

## **EVALUATION OF FINANCIAL PERFORMANCE OF REGIONAL GOVERNMENTS (Case Study of Morowali Regency Government)**

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### **ABSTRACT**

This study aims to analyze performance district government budget finance. Morowali. The problem raised in this study is how the level of effectiveness of PAD, activity level, and growth rate of PAD financial performance, routine expenditure, and capital expenditure) Pemda Kab. Morowali.

To find out the problems in this study used a financial performance ratio analysis tool, namely; effectiveness ratio, activity ratio, and growth ratio. From the results of the analysis it was found that PAD is still less effective. As for the level of activity, the allocation of capital expenditures is still large compared to routine expenditures. Meanwhile, the ratio of growth rates, both the ratio of PAD growth, routine expenditures, and capital expenditures are still categorized as unsuccessful.

Keywords: effectiveness, activity and growth.

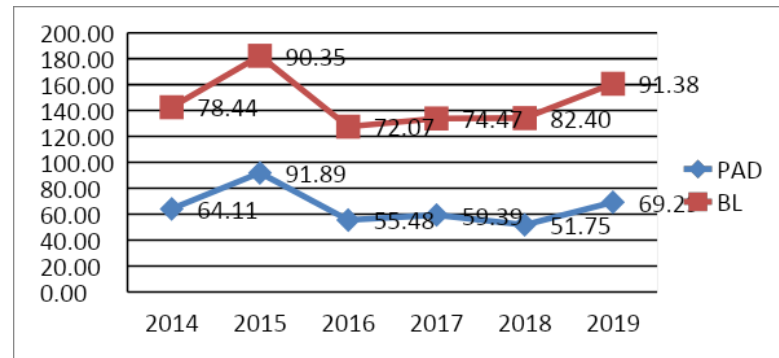
### **1. INTRODUCTION**

The real authority of the regions can be seen in the APBD structure of each regional government area. Permendagri Number 13 of 2006 APBD consists of 3 (three) basic frameworks, namely; Regional Revenue/Revenue, Regional Expenditure and Regional Financing. The Regional Government in carrying out its duties and functions forms regional apparatus that can assist or support the duties and functions of the Regional Government through several Regional Work Units (SKPD) according to the needs of each region. The financial performance of a regional government can be measured using the regional financial ratio analysis formula in the APBD. The regional financial ratio analysis used is fundamentally different between the government's financial ratio analysis and the financial ratio analysis used by companies in general. The difference is due to differences in orientation, where regional government is *non-profit* orientation while the company is oriented *profit*. (Fitri Umi Hanik and Tutik Dwi Karyanti, 2014:144).

The ratio analysis used in assessing the financial performance of local governments is very diverse, namely; independence ratio, effectiveness ratio, efficiency ratio, activity ratio, growth ratio and *Debt Service Coverage Ratio (DSCR)*. (Fitri Umi Hanik and Tutik Dwi Karyanti, 2014:145-153). According to the data that the results of the examination of the Regional BPK Kab. Morowali on the financial statements of the District Government. Morowali for 2018, that BPK received an Unqualified Opinion (WTP). Which means that the financial performance of the District Government. Morowali is in good condition. The

following is a summary of PAD and direct Expenditures of Kab. Morowali in the last 6 (six) years is presented in the following graph:

**Graph of Realization of PAD and BL District Government. Morowali 2014 - 2019**



Source: Primary data, processed in 2020

In graph 1.1, the PAD realization curve shows an up and down curve, where in 2014 PAD realization was 64.11%, then in 2015 there was an increase in PAD level to 91.89%, 2016 occurred PAD realization decreased sharply to 55.48%, in 2017 PAD increased again, but only by 59.39%, entering 2018 again there was a decline again to 51.75% and in 2019 there was another increase in PAD realization to 69.29%.

Likewise, the direct spending curve, where if seen in 2014 the realization of direct spending was 78.44%, entering 2015 there was an increase in the realization of direct spending to 90.35%, entering 2016 there was a sharp decline in the realization of direct spending, namely 72.07%, in 2017 the realization of direct spending again experienced a slight increase to 74.47% and in 2018 the realization of direct expenditure still continued to increase to 82.40% until in 2019 there continued to be an increase in the realization of direct expenditure to 91.38%. On the basis of the description of the background, the authors wish to conduct a study on the financial performance of the local government of the district. Morowali with the title "Financial Performance Analysis in the Management of the Regional Budget in the District Government. Morowali".

