

## **ANALYSIS OF PERFORMANCE AND STRATEGIES FOR FINANCIAL MANAGEMENT IN THE CITY OF BOGOR FROM 2014 TO 2023**

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### **ABSTRACT**

This study aims to analyze the financial performance of the Bogor City Regional Government during the period 2014-2023 and to develop projections for 2024-2029. Using descriptive analysis and financial ratio methods, this study evaluates aspects of revenue, expenditure, and budget balance. The results of the analysis show dynamics in Local Own-Source Revenue (PAD) and capital expenditure efficiency, which form the basis for policy recommendations for long-term fiscal stability.

Keywords: Financial Performance, Local Own-Source Revenue, Capital Expenditure Efficiency, Financial Management Strategy

### **Introduction**

When the process of financing the administration of a region is carried out independently, sourced from Local Own-Source Revenue (PAD), this condition constitutes regional financial independence (Oki, Nalle, & Meomanu, 2020). The independence of a region and the successful implementation of regional autonomy will be realized with good regional financial management as the main foundation. The dynamic development in Bogor City requires the local government to have a sound and sustainable budget structure. Historical data for the 2014-2023 period based on the audited Local Government Financial Reports (LKPD) of Bogor City for 2014-2023 by the Supreme Audit Agency (BPK), shows a positive trend in the increase in Local Own-Source Revenue (PAD) in the city of Bogor, reflecting the region's ability to independently explore local economic potential without relying entirely on transfer funds from the central government.

One of the strategic contributors to the structure of Bogor City's PAD is the advertising tax sector, which is managed through the Advertising Rental Value (NSR) instrument. The determination of NSR is not only an effort to pursue fiscal targets but also an instrument for controlling urban spatial planning and aesthetics. Bogor City has high historical value and tourist appeal, so balancing the optimization of revenue from outdoor media with maintaining the visual beauty

of the city to keep it comfortable for residents and tourists is a challenge that must be faced.

However, in practice, regional financial performance is often faced with macroeconomic fluctuations, such as those that occurred during the COVID-19 pandemic, which temporarily suppressed revenue growth and capital expenditure. In addition, regulatory changes through Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments (HKPD) require adjustments to financial management strategies. This includes operational spending efficiency and strengthening investment in capital expenditure to ensure that the quality of public infrastructure is maintained at a higher standard.

Financial performance analysis is conducted to assess the extent to which financial management has been carried out properly and in accordance with financial management regulations (Hutabarat, 2021). Therefore, an in-depth analysis of the financial performance of the last decade is crucial to map the fiscal strengths and weaknesses of the City of Bogor. Understanding trends in revenue realization, spending effectiveness, and fixed asset positions can help the government compile more accurate projections and databases for the 2024-2029 financial plan. This study is expected to provide strategic recommendations for creating a budget balance that can drive inclusive local economic growth in the future.

Based on the background described above, the problems formulated are as follows: How effective and efficient has the financial management of Bogor City been over the past decade? What strategic steps are needed to strengthen fiscal policy in the future?

This study aims to: Analyze historical financial conditions during the 2014-2023 period with the aim of compiling a financial performance plan database for the 2024-2029 period. The expected benefits of this study are as follows: This research is expected to add to the references and contribute ideas regarding the optimization of PAD and control of regional expenditure; This research is expected to add to the knowledge about the use of historical data as one of the bases for formulating medium-term regional financial performance plan policies; In practical terms, this research is expected to provide data-based policy recommendations for the Bogor City Government in optimizing PAD and controlling regional expenditure.

## **Literature Review**

Regional financial management is a complex and systematic process, covering all activities including planning, implementation, administration, reporting, accountability, and supervision of regional finances. According to Sularso and Restianto (2011), financial performance is a performance measure that uses financial indicators. Financial performance analysis is carried out to

obtain an overview of the financial position that represents the actual conditions and potential performance that will continue in the future. Conceptually, regional financial performance is used as a measuring tool to assess how effective and efficient regional governments are in managing their financial resources to achieve development goals. One of the most frequently used analysis instruments is the analysis of financial ratios against the Regional Revenue and Expenditure Budget (APBD), which provides an objective picture of the region's ability to finance government programs independently or through balancing funds.

