



## Analysis Of The Independence Ratio, Harmony Ratio, Efficiency Ratio And Effectiveness Ratio In Assessing The Performance Of The Village Revenue And Expenditure Budget (APBDES) Of Hiliweto Idanoi, Kec, Gunungsitoli Idanoi, Gunungsitoli City (2021-2023 Period)

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### ABSTRACT

This study aims to assess the financial performance of Hiliweto Idanoi Village, Gunungsitoli Idanoi District, Gunungsitoli City, through an analysis of the independence, harmony, efficiency, and effectiveness ratios in the Village Revenue and Expenditure Budget (APBDes) during the 2021-2023 period. This analysis is important to determine the extent to which the village is able to manage its income and expenditure in order to achieve sustainable development. The Independence Ratio is still low, indicating a high dependence on transfer funds from the central and regional governments, with minimal contributions to Village Original Income (PADes). The Harmony Ratio reveals regularity in spending allocation, where operational spending is more dominant than capital spending, which can affect village development in the future. The Efficiency Ratio shows that overall village spending management is quite efficient, although there are some increases in spending that are not yet fully optimal. The Effectiveness Ratio throughout the study period, with several years successfully achieving revenue targets. Based on these results, it is recommended that the village government increase efforts to explore the potential of Village Original Income (PADes), improve the balance of operational and capital spending, and strengthen planning so that budget management is more effective and sustainable

## INTRODUCTION

The main objective of implementing the regional autonomy system in Indonesia is to improve the ability and effectiveness of regional governments in organizing public services. With this regional autonomy, regional governments automatically have the opportunity to develop local identities in society, such as development. The success of development can be a benchmark for whether a country is a developed, developing or underdeveloped country. The high rate of development can indicate that a country has been able to improve the welfare of its people.

Regional autonomy has implications for the shift in the government system from a centralized system to a decentralized system. This has implications for changes in the regional development management system. As explained in Law Number 32 of 2004 Article 1 paragraph states that decentralization is the transfer of government authority by the central government to autonomous regional governments within the framework of the Unitary State of the Republic of Indonesia.

Article 18 paragraph (2) of the 1945 Constitution states that provincial, district and city governments regulate and manage their own government affairs according to the principles of autonomy and assignment tasks. Below the district or city there are sub-districts, where sub-districts consist of villages or sub-districts. According to the Minister of Home Affairs Regulation Number 113 of 2014, a village is a legal community unit that has territorial boundaries that is authorized to regulate and manage government affairs, local community interests based on community initiatives, original rights, and/or traditional rights that are recognized and respected in the government system of the Unitary State of the Republic of Indonesia. The authority possessed by the village to regulate and manage its own government includes its financial management.

Based on the Minister of Home Affairs Regulation Number 20 of 2018, concerning Village financial management, it is stated that villages are given authority in managing their village finances, so that villages are more open (transparent) and responsible for the financial management process. Law Number 6 of 2014 concerning Villages, Article 73 explains that the Village Revenue and Expenditure Budget consists of the village revenue, expenditure, and financing sections. The Village Revenue and Expenditure Budget Plan is submitted by the Village Head and discussed with the Village Consultative Body, in accordance with the results of the discussion. Village financial management is all activities that include income, regulation, implementation, organization, details, and responsibility for village finances. Village financial management is completed by the village government itself, especially the Village Head and Village Authority (Manan et al., 2022: 9). According to Law Number 16 of 2014 concerning Villages, it is stated that a village is a legal community unit that has territorial boundaries that are authorized to regulate and manage government affairs, local community interests based on community initiatives, original rights, and/or traditional rights that are recognized and respected in the government system of the Unitary State of the Republic of Indonesia. In order to regulate and manage villages, the central government disburses Village Funds sourced from the APBN to realize village development and empowerment towards a just, prosperous and prosperous society. Villages can develop well if village financial management is carried out properly. Village financial management must be supported by various aspects such as reliable human resources and adequate funds. Funds greatly influence whether or not proper village financial management is formed. The implementation of good village governance will be seen from the management of village finances.

