
Financial Ratio Analysis To Assess Performance

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ARTICLE INFO

Date of entry:

24 October 2020

Revision Date:

21 November 2020

Date Received:

15 December 2020

ABSTRACT

Purpose of this study was to determine and analyze Financial Ratios to Assess the Performance of the Lumajang Regency Transportation Service. The method used in this research is quantitative with the technique of collecting data documentation on the financial statements of the Department of Transportation in the form of operational reports, budget realization reports and balance sheets which will later be calculated the effectiveness ratio and harmony ratio and adjusted to Government Accounting Standards (SAP). The results of this study are that the Lumajang Regency Transportation Service is still not effective in 2017 and 2019 because there is a deficit in that year. Meanwhile, 2018 has been effective because the criteria are above 100%, namely 101, 39%. So it is said to be effective because the income is greater than the PAD budget and has a surplus from non-operational activities. The compatibility ratio increases every year so that the calculation has a matching criteria every year because all spending is optimized on resources.

Keywords: Effectiveness Ratio, Harmony Ratio



Cite this as: Septiani, V., Liyundira, F. S., Wibisono, Y. (2021). Financial Ratio Analysis To Assess Performance. *Assets : Jurnal Ilmiah Ilmu Akuntansi, Keuangan dan Pajak*, 5(1), 38-43. <https://doi.org/10.30741/assets.v5i1.688>

INTRODUCTION

Accounting is a monetary exchange account that completes the movement or interaction in recognizing, recording, ordering, preparing and introducing information identified with money or exchange so that it is easy to make the right choice. Public sector accounting should be seen as a process according to (Abdul Halim, 2012), "accounting is a process of identifying, measuring, recording and disclosing the (monetary) exchange of an association or element that is used as data in connection with the determination of financial choices by the parties concerned. need". (Pramono, 2014)

According to the Regional Autonomy Law Number 22 of 1999 concerning Regional Authorities, it includes power in all areas of government, except for power in the fields of foreign policy, defense, security, justice, monetary, finance, debt and authority. in other fields. and Law no. 25 of 1999. 1999 concerning Central and Regional Financial Balance which was later revised by Law No. RI. 32 of 2004 concerning Regional Government and Legislation.

The obligation of public bodies to fulfill or understand the report is the issuance of Unofficial Law (PP) Number 24 of 2005 concerning Government Bookkeeping Norms (SAP). The main SAP actually uses the premise of changing money not on the basis of accumulation, because it is a period of progress from one part to two parts. Based on PP 24 of 2005, local governments are still allowed to use replacement money for the next five years. So that according to the mandate of the PP, Government Regulation (PP) No. 71 of 2010, regarding SAP is the order of Law Number 17 of 2003 concerning State Money in Article 32, that one of the structures and substance of the accountability report for the implementation of the APBN/APBD has been regulated and introduced in accordance with the Government Bookkeeping Guidelines.

Measurement of Budget Performance can be done by various methods or approaches to financial ratios, among others by using the Effectiveness Ratio method, Harmony Ratio. Financial Ratio Analysis is a dissecting tool that can be used by associations or organizations to evaluate monetary performance depending on similar information from each listed in the budget summary. (Iqrayanti et al., 2018). The problem analyzed is how the financial performance of the Lumajang Regency Transportation Service is measured by Financial Ratios for 2017 – 2019 in accordance with Government Accounting Standards (SAP). In each year there will be a comparison of each year to determine the level of the ratio in the Financial Statements of the Department of Transportation.

Based on the description above, the researcher wishes to conduct research on financial ratios to assess the financial performance of the Lumajang Regency Transportation Service and to be able to find out whether it is in accordance with Government Accounting Standards in Government Regulation no. 71 of 2010 is stated in a proposal entitled "Financial Ratio Analysis to Assess Financial Performance of the Lumajang Regency Transportation Service in 2017 - 2019.

