

## **Analysis of the Financial Performance of the Tangerang City Government and South Tangerang City for the 2019–2024 Fiscal Year Based on Regional Financial Ratios**

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### **Abstract**

This study aims to analyze the financial performance of the Tangerang City Government and the South Tangerang City Government based on regional financial ratios, including the Regional Financial Independence Ratio (RKKD), the Regional Original Revenue Effectiveness Ratio (PAD), the Regional Financial Efficiency Ratio (REKD), and the PAD Growth Ratio. Tangerang City and South Tangerang City were selected as research objects because they are two cities in Banten Province with high economic activity and are recorded as areas with the highest number of confirmed COVID-19 cases in Banten Province, thus providing a relevant picture of the ability of local governments to maintain their financial performance amidst changing economic conditions. This study uses a qualitative approach. The results show that the Tangerang City Government and the South Tangerang City Government both have a very high level of financial independence with a delegative relationship pattern. However, South Tangerang City shows a higher level of independence because the contribution of PAD to regional income is more dominant. In the PAD Effectiveness Ratio, both regions are included in the very effective category, with South Tangerang City having a slightly higher level of effectiveness than Tangerang City. Meanwhile, the Regional Financial Efficiency Ratio shows that both regions are still in the less efficient to inefficient category, although Tangerang City has a relatively better and more stable level of efficiency. Furthermore, the PAD Growth Ratio indicates that both regions were able to maintain positive PAD growth throughout most of the study period, with South Tangerang City exhibiting a higher growth rate than Tangerang City. Overall, the study results indicate that both local governments have good financial performance in managing regional revenues.

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## **1. INTRODUCTION**

Every regional government bears a significant responsibility in managing its finances effectively, efficiently, and accountably. This relates not only to budget management but also to how funds sourced from the community can be used to support public services and equitable development. Regional finances are a crucial instrument in running the wheels of government, and regional finances are managed through regional financial management (Halim, 2014). Through orderly, transparent, and accountable management, regional governments are expected to be able to realize public welfare and maintain sustainable development. These principles are clearly stated in Law No. 23 of 2014 concerning Regional Government (Republic of Indonesia, 2014), which explains that regional financial

management is not merely fulfilling administrative obligations but also includes part of the government's moral responsibility to the public. As a manifestation of the implementation of the mandate of this law, Regulation of the Minister of Home Affairs of the Republic of Indonesia Number 77 of 2020 was issued, which contains technical guidelines for regulating regional finances (Republic of Indonesia, 2020).

This regulation serves as an operational guideline for all parties who contribute to managing regional budgets, including initiating plans, implementing them, and providing accountability and monitoring. Regional financial management is a crucial element in implementing government interests within regional authority, a consequence of the transfer of some government affairs from the central government (Republic of Indonesia, 2014). This management process must be carried out in an orderly manner, complying with laws and regulations, and prioritizing the principles of efficiency, effectiveness, economy, transparency, and accountability. Furthermore, its implementation must consider the values of justice and the benefits directly felt by the community. The implementation of regional autonomy provides flexibility for the government.

Regional governments are responsible for regulating and administering various government affairs, including financial management obtained through the Regional Revenue and Expenditure Budget (APBD). The level of regional financial performance will ultimately reflect the regional government's ability to maximize potential revenue effectively. Effectively managed finances demonstrate the government's ability to achieve development targets; efficiency reflects the optimal use of resources; while accountability demands openness and responsibility to the public. Regional financial management cannot be viewed merely as an administrative task, but rather as a key foundation for ideal government regulation. Without proper management, the risk of waste, inefficiency, and misuse of funds will increase, ultimately hampering the achievement of good governance. This role becomes increasingly important in regional autonomy. Regional governments are required not only to implement budgets in implementing regional autonomy, but also to be able to manage them independently and responsibly. The success of financial management is not only measured by the size of the budget, but also by how the budget reflects the efficient use of public funds, the effectiveness of achieving development goals, and the level of fiscal independence achieved by a region.

Regional governments have the right to plan, budget, implement, and account for their own budgets as stipulated in Law No. 23 of 2014 concerning Regional Government (Republic of Indonesia, 2014). Therefore, a region's financial management skills are a crucial indicator for achieving the success of fiscal decentralization. Fiscal decentralization creates space for regional governments to manage and develop their own revenue sources. This authority is an important foundation for regions to achieve fiscal independence. Fiscal independence is the ability of regional governments to finance expenditure needs from their own revenue sources without heavy dependence on fund transfers from the central government (Mahmudi, 2019). The level of fiscal independence reflects the extent to which a region can manage its finances without relying entirely on the central government and financing its expenditures more from local revenue (PAD) such as regional taxes, regional income, the results of setting aside regional assets, and pure regional income. Regional financial management is a crucial principle for creating a good governance space (*good governance*).

Financial ratio analysis is considered one of the crucial instruments for evaluating the extent to which local governments are able to manage their finances, as reflected in the Regional Revenue and Expenditure Budget (APBD). This approach allows for a more

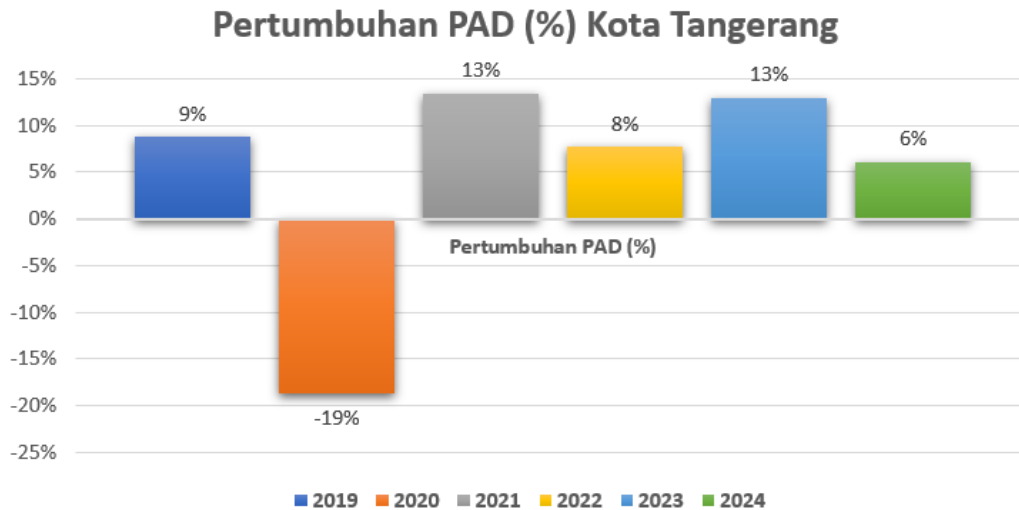
objective assessment of financial performance because the ratios illustrate the relationship between various regional financial components, including income, spending, and expenditure. In other words, financial ratio analysis provides a picture of a region's effectiveness, efficiency, and level of fiscal independence in carrying out government functions and public services (Halim, 2014). The Budget Realization Report (LRA) published by local governments plays a strategic role in providing a comprehensive overview of the results of regional financial work. When compared with other financial reports, such as the balance sheet, the Budget Realization Report (LRA) occupies a more important position because it can demonstrate the extent to which budget implementation has been appropriate according to the approved discourse. In the historical context of local government financial reporting, the LRA was even the first type of report prepared before the mandatory preparation of balance sheets and cash flow statements. This is because budgets serve more than just a means of discourse and control, but also play a crucial role in economic stabilization, distribution, and allocation of public resources. Furthermore, budgets are also the primary instrument for assessing the performance of government organizations. Thus, the LRA is one of several forms of reporting that local governments are absolutely accountable for. The information presented in the LRA can be used to analyze financial performance (Mahmudi, 2019).

Within the framework of regional financial management, Regional Original Revenue (PAD) holds a crucial position because it reflects the degree of fiscal independence of a region. According to Law No. 17 of 2003 (Republic of Indonesia, 2003), regional revenue is understood as the agreed-upon rights of regional governments and recorded as an added net asset value. This means that all cash receipts that are the region's right during the year, which do not result in an obligation to repay them, are categorized as regional revenue. This definition illustrates that PAD is the most important instrument reflecting the regional government's ability to independently generate revenue sources. The higher the PAD obtained, the greater the region's level of fiscal independence, thereby minimizing dependence on fund transfers from the central government.