APBDes is a village financial plan that contains sources of funds for village expenditure locations within a period of one year and is also an important instrument that greatly determines the realization of good governance in the village. Good governance can be measured, among other things, through the process of preparing and accounting for the APBDes. APBDes is also the obligation and responsibility of the village for the authority of the

village in managing its finances which is given by the central government. As a form of responsibility, the village government must be able to realize community welfare which can be seen from financial performance. Financial performance is the result of the village government's achievements obtained from the implementation of the budget plan that has been made. If the village government is able to achieve the targets that have been set, then the performance of the village government is in good condition. Conversely, if the village government is unable to achieve these targets, then the performance of the village government is not good or not good. The level of success of the village government can be determined by conducting a financial performance assessment. (IdamEltri, et al. 2023). One of the tools for measuring financial performance is to use financial ratio analysis of village financial reports. The financial ratio analysis used is the Independence ratio, Harmony ratio, Efficiency ratio, and Effectiveness ratio. In this study, the object of research is the village of Hiliweto Idanoi. The Village Budget prepared by the village of Hiliweto Idanoi will be analyzed using the Independence ratio, Harmony ratio, Efficiency ratio, and Effectiveness ratio. So that it can be assessed how the level of financial performance of the Hiliweto Idanoi village government is. If weaknesses are found, they can be used as guidelines to improve and especially increase performance in the following year.

**Table 1 Budget Report And Realization Of Village Budget Of Hiliweto Idanoi For Fiscal Year 2021-2023**

Year	Budget	Realization	Previous Year's Surplus	Equity Capital
2021	1.607.547.548,44	1.522.092.532,15	77.876.70,24	-
2022	1.493.151.336,29	1.435.836.421,09	85.455.016,29	-
2023	1.410.304.479,20	1.403.350.106,20	57.314.915,20	-

Sources : Hiliweto Idanoi Village Government

From table 1.1 above, it can be seen that the amount of Village Fund Budget (DD) and Village Fund Realization (DD) received each year is not the same. The receipt of Village Fund Allocation (ADD) in Hiliweto Idanoi Village, Gunungsitoli Idanoi District, Gunungsitoli City in 2021-2023 has decreased. And in addition to the Budget and Realization which have decreased every year, the amount of costs is greater than the amount of income, the researcher considers it necessary to analyze the financial performance of the Hiliweto Idanoi Village Government, Gunungsitoli Idanoi District so far, so that it can be important information, especially for making policies in financial management and assessing whether the Village government is able and has succeeded in managing its finances well, and has a positive impact on the welfare of its people, or on the contrary, has caused a low level of service for the community and has not been able to improve community welfare.

## LITERATURE REVIEW

### Definition Of Village

Law of the Republic of Indonesia Number 6 of 2014 concerning Villages, specifically Article 1, paragraph (1) states that: "A village is a village and traditional village or what is called by another name, hereinafter referred to as a village, is a legal community unit that has territorial boundaries that are authorized to regulate and manage government affairs, local community interests based on community initiatives, original rights, and/or traditional rights that are recognized and respected in the government system of the Unitary State of the Republic of Indonesia" The formation of a village is part of the government law contained in Law Number 6 of 2014. It can be understood that the formation of a village is intended for the effectiveness of village government management in order to realize community welfare through improving the

quality of public services, improving the quality of community empowerment, and increasing the role and participation of the community in national development (Harfi, 2016).

The village has the authority to regulate and manage the interests of its own community according to local conditions and socio-culture (Habibah, 2019). The emergence of the Village Law increasingly provides flexibility for the Village to plan, supervise, control and evaluate policies issued by the Village. There are many positive aspects that are expected with the emergence of the Village Law, but on the other hand, when the central and regional governments do not respond well to the emergence of the Village Law, it is feared that it will cause many problems.

Villages are located in the Regency/City area. Villages have authority according to Law Number 6 of 2014 concerning Villages, which includes authority in the field of organizing village governance, implementing village development, fostering village communities, and empowering village communities based on community initiatives, original rights, and village customs.

Article 20 of Law Number 6 of 2014 concerning Villages explains that the implementation of village authority is based on original rights determined and managed by the village. This authority also exists in the context of realizing the constitutional mandate that the state recognizes and respects the unity of customary law communities and their traditional rights as long as they are still alive and in accordance with the development of society and the principles of the Unitary State of the Republic of Indonesia. From the definition above, it can be concluded that a village is a small community unit in an area that has the authority to regulate and manage government affairs in its environment in implementing government management in its environment.

