Regional Budget Management Performance at Regional Finance Agency of Pamekasan Regency

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***Abstract* -** The research aimed to analyze the performance of regional income, expenditure budget, and budget performance of revenue and expenditure at the Regional Finance Board of Pamekasan Regency during 2013-2016. In the descriptive quantitative research, data source was the Regional Expenditure's financial performance by considering the Budget Realization Report's information (*Laporan Realisasi Anggaran*/LRA). The analysis involved a three-step analysis, variance analysis, growth of regional expenditure, and suitability analysis of regional expenditure. The research reveals that most of the periods studied experience more expected differences, amplified with the target budget realization revenue from 2013-2016 has an average rate of 100,05%. The degree of decentralization of Kabupaten Pamekasan shows an average of 24,16%, which is considered below the percentage criteria of Original Local Government Revenue (OLGR) to Total Revenue Area (Total Pendapatan Daerah/TPD) ranging from 0,00-10,00%. Revenue Financial Performance District Pamekasan experiences an increase in Financial Performance Revenue, which is indicated by a positive growth rate of 8,29%. The level of dependency of Pamekasan Regency in 2013-2016 is very high, indicated by the average Local Financial Dependency Ratio above 50%. The results suggest that there is a dependence of the Pamekasan Government on central government or provincial government. The surplus occurs due to the intensification and extensification of original local growth revenue in the form of taxes, levies, and other income.

Keywords: budeget management performance, regional, financial agency, Pamekasan regency

I. INTRODUCTION

The research carries out relating to the regional financial management under Law No. 33 year 2004 about the financial balance between the central government and the regional government, as the revision of Law No. 25 year 1999 about the financial balance between central and regional government, the law is expected to support the empowerment of regional governments in term of government works. Thus. the financial decentralization is formulated and arranged by the provinces and regional governments. Governments are required to make fundamental changes to the existing system of government. One of the fundamental changes in this case concerns about the implementation of extensive, visible, and accountable autonomy to the regional government (Mardiasmo, 2018).

As a result, this law's enactment resulted in a paradigm shift in government administration towards decentralization, which was marked by the granting of broad and real autonomy to the regions. In managing their government, each region needs an assessment to see whether financial management has been carried out efficiently and effectively by assessing local government financial management since every implementation of regional autonomy and fiscal decentralization of government performance is very important to be seen and measured (Sulistyo, 2018). Moreover, it is also supported that the relationship between effiency and financial condition exists (Cuadrado-Ballesteros & Bisogno, 2019).

The financial management performance assessment is carried out on the Regional Revenue and Expenditure Budget (*Anggaran Pendapatan dan Belanja Daerah*/APBD) conducted by the regional government, which is obliged to submit a regional

financial accountability report to assess whether the regional government has succeeded in carrying out its duties properly. One of the tools examine the local government's performance is to analyze the financial ratios in the APBD that has been determined and implemented (Susanto, 2019).

Financial performance analysis is an attempt to identify financial characteristics based on available financial reports. One of the tools to assess local governments' performance in regional financial management as outlined in the APBD is financial ratio analysis (Halim, 2013; Nufus, Supratikta, & Muchtar, 2017).

Under these conditions, it is necessary to measure the financial performance and accountability of regional government. The measurement of regional government performance has many objectives. First, it is an integral component of any drive to assess internally and in encouraging economic growth (Korompot & Warongan, 2017). Second, it is also an indicator whether public fund is spent properly or not (Widianto, Pudjihardjo, & Susilo, 2016), which then lead to create good performance in financial terms, to achieve the implementation of the targeted government (Putra, Wijayanti, & Ardhiarisca, 2020), and to improve the suitability of the implementation of follow-up audit recommendations (Masdar et al., 2021).

Therefore, the regional government is required to design a good performance measurement. The performance measurement designed not to just use one measurement, as the consequence, it needs a different measurement for different purposes. The condition sometimes raises the conflict. Performance measurement influences the dependencies between work units in a single unit of work (Mardiasmo, 2018).

The research focuses more on two matters: (1) the performance of the regional expenditure management that is investigated is limited only on analysis of variance of regional expenditure, regional expenditure growth, and regional expenditure efficiency; (2) the data used in the research is limited to the period of the fiscal years 2013-2016.

