

ANALYSIS OF DEPOK CITY REGIONAL FINANCIAL PERFORMANCE IN 2018-2021

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ABSTRACT

This study aims to determine the financial performance of Depok City Government in 2018- 2021 seen from: fiscal decentralization degree ratio, fiscal capacity, local financial independent ratio, regional financial efficiency ratio, PAD effectiveness ratio, and harmonious ratio. This research is quantitative descriptive. The results of the analysis show that the Depok City Government's financial performance when viewed from fiscal decentralization degree ratio categorized by sufficient because the average ratio is 39,53%. Average fiscal capacity is 2,65 point and categorized by very high. Regional financial independence ratio categorized by medium in 67,91% . The regional financial efficiency ratio is still considered lack of efficient because it is 98.02% point. PAD effectiveness ratios can be said to be very effective because the average effectiveness has exceeded 100%. Harmonious ratio that the majority of funds owned by the Depok City Government are still prioritized for operational expenditure needs. This causes the ratio of capital expenditure to be relatively small.

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1. INTRODUCTION

Referring to Law Number 23 of 2014 concerning Regional Government and Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments, it is stated that the Regional Revenue and Expenditure Budget (APBD) is a regulation as a form of regional financial management that is determined every year through regional regulations consisting of revenue, expenditures, and financing. The authority and obligation for the regions to implement various government activities more independently and independently, starting from the processes of planning, implementation, monitoring, evaluation, and accountability, have implications for the presence of regional autonomy.

Through the implementation of regional autonomy, regional governments should be more courageous in maximizing their various potentials. To optimize the implementation of autonomy, regional governments must be more creative and innovative when formulating government policies, particularly in the financial sector. Based on this premise, performance and participation in increasing regional original income (PAD) for work units that intersect with regional income must be able to be optimized by regional heads in order to continue financing governance and development, which leads to increased economic growth for the regions. Whereas [1] defines "performance" as an activity or program carried out in order to achieve the organization's goals, mission, and vision as outlined in the formulation of an organization's strategic scheme or activities or programs outlined in an organization's strategic planning. In line with that, the normative approach emphasizes that the implementation of policies in the public sector has a higher degree of difficulty due to their strong relationship with political aspects and must consider aspects of equity and justice [2].

The Regional Revenue and Expenditure Budget for several regional governments is currently still dependent on revenue from the central government. Along with the increasingly heavy fiscal burden on state finances during the COVID-19 pandemic and the essence of the implementation of regional autonomy itself, it has become a demand for each region to be able to finance itself through its own regional revenue potential. The local government's efforts to explore and find various kinds of regional potential as a source of regional revenue are a determining factor for the success of implementing governmental tasks, development, and services for the people in the area.

According to [3] revealed that the thing that determines whether an autonomous region is capable of autonomy is seen in the financial performance of the region. This means that autonomous regions should

be competent to strive for the fulfillment of their own regional needs; on the other hand, dependency on transfer funds from the central government and grants from other parties must be kept to a minimum, so that regional own-source revenues must be part of the largest portion of the source of income supported by central financial sharing policies and regions as a fundamental prerequisite for the state government system.

According to [4] stated that each regional government should measure regional financial performance using several ratios, including the ratio of the degree of fiscal decentralization, the ratio of regional financial independence, the ratio of regional financial efficiency, the ratio of PAD effectiveness, and the ratio of harmony. According to [5], regional financial independence is defined as the capacity of local governments to optimize regional revenues. Fiscal decentralization or regional fiscal autonomy is measured by calculating the contribution of regional original revenue to the overall regional revenue and expenditure budget, the contribution of subsidies and assistance from the central government or high government to the total regional revenue and expenditure budget, the ratio of regional income to total revenue state, and the ratio of central to local government. The degree of regional fiscal decentralization is measured using the ratio between PAD and regional revenue. The level of ability of the regional government to finance self-government activities, development, and community services that have paid taxes and fees as a source of regional income is defined as the ratio of regional financial independence [6]. Meanwhile, according to [7], local government financial performance can be measured using the ratios of independence, economy, effectiveness, and efficiency. Self-reliance is demonstrated by regional original revenue, which is able to support the financing of its own administration with minimal intervention from the center. Effectiveness is shown by the realization of revenues achieved by local governments. Efficiency is shown by how much it costs to achieve revenue realization.

