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Research Article

The Financial Performance Analysis of Districts/Cities of Aceh Province, Indonesia

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Abstract: The purpose of this study is to analyze the financial performance of districts/cities in Aceh province by using regional financial independence ratios, own-source revenue, effectiveness ratios, regional financial efficiency ratios, harmony ratios, regional income and expenditure variances, and regional financial capability ratios. This study used a quantitative descriptive approach with the population of district/city governments in Aceh in 2013-2016. Data collection technique uses census methods. The results showed a very low district and city independence ratio in Aceh and the highest pattern of instructive relationships in Banda Aceh City, Gayo Lues district and Pidie Jaya district lowest. The effectiveness ratio of Subulussalam city is not effective, Aceh Besar district is very effective, on average throughout Aceh is quite effective. The financial efficiency ratio of Pidie district is quite efficient and the city of Sabang is less efficient in all districts and cities less efficient. The harmony ratio for the Gayo Lues district operating expenditure is the lowest and in Aceh Besar and Langsa districts the highest. The highest income variance is in Simeulue district and Aceh Besar district, while the lowest is in Nagan Raya district. The lowest shopping variance is in Lhokseumawe City and the highest is in the district of South Aceh. The district/city growth ratio from 2013-2016 was the highest in 2014 and the lowest in 2016. The ratio of the contribution of districts/cities across Aceh has a very poor category, while the highest is in Banda Aceh City.

Keywords: Independence, Effectiveness, Efficiency, Harmony, Analysis Of Variance, Financial Ability, And Financial Performance.

I. INTRODUCTION

The implications of the reform of the life of the nation and state in Indonesia are marked by the current regional autonomy. Regional autonomy is regulated in Law Number 23 of 2014 concerning Regional Government which is a substitute regulation of the previous regulation, namely Law Number 22 of 1999 concerning Regional Government and Law Number 32 of 2004 concerning Regional Government which gives various rights and powers to local government. Among that authority, one of them is the freedom to regulate or manage their own regional finances. This is also reinforced by the issuance of a law on changes in state finances that regulates the relationship between the central and regional governments, with the issuance of Law Number 33 of 2004 concerning Financial Balance between the Central Government and Regional Governments which is a renewal of Law Number 25 1999 concerning Central and Regional Financial Balance.

The regional government which is the party responsible for rolling out government governance programs, regional development, and providing services to the public must report their regional financial accountability in order to be a benchmark for the success of the local government in fulfilling its obligations well or not. Analyzing the financial ratios of the regional government budget that have been planned and implemented is an instrument used to assess the performance of regional governments in managing their regional finances (Widodo, 2001).

Measurement of government performance requires clear indicators or benchmarks (Mardiasmo, 2007: 125). Government performance standards are typically seen from performance measurements that use the value for money approach in the form of economic value, efficiency and effectiveness. Economical is a theory that involves the total amount of input with input value, while efficiency evaluates between the amount of input and output and the effectiveness of assessing output with outcomes. The financial performance is usually expressed based on financial ratios identified

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from local government financial statements (Mahmudi, 2007: 92-96).

Meanwhile, according to Turley, *et al.,* (2014) financial performance measures commonly used are assessing financial capability (liquidity), regional independence (autonomy), operating performance, efficiency of own-source revenue collection and regional financial capacity in the long term (solvency). Measurement of financial performance that compares with the financial performance of previous years (benchmarking).

The focus of this research is the financial performance of local governments in the district/city of Aceh Province, based on researches that have been investigated by Detisa (2010) examining the financial performance of local governments in the special autonomy era in Nanggroe Aceh Darussalam. The results of his research show that there is an inequality in terms of measuring the financial performance of district/city governments in Aceh Province. This is because some districts/cities government in Aceh Province has not been able to regulate and maximize the potential of existing regional income sources and the regional revenues received. This resulted in a very high dependence on the central government.

This study aims to analyze the financial capabilities/performance of districts/cities in Aceh from 2013 to 2016. This study is expected to be a reference or contribution of ideas of the local government to analyze financial performance so that it becomes a reference in increasing the value of efficiency and effectiveness to explore the Regional Original Revenue in an increasingly competitive era. Besides this research can later be made a meaningful contribution to the study of public sector accounting, especially in the field of government, especially in improving the financial performance of local governments in order to maximize their services in the community. Further discussion of this study begins with a theoretical review relating to the financial performance of local governments. Then proceed with a discussion of the research method used, followed by discussion of research results and ended by presenting research conclusions and suggestions.

