



Evaluation Of Regional Financial Performance And Trends In Local Revenue Of The City Of Bengkulu

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ABSTRACT

Regional financial management is crucial for achieving fiscal independence and improving community welfare in the era of regional autonomy. Many regional governments still face challenges in optimizing Regional Original Revenue (PAD), including Bengkulu City, which shows low effectiveness and limited fiscal independence. This study uses a quantitative descriptive method with secondary data from the Central Statistics Agency (BPS) and the Directorate General of Fiscal Balance (DJPK) for 2018–2024. Analysis focuses on PAD effectiveness, expenditure efficiency, fiscal independence, and PAD trends, with future projections calculated using the Least Square method. Results show an average PAD effectiveness of 76.60% (ineffective), expenditure efficiency of 83.53% (fairly efficient), and fiscal independence of 16.11% (very low). PAD trends show a positive trajectory, with projected revenue reaching 198.32 billion rupiah by 2029. Overall, financial performance of Bengkulu City Government is fairly good but not yet optimal. Recommendations include improving PAD management, expanding the tax base, and optimizing public spending. For further research, adding variables such as PAD's contribution to the budget and detailed analysis of regional expenditure is suggested to provide a more comprehensive evaluation. This study contributes to understanding regional financial performance and offers insights for policy and strategic planning in local governance.

INTRODUCTION

Regional financial management is one of the main pillars in the implementation of regional autonomy in Indonesia. Legally, this is confirmed in the 1945 Constitution, particularly Article 18 paragraphs (5) and (6), which grant regional governments the authority to exercise broad autonomy, including in financial management through regional regulations. Furthermore, Article 23 paragraph (1) emphasizes that state financial management must be carried out transparently and accountably for the welfare of the community, while Article 23A provides the legal basis for

the collection of taxes and other compulsory levies, which are an important part of Local Own-Source Revenue (PAD).

More detailed provisions are set forth in Law No. 23 of 2014 on Regional Government, which emphasizes the authority of regions to formulate regional budgets (APBD) while also exploring PAD from taxes, levies, management of regional assets, and other legitimate sources of income. Law No. 33 of 2004 on Financial Balance between the Central and Regional Governments mandates the achievement of a fair, transparent, efficient, and proportional financial system, while encouraging regions to increase fiscal independence through the optimization of PAD.

The main objective of regional financial management is to enable the government to finance development and public services in a sustainable manner by relying on its own fiscal potential. Regional financial performance is generally measured by the contribution of PAD to the APBD; the higher the contribution of PAD, the more fiscally independent the region is. However, the contribution of PAD in many regions, including Bengkulu City, is still low, despite having considerable economic potential in the agriculture, fisheries, trade, services, and tourism sectors. Several obstacles include low taxpayer compliance, limited use of technology, and suboptimal capacity of the apparatus, resulting in high dependence on central transfers.

Based on this background, this study aims to analyze and evaluate the financial performance of Bengkulu City through PAD trends during the 2018–2024 period, reviewed from the Effectiveness Ratio, Efficiency Ratio, and Fiscal Independence Ratio. The method used is quantitative descriptive, with numerical data analysis of PAD realization and annual budgets to see patterns of development and the effectiveness of fiscal policies. The results of this study are expected to provide strategic recommendations for local governments in optimizing PAD and strengthening the financial independence of Bengkulu City.

LITERATURE REVIEW

Regional financial management is an important aspect of regional autonomy in Indonesia, which emphasizes transparency, accountability, and efficiency in the use of public funds. The theoretical basis of this study refers to public sector accounting, which includes activities such as collecting, recording, classifying, analyzing, and presenting financial reports of public organizations, such as local governments. Public sector accounting differs from the private sector because its focus is not on profit, but on public service and accountability (Nasyfa & Lestari, 2025). The topic of this study, "Evaluation of Regional Financial Performance Through the Local Revenue Trends of the Bengkulu City Government," is relevant because it is closely related to the preparation, analysis, and evaluation of local government financial reports.

Financial performance is a description of the financial condition of an entity measured through indicators of effectiveness, efficiency, liquidity, solvency, profitability, and stability (Iskharimah, 2019; Pulungan et al., 2023). These indicators help assess an organization's ability to achieve financial goals, optimize resource utilization, fulfill obligations, generate profits, and maintain operational sustainability. The objectives of financial performance measurement include providing information for future planning, investment decision-making, evaluating the functions of each component of the organization, and determining managerial policies and strategies.