**Figure 1.1** Realization of Tangerang City's Regional Original Revenue for the 2019–2024 Fiscal Year

*Source: LRA Tangerang City (Processed by Researchers, 2026)*



**Figure 1.2** Growth of Tangerang City's Regional Original Revenue for the 2019–2024 Fiscal Year

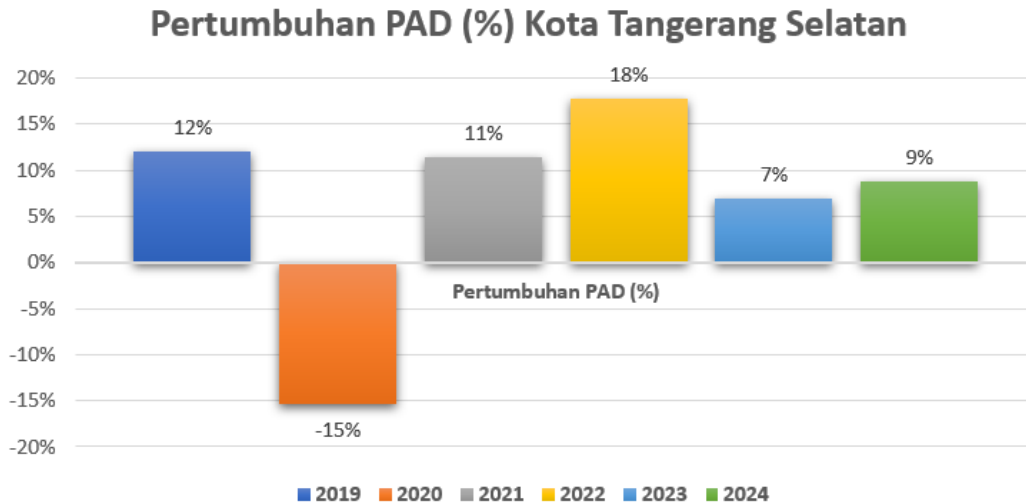
*Source: LRA Tangerang City (Processed by Researchers, 2026)*

Based on Figures 1.1 and 1.2, it can be seen that the implementation of Tangerang City's Regional Original Revenue (PAD) for the period 2019 to 2024 experienced fluctuations. The COVID-19 pandemic, which gave rise to economic and health recession issues that began in 2020, affected the reduction in regional original revenue. Referring to the implementation data for Tangerang City's Regional Original Revenue (PAD), there were quite significant fluctuations throughout the 2019–2024 period. In 2019, PAD grew by 9%, indicating a positive trend before the pandemic. However, there was a significant reduction in 2020 of -19%, which can be attributed to the direct impact of the COVID-19 pandemic on economic activity. Entering 2021, PAD again grew by 13% as an early sign of economic recovery. This growth continued in 2022 with an increase of 8%, then strengthened again in 2023 with growth of 13%. However, in 2024 the growth rate slowed slightly to 6%.



**Figure 1.3** Realization of Local Revenue (PAD) of South Tangerang City for the 2019–2024 Fiscal Year

*Source: LRA Tangerang Regency (Processed by Researchers, 2026)*



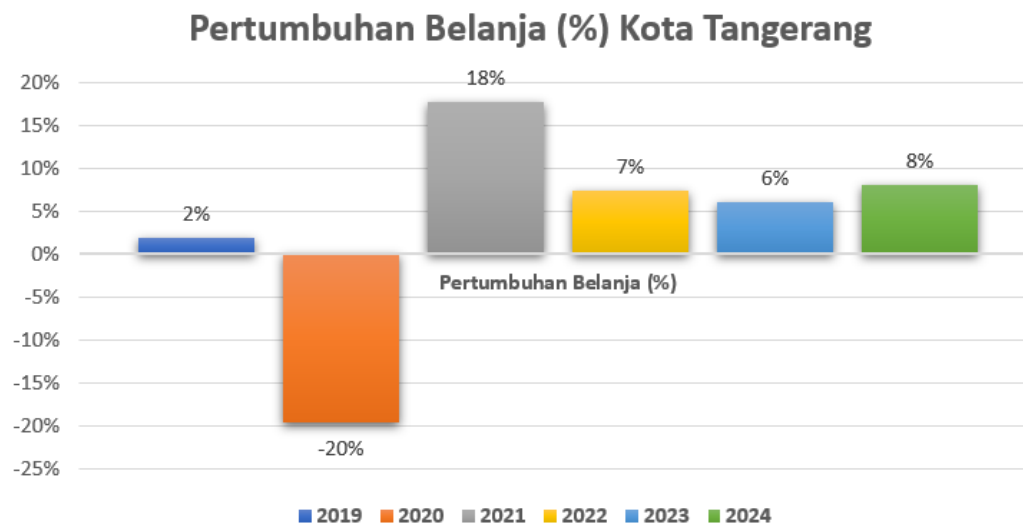
**Figure 1.4** Growth of Locally Generated Revenue (PAD) of South Tangerang City for the 2019–2024 Fiscal Year

*Source: LRA Tangerang Regency (Processed by Researchers, 2026)*

Figures 1.3 and 1.4 show that the development of Regional Original Revenue (PAD) has experienced quite fluctuating dynamics, particularly during the COVID-19 pandemic, but generally shows an upward trend from year to year. This condition illustrates the local government's ability to maintain fiscal stability and increase regional independence by optimizing revenue sources. In 2019, South Tangerang City's PAD realization was recorded at IDR 1.82 trillion. This figure provides a good basis for describing the region's economic conditions before the pandemic. PAD growth that year reached 12%, indicating increased economic activity and the local government's effectiveness in managing potential regional revenue. However, in 2020, there was a significant decline. PAD realization fell to IDR 1.54 trillion, a contraction of -15%. This decline can be understood as a direct impact of the COVID-19 pandemic, which weakened economic activity among the community and the business world. Various sectors that serve as sources of regional revenue, such as taxes on restaurants, hotels, entertainment, and other service sectors, experienced declines due to mobility restrictions and the economic slowdown. Entering 2021, PAD conditions began to show signs of recovery. Locally-generated revenue (PAD) increased to Rp1.71 trillion, representing an 11% increase. This increase indicates a revival of economic activity as social restrictions are eased and communities adapt to post-pandemic conditions. The highest increase occurred in 2022, when PAD reached Rp2.02 trillion, with a growth rate of 18%. This figure demonstrates a strong regional economic recovery. Furthermore, in 2023 and 2024, PAD continued to increase to Rp2.16 trillion and Rp2.35 trillion. Although the growth rates were more moderate, at 7% and 9%, respectively, this trend remains positive and stable.



**Figure 1.5** Tangerang City Expenditure Realization for the 2019–2024 Fiscal Year  
*Source: LRA Tangerang City (Processed by Researchers, 2026)*

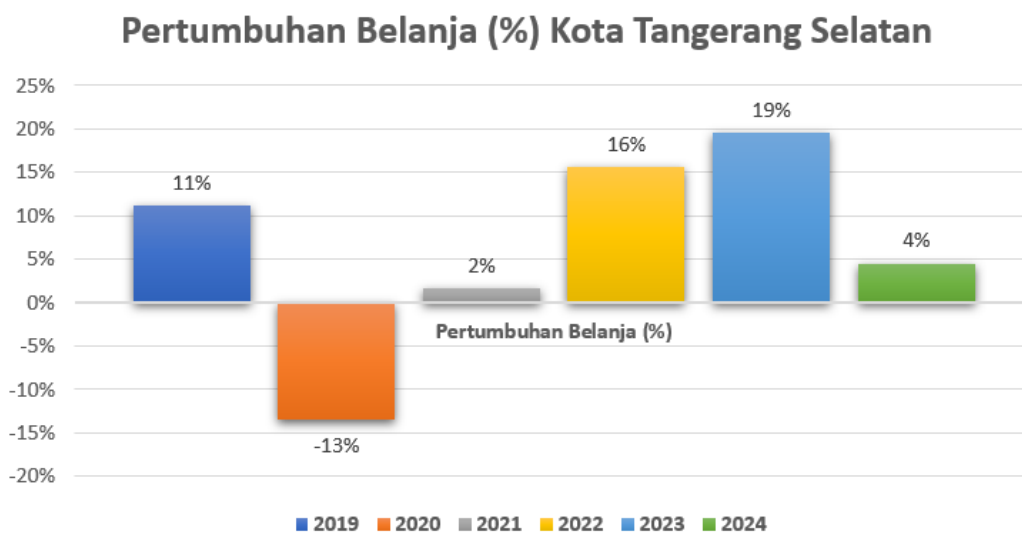


**Figure 1.6** Tangerang City Spending Growth for the 2019–2024 Fiscal Year  
*Source: LRA Tangerang City (Processed by Researchers, 2026)*

Based on Figures 1.5 and 1.6, it can be seen that the realization of Tangerang City spending in the period 2019 to 2024 experienced fluctuations. The growth of Tangerang City Government spending during the period 2019–2024 showed a fluctuating pattern along with changes or movements in economic conditions (economic dynamics). In 2019, regional spending experienced a 2% growth. However, in 2020 there was a drastic decline of up to -20%, which was closely related to the impact of the COVID-19 pandemic. This situation prompted the local government to change the priorities of the use of the previously planned budget (*refocusing*) and reallocate funds to more priority items relevant to the pandemic emergency (budget reallocation). Entering 2021, regional spending jumped by 18%. In 2022, spending growth was 7%, followed by 6% growth in 2023. In 2024, spending growth increased again to 8%.