II. LITERATURE REVIEW
Financial Performance of Regional Government
The financial performance of regional governments is the ability of the region to maximize revenue from various financial source opportunities that are owned to meet the costs incurred in running the government system, service to the community and regional development independently and not too expecting rock from the central government and have the freedom to allocate its financial resources to provide good public servants in accordance with the laws and regulations (Syamsi, 1986: 199).

Mardiasmo (2002), Regional financial capability assessment method is a method that aims to facilitate public officials in measuring a strategy through financial and non-financial measures. Financial ratio analysis is one of the tools to measure the performance of local governments in managing regional finances against the regional government budget that has been established and implemented.

Budget Performance
According to Law Number 17 of 2003, the notion of performance-based budgeting is an approach in budget preparation based on performance or work performance to be achieved. Mardiasmo (2002) states that budgeting with a performance approach focuses on the concept of value for money and focuses on output performance. The performance-based budgeting process was created to control all deficiencies in traditional budgets, especially shortages due to the lack of assessment used to calculate or assess performance in achieving public service goals and targets.

Budget Variance
Witjaksono (2013: 155) variance or difference is an inconsistency between the previously planned goals and the results obtained. Variance indicates a sign or a warning that the operation has not proceeded as planned. Variance analysis includes a mathematical analysis of two data sets to obtain a deepening of the causes of a deviation or variance. One number is needed as a benchmark, or guideline.

Budget performance evaluation generally uses budget variance analysis. Mahmudi (2010: 66) explains that variance analysis is carried out by measuring the difference between the budget and the realization. Budget differences can be classified into two, including profitable (favorable) and unfavorable (unfavorable) differences. The focus of the analysis is primarily aimed at unfavorable budget differences. So that the aspects that need attention are as follows: (1) Determine the level of significance of the budget difference; (2) Determine the level of variance (discrepancy) of the budget that can be tolerated, especially for the unfavorable difference; (3) Finding the cause of the budget difference; (4) Determine actions for future performance improvements.

BudgetAbsorption
According to Abdullah and Nazry (2014) expenditure uptake is the total budget that has been realized or reported by the Regional Work Unit, in which the value can be carved out in the Budget Realization Report. Budget absorption is also one measure of performance achievement in a Regional Work Unit.

Budget absorption can be seen from the amount of budget absorption in the current year, budget absorption illustrates the obligation of local

governments to spur higher economic growth so as to provide welfare for all people. The monitoring aspect of budgeting becomes an aspect that needs to be strengthened in the stages of the financial management process, from planning to evaluation. The low absorption of government budget will reduce Indonesia's economic growth if we see the ability of government spending to be worse than last year, and the risk of economic growth that is not optimal. In general, analysis of regional income and expenditure is reflected in budget absorption reports. Ariani. *et al.,* (2013: 26) states that with budget absorption reports, local governments can carry out income analysis to assess the effectiveness, efficiency, and economics of regional revenues, among others by analyzing: (1) income variants; (2) degree of decentralization; (3) regional financial dependency ratio; (4) ratio of own-source revenue effectiveness and efficiency; (5) analysis of shopping variants; (6) shopping efficiency ratio.

Analysis of Regional Financial Performance Ratios
According to Halim (2012) the Regional Financial Performance Ratios commonly used to assess the Financial Performance of the Regions include using the Regional Financial Independence Ratio, the Own-Source Revenue, Effectiveness Ratio, the Regional Financial Efficiency Ratio, and the Harmony Ratio.

1. Regional Financial Independence Ratio
The Regional Financial Independence Ratio illustrates how much the independence value of the regional government is in managing and managing its own program of government, development and service to the community that has provided funding to the government through taxes and levies as a source of income needed by the region. The ratio of regional financial independence is carried out by calculating the amount of Regional Original Revenue compared to Regional Revenues originating from other sources or Transfer Revenue, among others: Tax revenue sharing, profit sharing not natural resource taxes, general allocation funds and special allocation, emergency funds and loans (Mahsun, 2009)**.**

2. Own-Source Revenue Effectiveness Ratio
According to Halim (2012), if the ratio of the effectiveness of Own-Source Revenue gets higher, then the better the performance of the local government is described. This illustrates that the ratio of the effectiveness of local revenue assesses the ability of local governments to absorb the Own-Source Revenue that has been budgeted and compared to the Own-Source Revenue budget target that has been measured based on the real potential of the region.