The main legal basis for financial management at the regional level is Law No. 23 of 2014 on Regional Government. This regulation gives regions broad authority to regulate and manage their own government affairs, including fiscal aspects. Furthermore, this governance is reinforced through Government Regulation No. 12 of 2019 concerning Regional Financial Management, which serves as a technical guideline to ensure that every rupiah in the regional budget is managed transparently and accountably. In the city of Bogor, the implementation of this regulation is confirmed through Regional Regulation No. 9 of 2022, which adjusts financial management policies to the needs and characteristics of the local area.

In line with the spirit of fiscal reform, the issuance of Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments (HKPD Law) has become a very crucial point of reference. The HKPD Law directs regions to strengthen *local taxing power* in order to increase Regional Original Revenue (PAD) while improving the expenditure structure. One of the important points in this regulation is the obligation of local governments to allocate more productive capital expenditure to support public services and infrastructure development, while ensuring that operational expenditures such as personnel expenditures remain within reasonable proportions.

Academically, the evaluation of regional financial performance involves several categories of analysis. The first is revenue analysis, which looks at the growth and effectiveness of tax and levy collection. The second is expenditure analysis, which evaluates the balance between operating and capital expenditures to ensure that the budget is not only spent on routine office needs but also on physical investments. The third is budget balance and asset position analysis. In public management literature, an increase in fixed asset value is considered an indicator of successful long-term investment that will support the quality of life of citizens in the future. These three aspects form the basis for the City of Bogor in formulating its medium-term financial performance plan for the 2024-2029 period.

## **Research Method**

This study uses a quantitative descriptive approach. This approach was chosen because the study aims to provide a systematic, factual, and accurate description of the facts and relationships between financial phenomena in the city of Bogor. The use of quantitative data sourced from the Local Government Financial Reports (LKPD) for the 2014-2023 period enables objective and measurable performance measurement as defined by Halim(2007) , namely the process of identifying financial characteristics based on available financial reports.

### **Data Collection Techniques**

The research uses secondary data in the form of audited Local Government Financial Reports (LKPD) by the State Audit Agency (BPK) for the period 2014-2023. The research stages include:

1. Data collection, namely APBD data and revenue/expenditure realization.
2. Data *cleaning* process, which involves standardizing *metadata*.
3. Data analysis using descriptive analysis and financial ratios (independence ratio, PAD effectiveness, expenditure efficiency, and harmony ratio).

### **Data Analysis Methods**

The analysis methods applied in this study are Regional Financial Ratio Analysis and Trend Analysis. The details and reasons for using these methods are as follows:

1. Regional Financial Ratio Analysis
  - a. The Independence Ratio is used to see how dependent local governments are on external (central) funding sources. This is crucial for evaluating the success of fiscal autonomy.
  - b. The Independence Ratio is used to see how dependent local governments are on external (central) funding sources. This is crucial for evaluating the success of fiscal autonomy.
  - c. PAD Effectiveness and Efficiency Ratio: Used to measure the government's ability to realize revenue targets and how economical the costs incurred to obtain these revenues are.
  - d. Harmony Ratio (Operating Expenditures vs. Capital Expenditures): This analysis is very important because according to the HKPD Law, regions must balance their budgets so as not to get caught up in excessive routine expenditures (employees), thereby providing fiscal space for infrastructure development as reflected in capital expenditures.
2. Trend Analysis (*Time Series*)

This method is used to observe patterns of increase or decrease in financial performance over the last ten years (2014-2023). The reason for using trend analysis is to identify economic fluctuations, such as the impact of the COVID-19 pandemic in 2020, and to predict the future fiscal capacity of Bogor City (projections for 2024-2029).

### **Data Analysis Stages**

The research began with the collection of secondary data from official APBD documents, followed by a data *cleaning* process to harmonize financial metadata that may have changed due to differences in accounting standards in previous years. Finally, data interpretation was carried out to formulate *evidence-based policy* recommendations to improve budget efficiency and maintain long-term fiscal stability.

With this combination of ratio and trend analysis, the study does not merely stop at statistical figures but is able to provide strategic conclusions regarding regional financial health and the policy direction that needs to be taken to comply with the provisions of the HKPD Law.

### **Analysis**

#### **A. Description of Research Object**

This study was conducted on the Bogor City Government with a focus on regional financial performance over a ten-year period, from 2014 to 2023. The object of analysis includes data from the Regional Revenue and Expenditure Budget (APBD) and the Regional Government Financial Report (LKPD) that has been audited by the Supreme Audit Agency (BPK).

