Formosa Journal of Multidisciplinary Research (FJMR)
Vol. 4, No. 2, 2025: 601-616

Analysis of Lease and Borrowing Utilization of Regional Property Based on Permendagri No. 19 of 2016 at the Regional Financial and Asset Management Agency of Morotai Island Regency

Jein Kristin Risit[1]*, Heince R. N. Wokas[2], Peter M. Kapojos[3]
Accounting Economics Study Program, Faculty of Economics and Business, Universitas Sam Ratulangi, Indonesia
Corresponding Author: Jein Kristin Risit jeinrisit@gmail.com

ARTICLEINFO

Keywords: Regional Property, Utilization, Borrowing, Renting

Received : 16, January
Revised : 30, January
Accepted: 22, February

ABSTRACT

This study aims to describe the utilization of rent and borrowing of Regional Property (BMD) based on Permendagri No. 19 of 2016 at the Regional Finance and Asset Management Agency (BPKAD) of Morotai Island Regency. This study uses a qualitative descriptive approach with a case study type. Data were obtained through observation, interviews, and documentation. Data analysis was carried out through data compilation, data classification, data processing, and drawing conclusions. The results of the study found that the utilization of rent and borrowing of BMD had been implemented well in accordance with Permendagri No. 19 of 2016, although it still faces challenges in achieving rental targets where in 2021 the rental realization was only 67% of the target. In fact, in 2022 the rental realization only reached 26.7%. In 2023, although there was an increase of 53.9% from 2022, the target realization was still not optimal. To overcome these challenges, the BPKAD of Morotai Island Regency needs to evaluate more realistic rental targets, accompanied by socialization regarding the potential of BMD assets to increase the effectiveness of their utilization.

DOI: https://doi.org/10.55927/fjmr.v4i2.56
ISSN-E: 2829-8896
https://npaformosapublisher.org/index.php/fjmr

INTRODUCTION

Regional Property (BMD) is property purchased or obtained through the Regional Revenue and Expenditure Budget (APBD) or other legitimate sources. The legal basis for managing BMD includes Law Number 1 of 2004 concerning State Treasury, which has been refined through Law Number 23 of 2014, Government Regulation Number 27 of 2014, and most recently regulated in Permendagri Number 19 of 2016 concerning Guidelines for Managing Regional Property.

Permendagri Number 19 of 2016 covers various aspects of BMD management, one of which is utilization. Utilization is defined as the utilization of BMD that is not used for SKPD tasks and functions without changing the ownership status.(Minister of Home Affairs Regulation, 2016). The purpose of utilization is asset optimization and increasing regional income, as long as it does not interfere with the implementation of government duties. The forms of utilization regulated include rent, borrowing, utilization cooperation (KSP), build operate transfer (BGS), build transfer operate (BSG), and infrastructure utilization cooperation (KSPI).

Based on initial information obtained from the Regional Financial and Asset Management Agency (BPKAD) of Morotai Island Regency, it was found that there was asset utilization carried out by the BPKAD of Morotai Island Regency. The utilization of these assets was in the form of rent and borrowing of BMD. Specifically for the target and realization of BMD rental utilization can be seen in Table 1 below.

Table 1. Target Data and Realization of BMD Rental Utilization

Year	Target	Realization
2021	Rp1,600,000,000.00	Rp1,071,707,000.00
2022	Rp5,304,242,012.00	Rp1,415,016,250.00
2023	Rp3,704,242,012.00	Rp1,998,083,603.00

Source: BPKAD Morotai Island Regency, Processed data, 2024.

Based on Table 1, there are problems related to the realization of the utilization of Regional Property (BMD) rental in Morotai Island Regency. Although the target for the utilization of BMD rental from 2021 to 2023 has fluctuated, the achievement of realization is still far below the target that has been set. In 2021, the target was IDR 1,600,000,000.00, but the realization only reached IDR 1,071,707,000.00. In 2022, the target increased significantly to IDR 5,304,242,012.00, but the realization was only IDR 1,415,016,250.00. In 2023, the target fell again to IDR 3,704,242,012.00 with a realization of IDR 1,998,083,603.00. This problem shows a significant gap between the target and realization.

