



AKUMULASI: Indonesian Journal of Applied Accounting and Finance

URL: <https://journal.uns.ac.id/akumulasi/article/view/881>

DOI: <https://doi.org/10.20961/akumulasi.v2i2.881>

Volume 2, Issue 2, Page 115-132, December 2023

## Analysis of Financial Performance of BPKPAD Klaten Regency for the 2018-2022 Fiscal Year

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### ABSTRACT

This present study aims to seek out the result of the analysis of the budget realization report of Klaten Regency for the 2018-2022 fiscal year to assess its financial performance. The quantitative descriptive analysis method was utilized in this study. The data were the budget realization report of Klaten Regency for the 2018-2022 fiscal year. The data were collected from Regional Income and Asset Financial Management Agency (Indonesian: *Badan Pengelolaan Keuangan Pendapatan dan Aset Daerah*, abbreviated BPKPAD) Klaten Regency by using documentation techniques and library research in research journal literature. The results show that based on the variance analysis, regional revenue and expenditure are included in the Good (Favorable) category. Based on the income growth ratio analysis, the result tends to decrease and is categorized as negative. The result of the expenditure growth ratio shows there is an increase and is categorized as positive. Meanwhile, looking at the regional expenditure compatibility ratio analysis, the result shows operating expenditure is more dominant than capital expenditure. Based on the findings, the author advises the Klaten Regency Government to make efforts to maximize various sources of regional revenue as well as allocate regional expenditure appropriately to avoid waste of funds to realize positive growth in revenue and expenditure and create a balance in regional expenditure.

**Keywords:** budget realization report; compatibility ratio; financial performance; growth ratio; revenue and expenditure variances

**Cite this as:** Syamsi, L. N., Hananto, S. T., Jannah, M., & Hantoro, S. (2023). Analysis of financial performance of BPKPAD Klaten Regency for the 2018-2022 fiscal year. *AKUMULASI: Indonesian Journal of Applied Accounting and Finance*, 2(2), 115-132. <https://doi.org/10.20961/akumulasi.v2i2.881>

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*Received for publication on June 1, 2023*

*Accepted after corrections on July 22, 2023*

## INTRODUCTION

Law No. 23 of 2014 concerning Regional Government (Indonesian: *Pemerintah Daerah*, abbreviated Pemda), Law No. 33 of 2004 concerning Financial Balance between the Central Government and Regional Government, and Law No. 17 of 2003 concerning State Finance, are the starting points for the implementation of regional autonomy in Indonesia. Regional autonomy is the authority of an autonomous region to manage its resources following the potentials, priorities, and policies of its region. The main objective of implementing regional autonomy is to improve public services and advance the regional economy (Ardhini and Handayani, 2010).

Based on those laws, regional governments now have the authority to prepare their own Regional Revenue and Expenditure Budget (Indonesian: *Anggaran Pendapatan dan Belanja Daerah*, abbreviated APBD) based on their regional potential. The APBD is essentially a quantitative description of the aims, targets, tasks, and main functions of the regional government that must be able to provide a clear picture of the amount of financing according to the real needs of the community in a certain period (Perwira, 2012). It shows the increasing importance of healthy, good, and correct regional financial management under applicable regulations. Good regional financial management will be demonstrated by good financial performance (Sularso & Restianto, 2011).

The measurement of financial performance aims to determine the ability of a region to empower all of its assets and to assess the success rate of financial management in the area (Jumingan, 2006, pp. 239). The achievement level of financial management in a region can be identified by measuring financial performance using financial ratio analysis in the budget realization report (Halim, 2002).

The financial performance of regional government can be evaluated by analyzing the budget realization report. The budget realization report describes a comparison between the region's budget and its realization in a certain reporting period. The budget realization report also provides beneficial information for estimating the sources of income obtained to help fund regional government activities in the coming period (Mahsun, 2015, pp. 120).

Measuring regional government's financial performance is an important factor for assessing the level of accountability and responsibility of regional government in managing its finances. In this context, accountability includes the ability of regional governments to demonstrate that public money has been spent and used effectively, efficiently, and economically (Mardiasmo, 2004, pp. 182).

Klaten Regency is one of the regions that have implemented regional autonomy. However, the financial management process is still not optimal (Perwira, 2013). It is indicated by several financial problems faced by the region, such as the regional dependence on assistance from the central government is still high reflected in the nominal size of transfer income compared to transfer income in the Klaten Regency budget realization report.

In addition, the Klaten Regency budget realization report shows a problem which is the occurrence of a regional budget revenue and expenditure deficit in 2018 (solopos.com). It is shown in the larger expenditure budget compared to the stipulated revenue budget. However, it cannot be used as a reference to determine whether the regional financial management has been carried out properly or not. Thus, some financial ratio analysis is needed to determine the regional financial performance.

A number of studies have investigated the analysis of the financial performance of a region, especially for Central Java Province, including research conducted by (Adhiantoko, 2013; Pramita, 2015; Untari, 2015; Janah, 2015; Ruslina, 2003; Suprpto, 2006; Simatupang, 2007; Diana, 2008; Christina, 2017; Pailingan, 2015; and Pramono, 2014). The majority of these studies were conducted using the independence ratio, effectiveness ratio, and efficiency ratio. For example, the research conducted by

(Adhiantoko, 2013) regarding the measurement of the performance of Blora Regency in 2007-2011. From his research, it can be concluded that the performance of Blora Regency based on the ratio of independence shows an instructive relationship. Based on the efficiency ratio, it is categorized as efficient. From the effectiveness ratio, it is said to be effective.

Meanwhile, research on financial performance in Klaten Regency is rarely done, especially on income and expenditure variance analysis and financial ratio analysis using the ratio of income and expenditure growth and the ratio of compatibility between operating expenditure and capital expenditure. Therefore, the authors are interested in researching the analysis of budget realization reports to assess the financial performance of Klaten Regency for the 2018-2022 fiscal year.