In the context of local government, regional financial performance reflects the government's ability to manage financial resources effectively, efficiently, transparently, and accountably for development and public services (Rachmawati, 2023). Key indicators include Local Own-Source Revenue (PAD), regional expenditure, fiscal independence ratio, budget efficiency and effectiveness, and dependence on central government transfers (Handayani, 2019; Permana, 2023). Regional financial performance evaluation helps assess the extent to which regions are able to finance development independently and reduce their dependence on external funds.

Local Own-Source Revenue (PAD) is a source of revenue obtained from the region itself through taxes, levies, management of separated regional assets, and other legal revenues, and is the main instrument for assessing fiscal independence (Nasir, 2019; Kapang et al., 2019; Malau & Simarmata, 2020). Regional taxes include hotel, restaurant, entertainment, advertising, parking, PBB-P2, BPHTB, and motor vehicle taxes. Regional levies are in the form of compensation for certain services, while the proceeds from the management of regional assets include dividends from regionally-owned enterprises (BUMD) and state-owned enterprises (BUMN). Other legitimate income includes proceeds from asset sales, interest, insurance claims, and tax/levy penalties. PAD evaluation uses effectiveness, efficiency, and independence ratios to assess the optimization of regional economic potential.

Trend analysis is used to observe PAD development patterns over time and predict future trends. This analysis utilizes historical data to determine the direction of increases, decreases, or stability of financial indicators, thereby supporting more effective PAD management strategies (Ayu, 2024; Ariani et al., 2024). The method used is Least Square ($Y = a + bx$), which allows for the estimation of Bengkulu City's PAD revenue in the following years and monitors fluctuations and factors that influence changes in revenue.

Financial ratios are tools for assessing the horizontal relationships between items in financial statements. These ratios help evaluate liquidity, solvency, profitability, efficiency, effectiveness, and financial independence of regions (Seto et al., 2023; Pulungan et al., 2023). The PAD effectiveness ratio is calculated from the realization of PAD against the budget, the efficiency ratio compares expenditure costs with revenue, and the independence ratio measures the proportion of PAD to total regional revenue. The use of these ratios enables systematic performance evaluation, provides a basis for fiscal policy-making, and increases financial independence.

Previous studies show the relevance and context of this study. Erina Novanti (2023) analyzed fiscal effectiveness, efficiency, and independence in districts/cities in Bengkulu Province from 2013 to 2018 using ratios, entropy, and Multidimensional Scaling (MDS), finding high effectiveness, low efficiency, and very low fiscal independence. Emanuel Be Haukilo (2011) examined the financial performance of North Central Timor Regency before and after regional autonomy, finding that the degree of fiscal decentralization was still low but fiscal efforts increased after autonomy. I Dewa Gde Bisma & Hery Susanto (2010) evaluated the financial performance of West Nusa Tenggara Province from 2003 to 2007 and found high dependence on the central government, good effectiveness in the preparation of the regional budget, but low efficiency. Depri Setiawan (2023) examined the efficiency and effectiveness of regional spending in Bengkulu City from 2019 to 2022, showing that average efficiency was not yet optimal and spending effectiveness was quite high, emphasizing the need for PAD performance evaluation to improve regional financial management.

The analytical framework in this study aims to explain the line of thinking behind the evaluation of Bengkulu City's financial performance for the period 2018–2024. The object of the study focuses on PAD as the main indicator of fiscal independence. The analytical approach uses financial ratios: effectiveness, efficiency, and fiscal independence, as well as trend analysis to assess the development of PAD over time. With this framework, it is hoped that the study will be able to provide policy recommendations for optimizing PAD management and increasing regional financial independence.

METHODS

This study uses a descriptive method to provide a comprehensive overview of the financial performance of the Bengkulu City Government based on Local Own-Source Revenue (PAD) and the Regional Revenue and Expenditure Budget (APBD) for the period 2018–2024. Descriptive research was conducted to determine the value of variables independently without comparing or linking them to other variables, thereby producing basic data that can be analyzed systematically. The data used consists of documentation from the Bengkulu City APBD and PAD Summary Reports obtained from

the Central Statistics Agency (BPS) and the Directorate General of Fiscal Balance of the Ministry of Finance (DJPK KEMENKEU).

