

FINANCIAL ANALYSIS OF DISTRICTS AND CITIES IN ACEH YEAR 2012-2016

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ABSTRACT

This study aims to determine local government financial performance Districts and Cities in Aceh in 2012- 2016 seen from the independence ratio, growth ratio, efficiency ratio and effectiveness of regional finance. The populations in this study were all from regencies and cities in Aceh, 23 regencies and cities. The method in this study is financial qualitative descriptif. The results of this study indicate that the level of independence of districts and cities in Aceh is classified as very low and the pattern of relations is instructive, the average growth ratio increases by 24.45% annually, the average level of financial effectiveness of districts and cities in Aceh is relatively effective, and the average efficiency level is very efficient.

Keywords: Regional Finance, Independence Ratio, Growth Ratio, Effectiveness Ratio, Activity Ratio, Regional Financial Performance

1. INTRODUCTION

The implementation of regional autonomy is essentially an effort to improve the welfare of the community by carrying out development activities in accordance with the rules, will, and interests of the community. Related regional autonomy has delegated of authority, decision making, policy, management of public funds and regulation of activities in the administration of government and community services, hence the role of regional financial data is needed to identify regional financing sources as well as the type and amount of expenditure that must be spent, so that financial planning can be carried out efficiently and effectively.

The central government provides special autonomy funds for the Aceh Government to finance development, especially the construction and maintenance of infrastructure, people's economic empowerment, poverty alleviation such as education, social and health funding. Furthermore, the special autonomy fund received by the Aceh government from the central government will be

distributed to the district and city governments by 60% in the form of fund transfers. However, since this year the distribution of special autonomy funds to district and city governments is no longer distributed in the form of fund transfers but will be distributed in the form of proposals for programs and activities to the government valued at the duty given. The distribution of special autonomy funds quota for the Regencies and Cities is stipulated in the Governor's Decree every year.

This research was conducted to know the direction of financial performance movements 23 District and City Governments that have received special autonomy funds. If Aceh's financial performance still not maximal in its implementation, which will have serious problem impacts in the Aceh economy which a number of regencies and cities also experience funding difficulties in financing various development programs and activities. The revenue crisis experienced by a number of regencies and cities was due to several reasons such as the PAA acceptance target was not achieved. For example, targets that are made are too high, while efforts to achieve them are not carried out optimally or the sources of revenue are limited and also the changes in some regulations is considered that is not stand to the District and City Governments, Such As Amendments to the Regional Government Law Number 32 of 2004 being the Regional Government Law Number 23 of 2014.

In optimizing financial performance, especially in the sector of revenue and expenditure of the Regency and City in Aceh is public-oriented development financing to achieve what which expected and performance. The implementation of financial performance is successful if the increase in regional financial capacity to finance various direct or indirect financing by itself. Central and regional financial considerations are not conducive to empowering the independence of local governments, because local governments are less creative and innovative in exploring the local government's competitiveness.

2. LITERATURE REVIEW

2.1 Regional Finance

Regional finance is the most important thing in the implementation to become good local government activities that will produce healthy regional finance, and vice versa. Law Number 23 of 2014 defines regional finance as all regional rights and obligations that can be valued with money and everything in the form of money and goods that can be used as a property of the region related to the implementation of these rights and obligations.

2.2 Regional Financial Ratio

In the context of implementing regional autonomy and fiscal decentralization, regional governments are led to have greater regional financial independence. Therefore, revenue management and analysis of regional income are very important for local governments. The financial ratio of regional income can be calculated by several ratios, such as:

2.2.1 Regional Financial Independence Ratio

Regional financial independence (fiscal autonomy) shows the ability of the Regional Government to finance its own government activities, development and services to the people who have paid taxes and levies as a source of income needed by the regions. The regional financial independence ratio is calculated by comparing the amount of revenue from Regional Original Revenue that has divided by the amount of transfer income from the central and provincial governments and regional loans. The higher the ratio number shows that the regional government has higher financial independence in the region.

