

TRANSPARENCY AND FINANCIAL PERFORMANCE IN VILLAGE GOVERNANCE: A RATIO-BASED EVALUATION APPROACH

Hikmahwati^{1*}, Mursidah², Rizky Amelia³
^{1,2,3}Politeknik Negeri Banjarmasin, Indonesia

*Corresponding Author:
hikmahwati@poliban.ac.id

Abstract

The enactment of Law Number 6 of 2014 on Villages has granted substantial autonomy to villages in managing governance, including financial and asset management, accompanied by high demands for transparency and accountability. This study aims to evaluate the financial performance of Pulau Sugara Village, Barito Kuala Regency, from 2019 to 2023 using a quantitative descriptive approach. The analysis is based on the Village Budget Realization Reports (LRA), utilizing five financial ratios: expenditure variance, expenditure growth, expenditure harmony (operational and capital), efficiency, and revenue effectiveness. Data were collected through interviews, observations, documentation, and literature studies. The findings indicate that the village's financial performance, in terms of expenditure variance, is categorized as efficient, with an average of 86.08%, indicating that actual spending was consistently below budgeted amounts. However, the expenditure growth rate was relatively low, averaging 13.40%, reflecting slow progress in financial capacity. Efficiency analysis revealed a five-year average of 92.50%, indicating a tendency toward budget inefficiency due to overspending relative to revenue. Despite efficient capital spending and low operational costs, the overall efficiency remains suboptimal. These results highlight the need for better financial planning, enhanced internal audits, and capacity building among village officials to ensure more effective and efficient village financial management.

Keywords: Variance Analysis, Expenditure Growth Analysis, Expenditure Efficiency Analysis, Capital Expenditure Analysis, Efficiency Analysis.

1. Introduction

The enactment of Law No. 6 of 2014 on Villages brings great hope for improving the welfare and quality of life of rural communities. This regulation gives villages broad authority to independently manage their administration, including the management of village finances and assets. This authority comes with great responsibility, especially in terms of transparency and accountability in financial management to the community. Effective financial management is a crucial factor in determining a village's progress, requiring not only adequate financial resources but also competent human resources (Basri et al., 2021). To assess the effectiveness of village financial management, an analysis of financial reports is required. Financial reports provide important information about the financial activities and position of an entity, which can be used to evaluate performance over a specific period (Idris, 2022; Saputri, 2024). Generally, financial reports consist of a balance sheet, income statement, cash flow statement, and statement of changes in equity. In the government sector, especially at the village level, financial performance is often analyzed through the Budget Realization Report (LRA) because it contains a comparison between the budget and the realization of revenue and expenditure (Sitorus et al., 2025).

Previous studies have shown that financial performance can be measured through ratio analysis such as effectiveness, efficiency, growth, consistency, and independence (Anugeraheni, 2021; Ismail et al., 2024; Mahmudi, 2019; Sari & Fathah, 2025). Ratio analysis in the LRA is considered capable of providing an objective picture of the success of village fund management. Pulau Sugara Village, located in Alalak Subdistrict, Barito Kuala Regency, South Kalimantan, is one of the villages that receives Village Funds sourced from the State Budget. These funds are intended to improve public services, advance the economy, and address development gaps. Therefore, it is important to assess the financial performance of Pulau Sugara Village through ratio analysis to evaluate the extent to which the funds managed have been used effectively and efficiently in accordance with village development objectives. The following graph presents a comparison between the budget and the realization of village revenue and expenditure for the period 2019 to 2023, which forms the basis for financial performance analysis.

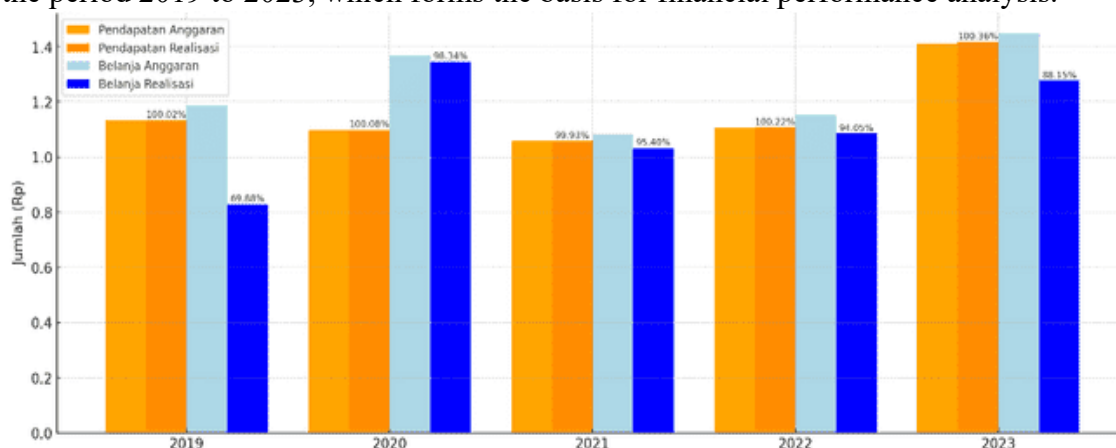


Figure 1. Comparison of Budget and Realization of Village Revenue and Expenditure in Pulau Sugara (2019–2023)

Based on the graph of the Budget and Realization of Village Funds for Pulau Sugara from 2019 to 2023, it can be seen that the realization of village income generally shows fairly good performance. Over the five-year period, the income realization rate even exceeded 100%, except in 2021, which only reached 99.93%. This decline was due to the BPJS Kesehatan payment mechanism for village officials and village heads, which was carried out directly by the district government, so it was not recorded in the village account. This information was obtained from an interview with Mr. Mawardi, Secretary of Pulau Sugara Village. In contrast to the revenue sector, the realization of the village expenditure budget showed a discrepancy with the budget allocation, which was reflected in the fluctuating percentage of realization. In 2019, expenditure realization reached only 69.88%, while in 2020 it increased to 98.34%. However, in subsequent years, the implementation percentage decreased again, reaching 94.04% (2021), 95.40% (2022), and 88.14% (2023). The discrepancy between the budget and actual spending is influenced by various factors, including: (1) BPJS funds not being channeled through village accounts, (2) COVID-19 response funds not being fully utilized due to the reduced impact of the pandemic, and (3) stunting prevention funds not being optimally absorbed due to a decrease in the number of Human Development Cadres (KPM) involved. These unutilized funds ultimately became SiLPA (Budget Surplus).