The utilization of BMD rental in Morotai Island Regency is an interesting thing to study, in addition to the fact that the utilization of BMD rental has great potential in increasing local revenue (PAD), which can be used to support regional development and also reflects the ability of local governments to manage assets effectively and efficiently which is an important part of the implementation of regional autonomy. The study of this utilization can also provide new insights into how local governments can overcome obstacles in asset management, as in Table 1 where the achievement of realization is still far below the target, while also finding strategies to maximize the use of existing assets for the welfare of the community. In addition, because the purpose of borrowing regional goods is to optimize regional goods in accordance with the duties and functions of the user of the goods and to support the implementation of regional government administration, research on borrowing BMD is important to ensure that regional assets are used optimally in accordance with the functions and duties of the agency that borrows them.

The author is interested in conducting research related to the utilization of rent and borrowing of regional assets at the BPKAD of Morotai Island Regency because the target for the utilization of BMD rent from 2021 to 2023 has fluctuated and the achievement of realization is still far below the target that has been set. In addition, by examining the borrowing process, the researcher wants to ensure that the assets truly support government activities and do not interfere with the needs of other agencies or in other words when the assets are borrowed, the operational needs or activities of the Morotai Island Regency Financial and Asset Management Agency are still met and not disrupted because the assets they need are actually being borrowed by other parties. In addition, regional assets/regional assets are regional wealth that needs to be managed optimally so the author wants to provide information about the utilization of rent and borrowing of regional assets that occurred at the BPKAD of Morotai Island Regency.

Many studies related to BMD have been conducted previously. For example, research by Nilla (2022)which analyzes the utilization of BMD through rent to increase Regional Original Income (PAD). The results show that the contribution of rent to PAD is still very low, namely below 1%. Another study by Shinta et al. (2022) discussing the utilization of BMD through borrowing.They found that the loan was not in accordance with Siau Tagulandang Biaro Regency Regulation Number 7 of 2019, because several stages had not been carried out, one of which was the research stage. In addition, there are obstacles in recording and data collection of assets. While the difference of this research or the novelty of this research lies in the Utilization of BMD rental and borrowing which will be analyzed using Permendagri No. 19 of 2016 and the location of the research at the Regional Financial and Asset Management Agency of Morotai Island Regency.

Based on the problems above, this study aims to describe the utilization of rent and borrowing of Regional Property based on Permendagri No. 19 of 2016 at the Regional Financial and Asset Management Agency of Morotai Island Regency.

LITERATURE REVIEW

Accounting Concepts

Accounting is the process of identifying, recording, and tracking communications related to financial transactions. Therefore, accounting can be defined as an information system that identifies and records activities related to financial transactions. Financial reports will be created as a result of these activities (Wibowo, 2016). Meanwhile, according to Weygandt et al (2018) that accounting is a series of actions carried out by a business to create financial reports that can be accessed by both internal and external parties.

Government Accounting

Public sector accounting includes government accounting. Government accounting is accounting that deals with public finances as a whole, from budgeting to implementation and reporting to encompass all consequences (Sujarweni & Wiratna, 2016).Most government accounting financing comes from debt, regional or state-owned business income, taxes, contributions and other sources, which aim to improve public welfare (Rusmana et al, 2017).

Fixed Asset Concept

Fixed assets are assets that have a useful life of more than twelve months and can be used for government purposes or utilized by the general public are called fixed assets. Fixed assets are the main component of government assets, and therefore are very important in the presentation of the balance sheet.

Fixed assets according to Government Regulation of the Republic of Indonesia No. 71 (2010) on Government Accounting Standards (SAP) are classified based on similarities in nature and function and the entity's operating activities. The following is the classification of fixed assets as follows:

1) Land.
2) Equipment and machinery
3) Buildings and structures
4) Roads, irrigation and networks
5) Other fixed assets
6) Construction in progress

Regional Property Concept

Regional Property (BMD) is a government asset obtained through legitimate acquisition or government budget burden. According to Risma (2017) government assets such as land and buildings have a strategic role in carrying out government tasks and functions. Therefore, government assets such as land and buildings must be managed appropriately, effectively, and optimally.

Utilization of Regional Property

Article 1 number 32 of the Minister of Home Affairs Regulation No. 19 of 2016 explains that utilization is the utilization of regional assets that are not used for carrying out the duties and functions of the SKPD and/or optimization of regional assets without changing the ownership status (Minister of Home Affairs Regulation, 2016).

1) *Utilization of Regional Property Rental*

   The use of regional assets in the form of borrowing is contained in Articles 112 to 151 of the Minister of Home Affairs Regulation No. 19 of 2016. Article 1 number 33 of the Minister of Home Affairs Regulation

No. 19 of 2016 explains that renting is the use of regional assets by another party for a certain period of time and receiving cash compensation.

