions					
Alor	2017	57.781.104.292,70	821.724.201.872,00	7%	Very Low
	2018	62.656.102.681,70	737.719.048.564,00	8%	Very Low
	2019	50.497.507.797,56	851.438.120.270,00	6%	Very Low
	2020	61.348.896.749,31	785.620.897.803,00	8%	Very Low
	2021	72.104.344.504,52	629.790.242.687,00	11%	Very Low
Lembata	2017	37.926.892.000,73	564.128.647.041,00	7%	Very Low
	2018	40.394.586.760,73	536.222.936.281,00	8%	Very Low
	2019	44.444.504.148,95	692.304.236.391,00	6%	Very Low
	2020	44.244.016.164,15	611.356.311.973,00	7%	Very Low
	2021	38.843.803.351,47	585.188.642.087,00	7%	Very Low
Rote Ndao	2017	25.189.152.457,24	609.383.777.281,00	4%	Very Low
	2018	25.467.309.013,38	622.779.079.732,00	4%	Very Low
	2019	26.096.988.104,30	627.542.319.733,00	4%	Very Low
	2020	32.585.560.639,84	552.319.930.617,00	6%	Very Low
	2021	31.511.204.366,82	567.081.097.751,00	6%	Very Low
Sumba Tengah	2017	19.543.071.956,15	445.353.516.981,00	4%	Very Low
	2018	24.253.758.067,50	453.405.677.980,00	5%	Very Low
	2019	30.335.621.531,28	494.901.973.712,00	6%	Very Low
	2020	30.580.109.598,42	447.878.640.621,00	7%	Very Low
	2021	34.167.680.031,00	441.182.592.682,00	8%	Very Low
Sumba Barat Daya	2017	99.776.097.079,00	645.977.967.045,00	15%	Very Low
	2018	41.262.455.155,00	643.349.956.626,00	6%	Very Low
	2019	41.333.918.626,70	661.913.447.363,00	6%	Very Low
	2020	45.796.257.267,24	646.193.177.931,00	7%	Very Low
	2021	43.918.102.501,64	648.685.238.803,00	7%	Very Low
Manggarai Timur	2017	26.247.555.618,59	683.546.191.414,00	4%	Very Low
	2018	32.814.717.337,37	764.510.441.819,00	4%	Very Low
	2019	40.152.816.777,37	786.724.967.841,00	5%	Very Low
	2020	47.552.521.548,57	709.706.870.632,00	7%	Very Low
	2021	44.168.186.981,76	756.534.510.982,00	6%	Very Low
					Very Low
Sabu Raijua	2017	33.129.217.147,00	396.036.055.827,00	8%	Very Low
	2018	26.822.239.476,23	442.426.336.550,00	6%	Very Low
	2019	26.660.839.267,00	462.822.025.176,00	6%	Very Low
	2020	36.433.624.244,95	479.064.608.440,00	8%	Very Low
	2021	28.339.245.445,35	441.274.176.772,00	6%	Very Low
Malaka	2017	27.170.847.403,38	653.693.625.521,00	4%	Very Low
	2018	33.438.166.941,84	581.709.695.807,00	6%	Very Low
	2019	31.910.567.963,60	599.968.768.425,00	5%	Very Low
	2020	54.531.409.057,74	556.495.163.296,00	10%	Very Low
	2021	55.380.883.238,12	621.454.977.799,00	9%	Very Low

Finance Agency of East Nusa Tenggara Province, Eltari Street number 52, Oebobo Village, Kota Raja District, Kupang City starting from March 2022 to August 2022.

3.3. Data Collection Methods
a. Data Analysis Method

This research utilizes descriptive analysis of financial capacity ratios based on the planned and realized Regional Revenue and Expenditure Budget (RREB) in order to measure the capacity of regional governments. The analysis will be based on the ratio of regional financial independence, the effectiveness and efficiency of regional finance, the activity ratios, and the growth ratios (Halim, 2007).

1. Regional Financial Independence Ratio

This ratio describes regional dependence on external funding and the higher the independence ratio means that the level of regional dependence on external funding, especially funding from central and provincial governments, is lower, and vice versa (Halim, 2002).

$$Regional\ Financial\ Independence\ Ratio = \frac{Regional\ Income\ (RI)}{Central\ Government\ Funding}\ x\ 100\%$$

This ratio shows the relationship of regional governments and the central government as follows:

Independence	Financial Capacity	Relationship Pattern
0%-25%	Very Low	Instructive
25%-50%	Low	Consultative
50%-75%	Moderate	Participatory
75%-100%	High	Delegative

2. Income Effectiveness Ratio

$$Effectiveness = \frac{Realized\ Income}{Realized\ Income\ Target}\ x\ 100\%$$

The effectiveness ratio shows the government's ability to acquire income receipts in accordance with the target (Mahmudi, 2016).