The regional autonomy will lead to the diversity of the regional economy and it will also be profoundly potential to cause fiscal risk. To achieve an effective regional autonomy, in 1999, the government made reforms in the governance, Regional Finance, and Financial Management with the enactment of Law No. 22 year 1999 about Regional Government and Law No. 25 year 1999 on Financial Balance between Central and Regional Government. Both laws are about fundamental changes in the relationship of Governance and Financial Management (Mamma, 2016).

Due to the respect to the importance of the financial position, regional finance is considered as one of the indicators to examine the ability of regions to regulate and administer its own household that lead to the improvement of welfare and services to the community (Awwaliyah, Agriyanto, & Farida,

2019). With the promulgation of the law on regional autonomy carries consequences for the region that will result in the differences between one region to other regions, especially in the regional finance capability. The regional finance capability is divided into four categories (Fafurida & Pratiwi, 2017): (1) the region that is able to carry out regional autonomy, (2) the region that is close to being able to carry out regional autonomy, (3) the region that is a little more able to carry out regional autonomy, and (4) the region that are less able to carry out their regional autonomy.

Beside as a strategy to cope with the globalization era, the regional autonomy is a demand of local communities in response to economic injustice they undergone over the years. The regional autonomy implementation sometimes is used as a venue for scramble of power by certain people that hunt for position and assets (Shiddiqy, 2017). The broad transfer of authority and functions from central to regional governments directed to accelerate the realization of public welfare through the improvement, service, empowerment, and participation of the community. With regard to principles of democracy, equality, justice, privilege, specificity, as well as the potential diversity of each region, it is expected that real disintegration minimizes the threat of the state life and society. Regional autonomy is empowerment in decision-making which is more flexible for the regions to manage their regional resources in accordance with the interests, priorities and their regional potential, as Holland, Dahlman, and Browner (2020) state that autonomies offering a new, more unstable period of centralizing pressurer that will challenge their original purpose and perhaps also regional peace and stability. Through regional autonomy, the financial management will be administered fully by the regional governments, since they are the only sides that connect directly to their society.

High demands on the performance and accountability of regional government led to the need for performance measurement of regional government. The performance measurement of regional government acquires many goals, at least to improve the performance and to increase the accountability of regional governments (Sofyani, Riyadh, & Fahlevi, 2020). Therefore, the regional government is required to establish the measurement of a good performance. The measurement performance does not utilize only one measure. It needs different measures for different purposes. This case sometimes creates conflict, where performance measures affect the dependencies between work units in a single unit of work (Mardiasmo, 2018).

Analyzing the performance of regional government in managing their financial management can be analyzed through the financial ratio analysis on the APBD that has been defined and implemented. The fresh weight (FW) ratio analysis based on APBD involves regional revenue budget and regional expenditure budget that can be contrived by comparing the achievement from one period compared to the previous period (Sulila, 2019), hence, it can be seen

how the trend is going.

Through the analysis of financial ratios, the regional government can assess their regional financial independence in funding the decentralized governance. The analysis also allows to measure effectiveness and efficiency of realization of regional revenues, measure the extent to which the government spends the revenues, as well as the contribution of each source of revenue in formulating the regional revenues (Halim, 2013).

In the instance of that case, the regional government is demanded to be capable of allocating the resources effectively and efficiently. The ability requires accounting information as one of the important basis in decision-making allocating the economic resources. Consequently, the government needs an economic expert who will provide information about accounting to meet the needs of management and economic decision-making and to enable them allocating various economic resources effectively and efficiently.

Budget Realization Report (*Laporan Realisasi Anggaran*/LRA) released by regional government provide valuable information in assessing the performance of the regional government (Prasetyo & Nugrahen, 2020). Compared with the balance, the LRA is a more important priority since it is a regional financial report obliged to be made before arranging the balance report and cash flow statement. Budget in the government is the backbone of the government management. Budget is vital as a means of stability, distribution, allocation of public resources, planning and controlling the organization, as well as performance assessment. Therefore, LRA becomes one major report of regional financial accountability since readers can make performance analysis of financial statements in the form of analysis of income, expenditure analysis, and financial analysis (Mahmudi, 2010).

