

## Financial Statement Analysis to Assess the Financial Performance of the Dki Jakarta Provincial Government Fiscal Years 2021–2024

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### ABSTRACT

*The purpose of this study is to measure the performance of the DKI Jakarta provincial government's financial reports and to improve the quality of regional financial management performance. The research method used is descriptive quantitative. The data collection technique used is documentation using data from 2021 to 2024. The results of the study show that the regional financial independence ratio is high, with an average of 226%, the regional financial dependency ratio is low at 30%, the fiscal decentralization ratio is very high at 67.48%, the PAD effectiveness ratio is quite effective at 94%, the PAD efficiency ratio is inefficient at 95.08%, the effectiveness of regional taxes is very effective at 102%, the efficiency ratio of regional taxes is inefficient at 42.83%, and the contribution ratio of BUMD is very good at 106%. Based on the results of the DKI Jakarta ratio measurement, its financial report performance is good, as can be seen from the high Regional Financial Independence Ratio, Low Regional Financial Dependence Ratio, and Very High Fiscal Decentralization Ratio. sufficiently effective PAD effectiveness, excellent BUMD contribution level, and very effective local tax effectiveness. However, improvements are needed in the efficiency ratio and local tax efficiency ratio.*

**Keywords:** Financial statement analysis, financial performance, regional financial independence ratio, regional dependency ratio, fiscal decentralization ratio.

### I. INTRODUCTION

Regional financial management is a fundamental element in the administration of local government that is oriented toward improving the quality of public services and community welfare. Within the framework of fiscal decentralization, local governments are granted broad authority to explore, manage, and utilize regional revenue sources to finance governmental operations and development activities. This authority necessitates financial governance that is accountable, transparent, and performance-oriented, making local government financial performance an important indicator for assessing the quality of local governance (Mardiasmo, 2021).

Local government financial statements are prepared as a form of accountability for the management of public resources entrusted to regional governments. These statements present

information on the realization of revenues and expenditures, as well as the financial position of the region within a given budget period. Such information becomes more meaningful when analyzed systematically, as it can provide insights into the effectiveness and efficiency of regional financial management. Financial statement analysis serves not only as an administrative evaluation tool but also as an instrument for assessing financial performance and fiscal sustainability of local governments (Mahmudi, 2019).

The Province of DKI Jakarta has distinctive characteristics in regional financial management compared to other regions in Indonesia. As the center of national governance and economic activity, DKI Jakarta possesses substantial fiscal capacity and a high level of financial independence. This condition is reflected in the dominant contribution of

Own-Source Revenue (Pendapatan Asli Daerah/PAD) to the regional revenue structure. Nevertheless, this substantial fiscal capacity also demands more professional, adaptive, and performance-based financial management to ensure that financial resources are optimally utilized in support of development and public service delivery (Halim & Kusufi, 2020).

The period 2021–2024 represents a critical phase in the dynamics of financial management of the Provincial Government of DKI Jakarta, as it coincides with the post–COVID-19 economic recovery. The pandemic exerted significant pressure on economic activities, which in turn affected the ability of local governments to generate regional revenues. At the same time, public expenditure

needs increased, particularly in the areas of healthcare, social protection, and economic recovery. This situation required adaptive fiscal policy adjustments to maintain regional financial stability (OECD, 2021).

In this context, the performance of Own-Source Revenue (PAD) becomes a key aspect reflecting the ability of local governments to independently finance development needs. A comparison between the budgeted and realized PAD provides an overview of the effectiveness of revenue planning and policy implementation. Budget and realization data for PAD of the Provincial Government of DKI Jakarta during the 2021–2024 period indicate fluctuating dynamics in regional revenue performance from year to year.