3. Income Efficiency Ratio

$$Efficiency = \frac{Income\ Acquisition\ Costs}{Realized\ Income}\ x\ 100\%$$

This ratio calculates the costs incurred to obtain income with the realized income. The smaller the value of this efficiency ratio, the better the

government's performance in generating income (Mahmudi, 2016).

4. The Activity (Harmony) Ratio

The activity ratio describes the optimization of funds allocation by regional governments. The higher the percentage of funds allocated for routine expenditures means the lower the spending for economic and infrastructure development (Halim; 2012). The activity ratio can be formulated as follows:

$$Activity\ Ratio = \frac{Direct\ Expenditure}{Total\ of\ Regional\ Revenue\ and}\ x\ 100\%$$

The results of the calculations are presented in tables in order to simplify and complement the overall analysis of financial performance between the underdeveloped and developing regions in East Nusa Tenggara Province. Subsequently this data will be further analyzed in order to generate solutions.

IV. LITERATURE REVIEW
4.1. Data Analysis and Discusiion

In this research, it will be discussed how the regional financial independence of each district and city in East Nusa Tenggara Province for the 2017-2021 Fiscal Year will be discussed. To discuss the financial independence of this region, a financial ratio analysis was carried out. Kasmir (2011: 104) suggests that financial ratios are activities to compare the numbers in the financial statements by dividing one number by another.

4.1.1. Descriptive Analysis of Financial Ratios
1. Indpendence Ratio

The independence ratio describes the regional dependence on external funding sources. The higher the independence ratio means that the level of regional dependence on external assistance (especially the central and provincial governments) is lower and so should be according to Halim (2002: 253)

Table 4.1
Calculation of Regional Financial Independence Ratio Fiscal Year 2017-2020

Regency	Year	Regional Income	Central Government Funding	Independence (%)	Financial Ability
Underdeveloped regions					
Sumba Barat	2017	65.701.505.769,32	512.302.400.891,10	13%	Very Low
	2018	86.164.511.367,98	581.709.695.807,00	15%	Very Low
	2019	78.233.376.016,72	564.724.587.411,00	14%	Very Low
	2020	55.672.133.641,41	505.722.133.477,00	11%	Very Low
	2021	56.266.124.645,64	528.661.041.010,00	10%	Very Low
Sumba Timur	2017	73.643.484.628,57	861.868.679.078,00	9%	Very Low
	2018	72.209.960.188,35	818.499.753.389,00	9%	Very Low
	2019	102.267.318.040,29	935.577.356.745,00	11%	Very Low
	2020	92.336.687.883,40	935.577.356.745,00	9%	Very Low
	2021	128.359.009.907,13	798.098.566.604,00	16%	Very Low
Kabupaten Kupang	2017	47.068.405.244,99	866.576.098.191,00	5%	Very Low
	2018	38.875.575.851,84	961.319.841.490,00	4%	Very Low
	2019	48.725.556.774,95	949.294.954.609,00	5%	Very Low
	2020	65.952.353.499,95	949.294.954.609,00	6%	Very Low
	2021	74.342.549.538,39	852.263.771.208,00	8%	Very Low
Timor Tengah Selatan	2017	62.868.314.688,94	961.093.109.725,00	7%	Very Low
	2018	63.299.903.065,62	1.047.607.836.234,00	6%	Very Low
	2019	72.367.125.683,11	1.008.107.582.237,00	7%	Very Low
	2020	84.192.900.192,00	977.129.800.831,00	8%	Very Low
	2021	65.657.453.733,66	917.215.589.145,00	7%	Very Low
Belu	2017	75.771.272.635,34	779.230.428.259,00	10%	Very Low
	2018	88.558.807.883,83	719.295.914.950,00	12%	Very Low
	2019	86.449.590.880,98	743.591.609.115,00	12%	Very Low
	2020	85.079.640.923,64	670.079.457.573,00	13%	Very Low
	2021	72.104.344.504,52	629.790.242.687,00	11%	Very Low