2) *Utilization of Borrowed Regional Property*
The use of regional assets in the form of borrowing is contained in Articles 152 to 156 of the Minister of Home Affairs Regulation No. 19 of 2016. Article 1 number 34 of the Minister of Home Affairs Regulation No. 19 of 2016 explains that borrowing is the transfer of use of goods between the central government and regional governments or between regional governments for a certain period of time without receiving compensation and after the period ends it is returned to the Governor/Regent/Mayor. Borrowing is carried out with the following considerations:
(b) Optimizing regional assets that have not been or are not being used for carrying out the duties and functions of the user of the goods; and
(c) Supporting the implementation of regional government administration.
The borrower is prohibited from utilizing the borrowed object.

METHODOLOGY

This study uses a qualitative approach with a case study research type at the Regional Financial and Asset Management Agency (BPKAD) of Morotai Island Regency located at Jalan Jacueb Mansoer, No.1 Muhajirin Baru, South Morotai, Morotai Island Regency, North Maluku Province. The researcher determined the location of the study at the BPKAD of Morotai Island Regency based on certain considerations. These considerations are because BPKAD is an agency that represents the Morotai Island Regency Government in managing regional finances and assets which are the authority of the Morotai Island Regency Government. Meanwhile, the research was conducted in October 2024.

The data sources used in this study are primary data and secondary data. Primary data is data obtained by conducting direct observations at the BPKAD of Morotai Island Regency and conducting in-depth interviews with three informants, namely the Secretary of BPKAD, Head of the Sub-Division of Inventory and Asset Management, and Head of the Sub-Division of Administration and Reporting of Assets of Morotai Island Regency. Meanwhile, secondary data is supporting data in the form of reports on specific data on leased and borrowed objects of BMD of Morotai Island Regency, and reports on target data and realization of BMD lease utilization.

Data collection methods were carried out through observation, interviews, and documentation. This study uses descriptive analysis to describe and provide an overview of the Utilization of BMD Lease and Borrowing Implemented at the BPKAD of Morotai Island Regency. Furthermore, based on Permendagri Number 19 of 2016, the Utilization of BMD Lease and Borrowing is analyzed. In addition, data compilation, data classification, data processing, and drawing conclusions are the stages of data analysis carried out in this study.

RESEARCH RESULT

Based on in-depth interviews conducted with several important parties inRegional Financial and Asset Management Agency of Morotai Island Regencysuch as the Secretary of BPKAD, Head of the Inventory and Asset Management Sub-Division, and Head of the Asset Administration and Reporting Sub-Division, and supported by the results of research conducted in related agencies, the following findings can be concluded.

Utilization of BMD Rental

1. *BMD Rental Utilization Object at BPKAD Morotai Island Regency*

In order to support the optimization of BMD utilization, BPKAD of Morotai Island Regency has leased several regional assets that have economic value. These assets are expected to provide a significant contribution to regional income through the rental mechanism. The BMD objects that are leased include buildings and equipment which can be seen in Table 2.

Table 2. Leased BMD objects

BMD objects for rent	Origin	Value of Goods (Rp)	Tenant Party
Gotalamo II People's Market CBD Area Block A	TP Fund	5,829,110,470	Market Trader
Darame People's Market CBD Block B Area	TP Fund	5,926,800,492	Market Trader
Gotalamo Market CBD Area Block C	DAK	1,955,627,946	Market Trader
Gotalamo People's Market CBD Area Block D	TP Fund	5,820,846,425	Market Trader
Darame II People's Market CBD Block E Area	TP Fund	1,982,627,946	Market Trader
Development of Marine Fish Seeding Unit / Marine Superior Commodity Production Unit	DAU	15,000,000	PT. Tristarindo Sumber Daya Mandiri
*Cold Storage*200 tons	Ministry of Marine Affairs and Fisheries Grant	125,000,000	PT. Harta Samudra
*Cold Storage*50 tons	Ministry of Marine Affairs and Fisheries Grant	125,000,000	PT. Harta Samudra

10 ton Ice Factory	Ministry of Marine Affairs and Fisheries Grant	32,000,000	PT. Harta Samudra
Refrigerated Car (Thermo King)	Ministry of Marine Affairs and Fisheries Grant	72,000,000	PT. Harta Samudra
Diving Fleet and Equipment	DAU	10% Per annum of Net Income	*Gorango Morotai Dive Center*

Source: BPKAD Morotai Island Regency, Processed data, 2024.

