

CHAPTER V

CONCLUSION

Based on the results of data analysis and discussion that have been presented in the previous chapter, conclusions will be given in this chapter. This chapter will also present the limitations and suggestions related to this research.

5.1 Conclusion

Based on the results and discussion that has been carried out in this study, where this study aims to determine the financial condition of the Pariaman City Government based on Ritonga's Six-Dimensional Model which has been carried out with predetermined stages, some conclusions are obtained, namely:

1. In general, there are three types of LGFS needed to obtain the ratio value of Ritonga's Six-Dimensional Model, namely the Balance Sheet, LRA, and LO; as well as added population data.
2. The descriptive analysis measurement of the ratios of the Six-Dimensional Ritonga Model of Pariaman City Government in 2017-2021 shows large (good) short-term solvency ratios, long-term solvency, budgetary solvency, and operational solvency. The ratio of financial flexibility and service-level solvency shows an adequate ratio, while the ratio of financial independence shows a small (less) ratio.
3. The results of the 2017-2021 local financial condition index categorization of Pariaman City show that the financial condition of Pariaman City in 2018 is categorized as good; in 2017, 2019, and 2021 are categorized as average; in 2020 are categorized as poor.
4. The Covid-19 pandemic has become one of the main factors in changes to the balance sheet and budget realization in 2020 and 2021. The impacts of this phenomenon include the budget *refocusing policy* and the cancellation/abstention of agenda implementation in Pariaman City.
5. Pariaman City Government does not yet have a majority or controlling ownership of ROE and there are still assets belonging to the parent area of

the division, Padang Pariaman Regency until 2021 as many as 32 assets in Pariaman City.

6. The population of Pariaman City in 2017-2021 has increased every year, but this is inversely proportional to budgetary solvency.
7. The budgetary solvency ratio shows a direct comparison to the operational solvency ratio because the operational solvency ratio is a development of budgetary solvency due to the full accrual accounting policy.
8. This study shows that there are differences with previous research regarding financial performance. This can be explained by the opinion of Wang et al. (2007) regarding the comparison of financial performance and financial condition.

5.2 Research Implications

This research produces information on the financial condition of the Pariaman City Government based on Ritonga's Six-Dimensional Model. Based on the results of research, discussion, and conclusions obtained; this research offers a modest contribution to the government (especially Pariaman City Government) and research related to the financial condition or financial performance.

From the practical side of government, especially the Pariaman City Government, this research shows that there are still weaknesses in financial independence. One of the factors is the factor of majority ownership of ROE and ownership of assets belonging to Padang Pariaman Regency. Based on these results, innovation from Pariaman City Government is needed in growing the potential sector through ROE and immediately negotiating with Padang Pariaman Regency in terms of asset acquisition to grow the potential for new PAD.

In terms of post-Covid-19 economic recovery, Pariaman City Government needs to improve services to the community in line with the growing population. The government will also immediately carry out the main agenda of Pariaman City so that Pariaman City can gradually recover through the potential of this annual agenda. In addition, in terms of the increasing population, Pariaman City Government is expected to develop the potential of existing human resources (HR) in line with the established vision and mission.

From an academic point of view, this research contributes to the science of accounting, especially government accounting which is part of public sector accounting regarding the interrelationships and differences between financial performance and financial condition. Academics are required to develop a more up-to-date model because there are still limitations in this model. This research also has implications for the community regarding the financial condition of the Pariaman City Government and invites the public to provide input to the government.

5.3 Research Limitations

Based on the research that has been done, there are limitations in this study, namely:

1. This research only focuses on one research object and research period, namely Pariaman City Government in 2017-2021, so it cannot be generalized to other regions or periods.
2. The use of more than one ratio to represent one dimension, so that it has the potential to cause ambiguity regarding the dimensions used. In addition, the categorization of the good or poor level of a dimension is still unfounded, so the categorical assessment is purely based on the author's assumptions.
3. The weighting of each dimension in the composite index of financial condition still uses equal weighting, so there is still a possibility that there are dimensions that are more important than the other dimensions.
4. Not yet able to explain in detail the relationship between the dimensions of budgetary solvency and operational solvency dimensions.
5. There are no field studies (surveys, interviews, etc.) related to information on factors causing the financial condition of Pariaman City and other information such as ROE and total assets of the Padang Pariaman Regency Government in Pariaman City.

5.4 Suggestion

Based on the statements mentioned above, there are suggestions for further research, namely:

1. Developing research on a wider range of objects and timeframes so that they are more representative of local financial conditions in a wider scope.
2. Developing Ritonga's Six-Dimensional Model, especially on the number of ratios that represent dimensions, good or poor categorization of dimension values, and dimension weighting on a composite index of financial condition.
3. Conducting research development on the relationship between the dimensions of budgetary solvency and operational solvency dimensions.
4. Conduct field studies to obtain information on the factors that cause financial conditions and other information needed.