The research data is secondary in nature, covering the realization of the APBD and PAD of Bengkulu City from 2018 to 2024. This period was chosen because it reflects the overall condition of regional financial performance, allows for the calculation of ratios of effectiveness, efficiency, and fiscal independence, and facilitates trend analysis to assess the growth and fluctuations of PAD from year to year.

The analysis was conducted using a quantitative descriptive approach, which is a systematic scientific method that uses numerical data to evaluate phenomena, test hypotheses, and produce generalizable conclusions. This approach is objective, systematic, and measurable, facilitating a comprehensive evaluation of Bengkulu City's financial performance.

The level of effectiveness of the local government in realizing PAD is analyzed by comparing the realization of PAD with the PAD budget using an effectiveness ratio. The efficiency ratio is calculated from the comparison between the realization of regional expenditure and the realization of regional revenue. Fiscal independence analysis is used to assess the ability of local governments to independently finance government and development activities by calculating the ratio of PAD to assistance from the central government, provinces, and loans.

In addition, trend analysis is used to determine the trend of PAD from year to year, whether it has increased, decreased, or remained stable. Trend analysis utilizes the Least Square method, which allows for the estimation of the direction of PAD movement in the future based on historical data, so that the factors that influence the growth and fluctuation of PAD can be identified.

Data collection was carried out through documentation and literature study methods. The documents analyzed include the Bengkulu City APBD and PAD reports for the 2018–2024 period, obtained from the official portals of the Ministry of Finance's DJPK and BPS. This documentation enables the verification of figures, financial ratio calculations, and quantitative trend analysis, as well as supporting a comprehensive and objective evaluation of Bengkulu City's financial performance.

RESULTS

This study was conducted on the Bengkulu City Government to evaluate regional financial performance through an analysis of trends in Regional Original Revenue (PAD) for the period 2018–2024. The data used were the APBD and PAD Realization Reports from the DJPK Ministry of Finance and BPS Bengkulu City. PAD comes from four main components: Regional Taxes, Regional Levies, Separate Regional Asset Management Results, and Other Legitimate PAD, which are benchmarks for regional fiscal independence.

The results of the study show that the realization of PAD in Bengkulu City fluctuates. In 2018, it reached 101.13% of the target, in 2019 it dropped to 90.51%, and in 2020 it dropped significantly to 74.74% due to the COVID-19 pandemic. In 2021, it improved to 83.99%, in 2022 it decreased to 60.67%, in 2023 to 55.00%, and in 2024 it increased to 78.13%. Despite the fluctuations, PAD continues to demonstrate the region's ability to manage its revenue independently.

Overall, the realization of PAD is influenced by economic conditions, taxation policies, and public compliance. Government efforts to increase PAD include intensifying collection, digitizing payments, and updating tax object data. Local taxes, especially hotel, restaurant, advertising, and PBB-P2 taxes, are the largest contributors. These annual fluctuations still demonstrate the effectiveness of PAD management in supporting fiscal independence and regional development.

Table 1. Local Revenue of Bengkulu City (in billions of rupiah)

Year	Budget	Realization	Percentage
2018	182,64	182,88	100,13 %
2019	201,96	182,80	90,51 %
2020	207,59	155,15	74,74 %
2021	208,77	175,33	83,99 %
2022	238,50	144,70	60,67 %
2023	318,25	175,03	55,00 %
2024	288,92	225,73	78,13 %
Rata-rata		177,387	

Source: DJPK Kemenkeu RI Tahun 2018-2024

The realization of Bengkulu City's local revenue (PAD) in the 2018–2024 period has fluctuated due to the overall economic conditions, local tax management and policies, and the level of public compliance in paying taxes. In 2020, there was a sharp decline due to the COVID-19 pandemic, which impacted the service, hotel, and restaurant sectors, causing a decline in revenue from local taxes and levies. When the economy began to recover in 2021 and 2022, PAD realization showed an increase again through the implementation of intensified collection efforts, the application of a digital-based tax payment system, and the control and updating of tax object data. Of all PAD components, local taxes especially hotel tax, restaurant tax, advertising tax, and Land and Building Tax (PBB-P2) were the largest contributors because these sectors responded most quickly to changes in economic activity and local government policies.