Regency	Year	Regional Income	Central Government Funding	Independence (%)	Financial Ability
Underdeveloped regions					
Alor	2017	57.781.104.292,70	821.724.201.872,00	7%	Very Low
	2018	62.656.102.681,70	737.719.048.564,00	8%	Very Low
	2019	50.497.507.797,56	851.438.120.270,00	6%	Very Low
	2020	61.348.896.749,31	785.620.897.803,00	8%	Very Low
	2021	72.104.344.504,52	629.790.242.687,00	11%	Very Low
Lembata	2017	37.926.892.000,73	564.128.647.041,00	7%	Very Low
	2018	40.394.586.760,73	536.222.936.281,00	8%	Very Low
	2019	44.444.504.148,95	692.304.236.391,00	6%	Very Low
	2020	44.224.016.164,15	611.356.311.973,00	7%	Very Low
	2021	38.843.803.351,47	585.188.642.087,00	7%	Very Low
Rote Ndao	2017	25.189.152.457,24	609.383.777.281,00	4%	Very Low
	2018	25.467.309.013,38	622.779.079.732,00	4%	Very Low
	2019	26.096.988.104,30	627.542.319.733,00	4%	Very Low
	2020	32.585.560.639,84	552.319.930.617,00	6%	Very Low
	2021	31.511.204.366,82	567.081.097.751,00	6%	Very Low
Sumba Tengah	2017	19.543.071.956,15	445.353.516.981,00	4%	Very Low
	2018	24.253.758.067,50	453.405.677.980,00	5%	Very Low
	2019	30.335.621.531,28	494.901.973.712,00	6%	Very Low
	2020	30.580.109.598,42	447.878.640.621,00	7%	Very Low
	2021	34.167.680.031,00	441.182.592.682,00	8%	Very Low
Sumba Barat Daya	2017	99.776.097.079,00	645.977.967.045,00	15%	Very Low
	2018	41.262.455.155,00	643.349.956.626,00	6%	Very Low
	2019	41.333.918.626,70	661.913.447.363,00	6%	Very Low
	2020	45.796.257.267,24	646.193.177.931,00	7%	Very Low
	2021	43.918.102.501,64	648.685.238.803,00	7%	Very Low
Manggarai Timur	2017	26.247.555.618,59	683.546.191.414,00	4%	Very Low
	2018	32.814.717.337,37	764.510.441.819,00	4%	Very Low
	2019	40.152.816.777,37	786.724.967.841,00	5%	Very Low
	2020	47.552.521.548,57	709.706.870.632,00	7%	Very Low
	2021	44.168.186.981,76	756.534.510.982,00	6%	Very Low
Sabu Raijua	2017	33.129.217.147,00	396.036.055.827,00	8%	Very Low
	2018	26.822.239.476,23	442.426.336.550,00	6%	Very Low
	2019	26.660.839.267,00	462.822.025.176,00	6%	Very Low
	2020	36.433.624.244,95	479.064.608.440,00	8%	Very Low
	2021	28.339.245.445,35	441.274.176.772,00	6%	Very Low
Malaka	2017	27.170.847.403,38	653.693.625.521,00	4%	Very Low
	2018	33.438.166.941,84	581.709.695.807,00	6%	Very Low
	2019	31.910.567.963,60	599.968.768.425,00	5%	Very Low
	2020	54.531.409.057,74	556.495.163.296,00	10%	Very Low
	2021	55.380.883.238,12	621.454.977.799,00	9%	Very Low

Regency	Year	Regional Income	Central Government Funding	Independence (%)	Financial Ability
Developing Area					
Timor Tengah Utara	2017	78.447.073.563,20	788.445.539.509,00	10%	Very Low
	2018	50.631.816.628,34	737.719.048.564,00	7%	Very Low
	2019	55.115.723.210,62	815.089.077.335,00	7%	Very Low
	2020	56.159.987.579,48	731.599.458.048,00	8%	Very Low
	2021	67.039.419.767,10	877.199.845.671,00	8%	Very Low
Ende	2017	26.803.242.750,26	782.964.345.582,00	3%	Very Low
	2018	27.426.037.544,27	814.098.237.833,00	3%	Very Low
	2019	60.994.745.886,81	934.172.845.582,00	7%	Very Low
	2020	93.974.547.626,45	819.926.389.628,00	11%	Very Low
	2021	67.233.600.355,35	784.221.870.776,00	9%	Very Low
Manggarai	2017	84.334.945.444,07	815.008.601.474,00	10%	Very Low
	2018	89.902.249.522,78	807.048.799.228,00	11%	Very Low
	2019	103.561.377.954,77	880.007.846.510,00	12%	Very Low
	2020	96.873.499.070,67	791.615.772.467,00	12%	Very Low
	2021	97.878.120.398,43	794.750.719.052,00	12%	Very Low
Mangarai Barat	2017	88.003.957.660,47	694.499.261.725,00	13%	Very Low
	2018	92.337.554.887,64	766.806.128.346,00	12%	Very Low
	2019	169.920.911.284,19	757.465.726.320,00	22%	Very Low
	2020	99.340.732.323,62	722.956.058.622,00	14%	Very Low
	2021	82.144.344.494,16	677.704.075.749,00	12%	Very Low
Nagekeo	2017	31.201.916.896,89	532.022.032.659,00	6%	Very Low
	2018	29.642.175.642,29	559.693.838.683,00	5%	Very Low
	2019	28.327.840.099,02	640.315.798.391,00	4%	Very Low
	2020	33.159.170.059,48	570.980.766.458,00	6%	Very Low
	2021	33.276.127.700,03	638.034.248.168,00	5%	Very Low
Sikka	2017	71.250.272.488,17	781.738.364.148,00	9%	Very Low
	2018	33.438.166.941,84	581.709.695.807,00	6%	Very Low
	2019	79.239.104.306,28	896.834.859.563,00	9%	Very Low
	2020	119.601.046.361,49	791.494.640.670,00	15%	Very Low
	2021	90.816.311.412,52	978.946.525.981,00	9%	Very Low
Ngada	2017	53.269.848.102,06	641.449.913.286,00	8%	Very Low
	2018	6.494.395.244,06	216.580.331.888,00	3%	Very Low
	2019	40.706.414.869,85	634.948.254.026,00	6%	Very Low
	2020	48.795.069.323,51	552.879.962.051	9%	Very Low
	2021	51.258.423.809,39	636.952.267.242,00	8%	Very Low
Kota Kupang	2017	201.909.910.887,57	825.397.062.315,00	24%	Very Low
	2018	171.490.709.096,75	901.142.609.179,00	19%	Very Low
	2019	185.051.575.342,52	875.911.140.300,00	21%	Very Low
	2020	167.530.108.045,48	810.682.637.807,00	21%	Very Low
	2021	166.266.172.886,05	822.804.473.213,00	20%	Very Low
Flores Timur	2017	35.798.449.179,20	742.819.982.629,00	5%	Very Low
	2018	52.395.525.553,40	834.457.769.010,00	6%	Very Low
	2019	60.245.857.471,89	826.592.869.578,00	7%	Very Low
	2020	52.535.561.927,39	777.272.447.989,00	7%	Very Low
	2021	58.881.018.693,82	812.047.463.562,00	7%	Very Low