METHODS

Researchers use quantitative methods, namely using calculations on financial data obtained in order to find out problems in accordance with existing research objectives. . This is done in order to determine the Financial Performance of the Lumajang Regency Transportation Service when viewed from the Effectiveness Ratio and Harmony Ratio. This research was carried out in the Finance Department of the Lumajang Regency Transportation Service which is located on Jalan Gatot Subroto No. 81, Sukodono District. The time of the study was carried out for 3 months starting from April to June 2021. The type of data used was Quantitative Data, which is data in the form of numbers taken from the Budget Realization Report, Operational Report and Balance Sheet of the Lumajang Regency Transportation Service for the 2017 to 2017 fiscal year. with 2019. The data source used is secondary data source, namely data that is directly collected by researchers as a support from the first source. It can also be said that data is arranged in the form of documents. The data collection method that researchers use is documentation. Researchers document the implementation of research activities through photo documentation or pictures, as physical evidence of research implementation. The data analysis technique in this study is a quantitative method by calculating the financial data of the Budget Realization Report, Operational Report and Balance Sheet that have been obtained to solve problems that are in accordance with the objectives of the researcher.

RESULTS AND DISCUSSION

PAD Effectiveness Ratio can be calculated using the following formula: $\text{Rasio Efektivitas} = \frac{\text{Realisasi penerimaan PAD} \times 100\%}{\text{Anggaran PAD}}$. The results of the PAD Effectiveness Ratio Calculation can be seen in the table below:

Table 1. PAD Effectiveness Ratio Calculation of the Lumajang Regency Transportation Service Fiscal Year 2017 – 2019

Year	PAD Fiscal(Rp)	Realization of PAD (Rp)	REPAD (%)	Criteria
2017	6,289,519.000,00	6,175,312,100.00	98.18	Not Effective
2018	6,289,519.000,00	6,376,997,900.00	101.39	Effective
2019	6,762,479,500.00	6.622.141.600.00	97.92	Ineffective

Data Source: Finance Sector of the Lumajang Regency Transportation Service (processed)

Based on the calculations in table 1. above it can be seen that the Financial Effectiveness at the Lumajang Regency Transportation Service in 2017 and 2018 is not effective, because the value obtained is still below 100%, namely 98.18% and 97.92%. For 2018 it has been effective because the value obtained is more than 100%, namely 101.39%.

Ratio can be calculated using the following formula: a. Operational Expenditure Ratio = Total Operational Expenditure x 100% / Total Regional, b. Expenditure Capital Expenditure Ratio = Total Capital Expenditure x 100% / Total Regional Expenditure. The compatibility ratio describes how the Lumajang Regency Transportation Service prioritizes the allocation of funds to operating expenditure and capital expenditure optimally.

Table 2. Calculation of the Harmony Ratio of the Lumajang Regency Transportation Service Fiscal Year 2017 – 2019

Year	Total Expenditure (Rp)	Realized Operational Expenditure (Rp)	Operational Expenditure Ratio (%)	Criteria
2017	1.689.102.791,00	1.677.310.916,00	99,30	Match
2018	7.974.237.716,00	7.795.358.854,00	97,75	Match
2019	8.947.640.813,00	8.470.401.768,00	93,99	Match

Source: Finance Department of Transportation Lumajang (processed)

Table 3. Ratio Calculation Harmony District Department of Transportation Lumajang Fiscal Year 2017 – 2019

Year	Total Expenditure (Rp)	Realized Capital Expenditure (Rp)	Capital Expenditure Ratio (%)	Criteria
2017	33.561.399.708,00	30.067.396.601,00	89,58	Match
2018	36.614.922.000,00	31.197.926.909,00	85,20	Match
2019	36.185.873.200,00	34.171.061.508,00	94,43	Match

Source: Finance Department of Transportation Lumajang (processed)

Ratio Harmony is divided into Operating Expenditure and Capital Expenditure ratio. The Transportation Agency's Operational Expenditure Ratio from 2017 to 2019 has decreased. Starting in 2017 at 99,30%. In 2018 it became 97,75% then in 2019 it decreased by 93,99%. The decrease

in the spending ratio at the Lumajang Regency Transportation Service was not too significant, only around 2% in 2017 to 2018 while in 2018 to 2019 it was around 3% per year.