This research focuses on assessing the financial performance analysis of Klaten Regency for the 2018-2022 fiscal year using several ratios, including analysis of variance in regional income and expenditure, analysis of income and expenditure growth ratios, and analysis of regional expenditure compatibility. It is surely different compared to previous research conducted by (Wardhani, 2012; and Kristanto, 2014) regarding the analysis of the financial performance of Klaten Regency that only uses variance analysis of income and expenditure as well as the independence ratio for the 2008-2012 fiscal year.

Hence, the authors are interested in researching the Klaten Regency Government entitled "Analysis of Financial Performance of BPKPAD Klaten Regency for the 2018-2022 fiscal year." The research questions are formulated as follows:

1. How is the financial performance of Klaten Regency for the 2018-2022 fiscal year based on the Budget Realization Report measured using Income Variance Analysis?
2. How is the financial performance of Klaten Regency for the 2018-2022 fiscal year based on the Budget Realization Report measured using Expenditure Variance Analysis?
3. How is the financial performance of Klaten Regency for the 2018-2022 fiscal year based on the Budget Realization Report measured using the Income Growth Ratio?
4. How is the financial performance of Klaten Regency for the 2018-2022 fiscal year based on the Budget Realization Report measured using the Expenditure Growth Ratio?
5. How is the financial performance of Klaten Regency for the 2018-2022 fiscal year based on the Budget Realization Report measured using Regional Expenditure Compatibility Analysis?

### **Regional Financial Statement**

Based on the Statement of Government Accounting Standards No. 1 concerning the Presentation of Financial Statements listed in the Attachment to Government Regulation No. 71 of 2010 states that Financial Statements are a form of structured presentation which is the result of a representation of the financial position and financial transactions carried out by a reporting entity. Financial statements are the final result of all accounting processes that have been done.

Regional financial statements are the result of the process of identifying, measuring, and recording financial transactions carried out by a regional government entity which can be used as a reference for information in the process of regional financial management accountability, as well as policy making and economic decisions for external parties who need them (Erlina, 2013, pp. 20).

Moermahadi (2017) states that regional government financial statements abbreviated as LKPD (Indonesian: *Laporan Keuangan Pemerintah Daerah*) are a form of accountability for the use, utilization, and allocation of public funds or APBD which contain the state of financial performance in a particular agency. The regional government financial statement is a combination of the financial statements of each SKPD within the scope of the area. It is prepared to provide relevant information related to the financial position and all transactions carried out by the government entity within a certain reporting period.

In general, the purpose and function of public sector financial statements or regional government financial statements according to (Kawatu, 2009) are accountability, management and compliance, planning, public relations, organizational sustainability, and sources of facts. Public sector financial statements have 7 main components as stated in Government Regulation No. 71 of 2010 concerning Government Accounting Standards. The components are as follows:

1. The Budget Realization Report (Indonesian: *Laporan Realisasi Anggaran*, abbreviated LRA) contains information regarding the comparison between the budget set and the realization achieved. This information covers starting from the initial source of funds up to the process of allocating funds used in a certain reporting period.
2. Report on Changes in Excess Budget Balance or SAL Change Report (Indonesian: *Saldo Anggaran Lebih*, abbreviated SAL) contains information regarding the increase or decrease in the excess budget balance in the reporting year compared to the previous year.
3. Balance Sheet contains information regarding the financial position of an entity in the process of reporting equity, assets, and liabilities in a certain reporting period.
4. Operational Report (Indonesian: *Laporan Operasional*, abbreviated LO) contains information regarding the recapitulation of economic resources that contribute to the equal distribution of government operational activities which are carried out in one reporting period and managed by the central government or regional government.
5. Cash Flow Report (Indonesian: *Laporan Arus Kas*, abbreviated LAK) contains information on cash out and in, operating activities, funding, investments, receipts, and expenditures of the entity, as well as the final cash balance in a certain reporting period.
6. Report of Changes in Equity (Indonesian: *Laporan Perubahan Ekuitas*, abbreviated LPE) contains data relating to the increase or decrease in value estimated between the reporting year and the previous year.
7. Notes to Financial Statements (Indonesian: *Catatan atas Laporan Keuangan*, abbreviated CaLK) contains detailed information regarding the figures contained in the reports previously explained, such as budget realization reports, reports on changes in excess budget balances, balance sheets, operational reports, cash flow reports, and reports on changes in equity.

### **Budget Realization Report**

The budget realization report presents an overview of the sources, allocation, and use of financial resources managed by the central/regional government which illustrates the comparison between the budget and its realization in one reporting period (Erlina, 2013, pp. 23). The budget realization report is a report that explains the difference between the total that has been realized at the end of the reporting period (Mahsun, 2015, pp. 120). The budget realization report compares the budget with its realization during a reporting period by providing an overview of the sources, allocation, and use of financial resources managed by the entity. Through the budget realization report, information can be found regarding the total costs, sources of income, and estimated expenditure of the entity during a certain period. In addition, the entity's sources of income to finance its activities are also listed in the budget realization report.

Following Government Regulation No. 71 of 2010 concerning Government Accounting Standards which are presented based on PSAP No. 2, the Budget Realization Report presents data and information related to the comparison of the budget with its realization in a certain reporting period. The following is the structure of the budget realization report containing budget realization data.

1. Revenue (cash basis) is revenue received from the regional general treasurer or by other government entities that adds to the value of current fund subsidies and is valid for the period of the relevant budget year which is a right for the government and does not need to be repaid.

