Analysis of Financial Performance of the Regional Government of Kutai Barat Regency, Indonesia

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ARTICLE INFO	ABSTRACT
Published Online: **16 December 2024** **Corresponding Author:** **Margareta Cica**	The purpose of this study is to evaluate the Kutai Barat Regency regional government's financial performance. The study was conducted at the Kutai Barat Regency's Regional Revenue Agency Office in Indonesia's East Kalimantan Province. Quantitative descriptive analysis is the method employed. The following are the findings of this study: Between 2014 and 2023, there were variations in the rise of regional original income in Kutai Barat Regency, East Kalimantan Province, Indonesia. From 2014 to 2023, Kutai Barat Regency's Original Regional Income had an average effectiveness of 88.62%, falling into the category of being fairly effective. The original regional income of Kutai Barat Regency has a fluctuating elasticity ratio. By comparing tax revenues and targeted taxes, the tax ratio of Kutai Barat Regency demonstrates a state of ineffectiveness and fluctuation between 2014 and 2023. Between 2014 and 2023, the average efficiency ratio was 95.89, falling into the efficient category. The average level of financial independence in the Kutai Barat area was 6.15%, which is quite low. It is possible to suggest that regional governments enhance regional original income by raising tax revenues and other retributions, as well as by making the best use of their current resources.

1. INTRODUCTION

According to the 1945 legislation, it is the duty of the Indonesian government to create a fair and thriving society. In order to do this, community services and regional development are equally necessary, and this is accomplished through a process of ongoing advancement and development. Since the regional administration is aware of the conditions in each region, the central government of Indonesia granted each region the flexibility to explore its own potential when regional autonomy was implemented on January 1, 2001.

In order to finance the administration of their regional government, autonomous regions must make use of their authority and power to manage their own financial resources by processing and using their regions' potential to improve regional finances. According to Government Regulation *(PP)* No. 105 of 2000, the government has the authority to control regional financial management in the hopes that there will be greater accountability and balance in allocating power, providing funding, and establishing a stronger financial management system before regional autonomy is implemented. Because of this, the regional government creates the budget for regional revenue and expenses and allocates and implements it.

A region's progress will be influenced by its financial management performance. Economic growth can be promoted by regional financial management that is done economically, effectively, and efficiently, or by meeting the needs of accountability, justice, transportation, and participation. Regional financial ratio analysis, which is the foundation of performance measurement and the management concept of government organisations to guarantee public accountability is carried out by government institutions to the wider society, is one of the performance measurement instruments. Assessing regional financial capability and responsibility in the implementation of regional autonomy is another purpose for measuring financial performance in regional administrations. Regional governments must increase regional financial independence in order to enact fiscal decentralisation and regional autonomy. Local governments are therefore forced to concentrate on income management and regional revenue analysis.

Since there are numerous tax variations, regional taxes must be managed professionally and realistically in the context of optimisation and efforts to increase contribution to local original income. As a result, regional taxes were a component of local original income, which has quite large and very good prospects for development. *BUMD* Profit Shares, Regional Taxes, Regional Levies, and other lawful *PADs* are the four (four) components of Original Regional Income.

Regional original income, hereinafter referred to as *PAD*, is revenue obtained by a region from regional sources within its own territory that is collected based on regional regulations in accordance with applicable regional regulations or laws. [1, (2)]. Revenue originating from sources inside its own region is referred to as regional original income (*PAD*). The region's financial capacity to carry out regional development operations increases with the involvement of PAD in the regional financial system. The majority of regional governments' funding for issues pertaining to the implementation of regional autonomy comes from original regional income.

[(3), (4)]. Regional original income (*PAD*) comes from income, namely regional taxes, regional levies, results of separated wealth management, and other legitimate regional original income [(3)].

In order to lessen reliance on the federal government, regional governments work to become more financially independent. According to Mardiasmo, regional administrations must be granted autonomy and flexibility in order to lessen their reliance on federal money. The calculation of the region's actual prospective regional tax income is a crucial step in raising regional tax revenue since it shows how the region's tax capacity will grow. In essence, increasing tax capacity means optimising local revenue streams [(5)]. A positive trend in the growth of local original revenue was anticipated. On the other hand, negative growth signifies a decline in income, and it is necessary to determine whether this decline is the result of economic causes or something outside the local government's control. It is anticipated that regional income growth will match the rate of inflation [(6)]. Therefore, the effectiveness of local original income is a major concern. The criteria for measuring the level of effectiveness of Original Regional Revenue revenue can be seen in Table 1.