Table 1. Audit Board of the Republic of Indonesia

<b>Realization &amp; Budget of Regional Own-Source Revenue (PAD) of the DKI Jakarta Provincial Government</b>			
Year	PAD Realization	PAD Budget	Percentage (%)
2021	65.567.009.199.000	65.209.105.040.795	100.55
2022	67.290.479.172.308	77.796.647.728.301	86.50
2023	71.065.534.207.722	70.662.936.135.345	100.57
2024	72.952.092.296.153	74.946.825.859.889	97.34

Source: Audit Board of the Republic of Indonesia (BPK) – DKI Jakarta Representative, 2025

The data indicate that in the first year of observation, Own-Source Revenue (PAD) realization amounted to IDR 65.56 trillion, slightly higher than the budgeted target of IDR 65.21 trillion. An effectiveness level of 100.55 percent indicates that the regional revenue target was optimally achieved. This condition suggests that regional revenue planning was formulated realistically and supported by relatively strong revenue collection performance.

However, in the following year, PAD realization of IDR 67.29 trillion fell short of the budgeted target of IDR 77.79 trillion, resulting in an effectiveness level of 86.50 percent. This decline in effectiveness reflects challenges in optimizing PAD, which may have been influenced by an economic recovery that was not yet fully stable as well as adjustments in regional fiscal policies. This condition demonstrates that a higher regional revenue target is not always accompanied by a commensurate realization capacity.

In the subsequent year, PAD realization performance showed improvement. PAD realization reached IDR 71.06 trillion, slightly exceeding the budgeted amount of IDR 70.66 trillion, with an effectiveness level of 100.57 percent. This achievement indicates improved effectiveness in regional revenue management and the local government's ability to align revenue planning with actual fiscal potential. Such improvement reflects a learning process and policy adjustments in PAD management.

Meanwhile, in the final year of observation, PAD realization amounted to IDR 72.95 trillion out of a budgeted IDR 74.95 trillion, with an effectiveness level of 97.34 percent. Although the target was not fully achieved, this result indicates that regional revenue performance remained relatively strong and stable. A realization rate close to 100 percent suggests that PAD planning and management were fairly well controlled, although there remains room for further optimization of regional revenue.

Overall, the dynamics of PAD realization during the 2021–2024 period demonstrate fluctuations in regional revenue performance influenced by various internal and external factors. This condition reflects that the success of regional financial management is determined not only by

fiscal capacity but also by the effectiveness of planning, implementation, and financial control. Therefore, financial statement analysis is essential to provide a more comprehensive picture of local government financial performance.

In practice, assessments of local government financial performance often still focus primarily on compliance with regulations and accounting standards. Although compliance is an important prerequisite, such an approach does not fully capture the overall quality of financial performance. More in-depth analysis of financial indicators is required to assess the effectiveness, efficiency, and sustainability of regional financial management (Mahmudi, 2019).

From an academic perspective, studies on local government financial performance still exhibit limitations, both in terms of research objects and observation periods. Many previous studies have employed relatively narrow geographic scopes or short time frames, thereby limiting their ability to capture the dynamics of regional financial performance within the context of ongoing economic changes and fiscal policy developments (Sugiyono, 2022).

Based on the foregoing discussion, an analysis of the financial performance of the Provincial Government of DKI Jakarta during the 2021–2024 period is highly relevant. This analysis is expected to provide a more comprehensive understanding of regional financial management dynamics, particularly with regard to the local government's ability to realize Own-Source Revenue as a key indicator of regional financial performance.

## II. LITERATURE REVIEW

### A. Performance Theory

Performance theory emphasizes that public sector organizational performance should not be measured solely by compliance with procedures and regulations, but also by the outcomes achieved through the use of public resources. Performance is understood as the level of achievement of organizational objectives, measured through indicators of effectiveness and efficiency (Mahsun, 2016). In the context of local government, financial performance is an integral component of public organizational performance. Financial performance reflects the ability of local governments to manage revenues and expenditures to support governance and public service delivery. Accordingly, financial performance is measured using financial indicators

derived from local government financial statements, including various regional financial ratios.

## B. Stewardship Theory

Stewardship theory views government as a steward of public resources that acts in the best interests of society. Local governments are assumed to be oriented toward achieving organizational objectives and public welfare; therefore, regional financial management is carried out responsibly and in the collective interest (Davis et al., 1997). In the context of regional financial management, stewardship theory provides a normative foundation that optimizing regional revenues including local taxes and contributions from Regional-Owned Enterprises (BUMD) constitutes a form of governmental responsibility in achieving fiscal independence and ensuring regional financial sustainability.