2. *Lease Term and Renewal of Lease Application*

BMD rental by BPKAD of Morotai Island Regency is carried out for a period of 5 (five) years since the lease agreement was signed and can be extended. If the tenant wants to extend their lease term, they must submit an application to the Property Manager. The following requirements must be met:

a) If the rental period is more than 1 (one) year, the application must be submitted no later than 4 (four) months before the end of the rental period; or
b) If the rental period is 1 (one) year, the application must be submitted no later than 3 (three) months before the end of the rental period.

3. *Procedures/Methods for implementing BMD rental at the BPKAD of Morotai Island Regency*

In general, the procedures for implementing BMD rental at the BPKAD of Morotai Island Regency are stated in the Regent Regulation Number 29 of 2019 concerning Procedures for Implementing the Utilization of Regional Property of the Morotai Island Regency Government. For more details regarding the procedures for implementing BMD rental, see Figure 1 below.

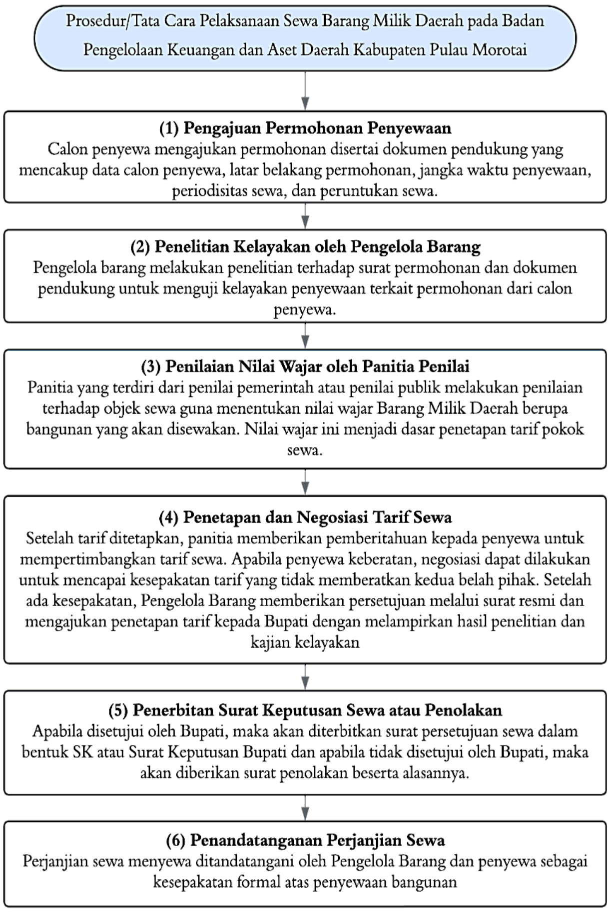

Figure 1. Procedures for Implementing Rental by Property Managers at the BPKAD of Morotai Island Regency

4. *Regional Performance Achievements at the BPKAD of Morotai Island Regency regarding the Utilization of BMD Rentals*

The performance achievement of the BPKAD of Morotai Island Regency in the utilization of Regional Property rental is to increase Regional Original Income (PAD). For this reason, the government must strive to increase income in order to achieve regional development. Regional Original Income is income obtained from regional income sources and managed independently by the regional government. One source of regional income that has the potential to increase PAD is regional levies in the form of utilization of BMD rental. Data on targets and realization of BMD rental utilization showing the results of the achievements of the BPKAD of Morotai Island Regency over the past 3 years can be seen in Table 3 below.

Table 3. Data on Targets and Realization of BMD Rental Utilization

Year	Target	Realization	Percentage
2021	Rp1,600,000,000.00	Rp1,071,707,000.00	67%
2022	Rp5,304,242,012.00	Rp1,415,016,250.00	26.7%
2023	Rp3,704,242,012.00	Rp1,998,083,603.00	53.9%

Source: BPKAD Morotai Island Regency, Processed data, 2024.

Based on Table 3, there is a fluctuation in the realization of BMD rental utilization at the BPKAD of Morotai Island Regency from 2021 to 2023. In 2021, the rental utilization target set was IDR1,600,000,000.00 but the realization achieved was only IDR1,071,707,000.00 or 67%. This shows a discrepancy between the target set and the actual conditions, so that the target cannot be achieved optimally.

