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Analysis of Financial Performance in Gulingan Village, Mengwi Subdistrict, Badung Regency

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Abstract. This study aims to analyze the financial performance of Gulingan Village, Mengwi Subdistrict, Badung Regency, by measuring financial ratios based on the 2023–2025 Village Revenue and Expenditure Budget Implementation Report (APBDes). The research method used is quantitative descriptive, with data sources consisting of budget implementation reports and interview results. The analysis was conducted using the self-reliance ratio, effectiveness ratio, efficiency ratio, activity ratio, and growth ratio. The results indicate that Gulingan Village's self-reliance ratio falls into the very low category, with a value of 0% in 2023 and 2024 and 6% in 2025, indicating a high level of dependence on government transfer funds. The effectiveness ratio showed fairly effective performance in 2023 (62%) and improved to effective in 2024 (100%) and 2025 (95%). The efficiency ratio fell into the efficient to highly efficient category with values of 78%, 71%, and 69%, respectively. The activity ratio indicates optimal allocation of operating expenditures and capital expenditures in the moderate category. Meanwhile, the revenue growth ratio fluctuates with negative growth in the 2022–2023 and 2024–2025 periods, while expenditure growth shows a high category in the 2022–2024 period and declines in the 2024–2025 period. Overall, the financial management of Gulingan Village has been effective and efficient; however, the village's financial self-reliance remains low, necessitating efforts to optimize Village Owned Revenue (PADes) to reduce dependence on transfer funds.

Keywords: effectiveness ratio; efficiency ratio; Gulingan Village; self-reliance ratio; Village Budget (APBDes); village financial performance

INTRODUCTION

Pursuant to Regulation of the Minister of Home Affairs No. 20 of 2018, a village is a legal community unit with defined territorial boundaries that has the authority to regulate and manage governmental affairs and the interests of the local community based on community initiatives, customary rights, and/or traditional rights that are recognized and respected within the system of government of the Republic of Indonesia. The exercise of

village authority is based on the village's inherent rights and is funded through the Village Revenue and Expenditure Budget (APBDesa). The budget is crucial for estimating the performance expected by the government. The Village Government allocates all forms of revenue, expenditures, and financing into the APBDesa for the administration of village governance over a one-year period. The budget managed by the village government is substantial, as it comprises several revenue sources, including Village Owned Revenue (PAD), Transfer Funds, and Other Revenues (Sholikhah and Khoiriawati, 2022). Performance refers to the outputs generated from programs or activities that have been or can be achieved, related to the utilization of funds based on adequate quality and quantity. Performance indicators, as outlined in Government Regulation No. 13 of 2019 on Regional Financial Management, encompass Input, Output, and Outcome (Government Regulation of the Republic of Indonesia No. 13 of 2019 on Regional Financial Management, 2019). Performance is a measure of the success of an individual or organization in allocating a budget to fund activities or initiatives with measurable quality and quantity to achieve pre-determined targets (Sholikhah and Khoiriawati, 2022).

Village financial performance can be defined as the village government's ability to allocate budgets to fund all activities or initiatives as part of governance, infrastructure development, and community empowerment. Financial performance enables the government to identify areas where efficiency and effectiveness can be improved. This may include identifying costs that can be reduced or developing strategies to increase revenue. One instrument that can be utilized to assess the performance of village government financial management is the Budget Implementation Report. Sabono & Sahusilawane (2024) note that the Budget Implementation Report serves as a means to provide open and transparent information to stakeholders, including the general public, regarding how public funds have been allocated and utilized by the government or public sector organizations. This also helps foster accountability in the management of public funds and verifies that their use aligns with established objectives. Measuring the effectiveness and efficiency of village government financial management is a key aspect in ensuring appropriate fund allocation and optimal utilization.

Stewardship Theory describes the village government (steward) as a public sector organization entrusted to represent the aspirations of the village community (principal), to manage and administer the village's resources, and to act in the public interest by carrying out its duties and functions appropriately. Stewardship Theory assumes a strong relationship between organizational success and stakeholder satisfaction (Anugeraheni and Yuniarta, 2022).