### Problem Formulation

1. How is the level of financial effectiveness in the District Government. Morowali, in collecting all sources of PAD in accordance with the number of PAD that has been targeted.
2. What is the level of financial activity in the District Government. Morowali in prioritizing the allocation of funds to routine expenditures and development expenditures optimally.
3. How is the growth rate of PAD, routine spending and development spending at the Regency Government. Morowali.

### **Research Objectives**

1. To find out and analyze more deeply about how the level of financial effectiveness in the District Government. Morowali, in collecting all sources of PAD in accordance with the number of PAD that has been targeted.
2. To understand and analyze more deeply about how the level of financial activity in the District Government. Morowali in prioritizing the allocation of funds to routine expenditures and development expenditures optimally.
3. To understand and analyze more deeply about how the growth rate of PAD, routine spending and development spending at the District Government. Morowali.

### **Benefits of Research**

Academically, this research is expected to be one of the supporting references in the development of financial management science, especially regional financial management. and the practical benefits to be achieved are expected to be inputs and benchmarks by the central government in assessing its financial performance, especially management and balancing originating from the center. The benefits for the local government can be used as a supporting reference in determining a financial policy in the future.

## **2. LITERATURE REVIEW**

### **Financial**

Performance Performance is the level of achievement of the implementation of an activity/program/policy in realizing the goals, objectives, mission, and vision of the organization contained in the strategic planning of an organization. Meanwhile, the measurement of local government performance must include the measurement of financial and non-financial performance. Regional Government Performance Indicators, including input indicators, process indicators, *output* indicators, *outcome*, indicators *benefit* indicators and indicators *impact* (Santosa, et al. 2014:1513).

According to Wahyuni N. (2007), stating that basically the measurement of financial performance (KK) Regional areas involve three areas of analysis that are interrelated with one another, namely:

- a. Revenue analysis, which is an analysis of the local government's ability to explore potential sources of income.
- b. Expenditure analysis, which is an analysis of how much the costs of a public service and the factors that cause these costs to increase.
- c. Budget analysis, which is an analysis of the relationship between income and expenditure as well as the projected trends for the future.

### **Public Financial Ratio Analysis**

Government Regulation (PP) Number 105 of 2000 concerning Government Management and Accountability, confirms that one of the tools to analyze the performance of local governments in managing their regional finances is to carry out ratio analysis to the APBD that has been determined and implemented. The results of this financial ratio are then used for benchmarks in:

1. Assessing regional financial independence in financing the implementation of regional autonomy.

2. Measuring effectiveness in realizing regional income. Measuring the contribution of each source of income in the formation of regional income.
3. Measures the extent to which local government activities spend their regional revenues.
4. See the growth and development and the acquisition of income and expenses made over a certain period of time.

#### a. Effectiveness Ratio

According to Mahmudi (2010:143), the notion of effectiveness relates to the degree of success of an operation in the public sector so that an activity is said to be effective if the activity has a major influence on the ability to provide public services which is a predetermined target. The budget effectiveness ratio is formulated:

$$\text{Effectiveness Ratio} = \frac{\text{Realized Revenue}}{\text{Target Revenue}} \times 100\%$$

The effectiveness criteria can be seen in the following table form:

Effectiveness	Criteria
≥100%	Effective
85% to 99%	Sufficiently effective
65% to 84%	Less Effective
< 65%	Ineffective

Source: Mahmudi (2015: 111)

#### b. Activity Ratio

In general, local government activities can be assessed from the expenditure allocations that appear in the budget, both in routine (operational) and development (capital) expenditures. This ratio illustrates how the local government prioritizes its allocation of funds to routine spending and development spending optimally. The higher the percentage of funds allocated for routine expenditures means that the percentage of capital expenditures (development expenditures) used to provide community economic infrastructure tends to be smaller (Hanik, and Karyati, 2014:149). The activity ratio (compatibility) can be formulated:

$$\text{Ratio of Routine Expenditures to APBD} = \frac{\text{Tot. Routine}}{\text{Tot. Shopping APBD}}$$

$$\text{Ratio of Development Expenditure to APBD} = \frac{\text{Total Development}}{\text{Total Spending APBD}}$$