#### **B. Descriptive Analysis of Bogor City's Financial Performance**

The regional financial condition of the City of Bogor from 2014 to 2023 is presented in the following table:

Table 1 Data on the Financial Condition of Bogor City 2014-2023

Year	Total Liabilities (Balance Sheet)	Total Revenue (LO)	DAK (LO)	Total Operating Expenses (LO)	Cash and Cash Equivalents (Balance Sheet)	Current Liabilities (Balance Sheet)
2014	107,325,790,101	0	0	0	301,932,440,703	17,580,556,327
2015	106,738,747,188	2,082,732,464,624	8,616,560,000	1,573,821,703,454	343,863,300,574	17,440,956,629

2016	147,697,712,321	2,258,155,912,605	176,998,700,734	2,039,677,933,573	306,851,407,918	62,441,877,325
2017	103,478,687,125	2,290,521,481,519	207,696,786,069	2,147,479,964,095	330,486,722,754	18,464,811,385
2018	115,314,415,637	2,436,413,072,665	179,875,196,265	2,295,506,995,909	256,864,207,167	33,042,922,986
2019	119,207,677,738	2,727,229,093,257	189,891,532,535	2,337,325,981,870	277,944,006,959	47,905,717,440
2020	106,183,969,418	3,212,221,992,312	195,601,128,198	2,777,319,574,485	327,762,756,815	40,366,775,295
2021	161,721,270,045	3,284,651,582,132	170,168,021,371	2,623,178,663,135	365,047,806,990	70,983,427,347
2022	142,091,662,936	2,828,404,531,710	355,607,096,306	2,086,628,233,783	161,607,780,851	59,260,840,035
2023	179,323,414,216	3,136,359,975,340	349,032,591,793	2,979,057,931,746	53,955,641,102	106,374,711,749

Source: Audited Local Government Financial Reports (LKPD) of Bogor City for the years 2014-2023 by the State Audit Agency (BPK)

Overall, the data illustrates expansive financial dynamics with dominant growth in major sectors worth trillions. The most stable and consistent growth trend is seen in the fourth column, which managed to double its value from around 1.5 trillion in 2015 to nearly 3 trillion in 2023. Although the majority of indicators show an increase, there is a significant anomaly in the fifth column, which actually experienced a sharp decline at the end of the period, falling from 365 billion in 2021 to only 53 billion in 2023. This indicates a shift in assets or a contrasting change in performance compared to other indicators that continued to grow positively.

On the other hand, the sixth column shows the most impressive performance in percentage terms, with its value jumping more than sixfold over the eight-year period. This surge often coincided with the high volatility seen in the third column, which experienced fluctuations before finally surging sharply to its highest point in 2023. Collectively, 2021 and 2023 were crucial points in this table; 2021 was the peak of performance for almost all instruments, while 2023 was the momentum for a large reallocation of value, marked by strengthening in several columns amid a drastic weakening in certain columns.

The financial condition of the City of Bogor from 2014 to 2023, following an audit by the State Audit Agency (BPK), is presented in the following table:

Table 2. Data on the Financial Condition of Bogor City 2014-2023  
 (Continued)

Year	Total Fixed Assets	Long-Term Liabilities	Population	Total Revenue	Special Allocation	Employee	Local Own-Source
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	(Balance Sheet)	es (Balance Sheet)			n Fund (DAK)	Expenditures	Revenue (PAD)
2014	5,023,529,732,127	89,745,233,774	1,030,720	1,757,697,381,840	33,477,500,000	850,211,145,670	544,835,708,254
2015	5,214,369,492,155	89,297,790,559	1,047,922	1,913,210,404,036	8,616,560,000	956,968,389,834	627,597,050,141
2016	6,446,230,710,929	85,255,834,996	1,064,687	2,152,370,082,886	194,681,619,028	1,044,030,978,405	783,873,587,219
2017	6,584,826,587,784	85,013,875,740	1,089	2,289,359,362,675	190,013,867,775	1,030,115,640,840	978,197,741,947
2018	6,805,408,855,781	82,271,492,651	1,096,828	2,328,703,432,669	179,875,196,265	1,108,690,038,689	912,197,971,289
2019	7,093,013,218,195	71,301,960,299	1,048,610	2,559,857,207,794	189,891,532,535	1,181,889,361,829	1,015,884,216,920
2020	7,757,955,718,843	65,817,194,123	1,043,070	2,428,579,503,649	195,601,128,198	1,010,111,841,189	872,017,242,152
2021	8,394,773,111,342	90,737,842,698	1,052,359	2,644,780,935,777	170,168,021,371	1,091,969,595,660	1,075,240,926,213
2022	8,757,617,690,877	82,830,822,901	1,063,513	2,787,105,058,803	355,607,096,306	1,128,093,224,058	1,147,623,045,709
2023	9,214,910,044,242	72,948,702,467	1,070,719	2,967,475,570,540	293,235,591,988	1,063,654,426,888	1,338,618,268,169