It is often found that village governments face challenging situations due to the low level of village autonomy and the limited number of village officials, which makes financial reporting accountability vulnerable. On the other hand, the effectiveness and efficiency of budget implementation are very high. Villages are able to utilize the budget and achieve their targets, though they remain dependent on the receipt of transfer funds to this day. Therefore, it is crucial to assess village performance in managing the budget and allocating village funds.

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One village that receives village fund allocations is Gulingan Village, Mengwi Subdistrict, Badung Regency. The village government has reported its budget and implementation annually in an open and transparent manner. The guideline used as a

reference for village fund accounting reporting by the Gulingan Village government is Ministry of Home Affairs Regulation No. 20 of 2018 on Village Financial Management. The Gulingan Village government submits a village fund accountability report to the Regent to secure village funding sources. Gulingan Village possesses significant economic potential due to its location in Mengwi Subdistrict, which is one of the areas with dynamic economic growth in Badung. Although there is potential in the management of village assets or business units (such as BUMDes), the realization of the Village Owned Enterprise (PADes) often fails to reach maximum targets or is unable to cover all routine operational needs of the village. This creates a phenomenon of high "fiscal dependence" on the State Budget (APBN) and village fund allocations (ADD) from the Badung Regency Government.

Based on the background described above, the author aims to assess the financial performance of Gulingan Village in Mengwi Subdistrict, Badung Regency, using the Village Revenue and Expenditure Budget Realization Report for the years 2023–2025. This study is expected to provide insights and recommendations for local and central governments in evaluating and overseeing the management of village funds.

METHOD

This study employs a quantitative descriptive method. According to Sugiyono (2018:20), "Quantitative descriptive research analysis is used to analyze data by describing or portraying the collected data as it is, without intending to draw conclusions that apply universally or to make generalizations." The data sources used in this study are primary data and secondary data. Primary data is information obtained directly from the original source. In this study, primary data consists of interview results. Meanwhile, secondary data refers to information that already exists, is available, or has been previously collected by others. The secondary data in this study is the Report on the Implementation of the Revenue and Expenditure Budget of Gulingan Village for the 2023–2025 fiscal years.

The data collection techniques used in this study are interviews and documentation. The data analysis used is qualitative analysis to explain the results of the regional financial ratio calculations and to explain the causes of the increase or decrease in these ratios.

The ratios used to assess village financial performance in this study are:

The village autonomy ratio indicates the degree of a region's dependence on external assistance (primarily from the central and provincial governments); the lower the ratio, the greater the autonomy, and vice versa. The self-reliance ratio reflects a region's financial autonomy, which is closely tied to the size of its own-source revenue (PAD), compared to revenue from other sources (Yuesti et al., 2025). The Central Assistance or Total Transfer Revenue component consists of village funds (DD), village fund allocations (ADD), the Share of Local Taxes and Levies (BHPR), and financial assistance from the province/regency. The following is the formula for calculating the village self-reliance ratio:

$$\text{Autonomy Ratio} = \text{Village Own-Source Revenue} / \text{Total Transfer Revenue} \times 100\%$$

Table 1. Financial Capacity Criteria

Financial Capacity	Financial Independence (%)
Very Low	**0%-25%**
Low	**25%-50%**
Moderate	**50%-75%**
High	**75%-100%**

The Effectiveness Ratio is a metric used to assess the extent to which a village succeeds in achieving its objectives and desired outcomes. The effectiveness ratio helps measure the extent to which the resources utilized by the village are converted into desired outcomes (Sabono & Sahusilawane, 2024). The following is the formula for calculating the effectiveness ratio.

Effectiveness ratio = ADD Realization / ADD Budget x 100%

Table 2. Effectiveness Level Criteria

Financial Performance Percentage (%)	Criteria
Di atas 100	Very effective
100	Effective
90-99	Fairly effective
75-89	Less effective
Di bawah 75	Ineffective

Source: Yuesti et al., (2025)

The Efficiency Ratio is a ratio used to assess the extent to which a village uses resources efficiently to produce specific outputs or achievements (Sabono & Sahusilawane, 2024). The following is the formula for calculating the efficiency ratio.