**Figure 1.7** Realization of South Tangerang City Expenditure for the 2019–2024 Fiscal Year  
Source: LRA Tangerang Regency (Processed by Researchers, 2026)



**Figure 1.8** South Tangerang City Spending Growth for the 2019–2024 Fiscal Year  
Source: LRA Tangerang Regency (Processed by Researchers, 2026)

Figures 1.7 and 1.8 show that in 2019, South Tangerang City's regional spending was recorded at IDR 3.63 trillion, with a growth rate of 11%. This achievement indicates that the local government still has sufficient fiscal space to support the implementation of development programs and public services. Entering 2020, spending decreased to IDR 3.14 trillion, a contraction of -13%. This decline is inseparable from the impact of the COVID-19 pandemic, which affected the regional financial condition. During this period, the local government was required to make budget adjustments through *refocusing* and reallocation of spending for healthcare, social assistance, and economic recovery. As a result, several previously planned development programs experienced delays or budget reductions. In 2021, spending began to increase, albeit relatively limited. The spending value was recorded at IDR 3.19 trillion, with a growth of 2%. Subsequently, a significant increase occurred in 2022. Spending reached IDR 3.69 trillion, with a growth rate of 16%. This increase indicates that regional fiscal conditions are beginning to improve as economic activity recovers. A further increase occurred in 2023, with spending reaching IDR 4.41 trillion, with a growth rate of 19%, the highest growth rate during the observation period.

In 2024, spending again increased to IDR 4.61 trillion. However, the growth rate slowed to 4%.

Through financial performance analysis, it is hoped that we can determine the extent to which local governments are able to maintain effectiveness, efficiency, and independence amidst these phenomena. The 2019–2024 fiscal year span illustrates the dynamics of local government finances across three distinct phases, which are crucial for analysis. 2019 reflected pre-pandemic financial conditions, while the 2020–2021 period witnessed significant pressure due to the COVID-19 pandemic, requiring local governments to implement *refocusing* and budget reallocation for healthcare, social assistance, and economic recovery. Furthermore, 2022–2024 represents a transition period toward post-pandemic recovery, as local governments seek to rebalance revenue and expenditure structures to strengthen financial performance. Therefore, this period is considered relevant because it provides a comprehensive overview of regional financial management capabilities under normal conditions, crises, and recovery.

A study conducted by Muhammad Ichlasul Amal and Puji Wibowo from the State Finance Polytechnic of STAN entitled "Analysis of the Financial Performance of the DKI Jakarta Provincial Government Before and After the COVID-19 Pandemic" revealed that the COVID-19 pandemic had a significant impact on the fiscal performance of local governments. The study results show that the DKI Jakarta Province's Regional Original Income (PAD) experienced a significant decline, from pre-pandemic levels in 2019 to 2020, when the pandemic began. This decline was primarily due to reduced regional tax revenues. The weakening PAD is closely related to the hampered economic activity caused by policies restricting public mobility, thus preventing the maximization of revenue potential. Within the framework of post-pandemic recovery, the study emphasizes the need for more adaptive policy strategies, such as effective budget planning, *refocusing* and rationalizing spending according to priorities, as well as proportional financing management while taking into account regional fiscal capacity. These efforts are considered crucial to ensure balanced management of budget deficits and surpluses. On the other hand, central government revenues increased in 2020 in line with the focus on pandemic management. However, the level of financial independence of DKI Jakarta Province decreased from 277% in 2019 to 188% in 2020. Nevertheless, PAD continues to show a relatively strong contribution thanks to public awareness of paying taxes and sound management of regional assets. Overall, DKI Jakarta's fiscal independence pattern remains in the delegative category (75%–100%), indicating the region's ability to exercise autonomy with minimal interference from the central government (Muhammad Ichlasul Amal & Puji Wibowo, 2022).

This research focused on analyzing the financial performance of the Tangerang City and South Tangerang City Governments based on regional financial ratios. Financial ratios are a relevant and measurable analytical tool for evaluating the ability of local governments to manage public finances effectively, efficiently, and independently. Through the regional financial ratio approach, researchers can assess the extent to which regions are able to utilize their financial resources to finance development and public services without excessive dependence on the central government. Regional financial ratio analysis provides an overview of local government financial performance and is considered an important instrument in evaluating the extent to which local governments are able to manage finances as reflected in the Regional Budget (APBD) (Halim, 2014). The 2019–2024 timeframe was chosen because it represents the dynamics that occur, so this research is expected to provide a comprehensive picture of the extent to which local governments can maintain and adjust

their financial performance amid significant social and economic changes. The phenomena that form the background of this research include fluctuations in local revenue and regional expenditure due to the pandemic.

Tangerang City and South Tangerang City were chosen as research objects because they are cities with relatively high levels of economic activity, population, and Regional Original Revenue (PAD) in Banten Province. Furthermore, both cities have urban characteristics and serve as buffer zones for DKI Jakarta, requiring effective and independent regional financial management to support public services and regional development. The selection of Tangerang City and South Tangerang City was also based on conditions during the Covid-19 pandemic, where Tangerang City and South Tangerang City were the two regions with the highest number of confirmed positive Covid-19 cases in Banten Province (kemkes.go.id, 2022). The high number of Covid-19 cases has impacted regional economic activity and has the potential to affect regional revenue and financial management. This condition impacts regional economic activity, Regional Original Revenue (PAD) receipts, and local government financial management. Therefore, this study was conducted to determine the financial performance of the Tangerang City and South Tangerang City Governments during the 2019–2024 Fiscal Year based on regional financial ratios, particularly in facing conditions before, during, and after the COVID-19 pandemic.

Thus, the analysis of both is expected to provide a more comprehensive picture of the effectiveness of regional financial performance in Banten Province. Both regions experienced a significant impact from the Covid-19 pandemic, as they were the cities with the highest number of confirmed positive Covid-19 cases in Banten Province during the pandemic. Therefore, the results of the financial performance analysis in these two cities can reflect the ability of local governments to maintain fiscal stability, manage regional revenues, and carry out public service functions amidst changing economic conditions during the study period. The results of this study are expected to provide a comprehensive understanding of regional financial performance through an analysis of the financial performance of Tangerang City and South Tangerang City.

## 2. LITERATURE REVIEW

### Regional Financial Independence Ratio (RKKD)

Independence in the context of regional finance describes the ability of regional governments to finance all government activities, development, and public services independently, regardless of financial support from the central or provincial governments.

$$RKKD = \frac{PAD}{Transfer\ Income} \times 100\%$$

#### Component:

**PAD:** All income sourced from the region's own capabilities, including receipts from regional taxes, regional levies, results from managing separated regional assets, and other legitimate sources as part of PAD.

**Transfer Income:** Funds sourced from the central government, such as central government transfers-balancing funds, central government transfers-others, and inter-regional transfers.

The ratio assessment of the level of regional financial independence consists of the following criteria in Table 2.1.

**Table 2.1 Criteria for Assessing Regional Capability Levels and Relationship Patterns**

| Financial Capability | Independence | Relationship Patterns |
|----------------------|--------------|-----------------------|
|----------------------|--------------|-----------------------|

|           |            |               |
|-----------|------------|---------------|
| Very Low  | 0% – 25%   | Instructive   |
| Low       | 25% – 50%  | Consultative  |
| Currently | 50% – 75%  | Participatory |
| High      | 75% – 100% | Delegatif     |

Source: (Halim, 2014)

Locally Generated Revenue (PAD) plays a crucial role as a primary indicator in assessing a region's level of fiscal independence. Regional financial independence can be measured by comparing PAD with total regional revenue, which also includes other sources, such as transfer funds, central government assistance, and loans. This comparison reveals the extent to which a region is able to independently support its fiscal needs without excessive dependence on external parties. Therefore, each regional government is required to continuously optimize its PAD potential to strengthen fiscal capacity and ultimately achieve more sustainable financial independence (Halim, 2014).