In addition, in 2022 there was a percentage decrease of 40.3% from 2021. Although the rental utilization target was increased to IDR5,304,242,012.00, the realization achieved was only IDR1,415,016,250.00, or around 26.7% of the target and this percentage is the lowest percentage compared to 2021 and 2023. Although there was an increase in realization of IDR343,309,250.00 compared to 2021, this achievement still did not meet the target that had been set. This indicates that although there has been an improvement in the realization of BMD rental utilization, further efforts are still needed to achieve the optimal target.

In 2023, the target for the utilization of leaseback was set at IDR3,704,242,012.00, while the realization achieved in 2023 was IDR1,998,083,603.00 with a realization percentage of only 53.9%. This realization percentage shows a discrepancy between the target set and the actual conditions, so that the target cannot be achieved optimally. Overall, this data reflects the challenges in the utilization of BMD leases, where the achievement of realization is not in line with the target set.

Utilization of BMD Borrowing

1. *Object of Utilization of BMD Borrowing at BPKAD of Morotai Island Regency*

In order to support the optimization of BMD utilization, BPKAD of Morotai Island Regency has borrowed several regional assets. The BMD objects borrowed are buildings and equipment with different utilizations. The BMD objects include: Buildings, Shophouses, Laptops, Computers, Digital Drawing Tablets, Printers, Generators, Cars, Motorcycles, and VIAR Motorcycles/Three Wheels.

2. *Borrowing Period and Re-Extension of Borrowing Application*

The loan period for BMD carried out by the BPKAD of Morotai Island Regency is: maximum 5(five)years and can be extended once, so the maximum is 10 years, and if the borrower wants to extend the loan period, the borrower must notify the goods manager before the loan period ends by attaching (1) A letter of approval for previous loan use from the Regent; (2) A statement from the borrower that the object of the loan is still being used to support the implementation of the central government/other regional government; and (3) A statement from the Asset Manager that the implementation of the loan use does not interfere with the implementation of the duties and functions of the Regional Government.

3. *Procedures/Methods for Implementing BMD Borrowing at BPKAD, Morotai Island Regency*

In general, the procedures for implementing the BMD loan at the BPKAD of Morotai Island Regency are stated in the Regent's Regulation Number 29 of 2019 concerning Procedures for Implementing the Utilization of Regional Property of the Morotai Island Regency Government.which refers to the Regulation of the Minister of Home Affairs Number 19 of 2016. For more details regarding the BMD rental implementation procedure, please see Figure 2 below.

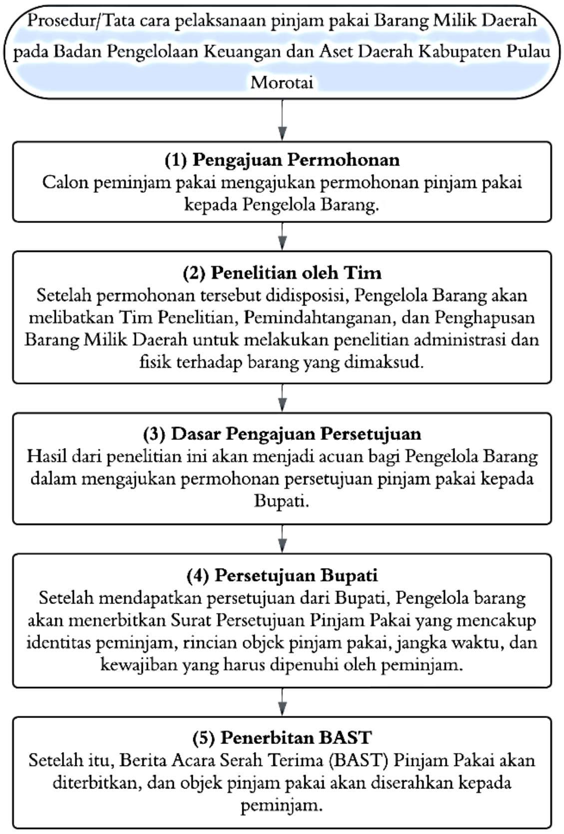

Figure 2. Procedures for implementing borrowing by the Asset Manager at the BPKAD of Morotai Island Regency

Regarding the Regent's Approval in step 4, if the loan application is rejected by the Regent, a letter of rejection will be issued with reasons. In addition, the implementation of the loan will be stated in an agreement signed by the Regent and the borrower, which is then followed by the handover of the loan object through the Minutes of Handover.