Fluctuations in budget realization indicate the need for a more in-depth evaluation of financial performance. For this reason, analysis of the Budget Realization Report (LRA) is very important, as it can provide an overview of budget implementation trends from

one period to another. One method that is widely used in assessing village financial performance is financial ratio analysis. This analysis serves to measure the financial management capabilities of villages based on available financial report data. Ratio analysis of the Regional Revenue and Expenditure Budget (APBD) can be used to assess the performance and financial capacity of local governments (Ula & Bharata, 2022; Wahyuni, 2010). In the context of village administration, this analysis can be applied to assess the effectiveness, efficiency, harmony, growth, and variance of the budget. For example, the growth ratio is used to see trends in spending changes from year to year, while the efficiency ratio measures how optimally the budget is used for programs and activities. The spending consistency ratio, such as the comparison of operational and capital expenditures to total expenditures, can indicate the priorities of village budget allocation. Meanwhile, variance analysis is conducted to identify deviations between the budget and actual spending as a form of budget performance evaluation (Bagaskoro & Jihan, 2017; Hikmahwati & Muslimah, 2023). Therefore, it is important to conduct research on the financial performance evaluation of Pulau Sugara Village through ratio analysis to obtain a comprehensive picture of the effectiveness of village fund management.

2. Theoretical Background

2.1 Financial Statements

Financial statements are the final output of the accounting process that provide financial information to stakeholders and serve as a key basis for economic decision-making (Kasmir, 2017; Riswan & Kesum, 2014). These statements offer a comprehensive overview of a company's financial position and performance (Ariesta & Nurhidayah, 2020; Nur, 2020). Financial statement analysis is essential to evaluate a company's financial condition, assess managerial performance, and determine appropriate strategic actions for improvement (Sujarweni, 2015). In accordance with Government Regulation of the Republic of Indonesia No. 24 of 2005 on Government Accounting Standards, the primary components of financial statements consist of the Budget Realization Report, Balance Sheet, and Notes to Financial Statements, which together provide reliable information for performance evaluation and strategic decision making.

2.2 Village Financial Statements

Village financial statements represent all rights and obligations of the village that can be valued in monetary terms, as well as all activities related to their implementation (KEMENDAGRI, 2014). Village financial management covers the processes of revenue collection, implementation, administration, reporting, and accountability carried out by the village government. The preparation of village financial statements serves as a form of transparency to support accountability through the disclosure of financial management activities aimed at improving community welfare (Idris, 2022). According to Permendagri (2014), the village head must submit reports on the realization of the Village Budget (APBDesa) to the regent or mayor every semester and at the end of the fiscal year. The APBDesa functions as the main document for financial management, and the village government is prohibited from imposing levies outside those stipulated in the village regulations regarding the APBDesa (Astuti, 2025).

2.3 Budget Realization Report

The budget realization report functions as an important tool for evaluating and controlling organizational performance through a comparison between planned and actual budget execution (Maher, 2006; Zainab, 2020). It provides information on the realization of revenues and expenditures of an entity compared with its approved budget, thereby offering insights into the economic resources available to fund government activities (Mahsun, 2015; Dona & Lestari, 2020). The report serves as a key indicator of financial performance and accountability, allowing stakeholders to assess the transparency and responsibility of local governments in managing public funds (Ruliaty et al., 2019; Febriana & Narastri, 2023). Furthermore, it facilitates the evaluation of resource allocation decisions and compliance with budgetary provisions, making it a critical instrument in public sector financial management (Lumaku & Nindiasari, 2023).

2.4 Financial Performance Analysis of the Budget Realization Report

The analysis of local government financial performance is conducted to assess the effectiveness of financial management by comparing the budget and its realization over a given period. This analysis assists local leaders, including village heads, in making sound decisions regarding the use of the Village Revenue and Expenditure Budget (APBDes). The main objective is to provide information related to financial position and its changes within a fiscal period (Sujarweni, 2015). The local government's financial report, particularly the Budget Realization Report (Laporan Realisasi Anggaran/LRA), serves as a crucial tool for evaluating financial performance because it presents a comparison between budgeted revenues and expenditures and their realization (Pemerintah Pusat, 2010).

In analyzing LRA performance, several financial ratios are applied. First, the Expenditure Variance Analysis measures the difference between realized and budgeted expenditures (Mahmudi, 2019). A government's performance is considered good if realized expenditures do not exceed the budget. The formula is:

$$\text{Expenditure Variance} = \text{Actual Expenditure} - \text{Budgeted Expenditure}$$

Next, the Expenditure Growth Analysis evaluates the development of expenditures from one fiscal year to another (Mahmudi, 2019; Sari & Fathah, 2025), calculated as follows:

$$\text{Expenditure Growth}_t = \frac{\text{Actual Expenditure}_{t-1} - \text{Actual Expenditure}_t}{\text{Actual Expenditure}_{t-1}} \times 100\%$$