The expenditure in LRA is an essential component that invites public interest (Syamsurijal, 2019). Community has a role as providers of public funds through local taxes they pay. Therefore, they are interested to know whether the funds have been used properly, efficiently, effectively, and oriented to the public interest.

The regional expenditure also reflects a policy that generating income is more difficult than spending it. The nature of expenditure is relatively easier to do and it is also vulnerable to result in inefficiencies and financial leakages. For that reason, planning, control and monitoring of expenditure are absolutely necessary. After the budget is spent and reported in the LRA, this expenditure analysis obliged to be arranged in which the reports will become the basic evaluation, correction, and future improvement (Mahmudi, 2010a).

Source of local revenue are from financial resources obtained from the area concerned. Sources of local revenue consists of district tax, local retribution, the results of separated local resources manufacture, and other legal local reveneus (Hadiyatno et al., 2020).

However, the regional government should generate revenues from other legal sources, such as from enterprises. Therefore, it will limit the attachment to the government (Nasir, 2019).

The steps to increase local revenues are implemented through two ways, namely intensification and extensification (Safitra, 2019). Through intensification, the tax collection could be increasing by intensifying the intensity of charges on potential tax subject or object that is yet untapped or netted by tax, also improving fiscals to reduce the existing leakages.

Intensification itself can be done in several ways, namely completing the tax administration, improving employee quality or collection agency, and completing tax regulations (Alisman, Suharmi, & Nurhayani, 2019). Meanwhile, tax extensification is implemented through expanding taxpayer, rates completion, and extension of the tax object (Alisman et al., 2019).

Furthermore, Law No. 32 of 2004 Article 157 and Law No. 33 of 2004 Article 6, as well as PP No. 105 of 2000 and PP No. 64 of 2000 explains the two sources of regional income involves balanced fund and other legal local revenues.

Balanced fund is a fund sourced from the acceptance of the APBD allocated to the region to fund the region's needs to support the decentralization process. The posts of balanced fund are comprised of: 1) tax returns/non-tax returns, 2) general allocation fund, and 3) special allocation fund.

Other legal local revenues include: 1) income grant, 2) fund tax revenue from the province and other local governments, 3) adjustment fund and the special autonomy, and 4) financial assistance of province or other local governments.

Spending the area should be managed by observing some basic principles that should be considered among others, which are: 1) accountability, 2) value of money, and 3) functions of government. Accountability is the first principle of regional expenditure that becomes the existence of accounting system and budgeting system to ensure the consistency of the regional expenditure based on the force legislation, regional expenditure to show the determined achievement level and target level, and regional expenditure conducted is oriented towards achieving the vision, mission, and the benefits that are going to obtain. According to Widajatun and Kristiastuti (2020), accountability has a significant effect on the performance of local governments.

The second is value of money. The regional expenditure must be based on the concept of value of money, namely economic, efficiency, and effectiveness (Susetyo et al., 2017). The arrangement of APBD should be referred to the norms and principles of budgets (Mahmudi, 2010a), those include budget transparency and accountability, budget discipline, budget justice, and budget efficiency and effectiveness, and also budget format.

The third is functions of government. They are to maintain internal security and defense, to hold

judicial functions, and to provide goods that are provided by private sectors, such as roads, dams, and so on (Bastian, 2015).

As a holder of power, the government should uphold justice and the performance outcomes should be people-oriented to organize, regulate, and to improve the society's well-being. Based on the understanding of regional government, so, the Local Government Accounting is defined as:

"The process of identifying, measuring, recording, and reporting of economic transactions (financial) of local government entities (regency, city or province) that become information in the context of making the economic decision by external parties of local governments that need it (Halim, 2012)."

Furthermore, public sector accounting is defined as technical mechanisms and accounting analysis implemented to public fund management in high state institutions and departments under them, regional governments, State Owned-Enterprises, Regional Owned-Enterprises, NGOs, charities, or the projects of public sector cooperation and private sector cooperation (Bastian, 2015). In addition, public sector accounting, according to Rizky and Setiawan (2019), is the process of recording, classifying, analyzing and reporting the financial transactions of a public organization that provides financial information for financial reports users that is beneficial for decision-making.