The success of regional financial capacity in implementing regional autonomy is seen from regional finance. An area that is already independent in financial aspects is expected to be able to carry out development and service to the community without applying for transfer of funds from the central government. (Irwanda, 2017). The level of Regional Financial Independence is a measure that shows the financial capacity of the regional government in self-financing government activities, development and service to the community, as measured by the ratio of Regional Original Income (PAD) to the amount of central government assistance and loans (Bisma, 2010: 77). Conceptually, the pattern of relations between the central government and regional governments must be carried out in accordance with the capacity of regional finance in financing the implementation of government and development.

2.2.2 Regional Financial Growth Ratio

Growth ratio measures how much the ability of local governments to maintain and increase the success that has been achieved from the period to the next period. By knowing the growth for each component of the source of income and expenditure, it can be used to evaluate which potentials need attention (this year, 2018). Growth ratio illustrates how much the ability of local governments to maintain and increase the success achieved from other periods to periods. APBD growth is seen from various components of the APBD which consist of Regional Original Revenue, total income, routine expenditure and development expenditure (Widodo, 2015: 270).

The growth ratio is done to determine the development of financial performance as well as a good tendency in the form of increases and decreases in performance over a certain period of time (Mahmudi, 2016: 162). Growth analysis measures how much the ability of local governments to

maintain and increase the success achieved from the previous period to the next period (Halim, 2014: 58). By knowing the growth for each component of sources of income and expenditure, it can be used to evaluate which potentials need attention (Irwanda, 2017).

2.2.3 Regional Financial Effectiveness Ratio

The effectiveness ratio describes the ability of local governments to realize planned local revenues compared to the targets set based on regional real potential. The success of a local government in implementing the roles of government can be measured by the effectiveness of the implementation of the budget. This can be known by measuring the effectiveness ratio. (Bisma 2010: 78) writes about the purpose of measuring effectiveness is a measurement to determine the success or failure of achieving objective budgets that require data on the realization of income and revenue targets.

Understanding effectiveness as stated by (Mardiasmo, 2016: 134) is the size of the success or failure of an organization to achieve its objectives. If an organization succeeds in achieving its objectives, the organization is said to have run effectively. Then, according to (Munir, 2006: 48) the analysis of the effectiveness of regional budget management is to use a comparison ratio between the realization of regional income and the revenue target set in the APBD, in order to find out whether or not the achievement of budget goals is successful.

2.2.4. Regional Financial Activity Ratio

This ratio illustrates how local governments prioritize the allocation of funds in routine expenditure and development spending optimally. The higher the percentage of funds allocated for routine expenditure means the percentage of investment spending (development expenditure) used to provide community economic infrastructure tends to be smaller. According to (Kasmir, 2014), the activity ratio is the ratio used to measure government effectiveness in using total expenditure it has. According to (Munawir, 2014: 240) states that the activity ratio is a ratio to assess the company's ability to carry out daily activities or the company's ability to sell, collect accounts receivable and utilize assets owned. The activity ratio is a ratio that describes the activities carried out by the government in carrying out its operations in government activities (Harahap and Syafri, 2013: 308). The activity ratio is a ratio that describes the extent to which a government uses its resources to support government activities, where the use of this activity is carried out very optimally in order to obtain maximum results (Fahmi, 2013: 132). In practice, the ratio of activities used by the government has several objectives to be achieved. The activity ratio also provides many benefits for the interests of the public and private parties, for the present and in the future (Muhardiansyah, 2018).

2.3 Regional Financial Performance

Performance can be interpreted as a measurable activity of an entity for a certain period as part of the measure of work success. Furthermore, performance measurement is defined as financial and non-financial indicators of a work carried out or the results achieved from an activity, a process in an organizational unit. Measuring performance in the form of accountability, where higher valuation becomes a guideline that must be fulfilled, performance measurement data can be the next improvement program. Performance is defined as the results of workers in an organizational management process with the whole, where the results of their work can be measured by a comparison of a fixed standard (Sedarmayanti, 2015: 64). Performance is a description of the level of achievement of activities or activities in realizing the goals, objectives, mission, and vision of the organization contained in the strategic planning of an organization (Mahmudi, 2016: 113). It can be concluded that performance is the level of achievement of a thing. One tool to analyze the performance of local governments in managing their regional funds is by analyzing financial ratios of the APBD that have been established and implemented. The results of the financial ratio analysis aim to:

- a. Assessing regional financial independence in financing regional autonomy
- b. Measuring effectiveness and efficiency in realizing regional income
- c. Measuring the extent of local government activities in spending regional income
- d. Measuring the contribution of each source of income in the formation of regional income

Performance appraisal is basically a key factor in developing an organization effectively and efficiently because there are better policies or programs for human resources in the organization. Assessment of individual performance is very useful for the dynamics of overall organizational growth, through these assess, it can be known the actual conditions about how the institution performs.

3. RESEARCH METHODS

3.1 Populations and Samples

The population is a generalization area consisting of objects or subjects that have certain qualities and characteristics set by researchers to be studied and then conclusions drawn (Sugiyono, 2014). The population in this study is the accountability report on the implementation of the APBD of all districts and cities of Aceh. The sample in this study is the 2012-2016 APBD Implementation Accountability Report, the method used is regional financial ratio analysis, by researching and discussing existing data, then analyzing and comparing practices with existing theories, because the respondents selected only relate to the Results Report Audit of the Aceh

Province Financial Audit Agency.

Based on the criteria outlined above, the total population and sample in this study can be seen in Table 3.1

Table 3.1: List of Research Populations

No	Districts and Cities	Audit Report				
		2012	2013	2014	2015	2016
1	Banda Aceh city	1	1	1	1	1
2	Sabang city	1	1	1	1	1
3	Aceh Besar district	1	1	1	1	1
4	Pidie district	1	1	1	1	1
5	Pidie Jaya district	1	1	1	1	1
6	Bireuen city	1	1	1	1	1
7	Lhokseumawe city	1	1	1	1	1
8	Aceh Barat district	1	1	1	1	1
9	Aceh Jaya district	1	1	1	1	1
10	Simeulu district	1	1	1	1	1
11	Nagan Raya district	1	1	1	1	1
12	Aceh Barat Daya district	1	1	1	1	1
13	Aceh Selatan district	1	1	1	1	1
14	Aceh Singkil district	1	1	1	1	1
15	Subulussalam city	1	1	1	1	1
16	Aceh Utara district	1	1	1	1	1
17	Langsa district	1	1	1	1	1
18	Aceh Timur district	1	1	1	1	1
19	Aceh Tamiang district	1	1	1	1	1
20	Aceh Tengah district	1	1	1	1	1

21	Bener Meriah district	1	1	1	1	1
22	Gayo Lues district	1	1	1	1	1
23	Aceh Tenggara district	1	1	1	1	1
Jumlah		23	23	23	23	23

Source: Financial Audit Agency (2018)

3.2 Sources and Data Collection Techniques

The data sources that will be used in this study are secondary data in the form of APBD realization documents on financial ratios used in the study, namely regional financial independence ratios, effectiveness ratios, activity ratios, and growth ratios in the financial performance of districts and cities in Aceh. The data used are secondary data, in the form of an audit report issued by the Aceh Financial Audit Agency. This research is descriptive quantitative research, with more description from the results of interviews and documentary studies. The data that has been obtained will be analyzed quantitatively and described in descriptive form. According to (Moleong, 2014) Data analysis is the process of arranging data sequences, organizing them into a pattern, category and basic description. This definition provides an overview of how important the position of data analysis is in terms of research objectives.

The data collection method is a method used by researchers to collect data. The method of data collection is a source that connects researchers with the social phenomena under study, through the method chosen by researchers to collect various data needed to answer the needs of existing researchers (Efferin, 2012). In this study, the data collection technique used was documentation.