3. Regional Financial Efficiency Ratio
Regional Financial Efficiency Ratios assess the amount of costs incurred to obtain income compared to the realization of income received. The financial efficiency performance of local governments is interpreted to be better if the lower value of the regional financial efficiency ratio. Income is classified as efficient if the ratio is below 100%.

4. Harmony Ratio
The Harmony Ratio assesses how big the area is in prioritizing the allocation of funds in the Operational Expenditures and Capital Expenditures ideally. This assessment will have balanced results if the greater budget allocation for Operational Expenditures or personnel expenditure means the allocation for Capital Expenditures or in the case of providing economic infrastructure for the community tends to be smaller.

5. Analysis of Regional RevenueVariance and Expenditures
Analysis of Regional Revenue Variance analyzes Financial Performance Revenue can be assessed by calculating the difference in budget between the realization of income and the budgeted one. Users of financial statements are in dire need of information on budget differences to find out and analyze revenue performance. In essence, income that is able to obtain more than the budgeted amount of income (budget target) then the income variance is considered to be better. This is because the income budget is a minimum limit on the amount of revenue targeted to be obtained by the local government and vice versa (Mahmudi, 2010).

While the calculation of Shopping Variance Analysis is to see the magnitude of the difference or the difference between realization and budgeted. The difference in this analysis can be categorized into two types, namely the expected difference, if the realization of spending is smaller than the target, while the difference is not expected if the realization of expenditure is greater than the target. a very high difference illustrates two possibilities, firstly the estimation is incorrect if a difference has been made that there has been an error in budget planning, the second illustrates because there has been budget efficiency (Halim, 2007).

6. Regional Financial Capability
Regional capacity is a measure of regional capacity to optimize the financial potential in order to cover their needs and slowly reduce its financial dependence on central government assistance. (Setiaji and Priyo Hari Adi, 2007: 2). The ability of the region can be seen if the greater the own-source revenue(PAD) in financing its regional finances than the balance funds from the central government. If the regional financial capacity is higher then the dependence on the central government will be smaller and the use of budget surpluses to expenditure allocations, especially spending on public infrastructure development rather than financing expenditure for regional cash holder accounts.

III. RESEARCH METHOD

This research is a descriptive study (descriptive study) and has a purpose to determine the financial performance of district/city governments in Aceh Province when viewed through regional financial performance ratios. This type of research investigation is quantitative descriptive research in which financial data obtained will be carried out calculations to solve existing problems in accordance with the research objectives. The unit of analysis in this study is organizational, namely all districts/cities in Aceh. The time horizon in this study was conducted cross-sectionally, because this study focused on an event in 2013 to 2016 and data collection was carried out only once.

The population in this study are all districts/cities in Aceh Province that have financial statements as of December 31 for 2013-2016. The sampling technique used in this study uses a census. The study was conducted by searching secondary data by collecting data from records or databases in the form of hardcopy and softcopy obtained from the downloaded results on the website and documentation of archives of the Badan Pemeriksa Keuangan Republik Indonesia (BPK RI), namely *www.bpk.go.id* and other sources related.

Based on the research design used, the data analysis technique used is quantitative descriptive that is to do calculations on financial data obtained to solve existing problems in accordance with the research objectives. The benchmarks that will be used in this analysis technique are:

1. Regional Financial Independence Ratio
The independence ratio formula according to Mahsun (2009) is as follows:

$$\text{Independence Ratio} = \frac{Own\ Source\ Revenue\ (PAD)}{Transfer\ Income} \ x\ 100\%$$

The benchmark in looking at the pattern of relationships with the criteria of independence or regional capability can be described in the table as follows:

Table 3.1. Relationship Pattern and Regional Capability

Financial Capability	Independence (%)	Relationship Pattern
Very Low	0% - 25%	Instructive
Low	25% - 50%	Consultative
Medium	50% - 75%	Participatory
High	75% - 100%	Delegative

Source: Halim (2007:169).

