

CHAPTER V

CONCLUSIONS AND SUGGESTIONS

5.1. Conclusions

Based on the results of data analysis and discussions that have been carried out, according to the research objectives, the following conclusions can be concluded:

5.1.1. The Financial Performance of The Pariaman City Government Based on Revenue During The 2014-2018 Period

The financial performance of the Pariaman City government based on revenue during the 2014-2018 period can be seen from:

1. The analysis of revenue variance, in general it can be said to be deficient due to there is a negative variance between revenue realization and budgeted income for each period, except for 2016 which showed positive variance.
2. The revenue & PAD growth ratios, it shows the revenue growth ratio of Pariaman city government in the 2014-2018 fiscal year experienced positive growth except for 2018 which experienced negative growth. For PAD, it also experienced positive growth, except for 2016 which experienced negative growth. The trend for both ratios is volatile from one period to another period.
3. The local financial independence ratio, it shows in general the level of independence of Pariaman City Government had been very low and the pattern of relationship is instructive because the average value is still below 25%, where the role of the central government had been more dominant than the independence of the Local Government.

4. The ratio of fiscal decentralization, it shows the degree of decentralization of the Pariaman City Government had been very low, the average degree of decentralization from 2014-2018 is only 4.95%.
5. The PAD effectiveness ratio, it shows Pariaman City Government had been very effective in realizing planned local taxes & levies, it can be seen from the average of the five years which is 100.88%.

5.1.2. The Financial Performance of The Pariaman City Government Based on Expenditure During The 2014-2018 Period

The financial performance of the Pariaman City government based on expenditure during the 2014-2018 period can be seen from:

1. The analysis of expenditure variance, in general it can be said to be good due to the realization of expenditure did not exceed the expenditure budget for each period. However, the realization of Pariaman City government expenditure from 2011-2014 experienced fluctuations and have not exceeded 90% of the budgeted target.
2. The expenditure growth ratio, it shows the fluctuating expenditure growth. Pariaman City expenditure growth experienced positive and negative growth, and also the ups and downs of growth. The positive growth occurred in 2014-2016 and the negative growth occurred in 2017-2018.
3. The Expenditure efficiency ratio, it shows City Government of Pariaman had implemented expenditure efficiency as evidenced by the efficiency ratio in 2014-2018 which is below 100%. But with an average of 91.18%, based on the criteria scale issued by the Decree of the Minister of Home Affairs No. 690,900-327 of 1996, this shows the financial performance

based on local government expenditure in Pariaman City is still less efficient.

5.2. Limitations of Research

This research uses only a few groupings of analysis which use 8 financial ratios based on Budget Realization Statement. Meanwhile there are some other financial ratios that are based on Balance Sheet of local government, yet the researcher could not get the Balance Sheet data from the Pariaman City government.

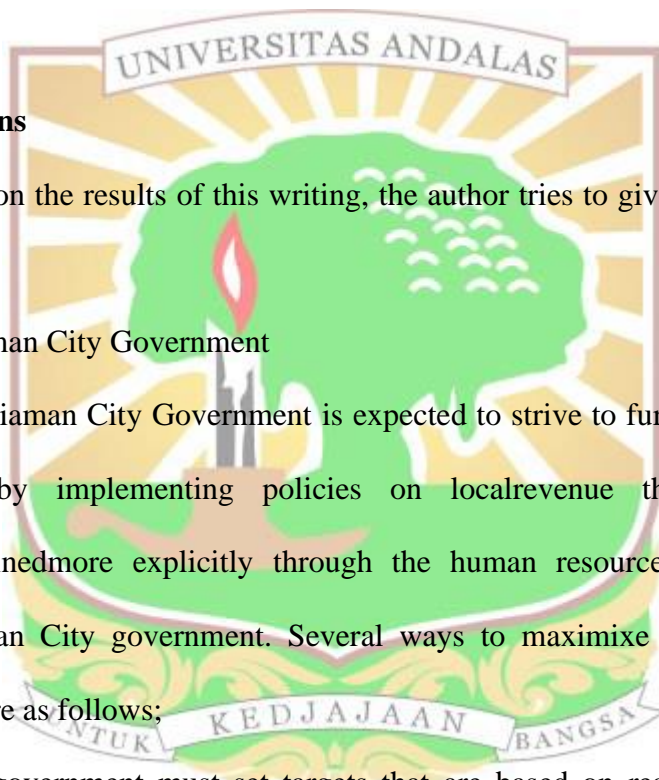
5.3. Suggestions

Based on the results of this writing, the author tries to give suggestions as following:

1. For Pariaman City Government

a. The Pariaman City Government is expected to strive to further increase its PAD by implementing policies on local revenue that have been determined more explicitly through the human resources that exist in Pariaman City government. Several ways to maximize the increase of PAD are as follows;

- The government must set targets that are based on reality data in the field, followed by going through a survey of potentials that exist.
- Performing optimal tax collection and levies in accordance with the potential objective based on applicable regulations.
- Increase public awareness by promoting self-assessment for awareness of paying taxes and fees.



- Monitor and control systematically and continuously to anticipate the occurrence of irregularities in the implementation of PAD collection by the apparatus

- The government should be able to increase investment by providing incentives for investors who will invest their capital in Pariaman City. With increased investment it can increase economic growth, where if economic growth increases, PAD will also increase. The role of the private sector needs to be enhanced by establishing cooperation with local governments through the development of the local economy.

b. Further enhance supervision of the program proposed by Local Government Work Unit (SKPD) so that it can run according to plan, and that it no longer happens absorption and use of ineffective budgets that result budget buildup at the end of the period and becomes remaining budget financing (SILPA).

2. For the next researchers

The next researchers are expected to be more detailed in analyzing the financial performance of local governments. By using a variety of ratios that are more numerous and can describe the actual state of local finances. Further researchers are advised to expand the scope of the research area, not only from 1 city/regency but wider.