Source: Local Government Financial Reports (LKPD) of Bogor City for 2014-2023, audited by the Supreme Audit Agency (BPK)

Table 2 reinforces the indication of aggressive growth, particularly in key asset categories. The first column shows the dominance of the largest value with a very solid upward trend, growing from 5.2 trillion in 2015 to exceeding 9.2 trillion in 2023. Similar consistency is also seen in the fourth column, which continues to climb from 1.9 trillion to nearly 3 trillion at the end of the period, indicating a continuous accumulation of value.

However, this table also reveals several variables with starkly contrasting characteristics. The third column, for example, has very small values (in millions) and tends to be stagnant or move very slowly compared to the other columns. Meanwhile, the fifth column shows a dramatic surge between 2015 and 2017 rising from 8.6 billion to 190 billion before finally reaching a peak of 293 billion in 2023. On the other hand, the third column shows a slight anomaly with a trend that tends to fluctuate and decline slowly, ending at 72 billion in 2023.

Table 3 Realized Financial Performance Data for the City of Bogor 2014-2023

Year	Local Revenue Region	Total Revenue	Transfer Revenue	Total Expenditure	Operating Expenditures	Capital Expenditure
2014	544,835,708,254.00	1,757,697,381,840.00	1,188,391,596,875.00	1,702,110,243,910.00	1,200,241,086,485.00	499,335,882,425.00
2015	627,597,050,141.00	1,913,210,404,036.00	1,218,375,878,985.00	1,861,983,250,014.00	1,417,208,614,587.00	440,919,551,227.00
2016	783,873,587,219.00	2,152,370,082,886.00	1,297,444,479,820.00	1,565,780,937,472.00	1,556,442,743,532.00	552,484,517,036.00
2017	978,197,741,947.33	2,289,359,362,675.33	1,293,505,562,261.00	2,245,590,002,913.62	1,806,456,260,619.62	433,491,716,724.00
2018	912,197,971,288.85	2,328,703,432,668.85	1,303,332,063,609.00	2,402,870,069,719.04	1,945,851,266,176.04	455,461,723,593.00
2019	1,015,884,216,919.86	2,559,857,207,793.86	1,455,644,350,874.00	2,526,504,949,919.19	2,025,462,086,541.19	501,033,407,778.00
2020	872,017,242,152.12	2,428,579,503,649.12	1,415,498,666,396.00	2,353,736,171,982.00	1,951,301,711,023.00	276,157,283,029.00
2021	1,075,240,926,213.11	2,644,780,935,777.11	1,463,000,794,326.00	2,636,065,820,905.00	2,195,790,762,074.00	418,874,649,797.00

2 1						
2 0 2 2	1,147,623, 045,708.9 2	2,787,105, 058,802.9 2	1,639,426, 533,844.0 0	2,984,193, 683,003.0 0	2,406,860, 416,778.0 0	571,966, 552,801. 00
2 0 2 3	1,338,618, 268,168.8 0	2,967,475, 570,539.8 0	1,628,857, 302,371.0 0	3,027,354, 930,109.0 0	2,508,123, 306,971.0 0	518,164, 968,738. 00

Source: Audited Local Government Financial Report (LKPD) of Bogor City for the years 2014-2023 by the State Audit Agency (BPK)

Based on the collected data, the financial development of the City of Bogor shows the following trends:

1. There has been a significant increase in revenue from IDR 1.75 trillion in 2014 to IDR 2.96 trillion in 2023.
2. The realization of local revenue (PAD) shows positive growth, increasing from IDR 544.8 billion (2014) to IDR 1.33 trillion in 2023.
3. Expenditure realization fluctuated, peaking at Rp3.02 trillion in 2023. The expenditure structure was dominated by Operating Expenditures, while Capital Expenditures ranged from Rp276 billion to Rp571 billion per year.