### PAD Effectiveness Ratio

The meaning of effectiveness in the context of Regional Original Income is the level of success of the regional government in realizing the revenue targets that have been set out in the Regional Revenue and Expenditure Budget (APBD).

$$PAD\ Effectiveness = \frac{Realization\ of\ PAD}{Regional\ Original\ Income\ Budget} \times 100\%$$

### Component:

PAD: All income sourced from the region's own capabilities, including receipts from regional taxes, regional levies, results from managing separated regional assets, and other legitimate sources as part of PAD.

The ratio assessment of the PAD effectiveness level consists of several criteria as follows in Table 2.2.

**Table 2.2 Criteria for Assessing the Level of PAD Effectiveness**

| PAD Effectiveness Criteria | Percentage of PAD Effectiveness (%) |
|----------------------------|-------------------------------------|
| Very Effective             | >100%                               |
| Effective                  | >90% – 100%                         |
| Quite Effective            | >80% – 90%                          |
| Less Effective             | >60% – 80%                          |
| Ineffective                | ≤60%                                |

Source: (Halim, 2014)

According to Halim (2014), the effectiveness ratio provides an overview of a local government's capacity to manage various revenue sources, including local taxes, regional levies, the results of managing separate regional assets, and various other legally recognized revenue sources. A higher effectiveness ratio indicates that the local government's work to optimize its potential revenue is progressing well. Conversely, a low ratio indicates that the PAD target has not been optimally achieved, requiring the region to improve its revenue collection and management strategies.

### Regional Financial Efficiency Ratio (REKD)

The meaning of efficiency in the context of regional finance is the regional government's ability to use financial resources economically, on target, and productively *to achieve* maximum output with minimal costs.

$$REKD = \frac{\text{Realization of Regional Expenditure}}{\text{Realization of Regional Revenue}} \times 100\%$$

**Component:**

Regional Expenditure: All expenditures borne by the regional government during a budget year, including operational expenditures, capital expenditures, and unforeseen expenditures.

Regional Income: All legitimate receipts in accordance with the Regional Budget.

The ratio assessment of the level of regional financial efficiency consists of several criteria as follows in Table 2.3.

**Table 2.3 Criteria for Assessing the Level of Regional Financial Efficiency**

| Regional Financial Efficiency Criteria | Regional Financial Efficiency Percentage (%) |
|----------------------------------------|----------------------------------------------|
| Not efficient                          | >100%                                        |
| Less Efficient                         | >90% – 100%                                  |
| Quite Efficient                        | >80% – 90%                                   |
| Efficient                              | >60% – 80%                                   |
| Very Efficient                         | ≤60%                                         |

Source: (Halim, 2014)

The Regional Financial Efficiency Ratio (REKD) is one of the crucial benchmarks for measuring regional revenue collection performance. The lower the efficiency ratio, the better the regional government's financial performance, as it demonstrates the ability to minimize costs while optimizing revenue (Halim, 2014).

**PAD Growth Ratio**

Growth in the context of local revenue refers to the extent to which a local government is able to increase its own revenue annually. PAD growth reflects increased economic activity, the effectiveness of tax and levy collection policies, and the success of local governments in sustainably securing resource opportunities.

$$GDP\ growth = (PAD_t - PAD_{t-1}) / PAD_{t-1} \times 100\%$$

Source: (Halim, 2014)

Information:

$PAD_t$  = PAD of the calculated year

$PAD_{t-1}$  = PAD of the previous year

Component:

PAD: All income that has sources from the region's own potential, including regional tax receipts, regional levies, results from managing separated regional assets, and other legitimate sources that are included in the Regional Original Income (PAD) category.

This ratio demonstrates the local government's ability to maintain the sustainability of its original revenue sources by improving collection performance and managing regional economic potential. The PAD growth ratio is typically assessed by monitoring current PAD implementation compared to previous PAD implementation periods. If the ratio shows positive growth, it indicates increased fiscal independence and the local government's success in maximizing available resource opportunities. Conversely, if the growth ratio declines or is negative, it indicates obstacles to optimizing regional revenue and necessitates an evaluation of PAD management strategies.

**3. METHOD**

This study uses a qualitative approach. The qualitative approach is used to describe and explain the financial performance of the Tangerang City and South Tangerang City

Governments during the 2019–2024 Fiscal Year based on the results of regional financial ratio analysis and information obtained through interviews with sources authorized in regional financial management. Qualitative research was chosen because this study does not aim to test hypotheses or find causal relationships between variables, but rather to provide an in-depth overview of the condition of regional financial performance as reviewed by the Regional Financial Independence Ratio (RKKD), Regional Original Revenue Effectiveness Ratio (PAD), Regional Financial Efficiency Ratio (REKD), and PAD Growth Ratio. Through a qualitative approach, the results of regional financial ratio calculations are interpreted descriptively to explain the ability of local governments to manage regional revenues and expenditures during the study period. In addition, the results of interviews with the Regional Financial Management Agency (BPKD) of Tangerang City and the Regional Finance and Asset Agency (BKAD) of South Tangerang City are used to strengthen the analysis and provide a more comprehensive understanding of regional financial management in both local governments.

#### 4. RESULTS AND DISCUSSION (12 PT)

##### 4.1 Regional Financial Independence Ratio (RKKD)

##### 4.1.1 Regional Financial Independence Ratio (RKKD) of Tangerang City

The Regional Financial Independence Ratio (RKKD) reflects the extent to which a government can finance the implementation of governance, development, and public services by relying on revenues sourced from its own regional taxes and levies.

$$RKKD = \frac{PAD}{Transfer\ Income} \times 100\%$$

Regional financial independence is measured by comparing local revenue (PAD) with total regional revenue, which also includes other sources, such as transfer funds, central government assistance, and loans. This comparison reveals the extent to which a region is able to independently support its fiscal needs without excessive dependence on external parties.

Table 4.1 is a table of the regional financial independence ratio (RKKD) of the Tangerang City Government, the assessment components of which include PAD and transfer income.

| KOTA TANGERANG |                   |                     |      |           |
|----------------|-------------------|---------------------|------|-----------|
| Tahun          | PAD               | Pendapatan Transfer | RKKD | Kriteria  |
| 2019           | 2.027.112.805.905 | 2.106.120.187.924   | 96%  | delegatif |
| 2020           | 1.649.002.723.454 | 1.791.519.383.349   | 92%  | delegatif |
| 2021           | 1.869.216.636.384 | 2.180.639.862.663   | 86%  | delegatif |
| 2022           | 2.012.220.935.351 | 2.261.562.033.794   | 89%  | delegatif |
| 2023           | 2.271.392.858.607 | 2.419.084.007.661   | 94%  | delegatif |
| 2024           | 2.411.989.312.659 | 2.624.371.373.789   | 92%  | delegatif |

**Table 4.1** Regional Financial Independence Ratio (RKKD) of Tangerang City Government for the 2019–2024 Fiscal Year

*Source: Tangerang City LKPD (Processed by Researchers, 2026)*

Based on the calculation of the Regional Financial Independence Ratio (RKKD) of Tangerang City for the 2019–2024 Fiscal Year, it can be seen that the level of regional financial independence is in the high category with a delegative relationship pattern. This is reflected in the independence ratio value, which is consistently in the range of 75%–100% as per the criteria proposed by Halim (2014). In 2019, the regional financial independence

ratio of Tangerang City reached 96%. This value indicates that the Tangerang City Government's ability to finance the implementation of government and regional development is very good because the contribution of Regional Original Income (PAD) is almost comparable to the transfer income received.

This condition reflects a relatively low dependence on the central government. In 2020, the self-reliance ratio decreased to 92%. This decrease was due to a decrease in local revenue (PAD) realization compared to the previous year. Nevertheless, the level of regional self-reliance remained within the delegative category. This indicates that the Tangerang City Government remained able to maintain its fiscal capacity independently despite the economic pressures caused by the COVID-19 pandemic, which impacted regional revenues. Furthermore, in 2021, the self-reliance ratio decreased again to 86%. This decrease was influenced by a greater increase in transfer revenue compared to the increase in local revenue. Despite the decrease, this ratio still indicates a high level of self-reliance, indicating that the Tangerang City Government maintains a strong capacity to independently finance its regional needs.