Some previous researchers have attested the analysis of regional budget management performances and regional expenditures. Rosalina (2008) notes that she analyzed the performance of regional budget management of West Sumatera involving its income, expenditure, and financing. The data sources are the realization report of Regional Revenues and Expenditures Budget of West Sumatera province. The research found that the realization of the income from 2003-2006 can be said effective and efficient. The income positively increases during that period. Andriani (2020) analyzes the performance of implementing the APBD which includes income, expenditure, and financing. The data used are the Accountability Report of the APBD of Sarolangun regency, Jambi Province, for the budget period from 2006-2012. Andriani (2020) indicates that Sarolangun Regency in realizing revenues can be said to be effective and efficient since the operational budget is higher than their capital expenditure. The research location makes it differ from other previous research since it focuses on the Pamekasan regency, hence the differences on the size of the variance of regional revenue and expenditure budget, regional financial independence ratio, decentralization degree, regional financial dependency ratio, and income growth ratio.

Pamekasan regency is chosen as the research setting since there is a discourse regarding converting Madura into a province. If it occurs, Pamekasan will most likely be selected as the center of the government, which then, therefore, the performance analysis of the APBD through the ratio of Local Government Revenue (*Pendapatan Asli Daerah*/PAD) is necessary to measure how far the financial performance of the local government finance office. In addition, the researchers selected the budget years of 2013-2016 because those were the second periods of the government of the incumbent regents, Achmad Syafii. There is an urgency that the selected regent should give better performances from his previous leadership era, including better performance in the fiscal sector. Therefore, the research is to examine the success of the second term of the elected regent in increasing the APBD. At the same time, the research measures the level of efficiency, effectiveness, transparency, and accountability of the local fiscal following the Local Government Medium Term Development Plan (*Rencana Pembangunan Jangka Menengah Daerah*/RPJMD) of Pamekasan, which is elaborated from the vision, mission, and programs prepared by the Elected Regent and Deputy Regent for that period.

It can be concluded that the purpose of accounting in government is to provide the necessary information to manage the operations and the allocation of resources entrusted to the organization appropriately, efficiently, and economically, as well as to provide information related to the accountability of those managements and to report the operational results and public fund expenditures. In addition, government accounting refers to theory application, principles or accounting standards on non-profit organizations, especially government organizational units.

The research focuses on the performance of regional revenue and expenditure budget management at the Pamekasan Regency Regional Finance Agency during the 2013-2016 period. The research is vital dan interesting to conduct the performance of regional revenue and expenditure and budget management at the Pamekasan regency. The results are beneficial to measure the success of the Pamekasan regency in increasing their original local revenue during those periods following the RPJMD document of the Pamekasan Regency Government, which is an elaboration of the vision, mission, and program of the elected Regent and Deputy Regent.

II. METHODS

The research applies a quantitative descriptive method, which intends to get a true description of an object that aims to create a systematic, actual, and accurate description, regarding the facts, issues, and the variables. Thus, the research is categorized as a case study.

Data are analyzed and interpreted by using qualitative and quantitative data analysis. The research analyzes the financial performance of the Regional Expenditure by means of considering the information from the LRA.

The first is variance analysis of regional expenditure. Expenditure variance analysis deals with the difference or the deviation between the realization of expenditure and the budget. If there is a deviation (expenditure realization exceeds the expenditure budget), it is considered as poor financial performance spending, whereas if there is a deviation (expenditure realization is less than the expenditure budget), the financial performance is considered as a good finance (Mahmudi, 2010b)

Analysis of Variance =

$$\frac{\text{Expenditure Realization in t-year}}{\text{Expenditure Budget in t-year}} \; x \; 100\% \qquad (1)$$

Independent ratio describes regional dependence on external funding sources. The higher the independence ratio, the lower the level of regional dependency to the external parties' support, and vice versa.