Another important indicator is the Expenditure Harmony Analysis, which assesses the balance between operational and capital expenditures to ensure an optimal allocation of resources (Mahmudi, 2019; Sari & Fathah, 2025). The ratios are computed using the following formulas:

$$\text{Operational Expenditure Ratio} = \frac{\text{Actual Operational Expenditure}}{\text{Total Expenditure}} \times 100\%$$

$$\text{Capital Expenditure Ratio} = \frac{\text{Actual Capital Expenditure}}{\text{Total Expenditure}} \times 100\%$$

In addition, the Expenditure Efficiency Ratio measures how economically the budget is utilized (Mahmudi, 2019; Ramadhani et al., 2019). A lower efficiency ratio indicates better government performance. The formula is:

$$\text{Expenditure Efficiency Ratio} = \frac{\text{Actual Expenditure}}{\text{Budgeted Expenditure}} \times 100\%$$

An efficiency value below 60% signifies high efficiency, while a value above 100% indicates inefficiency. Therefore, financial ratio analysis in the Budget Realization Report serves as a vital instrument for evaluating transparency, effectiveness, and accountability in local government financial management

3. Methods

This study uses a quantitative descriptive approach to evaluate the financial performance of Pulau Sugara Village during the period from 2019 to 2023. This approach was chosen because it is able to describe the actual condition of village financial management based on numerical data that is processed systematically. The main focus of this study is to analyze the village budget realization report (LRA) as the main source of data. The analysis was conducted using five types of financial ratios, namely: (1) expenditure variance ratio to see the deviation between the budget and actual expenditure, (2) expenditure growth ratio to assess the trend of expenditure changes from year to year, (3) expenditure consistency ratio to evaluate the proportion of operational and capital expenditures to total expenditures, (4) expenditure efficiency ratio to determine the level of budget optimization, and (5) revenue effectiveness ratio to measure the achievement of village revenue targets.

The data used in this study consists of primary and secondary data. Primary data was obtained through in-depth interviews with the Secretary of Pulau Sugara Village, direct observation on February 16, 2024, and documentation of village budget documents and financial realization reports. Secondary data was obtained from other supporting documents such as village profiles, village government organizational structures, and literature related to village financial performance analysis. The instruments used in this study include interview guidelines, observation notes, and data processing software (such as Microsoft Excel) used to calculate and visualize financial ratios.

Data collection was carried out using several techniques, namely interviews, direct observation, documentation, and literature study. Data analysis techniques were carried out by calculating financial ratios based on formulas adjusted to references from Mahmudi (2019) and other relevant sources, followed by descriptive interpretation of the calculation results. The results of this analysis are presented in the form of graphs and tables to facilitate the reading of trends and patterns in village financial management from year to year. The analysis results are used as a basis for drawing conclusions regarding the effectiveness, efficiency, and consistency of the use of the Pulau Sugara Village Fund over the past five years.

4. Results and Discussion

This study uses data from the budget realization reports of Pulau Sugara Village for the 2019–2023 fiscal years to assess the village's financial performance through five types of ratio analysis, namely: expenditure variance, expenditure growth, and two expenditure consistency indicators (operational expenditure to total expenditure and capital expenditure to total expenditure). The budget components in the Pulau Sugara APBDes consist of transfer revenues (including Village Funds, Village Fund Allocations, and Regional Tax and Retribution Revenue Sharing), village expenditures, and financing. Village expenditures cover all expenditures used to fund six main areas, ranging from

governance, development implementation, community development, community empowerment, disaster management, to financing.

Each field consists of various sub-fields of activity, such as government spending, education, health, public order, agriculture, and women's empowerment and child protection. Meanwhile, village funding comes from the previous year's SiLPA (Budget Surplus). According to Ministry of Home Affairs Regulation No. 20 of 2018, Article 60, SiLPA is the surplus between budget revenue and expenditure over a period, ideally approaching zero as funding is expected to cover budget deficits. Through this ratio analysis, an overview of budget management effectiveness and how village funds have been allocated to support optimal development and public services can be obtained. The details of the budget and the realization of revenue and expenditures for the Village Government of Pulau Sugara, Barito Kuala Regency, for the years 2019-2023 are as follows:

Table 1. Budget and Realization of Village Revenue and Expenditure in Pulau Sugara for the Years 2019–2023

Revenue Source	Year	Budget (Rp)	Realization (Rp)	Expenditure Category	Year	Budget (Rp)	Realization (Rp)
Village Fund	2019	739,809,600	739,809,600	Government Administration	2019	390,726,795	334,034,188
	2020	732,389,000	732,389,000		2020	395,573,850	387,667,530
	2021	726,711,000	726,711,100		2021	333,668,744	322,208,768
	2022	710,421,000	710,421,000		2022	411,478,027	402,118,174
	2023	994,843,000	994,843,000		2023	493,822,342	464,077,500
Revenue Sharing of Tax & Levies	2019	7,540,000	7,540,000	Village Development Implementation	2019	677,492,000	430,898,500
	2020	13,242,100	13,242,100		2020	584,014,250	575,860,250
	2021	17,222,800	17,222,800		2021	241,768,970	224,413,250
	2022	13,877,800	13,877,800		2022	242,071,000	210,825,400
	2023	11,810,747	11,810,747		2023	566,501,400	518,874,500
Allocation Fund	2019	385,495,200	385,495,200	Community Development	2019	23,032,833	21,360,000
	2020	351,625,200	351,625,200		2020	23,860,000	23,240,000
	2021	314,557,400	312,830,960		2021	33,380,190	31,042,500
	2022	380,661,400	378,568,720		2022	34,242,120	25,040,000
	2023	404,213,000	401,945,000		2023	30,520,000	30,520,000
Other Revenues	2019	-	176,367	Community Empowerment	2019	73,735,410	42,500,000
	2020	946,933	1,822,497		2020	20,200,000	14,200,000
	2021	1,014,451	1,014,451		2021	22,630,000	22,000,000
	2022	-	4,568,745		2022	178,180,380	161,292,500
	2023	-	7,377,343		2023	232,420,310	144,805,000
				Disaster, Emergency, and Urgent Spending	2019	15,000,000	-
					2020	344,585,850	344,585,850
					2021	450,600,000	438,000,000
					2022	288,000,000	288,000,000
					2023	125,551,600	118,808,000