In 2022, the independence ratio increased to 89%. This increase indicates an improvement in the region's fiscal capacity, as evidenced by the increase in local revenue (PAD). This increase indicates that the Tangerang City Government is beginning to optimize regional revenue sources as economic conditions gradually improve. Then, in 2023, the independence ratio increased again to 94%. This value indicates that the contribution of PAD to regional financing is increasing, resulting in a lower dependence on transfer funds. This condition reflects the Tangerang City Government's increasing ability to implement regional autonomy independently. In 2024, the independence ratio decreased slightly to 92%. This decrease was due to a larger increase in transfer revenue compared to PAD growth. However, this ratio remains in the delegative category, so overall, Tangerang City's financial independence remains very good.

Overall, the Tangerang City Regional Financial Independence Ratio for the 2019–2024 period shows a stable condition and is in the high category. This indicates that the Tangerang City Government has a good ability to tap the potential of Regional Original Revenue (PAD) to finance government implementation, development, and public services. This high independence ratio also indicates a relatively low level of dependence on central and provincial government assistance, thus forming a delegative relationship pattern.

#### 4.1.2 Regional Financial Independence Ratio (RKKD) of South Tangerang City

Table 4.2 is a table of the regional financial independence ratio (RKKD) of the South Tangerang City Government, the assessment components of which include PAD and transfer income.

| KOTA TANGERANG SELATAN |                   |                     |      |           |
|------------------------|-------------------|---------------------|------|-----------|
| Tahun                  | PAD               | Pendapatan Transfer | RKKD | Kriteria  |
| 2019                   | 1.817.505.710.180 | 1.535.640.267.155   | 118% | delegatif |
| 2020                   | 1.538.705.693.438 | 1.306.966.822.605   | 118% | delegatif |
| 2021                   | 1.713.722.415.531 | 1.718.406.629.340   | 100% | delegatif |
| 2022                   | 2.017.364.068.366 | 1.733.288.225.579   | 116% | delegatif |
| 2023                   | 2.156.287.719.241 | 1.960.482.609.729   | 110% | delegatif |
| 2024                   | 2.347.128.663.052 | 2.151.342.029.789   | 109% | delegatif |

**Table 4.2** Regional Financial Independence Ratio (RKKD) of the South Tangerang City Government for the 2019–2024 Fiscal Year

*Source: South Tangerang City LKPD (Processed by Researchers, 2026)*

Based on the calculation of the Regional Financial Independence Ratio (RKKD) of South Tangerang City for the 2019–2024 Fiscal Year, it can be seen that the level of regional financial independence is in the very high category with a delegative relationship pattern. This is evident from the independence ratio value, which is consistently in the range of 100% to 118%. This value indicates that the Regional Original Income (PAD) of South Tangerang City is able to finance regional needs with a very low level of dependence on assistance from the central and provincial governments. In 2019, the regional financial independence ratio of South Tangerang City reached 118%. This value indicates that the contribution of PAD is greater than the transfer income received by the region. This condition reflects that the South Tangerang City Government has excellent fiscal capacity to support the implementation of governance, development, and public services independently.

In 2020, the self-reliance ratio remained at 118%. Despite the COVID-19 pandemic impacting various economic sectors, the South Tangerang City Government was able to maintain its fiscal independence. This demonstrates the region's ability to manage and maintain its Original Regional Revenue (PAD) sources, which is relatively stable. Furthermore, in 2021, the self-reliance ratio decreased to 100%. This decrease was influenced by an increase in transfer revenue, which was almost comparable to Regional Original Revenue (PAD). Nevertheless, this ratio still indicates a high level of independence and remains in the delegative category. This means that the South Tangerang City Government is still able to finance the majority of its regional needs through revenue from its own sources. In 2022, the self-reliance ratio increased again to 116%. This increase indicates an improvement in the regional fiscal condition, marked by a greater increase in PAD compared to transfer revenue. This condition indicates that the South Tangerang City Government is increasingly able to optimize regional revenue potential after the economic recovery. Then, in 2023, the self-reliance ratio decreased slightly to 110%. This decrease occurred because the increase in transfer revenue was greater than the growth in PAD. However, the ratio remains above 100%, indicating that the regional independence rate remains very good. In 2024, the independence ratio will decline again to 109%. Despite the decrease compared to the previous year, this figure still indicates that the contribution of local revenue (PAD) to regional financing is still greater than that of transfer revenues. Therefore, the South Tangerang City Government maintains strong fiscal capacity and low dependence on the central government.

Overall, the Regional Financial Independence Ratio of South Tangerang City during the 2019–2024 Fiscal Year showed excellent and stable performance. The high ratio reflects the South Tangerang City Government's ability to optimize Regional Original Revenue (PAD) as the primary source of regional financing. Furthermore, this performance demonstrates the local government's success in supporting the implementation of regional autonomy through independent and sustainable financial management.

#### **4.1.3 Descriptive Statistical Analysis of the Regional Financial Independence Ratio (RKKD) of Tangerang City and South Tangerang City**

Descriptive analysis is used to provide an overview of the research data to illustrate the government's financial performance during the 2019–2024 fiscal year based on regional financial ratios. Descriptive statistical analysis will illustrate the results of regional financial ratio calculations through the minimum, maximum, average (mean), and standard deviation values of each financial ratio studied.

Table 4.3 is a table of minimum values, maximum values, average values (mean), and standard deviations of the regional financial independence ratio (RKKD) of the Tangerang City Government.

| <b>Analisis Deskriptif RKKD Kota Tangerang</b> |                        |     |
|------------------------------------------------|------------------------|-----|
| 1.                                             | Nilai Minimum          | 86% |
| 2.                                             | Nilai Maksimum         | 96% |
| 3.                                             | Nilai Rata-rata (mean) | 91% |
| 4.                                             | Standar Deviasi        | 4%  |

**Table 4.3** Descriptive Analysis of the Regional Financial Independence Ratio (RKKD) of the Tangerang City Government for the 2019–2024 Fiscal Year

*Source: Tangerang City LKPD (Processed by Researchers, 2026)*

Based on the results of the descriptive statistical analysis of the Regional Financial Independence Ratio (RKKD) of Tangerang City for the 2019–2024 Fiscal Year, the minimum value was 86% and the maximum value was 96%. The minimum value occurred in 2021, while the maximum value was reached in 2019. This range of values indicates that the level of financial independence of the Tangerang City Government during the study period was in the high category with a delegative relationship pattern. This indicates that the Tangerang City Government has excellent capabilities in financing the implementation of regional governance and development through Regional Original Revenue (PAD) without high dependence on central government assistance. The average (mean) value of the Tangerang City RKKD of 91% indicates that in general, the level of regional financial independence is in very good condition. This average reflects that the contribution of PAD to regional financing capacity is relatively large compared to the transfer income received.

The high average independence ratio also indicates that the Tangerang City Government can effectively optimize regional revenue potential to support the implementation of regional autonomy. Meanwhile, the standard deviation value of 4% indicates that the variation in the regional financial independence ratio data during the study period is relatively low. The small standard deviation value indicates that the level of financial independence in Tangerang City tends to be stable from year to year and does not experience significant fluctuations. Thus, this condition reflects the consistency of the Tangerang City Government in maintaining regional fiscal capacity through adequate management of Regional Original Revenue during the 2019–2024 Fiscal Year.

Table 4.4 is a table of minimum values, maximum values, average values (mean), and standard deviations of the regional financial independence ratio (RKKD) of the South Tangerang City Government.

| <b>Analisis Deskriptif RKKD Kota Tangerang Selatan</b> |                        |      |
|--------------------------------------------------------|------------------------|------|
| 1.                                                     | Nilai Minimum          | 100% |
| 2.                                                     | Nilai Maksimum         | 118% |
| 3.                                                     | Nilai Rata-rata (mean) | 112% |
| 4.                                                     | Standar Deviasi        | 7%   |

**Table 4.4** Descriptive Analysis of the Regional Financial Independence Ratio (RKKD) of the South Tangerang City Government for the 2019–2024 Fiscal Year

*Source: South Tangerang City LKPD (Processed by Researchers, 2026)*

Based on the results of the descriptive statistical analysis of the Regional Financial Independence Ratio (RKKD) of South Tangerang City for the 2019–2024 Fiscal Year, a minimum value of 100% and a maximum value of 118% were obtained. The minimum value occurred in 2021, while the maximum value was achieved in 2019 and 2020. This range of

values indicates that the level of financial independence of the South Tangerang City Government is in the very high category with a delegative relationship pattern based on Halim's criteria (2014). A ratio value above 100% indicates that Regional Original Income (PAD) is able to exceed the transfer income received by the region, so that the level of dependence on central government assistance is classified as very low. The average (mean) value of the RKKD of South Tangerang City of 112% indicates that in general the regional financial capacity to finance government, development, and public service needs is in very good condition.