Source: Regency City Budget Report East Nusa Tenggara Province

Based on the ratio of financial independence, Table 4.1 illustrates that the ability of local governments to finance their own government activities, development and services to the community is still at a very low level. This shows that the independence of each district government in 2017-2021 is still very low because the district government still relies on transfer funds from the central government. Both underdeveloped and developing regions are still very dependent on balancing funds from the Central Government.

2.   Income Effectiveness Ratio

The effectiveness ratio shows the government's ability to acquire income receipts in accordance with the target (Mahmudi, 2016). The value of income effectiveness can be categorized as follows:

- Very Effective: > 100%
- Effective: 100%
- Moderately Effective: 90% - 99%
- Less Effective: 75% - 89%
- Ineffective: < 75%

Table 4.2
Calculation Of Income Effectiveness Ratio for Fiscal Year 2017-2021

Source: Regency City Budget Report East Nusa Tenggara Province

The results of the calculation of the effectiveness ratio can be seen in Table 4.2 showing that the effectiveness of income for each district is different, due to the difference in the number of realized revenue targets. For developing regions, the highest average achievement is West Sumba Regency with an average percentage for 2017-2021 is 13%. For developing regions, the highest average achievement is the City of Kupang and West Manggarai, which are 14% each.

3. Reveneu efficiency ratio

This ratio calculates the costs incurred to obtain income with the realized income. The smaller the value of this efficiency ratio, the better the government's performance in generating income (Mahmudi, 2016).

The value of the income efficiency ratio can be categorized as follows:

-       Very Efficient: < 5%
-       Efficient: 5% - 10%
-       Moderately Efficient: 11% - 20%
-       Less Efficient: 21% - 30%
- Inefficient: > 30%