### **Village Government**

Law Number 6 of 2014 concerning villages, village government is a government system of the Republic of Indonesia in organizing government affairs and all interests of the local community. The village government is the village head or referred to by another name assisted by the village apparatus as an element of the village government organizer (Regulation of the Minister of Home Affairs No. 20 of 2018). The village head is the holder of the village financial management authority (PKPKD) who is responsible for the realization of the village budget, village treasury, accounting and reporting of village LK. In carrying out the authority to manage village finances, the village head divides some of his authority to the village apparatus as PPKD. PPKD consists of the Village Secretary, Kaur and kasi, and Kaur Finance. The implementation of Village Government according to Law Number 6 of 2014 concerning Villages, article 24 is based on the principles:.

1. Legal certainty;
2. Orderly governance;
3. Orderly public interest;
4. Openness;
5. Proportionality;
6. Professionalism;
7. Accountability;
8. Effectiveness and efficiency;
9. Local wisdom;
10. Diversity; and
11. Participatory.

Government Regulation Number 43 of 2014 concerning Implementing Regulations of Law Number 6 of 2014 concerning Villages Article 1 Paragraph (1-2), what is meant by village government in the implementation of affairs for the interests of government and the interests of the local community in the government system of the Unitary State of the Republic of Indonesia,

while the village government is the village head assisted by village officials as elements of the village government administration. Village government includes the village government including the village head and village officials and the BPD (Village Consultative Body) (Karlinayani and Ningsih, 2018).

Village Government from the definition above, it can be concluded that the village government is an element of the village government administration led by the village head and assisted by village officials.

### **Village Financial Management**

Regulation of the Minister of Home Affairs Number 20 of 2018 concerning Village Financial Management stipulates that Village Finance is all rights and obligations that can be measured in money and everything in the form of money and goods related to the implementation of village rights and obligations such as income; financing expenditure; and village financial management. (Labi, 2019) One factor that needs to be considered is the ability to manage regional finances. Regional financial management has a tremendous impact on the fate of a region because it can become a strong and powerful region and is able to develop its regional potential.

Law Number 6 of 2014 concerning Villages states that the implementation of Village Government is expected to be more accountable, supported by a system of supervision and balance between the Village Government and Village institutions. Village institutions, especially the Village Consultative Body which in its position has an important function in preparing Village Government policies together with the Village Head, must have the same vision and mission as the Village Head so that the Village Consultative Body cannot overthrow the Village Head who is democratically elected by the Village community.

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The holder of power is held by the Village Head in managing village finances and representing the Village Government in the ownership of separated village assets. The Village Head as the holder of the authority to manage village finances (PKPKD) as stated in the Regulation of the Minister of Home Affairs No. 20 of 2018, has the authority to:

- a) determine policies on the implementation of the Village Budget;
- b) determine policies on the management of Village assets
- c) take actions that result in expenditures on the burden of the Village Budget;
- d) determine the PPKD;
- e) approve the DPA, DPPA, and DPAL;
- f) approve the Village RAK; and
- g) approve the SPP.

Regulation of the Minister of Home Affairs No. 20 of 2018 concerning Village Financial Management states that Village Finance is managed based on the principles of transparency, accountability, participation and is carried out in an orderly and disciplined budget, with the following descriptions:

1. Transparent, a principle that guarantees access or freedom for every villager to obtain information about the implementation of village government, namely information about policies, the process of making and implementing them, and the results achieved.

2. Accountable, the obligation of the village government to provide accountability or answer and explain its performance and actions to villagers who have the right or authority to request information or accountability.
3. Participatory, where every villager in the village concerned has the right to be involved in every decision-making in every activity organized by the village government where they live.
4. Orderly and Disciplined, village financial management must refer to the rules or guidelines that underlie it.

### **Village Revenue And Expenditure Budget**

The village revenue and expenditure budget (APBDes) is a village regulation that contains sources of income and allocation of village expenditures for a period of one year. The APBDesa includes the village revenue, village expenditure, and financing sections. The draft APBDesa will be discussed in the village development planning meeting. The Village Head together with the BPD determine the APBDesa every year with village regulations. The Village Revenue and Expenditure Budget (APBDesa) is the village government's annual financial plan. All income in the village is collected and distributed through the village cash account and its use is determined by the APBDesa (Wijaya and Samin, 2019). According to Law Number 6 of 2014, village expenditure is all expenditures from the village account which are village obligations for one budget year that will not be received or are not expected to be repaid by the village. The priority of village expenditure is to meet development needs that have been agreed upon in the village meeting and in accordance with the priorities of the district/city government, provincial government and government (Saragih, Rahman and Lestari, 2020).