DISCUSSION

Utilization of BMD Rental

1. *BMD Rental Utilization Objects at BPKAD Morotai Island Regency*

From the research results, BPKAD of Morotai Island Regency has utilized BMD in the form of asset rental such as buildings that focus on economic facilities. Such as the Gotalamo II People's Market building CBD Area Block A, Darame People's Market CBD Area Block B, Gotalamo Market CBD Area Block

C, Gotalamo People's Market CBD Area Block D and Darame People's Market II CBD Area Block E which are rented in the form of kiosks and shops, Construction of Marine Fish Seeding Unit / Marine Superior Commodity Production Unit, 200 ton and 50-ton Cold Storage, 10 Ton Ice Factory, Refrigerated Cars (Thermo King) and Diving Fleet and Equipment. These assets are part of the government's efforts to increase Regional Original Income (PAD). Optimization of regional asset rental in accordance with applicable regulations is expected to provide a significant economic impact on the region.

Other studies also support the importance of utilizing regional assets as a source of regional income. According toThe Last Supper (2019), management of regional assets such as good utilization of regional assets can increase Regional Original Income which can help the government in realizing Good Governance. The study is in line with the findings that assets leased at the Regional Financial and Asset Management Agency of Morotai Island Regency contribute to PAD, although it is still limited to certain assets.

2. *Lease Term and Renewal of Lease Application*

The results of the study show that the lease period for BMD at the BPKAD of Morotai Island Regency has been clearly regulated, which is a maximum of 5 years from the signing of the lease agreement. The determination of this period refers to Regent Regulation No. 29 of 2019, which is a derivative of Permendagri No. 19 of 2016. Based on this regulation, the lease period is regulated to comply with the legal provisions governing the utilization of regional assets, while providing flexibility for users to utilize regional assets in an optimal period but can still be extended.

In terms of lease extension applications, the results of this study indicate that there are specific time rules that must be followed by tenants. For lease extensions with a period of more than 1 year, the application must be submitted no later than 4 months before the lease term ends. Meanwhile, for annual leases, the extension application must be made no later than 3 months before the lease term ends. This submission system is in line with Permendagri No. 19 of 2016 which gives authority to local governments to regulate the period and procedures for lease extensions according to regional needs. This provision aims to prevent overlapping use of assets and ensure that incoming lease applications can be managed properly, without hindering broader asset utilization planning.

This is in accordance with the results of research at the BPKAD of Morotai Island Regency, where the regulation of the time period and requirements for submitting an extension not only creates legal certainty for users, but also supports efficiency in the utilization of regional assets.

3. *Procedures/Methods for Implementing the Rental of BPKAD for Morotai Island Regency*

The BMD rental procedure carried out at the BPKAD of Morotai Island Regency has followed the rules stipulated in Permendagri Number 19 of 2016 and Perbup No. 29 of 2019. The implementation process involves 6 clear stages, starting from (1) Submission of Rental Application, (2) Feasibility Study by the

Asset Manager, (3) Fair Value Assessment by the Assessment Committee, (4) Determination and Negotiation of Rental Rates, (5) Issuance of Rental Decree or Rejection, and (6) Signing of Lease Agreement. This process shows that the management of regional assets is carried out in an orderly administrative manner, in accordance with applicable guidelines.

Other studies also show the importance of systematic procedures in managing regional assets. According to research fromThe Last Supper (2022), the success of regional asset management depends on the implementation of good governance, especially in terms of setting rental rates and asset rental administration. This is in line with the findings that the BPKAD of Morotai Island Regency has implemented rental procedures in accordance with applicable regulations.

4. *Performance Achievements of BPKAD Morotai Island Regencyon the Utilization of BMD Rental*

Based on data obtained from the BPKAD of Morotai Island Regency, the performance achievement of BMD rental utilization shows a significant mismatch between the set revenue target and the realization of revenue from 2021 to 2023. The realization of BMD rental utilization in 2021 only reached 67% of the target. In 2022, there was a significant decline from 2021. In addition, in 2023, although there was an increase from the previous year, namely 2022, the realization of the target was still not optimal. This indicates the challenges faced by the Regional Financial and Asset Management Agency in optimizing the use of BMD to increase Regional Original Income (PAD).

This challenge, as shown by the achievement data in Table 3 related to BMD Rental Utilization Target and Realization Data, can be associated with several factors causing the realization of rental utilization not reaching the target during the last 3 years, such as the lack of clear information and accessibility regarding available assets, lack of promotion and inadequate socialization regarding the advantages of the BMD market.