Secondly, the analysis of regional expenditure growth is useful to know expenditure growth from year to year. The regional expenditure usually has a trend to rise, it occurs due to adjustment for inflation, changes in exchange rate, changes in the service scope, and the adjustment of macroeconomic factors. The fair increase or unnecessary to look at some of the aspects mentioned earlier and the reason for the higher spending occurs, whether due to the internal relative increase in planned and controlled or external factors outside the regional government control (Mahmudi, 2010b). The formula to count the regional expenditure growth can be seen:

Regional Expenditure Growth

$$= \frac{\text{Expenditure Realization in t} - \text{year} - \text{Expenditure Realization in (t} - 1)year}{\text{Expenditure Realization in (t} - 1)year} \; x \; 100\% \quad (2)$$

The third is suitability analysis of regional expenditure. It is an analysis in which the point of analysis is on three main functions of budget, those are as a means of distribution, allocation, and stabilization.

The suitability analysis of regional expenditure involves three analyses: 1) analysis of operating expenditure to the total expenditure; 2) analysis of capital expenditure to the total expenditure; 3) analysis of regional expenditure efficiency. Firstly, in the analysis of operating expenditure to the total expenditure, the ratio provides information regarding regional expenditure portion that is allocated to the operating expenditure. Operating expenditure is expenditure whose benefits can be consumed in one fiscal year. In general, the proportion of operating expenditure dominated total regional expenditure, which is between 60% - 90%. To analyze the operating expenditure ratio to the total expenditure can be seen in the formula:

The Ratio of Operating Expenditure to the Total Expenditure

$$= \frac{\text{Realization of Operating Expenditure}}{\text{Total Regional Expenditure}} \; x \; 100\% \qquad (3)$$

Secondly, in the analysis of capital expenditure to the total expenditure, this ratio can be used to know the proportion of regional expenditure allocated to the investment in the form of capital expenditure in the fiscal year concerned. In general, the proportion of capital expenditure to the total expenditure of a region is between 5% - 20%. The formula is:

The Ratio of Capital Expenditure to the Total Expenditure

$$= \frac{\text{Realization of Capital Expenditure}}{\text{Total Regional Expenditure}} \; x \; 100\% \qquad (4)$$

The third is analysis of regional expenditure efficiency. The ratio in regional expenditure efficiency analysis is used to measure the level of budget savings by the regional government. The regional government had committed the efficiency of the budget if the ratio is less than 100%. Conversely, if the ratio is more than 100%, it indicates the occurrence of budget waste (Mahmudi, 2010b).

The expenditure efficiency ratio =

$$\frac{\text{Expenditure Realization}}{\text{Expenditure Budget}} \; x \; 100\% \qquad (5)$$

This ratio is useful to measure the level of budget savings by the government. Regional government is considered to have done budget efficiency if the efficiency ratio is less than 100%. Conversely, if it exceeds 100%, it indicates the occurrence of budget waste.

Law No. 32 year 2004 Article 157 and Law No. 33 year 2004 Article 6, and Government Regulation No. 105 year 2000 and Government Regulation No. 64 year 2000.

III. RESULTS AND DISCUSSIONS

Regarding the APBD of Pamekasan Regency in 2013-2016, it is found in the report that there was a budget deficit from Rp69.063.751.000,00 to Rp188.767.933.966,87 to Rp317,191,561,361,66, to Rp235.732.313,86. In addition, the data in 2013-2014 showed that Pamekasan government experienced budget surplus, each of which was Rp52.277.347.268,52 and Rp1.388.975.967.164,97, while in 2015-2016, Pamekasan got budget deficit in the amount of Rp69.360.640.958,33 and Rp36.791.456.214.11.958,33 and Rp36.791.456.214,11.

In 2013-2014, there was a budget surplus. The government requested the budget revision by discussing budget changes ratified by the legislative, in this case, the Pamekasan Regency DPRD.

However, in the periods of 2015-2016, Pamekasan regency underwent budget deficit. This is due to the regional budget changes in an emergency listed in Regional Regulation of Pamekasan Regency Number 09 of 2015 concerning the Regional Revenue and Expenditure Budget for the 2016 Fiscal Year;

chapter 6 provides an overview of the budget in an emergency. It is called an "emergency" since the incumbent regent candidate entered his second period. Therefore, the regent's and deputy regent's work programs at least meet the following criteria: 1) it is not a normal activity of the government activities regional government and can not be predicted in advance; 2) it is not expected to occur repeatedly, 3) it is outside the control and the influence of the regional government, and 4) has significant impact on the budget in the context of recovery caused by an emergency. The budget is available, which is then proposed in a draft amendment to the APBD. This impacts the government's expenditure in 2013-2016, exceeding the determined revenue (a budget deficit).