Table 4.3
Calculation of Income Efficiency Ratio For Year 2017-2021

Regency	Year	Regional Expenditure Budget	Direct Cost	Activity Ratio (%)	Average
Underdeveloped regions					
Sumba Barat	2017	558.419.695.103,07	324.175.551.063,00	58%	
	2018	684.718.366.541,51	467.566.889.285,00	68%	
	2019	652.752.671.093,42	424.106.805.407,00	65%	63%
	2020	809.601.497.222,98	488.107.531.482,00	60%	
	2021	765.358.258.227,72	480.197.855.068,81	63%	
Sumba Timur	2017	891.412.853.226,00	439.803.502.490,00	49%	
	2018	1.072.364.400.688,63	504.844.883.175,00	47%	
	2019	1.088.303.251.619,43	550.345.052.438,55	51%	53%
	2020	1.037.200.748.351,35	616.880.881.708,50	59%	
	2021	1.187.282.065.518,29	686.470.543.972,00	58%	
Kabupaten Kupang	2017	1.068.039.700.732,37	573.307.380.104,00	54%	
	2018	1.170.495.473.428,25	700.322.106.988,58	60%	
	2019	1.061.200.874.521,28	591.694.712.418,00	56%	53%
	2020	1.210.351.788.861,84	513.621.542.588,00	42%	
	2021	1.192.688.010.788,95	635.193.008.267,08	53%	
Timor Tengah Selatan	2017	1.075.717.057.483,74	661.793.366.220,00	62%	
	2018	1.201.549.701.401,00	664.753.318.925,00	55%	
	2019	1.292.231.679.456,94	664.780.202.567,21	51%	54%
	2020	1.375.166.602.057,62	662.395.681.489,00	48%	
	2021	1.328.789.664.086,11	680.945.383.391,00	51%	
Belu	2017	738.626.408.497,90	348.656.218.114,00	47%	
	2018	816.442.033.569,91	392.206.884.605,00	48%	
	2019	934.242.612.697,44	485.781.101.498,39	52%	51%
	2020	914.812.761.167,83	482.547.212.741,40	53%	
	2021	953.293.594.649,98	515.733.404.839,74	54%	
Alor	2017	382.656.143.364,00	382.656.143.564,00	100%	
	2018	952.731.960.672,78	457.878.815.430,00	48%	
	2019	1.037.189.303.555,10	520.008.836.040,00	50%	69%
	2020	1.091.549.427.475,70	491.940.151.716,00	45%	
	2021	539.051.193.404,00	539.051.193.404,00	100%	
Lembata	2017	591.852.484.958,47	242.884.700.409,70	41%	52%
	2018	739.343.486.647,31	322.154.421.811,50	44%	
	2019	731.340.422.674,66	388.157.617.022,44	53%	
	2020	656.852.384.206,73	416.219.853.061,00	63%	
	2021	885.265.819.083,95	526.431.895.415,71	59%	
Rote Ndao	2017	595.074.466.261,44	317.908.133.874,00	53%	
	2018	708.870.066.412,57	377.217.009.303,00	53%	
	2019	716.558.862.492,34	343.350.204.297,00	48%	52%
	2020	752.816.767.871,38	339.547.091.579,00	45%	
	2021	772.583.446.098,50	457.207.731.628,50	59%	
Sumba Tengah	2017	476.442.291.034,02	324.339.434.803,00	68%	
	2018	541.880.181.100,67	329.910.128.899,00	61%	
	2019	529.717.529.575,25	314.050.593.659,00	59%	59%
	2020	546.947.194.786,50	296.183.088.567,89	54%	
	2021	609.077.027.025,28	321.067.699.366,89	53%	
Sumba Barat Daya	2017	721.629.396.753,00	447.031.346.286,00	62%	
	2018	837.653.147.107,00	430.758.770.895,00	51%	
	2019	908.722.533.543,10	489.789.441.296,00	54%	54%
	2020	936.876.524.065,00	416.407.857.708,00	44%	
	2021	994.033.577.893,70	574.370.324.706,00	58%	
Manggarai Timur	2017	717.200.747.473,64	332.288.987.787,00	46%	
	2018	802.659.611.622,00	396.174.945.689,00	46%	
	2019	837.351.696.580,70	478.694.453.447,00	56%	53%
	2020	874.160.217.436,37	509.035.620.888,00	52%	
	2021	1.037.864.670.750,37	649.665.226.518,00	63%	
Sabu Raijua	2017	406.500.601.842,00	399.419.534.602,08	80%	
	2018	557.409.054.657,42	378.601.810.374,00	68%	
	2019	485.245.559.834,27	223.402.092.879,00	46%	62%
	2020	547.008.957.169,23	301.883.770.666,00	55%	
	2021	588.573.178.248,00	333.134.062.348,00	59%	
Malaka	2017	593.560.001.844,00	290.494.738.721,00	49%	
	2018	608.502.838.380,40	342.579.311.975,00	53%	
	2019	793.485.484.265,38	400.263.381.029,00	50%	53%
	2020	726.548.849.960,84	451.100.524.070,00	62%	
	2021	711.705.434.158,60	360.451.161.655,40	51%	
Developing Area					
	2017	783.648.995.959,00	306.507.633.634,84	39%	38%
Timor Tengah Utara	2018	918.557.400.998,73	369.994.753.263,00	40%	
	2019	1.010.580.078.152,20	369.334.165.773,80	37%	
	2020	969.433.931.383,34	340.862.677.217,05	35%	
	2021	1.073.476.732.781,62	438.321.289.047,00	41%	
Ende	2017	922.465.715.435,52	341.743.670.472,00	37%	
	2018	1.156.247.543.980,82	417.667.983.869,00	36%	
	2019	1.055.587.660.052,36	387.057.281.830,00	37%	35%
	2020	1.038.785.489.944,27	293.359.804.018,00	28%	
	2021	1.217.901.062.008,81	444.972.456.677,50	37%	
Manggarai	2017	964.309.078.400,33	483.374.991.843,00	50%	
	2018	1.060.340.708.429,33	561.569.640.955,00	53%	
	2019	1.067.043.436.891,66	464.544.002.677,00	44%	48%
	2020	1.097.945.831.462,78	534.445.808.043,00	49%	
	2021	1.172.272.853.991,77	521.019.316.220,00	44%	
Manggarai Barat	2017	764.384.719.031,81	358.587.442.607,00	47%	
	2018	882.145.842.702,22	438.291.311.440,60	50%	
	2019	979.272.073.088,51	506.740.151.080,14	52%	49%
	2020	1.007.675.808.711,64	491.879.828.595,60	49%	
	2021	1.120.862.975.785,19	562.610.151.321,00	50%	
Nagekeo	2017	629.109.735.892,25	208.884.170.555,60	48%	
	2018	722.085.467.322,77	217.066.125.482,80	30%	
	2019	693.500.852.411,89	345.558.045.201,94	50%	44%
	2020	690.211.360.709,29	318.570.075.927,06	46%	
	2021	770.244.237.920,02	368.711.465.688,25	48%	