Lack of clear information and accessibility regarding available assets become one of the main obstacles. Many prospective tenants do not know the types of assets that can be rented, including the applicable terms and conditions. Furthermore, the lack of promotion and socialization regarding the advantages of the BMD market is an important factor that is often overlooked. The public may not be aware of the benefits and opportunities offered by the BMD market, so they are less interested in renting. More aggressive promotion, either through social media, seminars, or exhibitions, can help increase public awareness and interest in renting BMD assets.

To overcome this discrepancy, the BPKAD of Morotai Island Regency needs to re-evaluate the target for utilizing BMD rentals, by considering realistic market potential and conducting promotions and socialization regarding the advantages of the BMD market.

Utilization of BMD Borrowing

1. *Object of Utilization of BMD Borrowing at BPKAD of Morotai Island Regency*

Based on the research results, the BMD objects borrowed by the BPKAD of Morotai Island Regency include buildings, such as: Shophouses and Warehouses and equipment, such as: Cars, Motorcycles, Viar, laptops, computers, digital drawing tablets, printers, and generators, each of which is used for the operational needs of other agencies, namely the Tax Post, the Environmental Service Office and regional interests. In accordance with Permendagri No. 19 of 2016, the use of BMD in the form of borrowing must be based on needs that support the performance of the regional government, and adjusted to applicable procedures and provisions. This analysis is in line with research conducted byRahayu et al. (2022), which states that the use of BMD is often focused on functional and operational needs that support public services. The use of government-owned buildings to support other service activities shows synergy between agencies in utilizing existing assets for shared needs.

2. *Borrowing Period and Re-Extension of Borrowing Application*

This study shows that the loan period for BMD at the BPKAD of Morotai Island Regency is set at a maximum of 5 years, and can be extended once with the same duration, so that the total maximum period is 10 years. This policy refers to Regent Regulation No. 29 of 2019, which is a derivative of Permendagri No. 19 of 2016, which states that the loan period must be in accordance with the needs of government activities without hindering the main tasks of the regional government.

In terms of applying for a loan extension, the results of this study indicate that there are requirements for applying for an extension that must be met by the borrower. Several documents that must be included in the application for an extension include: a previous loan approval letter from the Regent, a statement letter from the borrower regarding the use of assets to support the government, and a statement letter from the asset manager stating that the loan does not interfere with regional duties. Based on interviews, this procedure is implemented to maintain administrative order and ensure that BMD is used effectively in the long term. This regulation is in accordance with the provisions of Permendagri No. 19 of 2016, which emphasizes that every use of regional assets must support the public interest and must not hinder the operations of the regional government. This extension application policy provides clarity for the parties involved and helps the regional government in ensuring that every loan application can be evaluated properly.

3. *Procedures/Methods for Implementing BMD Borrowing at BPKAD, Morotai Island Regency*

The approval process for the loan-use of BMD at the BPKAD of Morotai Island Regency has been carried out according to procedures, starting from (1) Submission of Application, (2) Research by the Team, (3) Basis for Submission of Approval, (4) Approval of the Regent, and (5) Issuance of BAST. Permendagri No. 19 of 2016 stipulates that asset managers must obtain the approval of the Regent in implementing the loan-use. This strict procedure ensures that all administrative steps are met, so that the use of regional assets can be carried out legally and orderly.

Research byWidjaja. et al., (2021)also revealed the importance of administrative procedures in the utilization of BMD to prevent potential legal problems. Disciplined implementation of asset utilization procedures shows that the BPKAD of Morotai Island Regency has attempted to meet the established standards.

Implementation in accordance with Regent Regulation Number 29 of 2019, which refers to Permendagri No. 19 of 2016, is the basis for the procedures for borrowing and using at the BPKAD of Morotai Island Regency. This shows the importance of local regulations that accommodate regional needs. According to Permendagri No. 19 of 2016, every form of BMD utilization must follow applicable regulations in order to maintain administrative order and the legality of asset utilization.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Based on the research results and discussions, the following conclusions were obtained:

1. The utilization of BMD rental in BPKAD of Morotai Island Regency includes buildings and equipment/machinery. The rental procedure consists of six stages: application submission, feasibility study, fair value assessment, tariff negotiation, issuance of decision, and signing of agreement, according to Regent Regulation Number 29 of 2019. In addition, the maximum rental period is five years and can be extended on condition that the application is submitted before the rental period ends.
2. The use of BMD loan covers buildings and equipment/machinery. The loan procedure consists of five stages: application submission, team research, basis for approval submission, regent's approval, and issuance of handover minutes (BAST). The maximum loan period is five years and can be extended once up to ten years, with the condition that the application includes supporting documents.
3. The utilization of BMD lease and borrowing has been in accordance with Permendagri Number 19 of 2026, but the rental income target has not been optimal. From 2021 to 2023, rental realization was only 67% in 2021, decreased to 26.7% in 2022, and increased to 53.9% in 2023. Thus, BPKAD needs to evaluate the rental target to be more realistic, promote assets more effectively, and socialize the advantages of BMD to overcome this gap.