Table 1: Criteria for measuring the level of effectiveness of *PAD*

Financial Performance Percentage	Criteria
> 100%	Very Effective
90% - 100%	Effective
80% - 90%	Quite Effective
60% - 80%	Less Effective
< 60%	Ineffective

Source: Minister of Home Affairs Decree Number 690,900,327 of 1996

Studies on regional financial performance that look at regional financial management from the perspectives of original regional income growth, original regional revenue effectiveness, tax ratios, and original regional income efficiency. investigated by [(7), (8), (9), (10)]. The researchers' objective was to examine the financial performance of the regional government in East Kalimantan Province, Indonesia's Kutai Barat Regency.

2. RESEARCH METHODOLOGY

This study employs secondary data and a quantitative descriptive methodology. Secondary data is gathered from sources such as literature and paperwork that might aid in study [(11)]. Time series data for ten years of Original Regional Income and Budget Realisation Data for the 2014–2023 period serve as the secondary data sources for this study.

Regional financial ratio analysis is the data analysis method employed in this study. This includes determining the original regional income's tax ratio, elasticity, effectiveness, and real growth rate respectively. The data analysis methods employed in this study are as follows:

1. Growth in real revenue from Regional Original Income (*PAD*)
   One of the metrics used to assess the effectiveness of Regional Original Income (*PAD*) management is the increase in real revenue from *PAD*. The following is the Regional Original Income (*PAD*) growth formula:

$$G = \frac{PAD_t - PAD_{t-1}}{PAD_{t-1}} \times 100\%$$

   Information:
   G: Growth Rate
   PADt: Total *PAD* for the current year
   PADt-1: Total *PAD* for the previous year

2. Effectiveness Ratio
   The effectiveness ratio displays how well regional administrations are able to achieve projected Regional Original Income (*PAD*) in relation to goals established based on the region's actual potential. The formula for this ratio is as follows:

$$Rasio\ Efektivitas\ PAD = \frac{Realisasi\ Penerimaan\ PAD}{Target\ PAD} \times 100\%$$

3. Elasticity Ratio
   One response or influence that emerges in this Regional Original Income (*PAD*) revenue is its degree of elasticity. The formula for this ratio is as follows:

$$Rasio\ Elastisitas\ PAD = \frac{Pertumbuhan\ Ekonomi}{Pertumbuhan\ Penerimaan\ PAD}$$

Based on these calculations, if the result is >1 then it is

classified as elastic and if the result is <1 then it is classified as inelastic.

4. Tax ratio

A comparison of the gross domestic product (*GRDP*) and tax amount for the same year is called a tax ratio. This is how the tax ratio is calculated:
:

$$Tax \ Rasio = \frac{Penerimaan \ Pajak \ Daerah}{PDRB} \times 100\%$$

Additionally, a comparison method between the tax received and the desired tax is used to compute the tax ratio using a formula:

$$Tax \ Rasio = \frac{Penerimaan \ Pajak \ Daerah}{Pajak \ yang \ ditargetkan} \times 100\%$$

If the number or results are around 100% or even more than 100%, it might be considered favourable because the tax ratio also considers the trend of tax revenue, which is one of the *PAD* revenues.

5. Efficiency ratio

Budget efficiency is defined as the management of local original income. Kutai Barat Regency, East Kalimantan, and other regional governments are required by the government to be efficient. The following formula is used to determine the efficiency ratio:

$$Rasio \ efisiensi = \frac{Realisasi \ Belanja \ Daerah}{Realisai \ Pendapatan \ Daerah} \times 100\%$$

3. RESULT AND DISCUSSION

3.1 Analysis of real revenue growth in Regional Original Income (*PAD*)

One of the metrics used to assess the effectiveness of Regional Original Income (*PAD*) management is the increase in real revenue from *PAD*. Table 2 displays the findings of the Regional Original Income (*PAD*) growth calculation.

Table 2: Kutai Barat Regency *PAD* Growth Rate 2014-2023

No.	Year	AMOUNT OF *PAD* (Rp)	*PAD* Growth Rate %
0	2013	88 616 089 135.38	
1	2014	106 477 282 476.50	20.16
2	2015	83 297 356 154.48	-21.77
3	2016	82 989 130 200.67	-0.37
4	2017	126 969 695 823.97	53.00
5	2018	117 988 183 587.60	-7.07
6	2019	168 902 477 488.33	43.15
7	2020	147 275 502 020.04	-12.80
8	2021	142 436 790 475.22	-3.29
9	2022	165 620 384 539.90	16.28
10	2023	190 545 532 040.21	15.05

Source: Processed by researchers, 2024

The rate of income increase indicates the success of regional development. It is always anticipated that economic growth will increase annually. The regional economy will benefit variations in *PAD* growth.