## C. Analysis of Local Government Financial Statements

The analysis of local government financial statements is a systematic process of evaluating financial information presented in regional financial reports to assess local government financial performance. This analysis aims to determine the ability of local governments to manage revenues and expenditures effectively and efficiently (Mahmudi, 2019). One commonly used method in local government financial statement analysis is financial ratio analysis. Ratio analysis enables comparative evaluation of financial performance across periods and provides a more comprehensive overview of regional financial conditions.

## D. Local Government Financial Performance

Local government financial performance reflects the ability of local governments to manage financial resources in order to achieve development objectives and deliver public services. Financial performance is not measured solely by the size of budgets and financial realizations, but also by levels of independence, dependency, effectiveness, and efficiency in regional financial management (Mardiasmo, 2021). Measurement of local government financial performance is conducted through various regional financial ratios that reflect revenue structure, the quality of revenue management, and the contribution of regional revenue sources.

### 1. Regional Financial Independence Ratio

The regional financial independence ratio is used to measure the ability of a local government to finance governmental operations and development activities by relying on Own-Source Revenue (Pendapatan Asli Daerah/PAD). The higher this ratio, the greater the level of fiscal independence of the local government (Halim & Kusufi, 2020).

#### Independence Ratio

$$= \frac{PAD}{(Transfer\ Revenue + Loans)} \times 100\% \quad (a)$$

Based on the calculation results of the Regional Financial Independence Ratio, the resulting percentage values are subsequently categorized according to the established classification benchmarks, as presented in the following table.

Table 2

Percentage	Criteria
0–25%	Very low
25–50%	Low
50–75%	Moderate
>75%	High

### 2. Regional Financial Dependency Ratio

The regional financial dependency ratio illustrates the extent to which a local government relies on transfer revenues from the central government. This ratio indicates the degree to which regional fiscal sustainability is still influenced by national fiscal policies (Mahmudi, 2019).

#### Dependency Ratio

$$= \frac{Transfer\ Revenue}{Total\ Revenue} \times 100\% \quad (b)$$

### 3. Fiscal Decentralization Degree Ratio

The fiscal decentralization ratio measures the contribution of Own-Source Revenue (Pendapatan Asli Daerah/PAD) to total regional revenue. This ratio reflects the extent of fiscal decentralization and the ability of local governments to independently manage their revenue sources (Mardiasmo, 2021).

#### Fiscal Decentralization Ratio

$$= \frac{PAD}{Total\ Regional\ Revenue} \times 100\% \quad (c)$$

#### 4. PAD Effectiveness Ratio

The Own-Source Revenue (Pendapatan Asli Daerah/PAD) effectiveness ratio is used to assess the ability of local governments to realize PAD in accordance with the targets set in the Regional Revenue and Expenditure Budget (APBD). This ratio reflects the quality of revenue planning and the implementation of regional revenue policies (Halim & Kusufi, 2020).

$$\text{PAD Effectiveness Ratio} = \frac{\text{PAD Realization}}{\text{PAD Budget}} \times 100\% \quad (d)$$

Based on the calculation results of the Regional Financial Independence Ratio, the resulting percentage values are then classified according to the established benchmark categories, as presented in the following table.

Table 3

Percentage	Criteria
>100%	Very Effective
90–100%	Effective
80–90%	Moderately Effective
60–80%	Less Effective
<60%	Ineffective

#### 5. PAD Efficiency Ratio

The Own-Source Revenue (Pendapatan Asli Daerah/PAD) efficiency ratio is used to assess the ability of local governments to manage and realize PAD by comparing the costs incurred in revenue collection with the revenue obtained. This ratio reflects how efficiently regional revenue is managed and indicates the effectiveness of cost control in the implementation of regional revenue policies (Halim & Kusufi, 2020).

$$\text{PAD Efficiency Ratio} = \frac{\text{PAD Collection Cost}}{\text{PAD Realization}} \times 100\% \quad (e)$$

Based on the calculation results of the PAD Efficiency Ratio, the resulting percentage values are subsequently classified according to the established benchmark criteria, as presented in the following table.