#### c. Growth Ratio

According to Hanik and Karyati Growth analysis was conducted to determine the development of the local government's financial performance in maintaining and increasing the success that has been achieved. Knowing the growth rate can be used to evaluate which potentials need attention. This ratio can be formulated as follows:

a. Percentage of Growth in Total Revenue

$$\frac{\text{Income Year } P - \text{Revenue Year } P - 1}{\text{Income Year } P - 1} \times 100\%$$

b. Percentage of Growth in Regional

$$\frac{\text{Expenditure Expenditure Year } P - \text{Shopping Year } P - 1}{\text{Expenditure Year } P - 1} \times 100\%$$

Adapun Growth criteria according to Halim Abdul, (2007:291) are as follows:

#### Criteria for Growth Rate

Percentage	Criteria
85% - 100%	Very Successful
70% - 85%	Successful
55% - 70%	Fairly Successful
30% - 55%	Less Successful
Less than 30 %	Unsuccessful

Source: Halim and Karyati 2007: 291

#### d. Public Report Finance

Ayuningtyas and Nordiawan Deddy, (2010: 125) stated the financial statements in the public sector environment plays an important role in creating public sector accountability. the increasing demand for the implementation of public sector accountability increases the need for transparency of public sector financial information. This financial information serves as a basis for consideration in the decision-making process. Public sector accounting plays an important role in preparing financial reports as a manifestation of public accountability. In general, several financial statements consist of:

1. Balance Sheet or Statement of Financial Position.
2. Operation Report or Activity Report or Budget Realization Report.
3. Cash flow statement.
4. Statement of Changes in Equity.
5. Notes to Financial Statements.

#### e. APBD

APBD consists of expenditures or sources of regional revenue, types of regional expenditures, surplus/deficit, types of financing.

**i. Regional Revenue regional**

Kusufi, (2012government),revenues or revenues are classified into several groups, namely:

- a. regional original incomeincome
- b. balancing funds, and
- c. other legitimate regional.

Local revenues /*local revenue (PAD)* are grouped according to the type of income that is composed of:

- a. Taxarea
- b. Levies
- c. Resultsseparated areas of wealth management, and
- d. Others daerah legitimate revenue.

**Regional Expenditures Regional Government**

Expenditures can be classified according to economic classification (type of expenditure), organization, and function, namely; operating expenditures, capital expenditures, and other/unexpected(expendituresDanalia, et al., 2012). According to Kawedar, et al.(2008), spending is grouped into two, namely indirect spending and direct spending. Direct shopping Darise (2009:131) is expenditure whose budgeting is directly influenced by the existence of a program or activity. Meanwhile, indirect expenditures are expenditures whose budgeting is not directly influenced by the proposed program or activity.

**Regional Financing**

Tanjung, AH (2009), in the APBD structure, regional finance financing posts are grouped into two groups, namely financing receipts and financing expenditures.