Recommendation

Based on the research results, the researcher provides suggestions that are expected to be used as consideration for the BPKAD of Morotai Island Regency, including:

1) Can evaluate the method of setting rental targets by analyzing asset potential, local economic conditions, and the causes of low realization. This aims to set more realistic targets and increase the effectiveness of BMD rentals.

2) Local governments need to increase the promotion of BMD assets through official media, social media, and direct socialization. The goal is to increase public awareness and interest in regional assets so that rental targets are achieved.
3) Can update and optimize SIMDA for more accurate and transparent asset data integration. Web-based application development can also facilitate public access to available asset information.

ADVANCED RESEARCH

Based on the research findings, several limitations of this study were identified as follows:

1) This study was conducted over a limited period of time, so it only covers data from 2021 to 2023. Newer conditions and policies or changes that occurred after the study period may not be covered, which could affect the results of the study.
2) This study relies on data obtained through interviews with related parties at BPKAD and official government documents. Therefore, limitations in access or limitations of available information can affect the accuracy of the analysis carried out.
3) This study does not consider external factors that may influence BMD utilization, such as economic conditions, changes in national policies, or social situations that may affect the demand for BMD rental and borrowing.

REFERENCES

Nilla, C. Z. (2022). *Analisis pemanfaatan barang milik daerah untuk meningkatkan pendapatan asli daerah. 5*, 1–12.

Peraturan Pemerintah Republik Indonesia No.71. (2010). *Tentang Standar Akuntansi Pemerintah.*

Permendagri. (2016). *Peraturan Menteri Dalam Negeri Republik Indonesia Nomor 19 Tahun 2016 Tentang Pedoman Pengelolaan Barang Milik Daerah*.

Rahayu, I. P., Prasetyo, Y., & Nugroho, A. (2022). Pemanfaatan Barang Milik Daerah untuk Kebutuhan Pelayanan Publik. *Jurnal Akuntabilitas Aset Publik*, *12*(3), 77–88.

Risma, A. (2017). *Pemanfaatan Barang Milik Negara Idle dalam Bentuk Sewa Menyewa sebagai Upaya Penerimaan Negara Bukan Pajak. Disertasi. Sekolah Pascasarjana Universitas Hasanuddin Makassar.*

Rusmana, O., Setyaningrum, D., & Maryani, Y. (2017). *Akuntansi Pemerintah Daerah.Salemba Empat. Jakarta*.

Setiabudhi, D. O. (2019). Pengelolaan Aset Pemerintah Daerah Dalam Perspektif Good Governance. *The Studies of Social Sciences*, *1*(1), 7–21.

Shinta, I. D. A., Manossoh, H., & Kapojos., P. M. (2022). Evaluation of The Implementation of Utilization of Regional Property Through Borrowing and Use of regional Property in the Siau Tagulandang Biaro Islands Regency. *Jurnal LPPM Bidang EkoSosBudKum (Ekonomi, Sosial, Budaya, Dan Hukum).*

Sujarweni, V., & Wiratna. (2016). *Pengantar Akuntansi. Pustaka Baru Press. Yogyakarta*.

Weygandt, Kieso, J. J., Donald, E., & Paul, K. D. (2018). *Pengantar Akuntansi, Edisi 8, Buku 2. Salemba Empat. Jakarta*.

Wibowo. (2016). *Manajemen Kinerja. Edisi Kelima. PT. Rajagrafindo Persada. Jakarta* (Edisi Kelima).

Widjaja., Maulana, I., & Dewi, S. R. (2021). Kepentingan Tata Cara Administrasi dalam Pemanfaatan Aset Pemerintah Daerah. *Jurnal Kebijakan Dan Manajemen Publik*, *6*(3), 80–92.

Wulandari, L., & Prasetyo, B. (2022). Efektivitas Administrasi dalam Pengelolaan Barang Milik Daerah: Studi pada Pemerintah Kabupaten. *Jurnal Ekonomi Dan Manajemen*, *8*(4), 399–412.