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

Table 3. Efficiency Level Criteria

Financial Performance Percentage (%)	Criteria
Di atas 100	Inefficient
100	Less efficient
90-99	Fairly efficient
75-89	Efficient
Di bawah 75	Highly efficient

Source: Yuesti et al., (2025)

The Activity Ratio is a measure that indicates the extent to which a village government is able to prioritize its budget allocation between routine/operational expenditures and capital expenditures, thereby ensuring optimal utilization of funds. The higher the percentage of funds allocated to routine expenditures, the smaller the percentage of investment expenditures (development expenditures) used to provide economic facilities and infrastructure for the community tends to be (Yuesti et al., 2025). To calculate the Activity Ratio, the following formula can be used:

Operating Expenditure Ratio = Total Operating Expenditures / Total Regional (Village) Expenditures × 100% x 100%

Table 4. Criteria for Evaluating Operational Expenditures

Operational Expenditure Criteria	Percentage of Operational Expenditures (%)
Good	**Dibawah 40%**
Fairly Good	**40%-80%**
Poor	**80%-100%**

Capital Expenditure Ratio = Total Capital Expenditure / Total Local Expenditure (Village) x 100%

Table 5. Capital Expenditure Assessment Criteria

Capital Expenditure Criteria	Capital Expenditure Percentage (%)
Poor	**80%-100%**
Fair	**40%-80%**
Good	**Dibawah 40%**

The Growth Ratio is useful for determining whether the village government, in the relevant fiscal year or over several fiscal periods, has experienced positive or negative growth in revenue or expenditure (Yuesti et al., 2025). The calculation formula is as follows:

Revenue Growth Ratio = (Actual ADD Revenue for Year Xn – Revenue for Year Xn-1) / Actual ADD Revenue for Year Xn-1 x 100%

Expenditure Growth Ratio = (Actual ADD Expenditures in Year X – Expenditures in Year X-1) / Actual ADD Expenditures in Year X-1 x 100%

Notes:

Xn = Current year

Xn-1 = Previous year

Table 6. Growth Ratio Assessment Criteria

Ratio Value	Criteria
0-25%	**Low**
25%-50%	**Moderate**
50%-100%	**High**

Source: Sholeh (2016)

RESULT AND DISCUSSION

Data Analysis Results

This study utilized financial report data on the Village Fund Allocation (ADD) from the Gulingan Village Government's Village Revenue and Expenditure Budget Implementation Report (APBDesa) for the years 2023–2025. The findings based on the analysis conducted are outlined as follows:

Self-Reliance Ratio

Calculation of the Self-Reliance Ratio for Gulingan Village, Mengwi Subdistrict, Badung Regency for 2023–2025:

Table 7. Self-Reliance Ratio Results

Year	Village Owned Revenue (PADes)	Total Transfer Revenue	Self-Reliance Ratio	Notes
2023	Rp 17,575,756.38	Rp39,389,537,192.00	0%	Very low
2024	Rp 175,641,971.94	Rp66,474,784,428.00	0%	Very low
2025	Rp 1,584,658,237.00	Rp24,705,162,714.00	6%	Very low

Based on the results in Table 7 above, the village falls into the very low category from 2023 to 2025. This self-reliance ratio calculates the amount of Village Owned Revenue (PADes) relative to Total Transfer Revenue, which consists of Village Funds, Village Fund Allocations, a share of local tax revenue, provincial financial assistance, and regency financial assistance.

Effectiveness Ratio

The calculation of the Effectiveness Ratio for the Gulingan Village Office, Mengwi Subdistrict, Badung Regency for 2023–2025 is presented in Table 8.

Table 8. Effectiveness Ratio Results

Year	ADD Revenue Budget	ADD Revenue Realization	Effectiveness Ratio	Remarks

2023	Rp 1,064,688,794.00	Rp 659,200,295.00	62%	Fairly effective
2024	Rp 1,622,256,807.00	Rp 1,622,256,809.00	100%	Effective
2025	Rp 1,353,503,194.00	Rp 1,288,235,312.00	95%	Effective

As shown in Table 8 above, the results of the financial effectiveness ratio calculations for Gulingan Village for the years 2023–2025 differ. Specifically, the year 2023 was relatively ineffective, achieving only 62%, and became more effective in 2024 and 2025.