from increased economic growth, which will also advance the welfare of the community. Table 2 and Figure 1 both demonstrate that there have been
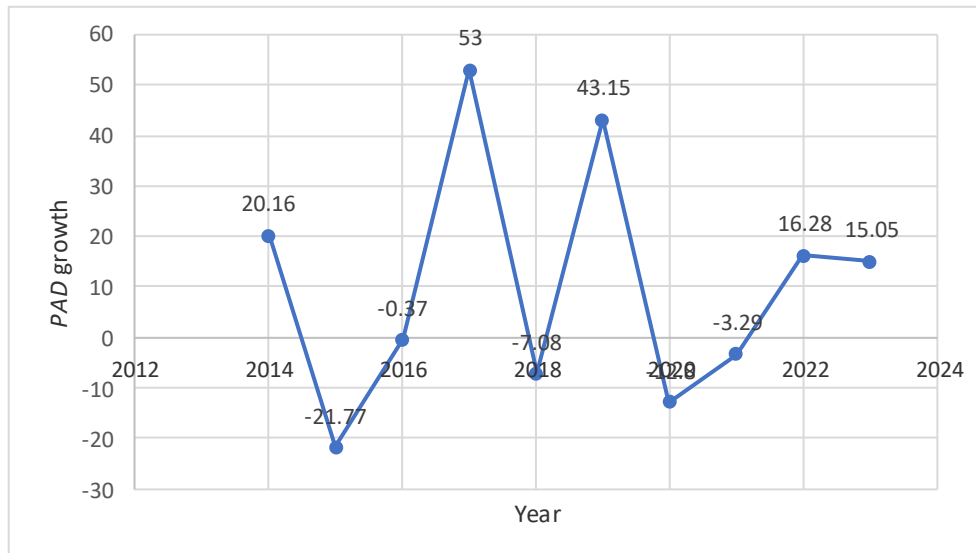
Figure 1: Kutai Barat PAD growth rate, 2014-2023
Source: Data processed by researchers, 2024

The Kutai Barat Regency's economic health and the degree to which the government has been successful in raising the standard of living for its citizens can be gauged by the increase of local original income (*PAD*). In order to continue increasing regional original income while adhering to applicable rules, the West Kutai Regency government must be able to finance itself independently as part of its regional autonomy. The outcomes of the investigation are consistent with the findings of this study [4, 8, 9].

3.2 Effectiveness Ratio Analysis

The effectiveness ratio displays how well regional administrations are able to achieve projected Regional Original Income (*PAD*) in relation to goals established based on the region's actual potential. Table 3 displays the effectiveness ratio computation findings.

Table 3: Kutai Barat Regency *PAD* Effectiveness Ratio 2014-2023

No.	Year	Realization of *PAD* Revenue *(Rp)*	Target PAD *(Rp)*	*PAD* Effectiveness Ratio (%)	Criteria
1	2014	106 477 282 476.50	100 192 488 408	106.27	Very effective
2	2015	83 297 356 154.48	149 461 514 141	55.73	Ineffective
3	2016	82 989 130 200.67	119 196 512 565	69.62	Less effective
4	2017	126 969 695 823.97	157 907 294 945	80.41	Quite effective
5	2018	117 988 183 587.60	166 062 365 070	71.05	Quite effective
6	2019	168 902 477 488.33	133 162 244 525	126.84	Very effective
7	2020	147.275.502.020,04	133 060 705 940	110.68	Very effective
8	2021	142 436 790 475.22	113 995 599 666	124.95	Very effective
9	2022	165 620 384 539.90	241 148 942 161	68.68	Less effective
10	2023	190 545 532 040.21	189 412 032 998	100.60	Very effective
	Average	133 250 233 480.69	150 359 970 042	88.62	Quite effective

Source: Data processed by researchers, 2024

The ability of the Kutai Barat Regency region to realise regional income is demonstrated by the effectiveness of original regional income. This realisation takes the form of realising regional income through regional tax targets that are targeted based on regional potential. Based on Table 3. The average level of effectiveness of Kutai Barat Regency's *PAD* in 2014–2023 is 88.62%, which means that in general Kutai Barat Regency's *PAD* is quite effective. Based on the