Source: Regency City Budget Report East Nusa Tenggara Province

The level of efficiency is measured by comparing the costs that must be incurred to obtain PAD for a year with the realization of PAD. The costs incurred or the cost of collecting PAD are all routine costs of the Regional Revenue, Financial and Asset Management Agency, because this OPD is in charge of collecting all PAD.

For developing regions, the regencies/cities with the "efficient" predicate are Nagekeo, Sikka, Ngada and Kupang City, because the average efficiency ratio in 2017-2021 is 10%. As for underdeveloped areas, there are no districts that get the "efficient" predicate. A total of 12 districts received the predicate "quite efficient" because the average efficiency ratio in 2017-2021 was 13-17%, and there was I district with the predicate "less efficient" because the average efficiency ratio in 2017-2021 was 22%.

By calculating the efficiency level, it can be seen that the smaller the efficiency number obtained, the more efficient it is. On the other hand, the higher the efficiency, the more inefficient. The efficiency level of PAD receipts for underdeveloped and developing districts during the 2017 to 2021 fiscal year as can be seen in Table 4.3 illustrates that the efficiency figures achieved on average are different for each region. Broadly speaking, underdeveloped regions have not shown good development because they tend to be in a fairly efficient criteria.

As for developing regions, it shows that the trend of the ratio increases, from moderately efficient to efficient predicate. This means that less of PAD receipts from FY 2017 to FY 2021 are used to finance PAD collection/collection.

4. The Activity (Harmony) Ratio

The activity ratio describes the optimization of funds allocation by regional governments. The higher the percentage of funds allocated for routine expenditures means the lower the spending for economic and infrastructure development (Halim; 2012). The activity ratio can be formulated as follows:

Table 4.4
Calculation of Activity Ratio For Fiscal Year 2017-2021

Source: Regency City Budget Report East Nusa Tenggara Province

Based on the results of the calculations in Table 4.4 above, it can be seen that the average ratio of the Regional Government's Routine Expenditure Activities for each Regency is different.

For disadvantaged areas, the activity ratio is above 50%. This shows that the percentage of spending used to provide economic infrastructure for the community is getting smaller and the local government has not prioritized its allocation of funds to Routine Expenditures and Development Expenditures optimally.

As for developing areas, the ratio of activity is between 35% to 49%. This shows that there are efforts from local governments in these developing areas to use the budget to support the construction of facilities for the community.

4.1.2. Discussion Analysis of Financial Ratio Description

Based on the results of the analysis of financial ratios to the Regional Netherlands Budget and Revenue for each Regency/City of East Nusa Tenggara Province for the 2017-2021 Fiscal Year, the discussion of the results of the analysis can be explained as follows.

1. Independence Ratio

The Regional Financial Independence Ratio shows the level of ability of a region in self-financing government activities, development and services to the community who have paid taxes and levies as a source of income needed by the region.

Based on the results of the analysis of the independence ratio of each district/city in East Nusa Tenggara Province for the 2017-2021 Fiscal Year, it is known that the ability of local governments to finance their own government activities, development and services to the community, is still at a very low level. This shows that the ability of the local government to be independent in each district in 2017-2021 is still very low because the district government still relies on transfer funds from the central government. Between underdeveloped and developing regions, both are still very dependent on balancing funds from the Central Government. In other words, the district/city governments throughout the province of East Nusa Tenggara cannot be said to be truly autonomous.

In this ratio, there is no difference indicating that developing regions are better off than underdeveloped regions. In Government Regulation Number 78 of 2014 concerning the Acceleration of Development of Disadvantaged Regions, one of the criteria for underdeveloped regions is the still weak regional financial capacity.

2. Income Effectiviiness Ratio

Based on the results of the analysis of the effectiveness ratio of each district/city in East Nusa Tenggara Province for the 2017-2021 Fiscal Year, the results show that for disadvantaged areas, the effectiveness ratio is above 50%. This shows that the percentage of spending used to provide economic infrastructure for the community is getting smaller and the local government has not prioritized its allocation of funds to Routine Expenditures and Development Expenditures optimally. As for developing areas, the activity ratio is between 35% to 49%. This shows that there are efforts from local governments in these developing areas to use the budget to support the construction of facilities for the community.