### **C. Analysis of Regional Financial Ratios**

The analysis was conducted using several indicators in accordance with the standards of Permendagri No. 19 of 2020 concerning the Regional Financial Management Index, including the Financial Independence Ratio, Solvency Ratio, and Efficiency and Harmony Ratio.

The Financial Independence Ratio measures the dependence of local governments on external funding sources, in this case, transfer funds from the Central Government. With a PAD value that continues to increase, reaching IDR 1.33 trillion compared to total revenue of IDR 2.96 trillion in 2023, the level of independence of the City of Bogor shows an improving trend from year to year.

Other indicators include Short-Term Solvency and Service Solvency. Short-Term Solvency measures the region's ability to pay current liabilities with cash and short-term investments. In 2021, cash and cash equivalents reached IDR 365 billion against current liabilities of IDR 70.9 billion, indicating a highly liquid condition. Service Solvency measures the capacity of fixed assets in supporting public services per capita. The total fixed assets of Bogor City increased rapidly from IDR 5.02 trillion (2014) to IDR 9.21 trillion (2023) to serve approximately 1.07 million residents.

The Efficiency Ratio assesses how effectively the government is able to manage regional expenditure to generate revenue, in accordance with the planned budget, while the Harmony Ratio describes the proportion of operating expenditure and capital expenditure in the APBD structure. The data shows that the portion of Operating Expenditure is much greater than Capital Expenditure. For example, in 2023, operational expenditure reached Rp2.5 trillion while capital expenditure was only Rp518 billion. This indicates that most of the budget is still used for routine government needs rather than permanent infrastructure development.

## **Discussion**

### **4. Trend of Increasing Efficiency Ratio**

Based on actual data, there is a trend of increasing regional spending that needs to be controlled in order to maintain the efficiency ratio in the "Efficient" category. The city of Bogor needs to strengthen its control over operating expenditures so that fiscal space for capital expenditures remains available. In addition, efficiency also needs to be emphasized in order to achieve bureaucratic professionalism so that changes in the environment can always be anticipated (Mardiasmo, 2014).

### **B. Efficiency in Compliance with the HKPD Law**

In accordance with the mandate of Law Number 1 of 2022 (HKPD Law), local governments are required to strengthen the development of public service infrastructure. The city of Bogor has made efforts to do this through infrastructure maintenance spending, which increased significantly in 2023 to IDR 129.6 billion from only around IDR 64 billion in 2022.

## **Challenges and Policy Recommendations**

Based on the above analysis, several key points can be drawn from the main discussion as follows:

### **5. Optimization of PAD**

Although it has increased, revenue diversification is still needed so that it does not only depend on conventional sectors.

### **2. Government Digitalization**

To reduce operating expenses (especially personnel and goods and services expenses), it is necessary to accelerate the digitization of public services.

### **6. Alternative Financing Schemes**

Given the limitations of the regional budget in financing large-scale infrastructure, a *Public-Private Partnership* (PPP) scheme is recommended for future development.

## **Conclusion**

Based on the results of the financial performance analysis of the City of Bogor during the 2014-2023 period, it can be concluded that the local government has succeeded in maintaining stability and a positive fiscal growth trend, which is marked by a significant increase in Local Own-Source Revenue (PAD) and the value of local fixed assets. The transformation of fiscal independence is clearly evident in the region's ability to optimize local revenue sources, thereby gradually reducing its dependence on central government funds. However, the results of the study also show structural challenges in expenditure allocation, where post-pandemic capital expenditure fluctuations and the high proportion of operating expenditures require stricter efficiency in accordance with the mandate of the HKPD Law. In addition, the surge in fixed asset value, which reached IDR 9.21 trillion in 2023, is clear evidence of the success of long-term infrastructure investment, although this must be accompanied by a more productive asset maintenance and utilization strategy. Overall, Bogor City's financial position is on the right track to support sustainable development, but budget priorities need to be sharpened so that the available fiscal space can be allocated more to sectors that have a *multiplier effect* on the local economy and community welfare in the 2024-2029 period.

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