data in the table, it is known that the effectiveness value of *PAD* for Kutai Barat Regency fluctuates. It can be seen that in 2015 the *PAD* effectiveness value was the smallest at 55.73%, which means that *PAD* was not effective. The largest figure was in 2019 with a value of 126.84%, which means that *PAD* is very effective. Based on Table 3, it can also be presented in graphic form as in Figure 2.
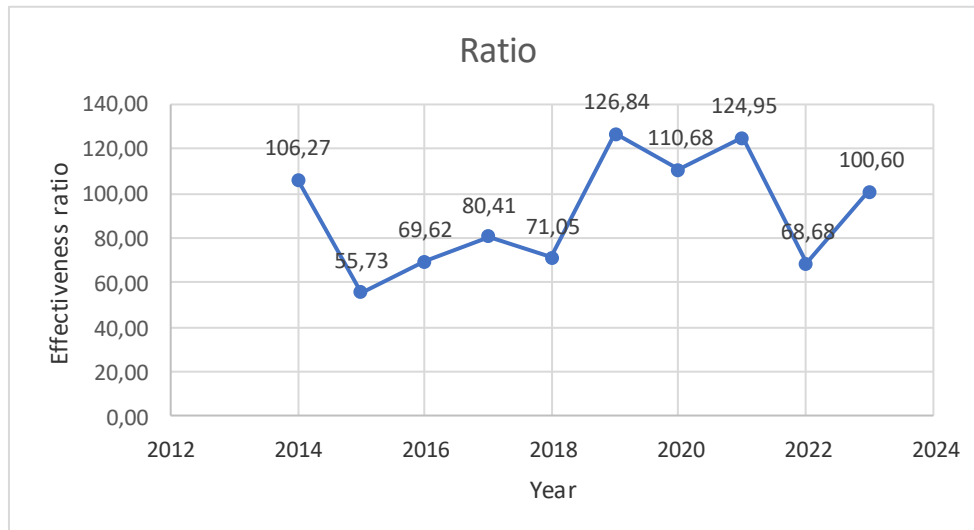
Figure 2: Kutai Barat Regency effectiveness ratio 2014-2023
Source: Data processed by researchers, 2024

The study's conclusions are consistent with Fahriza & Riswati's research, which found that PAD is very successful [12]. The findings of Karenina et al.'s study, which found that *PAD* was highly successful, differ from those of this investigation [13].

3.4 Elasticity Ratio Analysis

One response or influence that emerges in this Regional Original Income (*PAD*) revenue is its degree of elasticity. Table 4 displays the findings of the elasticity ratio computation. According to the results of the computation, it is said to be inelastic if the result is less than one, and elastic if the result is greater than one.

Economic theory debates frequently touch on elasticity, particularly when it comes to shifts in the cost of an item or service from both the supply and demand sides. Elastic, unitary, and inelastic are the three types of elasticity. If price changes in relation to demand are positive, it is considered to be elastic. If the price change in relation to demand is zero, it is referred to as unitary. If there is a negative change in price in relation to demand, it is considered inelastic. Economic growth and *PAD* revenue growth are compared to determine the *PAD* elasticity ratio. According to the criteria, a result is categorised as elastic if it is greater than one and as inelastic if it is less than one. The graph shown in Figure 3 displays Table 4.

Table 4: Kutai Barat (*KUBAR*)Regency *PAD* Elasticity Ratio, 2014-2023

No.	Year	KUBAR APBD or GRDP (Rp)	Growth of the KUBAR APBD or GRDP	PAD Receipts (Rp)	Growth in PAD Revenue	PAD Elasticity Ratio
0	2013	2 254 580 000 000		71 929 287 251.82		
1	2014	1 788 500 000 000	-20.67	106 477 282 476.50	48.03	-0.43
2	2015	2 061 580 000 000	15.27	83 297 356 154.48	-21.77	-0.70
3	2016	1 847 070 000 000	-10.41	82 989 130 200.67	-0.37	28.12
4	2017	1 674 630 000 000	-9.34	16 969 695 823.97	53.00	-0.18
5	2018	2 010 350 000 000	20.05	117 988 183 587.60	-7.07	-2.83
6	2019	2 560 430 000 000	27.36	168 902 477 488.33	43.15	0.63
7	2020	2 219 430 000 000	-13.32	147 275 502 020.04	-12.80	1.04
8	2021	1 973 320 000 000	-11.09	142 436 790 475.22	-3.29	3.38
9	2022	2 786 960 000 000	41.23	165 620 384 539.90	16.28	2.53
10	2023	2 643 330 000 000	-5.15	190 545 532 040.21	15.05	-0.34

Source: Data processed by researchers, 2024

Table 4 shows that Kutai Barat Regency's economic growth (*APBD* Growth) varies between 2014 and 2023. Similarly, there are fluctuations in the increase of the Regional Original Income (*PAD*) of Kutai Barat Regency. Kutai Barat

Regency's *PAD* elasticity ratio varies, as seen in Table 4 (Figure 3). The *PAD* elasticity ratio rose between 2018 and 2021 and experienced a decline between 2021 and 2023. Kutai Barat Regency *PAD's* elasticity falls under the elastic

category for the years 2019–2022 and 2016. This implies that a one percent change in *GRDP* will cause a one percent