2. METHOD

This study uses a mixed method of quantitative data analysis, which is explained in a descriptive manner based on the results of the analysis. According to [8], the quantitative method is used because research data is in the form of numbers and analysis uses statistics. The data to be used is Depok City regional budget data obtained from the Depok City Regional Finance Agency and the Depok City BPS. The data is in the form of a summary of budget realizations for the 2018–2021 fiscal year period.

3. RESULT AND DISCUSSION

Degrees of Fiscal Decentralization

Based on the calculation of the Degree of Fiscal Decentralization using Depok City APBD data for 2018-2021, as shown in Table 1. It can be informed that there are fluctuating developments in the comparison of regional original income (PAD) to total regional income (TPD), the comparison of balancing funds (DP) to TPD, and the comparison of other income to TPD.

Table 1 Degree of Fiscal Decentralization for Depok City for the 2017 2020 Fiscal Year

Year	PAD/TPD	DP/TPD	Etc /TPD
2018	42.52%	40.76%	16.71%
2019	36.04%	39.41%	24.55%
2020	39.95%	37.93%	22.11%
2021	39.64%	38.78%	21.58%
Average	39.53%	39.22%	21.23%

Source: Depok City Regional Finance Agency

The average comparison of PAD to TPD in Depok City was 39.53%, which, according to the regional capability and independence criteria stated by the 1991 Depdagri-Fisipol UGM Research and Development Team, was at an adequate level. The data shows that the City of Depok still has a high dependency on the central government or has a potential for PAD that is not optimal.

Fiscal Capacity

Table 2 presents the fiscal capacity of Depok City during 2018–2021. It can be seen that the fiscal capacity of the city of Depok tends to decrease, but according to the criteria, it is in the very high category. The data was obtained from the Regulation of the Minister of Finance concerning the 2018–2021 Regional Fiscal Capacity Map. It can be seen that the city of Depok has a good fiscal capacity with an averagely high rating, even though it is experiencing a downward trend.

Table 2 Fiscal Capacity of Depok City for Fiscal Year 2018-2021

Year	Fiscal Capacity	Regional Fiscal Capacity Category
2018	2,81	Very high
2019	2,74	Very high
2020	2,54	Very high
2021	2,52	Very high
Average	2,65	Very high

Source: Minister of Finance Regulation on Regional Fiscal Capacity Map

Regional Financial Independence Ratio

The results of calculating the regional financial independence ratio can be seen in Table 3

Table 3 Calculation of the Regional Financial Independence Ratio for the City of Depok 2018-2021 (in thousand rupiah)

Year	PAD	Central/Provincial Government Assistance and Loans	Regional Financial Independence Ratio
2018	1.210.748.605	1.618.576.523	74.80%
2019	1.059.700.280	1.715.411.834	61.77%
2020	1.293.003.769	1.884.581.141	68.61%
2021	1.215.051.662	1.827.810.291	66.47%
Average Regional Financial Independence Ratio			67.91%

Source: Depok City Regional Finance Agency

The data shows that Depok City still has a quite fluctuating regional financial independence ratio with an average percentage of 67.91%. With this amount, the level of financial independence of the Depok City government can be categorized as moderate because it is still on an interval scale of 50%–75%. This means that the role of the central government has begun to diminish because local governments are considered to have started to be able to finance their own government activities, development, and services to the community.

Regional Financial Efficiency Ratio

The results of calculating the Regional Financial Efficiency Ratio can be seen in Table 4.

Table 4 Calculation of the Regional Financial Efficiency Ratio for the City of Depok 2018-2021 (in thousand rupiah)

Year	Regional Expenditure Realization	Regional Revenue Realization	Regional Financial Efficiency Ratio
2018	2.672.164.042	2.847.403.733	93,84%
2019	2.765.083.907	2.940.266.487	94.04%
2020	3.231.267.376	3.236.277.806	99.84%
2021	3.199.216.052	3.065.353.053	104.36%
Average Regional Financial Efficiency Ratio			98.02%

Source: Depok City Regional Finance Agency

The average efficiency ratio of the Depok City Government over a 4-year period of 98.02% can be classified as less efficient. because the efficiency interval is between 90% and 100%.