2. Revenue (accrual basis) is the government's right to receive revenue that is recognized as an addition to net worth.
3. Expenditures (cash basis) are all expenditures made by the regional general treasurer that reduce the equity of current funds in the relevant fiscal year period where the government does not need to pay them back.
4. Expenditure (accrual basis) is the government's liability for expenditure recognized as a deduction from net worth.
5. The transfer is the receipt or expenditure of cash from a reporting entity to another reporting entity which includes balancing funds and profit-sharing funds.
6. A surplus or deficit is the difference between income and expenses during one reporting period.
7. Financing is any receipt of income that must be repaid or expenditure for use that will be recouped, either in the relevant budget year or in long-term expenditure plans in the government budget which is expected to cover the shortfall (deficit) or utilize budget excess.

### **Performance Measurement**

Regional government financial performance is a description of the level of achievement of financial management for the implementation of policy program activities in realizing the targets, objectives, vision, and mission of regional government (Mahsun, 2013, pp. 25). In general, performance is a form of achievement achieved by an organization in a certain period. Government performance describes the level of achievement of goals and targets of a government agency showing the results of the vision, mission, and strategy of the regional government. Besides, it also shows the level of success or failure of the implementation of existing activities, following the programs and policies that have been determined previously.

According to (Moehariono, 2012), the definition of performance measurement is a management tool used to maximize quality in the decision-making process and government accountability. Performance measurement is the process of evaluating or assessing the achievements of implementing activities in an entity based on predetermined standards, targets, and objectives. Information related to the results of this performance measurement can be used as a reference in the process of setting performance standards in the future.

In Article 75 of Law No. 5 of 2014 concerning performance assessment, it is stated that the performance assessment of Civil Servants aims to ensure objectivity in the development of Civil Servants based on an achievement system and career system. The purpose of carrying out the performance measurement process is to produce accurate data and information for management that is useful in the decision-making process to improve the performance of an entity.

The benefits of performance measurement, include the ability to monitor and evaluate performance achievements, compare them with performance targets by carrying out corrective actions aimed at improving performance, and as a basis for providing awards or punishments (reward and punishment) objectively for achievements that have been achieved following the established performance measurement system (Sedarmayanti, 2009, pp. 264).

### **Analysis of Regional Government Performance**

As a form of implementation of Government Regulation No. 105 of 2000 concerning Regional Financial Management and Accountability and Government Regulation No. 108 of 2000 concerning Procedures for Regional Financial Accountability, it is necessary to carry out a good and correct regional financial management and accountability process. Good regional financial management will be reflected in good financial performance (Sularso & Restianto, 2011, pp. 114).

Financial performance analysis is the process of critically reviewing financial performance including financial review, calculation, measurement, interpretation, and providing solutions to the company's financial problems in a certain period (Henry, 2015). One of the ways to analyze regional government financial performance is to carry out a financial ratio analysis of the budget realization report which has been determined and implemented (Halim, 2002, pp. 126).

Financial Ratio Analysis is a number obtained from the comparison of one financial statement with the other that has a relevant and significant relationship. Financial ratio analysis is a way to assess company performance in the past and present (Harahap, 2011, pp. 297).

According to Halim (2002), there are several ways of analysis to measure the financial performance of a regional government; (1) Income Variance Analysis (2) Expenditure Variance Analysis (3) Income Growth Ratio Analysis (4) Expenditure Growth Ratio Analysis and (5) Regional Expenditure Compatibility Ratio Analysis.

**RESEARCH METHOD**

This study was conducted at the Regional Government of Klaten Regency by collecting data at the Regional Income and Asset Financial Management Agency of Klaten Regency which is located at Jl. Pemuda No. 294, Hamlet 1, Tegalyoso, South Klaten District, Klaten Regency, Central Java 57413. The organizational structure of the Klaten Regency BPKPAD is as follows:

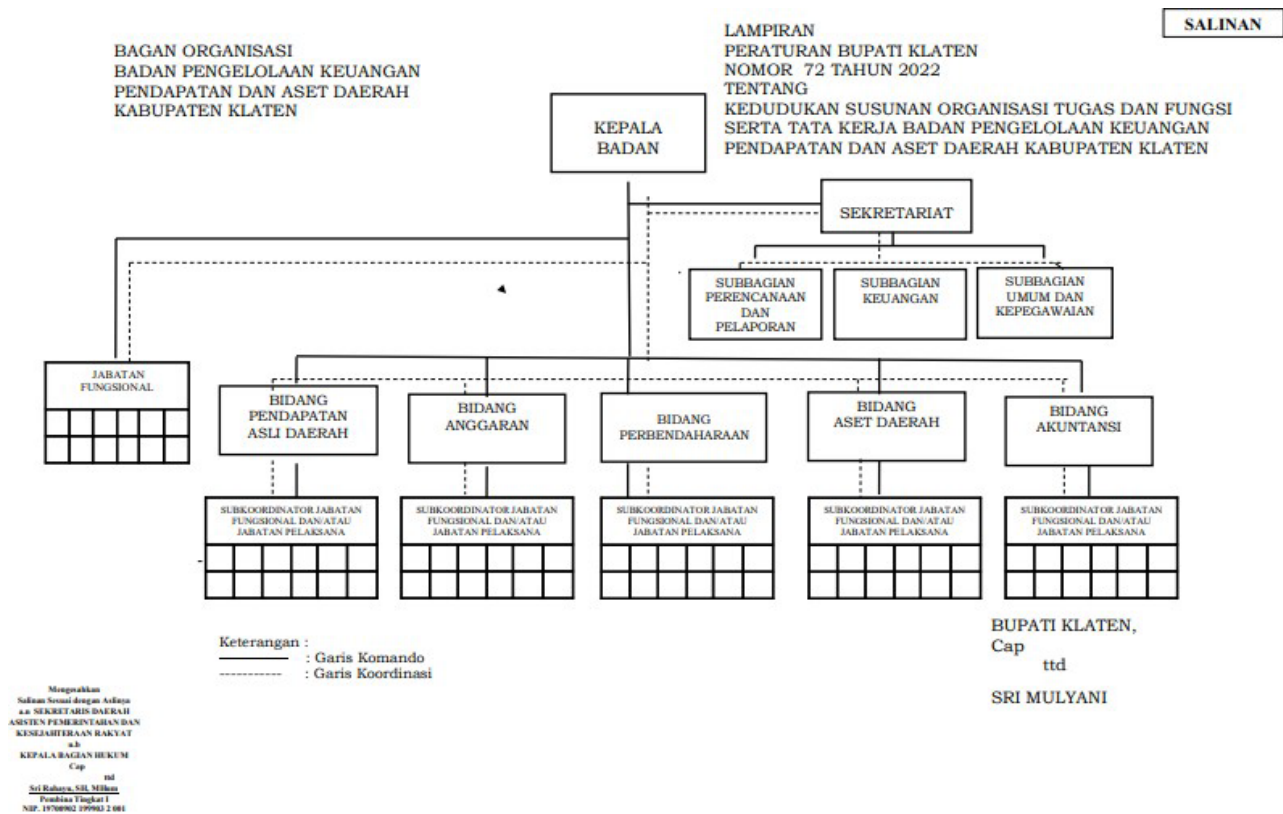


Figure 1. The structural organization of BPKPAD Klaten Regency  
Source: Regent Regulation No. 72 of 2021

This study uses a quantitative descriptive research method. Quantitative descriptive analysis is a data analysis technique used to analyze data by describing the data that has been collected without aiming to make a general conclusion (Sugiyono, 2009, pp. 206). The subject of the study is the Financial Performance of Klaten Regency. Meanwhile, the object of this study is the Klaten Regency Budget

Realization Report for the 2018-2022 fiscal year. This study uses secondary data named historical. Secondary data is a type of data that is usually obtained in ready-made form and has been collected or processed by another party in the form of publication. The secondary data that are used in this study is the budget realization report for the 2018-2022 fiscal year which has been published. The material or theory sources for this study were obtained through library research in several published research journals. Meanwhile, the ratio analysis used in this study is as follows:

**Revenue Variance Analysis**

$$\text{Percent Revenue Variance} = \frac{\text{Revenue realization}}{\text{Revenue budget}} \times 100\%$$

Information:

- Revenue realization = Total of revenue realization in the budget realization report
- Revenue budget = Total of revenue budget in the budget realization report

Table 1. Assessment criteria of revenue variance performance

Revenue Variance Criteria	Size
Good ( <i>Favorable</i> )	Revenue Realization > Revenue Budget
Poor ( <i>Unfavorable</i> )	Revenue Realization < Revenue Budget

Source: Mahmudi (2016)

**Expenditure Variance Analysis**

$$\text{Percent Expenditure Variance} = \frac{\text{Expenditure realization}}{\text{Expenditure budget}} \times 100\%$$

Information:

- Expenditure realization = Total of expenditure realization in the budget realization report
- Expenditure budget = Total of expenditure budget in the budget realization report

Table 2. Assessment criteria of expenditure variance performance

Revenue Variance Criteria	Size
Good ( <i>Favorable</i> )	Expenditure Realization < Expenditure Budget
Poor ( <i>Unfavourable</i> )	Expenditure Realization > Expenditure Budget

Source: Mahmudi (2016)

**Revenue Growth Ratio**

$$\text{Revenue Growth Year} = \frac{\text{Revenue realization year}_t - \text{Revenue realization year}_{t-1}}{\text{Revenue realization year}_{t-1}} \times 100\%$$

Information:

- Revenue realization year<sub>t</sub> = Total realized revenue of the previous year in the LRA
- Revenue realization year<sub>t-1</sub> = Total realized revenue for the year calculated in the LRA

Table 3. Assessment criteria of revenue growth performance

Revenue Growth Criteria	Percentage (%)
Increase	Positive
Decrease	Negative

Source: Mahmudi (2010:160)

**Expenditure Growth Ratio**

$$\text{Expenditure Growth Year} = \frac{\text{Expenditure realization year}_t - \text{Expenditure realization year}_{t-1}}{\text{Expenditure realization year}_{t-1}} \times 100\%$$

Information:

*Expenditure Realization year<sub>t</sub>* = Total realized expenditures for the year calculated in the LRA

*Expenditure realization year<sub>t-1</sub>* = Total realized expenditures from the previous year in the LRA

Table 4. Criteria of performance measurement of expenditure growth

Expenditure Growth Criteria	Percentage (%)
Increase	Positive
Decrease	Negative

Source: Mahmudi (2010:160)

**Regional Expenditure Compatibility Ratio**

**Operational expenditure**

According to Mahmudi (2010) states that the proportion of operational expenditure usually dominates the total regional expenditure, which is 60-90%. The Operational Expenditure Compatibility Ratio can be formulated as follows:

$$\text{Operational Expenditure Compatibility} = \frac{\text{Operational Expenditure Realization}}{\text{Operational of Regional Expenditure}} \times 100\%$$

Information:

*Operational Expenditure Realization* = Total Realized Operating Expenditure for the year calculated in the LRA

*Operational of Regional Expenditure* = Total Regional Expenditure Realization for that year in the LRA

**Capital expenditure**

According to Mahmudi (2010), the proportion of capital expenditure usually does not dominate the total regional expenditure, namely only 5 to 20%. The Capital Expenditure Compatibility Ratio can be formulated as follows:

$$\text{Capital Expenditure Compatibility Ratio} = \frac{\text{Capital Expenditure Ralization}}{\text{Total of Regional Expenditure}} \times 100\%$$

Information:

*Capital Expenditure Realization* = Total Realized Capital Expenditures for the year calculated in the LRA

*Total of Regional Expenditure* = Total Regional Expenditure Realization for that year in the LRA