Overall, the data shows that Bengkulu City's PAD has fluctuated but remains in the good category, as PAD realization for most years has been close to or even exceeded targets. This condition reflects the Bengkulu City Government's ability to effectively manage local revenue potential despite facing various economic challenges.

Effectiveness Calculation

The effectiveness ratio is used to assess the extent to which the Bengkulu City Government has succeeded in achieving its 2018–2024 PAD target and the region's ability to increase its own-source revenue as a basis for fiscal independence. The calculation is carried out according to the formula (Siregar & S, 2020):

$$\text{PAD Effectiveness Ratio} = \frac{\text{PAD Realization}}{\text{PAD Budget}} \times 100\%$$

Table 1. Criteria for Local Government Financial Effectiveness

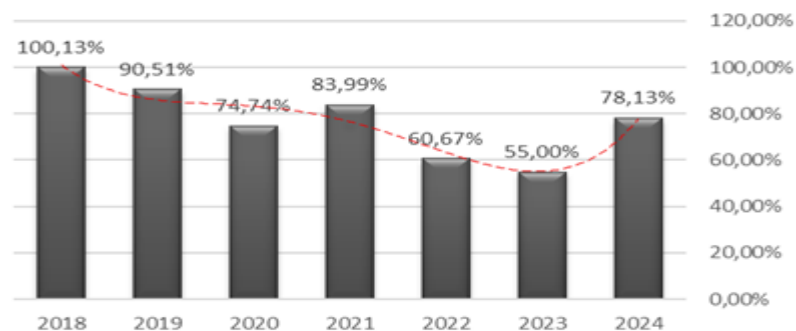
Effectiveness Criteria	Effectiveness Percentage (%)
Very Effective	100 %
Effective	90-100 %
Fairly Effective	80-90 %
Less Effective	60-80 %
Not Effective	under 60 %

Table 2. Bengkulu City Government Effectiveness Ratio (in billions of rupiah).

Year	Budget	Realization	Effectiveness	
			(>80 %)	Effectiveness
2018	182,64	182,88	100,13 %	Very Effective
2019	201,96	182,80	90,51 %	Effective
2020	207,59	155,15	74,74 %	Less Effective
2021	208,77	175,33	83,99 %	Fairly Effective

2022	238,50	144,70	60,67 %	Less Effective
2023	318,25	175,03	55,00 %	Less Effective
2024	288,92	225,73	78,13 %	Less Effective
Average		177,387	76,60 %	

Figure 1 Diagram of Bengkulu City Government Effectiveness Ratio



The effectiveness level of Bengkulu City's PAD from 2018 to 2024 shows fluctuations and a downward trend. From highly effective in 2018 (100.13%), it decreased to effective in 2019 (90.51%), then to less effective in 2020 (74.74%). It increased slightly in 2021 (83.99%), declined again in 2022 (60.67%) and 2023 (55.00%), and rose in 2024 (78.13%) but was still less effective. This indicates that the realization of PAD has not been fully optimal compared to the target.

Efficiency Calculation

The efficiency ratio is used to assess the ability of the Bengkulu City Government to optimally utilize financial resources during 2018–2024. This ratio compares regional expenditure realization and revenue realization to see the extent to which expenditures are made efficiently (Siregar & S, 2020).

$$REKD = \frac{\text{Realization of Regional Expenditures}}{\text{Realization of Regional Revenues}} \times 100\%$$

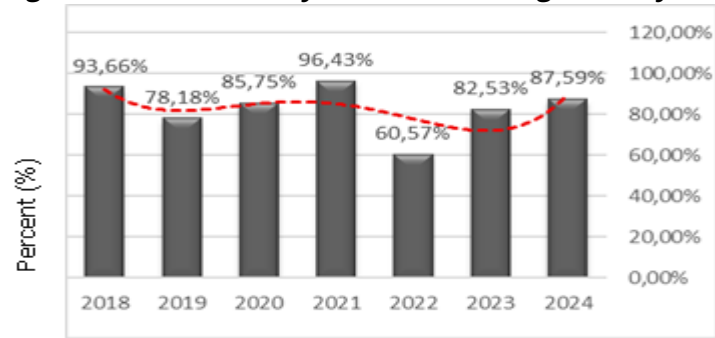
Table 3. Criteria for Local Financial Efficiency Levels

Efficiency criteria	Persentase Efisiensi (%)
Inefficient	100% and above
Less efficient	90-100 %
Moderately efficient	80-90 %
Efficient	60-80 %
Highly efficient	Less than 60 %

Table 4. Efficiency Ratio of the Bengkulu City Government (in billions of rupiah).