Table 4

Percentage	Criteria
<60%	Very Efficient
60–80%	Efficient
80–100%	Moderately Efficient
>100%	Inefficient

#### 6. Local Tax Effectiveness Ratio

This ratio explains a region's performance in achieving the predetermined local tax targets and allows for a comparison between the budgeted tax revenue and the region's actual fiscal capacity. Local tax effectiveness analysis describes the ability of local governments to realize planned local tax revenues in comparison with the targets or budget established based on the region's real tax potential (Halim, 2012).

Based on the calculation results of the Local Tax Effectiveness Ratio, the resulting percentage values are subsequently categorized according to the established benchmark classifications, as presented in the following table.

$$\text{Regional Tax Effectiveness Ratio} = \frac{\text{Tax Revenue Realization}}{\text{Tax Revenue Budget}} \times 100\% \quad (f)$$

Table 5

Percentage	Criteria
>100%	Very Effective
90–100%	Effective
80–90%	Moderately Effective
60–80%	Less Effective
<60%	Ineffective

#### 7. Local Tax Efficiency Ratio

The local tax efficiency ratio is used to measure the comparison between the costs incurred in collecting local taxes and the realized local tax revenues. This ratio reflects the efficiency of regional tax administration (Halim & Kusufi, 2020).

$$\text{Tax Efficiency Ratio} = \frac{\text{Tax Collection Cost}}{\text{Tax Revenue Realization}} \times 100\% \quad (g)$$

Based on the calculation results of the Local Tax Efficiency Ratio, the resulting percentage values are subsequently classified according to the established benchmark criteria, as presented in the following table.

Table 6

Percentage	Criteria
<60%	Very Efficient
60–80%	Efficient
80–100%	Moderately Efficient
>100%	Inefficient

### 8. BUMD Contribution Degree Ratio

The Regional-Owned Enterprises (BUMD) contribution ratio is used to measure the extent to which BUMD profits contribute to Own-Source Revenue (Pendapatan Asli Daerah/PAD). A high level of BUMD contribution indicates professional management and a strong orientation toward improving regional financial performance (Mardiasmo, 2021).

$$\text{BUMD Contribution Ratio} = \frac{\text{BUMD Profit}}{\text{PAD}} \times 100\% \quad (h)$$

### III. RESEARCH METHOD

Table 7. Regional Financial Independence Ratio

Year	PAD Realization	Transfer Revenue	Ratio	Capacity
2021	41.606.307.405.630	22.673.794.344.052	183,50%	High
2022	45.608.404.725.501	18.860.858.779.549	241,82%	High
2023	49.139.745.715.234	20.159.634.672.034	243,75%	High
2024	50.742.019.272.748	21.620.905.241.381	234,69%	High
<b>Average</b>	46.774.119.279.778	20.828.798.259.254	226%	High

*Source: Audit Board of the Republic of Indonesia (BPK) – DKI Jakarta Representative, 2025*

The regional financial independence ratio of the Provincial Government of DKI Jakarta during the 2021–2024 period consistently falls within the high category, reflecting the dominance of Own-Source Revenue (Pendapatan Asli Daerah/PAD) over transfer revenues in the regional revenue structure. Theoretically, the financial independence ratio represents the ability of a local government to finance governmental operations and development activities through revenue sources derived from its own regional potential; therefore, a higher ratio indicates stronger fiscal capacity and greater regional financial autonomy (Halim & Kusufi, 2020; Mahmudi, 2019). In 2021, the financial independence ratio was recorded at 183.50 percent

This study employs a descriptive quantitative approach aimed at systematically examining the level of fiscal capacity, the effectiveness of achieving development targets, the degree of dependence on central government transfer funds, and the level of budget efficiency reflected in the financial statements of the Provincial Government of DKI Jakarta. The approach is applied to the research object in a structured and systematic manner. Data collection techniques include documentation and library research. Data analysis is conducted by examining financial statements, calculating relevant financial ratios, and interpreting the results through descriptive explanations supported by tables and figures to strengthen the presented information. The data used in this study are secondary data derived from the local government financial statements of the Province of DKI Jakarta for the 2021–2024 period.