## RESULT AND DISCUSSION

### Revenue Variance Analysis

The result of the performance measurement of Klaten Regency for the 2018-2022 Fiscal Year using the Income Variance Analysis presented in the following table:

Table 5. The result of calculation of revenue variance analysis of Klaten Regency for 2018-2022

Fiscal Year	Revenue Budget (Rp)	Revenue Realization (Rp)	Revenue Variance (Rp)	(%)	Criteria
2018	2,545,432,179,217	2,577,961,130,135.42	32,528,950,918.42	101,28	Favorable
2019	2,716,040,824,886	2,689,353,252,985.44	26,687,571,900.56	99,02	Unfavorable
2020	2,509,533,202,687	2,578,135,836,354.00	68,602,633,667	102,73	Favorable
2021	2,532,484,633,385	2,570,037,777,373.00	37,553,143,988	101,48	Favorable
2022	2,550,512,308,850	2,587,693,432,935.00	37,181,124,085	101,46	Favorable
Mean	2,570,800,629,805	2,600,636,285,956.572	29,835,656,151.572	101,16	Favorable

Source: Budget realization report of BPKPAD Klaten regency (processed data, 2023)

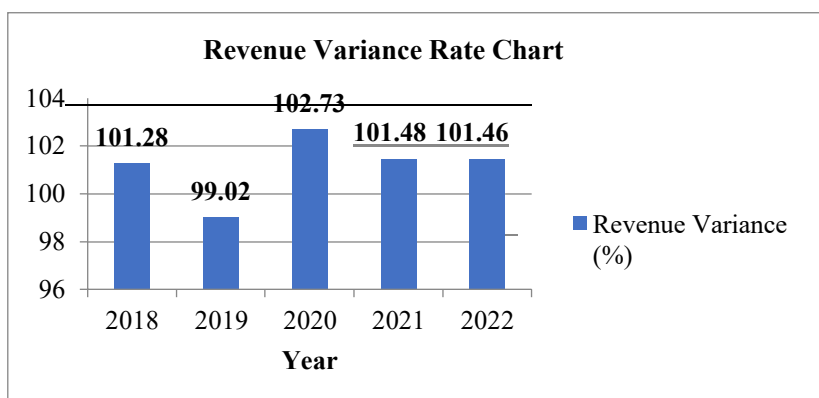


Figure 2. Chart of revenue variance rate of Klaten Regency for 2018-2022  
 Source: Budget realization report of BPKPAD Klaten Regency (processed data, 2023)

Based on the results of calculations that have been carried out as presented in Table 5 above, it can be concluded that the average results of the revenue variance analysis in Klaten Regency from 2018 to 2022 are 101.16%, so it can be categorized as Good (Favourable) which can be proven in the amount of Revenue Realization is greater than the Revenue Budget that has been set. It means that from 2018 to 2022, Klaten Regency is considered to have succeeded in optimally managing its regional finances and being able to realize the revenue budget well.

Based on the chart regarding the level of variance analysis of Klaten Regency revenue for the 2018-2022 fiscal year as in Figure 2, it can be seen that Klaten Regency experiences fluctuations from year to year. The lowest percentage for measurement using this analysis occurred in 2019 which is 99.02%. This is because the realization of transfer revenue in 2019 was smaller than the predetermined budget. It resulted in the revenue realization budget target set by Klaten Regency not being exceeded

for that year.

However, in 2020, the results of the income variance analysis showed the highest percentage which is 102.73%. This is because the realization of local original income can exceed the predetermined budget so that it can exceed the budget target set by Klaten Regency in 2020.

The results of this revenue variance analysis are in line with research conducted by Assidiqi (2012) in Klaten Regency for the 2008-2012 Fiscal Year regarding income variance analysis. It is because both research show results of revenue variance analysis that exceed 100% so that they fall into the good (Favourable) criteria.

### Expenditure Variance Analysis

The result of the performance measurement of Klaten Regency for the 2018-2022 Fiscal Year using Expenditure Variance Analysis is presented in the following table:

Table 6. The result of calculation of expenditure variance analysis of Klaten Regency for 2018-2022

Fiscal Year	Expenditure Budget (Rp)	Expenditure Realization (Rp)	Expenditure Variance (Rp)	(%)	Criteria
2018	2.256.817.387.277,98	1.906.017.589.489,88	350.799.797.788,1	84,46	Favorable
2019	2.313.507.060.398,52	1.917.895.032.426,68	395.612.027.971,84	82,90	Favorable
2020	2.188.110.038.816,28	1.820.342.899.284,00	367.767.139.532,28	83,19	Favorable
2021	2.949.643.677.710,28	2.493.406.881.542,00	456.236.796.168,28	84,53	Favorable
2022	3.020.031.884.691,28	2.527.619.332.474,28	492,412,552,217	83,70	Favorable
Mean	2,545,622,009,778.868	2,133,056,347,043.368	412,565,662,735.5	83,79	Favorable

Source: Budget Realization Report of BPKPAD Klaten Regency (processed data)

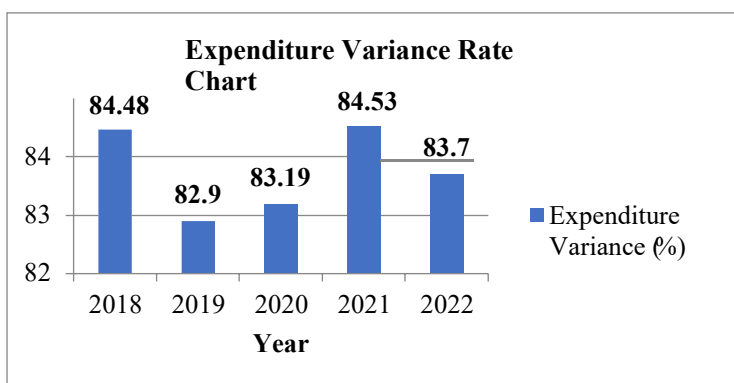


Figure 3. Chart of the expenditure variance level of Klaten Regency Expenditures for 2018-2022

Source: Budget Realization Report of BPKPAD Klaten Regency (processed data, 2023)

Based on the results of calculations that have been carried out as presented in Table 6. above, it can be concluded that the average results of the expenditure variance analysis of Klaten Regency from 2018 to 2022 are 83.79%, so it can be categorized as Good (Favourable) which can be proven in the

amount of Expenditure Realization that does not exceed the stipulated Expenditure Budget. It means Klaten Regency from 2018 to 2022 is considered successful in managing its finances and allocating its regional expenditure optimally, as well as being able to realize its expenditure budget well. Therefore, it is not categorized as wasting funds.