The second data is about the realization of operating expenditure and capital expenditure of Pamekasan Regency. Operating expenditure and capital expenditure are constituent posts of regional expenditure in APBD. Financial performance analysis of regional expenditure in Pamekasan generally indicates that the financial performance of Pamekasan regional expenditure is quite good, but there is no suitability between operating expenditure and capital expenditure.

Variance analysis of regional expenditure is an analysis of the difference or the deviation between the expenditure realization and the budget. The performance of government finance is considered good and efficient if there is less difference (expenditure realization is less than the available budget), and it is considered poor if there is an exceeding difference (expenditure realization is more than the available budget).

After analyzing the variance analysis of regional expenditure during 2013-2016, it is found that there is no exceed expenditure from the determined budget. Generally seen from the variance analysis of regional expenditure, the financial performance of Pamekasan can be stated good finance. The indicator is the average number of regional expenditure budget realization reaches 86,65%. The highest realization occurred in 2015 that is 113,38%, while the lowest was the realization in 2014 that is only 84,14%. This is the first step in executing the budget optimalization.

Analysis of regional expenditure growth is beneficial to know expenditure growth from year to year. Regional expenditure itself usually has a tendency to increase, this occurred because of adjustments for inflation, changes in exchange rate, changes in the service scope, and the adjustment of macroeconomic factors.

The research analysis finds that operating expenditure and capital expenditure experienced positive growth of 11,85% and 64,84%. Positive growth occurs also for unexpected expenditure and transfer of 133,70% and 106,91%. Overall, it shows that the growth of regional expenditure of Pamekasan in 2014 shows a positive spending growth of 18,63%. The growth in regional expenditure occurs due to the intensification and extensification of original local

growth revenue in the form of taxes, levies, and other income.

After that, the calculation analysis of regional expenditure growth of Pamekasan in 2015 was made. Based on calculation, operating expenditure grew only 0,65%. This is to reduce the development cost and 64,84% of capital expenditure. It expects the capital investment. Positive growth occurs also for unexpected expenditure in the percentage of 2,71% and occurs negatively of the transfer by 6,32%. It can be inferred that the growth of regional expenditure of Pamekasan in 2015 grows positively of 15,46%, as a part of the contribution of Regional Owned Enterprises (BUMD) to the APBD.

The next calculation was the calculational analysis of regional expenditure growth of Pamekasan in 2016. It is found that operating expenditure growth in a minus state of 4,00%, this is to de-escalate the development cost and capital expenditure of 21,56%, this result is to expect the capital investment. Negative growth occurs also for unexpected expenditure for 91,48% and occurs positively in the transfer by 20,56%. Overall, it shows that the growth of regional expenditure of Pamekasan in 2014 shows a positive spending growth of 3,01%.

The next point is trend analysis of regional expenditure growth of Pamekasan Regency in 2013-2016. The regional expenditure growth of Pamekasan during the periods of 2013-2016 was categorized as experiencing positive growth. The average growth reached 11,56%, the highest growth occurred in 2014 of 18,63%, while the lowest growth occurred in 2016 with a percentage of 3,01%.

Analysis of regional expenditure suitability is helpful to notice the expenditure balance. This is related to the budget function as a means of distribution, allocation, and stabilization. Operating expenditure is an expenditure that is spent fully in one fiscal year. This ratio informs the reader of the reports regarding the portion of regional expenditure that must be allocated to operating expenditure.

Based on the calculation of analysis of regional expenditure suitability in 2013, it is found that most of the budgets owned by the regional government is prioritized to the needs of operational expenditure such as employee expenditure, grant expenditures, social assistance expenditure, financial aid expenditure to the village, financial assistance to the village, goods and services expenditure, and capital expenditure. Therefore, the total ratio of capital expenditure to the total expenditure is relatively low at 11,04% compared to the ratio of operating expenditure to total expenditure of 76,98%.

In addition, in 2014, most of the budget owned by the regional government of Pamekasan was still prioritized to fund the needs of operating expenditure, so the ratio of capital expenditure to the total expenditure can be said relatively low, it is placed in the percentage of 14,63% compared to the ratio of operating expenditure to total expenditure amounted to 69,20%.