2. Own-Source Revenue Effectiveness Ratio
The formula used for calculating this ratio is as follows:

$$Effectiveness\ Ratio = \frac{Own-Source\ Revenue\ Realization}{Own-Source\ Revenue\ Budget}\ x\ 100\%$$

Table 3.2. PAD Effectiveness Criteria

Effectiveness Percentage	Effectiveness Criteria
> 100%	Very effective
100%	Effective
90% - 99%	Effective enough
75% - 89%	Less effective
<75%	Not effective

Source: Mahsun (2009)

3. Regional Financial Efficiency Ratio
The formula used for calculating this ratio is:

$$\text{Efficiency Ratio} = \frac{Realization\ of\ Regional\ Expenditures}{Realization\ of\ Regional\ Revenue} \ x100\%$$

Table 3.3. Financial Performance Efficiency Criteria

Efficiency Percentage	Efficiency Criteria
>100%	Not efficient
90% -100%	Less efficient
80% -90%	Efficient enough
60% -80%	Efficient
< 60%	Very efficient

Source: Halim (2007: 234)

4. Harmony Ratio

Simply stated, the Harmony Ratio uses the following calculation formula (Halim 2007: 236):

$$Operating\ Expenditure\ Ratio = \frac{Total\ Operating\ Expenditures}{Total\ Regional\ Expenditures}\ x\ 100\%$$

$$Capital\ Expenditure\ Ratio = \frac{Total\ Capital\ Expenditures}{Total\ Regional\ Expenditures}\ x\ 100\%$$

5. Variance Analysis of Regional Revenues and Expenditures
    a. Regional Revenue Variance Analysis

The formula used in calculating revenue variance, namely:

$$Variance\ Analysis = \frac{Realization\ of\ Revenue\ in\ year\ t}{Revenue\ Budget\ in\ year\ t}\ x\ 100\%$$

    b. Regional Expenditure Variance Analysis

The formula used in calculating expenditure variance, namely:

$$Variance\ Analysis = \frac{Expenditure\ Budget\ in\ year\ t}{Realization\ of\ Expenditure\ in\ year\ t}\ x\ 100\%$$

6. Regional Financial Capability

This ratio calculation is done to measure the ability of an area to optimize its revenue from various sources of financial potential that the region has to cover its needs and run the government independently without always relying on central government transfers. Regional financial capability is seen in terms of the growth and contribution (share) values. Regional financial capacity consists of indicators, Halim (2004):

a. Growth (Growth)

Growth index is the ratio of Own-Source Revenue between year i to year Own-Source Revenue i-1.

$$Growth = \frac{\{Own-Source\ Revenue\ i-(Own-Source\ Revenue\ i-1)\}}{Own-Source\ Revenue\ i-1}$$

Information :

Growth : *Own − Source Revenue* growth
Own − Source Revenue i : *Own − Source Revenue* year i
Own − Source Revenue i-1 : *Own − Source Revenue* the previous year

Table 3.4. Regional Growth Criteria

Percentage of Growth Ratio	Growth Ratio Criteria
0% - 10%	Very Low
11% - 20%	Low
21 - 40%	Medium
Above 40%	High

Source: Yovita and Utomo (2011)

b. Contributions (Share)

The share index is the proportion of PAD to total expenditure.

$$S = \frac{Own - Source\ Revenue}{Total\ Expenditure}$$

Table 3.5. Classification of Contribution Criteria

Percentage of Contribution	Contribution Criteria
<10%	Very Less
10.01% - 20%	Less
20.01% - 30%	Medium
30.01% - 40%	Good Enough
40.01% - 50%	Good
> 50%	Very Good

Source: Halim (2008:233)

IV. RESULTS AND DISCUSSIONS

Table 4.1. Average Percentage and Criteria of Regional Financial Independence Ratios, Own-Source Revenue Effectiveness Ratios and District/City Regional Financial Efficiency Ratios in Aceh Province 2013-2016