Government Regulation of the Republic of Indonesia Number 43 of 2014 concerning Implementing Regulations of Law Number 6 of 2014 concerning Villages states that the Village Revenue and Expenditure Budget, hereinafter referred to as APBDesa, is the annual financial plan of the government which is the right of the Village. In the APBDesa, it is seen what the village government will do in the current year. The draft village budget regulation on the APBDesa is jointly agreed upon by the village head and the Village Consultative Body no later than October of the current year. The draft village regulation on the APB Desa will then be submitted by the Village Head to the Regent through the sub-district head no later than 3 (three) days after approval for further evaluation.

### **Definition Of Performance**

Performance is the achievement of what has been planned, both personally and organizationally. If the performance is in accordance with what was planned, then what was achieved has been carried out well. If the achievement exceeds what was planned, it can be said that the performance is very good. Likewise, if the achievement is not in accordance with what was planned or less than what was planned, then the performance can be said to be very poor (Sobarudin, 2019).

Regional Financial Performance is the level of achievement of a work result in the regional financial sector which includes regional revenues and expenditures using financial indicators determined through a policy or statutory provisions during one budget period. The measurement of regional government financial performance is carried out to meet three objectives, namely (1) improving government performance, (2) helping to allocate resources and decision making, and (3) realizing public accountability or responsibility and improving institutional communication (Santoso et al., 2021).

(Maemunah, 2020) Regional financial performance is the ability of a region to explore and manage original regional financial resources to meet its needs in order to support the running of the government system, services to the local community and regional development that does not depend entirely on the central government so that it has the flexibility to manage financial

funds for the benefit of the local community in accordance with the laws and regulations that have been set.

Mahsun (2018) The financial performance of the local government is a description of the level of success in carrying out activities, or programs or policies in realizing the goals, targets, missions, and visions of the organization as outlined in the organization's strategic plan. Effectiveness can only be measured when individuals or groups of individuals have set success criteria. These success criteria include specific goals or targets to be achieved.

Regional financial performance is measuring the financial performance of the local government in implementing policies that have been set by the central government in accordance with laws and regulations. Regional financial performance is one measure that can be used to ensure the ability of the region to implement financial implementation regulations properly and correctly to maintain the desired services, where a higher assessment is a demand that must be met by external parties in order to decide to invest in the region. Financial performance measurement data sourced from financial information measured based on the established budget can be used to improve subsequent programs to create better and higher quality public services (Sobarudin, 2019).

## **METHODS**

### **Type Of Research**

This research is a type of research using a quantitative descriptive research method, namely calculating the financial data obtained to solve existing problems in accordance with the objectives of the research. This research was conducted by calculating financial ratios that will be analyzed from the results of these calculations so that the Financial Performance of the Hiliweto Idanoi Village Government, Gunungsitoli District, Idanoi, Gunungsitoli City, for the 2021-2023 budget year can be known.

### **Research Variables**

Research variables are anything in any form that is determined by the researcher to be studied so that information about it is obtained, then conclusions are drawn (Sugiyono, 2022:38). The variables of this research consist of independent variables and dependent variables

The independent variable is a variable that influences or causes the emergence of the dependent variable with the symbol (X). (Sugeng, 2022:187). In this study, the independent variables (X) are: independence ratio (X1), harmony ratio (X2), efficiency ratio (X3) and effectiveness ratio (X4).

The dependent variable is a variable that is considered to be influenced by another variable/independent variable with the symbol (Y) (sugeng, 2022:187). In this study, the dependent variable (Y) is the Financial Performance of the Hiliweto Idanoi Village Government, Gunungsitoli District, Gunungsitoli City.

### **Population And Sample**

#### **1. Population:**

According to Sugiyono (2022:80), population is a generalization area consisting of objects or subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn. The population used in this study is the financial report of the Village Budget of Hiliweto Idanoi Village.