4.1. Analysis of Variance in Expenditure

Variance analysis is the difference or discrepancy between actual expenditure and the budget for the fiscal year in question (Lumaku & Nindiasari, 2023; Mentang et al., 2020). In this case, local governments will be considered to have performed well in terms of expenditure if actual expenditure does not exceed the budget. A significant difference between the actual expenditure and the budgeted amount can indicate two possibilities: first, it may indicate budget efficiency. Second, the opposite may be true; if there is a shortfall, it is likely that there were weaknesses in the budget planning process, resulting in inaccurate expenditure estimates (Mahmudi, 2019). Based on the calculations conducted, the budget performance results for Pulau Sugara Village in the 2019–2023 budget implementation report are presented in table 2:

Table 2. Results of Variance Analysis Calculation of Village Budget (APBDes) for the Years 2019 – 2023

Year	Actual Expenditure (Rp)	Budgeted Expenditure (Rp)	Variance (Rp)	Realization (%)	Variance Criteria
2019	828.792.688	1.185.987.038	-357.194.350	69.88%	Efficient
2020	1.134.552.780	1.368.233.950	-233.681.170	82.92%	Efficient
2021	1.032.324.618	1.082.047.934	-49.723.316	95.40%	Efficient
2022	1.085.276.074	1.153.971.527	-68.695.453	94.04%	Efficient
2023	1.277.077.468	1.488.815.652	-171.738.184	88.14%	Efficient

According to Mahmudi (2019), expenditure variance criteria are categorized as efficient if Actual Expenditure \leq Budgeted Expenditure, while they are categorized as inefficient if Actual Expenditure $>$ Budgeted Expenditure. Based on Table 2, the analysis of expenditure variance in Pulau Sugara Village, Barito Kuala Regency, from 2019 to 2023 shows good performance with a negative balance between the budget and actual expenditure. The 2019 budget year, with criteria showing actual expenditure smaller than the budgeted expenditure by Rp. (357,194,350) or 69.88%, falls under the efficient category. The 2020 budget year, with criteria showing actual expenditure smaller than the budgeted expenditure by Rp. (233,681, 170) or 82.92%, which meets the efficiency criteria; 2021, with criteria showing actual spending lower than the budgeted spending by Rp. (49,723,316) or 95.40%, which meets the efficiency criteria; 2022, with criteria showing actual spending lower than the budgeted spending by Rp. (68,695,453) or 94.04%, which falls under the efficient category. In 2023, the criteria indicate that actual expenditures were lower than the budgeted expenditures by Rp. (171,738,184) or 88.14%, which falls under the efficient category. Based on the results of calculations using variance analysis for the years 2019–2023, Pulau Sugara Village falls into the efficient category for variance levels. The average variance level achieved from 2019 to 2023 is 86.08%.

The performance of local governments is considered good if they are able to achieve spending efficiency. Normatively, the budget is the maximum limit on spending. The performance of local governments can be considered good if they are able to achieve spending efficiency (Saknosiwi, 2021). Conversely, if actual spending exceeds the budgeted amount, this indicates inefficient budget performance (Suhaedi, 2019). The results of the financial performance calculations for the APBDes of Pulau Sugara Village can be seen in terms of spending variance in figure 2.

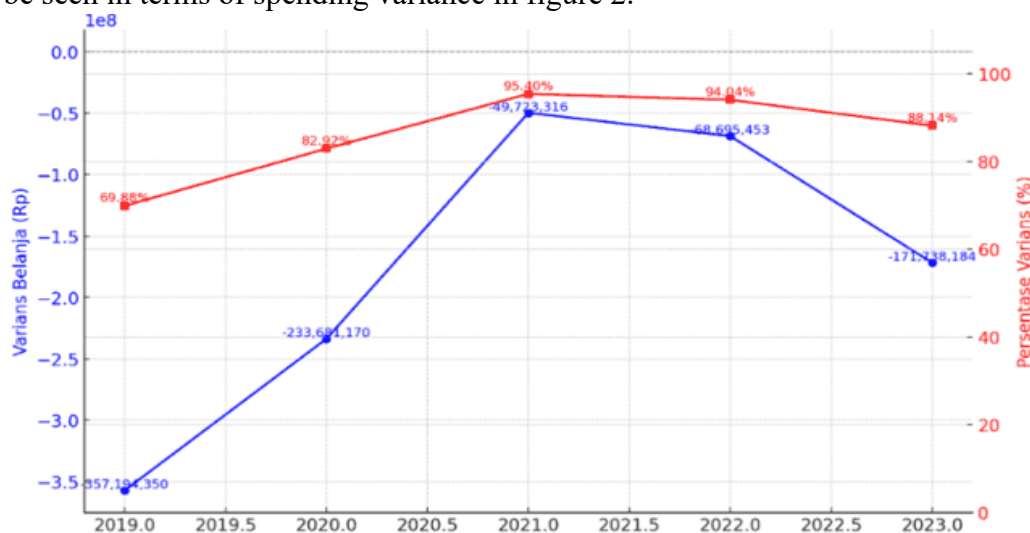


Figure 2. Expenditure Variance Analysis

From the comparison of the budget and actual regional expenditure in figure 2, it can be seen that there is a difference between the actual expenditure and the budget that has been allocated. It can be seen that the actual expenditure is smaller than the existing budget. This means that Pulau Sugara Village, Barito Kuala Regency, has utilized its expenditure budget well, where the actual expenditure used is smaller than the planned budget. During the 2019–2023 period, Pulau Sugara Village has maintained efficient financial management, as actual expenditures have consistently been lower than the allocated budget. The average efficiency rate over five years reached 86.08%, reflecting good budget performance and adherence to the principle of prudence in village government expenditures.