**Framework**

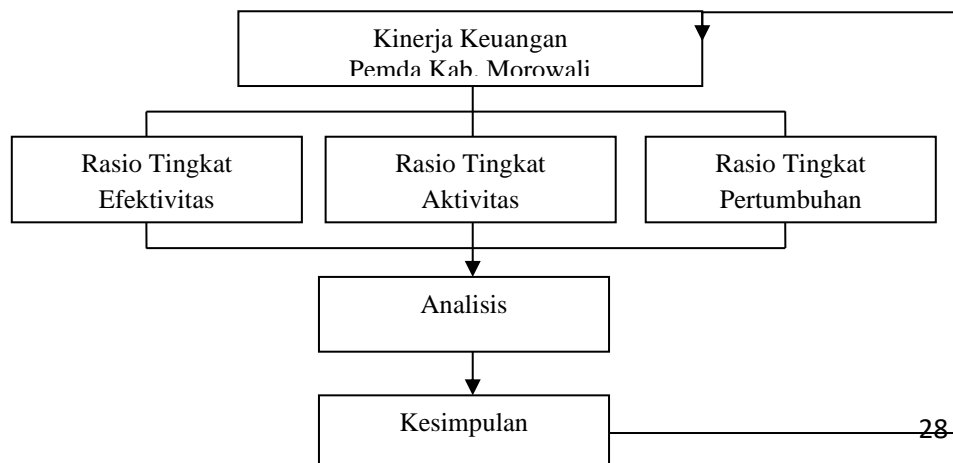


Image: Framework

### 3. METHODS

#### Research type

The type of research, which is a kind of descriptive quantitative analysis research. Where is quantitative analysis according to Albert Kurniawan (2014:110) is a test of data analysis related to numbers, statistical tests and statistical tests adjusted to the formulation or identification under study. Therefore, this study focuses on assessing the financial performance of the local government of the district. Morowali in managing the APBD, thus this study seeks to describe financial performance in the form of numbers for symptoms, events, events that are currently happening in the Regency Government. Morowali who focuses on actual problems as they are.

#### Types and Sources of Data The

type of data in this study is a type of secondary data in the form of quantitative financial figures obtained in the field or research place. Where secondary data is data obtained by researchers from existing sources.

#### Data Collection Methods

There are many methods or methods used to collect research data depending on the type and purpose of the research. The methods of data collection that are usually carried out are; methods of interviews, observations, questionnaires, other fund documentation studies. Data collection was carried out to obtain the information needed in order to achieve the research objectives.

#### Research Variables Research

variables are attributes or properties or values of people, objects or activities that have certain variations set by researchers to be studied and then drawn conclusions (Sugiyono, 2009:61).

#### 3.1 Operational Definition

**Table Operational Definitions Variables**

Variables	Sub Variables	Definitions	Indicator	Scale
ofEffectiveness LevelEffectiveness	PAD	level of Kab. Morowali is a comparison between the realization of PAD receipts and	PAD targets.	Ratio of

		the target of PAD receipts in 2014 to 2019		
Activity Levels	Regional Expenditure Regional	Government Activities Morowali is a comparison of the percentage of calculation results between routine spending and development spending in 2014 to 2019.	Total routine spending Development spending Total APBD	Ratio of
Growth Rate	PAD	Growth PAD growth is the growth of PAD Kab. Morowali from 2014 to 2019	PAD of the year concerned - PAD of the previous year	Ratio
<b>Variable</b>	<b>Sub Variable</b>	<b>Definition</b>	<b>Indicator</b>	<b>Scale</b>
	Growth of routine expenditure	Routine expenditure growth is routine expenditure of the district government Morowali from 2014 to 2019	Routine expenditure of the previous year Routine expenditure of the previous year	ratio
	Development expenditure growth Development expenditure	growth is the growth of Kab. Morowali from 2014 to 2019.	Development expenditure in the previous year's development expenditure	Ratio

Source: Primary data, processed in 2020

### Analysis Tool for

#### 1. Ratio Effectiveness of Budget Usage The

ratio of budget effectiveness according to Mahmudi (2010:143), is formulated as follows:

$$Effectiveness\ Ratio = \frac{Realization\ of\ Revenue}{Target\ Revenue} \times 100\%$$

**Criteria Table**

Effectiveness	Criteria
≥100%	Effective
85% to 99%	Fairly effective
65% to 84%	Less Effective
>65%	Ineffective

Source: Mahmudi (2015: 111)

#### 2. Activity Level

The activity ratio (compatibility) can be formulated:



$$\text{Ratio of Routine Expenditures to APBD} = \frac{\text{Tot. RoutineTot.}}{\text{ShoppingAPBD}}$$

$$\begin{aligned} &\text{Against Development Expenditure Budgets ratio} \\ &= \frac{\text{Tot. BelanjaDevelopment}}{\text{Tot. APBD}} \end{aligned}$$

The evaluation criteria for the ratio analysis, ie the higher the percentage of funds allocated for recurrent expenditure means the percentage of capital expenditure (development) that is used to provide community economic infrastructure tend to be smaller. (Hanik and Karyati 2014:149).