#### **2. Sample:**

According to Sugiyono (2022:81) a sample is part of the number and characteristics possessed by the population. What is learned from the sample, the conclusion can be applied to the population. In this study, the sample used was the financial report of the Village Budget of Hiliweto Idanoi Village, Gunungsitoli District, Gunungsitoli City, 2021-2023 Academic Year

### Research Instrument

According to Tersiana (2018:86) "a research instrument is a tool used by researchers to collect data so that their work is easier and the results are better". The instruments used in this study were interviews & documentation. The documentation used in this study is the budget and report on the realization of the implementation of the Hiliweto Idanoi Village Budget for the 2021-2023 Academic Year.

### Data Collection Techniques

The data collection techniques in this study used documentation and interview techniques. Documentation in the form of the Hiliweto Idanoi Village Budget financial report for the 2021-2023 Academic Year. "Documentation is used as a data collector if the information collected comes from documents, such as books, journals, newspapers, magazines, activity reports, meeting minutes, value lists, study result cards, and others" (Kusumastuti, et al., 2020:67). "Interviews are a data collection technique carried out by asking respondents or informants directly". (Kusumastuti, et al. 2020:65).

## RESULTS

Analysis of the Financial Performance of the Hiliweto Idanoi Village Government is a process of assessing the level of progress in achieving the implementation of programs or activities of the Hiliweto Idanoi Village Government in the financial sector during the period 2021-2023. The ratios used by researchers in analyzing the financial performance/income and expenditure of the Hiliweto Idanoi Village Government in this study are: Independence ratio, harmony ratio, efficiency ratio and effectiveness ratio. The data used in conducting this study is the Hiliweto Idanoi Village Revenue and Expenditure Budget Realization Report (APBDes) obtained from the Hiliweto Idanoi Village Government, Gunungsitoli Idanoi District, Gunungsitoli City. The results of the ratio analysis are:

### Independence Ratio

The financial independence ratio is calculated by comparing the amount of local revenue divided by the amount of transfer income from the central and provincial governments and regional loans. This ratio is formulated as follows:

$$\text{Independence ratio} = \frac{\text{Pendapatan Asli Desa}}{\text{Bantuan Pusat/transfer}} \times 100\%$$

**Table 1 Calculation Of Independence Ratio Of Hiliweto Idanoi Village 2021-2023**

No	Year	Locally-generated revenue (Rp)	Central Government Assistance/Transfer (Rp)	(%)	Regional Financial Capacity	Relationship Patterns
1	2021	-	1.529.670.806	0,00	Very Low	Instructive
2	2022	5.460.250	1.407.696.320	0,38	Very Low	Instructive
3	2023	-	1.352.989.564	0,00	Very Low	Instructive

Source: Processed by Researchers



### Harmony Ratio

$$\text{Routine Spending Ratio} = \frac{\text{Belanja Rutin Operasi}}{\text{Total Penerimaan}} \times 100\%$$

$$\text{Capital Expenditure Ratio} = \frac{\text{Belanja Pembangunan}}{\text{Total Penerimaan}} \times 100\%$$

The Harmony Ratio describes how local governments prioritize the allocation of their funds to operational and capital expenditures optimally.

**Tabel 2 Calculation Of Harmony Ratio Hiliweto Idanoi Village 2021-2023 Budget Year (Operating Expenditure)**

Fiscal year	Total Expenditure (Rp)	Operational Expenditure Realization (Rp)	Operating Expenditure Ratio (%)
2021	1.607.547.548,44	1.522.092.532,15	94,68 %
2022	1.493.151.336,29	1.435.836.421,09	96,16 %
2023	1.410.304.479,20	1.403.350.106,20	99,50 %

Source: Processed by Researchers

Meanwhile, the results of the calculation of the Capital Expenditure Harmony Ratio can be seen in the table below:

**Table 3 Calculation Of Harmony Ratio Hiliweto Idanoi Village Fiscal Year 2010-2014 (Capital Expenditure)**

Fiscal year	Total Expenditure (Rp)	Operational Expenditure Realization (Rp)	Operating Expenditure Ratio (%)
2021	1.607.547.548,44	85.455.016,29	5,31%
2022	1.493.151.336,29	57.314.915,20	3,53%
2023	1.410.304.479,20	6,954.373,00	0,49%

Source: Processed by Researchers

### Efficiency Ratio

The spending efficiency ratio is calculated by comparing spending realization with spending budget. This ratio is formulated as follows:

$$\text{Efficiency Ratio} = \frac{\text{Biaya Belanja}}{\text{Realisasi Penerimaan}} \times 100\%$$

The Financial Efficiency Ratio of Hiliweto Idanoi Village illustrates the comparison between the amount of costs incurred to obtain income with the realization of income received.