No	District/City	Independence Ratios		Own-Source Revenue Effectiveness Ratios		Regional Financial Efficiency	
		Average (%)	Criteria	Average (%)	Criteria	Average (%)	Criteria
1	City Banda Aceh	21,62%	Very Low / Instructive	111,83%	Very effective	95,02%	Less efficient
2	City Lhokseumawe	6,65%	Very Low / Instructive	90,42%	Effective enough	94,39%	Less efficient
3	City Sabang	8,92%	Very Low / Instructive	97,44%	Effective enough	99,24%	Less efficient
4	City Subulussalam	5,29%	Very Low / Instructive	70,63%	Not effective	92,43%	Less efficient
5	City Langsa	14,90%	Very Low / Instructive	96,02%	Effective enough	96,15%	Less efficient
6	District Aceh Besar	9,61%	Very Low / Instructive	125,63%	Very effective	97,03%	Less efficient
7	District Pidie	12,61%	Very Low / Instructive	97,65%	Effective enough	87,90%	Efficient enough
8	District Pidie Jaya	4,41%	Very Low / Instructive	84,75%	Less effective	91,48%	Less efficient
9	District Bireuen	11,96%	Very Low / Instructive	96,55%	Effective enough	89,69%	Cukup Efisien
10	District Aceh Utara	12,45%	Very Low / Instructive	88,23%	Less effective	89,33%	Efficient enough
11	District Aceh Timur	6,69%	Very Low / Instructive	98,30%	Effective enough	89,12%	Efficient enough
12	District Aceh Tamiang	9,58%	Very Low / Instructive	93,15%	Effective enough	92,32%	Less efficient
13	District Aceh Tenggara	5,22%	Very Low / Instructive	79,13%	Less effective	98,05%	Less efficient
14	District Gayo Lues	4,75%	Very Low / Instructive	105,11%	Very effective	93,52%	Less efficient
15	District Aceh Tengah	13,78%	Very Low / Instructive	96,20%	Effective enough	92,46%	Less efficient
16	District Bener Meriah	6,75%	Very Low / Instructive	78,88%	Less effective	90,71%	Less efficient
17	District Aceh Jaya	5,95%	Very Low / Instructive	98,03%	Effective enough	93,92%	Less efficient
18	District Aceh Barat	12,08%	Very Low / Instructive	98,89%	Effective enough	95,09%	Less efficient
19	District Nagan Raya	8,65%	Very Low / Instructive	83,80%	Less effective	94,32%	Less efficient
20	District Aceh Barat Daya	8,73%	Very Low / Instructive	87,03%	Less effective	92,66%	Less efficient
21	District Aceh	8,79%	Very Low /	98,84%	Effective	91,76%	Less

	Selatan		Instructive		enough		efficient
22	District Aceh Singkil	5,22%	Very Low / Instructive	92,17%	Effective enough	93,94%	Less efficient
23	District Simeulue	5,75%	Very Low / Instructive	101,00%	Very effective	88,39%	Efficient enough
Average		**9,15%**	**Very Low / Instructive**	**94,33%**	**Effective enough**	**93,00%**	**Less efficient**

1. Regional Financial Independence Ratio

Based on Table 4.1, district / city governments in Aceh in 2013-2016 showed a pattern of relationships and levels of financial capacity that were instructive or at very low levels. This can mean that the dependence of district and city governments on central government intervention to carry out their government activities is still very dominant. This is shown through the average value of the independence ratio of the local government in Aceh which is still very low at 9.15%.

Pidie Jaya district and Gayo Lues district are the lowest of the levels of independence among other districts and cities. Because both have an average percentage of independence that is for Pidie Jaya district of 4.41% and Gayo Lues district of 4.75%. This shows that the Pidie Jaya district government and Gayo Lues district have not maximally multiplied and absorbed their local revenue. This has caused the level of dependence on the central government to be very high.

The highest level of independence occurs in Banda Aceh City which has an average percentage of independence of 21.62%. It shows that Banda Aceh City is a regional government that is quite capable in managing its own regional revenue when compared to other districts and cities in Aceh. The pattern of consultative relationships or dependence of Banda Aceh City on the central government has begun to diminish. However, in the average Banda Aceh City is still at very low criteria because the level of independence percentage of Banda Aceh City is below 25%.

2. Own-Source Revenue Effectiveness Ratio

Judging from the results of the calculations in Table 4.2 illustrate the performance of a region in the acquisition of the realization of regional revenue that has been targeted which is measured based on the potential of the region (effectiveness). It can be said that the regional government in Aceh province is quite effective in achieving the target of regional revenue from the targeted budget based on the potential of the region.

The value of calculating the Own-Source Revenue effectiveness of district/city in Aceh within a period of 4 (four) years from 2013-2016 has an average percentage of 94.33% or categorized as effective

effectiveness. Whereas when viewed from the average district/city in Aceh, the city of Subulussalam is a regional government with the lowest average value of only 70.63% with ineffective criteria. While Aceh Besar district has the highest average of 125.63% and is followed by the city of Banda Aceh at 111.83% and both districts and cities have very effective criteria. This shows that the city of Subulussalam has not been able to realize its regional revenue or manage the budget of the Own-Source Revenue that had previously been budgeted. Whereas Aceh Besar district and Banda Aceh City have been very effective in managing Own-Source Revenue that are planned and realizing Own-Source Revenue very well.