### IV. RESULTS AND DISCUSSION

#### A. Regional Financial Independence Ratio

and continued to increase in 2022 to 241.82 percent, reaching its highest level in 2023 at 243.75 percent. This trend indicates increasingly optimal PAD management alongside the recovery and

growth of regional economic activity. In 2024, the ratio slightly declined to 234.69 percent due to an increase in transfer revenues; however, it still reflects a financially independent regional revenue structure and a low level of dependence on the central government. On average, the financial independence ratio during the 2021–2024 period reached approximately 226 percent, indicating that the fiscal capacity of the Provincial Government of DKI Jakarta can be classified as high. The findings of this study are consistent with previous research

conducted by Putri and Pratolo (2020), which shows that high PAD has a positive effect on local government financial performance and fiscal independence, as well as the study by Wulandari

and Handayani (2021), which found that regions with strong economic bases tend to exhibit high financial independence ratios and low dependence on transfer revenues.

## B. Regional Financial Dependency Ratio

Table 8. Regional Financial dependence Ratio

Year	Transfer Revenue	Total Regional Revenue	Ratio	Capacity
2021	22.673.794.344.052	65.567.009.199.000	34,58 %	Low
2022	18.000.858.779.545	67.290.478.172.308	26,75 %	Low
2023	20.159.634.672.034	71.065.534.207.722	28,37 %	Low
2024	21.620.905.241.381	72.952.092.296.153	29,64 %	Low
<b>Average</b>	20.613.798.259.253	69.218.778.468.796	30%	Low

*Source: Audit Board of the Republic of Indonesia (BPK) – DKI Jakarta Representative, 2025*

The financial dependency ratio of the Provincial Government of DKI Jakarta during the 2021–2024 period shows relatively low values, reflecting the small proportion of transfer revenues relative to total regional revenue. Theoretically, the financial dependency ratio illustrates the extent to which a local government relies on funds sourced from the central government; therefore, a lower ratio indicates stronger regional fiscal independence in financing governmental operations and development activities (Halim & Kusufi, 2020; Mahmudi, 2019). In 2021, the dependency ratio was recorded at 34.58 percent and declined significantly in 2022 to 26.75 percent, indicating the increasingly dominant role of Own-Source Revenue in the revenue structure. In 2023 and 2024, the dependency ratio experienced a slight

increase to 28.37 percent and 29.64 percent, respectively; however, it remained within the low category, suggesting that the Provincial Government of DKI Jakarta’s reliance on transfer revenues is still relatively limited. On average, the regional financial dependency ratio during the 2021–2024 period was around 30 percent, indicating strong regional fiscal capacity and a high level of fiscal independence. These findings are consistent with previous studies conducted by Putri and Pratolo (2020), which state that regions with a high contribution of Own-Source Revenue tend to exhibit low dependency ratios on transfer funds, as well as the findings of Wulandari and Handayani (2021), which show that a low dependency ratio reflects a region’s ability to manage its revenue sources independently and sustainably.

## C. Fiscal Decentralization Degree Ratio

Tabel 9 Fiscal Decentralization Degree Ratio

Year	Total Regional Own Source Revenue	Total Regional Revenue	Ratio	Capacity
2021	41.606.307.405.630	65.567.009.199.000	63,46%	Very high
2022	45.608.404.725.501	67.290.478.172.308	67,78%	Very high
2023	49.139.745.715.234	71.065.534.207.722	69,15%	Very high
2024	50.742.019.272.748	72.952.092.296.153	69,56%	Very high
<b>Average</b>	46.774.119.279.778	69.218.778.468.796	67,48%	Very high

*Source: Audit Board of the Republic of Indonesia (BPK) – DKI Jakarta Representative, 2025*

The fiscal decentralization degree ratio of the Provincial Government of DKI Jakarta during the