The results of the calculation of the Financial Efficiency Ratio of Hiliweto Idanoi Village can be seen in the table below:

**Tabel 4 Calculation Of Financial Efficiency Ratio Hiliweto Idanoi Village 2021-2023**

Fiscal year	Total Expenditure (Rp)	Revenue Realization (Rp)	REKD (%)	Criteria
2021	1.522.092.532	1.559.622.842	97,59	Not efficient
2022	1.435.836.421	1.407.696.320	101,99	Not efficient
2023	1.403.350.106	1.352.989.564	103,72	Not efficient

Source: Processed by Researchers

### Effectiveness Ratio

The effectiveness ratio can be calculated using the following formula:

$$\text{Effectiveness Ratio} = \frac{\text{Realisasi Penerimaan}}{\text{Target Penerimaan}} \times 100\%$$

The Effectiveness Ratio describes the ability of the Regional Government to realize what is planned compared to the targets set based on the real potential of the region. The higher the effectiveness ratio, the better the performance of the regional government.

**Table 5 The Results Of The Effectiveness Ratio Calculation Can Be Seen In The Table Below**

No	Fiscal year	Realization of Receipts (Rp)	Target Admission (Rp)	%	Criteria
1	2021	15.098.979	15.098.979	100%	Not efficient
2	2022	25.287.038	25.287.038	100%	Not efficient
3	2023	29.964.285	29.964.285	100%	Not efficient

## DISCUSSION

### Independence Ratio

Based on the calculation results above, it can be seen that the financial independence capability of the Hiliweto Idanoi Village Government is classified as Very Low and the relationship pattern is an Instructive relationship pattern where the role of the central government is more dominant than the independence of the regional government (regions that are unable to implement regional autonomy). In 2021, the percentage of the Regional Financial Independence Ratio was 0%, then in 2022 it increased to 0.38% and in 2023 it decreased to 0%. For three consecutive years, only in 2022 there was an increase, because it was still in the percentage of 0% -25% (very low), this shows that the village government still depends on assistance from external parties (especially assistance from the central and provincial governments) which is still very high.

### Harmony Ratio

The Harmony Ratio is divided into the Routine Expenditure Ratio and the Capital Expenditure Ratio. The routine expenditure ratio of the Hiliweto Idanoi village from 2021-2023 has increased. Starting from 2021 at 94.68%. Then in 2022 it became 96.16%, and in 2023 it increased to 99.50%. The increase in the operating expenditure ratio in Hiliweto Idanoi Village was not very significant, only around 3% per year. The Capital Expenditure Ratio in Hiliweto Idanoi Village increased. The increase occurred in 2023. While other years experienced a decrease from 2023. In 2021 the capital expenditure ratio was 5.31%, dropping to 3.53% in 2022. Then in 2023 it decreased further to 0.49%. According to the description and calculations above,

most of the funds owned by the Regional Government are still prioritized for operating expenditure needs so that the capital expenditure ratio is relatively small. The Operating Expenditure Ratio is still very large compared to the Capital Expenditure Ratio. The large allocation of funds for operational expenditure is mainly due to relatively large employee expenditure, the Gunungkidul district government spends more on routine expenditures to fulfill government activities and has not paid attention to regional development. The local government is still concentrating on fulfilling capital expenditures, so that the local government is still concentrating on fulfilling operational expenditures which results in capital expenditures for the village of Hiliweto Idanoi being small or not yet fulfilled. For this reason, in the future, the village of Hiliweto Idanoi is expected to pay more attention to community services which can later be enjoyed directly by the public. Because basically the funds in the budget are public funds so that these funds are used for the public interest.