3.3 Variable Operational

3.3.1 Regional Financial Independence Ratio

The Regional Financial Independence Ratio shows the level of ability of a region in self-financing government activities, development and service to the community that has paid taxes and retributions as a source of income needed by the region. The independence ratio is indicated by the amount of local revenue compared to regional income from other sources (external parties), among others: Tax revenue sharing, Revenue Sharing Not Natural Resources Tax, General Allocation Funds and Special Allocation Funds, Emergency Funds and Loan Funds and others that are not Regional Revenue (PAD). (Widodo, 2015: 262). The formula used is:

$$\text{Independence Ratio} = \frac{\text{Regional Original Income}}{\text{Total Revenue}}$$

Source: Mahmudi (2016:140)

The measurement criteria can be seen in table 3.2 below:

Table 3.2: Level of Regional Independence

(%) PAD	Level of Independence
0,00 – 10,00	Very low
10,01- 20,00	Low
20,01 – 30,00	Poor
30,01 – 40,00	Enough
40,01- 50,00	Good
>50,00	Very good

Source: Mahmudi (2016:141)

3.3.2 Regional Financial Growth Ratio

Growth ratio illustrates how much the ability of local governments to maintain and increase the success achieved from other periods to periods. APBD growth is seen from various components of the APBD which consist of Regional Original Revenue, total income, routine expenditure and development expenditure (Widodo, 2015: 270). Formula used:

$$\text{Growth Ratio} = \frac{\text{PAD}_n - \text{PAD}_o}{\text{PAD}_o}$$

Source: Widodo (2015:271)

Explanation:

Pn: PAD in this year

Po: PAD in the previous year

3.3.3 Regional Financial Effectiveness Ratio

Effectiveness ratio describes the ability of the region in realizing the regional income that planned to be compared to the set target based on the real potential of the region (Halim and Kusufi, 2014: 177). The formula used is:

$$\text{Effectiveness Ratio} = \frac{\text{Realization of PAD Revenues}}{\text{The target of PAD Revenue}}$$

Source: Mahmudi (2016:187)

The measurement criteria can be seen in table 3.3 below:

Table 3.3: Level of Effectiveness Assessment

Percentage of Financial Performance	Effectiveness
higher 100%	Very effective
90% - 100%	Effective
80% - 90%	Enough
60% - 80%	Less effective
Less than 60%	Not effective

Source: Mahmudi (2016:188)

3.3.4 Regional Financial Activity Ratio

A ratio that measures between the allocation of routine expenditure (Indirect Expenditures) and development expenditure (Direct Spending) optimally. The Development Expenditure Ratio is shown by the total development expenditure compared to the total of the APBD The higher the percentage of funds allocated for development expenditure used to provide community economic infrastructure will be even greater. In simple terms, this harmony ratio can be formulated as follows (Widodo, 2015: 262).

The measurement criteria can be seen in table 3.4 below:

Table 3.4: Activity Level

Percentage of Financial Performance	Scale of Activity
0,00 -10,00	Very Low
10,01 – 20,00	Low
20,01 -30,00	Enough
30,01 – 40,00	Medium
40,01 – 50,00	Good
>50,00	Very Good

Source: Mahmudi (2016:155)

4. RESEARCH RESULTS

4.1 Regional Financial Independence Ratio

Regional financial independence that occurs in districts in Aceh financial performance each year has increased but has not been able to finance government activities as a whole due to PAD which is not in accordance with district expenditure in Aceh. In all 17 districts in the Instructive category, in other words, the role of the central government is more dominant than the independence of the regional government (the regions are unable to carry out regional autonomy financially)

Table 4.1: Aceh Province District Independence Ratio for 2012-2016

NO	DISTRICTS	2012	2013	2014	2015	2016	Average
1	Aceh Barat	4,38%	6,97%	13,01%	13,50%	10,86%	9,74%
2	Aceh Barat Daya	6,27%	6,23%	8,60%	7,19%	7,81%	7,22%
3	Aceh Besar	7,39%	8,88%	10,85%	10,19%	7,64%	8,99%
4	Aceh Jaya	3,71%	4,52%	5,73%	4,71%	4,67%	4,67%
5	Aceh Selatan	5,42%	5,07%	8,40%	7,70%	8,63%	7,04%
6	Aceh Singkil	3,70%	3,94%	5,14%	4,85%	4,67%	4.46%
7	Aceh Tamiang	5,37%	6,79%	11,76%	9,90%	8,59%	8,48%