The high average value reflects the dominant contribution of local revenue (PAD) to total regional financing compared to transfer revenue. This condition indicates that the South Tangerang City Government has been able to effectively optimize regional revenue potential to support the implementation of regional autonomy. Meanwhile, the standard deviation value of 7% indicates that the variation in the regional financial independence ratio data during the study period is relatively low. This value indicates that the development of the level of financial independence in South Tangerang City tends to be stable, although there are slight fluctuations from year to year. Therefore, it can be concluded that the South Tangerang City Government has a strong and consistent fiscal capacity in maintaining regional financial independence during the 2019–2024 Fiscal Year.

#### **4.1.4 Comparison of Financial Performance Based on the Regional Financial Independence Ratio (RKKD)**

Based on the analysis of the Regional Financial Independence Ratio (RKKD), both Tangerang City and South Tangerang City demonstrated a high level of financial independence during the 2019–2024 Fiscal Year. Both regions were able to finance government administration, development, and public services by relying on Regional Original Income (PAD), resulting in a relatively low level of dependence on central government assistance. However, when compared overall, South Tangerang City demonstrated a higher level of financial independence than Tangerang City. This is evident from the average (mean) RKKD value of South Tangerang City, which reached 112%, while Tangerang City had an average of 91%. This difference indicates that the contribution of PAD to regional financing in South Tangerang City is greater than that of Tangerang City. In fact, throughout the study period, the RKKD value of South Tangerang City was consistently in the range of 100%–118%, meaning that the PAD obtained was able to match or even exceed the transfer income received from the central government.

Meanwhile, Tangerang City's Regional Financial Report (RKKD) is in the 86%–96% range, which, while still considered delegative, indicates that transfer revenues still play a larger role than in South Tangerang City. In terms of annual development, both regions experienced a decline in their self-sufficiency ratios in 2020 and 2021 due to the impact of the COVID-19 pandemic. The pandemic caused a slowdown in economic activity, which impacted regional revenues, particularly from taxes and levies. Nevertheless, both Tangerang City and South Tangerang City were able to maintain their financial independence at a high level.

This indicates that both local governments have a fairly good ability to maintain fiscal stability amidst economic uncertainty. In terms of the stability ratio, Tangerang City has a standard deviation of 4%, while South Tangerang City has 7%. This value indicates that the development of the Regional Work Plan (RKKD) in Tangerang City is relatively more stable than that in South Tangerang City. Fluctuations in the independence ratio in Tangerang City tend to be smaller, indicating greater consistency in maintaining its fiscal capacity from year to year. On the other hand, although South Tangerang City has a higher

level of independence, the variation in the value is slightly greater due to more significant changes in local revenue (PAD) and transfer revenues during the study period.

Overall, both regions have demonstrated good financial performance based on the Regional Financial Independence Ratio. However, South Tangerang City has a stronger level of fiscal independence due to its greater capacity for financing regional needs compared to Tangerang City. Meanwhile, Tangerang City demonstrates superiority in terms of ratio stability, which is more consistent throughout the study period. Therefore, it can be concluded that South Tangerang City excels in its level of financial independence, while Tangerang City excels in maintaining the stability of regional financial independence. This condition reflects the successful implementation of regional autonomy by both regional governments, despite their differing financial management characteristics.

Based on the Regional Financial Independence Ratio (RKKD) calculation, South Tangerang City demonstrates a higher level of financial independence than Tangerang City. The higher ratio indicates that the contribution of Locally Generated Revenue (PAD) to regional income is more dominant than that of Tangerang City. The high level of financial independence of South Tangerang City is inseparable from its regional income structure, which is dominated by Locally Generated Revenue (PAD). One factor supporting the high PAD of South Tangerang City is local tax revenue, which has the largest contribution to total PAD.

The high revenue from Land and Building Property Acquisition (BPHTB) indicates a significant increase in land and building transaction activity in South Tangerang City, including the sale and purchase of houses, apartments, shophouses, and other commercial and residential areas. This is particularly relevant given South Tangerang City's characteristics as a satellite city of Jakarta, experiencing rapid property development. The presence of various modern residential areas and business centers, such as BSD City, Bintaro Jaya, Alam Sutera, and Graha Raya, has contributed to the high level of investment and property transactions in the region. The higher the value and number of property transactions, the greater the revenue from BPHTB received by the local government. Therefore, the high revenue from BPHTB directly contributes to increased local revenue (PAD) and ultimately strengthens the financial independence of South Tangerang City.

The Tangerang City Government also has a very good level of regional financial independence and is included in the delegative relationship pattern. The composition of Tangerang City's regional revenue is also dominated by Regional Original Income (PAD), which is largely derived from regional taxes. Based on the results of interviews with the Tangerang City Regional Financial Management Agency (BPKD), one of the largest contributors to Tangerang City's PAD is the Land and Building Acquisition Fee (BPHTB). In addition to BPHTB, regional tax revenue also comes from Rural and Urban Land and Building Tax (PBB-P2), Certain Goods and Services Tax (PBJT), and various other regional revenue sources. Nevertheless, when compared to Tangerang City, South Tangerang City has a relatively higher level of financial independence. This indicates that South Tangerang City's ability to optimize PAD, particularly from the regional tax sector and property transactions, makes a greater contribution to regional financing. This high PAD contribution reduces South Tangerang City's dependence on government transfer funds, so that its financial relationship pattern more reflects delegative characteristics. In other words, South Tangerang City has a stronger fiscal capacity to support the implementation of regional autonomy independently than Tangerang City.

## **4.2 PAD Effectiveness Ratio**

### **4.2.1 Tangerang City PAD Effectiveness Ratio**

The Regional Original Revenue (PAD) Effectiveness Ratio is essentially used to assess the government's ability to achieve pre-planned revenue targets. This indicator is obtained by comparing PAD implementation with agreed-upon budget objectives.

$$\text{PAD Effectiveness} = \frac{\text{Realization of PAD}}{\text{Regional Original Income Budget}} \times 100\%$$

Table 4.5 is a table of the effectiveness ratio of the Tangerang City Government's PAD, in which the assessment components include the realization and amount of the PAD budget.

| KOTA TANGERANG |                   |                   |                       |                |
|----------------|-------------------|-------------------|-----------------------|----------------|
| Tahun          | Realisasi PAD     | Anggaran PAD      | Rasio Efektivitas PAD | Kriteria       |
| 2019           | 2.027.112.805.905 | 2.195.868.939.559 | 92%                   | efektif        |
| 2020           | 1.649.002.723.454 | 1.464.562.583.407 | 113%                  | sangat efektif |
| 2021           | 1.869.216.636.384 | 1.819.161.827.246 | 103%                  | sangat efektif |
| 2022           | 2.012.220.935.351 | 1.907.095.449.818 | 106%                  | sangat efektif |
| 2023           | 2.271.392.858.607 | 2.202.605.531.310 | 103%                  | sangat efektif |
| 2024           | 2.411.989.312.659 | 2.322.139.951.331 | 104%                  | sangat efektif |

**Table 4.5** Tangerang City Government's PAD Effectiveness Ratio for the 2019–2024 Fiscal Year

*Source: Tangerang City LKPD (Processed by Researchers, 2026)*

Based on the calculation of the effectiveness ratio of Tangerang City's Regional Original Revenue (PAD) for 2019–2024, it can be seen that the local government's ability to realize its PAD targets shows very good conditions and tends to be stable. The PAD effectiveness ratio is calculated by comparing PAD realization to the established PAD budget. The higher the effectiveness ratio percentage, the better the local government's ability to achieve regional revenue targets. In 2019, Tangerang City's PAD effectiveness ratio was 92% and is included in the effective category. This percentage indicates that PAD realization has almost reached the target set in the Regional Budget. Although it has not exceeded the budget target, this achievement still reflects the local government's ability to manage regional revenue sources quite optimally. However, there is still a gap between the target and realization, indicating that there is potential revenue that has not been fully explored. Furthermore, in 2020, the PAD effectiveness ratio increased to 113% and is included in the very effective category. This achievement indicates that PAD realization is able to exceed the established target.