The results of hypothesis to determine whether there distinguish between financial performance in Lumajang District Department of Transportation in the form Effectiveness ratio (H_1) and the ratio of harmony (H_2). The researcher provides a hypothesis on the Financial Performance at the Lumajang Regency Transportation Office running well and in accordance with the government accounting standards applied by the Transportation Office based on the ratio of effectiveness and compatibility. Although in 2017 and 2019 it was not effective in the effectiveness ratio due to a deficit and the criteria according to Beni Pekei were below 100%, but in the effectiveness ratio it had a good performance in terms of realizing the planned PAD. While the compatibility ratio has matching criteria in 2017 – 2019 because all capital expenditures are optimized on existing resources at the Lumajang Regency Transportation Office.

Ratio is taken from Operational Report data for the 2017 – 2019 fiscal year period. For Regional Original Revenue (PAD) itself is in the form of Regional Retribution Revenue because on regional tax revenue, revenue from separated regional wealth management and other regional original income none because the Department of Transportation only optimizes regional retribution revenue.

Based on the calculation of the PAD Effectiveness Ratio, it can be seen that the financial PAD effectiveness of the Lumajang Regency Transportation Service in 2017 was 98,18% while in 2018 it was 101,39% and in 2019 it was 97,92%. According to Beni Pekei, 2016 the criteria for the effectiveness of the financial performance of the Lumajang Regency Transportation Service for 2017 and 2019 are not effective because the effectiveness is still below 100%. While for 2018 it has been effective because the value obtained is more than 100%, namely 101, 39%. It is said to be effective in 2018 having a causal factor because in the operational report in 2018 there was a deficit from operations and a deficit before extraordinary items which was higher than in 2017 and 2019. While it was not effective in 2017 and 2019 due to a deficit from operations, the deficit before extraordinary items have decreased.

The Lumajang Regency Transportation Office can be said to have a good performance in terms of realizing the planned PAD, and must maintain that the Transportation Office must optimize revenue from the existing revenue potential. Calculation of the Harmony Ratio in the Operational Expenditure Ratio at the Lumajang Regency Transportation Service in 2017 was 99,30%, in 2018 it was 97,75% and in 2019 it was 93,99% so that in 2017 – 2019 it has compatible criteria because it is only driven on personnel expenditures whose benefits are consumed in one budget and are routine in nature.

The calculation of the Harmony Ratio in total capital expenditure shows that total expenditure in 2017 – 2019 is greater than the realization of capital expenditure because the expenditure on goods and services has a higher income and budget than personnel expenditure, capital expenditure for equipment and machinery, building capital expenditure and capital expenditure Street. It says it has a matching criteria in the year 2017 - 2019 due to the direct and indirect spending each year has increased and at the Department of Transportation optimize personnel expenditure and capital expenditure on existing resources in harmony Ratio Calculation Ratio Capital expenditure in 2017 amounted to 89.58% , in 2017 it was 85.20% and in 2019 it was 94.43%, so it has the right criteria because all capital expenditures are optimized for existing resources at the Lumajang Regency Transportation Service.

CONCLUSION

Performance indicators themselves consist of the effectiveness ratio and the compatibility ratio. In the effectiveness ratio, the measurement results according to Beni Pekei, 2016 in the criteria for the effectiveness ratio in 2017 and 2019 are not effective because their effectiveness is below 100%, namely 98.18% and 97.92% so that revenues in 2017 and 2019 are due to a deficit from operations, deficit before extraordinary items decreased. And 2018 has been effective at 101.39% because above 100% has a causal factor because in the operational report in 2018 there is a deficit from operations and a deficit before extraordinary items which are higher than in 2017 and 2019. The results of calculations on the PAD Effectiveness Ratio The effectiveness for assessing the Financial Performance of the Lumajang Regency Transportation Service in 2018 has been effective because the income is greater than the PAD budget so that it experiences a surplus from non-operational activities.

The compatibility ratio in total operating expenditure and operating expenditure realization in 2017 – 2019 has increased every year. The calculation of the operating expense ratio in 2017 was 99.30%, while in 2018 it was 97.75% and in 2019 it was 93.99%. In the calculation of the Capital Expenditure Ratio for 2017 it is 89.58%, in 2018 it is 85.20% and in 2019 the capital expenditure ratio is 94.43%. So that the Harmony Ratio on total operational expenditure and the ratio on total capital expenditure have matching criteria because all capital expenditures are optimized on resources. Because the direct and indirect expenditures each year have increased and the Department of Transportation optimizes personnel expenditures and capital expenditures on existing resources.

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