8	Aceh Tengah	9,02%	10,75%	14,52%	13,01%	10,33%	11,53%
9	Aceh Tenggara	4,79%	4,19%	6,96%	5,12%	4,24%	5,06%
10	Aceh Timur	2,35%	4,69%	7,28%	6,89%	5,47%	5,34%
11	Aceh Utara	5,16%	7,17%	11,32%	10,84%	16,08%	10,11%
12	Bener Meriah	3,49%	3,73%	6,51%	7,61%	6,73%	5,61%
13	Gayo Lues	3,38%	4,03%	4,10%	4,56%	4,34%	4,08%
14	Nagan Raya	5,54%	6,31%	7,90%	8,43%	9,97%	7,63%
15	Pidie	5,72%	8,19%	14,62%	13,86%	12,10%	10,90%
16	Pidie Jaya	2,34%	2,86%	4,83%	5,24%	4,59%	3,97%
17	Simeulu	3,69%	3,26%	5,64%	6,68%	5,56%	4,97%

Source: 2018

In table 4.1, it can be seen that the highest percentage during 2012-2016 was obtained by Central Aceh District at 11.53% and the lowest was obtained by Pidie Jaya District at 3.97. This shows that districts in Aceh have not reached the target, still at a very low level of independence and the pattern of relations is instructive because the average value is still below 25%, where the role of local governments has not been able to optimize PAD sources and community participation in paying taxes and levies the area which is a component of the PAD is still very low, so the dependence on central and provincial government assistance is still high.

Table 4.2: The Province of Aceh's Independence of the City of 2012-2016

NO	KOTA	2012	2013	2014	2015	2016	Rata-rata
1	Banda Aceh	14,38%	16,16%	17,85%	20,83%	24,32%	18,71%
2	Bireuen	2,81%	9,89%	14,99%	11,65%	10,13%	9,89%
3	Langsa	3,71%	11,39%	17,77%	16,05%	12,33%	12,25%
4	Lhokseumawe	5,09%	5,96%	7,26%	7,26%	6,20%	6,35%
5	Sabang	6,56%	6,85%	8,85%	9,90%	7,47%	7,93%
6	Subulussalam	1,97%	2,38%	5,47%	5,78%	5,15%	4,15%

Source: 2018

In table 4.2 it can be seen that the average percentage during 2012-2016 was the highest obtained by Banda Aceh City of 18.71% and the lowest was obtained by Subulussalam City by 4.15%, both of which entered Instructive patterns. When Regional Original Income is compared to Regional Original Revenue minus the overall Total Revenue, the average level of city

independence in Aceh falls into the very low category, which is in the range of under 25% in the independence of cities in Aceh.

4.2 Regional Financial Growth Ratio

The financial growth of districts in Aceh has an average diversity of growth seen from each year. Over the past five years there has been an increase and a decrease in the growth ratio but if compared to 2013- 2014 the growth ratio is far better there is no deficit growth.