change in *PAD*. The results of this study are consistent with those of Fabriana's investigation [14].
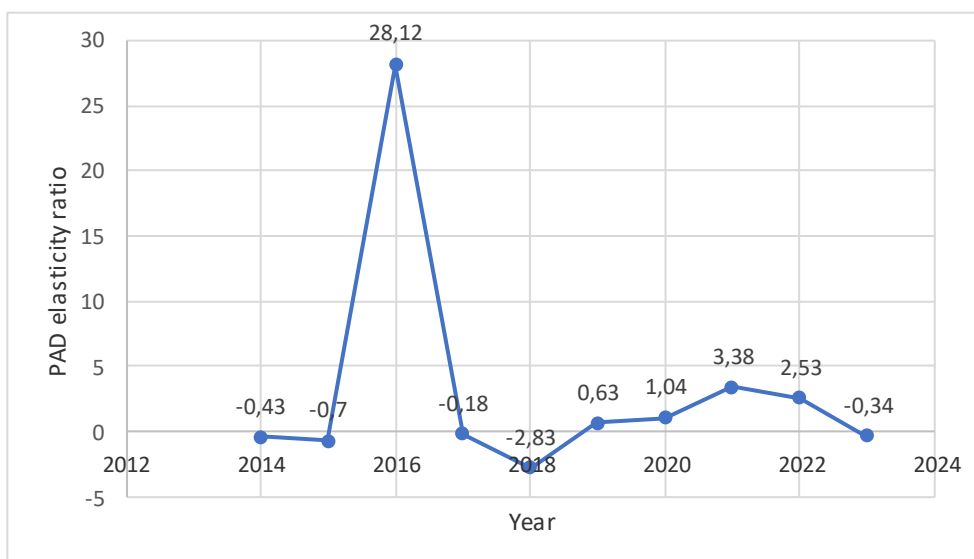

Figure 3: *PAD* Elasticity Ratio
Source: Processed by researchers, 2024

3.5 Tax ratio analysis

Tax revenues and *GRDP* are compared, as are taxes received and the tax targets established, in order to calculate the tax ratio. A comparison of the gross domestic product

and tax amount for the same year is called a tax ratio. Table 5 displays the outcomes of the tax ratio computation.

Table 5: Tax ratio approach compares tax revenues with Kutai Barat (KUBAR) Regency GRDP, 2014-2023

No.	Year	Regional Tax Revenue *(Rp)*	KUBAR GRDP *(RP)*	Tax Ratio PAD (%)	Criteria
1	2014	43 199 234 706.89	1 788 500 000 000	5.95	Ineffective
2	2015	15 673 952 066.01	2 061 580 000 000	4.04	Ineffective
3	2016	15 648 314 464.98	1 847 070 000 000	4.49	Ineffective
4	2017	36 097 154 408.45	1 674 630 000 000	7.58	Ineffective
5	2018	21 603 826 075.93	2 010 350 000 000	5.87	Ineffective
6	2019	43 198 181 703.67	2 560 430 000 000	6.60	Ineffective
7	2020	52 944 613 731.99	2 219 430 000 000	6.64	Ineffective
8	2021	34 890 203 224.33	1 973 320 000 000	7.22	Ineffective
9	2022	33 422 973 239.53	2 786 960 000 000	5.94	Ineffective
10	2023	31 597 849 827.15	2 643 330 000 000	7.21	Ineffective

Source: Processed by researchers, 2024

The findings are shown in Table 6 and are based on the method of comparing tax revenues with targeted taxes. Since the tax ratio also considers the trend of tax revenues,

one of which is *PAD* revenues, it can be considered favourable if the results or figures are near or even above 100%.

Table 6: Tax ratio based on the comparison of tax revenues with tax targets, 2014-2024

No.	Year	Regional Tax Revenue *(Rp)*	Tax Target *(Rp)*	Effectiveness (%)	Criteria
1	2014	43 199 234 706.89	29 133 849 967.00	148.28	Very effective
2	2015	15 673 952 066.01	39 269 858 215.00	39.91	Ineffective
3	2016	15 648 314 464.98	32 329 316 418.00	48.40	Ineffective

4	2017	36 097 154 408.45	29 610 000 000.00	121.91	Very effective
5	2018	21 603 826 075.93	18 040 000 000.00	119.76	Very effective
6	2019	43 198 181 703.67	34 940 000 000.00	123.64	Very effective
7	2020	52 944 613 731.99	35 899 301 769.00	147.48	Very effective
8	2021	34 890 203 224.33	30 286 760 000.00	115.20	Very effective
9	2022	33 422 973 239.53	53 284 867 752.00	62.73	Ineffective
10	2023	31 597 849 827.15	31 136 319 422.00	101.48	Very effective