3. Regional Financial Efficiency Ratio

This efficiency ratio is different from the independence ratio, if the value is greater then it is said to be inefficient. If seen from Table 4.3 illustrates that the districts and cities in the Aceh province for four years have an average percentage efficiency ratio of 93.00%. This shows that the districts/cities in Aceh in terms of financial management of their regions are still less efficient because expenditures that occur actually are greater than the revenue received by the region.

Sabang City and Southeast Aceh district have the highest efficiency ratio with percentage of 99.24% for Sabang City and 98.05% for Southeast Aceh district. This illustrates that both Sabang City and Southeast Aceh district were not efficient in managing local revenue because in these two districts the costs incurred to obtain revenue were higher than the revenue they received.

The districts/cities that have sufficiently efficient criteria are Bireuen district, Pidie district, North Aceh district, Simeuleu district, and East Aceh district. The lowest percentage is owned by Pidie district with a percentage of 87.90% and followed by Simeulue regency at 88.39%. The other three regencies have almost the same percentage of 89%. This event occurred because the five regional governments were able to manage the finances of their respective regions. North Aceh District had become the region with the highest efficiency value in 2016 with a percentage of 75.15% and Pidie district had the highest efficiency level during the 2016 period with a percentage of 79.41%.

Table 4.2. Average Percentage and Criteria of Harmony Ratio, Variance of District/City Regional Revenues and Expenditures in Aceh Province 2013-2016

No	District/City	Average Operating Expenditu -res (%)	Average Capital Expend- itures (%)	Average Revenue Variance (%)	Criteria	Average Shopping Variance (%)	Criteria
1	City Banda Aceh	81,71%	18,28%	98,16%	Not Good	91,05%	Good
2	City Lhokseumawe	74,23%	24,74%	89,22%	Not Good	83,00%	Good
3	City Sabang	78,16%	21,79%	97,52%	Not Good	86,23%	Good
4	City Subulussalam	66,31%	33,58%	93,89%	Not Good	89,64%	Good
5	City Langsa	78,26%	21,71%	96,99%	Not Good	92,14%	Good
6	District Aceh Besar	82,38%	17,49%	100,27%	Good	88,49%	Good
7	District Pidie	81,03%	18,78%	99,71%	Not Good	90,03%	Good
8	District Pidie Jaya	67,13%	31,58%	97,02%	Not Good	92,75%	Good
9	District Bireuen	79,64%	19,51%	98,27%	Not Good	93,42%	Good
10	District Aceh Utara	78,65%	21,30%	95,81%	Not Good	90,51%	Good
11	District Aceh Timur	75,84%	24,06%	98,84%	Not Good	90,25%	Good
12	District Aceh Tamiang	73,76%	26,17%	97,69%	Not Good	90,27%	Good
13	District Aceh Tenggara	71,31%	22,85%	97,89%	Not Good	92,90%	Good
14	District Gayo Lues	64,36%	34,61%	96,29%	Not Good	90,75%	Good
15	District Aceh Tengah	72,06%	27,82%	98,95%	Not Good	91,52%	Good
16	District Bener Meriah	68,93%	30,82%	96,88%	Not Good	90,60%	Good
17	District Aceh Jaya	67,93%	31,92%	98,50%	Not Good	88,94%	Good
18	District Aceh Barat	71,54%	23,35%	98,47%	Not Good	90,13%	Good
19	District Nagan Raya	65,22%	34,70%	88,65%	Not Good	85,83%	Good
20	District Aceh Barat Daya	71,76%	27,60%	97,21%	Not Good	86,30%	Good
21	District Aceh Selatan	75,04%	24,86%	98,74%	Not Good	95,39%	Good
22	District Aceh Singkil	66,75%	33,11%	97,97%	Not Good	91,74%	Good
23	District Simeulue	77,24%	22,65%	100,92%	Good	88,04%	Good
	Average	**73,44%**	**25,79%**	**97,12%**	**Not Good**	**90,00%**	**Good**

4. Harmony Ratio

Based on Table 4.2, district/city governments in Aceh province in 2013-2016 have a greater average percentage in operating expenditures. This calculation shows the district and city governments in Aceh have not been balanced in managing their expenditure harmony performances after instructions and directions from the Ministry of Home Affairs that require to increase capital expenditure by at least 30% and optimize operating expenditure by a maximum of 70%. This is illustrated by the average ratio of urban district compatibility in Aceh with operating expenditure of 73.44% while capital expenditure is only 25.79%.