**Growth Rate**

- a. Percentage of PAD Growth

**Formula :**

$$\frac{PAD\ t - (PAD\ t - 1)}{PAD\ t - 1} \times 100\%$$

- b. Percentage of Growth in Routine SpendingRoutine

**Formula :**

$$\frac{spending\ t - (BR\ t - 1)}{BR\ t - 1} \times 100\%$$

- c. Percentage of Growth in Development Expenditure

**Formula :**

$$\frac{Capital\ Expenditure\ t - (BM\ t - 1)}{BM\ t - 1} \times 100\%$$

(Halim, 2007:291)

**Table of Criteria Growth Rate**

Percentage	Criteria
85% - 100 %	Very Successful
70% - 85 %	Successful
55% - 70%	Fairly Successful
30% - 55%	Less Successful
Less than 30%	Unsuccessful

Source: Halim Abdul, 2007:29

**4. RESULTS AND DISCUSSION**

**Research Results**

**1. PAD Ratio The**

following table shows the PAD realization of the District Government. Morowali 2014 to 2019 :

**Table 5.1 Effectiveness Ratio of PAD Local Government Kab. Morowali 2014 s / d 2019**

YEAR	PAD (%)				Total
	X1.1	x1.2	x1.3	x1.4	
2014	13.86				
	28.33				
	2.04				
	19.88				
2015	64.11				
	11.42				
	12.99	21.39	0.43	16.93	51.75
2019	20.96	32.36	0.52	15.44	69.29
Average	15.23	26.16	1.21	22.72	65.32
Remarks:					
x1.1 = Local Tax Revenue					
x1.2 = Regional Retribution					
x1.3 = Results of Separated Regional Wealth Management					
x1.4 = Other Legitimate PAD					

Source: Primary data, processed in 2020 Personnel

## 2. Ratio of Routine Expenditures and Capital

Expenditures, goods and services expenditures, are included as routine expenditure groups. Meanwhile, development expenditure or capital expenditure stands alone. The data on the realization of routine expenditures and capital expenditures of the Regency Government. Morowali Year 2014 to 2019 is presented in the form of percentage figures.

**Table 5.2 Ratio of Routine Expenditures & Capital Expenditures of Regency Government. Morowali Year 2014-2019**

Year of	direct expenditure (%)			Number of
	BP	BBJ	BM	
		2014 6.37		
		34.82 37.26		
		78.44 2015		
		7.03 31.67		

<b>Average</b>	<b>9:27</b>	<b>30.14</b>	<b>41.95</b>	<b>81.52</b>
Information : BP =expenditure BBJ = Expenditure on goods and services BM = Capital expenditure				

Source : Primary data, Processed in 2020.

### 3. Ratio of PAD, Direct Expenditure and Growth

#### a. Ratio PAD and Direct Expenditure

Ratio The following is the ratio of PAD and direct expenditure and capital expenditure, presented in the form of percentage figures.

**Table 5.3 Ratio of Original Regional Revenue and Direct Expenditure Ratio of Morowali Regency 2014 to 2019**

Year of	PAD	Direct Expenditure(%)				
		Routine Expenditure			BM	Total
		BP	BBJ	JML		
2014	64.11	6.37	34.82	41.18	37.26	8.44
2015	91.89	7.03	31.67	38.71	51.65	90.35
2016	55.48	6.58	1.81			
				28.39		
				43.67		
				2.07		
				2017		
				59.39		
				7.56		
				25.40		
				32.96		
<b>average</b>	<b>81.52</b>	<b>9.27</b>	<b>30.14</b>	<b>9.41</b>	<b>41.95</b>	<b>65.32</b>
Description: PAD = Regional Original Income BP = Personnel expenditure BBJ = Expenditure of goods and services BM = Expenditure of capital						

Source: Primary Data, Processed 2020.

#### b. Ratio of PAD Growth, Routine Expenditures and Capital Expenditures

The following percentages of PAD growth data and routine expenditures, as well as capital expenditures, are presented in percentage figures.

**Table 5.4 Ratio of PAD Growth Rate and Regional Expenditure Keb. Morowali 2014 to 2019**

Year	PAD(%)	Direct Expenditure (%)	
		BR	BM
2014	-20.42	-35.86	-18.12

2015	43.34	-6.00	38.61
2016	-39.62	-26.65	-15.43
2017	7.05	16.08	-4.96
2018	-12.87	28.14	-5.50
2019	33.89	25.40	-2.07
<b>Average</b>	<b>1.89</b>	<b>0.19</b>	<b>1.25</b>
Note:			
PAD = Local revenue			
BR = Routine Shopping			
BM = Capital Expenditure			

Source: Primary Data, Processed in 2020.

### 1. Effectiveness Ratio of Regional Original Income (PAD)

The effectiveness ratio used as a measuring tool in this study is related to PAD which includes; regional taxes, regional levies, results of separated regional wealth management and other legitimate PAD.