4.2 Expenditure Growth Analysis

According to Mahmudi (2019), expenditure growth analysis is useful for determining whether expenditure tends to always increase. Expenditure growth analysis is conducted to measure the extent of local governments' ability to maintain and improve the successes achieved from one period to the next, both in terms of revenue and expenditure (Liyani et al., 2021).

Table 3. Results of Expenditure Growth Analysis of the Village Budget (APBDes)

Year	Realized Expenditure t	Realized Expenditure t-1	Result (%)	Growth Criteria
2019	828.792.688	712.363.502	16.35%	Low
2020	1.134.552.780	828.792.688	36.90%	Moderate
2021	1.032.324.618	1.134.552.780	-9.01%	Very Low
2022	1.085.276.074	1.032.324.618	5.13%	Very Low
2023	1.277.077.468	1.085.276.074	17.67%	Low

Based on spending growth data from 2019 to 2023, it can be seen that the rate of spending growth in Pulau Sugara Village has fluctuated. In 2019, spending growth was 16.35% compared to the previous year, which was categorized as low. Subsequently, in 2020, there was a significant increase with growth reaching 36.90%, thus categorized as moderate, reflecting a fairly high increase in village spending allocation. However, in 2021, growth contracted by (9.01%), or declined, which falls into the very low category. This decline could be due to budget efficiency or adjustments to village fiscal policy. In 2022, although spending grew again, it was only by 5.13%, remaining in the very low category, indicating strict spending controls. The year 2023 shows a recovery, with spending growth of 17.67%, returning to the low category. Overall, this data shows that despite variations from year to year, the trend of spending growth remains within controlled limits, with most years showing conservative growth. The results of the financial performance calculations for the APBDes of Pulau Sugara Village can be seen in terms of expenditure growth in Figure 3.

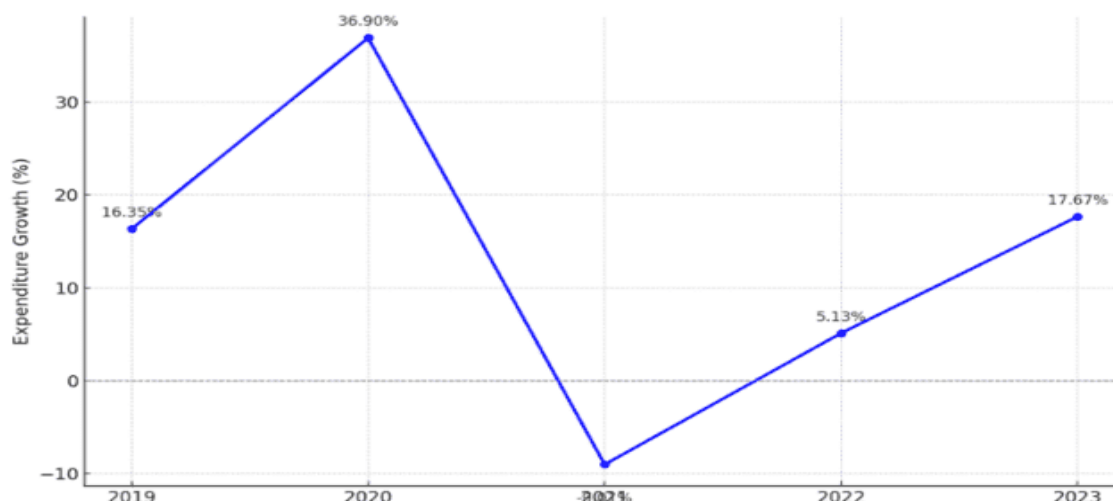


Figure 3. Expenditure Growth Analysis

Figure 3, shows that the percentage of financial performance of Pulau Sugara Village during 2019–2023 fluctuated. This condition was partly due to the village government's lack of creativity in designing development strategies; Village Funds were still largely focused on meeting basic needs and infrastructure, while the portion for productive economic management and community empowerment programs was relatively limited. In the future, the village government is expected to not only focus on the targets that have been set, but also be able to maximize the potential of Village Original Revenue (PADes) so that performance achievements can exceed the initial targets. Based on calculations, the performance of Pulau Sugara Village during the 2019–2023 period, according to growth analysis, falls into the low category, with an average growth rate of 13.40% (the average annual growth rate over five years). This finding indicates that the village has not been able to consistently maintain, let alone improve, its performance from year to year, so performance-based planning, strengthening the capacity of officials, and optimizing budget allocation in sectors that directly impact community welfare are needed

4.3 Analysis of Operating Expenditure in Relation to Total Expenditure

Expenditure efficiency analysis is a comparison between total operations and total regional expenditure (Nirwana & Trisuswanto, 2023; Sahara et al., 2022). Operational expenditures are expenditures whose benefits are consumed within one fiscal year, making them short-term in nature and, in certain cases, routine or recurring (Saputri, 2024). Based on the calculations performed, the performance results using the Operational Expenditure analysis against the Total Expenditure of Pulau Sugara Village in the 2019–2023 budget implementation report can be seen in table 4.