Year	Expenditure Budget	Expenditure Realization	Efficiency	
			(< 80%)	Efficient
2018	1.106,11	1.035,96	93,66 %	Less Efficient
2019	1.450,29	1.133,89	78,18 %	Fairly Efficient
2020	1.492,52	1.279,85	85,75 %	Less Efficient
2021	1.116,38	1.076,54	96,43 %	Inefficient
2022	1.118,06	677,17	60,57 %	Efficient
2023	1.283,64	1.059,37	82,53 %	Fairly Efficient
2024	1.388,92	1.216,57	87,59 %	Fairly Efficient
Average	1.068,48	83,53 %		

Figure 3. Diagram of the Efficiency Ratio of the Bengkulu City Government



The efficiency level of Bengkulu City's regional spending from 2018 to 2024 fluctuated. In 2018, it was relatively inefficient (93.66%), improved in 2019 (78.18%), then declined again in 2020 (85.75%) and 2021 (96.43%). In 2022, it increased to efficient (60.57%), while 2023–2024 were quite efficient at 82.53% and 87.59%, respectively. Overall, spending efficiency has not been consistent, so more optimal and targeted budget management is needed.

Calculation of Fiscal Independence

Regional financial independence (fiscal autonomy) indicates the extent to which local governments are able to independently finance government activities, development, and public services that have paid taxes and levies as sources of regional revenue (Siregar & S, 2020).

In this study, the fiscal independence ratio is used to assess the ability of the Bengkulu City Government to finance its financial needs independently during the period 2018 to 2024. Through this analysis, it can be determined how significant the role of PAD is in the overall regional revenue and the extent of the Bengkulu City Government's dependence on transfer funds from the central government.

$$RKKD = \frac{\text{Local Revenue}}{\text{Central/Provincial Government Assistance \& Loans}} \times 100\%$$

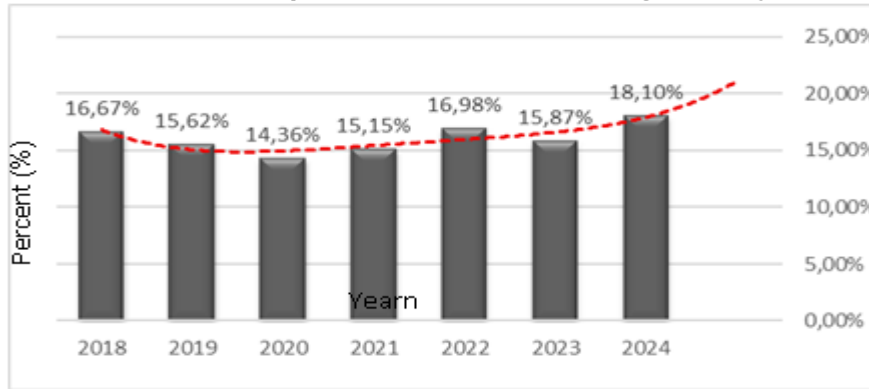
Table 5. Criteria for Regional Financial Independence Levels

Financial Capability	Independence (%)
Very Low	0 %- 25 %
Low	25 %- 50 %
Moderate	50%- 75%
High	75 %- 100%

Table 6. Fiscal Independence Ratio of Bengkulu City Government in billions of rupiah

Year	PAD	Regional Revenue	Independence	
			(> 50%)	Category
2018	182,88	1.096,91	16,67 %	Very Low
2019	182,80	1.170,30	15,62 %	Very Low
2020	155,15	1.079,66	14,36 %	Very Low
2021	175,33	1.145,29	15,15 %	Very Low
2022	144,70	852,25	16,98 %	Very Low
2023	175,03	1.102,91	15,87 %	Very Low
2024	225,73	1.247,11	18,10 %	Very Low
Average		1.099,21	16,11%	

Figure 4 Diagram of the Fiscal Independence Ratio of the Bengkulu City Government



Based on the table above, the fiscal independence level of the Bengkulu City Government during 2018–2024 fluctuated with a “very low” category throughout the entire research period. In 2018, the fiscal independence level was recorded at 16.67%, then decreased slightly in 2019 to 15.62%. In 2020, the fiscal independence value declined again to 14.36%, indicating that the Bengkulu City Government's ability to independently finance regional needs is still very limited.