In Table 5.1 the realization of PAD Kab. Morowali is presented in the form of percentage figures as an illustration of the level of achievement of the effectiveness ratio from 2014 to 2019. Where the effectiveness ratio of PAD Kab. Morowali in 2014 amounted to 64.11% with ineffective criteria. In 2015 there was an increase in the realization of PAD which was quite effective where the percentage of effectiveness was 91.89%. However, in 2016 the ratio of the effectiveness of PAD decreased to 55.48% which was considered ineffective. In 2017 there was an increase again to 59.39% but still in the ineffective category. Entering 2018, there was another decline in the effectiveness level of PAD to 51.75% and in 2019 there was an increase in the effectiveness level ratio to 69.29% which is still less effective. So that the average PAD effectiveness rate ratio from 2014 to 2019 is 65.32%, which means that it is still less effective. The PAD that is still less effective is because the results of regional retribution are only 26.16%, other legitimate Regional Original Revenues are only 22.72%, local tax revenues are only 15.23% and the results of separated regional wealth management are only 1.21%. PAD Kab. Morowali, which is still relatively ineffective, so far still relies on the results of regional retribution as the main driver, then other legitimate PAD, regional tax revenues and finally from the results of separated regional wealth management. This study is almost in line with the research conducted by Gramini, et al. (2017), with the title Performance Analysis of the Regional Revenue and Expenditure Budget of Kab. Morowali in the period 2011-2015, where the results of the study revealed that the effectiveness of PAD was not effective.

### 2. Regional Expenditure Activity Level Ratio The

APBD structure consists of 2 (two) types of expenditure, namely; indirect expenditures and direct expenditures, will only focus on direct expenditures, where direct expenditures include routine expenditures and capital expenditures, to measure the ratio of the level of regional financial activity to Kab. Morowali, namely by comparing the magnitude of the realized ratio between capital expenditures and routine expenditures. The types of routine spending consist of;

personnel expenditure, goods expenditure, interest expenditure, subsidy expenditure, grant expenditure, social assistance expenditure, and financial aid expenditure. while capital expenditure includes capital expenditure on land, capital expenditure on equipment and machinery, capital expenditure on buildings and buildings, capital expenditure on roads, irrigation and networks, as well as capital expenditure on other fixed assets.

Table 5.2 shows that the difference in the ratio of direct expenditure allocations between capital expenditures and routine expenditures, where in 2014 was still dominated by routine expenditures rather than capital expenditures. Later, after 2015, 2016 and 2017, the direct expenditure ratio will begin to be dominated by capital expenditure. However, in 2018 and 2019 the direct spending ratio was again dominated by routine spending. However, on average, direct expenditure from 2014 to 2019 is still dominated by capital expenditure. The large proportion of capital expenditures in direct expenditures of the Regency Government. Morowali from 2014 to 2019 on average means that the Government has managed regional finances well. The allocation of large capital expenditures is believed to be able to increase regional economic growth, as well as to meet the needs of the general public, as well as to create harmony in development programs between the central and regional governments. Because according to (Hanik, and Karyati, 2014:149), the higher the percentage of funds allocated for routine expenditures means the percentage of capital expenditures (development expenditures) used to provide community economic infrastructure tends to be smaller. The results of this study are different from the results of research conducted by Alfred Labi and Irena Septianita Kaomaneng (2018), whose research title is Analysis of Regional Revenue and Expenditure Budget Performance at the Regency Government. Morotai Island Fiscal Year 2013-2015. The results of his research reveal that most of the regional income funds still prioritize direct (routine) spending.

Gramini, et al. (2017) his research entitled Performance Analysis of the Morowali Regency Regional Revenue and Expenditure Budget in the 2011-2015 period, the results of the researchers revealed different things from this research, where the results of the research found that capital expenditures were said to be incompatible, where the local government prioritized operating expenditures over expenditures. capital.

### **3. Ratio of Growth Rate of Regional Original Income (PAD), Routine Expenditures and Capital Expenditures The**

research in this section has differences from previous studies, where this study measures financial growth in 3 (three) aspects, namely; PAD growth, routine spending growth, and capital spending growth. Which in the previous study measured growth in the APBD aspect. Table 5.3 the percentage of PAD realization on average from 2014 to 2019 was 65.32%, capital expenditure was 41.95%, personnel expenditure was 9.27% and goods and services expenditure was 30.14 %.