Table 4. Results of Operating Expenditure Analysis in Relation to Total Village Budget Expenditure (APBDes)

Year	Total Expenditure Realization (Rp)	Operational Expenditure Realization (Rp)	Result (%)	Variance Criteria
2019	828.792.688	688.182.258	39.94%	Efficient
2020	1.134.552.780	851.369.530	63.28%	Quite Efficient
2021	1.032.324.618	1.029.974.618	0.20%	Efficient
2022	1.085.276.074	1.025.326.984	5.50%	Efficient
2023	1.277.077.468	1.175.534.468	4.20%	Efficient

An analysis of the efficiency of operational spending relative to total spending in Pulau Sugara Village during the 2019–2023 period shows fluctuating dynamics. Based on the analysis categories, operational spending is considered efficient if the percentage is below 40%, moderately efficient between 40% and 80%, and inefficient if above 80%. In 2019, operational expenditure was in the efficient category at 39.94%. It then increased in 2020 to 63.28% and entered the moderately efficient category, in line with increased allocations for allowances, village apparatus honoraria, village infrastructure improvements, and basic services such as health and education. However, from 2021 to 2023, efficiency improved again (meaning the percentage decreased), with operational expenditure falling back below 40%, indicating relatively good financial management in terms of efficiency.

The decline in the percentage of operational spending from 2021 to 2023 was mainly due to several programs that were not fully realized. Among them were unused Covid-19 response funds due to improved conditions, unused disaster budgets, and budgets for stunting programs that were not fully absorbed due to a lack of implementing personnel. Additionally, community development activities and food security programs were delayed or transferred to the following year. This indicates that while numerical efficiency was achieved, it does not fully reflect the effectiveness of budget utilization. Therefore, village governments need to improve the quality of program planning and implementation to ensure that spending is not only nominally efficient but also has a tangible impact on the community.

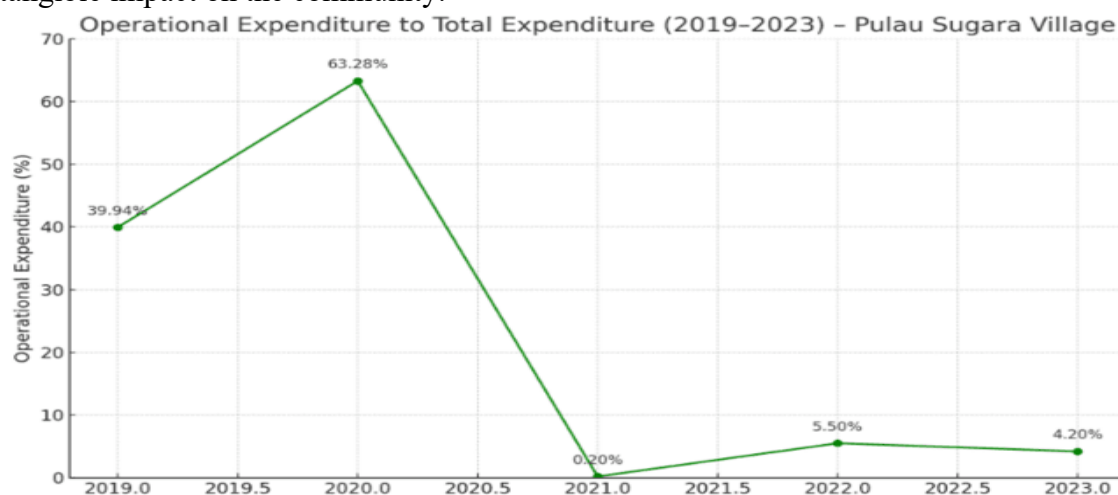


Figure 4. Analysis of Operating Expenditures in Relation to Total Expenditures.

Figure 4, illustrates the percentage of operating expenditures relative to total APBDes expenditures for Pulau Sugara Village from 2019 to 2023. In general, the trend in operational expenditure has been stable and efficient, with an average percentage of 22.62%. An exception occurred in 2020, when the percentage of operational expenditure increased sharply to 63.28%, which is still considered fairly efficient. This increase was due to significant expenditures in the implementation of village development, particularly in the maintenance and improvement of public infrastructure such as village offices, early childhood education facilities (PAUD, TPA, TKA, and TPQ), health facilities (posyandu, village emergency response teams), neighborhood roads, and public information media. Additionally, that year was marked by the implementation of various training and community empowerment programs, including women's empowerment.

Meanwhile, in 2019, 2021, 2022, and 2023, the percentage of operating expenditures remained within the efficient range, i.e., below 40%. This indicates that the allocation of funds for routine and operational expenditures was managed quite well. Despite minor

fluctuations, this situation indicates a stable and responsible approach to village budget management. Therefore, it can be concluded that the financial performance of Pulau Sugara Village in terms of operational expenditure is on the right track, although regular evaluations are still needed to ensure the effectiveness of each expenditure item and its optimal utilization for the benefit of the village community.

4.4 Analysis of Capital Expenditures in Relation to Total Expenditures.

Capital expenditure analysis is a comparison between total capital expenditure realization and total regional expenditure (Riswati & Bukhori, 2023). Unlike operating expenditures, which are short-term and routine in nature, capital expenditures are beneficial in the medium term dan (Mahmudi, 2019). Based on the calculations performed, the performance results using capital expenditure analysis on the total expenditure of Pulau Sugara Village in the 2019–2023 budget realization report can be seen in table 5.