Efficiency Ratio

Next, the efficiency ratio is a ratio that illustrates the comparison between the amount of costs incurred in generating revenue and the actual revenue received (Anugeraheni and Yuniarta, 2022). The following are the results of the Efficiency Ratio calculations in Table 9:

Table 9. Efficiency Ratio Results

Year	Budgeted Expenditures	Actual Expenditures	Efficiency Ratio	Notes
2023	Rp 43,897,039,914.58	Rp 34,185,931,924.09	78%	Efficient
2024	Rp 84,232,309,420.26	Rp 60,014,491,481.22	71%	Efficient
2025	Rp 51,209,047,105.74	Rp 35,161,802,825.39	69%	Highly Efficient

The results of the efficiency ratio analysis for 2023–2025 indicate that Gulingan Village used its budget efficiently and very efficiently in 2025.

Activity Ratio

The results of the Activity Ratio calculation for operating expenditures at the Gulingan Village Office, Mengwi Subdistrict, Badung Regency, for the years 2023–2025 are presented in Table 10below:

Table 10. Activity Ratio Results (Operating Expenditures)

Year	Total Operating Expenditures	Total Village Expenditures	Operating Expenditure Ratio	Notes
2023	Rp 6,413,970,950.54	Rp 34,185,931,924.09	19%	Optimal
2024	Rp 20,434,316,213.51	Rp 60,014,491,481.22	34%	Optimal
2025	Rp 12,207,593,596.80	Rp 35,161,802,825.39	35%	Optimal

Gulingan Village's operational expenditures are formulated in the Village Budget (APBDes) in compliance with the 30% proportion of total village expenditures, which includes personnel expenditure items (fixed income and allowances) for funding the Village Head, Village Officials, and Staff; allowances and operational expenses for the Village Consultative Body, village government operations (expenditures on goods and services and honoraria for activity implementers); as well as social security for the village head and officials. The results in Table 7 indicate the village's optimal efforts in utilizing the operational expenditure budget from year to year. Furthermore, the results of the activity ratio assessment for capital expenditures can be seen in the following Table 11:

Table 11. Activity Ratio Results (Capital Expenditures)

Year	Total Operational Expenditures	Total Village Expenditures	Capital Expenditure Ratio	Notes
2023	Rp 7,758,927,768.20	Rp 34,185,931,924.09	23%	Moderate
2024	Rp 7,308,406,674.84	Rp 60,014,491,481.22	12%	Moderate
2025	Rp 10,227,211,772.00	Rp 35,161,802,825.39	29%	Moderate

Village capital expenditures are budget allocations for the acquisition or construction of fixed assets, typically allocated for physical infrastructure development, equipment procurement, or village equity investments. All capital expenditure must be approved through the village development planning meeting in accordance with applicable regulations on village financial management. Table 11 indicates that village capital expenditure falls into the moderate category.

Growth Ratio

The results of the growth ratio calculations are divided into revenue growth and expenditure growth ratios, as presented in Tables 12 and 13.

Table 12. Growth Ratio Results (Revenue Growth)

Year	Revenue Realization	Revenue Realization	Revenue Growth Ratio	Remarks
2022-2023	Rp 979,045,165.00	Rp 659,200,295.00	-32.67%	Very poor
2023-2024	Rp 659,200,295.00	Rp 1,622,256,809.00	146.09%	Good
2024-2025	Rp 1,622,256,809.00	Rp 1,288,235,312.00	-20.59%	Very poor

Table 13. Growth Ratio Results (Expenditure Growth)

Year	Total Operating Expenditures	Total Village Expenditures	Expenditure Growth Ratio	Notes
2022-2023	Rp 10,426,941,135.00	Rp 34,185,931,924.09	227.86%	High
2023-2024	Rp 34,185,931,924.09	Rp 60,014,491,481.22	75.55%	High
2024-2025	Rp 60,014,491,481.22	Rp 35,161,802,825.39	-41.41%	Low

The results in Table 9 indicate that the revenue growth ratio for 2022–2023 was very poor, for 2023–2024 it was in the good category, and for 2024–2025 it returned to the very poor category. Meanwhile, the results of the expenditure growth ratio in Table 10 show that the 2022–2024 period falls into the high category, while the 2024–2025 period can be categorized as having low expenditure growth.