Based on the graph regarding the level of expenditure variance analysis of Klaten Regency for the 2018-2022 fiscal year as in Figure 3, it can be seen that Klaten Regency experiences fluctuations from year to year. The lowest percentage for measurements using this analysis occurred in 2019, which was 82.9%. The low level of expenditure realization is due to the absorption of the expenditure budget in 2019 which has not been realized optimally. However, this is still considered good because by not exceeding the predetermined expenditure budget, it proves that Klaten Regency does not experience wasteful regional expenditure, and has allocated expenditure appropriately.

Meanwhile, in 2021, the results of the expenditure variance analysis show the highest percentage which is 84.53%. The high level of revenue realization is due to the absorption of the expenditure budget in 2021 which can be realized optimally. Therefore, in 2021, Klaten Regency is considered to have been able to allocate its expenditure budget appropriately so that it is not said to experience wasteful regional expenditure.

The results of this expenditure variance analysis are in line with research conducted by Assidiqi (2012) in Klaten Regency for the 2008-2012 Fiscal Year regarding expenditure variance analysis. Both researches show the result of analysis of expenditure variance that does not exceed 100% so that they fall into the good (Favourable) criteria.

**Revenue Growth Ratio**

The result of the performance measurement of Klaten Regency for the 2018-2022 Fiscal Year using the Income Growth Ratio are presented in the following table:

Table 7. The result of the measurement of revenue growth ratio of Klaten Regency for 2018-2022

Fiscal Year	Revenue Realization Year <sub>t</sub> (Rp)	Revenue Realization Year <sub>t-1</sub> (Rp)	Result (%)	Criteria
2018	2.577.961.130.135,42	2.581.515.295.917,04	(0,138)	Negative
2019	2.689.353.252.985,44	2.577.961.130.135,42	4,320	Positive
2020	2.578.135.836.354,00	2.689.353.252.985,44	(4,135)	Negative
2021	2.570.037.777.373,00	2.578.135.836.354,00	(0,314)	Negative
2022	2.587.693.432.935,00	2.570.037.777.373,00	0,687	Positive
Mean	2,600,636,285,956.57	2,599,400,658,552.98	0,047	Positive

Source: Budget Realization Report of BPKPAD Klaten Regency (processed data)

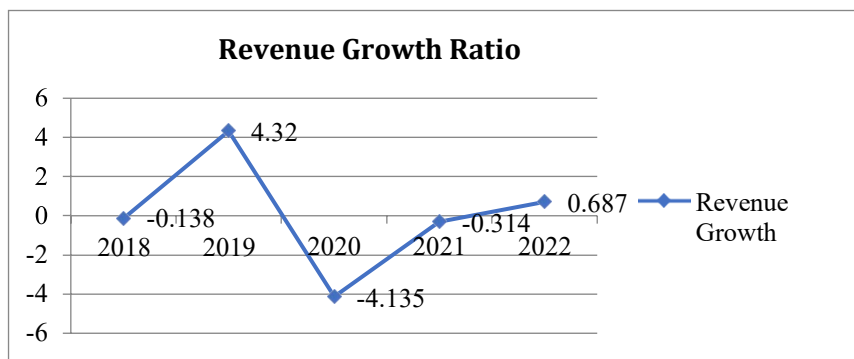


Figure 4. Chart of revenue growth ratio of Klaten Regency for 2018-2022  
 Source: Budget Realization Report of BPKPAD Klaten Regency (processed data, 2023)

Based on the results of the calculations that have been carried out as presented in Table 7, it can be concluded that the average results of the ratio analysis of revenue growth in Klaten Regency from 2018 to 2022 are 0.047%, so it can be categorized as positive which can be proven in the amount of realized revenue tends to increase when compared to the previous year's Realized Revenue. It means that from 2018 to 2022, Klaten Regency is considered successful in managing its regional revenue. Thus, it can realize regional revenue properly and can maintain and even increase its regional income from year to year.

Based on the graph regarding the analysis of the level of the revenue growth ratio of Klaten Regency from 2018 to 2022 as shown in Figure 4, it can be seen that Klaten Regency experiences fluctuation from year to year with a percentage of 4.32% in 2019 then decreased in 2020 by (4.135) % with a decreasing percentage of 8.455%. This decrease was due to a decrease in regional revenue especially in the Klaten Regency regional revenue. One of the causes was the outbreak of the COVID-19 disease which had an impact on decreasing Klaten Regency regional revenue. Even though there was a decrease in revenue in 2020, the realization of income in that year was able to exceed the revenue target set by Klaten Regency.

In 2019, the results of the analysis of the revenue growth ratio experienced the highest increase in revenue realization with a percentage of 4.32% compared to 2018 which was only (0.138) % with a percentage increase of 4.458%. This increase was due to an increase in regional revenue especially in transfer income and other legal regional revenue that was quite significant that year. The results of the analysis of revenue growth ratio are in line with the research conducted by Assidiqi (2012) in Klaten Regency for the 2008-2012 Fiscal Year regarding revenue growth ratio analysis. Both show the results of the ratio analysis of revenue growth which tends to increase every year, so it is included in the positive growth criteria.