Table 5. Results of Capital Expenditures to Total Expenditures Analysis of Village Budget (APBDes) for 2019–2023

Year	Total Expenditure Realization (Rp)	Capital Expenditure Realization (Rp)	Result (%)	Variance Criteria
2019	828,792,688	430,898,500	60.06%	Efficient
2020	1,134,552,780	575,860,250	36.72%	Quite Efficient
2021	1,032,324,618	224,413,350	99.80%	Efficient
2022	1,085,276,074	210,825,400	99.50%	Efficient
2023	1,277,077,468	518,874,500	95.80%	Efficient

The criteria for analyzing capital expenditure against total expenditure are categorized as efficient if the percentage is above 40%, moderately efficient if it is in the range of 10%–40%, and inefficient if it is between 0%–10%. During the period from 2019 to 2023, the realization of total expenditure in Pulau Sugara Village fluctuated. In 2019, total expenditure was recorded at Rp 828,792,688 and increased in 2020 to Rp 1,134,552,780. In 2021, it decreased to Rp 1,032,324,618, then increased slightly in 2022 to Rp 1,085,276,074, and rose significantly again in 2023 to Rp 1,277,077,468. Meanwhile, capital expenditure also fluctuated: Rp 430,898,500 in 2019, rising to Rp 575,860,250 in 2020, then dropped sharply to Rp 224,413,350 in 2021, fell again to Rp 210,825,400 in 2022, and rose again to Rp 518,874,500 in 2023.

Based on the calculations in Table 5, the efficiency of capital expenditure relative to total expenditure over the five-year period was quite good. In 2019, capital expenditure reached 60.06% of total expenditure (efficient), but declined in 2020 to 36.72% (fairly efficient). Performance improved sharply from 2021 to 2023, with average capital expenditure reaching 98.37% and all falling into the efficient category. Capital expenditure in 2019 was used for infrastructure development such as roads, village offices, cemeteries, piers, and boat procurement. The decline in efficiency in 2020 was influenced by a shift in the budget for handling the Covid-19 pandemic, which was partially unrealized but still used for development such as neighborhood roads and health posts. Overall, capital expenditure in Pulau Sugara Village shows a positive trend and supports efficient village development. The results of this analysis can also be seen in figure 5.

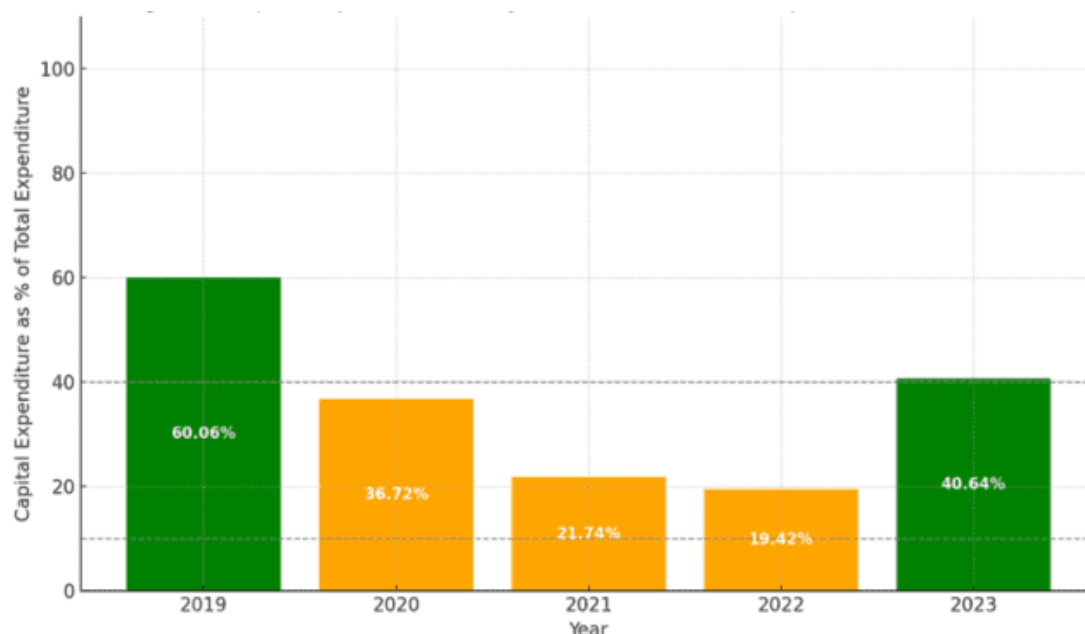


Figure 5. Capital Expenditures Analysis in Relation to Total Expenditures

Based on figure 10, the percentage of Pulau Sugara Village's financial performance for capital expenditure during 2019 to 2023 is relatively stable. However, in 2020, there was a significant decline compared to 2019, amounting to only 36.72%. This decline was caused by a reduction in capital expenditure allocations by the village government due to the preparation of a health budget for supporting the implementation of COVID-19 prevention measures, which ultimately were not fully realized. Overall, based on the calculations and information obtained, the level of capital expenditure for Pulau Sugara Village over the five-year period falls into the efficient category. The average capital expenditure rate from 2019 to 2023 reached 78.38%, indicating that village funds have been optimally utilized for the development of village infrastructure and facilities.

An analysis of the expenditure consistency of Pulau Sugara Village from 2019 to 2023 shows that the average level of operating expenditure is 22.62%, while capital expenditure is 78.38%. These results indicate efficiency in budget management, as operating expenditure is below the 40% efficiency ratio and capital expenditure exceeds the minimum efficiency limit. This means that the village government has prioritized the use of funds for productive capital expenditures that directly benefit the community, such as infrastructure development and public facilities. Additionally, the low operational expenditure indicates that village funds are not spent on routine costs but are strategically allocated for development. Therefore, it can be concluded that Pulau Sugara Village has demonstrated efficient and optimal financial performance in allocating its budget.

4.5 Efficiency Analysis

The Efficiency Ratio is the ratio between the realization of direct expenditure and the total realization of expenditure (Armono et al., 2025). This expenditure efficiency ratio is used to measure the level of budget savings made by the government (Chartady et al., 2022). Local governments are considered to have achieved budget efficiency if their Efficiency Ratio is less than 100%; conversely, if it is higher, budget waste has occurred (Mahmudi, 2019). Based on the calculations performed, the performance results using the Efficiency Analysis of Pulau Sugara Village in the 2019–2023 budget implementation report can be seen in table 6.