Source: Processed by researchers, 2024

The tax revenue approach to GRDP and the tax received approach to the predetermined tax target were used to assess the tax ratio. The regional tax revenue to *GDP* ratio multiplied by 100 is known as the tax ratio. Since tax money is one of the *PAD* sources, a high tax value must be obtained in order to boost *PAD* revenues. The tax ratio of Kutai Barat Regency fluctuated between 2014 and 2023, according to the computation findings in Table 5 and Figure 4. In 2015, the tax ratio was at its lowest (4.04%), and in 2017, it was at its highest (7.58%).
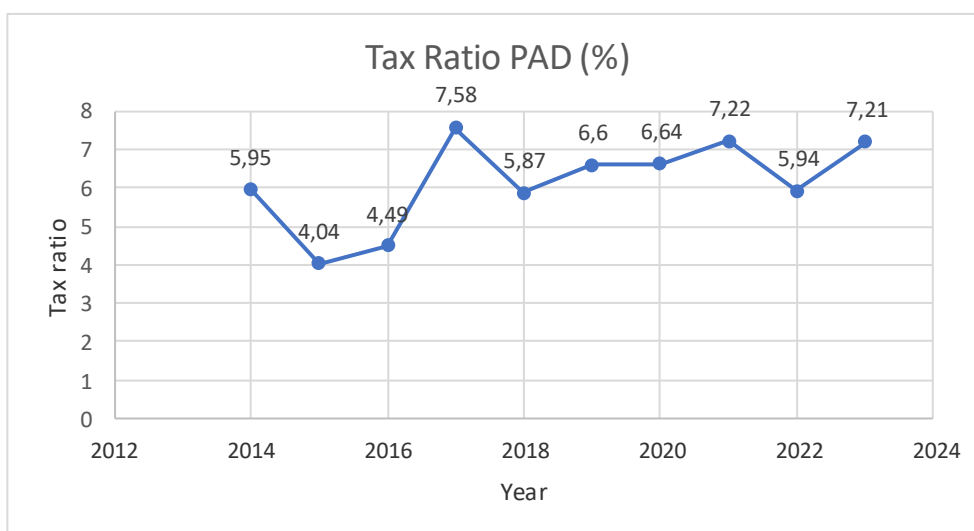

Figure 4: Kutai Barat Regency's tax ratio is based on a comparison of tax revenue with GRDP, 2014-2023
Source: Processed by researchers, 2024

For the tax ratio, the comparison approach between tax received and targeted tax is as shown in Table 6 and also depicted in Figure 5. The tax ratio, which is determined by comparing tax revenues and targeted taxes, varies between 2014 and 2023. 2014 saw the greatest ratio (148.8), while 2015 saw the lowest. There was an increase from 2015 to 2020, followed by a decline until 2022 and then another spike in 2023. It is hoped that the increasing tax effectiveness in 2023 will also continue to increase in the following year with the criteria being very effective, several things can be done, namely; through strategies such as implementing collection intensification, the existence of a tax and levy control task force, implementing online-based taxation, improving tax collection systems and procedures, and the role of taxpayers as contributors. The findings of this research were that the tax ratio based on the revenue realisation approach with the set tax target experiences fluctuations and there are ineffective conditions, which is different from the research results that state that the tax ratio shows that it is very effective when carried out by [15, 16, 17].
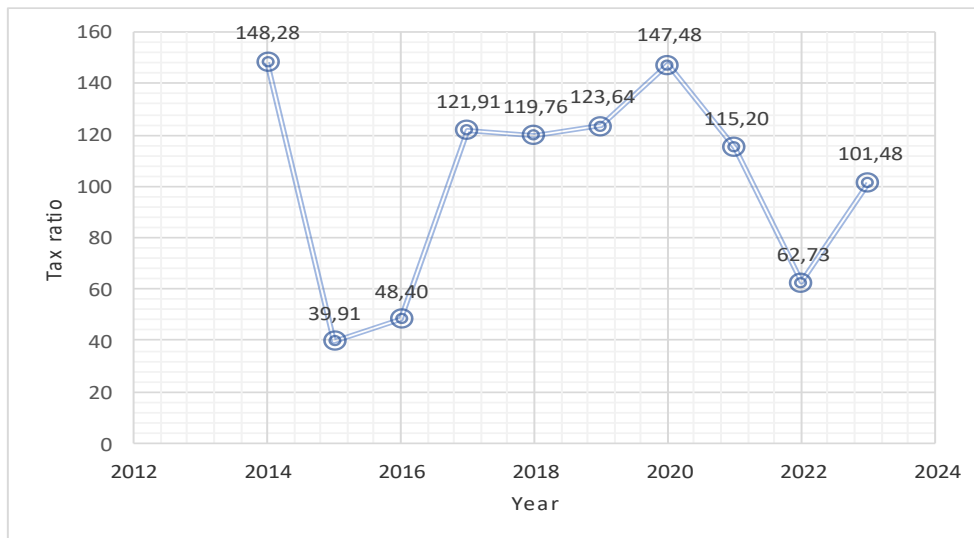
Figure 5: Tax ratio based on revenue and tax targets, 2014-2024
Source: Data processed by researchers, 2024

3.6 Efficiency Ratio Analysis

It's common to refer to *PAD* management as a regional income efficiency ratio. The degree of attaining maximum output with specific inputs is described by the regional income efficiency ratio. Table 7 displays the efficiency ratio computation's findings.