Aceh Besar District has the highest operating expenditure with a percentage of 82.38% and with the lowest capital expenditure from the average of all districts / cities in Aceh that is 17.49%. While the lowest operating expenditure occurred in Gayo Lues district with an average of 64.36% and became a district and city in Aceh with the highest capital expenditure

with an average of 34.61%. This illustrates that Gayo Lues district does not prioritize the allocation of funds it has to spend on regional apparatus, and also affects the amount of funds allocated to infrastructure development programs while these events are different from Aceh Besar district which allocates more expenditure to cover personnel expenditure and routine expenditure.

5. Analysis of Regional Revenue Variance

Based on Table 4.2, it can be noted that the average budget absorption of district and city government revenues in Aceh in 2013-2016 is still 97.12%. This means that there are still many districts and cities that have poor performance to realize their revenue targets. Whereas for districts/cities that have the highest revenue performance occurred in Aceh Besar and Simeulue districts. Aceh Besar district has an average percentage of 100.27% with good revenue performance criteria. Unlike the Nagan Raya district which has the lowest average percentage with a

percentage of 88.65%. This shows that Nagan Raya district has not been able to realize the planned revenue.

6. Regional Expenditure Variance

Based on Table 4.2 it can be seen that the average percentage of variance in expenditure of district and city government in Aceh in 2013-2016 was 90.00%

and categorized as Food expenditure performance. While districts and cities with the lowest percentage of expenditure variance occurred in Lhokseumawe City with an average percentage of 83.00% with good expenditure uptake criteria and district with the highest percentage owned by South Aceh district with a percentage of 95.36% and also getting good criteria.

Table 4.3. Average Percentage and Criteria of District/City Financial Capability Ratios in Aceh Province 2013-2016

No	District/City	Regional Financial Growth Ratio Average (%)	Criteria	Regional Original Revenue Contribution Ratio Average (%)	Criteria
1	City Banda Aceh	27,21%	Medium	17,36%	Less
2	City Lhokseumawe	19,64%	Low	6,63%	Very Less
3	City Sabang	19,58%	Low	7,81%	Very Less
4	City Subulussalam	79,07%	High	4,93%	Very Less
5	City Langsa	87,43%	High	13,39%	Less
6	District Aceh Besar	27,09%	Medium	8,99%	Very Less
7	District Pidie	57,85%	High	12,83%	Less
8	District Pidie Jaya	52,34%	High	4,70%	Very Less
9	District Bireuen	100,19%	High	11,94%	Less
10	District Aceh Utara	62,27%	High	12,49%	Less
11	District Aceh Timur	61,48%	High	6,54%	Very Less
12	District Aceh Tamiang	46,90%	High	9,36%	Very Less
13	District Aceh Tenggara	32,34%	Medium	4,99%	Very Less
14	District Gayo Lues	35,05%	Medium	4,43%	Very Less
15	District Aceh Tengah	31,96%	Medium	11,93%	Less
16	District Bener Meriah	51,06%	High	6,54%	Very Less
17	District Aceh Jaya	33,55%	Medium	5,04%	Very Less
18	District Aceh Barat	63,19%	High	10,77%	Less
19	District Nagan Raya	40,45%	Medium	8,08%	Very Less
20	District Aceh Barat Daya	31,52%	Medium	7,64%	Very Less
21	District Aceh Selatan	45,13%	High	7,83%	Very Less
22	District Aceh Singkil	32,08%	Medium	4,80%	Very Less
23	District Simeulue	41,04%	High	5,86%	Very Less
Average		**46,89%**	**High**	**8,47%**	Very Less

1. Regional Financial Growth Ratio

In Table 4.3 it can be seen that the average financial growth of district and city governments in Aceh in 2013-2016 has a high average growth value with an average percentage of 46.89%, However,if it is seen from year to year regional financial growth in Aceh provicethere was a very drastic increase and decrease. This situation means that the district and city governments in Aceh show high regional financial growth but if the average annual value of districts and cities in Aceh has not been able to sustain this growth well from year to year. The lowest level districts, Lhokseumawe and Sabang. The results indicate that Lhokseumawe City and Sabang City were unable to maintain their financial/economic growth from the previous year. While Bireuen district has the highest average growth percentage.