**Expenditure Growth Ratio**

The result of the performance measurement of Klaten Regency for the 2018-2022 Fiscal Year using the Expenditure Growth Ratio is presented in the following table:

Table 8. The result of measurement of expenditure growth ratio of Klaten Regency for 2018-2022

Fiscal Year	Expenditure Realization Year <sub>t</sub> (Rp)	Expenditure Realization Year <sub>t-1</sub> (Rp)	Result (%)	Criteria
2018	1.906.017.589.489,88	1.846.458.264.255,22	3,225	Positive
2019	1.917.895.032.426,68	1.906.017.589.489,88	0,623	Positive
2020	1.820.342.899.284,00	1.917.895.032.426,68	(5,086)	Negative
2021	2.493.406.881.542,00	1.820.342.899.284,00	(2,843)	Positive
2022	2.527.619.332.474,28	2.493.406.881.542,00	1,372	Positive
Mean	2.133.056.347.043,37	1.996.824.133.399,56	6,822	Positive

Source: Budget Realization Report of BPKPAD Klaten Regency (processed data)

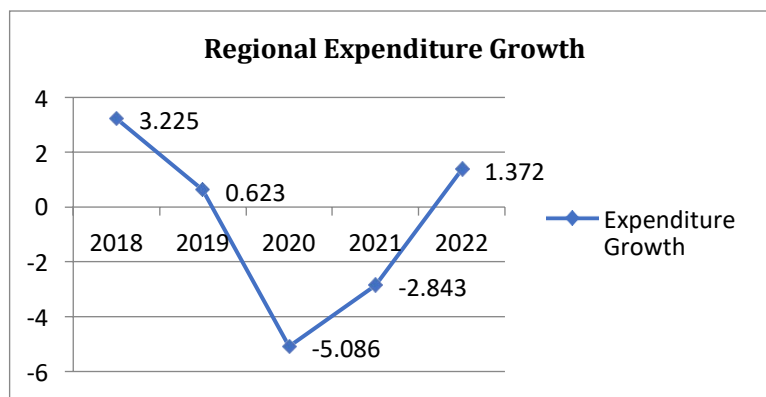


Figure 5. Chart of expenditure growth ratio Klaten Regency of the 2018-2022 fiscal year  
 Source: Budget Realization Report of BPKPAD Klaten Regency (processed data, 2023)

Based on the results of calculations that have been carried out as presented in Table 8 above, it can be concluded that the average results of the analysis of the expenditure growth ratio in Klaten Regency from 2018 to 2022 is 6.822%, so it can be categorized as Positive, which can be proven by the amount of actual expenditure realized tends to increase when compared to the previous year's expenditure realization. This means that from 2018 to 2022 Klaten Regency is considered to have succeeded in managing its regional spending optimally so that it can realize regional spending well can maintain its regional spending from year to year, and is not considered to be wasting regional spending. Based on the results of calculations that have been carried out as presented in Table 8, it can be concluded that the average results of the analysis of the expenditure growth ratio in Klaten Regency from 2018 to 2022 are 6.822%, so it can be categorized as positive which can be proven by the amount of actual expenditure realized tends to increase when compared to the previous year's expenditure realization. It means from 2018 to 2022, Klaten Regency is considered to have succeeded in managing its regional expenditure optimally. Therefore, it can realize regional expenditure well and can maintain its regional expenditure from year to year. As a result, it is not considered to be a waste of regional expenditure.

Based on the graph regarding the level of analysis of the income-expenditure ratio for Klaten Regency in 2018-2022 as in Figure 5 above, it can be seen that Klaten Regency experienced fluctuations from year to year, with a percentage of 0.623% in 2019 which then decreased in 2020, namely to amounting to (5,086) % with a decrease percentage of 5,709%. This decrease was due to a decrease in the absorption of regional spending which had not been implemented optimally. However, this is still considered good because the expenditure budget for that year was not exceeded, proving that Klaten Regency did not experience wasteful regional expenditure, and had allocated expenditure appropriately.

In 2022, the results of the expenditure growth ratio analysis experienced the highest increase in expenditure realization with a percentage of 1.372% compared to 2021 which was only (2.843)%. With an increase percentage of 4.215%. This increase was due to the absorption of the spending budget in 2021 which can be realized optimally. As a result, in 2022 Klaten Regency is considered to have been able to allocate the expenditure budget appropriately and is not said to experience wasteful regional expenditure.

The result of this expenditure growth ratio analysis is in line with research conducted by Assidiqi (2012) in Klaten Regency for the 2008-2012 Fiscal Year regarding expenditure growth ratio analysis. Both researches show the results of the analysis of the expenditure growth ratio which tends to increase every year, so it falls into the criteria for positive spending growth.

**Regional Expenditure Compatibility Ratio**

The result of the performance measurement of Klaten Regency for the 2018-2022 Fiscal Year using an analysis of expenditure compatibility is presented in the following table:

Table 9. The result of measurement analysis of regional expenditure compatibility of Klaten Regency of the 2018-2022 fiscal year

Fiscal Year	Operational Expenditure Realization (Rp)	Capital Expenditure Realization (Rp)	Total of Regional Expenditure (Rp)	Operational Expenditure Ratio (%)	Capital Expenditure Ratio (%)
2018	1.521.442.608.529,88	384.574.980.960,00	1.906.017.589.489,88	79,82	20,18
2019	1.609.749.628.450,68	308.145.403.976,00	1.917.895.032.426,68	83,93	16,07
2020	1.572.625.425.629,00	157.126.719.574,00	1.820.342.899.284,00	86,39	8,63
2021	1.612.412.988.846,00	189.606.772.936,00	2.493.406.881.542,00	64,67	7,6
2022	1.619.377.441.227,28	246.670.020.742,00	2.527.619.332.474,28	64,07	9,76
Mean	1.587.121.618.536,57	257.224.779.637,60	2.133.056.347.043,37	74,40	12,05