Discussion

The results of the financial ratio analysis indicate that Gulingan Village, as evidenced by its budget implementation reports for 2022–2024, has made efforts to effectively utilize its budget. Gulingan Village's financial self-reliance ratio stood at 0% for 2023–2024 and is projected to reach 6% in 2025. These figures are still classified as very low. The village has not yet been able to demonstrate self-reliance in generating its own revenue and still relies on transfer funds. This reality is still faced by the majority of villages.

The results of the calculation of Gulingan Village's financial effectiveness ratio for 2023–2025 vary. In 2023, it was fairly effective, reaching only 62%, and became more effective in 2024 and 2025. In this regard, Gulingan Village has been able to manage its finances effectively for various activity purposes in accordance with the established budget.

The results of the efficiency ratio analysis for 2023–2025 indicate that Gulingan Village utilized its expenditure budget efficiently and very efficiently in 2025. Funds spent on village needs were utilized efficiently to improve the welfare of the village community.

Gulingan Village has made optimal efforts in utilizing the operational expenditure budget from 2023 to 2025. Operational expenditure consists of routine expenditures to support village services for the community. Meanwhile, the village's capital expenditure falls into the moderate category. This means the village has utilized funds to support infrastructure, the procurement of equipment, and/or capital contributions for the village.

The revenue growth ratio for 2022–2023 was very poor, for 2023–2024 it was in the good category, and for 2024–2025 it returned to the very poor category. This situation

likely occurred because 2022 was the post-pandemic period, which also impacted budget efficiency and the use of funds for post-pandemic economic recovery. Meanwhile, the expenditure growth ratio for 2022–2024 falls into the high category, and for 2024–2025, the expenditure growth rate can be categorized as low.

The findings of this study indicate that Gulingan Village has generally demonstrated sound financial management practices, as reflected in its effectiveness and efficiency in budget utilization during the observation period. The village was able to allocate available financial resources to support operational activities, public services, and community development programs in accordance with planned objectives. However, despite these positive achievements, the level of financial independence remained very low, indicating continued reliance on transfer funds as the primary source of revenue. This finding suggests that effective budget management and fiscal independence do not necessarily develop at the same pace. While Gulingan Village has shown its capacity to manage public funds responsibly, strengthening locally generated revenue remains essential for achieving greater financial sustainability and reducing dependence on external funding sources.

Research Gaps And Future Research Directions

This study pertains to the financial management of village funds, aiming to address the challenges faced by every village government. Each financial performance ratio indicates that the village has faced significant challenges. Furthermore, the gap between theory, methodology, and empirical scope is clearly evident. Several villages within a single region can be used to address these gaps. Future research could expand the selection of research locations and measure the level of village financial performance over a specific period. This is intended to enable the conclusion and comparison of performance across villages in various regions of Indonesia.

CONCLUSION

The financial performance of Gulingan Village, based on the analysis of the self-reliance ratio, effectiveness ratio, efficiency ratio, activity ratio, and growth ratio for the years 2022–2025, demonstrates that the village government continues to face these challenges. The self-reliance ratio remains in the very low category. This indicates that the village still relies on transfer funds to carry out activities within the village. Meanwhile, the effectiveness and efficiency ratios meet the criteria for being effective and efficient in budget absorption. The village manages routine operational activities and capital expenditures well. Operational activities and expenditures have been agreed upon in accordance with the results of joint deliberations and have been established in accordance with applicable regulations. The village has experienced poor revenue growth, while expenditure growth has increased significantly. This may be influenced by economic conditions, under which the village prioritizes funds for post-pandemic recovery and supports village welfare.

Based on the above conclusions, it is hoped that the findings of this study can provide input to the village in its efforts to improve financial performance. Specifically, the village government must seek solutions regarding what financial strategies can be implemented and, as much as possible, optimize the resources available in the village that could help increase the village's revenue budget. This way, in the future, the village will not solely rely on transfer payments, village fund allocations, and government assistance. The Gulingan Village Government is also expected to further reduce village expenditures, particularly operational expenses, to prevent budget waste. In this way, the Gulingan Village Government can optimize the revenue received while keeping expenditures from

becoming excessive.

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