In 2015, it is reported that the dominant spending from the regional budget is to fund operating expenditure. The condition leads to the ratio of capital expenditure to the total expenditure is still relatively low at 22,55% compared to the ratio of operating.

In 2016, most of the government agent was prioritized to fund operational expenditure needs, it results the ratio of total expenditure capital expenditure was still relatively small at 28,04% compared to the ratio of operating expenditure to total expenditure amounted to 56,70%.

As a whole, the trend analysis of regional expenditure suitability during the periods of 2013-2016 concludes that most of the regional budgets allocated to the capital expenditures are greater than those allocated to the operating expenditure. As the consequence, the ratio of capital expenditure is relatively low. During the years 2013-2016, the average operating expenditure spending is about 65,15%, while capital expenditure is 19,07%.

It shows that the total Expenditure of Regional Government Budget (APBD) is allocated more to the operating expenditure. The regional governments with high revenue levels tend to have higher portions of operating expenditure than the regional governments that have lower revenue (Mahmudi, 2010b). It can be concluded that the Pamekasan regency government is one that has high revenue.

The next is analysis of regional expenditure efficiency. The ratio of regional expenditure efficiency is used to measure the level of budget savings taken by the regional government. The regional government is considered to have done the budget efficiency if the efficiency ratio is less than 100%. On the contrary, if it is more than 100%, it indicates that there is a budget waste. Here are the tables of analysis of regional expenditure efficiency in 2013-2016.

In 2013, the ratio of regional expenditure efficiency informed that the grant expenditure reached to more than 100%, which was 916,25%. Those spendings were used for the empowerment of rural communities. In 2014, the ratio of regional expenditure efficiency is used to measure the level of budget savings executed by the regional government. Regional government is assessed to have done budget efficiency if the efficiency ratio is less than 100%. Meanwhile, the regional government will be considered to do a budget waste if the efficiency ratio is more than 100%.

Furthermore, the analysis of regional expenditure efficiency of Pamekasan Regency in 2015 shows that the ratio of regional expenditure efficiency is used to measure the level of budget savings executed by the regional government. Regional government is assessed to have done budget efficiency if the efficiency ratio is less than 100%. Meanwhile, the regional government will be considered to do a budget waste if the efficiency ratio is more than 100%. Next, the calculational analysis of regional expenditure efficiency in 2015, it is informed that the grant expenditure reached the percentage that was higher than 100%, that is 395,07%. This spending is used for society empowerment in the village.

Next, it is the analysis of regional expenditure efficiency of Pamekasan Regency in 2016. The ratio of regional expenditure efficiency is used to measure the level of budget saving as a step done by the regional government. It can be said that the regional government does a budget saving if the efficiency ratio is less than 100%. However, if it is more than 100%, the regional government is considered doing a "budget waste". Through the budget efficiency, the government is able to do many things like social aid, improving the condition of the poor society, infrastructure buildings, and village society empowerment.

The results of the analysis show that the Pamekasan Regency income financial performance during the 2013-2016 period is in the form of regional income variance analysis.

Mahmudi (2010) states that the income variance analysis is said to have a good income financial performance if there is an excess difference (realized income exceeds the budgeted amount), while the income financial performance is considered to be less good if there is a less difference (realized income is less than the estimated amount). Analysis of variance in general shows that the financial performance of Pamekasan Regency's regional revenues can be considered good.

It is a good sign for the Pamekasan Regency, since the Regional financial independence (fiscal autonomy) realizes the ability of the local government of Pamekasan Regency to finance government activities. Its ability measures the government's success in developing and providing good services to people who have paid taxes and levies as their remuneration.

This is indicated by the fact that most of the years studied experienced more than the expected difference. It is also strengthened by the target for the realization of the revenue budget from 2013-2016 which has an average figure of 100,05%. When viewed from the four periods studied, the highest percentage occurred in 2014 which reached 104,81%, while the lowest percentage occurred in 2016 which was 8,46%. The research result supports Mahmudi (2010), who finds that the Pamekasan Regency government has good revenue performance if it can earn income that exceeds the budgeted amount.