Source: Budget Realization Report of BPKPAD Klaten Regency (processed data, 2023)

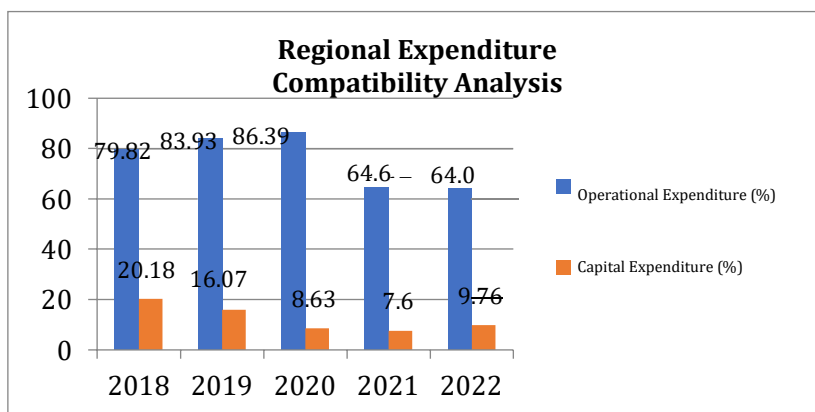


Figure 6. Chart of regional expenditure compatibility ratio Klaten Regency for 2018-2022  
 Source: Budget Realization Report of BPKPAD Klaten Regency (processed data, 2023)

Based on the results of the calculations that have been carried out as presented in Table 9, it can be concluded that the average results of the analysis of regional expenditure compatibility ratios in Klaten Regency from 2018 to 2022 are 74.40% for operating expenditure while for capital expenditure is 12.05%. It means Klaten Regency focuses its regional expenditure allocation more on operational expenditure than on capital expenditure by prioritizing routine activities that are frequently carried out, such as asset maintenance and purchasing necessities needed for the activities carried out. Therefore, it can be said that from 2018 to 2022 Klaten Regency based on measuring regional expenditure compatibility analysis shows the allocation of operating expenditure was more dominant than the allocation of capital expenditure in that area.

Based on the chart regarding the level of analysis of the compatibility ratio of regional expenditure in Klaten Regency from 2018 to 2022 as shown in the chart, it can be seen that Klaten Regency experiences fluctuations in the use of regional expenditure every year. The highest percentage of operating expenditure of Klaten Regency occurred in 2020 reaching 86.39%. The high percentage value is influenced by the high use of regional expenditure for routine/operational purposes such as personnel spending, goods and services spending, subsidy spending, grant spending, and social assistance spending. Meanwhile, the lowest percentage occurs in 2021 which is 64.67%.

Then, based on an analysis of the compatibility ratio of regional expenditure, especially capital expenditure, the highest percentage occurred in 2018 which was 20.18%. The high percentage value is influenced by the high use of regional expenditure allocations for investment purposes such as capital expenditure for land, capital expenditure for machine equipment, capital expenditure for buildings, and capital expenditure for other fixed assets. Meanwhile, the lowest percentage occurs in 2021 which is 7.6%.

Based on the results of the regional expenditure compatibility ratio analysis, it can be concluded that Klaten Regency from 2018 to 2022 prioritizes the allocation of regional expenditure for operational expenditure compared to capital expenditure. It surely requires more attention to achieve a balance between regional expenditure components, so expenditure allocation can be realized on target by real conditions and priority regional needs in the 2018-2022 fiscal year.

The results of the regional expenditure compatibility ratio analysis are in line with research conducted by Assidiqi (2012) in Klaten Regency for the 2008-2012 Fiscal Year regarding the expenditure compatibility ratio analysis. Both researches show the results of the regional expenditure compatibility ratio analysis which tends to be predominantly allocated to operating expenditure compared to capital expenditure.

## CONCLUSION

Based on the description of the results and discussion regarding the analysis of the budget realization report in the context of assessing the financial performance of Klaten Regency for the 2018-2022 Fiscal Year, some conclusions are drawn. First, based on the revenue variance analysis, the result is included in the Good (Favourable) category. Second, based on the expenditure variance analysis, the result is included in the Good (Favourable) category. Third, based on the analysis of the revenue growth ratio, the result is included in the positive category because it shows an increase in revenue realization from the previous year. Fourth, based on the analysis of the expenditure growth ratio, the result is included in the positive category because it shows an increase in expenditure realization from the previous year. Fifth, based on the analysis of the regional expenditure compatibility ratio, Klaten Regency's funds is more allocated dominantly in operational expenditures than capital expenditures.

Based on the description of the conclusions above, the authors provide several suggestions that can be used as balancing material for Klaten Regency, including the following; (1) The Regional Government of Klaten Regency is expected to make more optimal use of various sources of income, whether in the form of original regional income, transfer income, or other income legal area, (2) The Regional Government of Klaten Regency is expected to be more optimal in planning regional expenditure budgets and pay attention to the appropriate allocation of funds, (3) The Regional Government of Klaten Regency is expected to be more optimal in managing and allocating its regional revenues and expenditures so that it can maintain and even increase realization from year to year, (4) The Regional Government of Klaten Regency is expected to be more optimal in allocating its regional expenditures, both on operational and capital expenditure, so it can realize a harmonious regional expenditure balance and there is no dominating expenditure allocation, (5) This research is still far from perfect, so the authors hope that further research can be carried out in more detail, such as analysis on regional taxes and levies by using the ratio of effectiveness, efficiency, and contribution ratio of regional taxes and levies to PAD.

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