This increase in effectiveness indicates the local government's ability to maintain regional revenue performance despite the challenges faced by the national economy during this period due to the COVID-19 pandemic. The success in exceeding targets reflects efforts to optimize regional tax collection and increase the contribution of other revenue sources. In 2021, the PAD effectiveness ratio was recorded at 103%, remaining in the very effective category. This result indicates that the local government was still able to maintain PAD achievement above the budget target. This stability in effectiveness reflects consistency in regional revenue management, both through increased taxpayer compliance and strengthening the regional revenue management system. Then, in 2022, the effectiveness ratio increased again to 106%. This value indicates that PAD realization is increasingly optimal compared to the planned target. This condition indicates that the Tangerang City government can maximize regional economic potential, thereby increasing regional revenue beyond the initial plan. In 2023, the PAD effectiveness ratio reached 103%, remaining classified as very effective. Although a slight decrease compared to the previous year, this achievement still indicates that PAD realization successfully exceeded the budget target.

This indicates that the management performance of Tangerang City's PAD (Regional Original Revenue) is relatively stable and well-maintained. Furthermore, in 2024, the PAD effectiveness ratio increased again to 104%, categorized as very effective. This increase demonstrates the success of the local government in maintaining and even increasing regional revenue. PAD realization, which continues to exceed targets, indicates that the regional revenue management strategy is quite effective and supported by the region's strong economic potential. Overall, the development of Tangerang City's PAD effectiveness ratio during the 2019–2024 period shows a positive trend. Of the six years of observation, five years were categorized as very effective, while one year was categorized as effective.

This situation demonstrates that the Tangerang City Government has a strong capacity to achieve its established local revenue (PAD) targets. The high effectiveness ratio also reflects the government's optimal management of regional revenue sources, enabling revenue targets to be achieved and even exceeded budget plans. Therefore, the regional financial performance, in terms of PAD effectiveness, can be said to be in good condition and supports increased regional fiscal capacity.

#### 4.2.2 South Tangerang City PAD Effectiveness Ratio

Table 4.6 is a table of the South Tangerang City Government's PAD effectiveness ratio, in which the assessment components include the realization and amount of the PAD budget.

| KOTA TANGERANG SELATAN |                   |                   |                       |                |
|------------------------|-------------------|-------------------|-----------------------|----------------|
| Tahun                  | Realisasi PAD     | Anggaran PAD      | Rasio Efektivitas PAD | Kriteria       |
| 2019                   | 1.817.505.710.180 | 1.686.708.001.000 | 108%                  | sangat efektif |
| 2020                   | 1.538.705.693.438 | 1.647.056.859.549 | 93%                   | efektif        |
| 2021                   | 1.713.722.415.531 | 1.545.235.459.943 | 111%                  | sangat efektif |
| 2022                   | 2.017.364.068.366 | 1.775.312.216.519 | 114%                  | sangat efektif |
| 2023                   | 2.156.287.719.241 | 2.037.626.419.635 | 106%                  | sangat efektif |
| 2024                   | 2.347.128.663.052 | 2.274.169.756.462 | 103%                  | sangat efektif |

**Table 4.6** The Effectiveness Ratio of the Local Revenue of the South Tangerang City Government for the 2019–2024 Fiscal Year

*Source: South Tangerang City LKPD (Processed by Researchers, 2026)*

Based on the calculation of the effectiveness ratio of South Tangerang City's Regional Original Revenue (PAD) for 2019–2024, it can be seen that the level of PAD management effectiveness generally shows very good conditions. The PAD effectiveness ratio is used to assess the ability of local governments to realize the revenue targets set in the Regional Budget (APBD). The higher the effectiveness ratio, the better the local government's ability to achieve regional revenue targets. In 2019, South Tangerang City's PAD effectiveness ratio reached 108% and was included in the very effective category. This achievement indicates that PAD realization successfully exceeded the established budget target. This condition reflects the local government's ability to optimize regional revenue sources well so that regional revenue can be realized beyond the initial plan. However, in 2020, the PAD effectiveness ratio decreased to 93% and was in the effective category.

This decline indicates that local revenue (PAD) realization was still able to meet the budget target, although not as high as the previous year. This condition could be influenced by various factors, one of which is the economic situation under pressure due to the COVID-19 pandemic, which has impacted economic activity and regional revenues. Nevertheless, the effectiveness achievement, which remained in the effective category, indicates that the South Tangerang City Government still has a fairly good ability to maintain regional revenue performance. Furthermore, in 2021, the PAD effectiveness ratio again increased to 111%, entering the very effective category. This increase indicates an improvement in

regional revenue management performance after a previous decline. The regional government is considered capable of increasing PAD realization by optimizing regional tax revenues, regional levies, and other revenue sources. In 2022, the PAD effectiveness ratio again increased to 114%, the highest value during the study period. This value indicates that PAD realization far exceeded the established budget target. This high effectiveness ratio reflects the increasingly optimal ability of the regional government to explore regional revenue potential and improve regional financial management performance.

Then in 2023, the PAD effectiveness ratio was recorded at 106% and remained in the very effective category. Although there was a slight decrease compared to the previous year, this achievement still shows that PAD realization was able to exceed the planned target. This indicates that the performance of PAD management in South Tangerang City is relatively stable and continues to run well. In 2024, the PAD effectiveness ratio decreased again to 103%. However, this value is still included in the very effective category because PAD realization remained higher than the budget target. This condition indicates that the South Tangerang City Government is still able to maintain the effectiveness of regional revenue management consistently. Overall, the development of the PAD effectiveness ratio in South Tangerang City during 2019–2024 shows a positive trend. Of the six years of observation, five years were in the very effective category and one year was in the effective category. This condition indicates that the local government has a good ability to realize the established PAD targets. The high effectiveness ratio also reflects that the management of regional revenue sources is carried out optimally, thus supporting the increase in regional financial capacity. Thus, the financial performance of the South Tangerang City Government in terms of PAD effectiveness can be said to be in good and stable condition.

#### 4.2.3 Descriptive Statistical Analysis of the PAD Effectiveness Ratio of Tangerang City and South Tangerang City

Table 4.7 is a table of minimum values, maximum values, average values (mean), and standard deviations of the Tangerang City Government's PAD Effectiveness ratio.

| <b>Analisis Deskriptif Rasio Efektivitas PAD<br/>Kota Tangerang</b> |                        |      |
|---------------------------------------------------------------------|------------------------|------|
| 1.                                                                  | Nilai Minimum          | 92%  |
| 2.                                                                  | Nilai Maksimum         | 113% |
| 3.                                                                  | Nilai Rata-rata (mean) | 103% |
| 4.                                                                  | Standar Deviasi        | 7%   |

**Table 4.7** Descriptive Analysis of the Effectiveness Ratio of the Tangerang City Government's PAD for the 2019–2024 Fiscal Year

*Source: Tangerang City LKPD (Processed by Researchers, 2026)*

Based on the results of the descriptive statistical analysis of the effectiveness ratio of Tangerang City's Regional Original Revenue (PAD) for 2019–2024, it can be seen that the local government's performance in realizing PAD targets shows good and relatively stable conditions. This is evident from the minimum, maximum, average (mean), and standard deviation values obtained during the study period. The minimum value of the Tangerang City PAD effectiveness ratio is 92%. This value occurred in 2019 and is included in the effective category. This achievement indicates that even at its lowest condition, the Tangerang City Government is still able to realize most of the PAD targets set in the Regional Budget. In other words, the local government's ability to manage regional revenue sources is still in a fairly good condition even though it has not exceeded the budget target.

Meanwhile, the maximum value of the PAD effectiveness ratio was 113%, which occurred in 2020. This value is included in the very effective category because PAD realization succeeded in exceeding the planned target. The high effectiveness ratio in that year indicates the local government's ability to optimize regional revenue to the maximum. This achievement also demonstrates that the local government's PAD management strategy has yielded higher results than previously set targets. Furthermore, the average (mean) PAD effectiveness ratio for Tangerang City from 2019 to 2024 was 103%. Based on PAD effectiveness criteria, this value is categorized as very effective.

This average indicates that the Tangerang City Government is generally able to realize PAD exceeding the established budget target. This condition reflects that regional revenue management is carried out optimally and consistently from year to year. The high average effectiveness value also indicates the local government's ability to utilize regional economic potential as a source of regional revenue. On the other hand, the standard deviation value of the PAD effectiveness ratio is 7%. The relatively small standard deviation value indicates that the variation in the PAD effectiveness ratio data during the study period is not too large. This indicates that the Tangerang City Government's performance in realizing PAD tends to be stable and does not experience significant fluctuations from year to year. This stability reflects consistency in the management and achievement of regional revenue targets. Overall, the results of the descriptive statistical analysis indicate that the Tangerang City PAD effectiveness ratio during the 2019–2024 period is in very good condition. The local government is considered capable of maintaining the effectiveness of regional revenue consistently with a relatively low level of variation. Thus, the financial performance of the Tangerang City Government in terms of PAD effectiveness can be said to be effective, stable, and reflects optimal regional revenue management.