Furthermore, in 2021, there was an increase to 15.15%, but it rose slightly again in 2022 to 16.98%. In 2023, the level of fiscal independence decreased slightly to 15.87%, and increased again in 2024 to 18.10%. However, overall, this percentage is still in the very low category, which means that the Bengkulu City Government's dependence on transfer funds from the central government is still very high.

Thus, it can be concluded that during the 2018-2024 period, the fiscal independence level of Bengkulu City has not shown a significant increase. The local government needs to optimize local revenue sources (PAD) by increasing tax and retribution potential, as well as managing regional assets so that fiscal independence can increase in the future.

Trend Analysis Calculation

According to Supangat (Wkh et al., n.d.), to analyze how Bengkulu City's estimated revenue is calculated, a linear trend analysis tool using the least squares method is used, with the following formula:

$$Y = a + bx$$

Explanation:

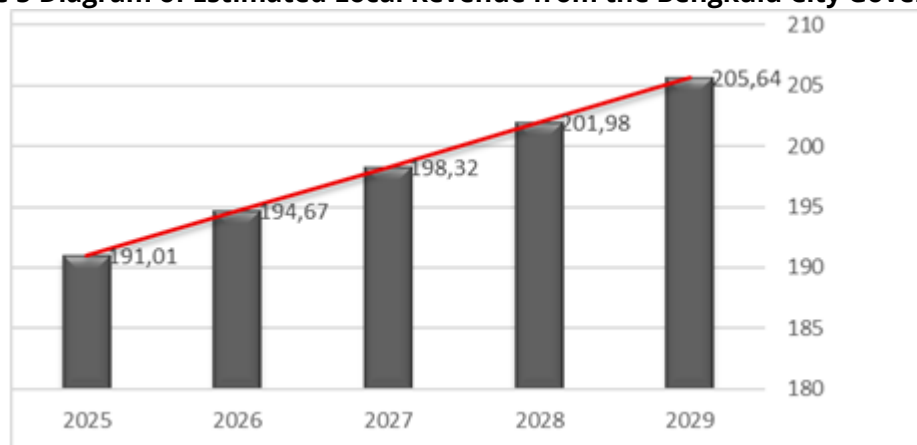
- Y = Time series data
- X = Time (years)
- a and b = Constant numbers

Table 7 Basic Data for Calculating the Local Revenue Trend of the Bengkulu City Government

Year	X	Y	XY	X ²
2018	-3	182,88	-548,64	9
2019	-2	182,89	-365,78	4
2020	-1	155,15	-155,15	1
2021	0	175,33	0,00	0
2022	1	144,70	144,70	1
2023	2	175,03	350,06	4
2024	3	225,73	677,19	9
Amount	0	1.241,71	102,38	28

Table 8 Estimated Local Revenue from the Bengkulu City Government (in billions of rupiah)

Year	X	Estimate
2025	4	191,01
2026	5	194,67
2027	6	198,32
2028	7	201,98
2029	8	205,64
Amount		991,62
Average		198,32

Figure 5 Diagram of Estimated Local Revenue from the Bengkulu City Government

Based on the calculation results, it can be seen that the value of Bengkulu City's locally generated revenue (PAD) shows an increasing trend each year. The average PAD during the projected period (2025–2029) is estimated at 198.32 billion rupiahs. This indicates that the Bengkulu City Government's ability to explore and optimize its local revenue potential continues to develop positively over time. If the local government can maintain and enhance its efforts in managing revenue sources such as local taxes, levies, profits from regionally owned enterprises, and other legitimate income, the upward trend of PAD is expected to continue in the future.

Thus, it can be concluded that the growth trend of Bengkulu City's PAD during the 2018–2029 period is positive and consistently increasing, reflecting improved regional financial performance and a growing fiscal capacity to support independent regional development.