Table 4.3: Growth Ratio of the Province of Aceh in 2012-2016

NO	DISTRICTS	2012	2013	2014	2015	2016	Average
1	Aceh Barat	17,51%	89,78%	138,74%	16,42%	7,81%	54,05%
2	Aceh Barat Daya	163,81%	10,26%	79,45%	4,80%	31,55%	57,97%
3	Aceh Besar	10,52%	38,89%	50,50%	22,69%	-3,73%	23,77%
4	Aceh Jaya	10,13%	33,60%	76,33%	10,93%	13,34%	28,87%
5	Aceh Selatan	77,78%	9,48%	117,10%	18,06%	35,96%	51,68%
6	Aceh Singkil	34,68%	22,49%	72,15%	26,89%	6,81%	32,60%
7	Aceh Tamiang	100,60%	42,28%	128,62%	3,16%	13,54%	57,64%
8	Aceh Tengah	168,67%	37,68%	71,81%	19,07%	0,56%	59,68%
9	Aceh Tenggara	112,63%	1,17%	118,75%	5,55%	3,89%	48,40%
10	Aceh Timur	33,77%	134,12%	102,18%	14,05%	-4,42%	55,94%
11	Aceh Utara	46,28%	61,52%	78,78%	8,67%	100,10%	59,07%
12	Bener Meriah	16,16%	24,83%	133,05%	33,26%	13,11%	44,08%
13	Gayo Lues	27,25%	42,17%	43,00%	43,25%	11,76%	33,49%
14	Nagan Raya	73,14%	37,03%	71,78%	22,65%	30,35%	46,99%
15	Pidie	97,98%	69,81%	116,70%	26,35%	18,52%	65,87%
16	Pidie Jaya	18,02%	44,44%	112,43%	49,32%	3,17%	45,48%
17	Simeulu	106,43%	2,56%	128,33%	31,41%	5,89%	54,92%

Source: 2018

In table 4.2 it can be seen that the average percentage during 2012-2016 was the highest obtained by Pidie District by 65.87% and the lowest was obtained by Aceh Besar District by 23.77%. This shows that districts in Aceh as a whole have not achieved uniformity of growth, many things that can affect the growth of a district which affects the PAD obtained by the local district. As we know this growth is also seen from the movement of PAD from year to year.

Table 4.4: Province of Aceh City Growth Ratio for 2012-2016

NO	CITIES	2012	2013	2014	2015	2016	Average
1	Banda Aceh	15,73%	30,40%	33,03%	22,20%	23,19%	24,91%
2	Bireuen	38,84%	309,26%	83,51%	0,97%	7,01%	87,92%
3	Langsa	-22,89%	243,46%	99,44%	-4,42%	11,23%	65,36%
4	Lhokseumawe	-1,30%	28,28%	34,56%	16,07%	-0,37%	15,45%
5	Sabang	11,35%	9,83%	56,05%	16,10%	-3,68%	17,93%
6	Subulussalam	-10,70%	35,87%	204,32%	42,37%	17,85%	57,94%

Source: 2018

In table 4.4 it can be seen that the highest percentage during 2012-2016 was obtained by Bireuen City at 87.92% and the lowest was obtained by Lhokseumawe City at 15.45%. When regional income is compared from year to year, thus developments in financial performance and trends in the form of both decreases and increases still do not reflect the uniformity of results.

4.3 Regional Financial Effectiveness Ratio

The financial effects of districts in Aceh experience an average diversity of categories viewed from each year. When the realization of revenue from PAD compared to the target of PAD Revenue, the average effectiveness of districts in Aceh falls into the category of Effective and quite effective, which is around 80% to 100%.

Table 4.5: Province of Aceh Province Effectiveness Ratio for 2012-2016

NO	DISTRICTS	2012	2013	2014	2015	2016	Average
1	Aceh Barat	66,36%	97,10%	94,59%	102,48%	101,39%	92,38%
2	Aceh Barat Daya	92,41%	64,92%	90,24%	98,13%	94,84%	88,11%
3	Aceh Besar	105,55%	131,14%	121,20%	127,14%	123,03%	121,61%

4	Aceh Jaya	100,99%	103,38%	108,90%	94,23%	92,75%	100,05%
5	Aceh Selatan	46,59%	84,45%	106,37%	99,71%	104,74%	88,37%
6	Aceh Singkil	95,03%	98,17%	87,22%	98,49%	84,74%	92,73%
7	Aceh Tamiang	84,77%	104,17%	99,08%	86,72%	82,64%	91,48%
8	Aceh Tengah	84,11%	92,26%	98,43%	108,34%	86,88%	94,00%
9	Aceh Tenggara	69,85%	80,20%	91,03%	78,33%	66,95%	77,27%
10	Aceh Timur	86,56%	90,92%	109,19%	104,92%	92,59%	96,84%
11	Aceh Utara	69,33%	82,31%	91,41%	89,09%	90,10%	84,45%
12	Bener Meriah	73,32%	64,23%	82,42%	91,64%	77,21%	77,76%
13	Gayo Lues	103,63%	104,17%	97,81%	110,71%	94,84%	102,23%
14	Nagan Raya	80,80%	92,23%	91,95%	87,47%	63,56%	83,20%
15	Pidie	68,52%	78,66%	104,44%	109,27%	98,21%	91,82%
16	Pidie Jaya	53,55%	65,59%	94,79%	89,50%	89,11%	78,51%
17	Simeulu	95,21%	81,96%	98,73%	115,49%	105,00%	99,28%