This is in accordance with one of the criteria for disadvantaged areas, namely in terms of facilities and infrastructure (infrastructure). Where, limited infrastructure and means of communication, transportation, clean water, irrigation, health,

education, and other services that cause people in disadvantaged areas to have difficulty carrying out economic and social activities.

Underdeveloped districts need to pay attention to infrastructure criteria including road area, electricity-using households, telephone-using households, number of banks, and number of permanent markets. Priority is directed at opening isolated areas underdeveloped to have linkages with developing and developed regions, increasing community mobilization, capital, and other production factors to support local economic development. The infrastructure and facilities development program is focused on: (1) the development of basic social infrastructure and facilities, especially in the fields of education and health; (2) increasing the availability of economic infrastructure and facilities, among others through the USO (universal service obligation) scheme for telecommunications, pioneering for transportation, and electricity entering the village; (3) harmonizing the transportation system in underdeveloped areas into a unified system that is integrated with developed areas; (4) expanding information and technology networks; and (5) developing rural infrastructure, especially agricultural infrastructure and transportation links to urban areas.

3. Income Efficiency Ratio

In terms of efficiency, the results of the analysis of Regency/City Regional Budgets and Expenditures in NTT Province for the 2017-2021 Fiscal Year show that there are differences in the efficiency ratio predicate between underdeveloped and developing regions. By calculating the efficiency level, it can be seen that the smaller the efficiency number obtained, the more efficient it is. On the other hand, the higher the efficiency, the more inefficient. The efficiency level of PAD receipts for each district is lagging and developing during the 2017 to 2021 fiscal year, illustrating that the efficiency figures achieved on average are different for each region.

Broadly speaking, underdeveloped regions have not shown good development because they tend to be in a fairly efficient criteria. As for developing regions, it shows a trend of increasing ratio, from quite efficient to efficient predicate. This means that less and less of PAD receipts from FY 2017 to FY 2021 are used to finance PAD collection/collection.

In underdeveloped regions, with the increasing efficiency ratio of regional income, it shows that the performance of the underdeveloped regional government has decreased because the underdeveloped regional government is unable to minimize regional expenditures issued by the underdeveloped regional government. This means that the ability of lagging local governments to manage finances efficiently is still low. As for developing regions, there is good financial management, thus optimizing the budget not only to finance operations, but also to develop facilities and support regional revenues.

4. The Activity (Harmony Ratio)

Efforts to become a developing area are certainly not easy and require support from various aspects or elements in these underdeveloped areas. Likewise for areas that have been designated as developing areas, it is necessary to work harder so that they do not return to being disadvantaged areas. The activity or compatibility ratio describes how the regional government prioritizes its allocation of funds in its Routine Expenditures and Development Expenditures optimally. The higher the percentage of funds allocated for Routine Expenditure means the percentage of investment spending (Development Spending) used to provide community economic facilities and infrastructure tends to be smaller.

The results of the analysis of Regency/City Regional Budgets and Expenditures in NTT Province for the 2017-2021 Fiscal Year show that the activity ratio of each Regency is different. For disadvantaged areas, the activity ratio is above 50%. As for developing areas, the activity ratio is between 35% to 49%. The descriptions and calculations show that most of the funds owned by underdeveloped Regional Governments are still prioritized for operational expenditure needs so that the capital expenditure ratio is relatively small.

5. Conclusion

Based on the results of the analysis, it can be concluded several things as follows:

1. The ratio of regional financial independence for underdeveloped regions and developing regions in East Nusa Tenggara Province, Fiscal Year 2017-2021 is in the same category, namely "Once Low". This shows that between underdeveloped and developing regions, both are still very dependent on balancing funds from the Central Government.

2. The effectiveness ratio shows that out of the 13 underdeveloped regions, 6 (six) regencies have the title "Less Effective"; "Sufficiently Effective" as many as 3 (three) Regencies and the predicate "Very Effective" and "Not Effective" each as many as 2 (two) Regencies. Meanwhile, for developing regions, there were 4 (four) regencies that received the predicate "Effective Enough" and

only 1 (one) Regency with the "Not Effective" predicate, namely Ende Regency.

3.   The Efficiency Ratio shows that there has been no good development in underdeveloped areas because they tend to be in fairly efficient criteria. As for developing regions, it shows an increasing trend in the ratio, from quite efficient to the predicate efficient. This means that less and less of PAD receipts from FY 2017 to FY 2021 are used to finance PAD collection/collection.