Discussion of Effectiveness Calculation

Based on the results in Table 2, the effectiveness level of Bengkulu City's Locally Generated Revenue (PAD) from 2018 to 2024 showed fluctuations. In 2018, the effectiveness reached 100.13 percent (very effective), indicating that revenue realization exceeded the target. However, it declined to 90.51 percent in 2019 (effective) and further dropped to 74.74 percent in 2020 (less effective), likely due to the impact of the COVID-19 pandemic that reduced local economic activity and tax revenue.

In 2021, effectiveness slightly improved to 83.99 percent (fairly effective) but then fell to 60.67 percent in 2022 and 55.00 percent in 2023 (less effective). In 2024, it rose again to 78.13 percent, though still below the optimal threshold of 80 percent. The average effectiveness during the study period was 77.60 percent, classified as less effective, indicating that the city's revenue targets were not fully achieved.

The sharpest decline occurred in 2023, showing a mismatch between PAD targets and realization. Factors contributing to this include weak tax collection oversight, low taxpayer

compliance, and limited efforts to expand revenue sources. These findings align with Halim and Kusufi (2018), who state that PAD effectiveness is influenced by target accuracy, administrative quality, and taxpayer compliance.

Overall, Bengkulu City's PAD effectiveness tends to decline, suggesting suboptimal revenue management. According to Mahmudi (2010), regional financial effectiveness reflects the ability to realize planned revenues, and a region is considered effective when actual revenue meets or exceeds the target. Supporting studies by Novanti (2023) and Setiawan (2023) also show fluctuating and inconsistent regional financial performance across Bengkulu Province.

In conclusion, the decline in PAD effectiveness is mainly caused by limited tax intensification and extensification, low compliance, and insufficient use of digital systems. To improve effectiveness, the Bengkulu City Government should strengthen tax management policies, implement digital revenue systems, enhance supervision, and increase public awareness through education and outreach. These steps are expected to sustainably improve PAD effectiveness and support greater fiscal independence.

Discussion of Efficiency Calculation

The efficiency of Bengkulu City's regional spending from 2018 to 2024 showed annual fluctuations. In 2018, efficiency was 93.66% (less efficient) but improved to 78.18% in 2019 (fairly efficient). It declined again in 2020 to 85.75% due to increased spending for COVID-19 response and reached its lowest efficiency in 2021 at 96.43% (inefficient). Efficiency improved significantly in 2022 to 60.57% (efficient) but slightly decreased in 2023 and 2024 to 82.53% and 87.59% (fairly efficient).

The average efficiency rate was 83.53%, indicating that spending was relatively well-managed, though not yet optimal. These fluctuations reflect challenges in balancing expenditure and revenue, influenced by external factors like the pandemic and fiscal realignment. According to Mahmudi (2019), efficiency depends on planning, implementation, and control quality, while Siregar and S (2020) emphasize that optimal output should be achieved with minimal cost.

In line with Setiawan (2023) and Bisma et al. (2010), the findings show that Bengkulu City's financial efficiency remains inconsistent due to mismatches between budget planning and realization. To improve, the city government needs stronger performance-based budgeting, better spending control, and regular evaluation to ensure funds are effectively used and support sustainable regional development.

Discussion of Fiscal Independence Calculation

The fiscal independence of Bengkulu City from 2018–2024 fluctuated but consistently remained very low. The ratio never exceeded 50%, averaging only 14–18%, with PAD contributing just 16.11% of total income. This means about 84% of revenue still depended on central government transfers (DAU, DAK, DBH), showing high fiscal dependency.

From 2018 to 2020, independence declined from 16.67% to 14.36%, reflecting limited local funding capacity. A slight recovery occurred in 2021–2024, reaching 18.10% by the end, but the improvement was modest. The dominance of central funds over PAD indicates that Bengkulu City has not yet optimized its local revenue potential.

According to Halim (2012), low fiscal independence signals strong dependence on the central government. This aligns with fiscal decentralization theory that links PAD growth to regional autonomy. Research by Setiawan (2023), Erina (2023), and Bisma et al. (2010) also found similar dependence across Bengkulu's regions. In contrast, Bali Province shows high fiscal independence by maximizing tourism, trade, and service sectors (Fahriansyah, 2020).