In the financial ratio analysis of regional income, there are four ratios, namely: 1) regional financial independence ratio, 2) decentralization degree ratio, 3) regional financial dependency ratio, and 4) growth ratio.

Regarding regional financial independence ratio, an article published by the Ministry of Finance (2011) states that if the Decentralization Degree is above 50%, it indicates that the local government can implement decentralization. The degree of decentralization in Pamekasan Regency shows an average of 24,16% so it can be said that it is low. The highest degree of decentralization occurred in

2016 which was 10,65%, while the lowest degree of decentralization occurred in 2013 which was 7,68%. These results support the opinion of Mahmudi (2010) that lower contribution of Regional Original Income (PAD) will decrease the ability of local governments to implement decentralization.

The degree of decentralization is calculated based on the comparison between the total local revenue and the total regional revenue. It is considered that higher PAD increases the local government's ability to implement decentralization. According to an article published by the Minister of Finance (2011) if the Decentralization Degree is above 50%, it indicates that the local government is able to implement decentralization.

The degree of decentralization of Pamekasan Regency includes very low criteria, because the criteria for percentage of PAD to Total Regional Income (*Total Pendapatan Daerah*/TPD) range from 0,00 – 10,00%. This is indicated by the low degree of decentralization in 2013 with an average degree of 6,71%. The highest degree of decentralization occurred in 2015 which was 8,57%, then in 2014 and 2016 there was an increase of 8,11% and 8,23%, thus it can be concluded that the Pamekasan Regency government seeks to increase PAD. This supports the opinion of Mahmudi (2010) that the lower the contribution of PAD, the lower the ability of local governments to implement decentralization.

According to an article published by the Minister of Finance (2011), if the regional financial dependency ratio is below 50%, it means that the regional government has low regional financial dependence. Based on the regional financial dependency ratio, it can be said that the level of dependence of Pamekasan Regency in 2013-2016 is very high, as indicated by the average regional financial dependence ratio above 50%. The highest level of dependence occurred in 2013 was 87,30%, while the lowest level of dependence occurred in 2016 was 77,30%. These results indicate that there is a dependence of the Pamekasan Regency government on the central government or the provincial government. This supports the opinion of Mahmudi (2010) that higher regional financial dependency ratio leads to greater level of dependence of the district government on the central government.

Mahmudi (2010) states that the regional income growth analysis shows that income financial performance tends to increase if it experiences positive growth, while it is said that income financial performance will decrease if it experiences negative growth. Analysis of regional income growth in general, Pamekasan Regency's regional revenue financial performance has increased the income financial performance, which is indicated by a positive average growth of 8,29%.

IV. CONCLUSIONS

Pamekasan Regency Income Financial Performance during 2013-2016 can be considered good. This is indicated by the realization budget, which is greater than the target of the regional revenues and expenditures budget. The target also strengthens it for realizing the revenue budget from 2013-2016, which has an average figure of 100,05%. Viewed from the four periods studied, the highest percentage occurred in 2014, which reached 104,81%, while the lowest percentage occurred in 2016, which was 8,46%.

In relation to this, it has been indicated that the overall performance of the regional expenditure budget during those periods is good. It also demonstrated that the Pamekasan government committed in enhancing its efficiency and effectiveness of the implemented program and reporting the transparency of their financials. Furthermore, it is said to have good revenue performance if it can earn income that exceeds the budgeted amount.

The findings implicate that the financial performance categorized as "good" can become one of the key indicators to the success of the development and progress of the Pamekasan region during the second period of the selected governments. The management of regional spending should be improved in terms of quantity and the quality of the budget allocation and spending to accelerate the economic development in Pamekasan. Furthermore, it is suggested that the Pamekasan regency should try to increase Pamekasan Regency's PAD by intensifying and extensifying taxes, levies, and other incomes. Therefore, the efficiency of the budget can be achieved consistently, and the budget deficit occurring in 2015-2016 can be avoided. In the end, practically, the research is expected to provide consideration for the government in making decisions related to improving the financial performance of local governments.

The research only takes revenue budget management performance, and the research location is limited to one Regency. It takes place only in Pamekasan during the 2013-2016 periods, in which the research aims to measure the financial performance under the selected regent in his second period. As the research stands, future researchers are suggested to expand the scope and study of budget management performance.

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