The PAD growth rate in Table 5.4 on average from 2014 to 2019 was 1.89%, i.e. growth was below 30% and it was said that the growth was not successful. This is due to the growth of PAD in 2016 which was minus -39.62%, in 2018 by

-12.87%, and in 2017 only by 7.05%. In 2015 it was 43.34% and 2019 was 33.89% which was categorized as less successful. The ups and downs of PAD growth from 2014 to 2019 are influenced by several PAD indicators, including those that experience instability every year including; regional tax revenues, regional levies, results of separated regional wealth management and other legitimate regional original income. As for the growth of routine expenditures, Table 5.4 growth of regional financial routine expenditures in Kab. Morowali in 2015 was 38.61% which in terms of growth criteria was said to be still less successful. This growth was driven by indicators of personnel expenditure and expenditure on goods and services. In 2016 there was a decrease in the growth of routine spending by -15.43%, in 2017 there was still a decrease in the growth of routine spending by -4.96%. In 2018, routine spending still experienced a decline in growth of 5.50%, and in 2019 routine spending still experienced a decline in growth of -2.07%. so that the average routine expenditure growth is 0.19% which is categorized as unsuccessful. This situation was driven by indicators of personnel expenditure and expenditure on goods and services, the growth of which was not stable from year to year. One of the reasons for the instability was that the realization of routine expenditures in previous years was too high compared to the expenditures for the current year and although there was an increase in the current year, the increase was not as large as the previous year.

The growth of capital expenditure in Table 5.4 from 2014 to 2019, on average is far below 30%, namely -1.25%, meaning that capital expenditure growth is said to be unsuccessful. This situation is caused from 2016 to 2019 showing a minus growth rate, where in 2016 was the growth of capital expenditure with the largest minus figure of -15.43%, then in 2018 -5.50%, 2017 -4.96% and -2.07% in 2019. While in 2015 showed a positive growth in capital expenditure of 38.61%, but still in the less successful category. This research, when compared with the research of Alfred Labi and Irena Septianita Kaomaneng (2018), is somewhat different, where the research entitled Performance Analysis of Regional Revenue and Expenditure Budgets at the Regency Government. Morotai Island for the 2013-2015 Fiscal Year, whose research is on the APBD Growth variable, in which the results of the research reveal that there is a positive growth in APBD growth.

## **5. CONCLUSION**

1. PAD Pemda Kab. Morowali from 2014 to 2019 was on average less effective. This is due to the realization rate in 2016 to 2018 which was below 65% (ineffective), in 2014 and 2018 the realization rate was still less effective. In addition, it is also due to the low percentage of the realization of the results of the management of separated regional assets, followed by low tax revenues and other legitimate PAD. Morowali from 2014 to 2019 was only dominated by regional levies and other legitimate PAD.
2. The percentage of capital expenditure is greater than the percentage of routine expenditure, meaning that managing regional finances is good. This is believed to be able to increase regional economic growth, and also meet the needs of the general public, as well as create a harmonious development program between the central and regional governments.

3. The growth rate of revenue on the PAD side, routine expenditures and capital expenditures of the Regency Government. Morwali from 2014 to 2019 was stated to be less successful on average. The lack of successful PAD growth is due to 2015, 2016 and 2018 showing a minus growth rate. As for the failure of routine spending growth due to very low growth in 2015 and minus growth in 2016. Likewise, only capital expenditure growth was not successful because 2016 to 2019 showed minus capital expenditure growth.

## **6. SUGGESTIONS**

1. For future research, it is hoped that students can use this research as a reference for regional financial research, especially in Kab. Morowali.
2. To increase the realization of PAD, local governments must maximize local tax revenues, regional levies, the results of separated regional wealth management and other legitimate PAD.
3. The regional government should ideally allocate a higher percentage of capital expenditures than routine expenditures, so that development between the central and regional governments occurs in harmony and encourages the general economy of the community.
4. In order for the growth of PAD, routine expenditures and capital expenditures to show positive and successful numbers, the authors suggest that the local government pays attention to and strives for growth in achievements from year to year on positive movement numbers, and sets targets for PAD, routine spending and capital expenditures that are measurable and systematic.

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