Table 6. Results of the Expenditure Efficiency Analysis of the Village Budget (APBDes) for the Years 2019–2023

Year	Actual Expenditure (Rp)	Budgeted Revenue (Rp)	Result (%)	Variance Criteria
2019	828,792,688	1,333,294,800	73.16%	Efficient
2020	1,134,552,780	1,099,078,797	103.22%	Not Efficient
2021	1,032,324,618	1,057,779,311	97.59%	Less Efficient
2022	1,085,276,074	1,107,436,265	97.99%	Less Efficient
2023	1,277,077,468	1,410,866,747	90.51%	Less Efficient

The criteria for analyzing spending efficiency are categorized as follows: inefficient if the efficiency percentage exceeds 100%, less efficient if it is in the range of 90%–100%, fairly efficient in the range of 80%–90%, efficient in the range of 60%–80%, and very efficient if it is less than 60%. Based on Table 4.8, the results of the expenditure efficiency calculations for Pulau Sugara Village, Barito Kuala Regency, during the years 2019–2023 tend to fall into the less efficient category. In 2019, expenditure efficiency was recorded at 73.16%, which falls into the efficient category. However, in 2020, there was a significant increase to 103.22%, which falls into the inefficient category. In 2021, the efficiency rate was 97.59%, in 2022 it was 97.99%, and in 2023 it was 90.51%, all of which fall into the inefficient category as the percentages are between 90% and 100%.

The increase in spending efficiency in 2020, which reached 103.22%, shows that village expenditures exceeded their income, thus categorizing them as inefficient. This was due to the high operational needs of the village government and the needs of the community that had to be met. During the period from 2021 to 2023, the average efficiency rate stood at 95.26%, indicating that village expenditures remained high and fell into the category of less efficient. One of the causes is the use of SiLPA (Budget Surplus) from the previous year for funding disaster management and health programs such as stunting prevention for infants and pregnant women, which was not fully utilized due to a decrease in the number of Beneficiary Families (KPM) during implementation. Thus, the financial performance of Pulau Sugara Village in terms of expenditure efficiency can be further analyzed through the graph presented in figure 6.

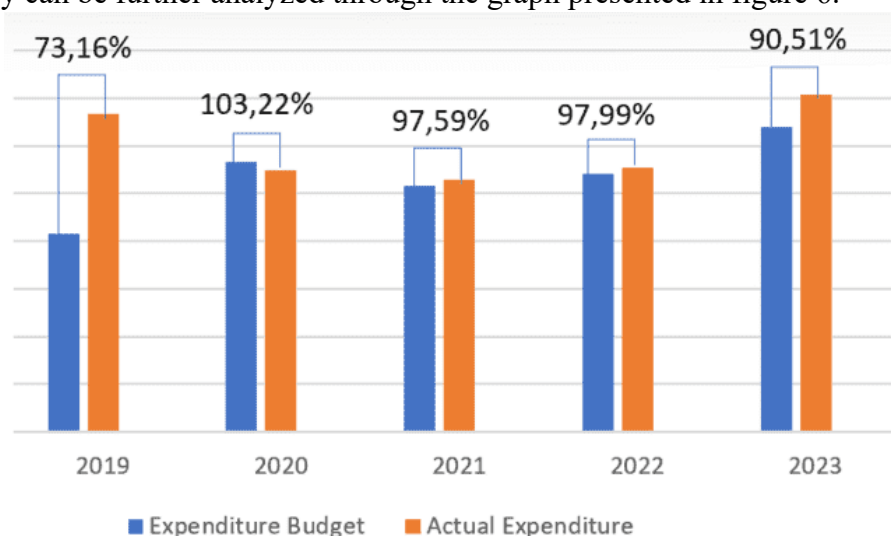


Figure 6. Efficiency Analysis

Through expenditure efficiency analysis, it can be determined to what extent village expenditure is comparable to the income received in a given budget period. The results of the expenditure efficiency analysis in Pulau Sugara Village show that the village's financial performance during 2019–2023 is still classified as inefficient to ineffective.

This is indicated by the imbalance in efficiency between expenditure realization and income earned. This imbalance reflects the village government's inability to optimize revenue from expenditures, so that budget efficiency has not been optimally achieved.

Overall, the average efficiency rate of Pulau Sugara Village spending over the last five years was 92.50%, which is categorized as inefficient. The high amount of expenditure incurred to generate revenue indicates that the village government has not been successful in effectively implementing budgetary savings principles. Therefore, in the future, it is hoped that the Pulau Sugara village government can reduce expenditure to better align with budgeted needs and increase efforts to optimize village revenue. This is important to improve the overall financial efficiency of the village and create better budget management.

5. Conclusion

Based on the results of the research conducted, it can be concluded that the management of Village Expenditure in Pulau Sugara Village during the period from 2019 to 2023 showed an average expenditure variance rate of 86.08%. This indicates that actual expenditure was lower than the allocated budget, suggesting efficiency in budget implementation, although it has not yet been fully optimized. In terms of expenditure growth, the village shows a consistent but relatively slow growth trend, with an average growth rate of 13.40% per year. This figure indicates ongoing efforts to increase spending in key sectors, although more strategic planning and budget allocation are still needed. In addition, the level of spending efficiency shows an average achievement of 92.50%, which indicates that there is still budget waste in several spending items. Therefore, it is necessary to evaluate and improve village financial management in order to increase overall efficiency. The findings of this study emphasize the importance of improving budget management, particularly in controlling expenditures and optimizing budget allocation. The implementation of routine internal audits and training for village officials on good financial management can serve as strategic initial steps to improve and strengthen the financial performance of Pulau Sugara Village in the future.

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