2021–2024 period consistently falls within the very high category, reflecting the substantial

contribution of Own-Source Revenue (Pendapatan Asli Daerah/PAD) to total regional revenue. Conceptually, the degree of fiscal decentralization illustrates the extent to which local governments are able to finance the implementation of regional autonomy through revenue sources derived from their own regional potential. Therefore, a higher ratio indicates stronger fiscal capacity and a more significant role of local governments in administering governance and development (Halim & Kusufi, 2020; Mahmudi, 2019). In 2021, the fiscal decentralization ratio was recorded at 63.46 percent and gradually increased in 2022 to 67.78 percent, in line with PAD growth that outpaced the increase in total regional revenue. This upward trend continued in 2023 and 2024, with ratios of 69.15 percent and 69.56 percent, respectively, reflecting increasingly optimal utilization of regional economic potential as the primary source

of funding. On average, the fiscal decentralization degree ratio during the 2021–2024 period reached approximately 67.48 percent, indicating that the fiscal capacity of the Provincial Government of DKI Jakarta is very high and demonstrates strong financial independence in supporting the implementation of regional autonomy. These findings are consistent with previous studies by Putri and Pratolo (2020), which state that a high PAD contribution to total regional revenue reflects successful fiscal decentralization and positively affects local government financial performance, as well as research by Wulandari and Handayani (2021), which found that a high degree of fiscal decentralization indicates the ability of regions to manage revenue sources independently and sustainably.

#### D. PAD Effectiveness Ratio

Table 10 PAD Effectiveness Ratio

Year	PAD Realization	PAD Budget	Ratio	Capacity
2021	41.606.307.405.630	45.182.087.250.967	92,09 %	Moderately Effective
2022	45.608.404.725.501	55.662.834.753.592	81,94 %	Less Effective
2023	49.139.745.715.234	48.442.043.648.831	101,44 %	Very Effective
2024	50.742.019.272.748	50.466.744.400.403	100,55 %	Very Effective
<b>Average</b>	46.774.119.279.778	49.938.427.513.448	94 %	Moderately Effective

**Source:** Audit Board of the Republic of Indonesia (BPK) – DKI Jakarta Representative, 2025

The effectiveness ratio of Own-Source Revenue (PAD) of the Provincial Government of DKI Jakarta during the 2021–2024 period shows relatively good performance, with variations across years. Conceptually, the PAD effectiveness ratio reflects the ability of local governments to realize revenue in accordance with predetermined targets; thus, a higher effectiveness ratio indicates more optimal planning and management of regional revenues (Halim & Kusufi, 2020; Mahmudi, 2019). In 2021, the PAD effectiveness ratio reached 92.09 percent, indicating that PAD realization was close to the budget target and categorized as moderately effective. However, in 2022 the ratio declined to 81.94 percent, reflecting less optimal PAD realization compared to the established target, amid

PAD effectiveness ratio showed significant improvement, reaching 101.44 percent and 100.55 percent, respectively, indicating that PAD realization exceeded the budget targets and fell into the very effective category. On average, the PAD effectiveness ratio during the 2021–2024 period was approximately 94 percent, suggesting that regional revenue effectiveness performance can be classified as moderately effective. These findings align with previous studies by Putri and Pratolo (2020) and Wulandari and Handayani (2021), which indicate that PAD effectiveness reflects the quality of revenue planning and contributes positively to local government financial performance and fiscal sustainability.

economic recovery dynamics and adjustments in regional revenue policies. In 2023 and 2024, the

Table 11 PAD Efficiency Ratio

Year	Regional Expenditure Realization	Regional Revenue Realization	Ratio	Capacity
2021	61.619.040.160.565	65.567.009.199.000	93,98%	Inefficient
2022	64.865.121.220.296	67.290.479.172.308	96,40%	Inefficient
2023	66.770.609.628.414	71.065.534.207.722	93,96%	Inefficient
2024	70.012.717.839.886	72.952.092.296.153	95,97%	Inefficient
<b>Average</b>	65.816.872.212.290	69.218.778.718.795,70	95,08%	Inefficient

*Source: Audit Board of the Republic of Indonesia (BPK) – DKI Jakarta Representative, 2025*