4.   Activity Ratio shows that in disadvantaged areas, the activity ratio is above 50%. This shows that the percentage of expenditure used to provide economic infrastructure for the community is getting smaller and the local government has not prioritized its allocation of funds to Routine Expenditures and Development Expenditures optimally. As for developing areas, the activity ratio is between 35% to 49%. This shows that there are efforts from local governments in these developing areas to use the budget to support the construction of facilities for the community.

5.   Of the four ratios, developing regions show progress in terms of using the budget for the construction of infrastructure for the community, being able to minimize the amount of collection fees so that they are considered efficient in obtaining PAD.

REFERENCES

[1]. Afiyah, Nunuy Nur. 2010. *Implementasi Akuntansi Keuangan Pemerintah Daerah*. Jakarta: Kencana.

[2]. Bastian, Indra. 2005. *Akuntansi Sektor Publik*.Jakarta: Penerbit Erlangga.

[3]. Bayangkara, IBK. 2014. *Audit Manajemen Prosedur dan Implementasi*. Jakarta: Salemba Empat.

[4]. Fahmi, Irham. 2012. *Analisis Laporan Keuangan*. Cetakan Ke-2. Bandung: Alfabeta.

[5]. Halim, Abdul. 2002. *Akuntansi Sektor Publik Akuntansi Keuangan Daerah* Edisi. Pertama. Jakarta: Salemba Empat.

[6]. Harahap, Sofyan Syafri . 2008. *Analisis Kritis atas Laporan Keuangan*. Jakarta : PT. Raja Grafindo Persada.

[7]. Hasan, Iqbal. 2004. *Analisis Data Penelitian dengan Statistik*. Jakarta: PT Bumi. Aksara.

[8]. Kasmir. 2016. *Analisis Laporan Keuangan*. Jakarta: Raja Grafindo Persada.

[9]. Mangkunegara, Anwar Prabu. 2009. *Evaluasi Kinerja Sumber Daya Manusia*. Bandung: Penerbit Refika Aditama.

[10]. Nordiawan, Deddi dan Ayuningtyas Hertianti. 2010. *Akuntansi Sektor Publik*.Edisi Kedua. Jakarta: Salemba Empat.

[11]. Sedarmayanti. 2003. *Sumber Daya Manusia dan Produktivitas Kerja*. Bandung: Ilham Jaya.

[12]. Sugiyono. 2016. *Metode Penelitian Kuantitatif, Kualitatif dan R&D*. Bandung: PT Alfabet.

[13]. Sutedi, Adrian. 2012. *Good Corporate Governance*. Sinar Grafika. Jakarta

[14]. Apriani, Andina. 2019. Perbandingan Kinerja Keuangan Pemerintah Daerah Kabupaten Musi Banyuasin, Pemerintah Daerah Kabupaten Musi Rawas dan Pemerintah Daerah Kabupaten Ogan Komering Ulu. *Jurnal Riset Ekonomi* Vol. 2 No. 2

[15]. Asri, Jatnika. 2016. Perbandingan Kinerja Keuangan Pemerintah Kabupaten/Kota di Provinsi Jawa Barat Tahun 2009-2013. *Jurnal Riset Akuntansi dan Keuangan* Vol. 4 No. 2

[16]. Jaenuri. 2016. Analisis Perbandingan Kinerja Keuangan Pemerintah Bojonegoro dan Jombang Tahun 2010-2014. *Jurnal Ekonomi Pembangunan* Vol.14 No. 1

[17]. Nurabiah. 2018. Analisis Perbandingan Kinerja Keuangan Pemerintah Daerah Yang Memperoleh Opini Wajar Tanpa Pengecualian (WTP) dan Wajar Dengan Pengecualian (WDP) di Provinsi Nusa Tenggara Barat. *Jurnal Akuntansi FEB* Vol. 3 No. 1.

[18]. Putri, Anggun. 2017. Analisis Kinerja Keuangan Daerah Tertinggal di Provinsi Sumatera Selatan. *Jurnal Ekonomi Bisnia* Vol. 4 No.3

[19]. Sularso, Havid dan Yanuar E. Restianto. 2011. Pengaruh Kinerja Keuangan Terhadap Alokasi Belanja Modal dan Pertumbuhan Ekonomi Kabupaten/kota di Jawa Tengah. *Jurnal Media Riset Akuntansi* Vol. 1 No. 2

[20]. Waoma, Samalua. 2019. Analisis Komparasi Kinerja Keuangan Daerah Kabupaten Nias, Nias Selatan, Nias Barat, dan Nias Utara. *Riset dan Jurnal Akuntansi* Vol. 3 No.2

[21]. Undang-Undang Nomor 32 tahun 2004 tentang Pemerintah Daerah

[22]. Undang-Undang Nomor 23 Tahun 2014 tentang Pemerintahan Daerah

[23]. Peraturan Pemerintah Nomor 78 Tahun 2014 tentang Percepatan Pembangunan Daerah Tertinggal