The growth ratios of districts and cities in the Aceh province have various average percentage values. This event resulted in strategies that were made by the regional government in carrying out their financial

programs differently. If the percentage level is low means that the district is less able to manage the regional finances. This also causes districts and cities in Aceh to be unable to maintain their regional revenue maximally or develop their financial potential.

2. Contribution Ratio

The ratio of the contribution of the district / city's own source revenue in Aceh for the 2013-2016 period is still in the category that is very lacking.This is because the average percentage of the contribution of regional revenue to expenditure is 8.47%. The lowest level of contribution to the contribution criteria is very low happened in five districts and cities namely Gayo Lues district at 4.43%, Aceh Singkil district at 4.80%, Subulussalam City at 4.93%, Pidie Jaya district at 4.70% and Southeast Aceh district at 4.99%. While the highest contribution rate occurred in Banda Aceh City with an average percentage of 17.36% with a classification of poor contributions. This makes Banda Aceh City has the highest average percentage compared to other districts / cities.

CONCLUSIONS

1. The ratio of district and city financial independence in Aceh has a very low average financial Independence, especially Pidie Jaya district and Gayo Lues district. Both of those regencies have the same very low independence criteria. While Banda Aceh City is at the highest level of independence with very low criteria.
2. In the effectiveness ratio of districts and cities throughout Aceh,Subulussalam City is in an ineffective position and the highest effectiveness position is owned by Aceh Besar district with very effective criteria. Whereas for the average of all districts and cities in Aceh categorized as effective enough.
3. In regional financial efficiency ratio, Pidie district is the lowest with sufficiently efficient criteria and the highest average efficiency occurs in Sabang City with less efficient criteria. As for the average district and city in Aceh with less efficient criteria.
4. In the harmony ratio of operating expenditure and capital expenditure for municipalities in Aceh, the ratio of capital expenditure continues to increase, with an average operating expenditure of 73.44% and capital expenditure of 25.79%.
5. The highest revenue variance is in Simeulue district with good criteria as well as in Aceh Besar district while the lowest is in Nagan Raya district with poor criteria. The average district and city in Aceh also has poor criteria.
6. The lowest expenditurevariance occurs in Lhokseumawe City with a good classification and the highest South Aceh district has good variance expenditure criteria. Likewise, the average city district in Aceh for 4 (four) years has good criteria.
7. In growth ratio, the average district / city in Aceh has high growth. The lowest average occurred in Lhokseumawe City and Sabang City with the lowest and highest growth criteria owned by Bireuen district with high criteria.
8. The ratio of the contribution of the average percentage of districts and cities in Aceh is still under the criteria of very poor contribution. Whereas the highest occurred in Banda Aceh City which had the criteria of poor contribution and the lowest occurred in five regencies, namely Gayo Lues district, Aceh Singkil district, Subulussalam City, Pidie Jaya district, and Southeast Aceh district with the lack of criteria.

Research Limitations

The limitations of the research are firstly relatively short period, so that the method of interviewing and observing directly is not carried out and the results on budget execution are still lacking in detail. Ideally this research was carried out with a longer time span so that a more comprehensive analysis was obtained from the planning, budgeting, implementation and reporting process in the districts / cities throughout Aceh. Secondly, this research is only viewed from the aspect of the reporting results, while aspects of planning, budgeting and implementating are not included in this study.

RECOMMENDATIONS

1. Regional government revenues still have the opportunity to be increased again;
2. Revitalization of performance standards for revenue-generating programs for regioal revenues;
3. The Provincial Government of Aceh bas expected to use the policy of allocating OTSUS funds in accordance with the results of the calculation of the financial ratios of district/city government;
4. Target of the program from General Allocation Fund and Special Allocation Fund are expected to pay attention to increase own source revenue;
5. Improving the quality of human resources in the field of revenue;
6. Exploring the potential possessed by each district / city both in the field of tourism and the economy; (
7. Utilizing technology systems to collect data on the potential of districts / cities;
8. Capital expenditure/development expenditure should ideally be greater than routine operating/spending expenditures to improve community welfare;
9. Increasing the role of the community in paying regional taxpayer contributions, regional retribution; and
10. Local governments can optimize revenues from the Regionally Owned Enterprises sector.

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