Source: 2018

In table 4.3, it can be seen that the average percentage during 2012-2016 was the highest obtained by Aceh Besar District at 121.61%, the category was very effective and the lowest was obtained by the Southeast Aceh Regency at 77.27% in the quite effective category. This shows that districts in Aceh as a whole have not yet achieved uniform effectiveness because each district has variations in the budget target and realization carried out by the local government.

Table 4.6: Province of Aceh City Effectiveness Ratio for 2012-2016

NO	DISTRICTS	2012	2013	2014	2015	2016	Average
1	Banda Aceh	108,79%	100,00%	110,13%	106,83%	110,55%	107,26%
2	Bireuen	24,41%	81,21%	107,84%	104,02%	93,14%	82,12%
3	Langsa	47,00%	89,11%	108,71%	95,27%	90,97%	86,21%
4	Lhokseumawe	80,43%	94,43%	98,83%	84,02%	84,41%	88,42%
5	Sabang	142,11%	104,40%	100,67%	96,24%	88,44%	106,37%
6	Subulussalam	76,45%	70,66%	75,16%	78,17%	58,52%	71,79%

Source: 2018

In table 4.76 it can be seen that the average percentage during 2012-2016 was the highest obtained by the City of Sabang at 106.37% with a very effective level and the lowest was obtained by the City of Bireuen at 82.12% with a level of Effective Enough. When the Realization of Revenues and Receipts of PAD is compared to the Revenue Target of PAD, the success of regional governments in implementing development is one that can be regulated by the effectiveness of the budget implementation, so the development of activity ratios at the city level, as a whole is already at a safe limit, because the average percentage is above 60%.

4.4 Regional Financial Activity Ratio

District financial activities in Aceh on average experience a very good category each year. This makes districts in Aceh able to balance between total operating expenditure and total expenditure in districts in Aceh.

Table 4.7: Activity Ratio of the Province of Aceh in 2012-2016

NO	DISTRICTS	2012	2013	2014	2015	2016	Average
1	Aceh Barat	84,99%	81,79%	74,43%	72,19%	58,40%	74,36%
2	Aceh Barat Daya	72,11%	79,39%	78,88%	68,71%	61,06%	72,03%
3	Aceh Besar	85,45%	88,33%	17,93%	81,25%	77,89%	64,77%
4	Aceh Jaya	77,92%	74,73%	69,62%	66,63%	60,74%	69,93%
5	Aceh Selatan	87,73%	82,64%	76,58%	69,91%	71,03%	77,58%
6	Aceh Singkil	82,01%	74,55%	69,71%	59,01%	63,74%	69,80%
7	Aceh Tamiang	85,93%	86,59%	74,41%	65,76%	68,28%	76,19%
8	Aceh Tengah	79,76%	81,92%	76,54%	67,27%	62,50%	73,60%
9	Aceh Tenggara	88,16%	86,44%	77,08%	70,61%	51,12%	74,68%
10	Aceh Timur	86,14%	84,45%	72,15%	74,12%	72,64%	77,90%
11	Aceh Utara	88,02%	79,25%	78,11%	77,90%	79,32%	80,52%
12	Bener Meriah	82,81%	75,77%	66,56%	67,79%	65,58%	71,70%
13	Gayo Lues	78,07%	72,50%	65,08%	55,19%	58,63%	65,89%
14	Nagan Raya	81,08%	86,31%	60,86%	61,26%	65,46%	70,99%
15	Pidie	88,90%	87,00%	83,23%	78,18%	75,70%	81,40%
16	Pidie Jaya	78,37%	78,09%	68,22%	60,21%	63,19%	69,62%