PAD Effectiveness Ratio

Table 5 shows the results of the calculation of the effectiveness ratio for the local government's own regional income in Depok.

Table 5 Calculation of the Effectiveness Ratio of PAD for the City of Depok, 2018–2021 (in thousand rupiah)

Year	PAD realization	PAD budget	PAD Effectiveness Ratio
2018	1.210.748.605	919.229.418	131,71%

2019	1.059.700.280	1.020.881.182	108.80%
2020	1.293.003.769	1.114.036.194	116.06%
2021	1.215.051.662	1.269.422.760	95.71%
Average Regional Financial Effectiveness Ratio			113.07%

Source: Depok City Regional Finance Agency

Referring to Table 5, it can be seen that the Depok City Regional Original Revenue budget tends to increase from the previous year. The exception is in 2021, where the realization of PAD is only 95.71% of the target. However, on average from 2018–2021, the regional financial effectiveness ratio was 113.70%, which is included in the title of "very effective."

Compatibility Ratio

The results of the compatibility ratio for Depok City can be seen in Table 6 From the calculation results in Table 2, it is known that the realization of the total regional expenditures for the City of Depok from 2018–2021 tends to increase. dominating operating expenditure, which averaged 72.33% compared to capital expenditure, which averaged 27.66%.

Table 6 Calculation of the Conformance Ratio for Depok City's 2018–2021 Operating Expenditure (in thousand rupiah)

Year	Total Operating Expenditures	Total Regional Expenditures	Operating Expenditure Ratio
2018	1.814.921.696	2.672.164.042	67,91%
2019	1.995.030.115	2.765.083.907	72.15%
2020	2.305.178.002	3.231.267.376	71.33%
2021	2.494.160.904	3.199.216.052	77.96%
Average Regional Financial Efficiency Ratio			72.33%

Source: Depok City Regional Finance Agency

Table 7 Calculation of Conformance Ratio for the City of Depok 2018-2021 Capital Expenditures (in thousand rupiah)

Year	Total Operating Expenditures	Total Regional Expenditures	Operating Expenditure Ratio
2018	857.242.346	2.672.164.042	32,09%
2019	770.053.793	2.765.083.907	27.85%
2020	926.089.374	3.231.267.376	28.67%
2021	705.055.148	3.199.216.052	22.04%
Average Regional Financial Efficiency Ratio			27.66%

Source: Depok City Regional Finance Agency

The data from the two tables shows that Depok still uses its APBD to prioritize routine expenditures such as honorarium and personnel expenditures for civil servant salaries rather than paying attention to regional physical development through capital expenditures.

4. CONCLUSION

When measured against the ratio of fiscal decentralization, the financial performance of the Depok City Government meets the necessary criteria where the level of regional original income has sufficient ability to finance regional development because there is still a lack of community participation and the government's seriousness in attracting taxpayers to comply with taxes so that PAD can increase. Furthermore, the financial performance seen from the fiscal capacity of the City of Depok is in the very high category, indicating that the City of Depok's fiscal capacity in spending its budget is very good. The financial performance of the Depok City Government, when viewed from the Regional Financial Independence Ratio, is in the medium category. where the role of the central government has begun to diminish. Because local governments are considered to be able to finance their own government activities and because the level of community participation is getting higher, In terms of the regional financial efficiency ratio, Depok City is in the less efficient category. Because the city government of Depok's performance in collecting revenues is still not good or optimal, especially due to the influence of the COVID-19 pandemic in 2020–2021, regional

spending in that year will exceed regional revenues. For the following year, efforts will be made to improve regional financial efficiency. Furthermore, Depok City falls into the very effective category when measured by the effectiveness ratio of regional own revenue. This is because the PAD that has been budgeted can be realized properly. Finally, if one looks at the harmony ratio of the Depok City Government, operational spending still dominates the share of regional spending compared to capital spending. This could be due to the Depok City Government prioritizing routine operational expenses over regional development. The writer's suggestion is that the City Government of Depok is expected to be more balanced and professional in allocating its spending, namely by increasing capital spending and reducing operational spending.

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