### E. PAD Efficiency Ratio

The financial efficiency ratio of the Provincial Government of DKI Jakarta during the 2021–2024 period consistently remained in the less efficient category, reflecting the relatively large proportion of regional expenditures compared to realized regional revenues. Theoretically, the financial efficiency ratio describes the ability of local governments to control expenditures in generating revenue; therefore, a lower efficiency ratio indicates better expenditure control and more optimal financial management (Halim & Kusufi, 2020; Mahmudi, 2019). In 2021, the efficiency ratio was recorded at 93.98 percent and increased in 2022 to 96.40 percent, indicating that most regional revenue was used to finance expenditures. In 2023

and 2024, the ratio remained relatively stable at 93.96 percent and 95.97 percent, respectively, suggesting a consistent pattern of expenditure management that has not yet reached optimal efficiency. The average efficiency ratio during the 2021–2024 period was approximately 95.08 percent, indicating limited fiscal space despite high revenue capacity. This condition reflects substantial expenditure pressures, both operational and developmental, highlighting the importance of expenditure control in improving regional financial performance. These findings are consistent with previous studies by Putri and Pratolo (2020) and Wulandari and Handayani (2021), which found that high efficiency ratios indicate suboptimal expenditure control and limited fiscal flexibility.

### F. Regional Tax Effectiveness Ratio

Table 12. Regional Tax Effectiveness Ratio

Year	Regional Tax Realization	Regional Tax Budget	Ratio	Capacity
2021	34.575.563.219.175	37.215.000.000.000	92,91%	Moderately Effective
2022	45.700.000.000.000	40.275.148.196.210	113,47 %	Very Effective
2023	43.000.000.000.000	43.516.481.672.833	98,81%	Moderately Effective
2024	44.980.000.000.000	44.448.074.892.860	101,20%	Very Effective
<b>Average</b>	42.063.890.804.794	41.363.676.190.476	102 %	Very Effective

*Source: Audit Board of the Republic of Indonesia (BPK) – DKI Jakarta Representative, 2025*

The local tax effectiveness ratio reflects the ability of local governments to realize tax revenues in accordance with established targets, thereby indicating the quality of planning and tax

administration performance within the framework of fiscal decentralization. Theoretically, a higher local tax effectiveness ratio signifies more optimal utilization of tax potential and increased fiscal

independence of local governments (Mardiasmo, 2021; Halim & Kusufi, 2020). Based on the calculation results, the local tax effectiveness ratio of the Provincial Government of DKI Jakarta during the 2021–2024 period demonstrates strong performance, with an average of 102 percent, categorized as very effective. In 2021 and 2023, the ratio fell within the moderately effective category, while in 2022 and 2024 it was classified as very

effective, as realized tax revenues exceeded the predetermined targets. This condition indicates that local tax collection in DKI Jakarta is relatively effective and supported by a strong economic base. These findings are consistent with previous studies by Putri and Pratolo (2020) and Wulandari and Handayani (2021), which state that local tax effectiveness contributes positively to improved financial performance and fiscal independence.

### G. Regional Tax Efficiency Ratio

Table 13. Regional Tax Efficiency Ratio

Year	Regional Tax Realization	Regional Tax Budget	Ratio	Capacity
2021	18.816.237.919.714	37.215.000.000.000	50,56 %	Inefficient
2022	17.705.440.378.717	45.700.000.000.000	38,74%	Less Efficient
2023	17.977.776.327.870	45.700.000.000.000	39,34%	Less Efficient
2024	19.190.554.701.043	44.980.000.000.000	42,66%	Inefficient
<b>Average</b>	<b>18.422.502.331.836</b>	<b>43.398.750.000.000</b>	<b>42,83%</b>	<b>Inefficient</b>

**Source:** Audit Board of the Republic of Indonesia (BPK) – DKI Jakarta Representative, 2025

The regional tax efficiency ratio indicates the comparison between actual tax revenue and the regional tax budget, and is therefore used to assess the extent to which the costs and resources expended by the local government are able to generate tax revenue optimally. Theoretically, a low efficiency ratio indicates inefficiency in regional tax management, which may result from weak budget planning, suboptimal collection systems, or high administrative tax costs (Halim & Kusufi, 2020; Mardiasmo, 2021). Based on calculations, the regional tax efficiency ratio of the DKI Jakarta Provincial Government during the

2021–2024 period averaged 42.83 percent, falling into the inefficient category, with the lowest values occurring in 2022 and 2023. This indicates that the actual tax revenue is relatively small compared to the budgeted amount, suggesting that the utilization of taxation resources has not yet been fully optimal. These findings are consistent with previous studies by Sari and Hidayat (2019) and Pramono and Nugroho (2021), which state that a low regional tax efficiency ratio reflects the need to improve collection strategies and cost control in order to enhance local government financial performance sustainably.