17	Simeulu	84,09%	82,08%	75,45%	76,12%	75,16%	78,58%
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Source: 2018

In table 4.73 it can be seen that the highest percentage during 2012-2016 was obtained by Kabupaten Pidie of 81.40% and the lowest was obtained by Kabupaten Aceh Besar of 64.77%, both of which were in the very good category. When total operating expenditure is compared with total expenditure overall, the average activity of districts and cities in Aceh falls into the very good category, which is above 50% in the implementation of activities in districts in Aceh.

Table 4.8: Activity Ratio of the City of Aceh Province 2012-2016

NO	DISTRICTS	2012	2013	2014	2015	2016	Average
1	Banda Aceh	91,29%	86,17%	80,84%	80,84%	73,22%	82,47%
2	Bireuen	87,48%	83,89%	79,28%	67,49%	79,26%	79,48%
3	Langsa	88,90%	89,37%	79,47%	77,00%	68,29%	80,61%
4	Lhokseumawe	80,19%	77,22%	75,92%	73,28%	70,48%	75,42%
5	Sabang	80,17%	85,16%	80,76%	76,35%	70,37%	78,56%
6	Subulussalam	78,82%	80,07%	64,14%	65,82%	53,22%	68,41%

Source: 2018

In table 4.8 above, it can be seen that the highest percentage during 2012-2016 was obtained by Banda Aceh at 82.47% with a very good level and the lowest was obtained by Subulussalam City at 68.41% with a very good level. When total operating expenditure is compared to total expenditure as a whole, the average city activity in Aceh falls into the very good category, which is above 50% in the implementation of activities for the past five years.

5. CONCLUSION

5.1 Conclusion

Based on the results of the research and discussion above, it can be concluded as follows:

1. The independence of regencies and cities in Aceh in 2012 d.d 2016 is very low and instructive with an average ratio of 7.79% and an average growth ratio of 1.4%
2. The growth ratio of districts and cities in Aceh in 2012 until 2016 with an average degree of 47.39% and an average growth rate of 24.45%
3. District and city effectiveness ratios in Aceh in 2012 dd 2016 are effective with an average ratio of 91.40% and an average growth ratio of 6.61%

4. The ratio of district and city activities in Aceh from 2012 to 2016 is very good with an average ratio of 78.97% and an average growth ratio of 9.23%.

5.2 Suggestion

Suggestions that researchers can arrive at are related to the results of the research and discussion above are as follows:

5.2.1 Operational Suggestion

1. The independence of districts and cities in Aceh is very low and instructive. This shows that districts and cities in Aceh have not maximized local revenue, so the government in each district and city needs to increase its Regional Original Income. There are many things that can be done by local governments with tourism development, industry, structuring industrial product distribution networks, development of Regionally Owned Public Agencies and Regional Companies, Increased regional revenues, and investment permit services.
2. The growth ratio of districts and cities in Aceh is good in its growth. This shows that the regional government is able to maintain the growth of the local government in managing the quality of the source of income from the period to the next period.
3. The effectiveness ratio of districts and cities in Aceh is effective. This shows that the government is able to realize the receipt of Regional Original Income with the target of receiving Regional Original Income in accordance with what is expected by the regional government.
4. The ratio of activity to districts and cities in Aceh is very good. This shows that the local government absorbs the budget according to their needs. The government is able to manage employee expenditure and reduce spending for the public, so efforts from local governments are needed to maintain budget balance so that it is expected to function as a means of distribution, allocation, and stabilization.

5.2.2 Academic Suggestion

1. Conduct qualitative research with structured interview methods and in-depth observation.
2. Conduct quantitative research using questionnaires in 23 districts and cities in Aceh province.
3. Add the focus of financial ratio research with asset analysis, solvability, liability, liquidity, and profitability.
4. Conduct a comparative study by conducting research in other provinces to illustrate the differences in the ratios of each province.

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