### **Efficiency Ratio**

Based on the calculation of the Regional Financial Efficiency Ratio, it is known that the realization of the total income of Hiliweto Idanoi Village from 2021 to 2023 has decreased on average from year to year. In 2021, the income of Hiliweto Idanoi Village was 1,559,622,842, falling to 1,407,696,320 in 2022. Then it decreased again in 2023 to 1,352,989,564.

Based on the calculation of the Village Financial Efficiency Ratio, it is also known that the average Regional Financial Efficiency of the Regency from 2021 to 2023 was 101.1%. or it can be said to be inefficient because it exceeds 100%. The costs incurred by Hiliweto Idanoi Village to obtain its income are still quite large. It can be said that the performance of the Gunungkidul Regency Government in this case is still poor because it has not been able to reduce the amount of regional spending. In the future, it is hoped that Hiliweto Idanoi Village can minimize the amount of its spending by adjusting it to its income. So that in the future there can be an increase in the efficiency of regional spending.

### **Effectiveness Ratio**

Based on the calculation results, it can be seen that the financial effectiveness of the Hiliweto Idanoi Village Government in 2021 with a percentage of 100% is categorized as effective, in 2022 it experienced the same thing with a percentage of 100% categorized as effective and in 2023 it experienced the same thing again to 100% categorized as effective. For 3 years, it can be seen that the average effectiveness ratio of the Hiliweto Idanoi village is 100% and is included in the effective criteria.

## **CONCLUSION**

Based on the results of the research and discussion that have been described, it can be drawn and concluded that the Financial Performance of the Hiliweto Idanoi Village Government, Gunungsitoli Idanoi District, Gungstioli City for the 2021-2023 Budget Year.

1. The Financial Performance of Hiliweto Idanoi Village when viewed from the Regional Financial Independence Ratio is still very low and in the Instructive relationship pattern category. The details are as follows: In 2021 the Independence Ratio was 0% then increased to 0.38% in 2022. In 2023 it fell again to 0%. Although the financial independence ratio only increased in 2022, the relationship pattern was still around 0% -25%, namely the instructive relationship pattern.
2. The Financial Performance of Hiliweto Idanoi Village when viewed from the Harmony Ratio still allocates more Operating Expenditures than Capital Expenditures. In 2021, the Operating Expenditure Ratio was 94.68%, increasing in 2022 to 96.16%, and then in 2023 it increased again to 99.50%. so that the average ratio is 96.78%. The Capital Expenditure Ratio has

- increased and decreased. In 2021 it was 5.31%, dropping to 3.53% in 2022. In 2023 it dropped again to 0.49%. The average Capital Expenditure Ratio is 3.11%
3. The Financial Performance of Hiliweto Idanoi Village when viewed from the Regional Financial Efficiency Ratio is not yet efficient because for five consecutive years the scale has been above 100%. The average Regional Financial Efficiency Ratio for five years is 101.1%. In 2021 the efficiency ratio was 97.59%, then in 2022 it became 101.99% and in 2023 it was 103.72%.
  4. The Financial Performance of Hiliweto Idanoi Village when viewed from the Effectiveness Ratio is classified as Ineffective, because the average effectiveness is below 25%, which is 0%. The details are as follows: 2021 0%, 2022 0% and 2023 0%.

## SUGGESTION

1. For the Government  
Hiliweto Idanoi Village maximizes Local Revenue. In an effort to be able to increase and improve regional independence, the local government is also required to optimize the potential revenue it has through Intensification and extensification of regional revenue sources and other legitimate revenue sources, Increasing public awareness and obedience to pay taxes and levies with full responsibility in accordance with applicable laws and regulations and utilization of potential regional assets. Hiliweto Idanoi Village is expected to strive to increase its Effectiveness by developing existing potentials or exploring new potentials that are able to create policies or regulations regarding programs to increase Effectiveness, improve human resources in various aspects, optimize the management of recording village cash results so that by optimizing the great potentials of the Village which will make the Hiliweto Idanoi Village Government increase its Village Original Revenue in line with optimizing the potential owned by the village which of course will also have an impact on improving the Village economy.
2. For Further Researchers  
Further researchers are expected to use various ratios that can describe the actual financial situation and must better understand the financial situation of a village that will be studied so that the research results are more reliable and accurate.
3. For the Community  
The community should actively participate in the Village Development Planning Deliberation (Musrenbangdes) process to provide input on development priorities and the use of the Village budget according to local needs.

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