### 8. BUMD Contribution Ratio

Table 14 BUMD Contribution Ratio

Year	BUMD Profit	PAD Realization	Ratio
2021	398.792.009.852	41.606.307.405.630	95,85 %
2022	402.424.109.447	45.608.404.725.501	88,23 %
2023	545.869.249.987	49.139.745.715.234	111,09 %
2024	653.700.898.761	50.742.019.272.748	128,83 %
<b>Average</b>	<b>500.196.567.012</b>	<b>46.774.119.279.778</b>	<b>106 %</b>

**Source:** Audit Board of the Republic of Indonesia (BPK) – DKI Jakarta Representative, 2025

The degree of contribution ratio of Regional-Owned Enterprises (BUMD) reflects the role of

BUMD profits in supporting Own-Source Revenue (PAD) as an indicator of local government fiscal independence. Theoretically, a higher contribution of

BUMD profits to PAD indicates more optimal management of regional assets and greater professionalism in BUMD governance in generating regional income (Halim & Kusufi, 2020; Mahmudi, 2019). Based on the calculation results, the degree of BUMD contribution to PAD of the Provincial Government of DKI Jakarta during the 2021–2024 period shows fluctuating but generally increasing performance, with an average of 106 percent. In 2021 and 2022, BUMD contributions were below the average level, while in 2023 and 2024 contributions

increased significantly and exceeded realized PAD, indicating improved BUMD financial performance. This condition suggests that BUMDs in DKI Jakarta have begun to play a more strategic role as sources of regional revenue. These findings align with previous studies by Rahmawati and Suryanto (2020) and Wijaya and Kurniawan (2022), which conclude that increased BUMD profit contributions positively affect regional financial performance and strengthen fiscal capacity.

## V. CONCLUSION

Based on the analysis of the financial statements of the Provincial Government of DKI Jakarta for the 2021–2024 period, it can be concluded that the region demonstrates strong overall financial performance and fiscal sustainability. The high Regional Financial Independence Ratio and very high Degree of Fiscal Decentralization indicate the dominance of Own-Source Revenue (PAD) and successful optimization of regional potential, reflecting effective performance achievement and strong stewardship in managing public resources. The low Regional Financial Dependency Ratio further confirms minimal reliance on central government transfers, underscoring financial autonomy and sustainability. Although PAD effectiveness is categorized as moderately effective—showing that revenue realization generally meets planned targets—PAD efficiency remains less efficient, suggesting the need for improved expenditure control. Similarly, local tax revenue performance is very effective in terms of realization, but inefficiencies in tax collection costs highlight opportunities for administrative improvement. Meanwhile, the very good contribution of Regionally Owned Enterprises (BUMDs) to PAD demonstrates effective asset management and reinforces the government's stewardship role in enhancing regional revenue sources.

## VI. RECOMMENDATIONS

### PROVINCIAL GOVERNMENT OF DKI JAKARTA

1. Regional Financial Independence Ratio  
Maintain fiscal independence by continuously optimizing Own-Source Revenue (PAD) in a sustainable manner.
2. Regional Financial Dependency Ratio  
Keep dependency at a low level by strengthening internal fiscal capacity and utilizing central government transfers strategically.
3. Fiscal Decentralization Degree Ratio  
Sustain the high contribution of PAD while developing new sources of regional revenue.
4. PAD Effectiveness Ratio  
Improve the accuracy of revenue target setting and further optimize the realization of PAD.
5. PAD Efficiency Ratio  
Reduce PAD collection costs to ensure more efficient revenue management.
6. Local Tax Effectiveness Ratio  
Maintain tax collection performance by enhancing taxpayer compliance.
7. Local Tax Efficiency Ratio  
Improve the efficiency of tax collection through tighter control of operational costs.
8. Regional-Owned Enterprises (BUMD) Contribution Ratio.  
Sustain BUMD contributions by strengthening corporate governance and professional management practices.

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