Table 7: Kutai Barat Regency PAD efficiency ratio, 2014-2023

No.	Year	Total Regional Income (*Rp*)	Total Regional Expenditure (*Rp*)	Efficiency ratio (%)	Criteria
1	2014	1 788 500 000 000.00	1 828 210 000 000.00	102.22	Inefficient
2	2015	2 061 580 000 000.00	2 143 840 000 000.00	103.99	Inefficient
3	2016	1 847 070 000 000.00	1 808 270 000 000.00	97.90	Efficient
4	2017	1 674 630 000 000.00	1 539 120 000 000.00	91.91	Efficient
5	2018	2 010 350 000 000.00	2 005 910 000 000.00	99.78	Efficient
6	2019	2 560 430 000 000.00	2 209 820 000 000.00	86.31	Efficient
7	2020	2 219 430 000 000.00	2 070 540 000 000.00	93.29	Efficient
8	2021	1 973 320 000 000.00	2 158 400 000 000.00	109.38	Inefficient
9	2022	2 786 960 000 000.00	2 342 640 000 000.00	84.06	Efficient
10	2023	2 643 330 000 000.00	2 379 990 000 000.00	90.04	Efficient
	Average	2 156 560 000 000.00	2 048 674 000 000.00	95.89	Efficient

Source: Data processed by researchers, 2024
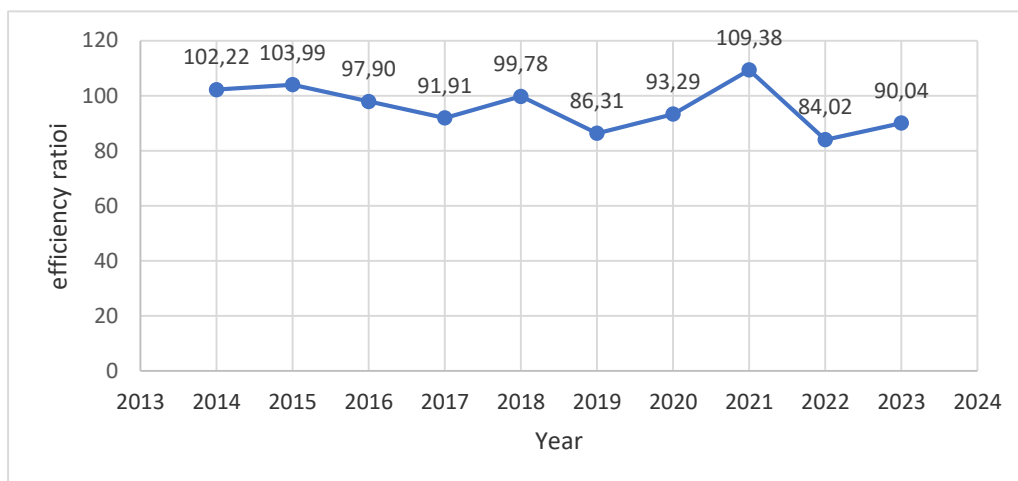
Figur 6: Efficiency Ratio, 2014-2023
Source: Processed by researchers, 2024

Budget efficiency was defined as the management of local original income. Kutai Barat Regency, East Kalimantan, Indonesia, is one of the regional administrations mandated by the government to be efficient. A sign of regional governments' commitment to attaining *PAD* at reasonable costs is regional efficiency. High levels of efficiency indicate that the government is operating at its best. Calculating the efficiency of the West Kutai Regency Government's budget can be done by dividing the realized value of expenditure by the realized *PAD*, or in other words, budget efficiency is the percentage of total regional expenditure (Regional Expenditure) to *PAD*. The calculation of the efficiency of the Kutai Barat Regency Government can be seen in Table 7 which is then also outlined in graphical form (Figure 6)

Table 7 indicates that there are variations in the amount of *PAD* realised between 2014 and 2023. In 2022, Kutai Barat Regency's *PAD* management efficiency will be 84.02%, the lowest on record. The *PAD* management efficiency of Kutai Barat Regency peaked in 2021 at 109.38%. From 2014 to 2023, the average efficiency ratio is 95.89. It may be concluded from the outcomes of these computations that the *PAD* management in the Kutai Barat Regency was effective. The conclusions of this study differed with those of Fathah's study, which found that Gunung kidul Regency's regional financial performance was not yet efficient when measured by the regional financial efficiency rati [18].

3.7 *Percentage of* **PAD** *to Income*

The results of calculating the percentage of PAD to income were presented in Table 8.