Limited fiscal independence reduces Bengkulu City's flexibility in planning and financing development. As Mahmudi (2010) explains, fiscal autonomy supports more efficient and effective governance. The slight rise in 2024 is a positive sign, but further efforts are needed through tax intensification, asset optimization, and local economic development.

In conclusion, fiscal independence, effectiveness, and efficiency are interrelated in assessing local financial performance. Strengthening fiscal independence will improve financial sustainability and regional self-reliance in Bengkulu City.

Discussion of Trend Analysis

The trend analysis in Table 14 shows that Bengkulu City's PAD from 2018–2024 fluctuated but ended with a positive growth direction. PAD declined from 182.88 billion rupiah in 2018 to 155.15 billion in 2020 due to the COVID-19 pandemic's economic impact. Recovery began in 2021, reaching its peak at 225.73 billion rupiah in 2024, indicating an overall improving pattern despite short-term declines.

The forecast for 2025–2029 predicts steady growth, rising from 191.01 billion to 205.64 billion rupiah, with an average of 198.32 billion per year. This gradual increase suggests positive financial performance. As Sugiyono (2018) notes, a consistent upward trend in local revenue reflects effective fiscal management and regional economic potential.

The upward PAD trend also strengthens Bengkulu City's fiscal independence. According to Mahmudi (2010), higher PAD enhances regional capacity to finance development without relying heavily on central transfers. However, this must be accompanied by efficient financial management to ensure that increased income leads to better public welfare.

Fluctuations in previous years indicate dependency on limited revenue sources like local taxes and fees. Halim (2012) emphasizes that such dependency risks fiscal instability. Therefore, revenue diversification through tourism, trade, services, and creative industries is essential to stabilize PAD growth.

To achieve sustainable improvement, Bengkulu City should modernize tax administration, enhance taxpayer compliance through transparency, and optimize local asset management. Strengthening human resource capacity in financial administration will also ensure more professional and accountable revenue management.

In conclusion, Bengkulu City's PAD trend shows gradual improvement and positive prospects for 2025–2029. With better fiscal strategies, the city can strengthen independence, improve financial efficiency and effectiveness, and move toward a more self-reliant and welfare-oriented local government.

CONCLUSION

Based on the analysis of Bengkulu City's financial performance from 2018–2024 through the ratios of effectiveness, efficiency, fiscal independence, and PAD trend analysis, the following conclusions can be drawn: 1) The average PAD effectiveness ratio was 76.60%, categorized as less effective. This indicates that the city government has not yet achieved optimal revenue realization targets.

The decline in effectiveness, especially in 2022–2023, was influenced by low taxpayer compliance, limited tax data accuracy, and economic slowdown; 2) The average efficiency ratio reached 83.53%, falling under the fairly efficient category. This shows that spending management was relatively good but not yet stable. Some years reflected inefficiencies due to budget reallocations and rising expenditures not matched by income growth; 3) The average fiscal independence ratio was 16.11%, categorized as very low. This demonstrates Bengkulu City's strong dependence on central government transfers, with limited capacity to fund development independently.

Local tax and retribution potentials remain underutilized; 4) The PAD trend showed a positive increase toward the end of the period, with an estimated average of IDR 198.32 billion for 2025–2029. This suggests growth potential, but sustained improvement requires consistent and strategic PAD management.

In conclusion, Bengkulu City's financial performance is considered moderately good but still constrained by low fiscal independence and fluctuating efficiency. Strengthening local revenue sources and improving financial management effectiveness are essential to reduce dependence on central government funding and enhance regional fiscal sustainability.

LIMITATION

This study has several limitations that should be acknowledged. First, it relies solely on secondary data obtained from the Central Bureau of Statistics (BPS) and the Directorate General of Fiscal Balance (DJPK) of the Ministry of Finance, making the results highly dependent on the accuracy and completeness of the available data without direct field verification. Second, the research employs a descriptive quantitative method, which only illustrates the condition and trends of financial performance without explaining the causal relationships between variables. Third, the scope of the study is limited to analyzing the financial performance of the Bengkulu City Government during the 2018–2024 period using three main indicators: effectiveness, efficiency, and fiscal independence, thus excluding other external factors that may also influence the research outcomes.

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