Table 8: PAD to Income Ratio Kutai Barat Regency, 2014-2023

No.	Year	Total PAD	Total Income KUBAR	Percentage of *PAD* to Income (%)
1	2014	106 477 282 476.50	1 788 500 000 000.00	5.95
2	2015	83 297 356 154.48	2 061 580 000 000.00	4.04
3	2016	82 989 130 200.67	1 847 070 000 000.00	4.49
4	2017	126 969 695 823.97	1 674 630 000 000.00	7.58
5	2018	117 988 183 587.60	2 010 350 000 000.00	5.87
6	2019	168 902 477 488.33	2 560 430 000 000.00	6.60
7	2020	147 275 502 020.04	2 219 430 000 000.00	6.64
8	2021	142 436 790 475.22	1 973 320 000 000.00	7.22
9	2022	165 620 384 539.90	2 786 960 000 000.00	5.94
10	2023	190 545 532 040.21	2 643 330 000 000.00	7.21
	Average	133 250 233 480.69	2 156 560 000 000.00	6.15

Source: Processed by researchers, 2024

Based on the calculation results in Table 8 and furthermore it is also displayed in graphical form (Figure 7).
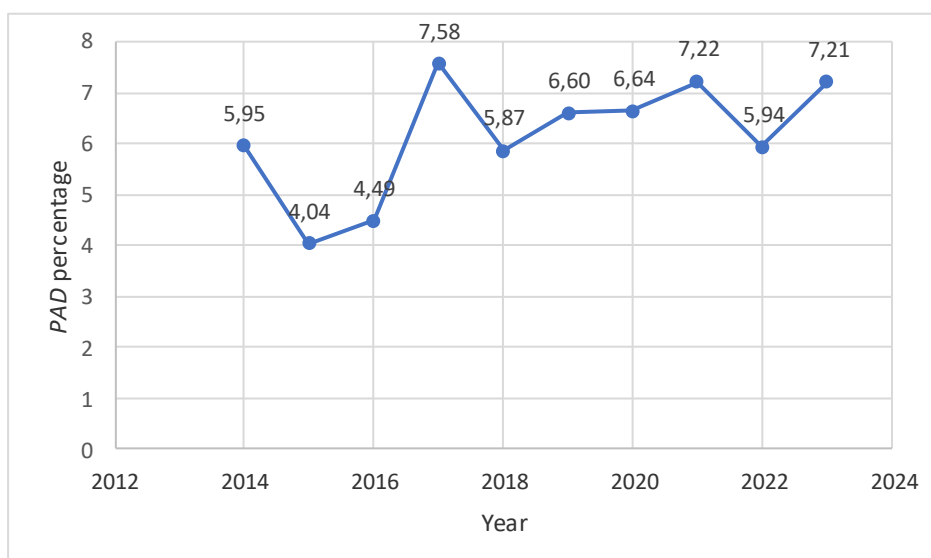

Figure 7: Percentage of *PAD* to Kutai Barat Regency Regional Income, 2014-2023
Source: Processed by researchers, 2024

The percentage of *PAD* to regional income of Kutai Barat Regency has fluctuated. The lowest percentage occurred in 2015 and the highest occurred in 2017. From 2018 to 2021 there is an increasing trend. Furthermore, from 2021 to 2022 it decreased and then increased again. Based on Table 8, it is known that the financial independence of the Kutai Barat area was very low, namely an average of 6.15%. This indicates that the centre continued to be a major source of funding for Kutai Barat Regency. The Kutai Barat Regency administration can raise its *PAD* by making the most of its resources, as seen by its uneven state and extremely low level of independence. The results of this study are consistent with those of the study conducted by Rahmawati and Putra [19].

4. CONCLUSION

The following conclusions can be drawn from the study and discussion of the Kutai Barat Regency regional government's financial performance for the 2014–2023 fiscal year, which was examined from a number of angles:

1. There were variations in Kutai Barat Regency *PAD* growth from 2014 to 2023.
2. Kutai Barat Regency's average *PAD* effectiveness from 2014 to 2023 was 88.62%, meaning that generally
3. The Kutai Barat Regency *PAD* works really well.
4. Kutai Barat Regency's *PAD's* elasticity ratio varies.
5. The tax ratio of Kutai Barat Regency fluctuates and is ineffectual during the 2014–2023 period, according to a comparison of tax revenues and targeted taxes.
6. From 2014 to 2023, the average efficiency ratio is 95.89. It may be concluded from the outcomes of these computations that the *PAD* management in the Kutai Barat Regency was effective.
7. The Kuta Barati area's average level of financial independence is 6.15%, which is quite low. This indicates that the centre continues to be a major source of funding for Kutai Barat Regency.

The following are some recommendations that might be made to the Kutai Barat Regency Regional Government, particularly to the Regional Revenue Agency, a technical *OPD*:

1) By making the best use of the resources already in place, every effort should be made to raise Regional Original Income (*PAD*).
2) Increasing regional tax collections in accordance with regional potential in order to maximise the realisation of regional income.
3) To raise regional original income in order to improve regional financial independence.

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