Table 4.8 is a table of minimum values, maximum values, average values (mean), and standard deviations of the South Tangerang City Government's PAD Effectiveness ratio.

| <b>Analisis Deskriptif Rasio Efektivitas PAD Kota<br/>Tangerang Selatan</b> |                        |      |
|-----------------------------------------------------------------------------|------------------------|------|
| 1.                                                                          | Nilai Minimum          | 93%  |
| 2.                                                                          | Nilai Maksimum         | 114% |
| 3.                                                                          | Nilai Rata-rata (mean) | 106% |
| 4.                                                                          | Standar Deviasi        | 7%   |

**Table 4.8** Descriptive Analysis of the PAD Effectiveness Ratio of the South Tangerang City Government for the 2019–2024 Fiscal Year

*Source: South Tangerang City LKPD (Processed by Researchers, 2026)*

Based on the results of the descriptive statistical analysis of the effectiveness ratio of Locally Generated Revenue (PAD) in South Tangerang City for 2019–2024, it can be seen that the local government's performance in realizing PAD targets shows excellent and relatively consistent conditions. This can be seen from the minimum, maximum, average (mean), and standard deviation values that describe the development of PAD effectiveness during the study period. The minimum value of the PAD effectiveness ratio for South Tangerang City was 93%. This value occurred in 2020 and is included in the effective category. Although this is the lowest value during the study period, this achievement shows that the local government is still able to realize the PAD targets set in the Regional Budget (APBD) quite well. This indicates that the ability to manage regional revenue is still running optimally despite various challenges that affect the regional economic condition at that time.

Meanwhile, the maximum value of the PAD effectiveness ratio was 114%, which occurred in 2022.

This value is categorized as very effective because the realization of PAD successfully exceeded the planned budget target. The high effectiveness ratio indicates that the South Tangerang City Government can optimize the potential of regional revenues to the maximum so that the revenue target is not only achieved but also exceeds the previously set plan. In addition, the average (mean) value of the South Tangerang City PAD effectiveness ratio for 2019–2024 is 106%. Based on the PAD effectiveness criteria, this value is included in the very effective category. This average value indicates that the South Tangerang City Government generally has a good ability to realize PAD above the budget target. This condition reflects that the management of regional revenue sources is carried out optimally and consistently from year to year. The high average effectiveness value also indicates that the local government is able to maximize the potential of the regional economy as a source of revenue. On the other hand, the standard deviation value of the PAD effectiveness ratio is 7%. The relatively small standard deviation value indicates that the variation in the PAD effectiveness ratio data during the study period is not too large.

Thus, the performance of South Tangerang City's PAD management can be said to be quite stable and does not experience significant fluctuations from year to year. This stability demonstrates the local government's consistency in achieving its established revenue targets. Overall, the results of descriptive statistical analysis indicate that the effectiveness ratio of South Tangerang City's PAD during the 2019–2024 period is in very good condition. The local government is considered capable of maintaining the effectiveness of regional revenues consistently with a relatively low level of data variation. Thus, the financial performance of the South Tangerang City Government in terms of PAD effectiveness reflects optimal and effective regional revenue management and supports the improvement of regional fiscal capacity.

#### **4.2.4 Comparison of Financial Performance Based on PAD Effectiveness Ratio**

Based on the analysis of the Regional Original Revenue (PAD) Effectiveness Ratio, both Tangerang City and South Tangerang City demonstrated excellent financial performance in realizing PAD targets during the 2019–2024 Fiscal Year. Both regions were consistently able to achieve and even exceed the revenue targets set in the Regional Budget (APBD). This condition indicates that local governments have good capabilities in managing regional revenue sources and optimizing their economic potential to increase regional revenue. Although both showed a high level of effectiveness, South Tangerang City had a slightly better PAD effectiveness level than Tangerang City. This is evident from the average (mean) PAD effectiveness ratio value of South Tangerang City, which reached 106%, while Tangerang City had an average of 103%. Both values are included in the very effective category, but the higher average value in South Tangerang City indicates that PAD realization tends to be greater than the set target. In other words, the ability of the South Tangerang City Government in achieving PAD targets was relatively more optimal than Tangerang City during the study period.

This difference is also evident in the maximum values achieved by each region. South Tangerang City achieved the highest effectiveness ratio of 114% in 2022, while Tangerang City achieved a maximum value of 113% in 2020. Although the difference is not significant, this achievement indicates that South Tangerang City has a slightly better ability to utilize regional revenue potential, allowing PAD realization to exceed the planned target by a higher percentage. On the other hand, the minimum PAD effectiveness ratio for Tangerang City is 92%, while South Tangerang City is 93%. Both values are still in the effective

category, indicating that even at their lowest levels, both local governments are still able to realize most of their established PAD targets. This reflects that regional revenue management in both cities continues to run well despite facing various challenges, including the impact of the COVID-19 pandemic on community economic activity. In terms of stability, Tangerang City and South Tangerang City have the same standard deviation value, at 7%. This value indicates that the level of variation in the PAD effectiveness ratio in both regions is relatively low. Thus, the ability of the two regional governments to realize PAD targets can be said to be quite consistent and did not experience significant fluctuations during the research period.

The similarity in standard deviation values also indicates that the stability of PAD management performance between the two regions is at a relatively comparable level. Overall, the comparison results indicate that both Tangerang City and South Tangerang City have excellent performance in terms of PAD effectiveness. However, South Tangerang City shows a slightly superior level of effectiveness because it has a higher average effectiveness ratio and more frequently exceeds PAD targets by a greater percentage. Meanwhile, Tangerang City also shows excellent performance with a consistent and stable level of effectiveness from year to year. Therefore, it can be concluded that both local governments have successfully managed regional revenue sources optimally, although South Tangerang City shows a relatively better ability to achieve and exceed its established PAD targets.

South Tangerang City's PAD effectiveness ratio is slightly superior to Tangerang City's, not solely due to its larger PAD, but rather to the local government's ability to set realistic PAD targets and optimize revenue realization. The PAD effectiveness ratio compares PAD realization with the established PAD targets. Therefore, regions that are able to set appropriate revenue targets and realize them optimally will achieve a higher effectiveness ratio. Based on interviews with the South Tangerang City Regional Revenue Agency (BKAD), the PAD targets set each year are considered realistic and aligned with the region's potential. Furthermore, the South Tangerang City Government consistently optimizes PAD through digitizing its revenue management system, strengthening oversight of regional revenue sources, and exploring PAD potential that can still be developed.

This strategy also supports the achievement of local revenue (PAD) realization that is able to exceed the established target. The high PAD effectiveness ratio of South Tangerang City is also influenced by the characteristics of the regional economy supported by the regional tax sector as a major contributor to PAD. One source of revenue that contributes significantly to PAD is regional taxes, particularly the Land and Building Acquisition Tax (BPHTB). The high economic activity and property transactions in South Tangerang City contribute significantly to regional tax revenue, so that PAD realization can be achieved optimally. This condition indicates that the South Tangerang City Government has a good ability to utilize regional economic potential to increase local revenue. In addition, the digitalization of regional revenue management that has been implemented in South Tangerang City is considered to contribute to the effectiveness of PAD revenue.

Based on the interview results, the digital system used in managing local revenue (PAD) has been running well, allowing for more effective and transparent collection and monitoring of regional revenue. This allows the local government to minimize obstacles in PAD management and improve the accuracy of achieving annual revenue targets. When compared with Tangerang City, both regions actually demonstrated excellent performance in realizing PAD targets and were both in the very effective category. Tangerang City has also implemented various PAD optimization efforts through the intensification and digitization of regional tax services. However, the slightly higher average PAD effectiveness

ratio in South Tangerang City indicates that the local government's ability to set PAD targets in line with regional potential and realize its revenues was relatively more optimal during the study period.

Thus, the slightly superior PAD effectiveness of South Tangerang City compared to Tangerang City can be influenced by several factors, namely the setting of realistic PAD targets, optimization of regional revenue potential, high regional tax contributions to PAD, as well as the implementation of digitalization and strengthened oversight in regional revenue management. These factors collectively support the success of the South Tangerang City Government in achieving and even exceeding the PAD targets set for the 2019–2024 Fiscal Year.

#### 4.3 Regional Financial Efficiency Ratio (REKD)

##### 4.3.1 Regional Financial Efficiency Ratio (REKD) of Tangerang City

The Regional Financial Efficiency Ratio (REKD) shows the difference between the total costs required to create a budget and the actual implementation of the budget that can be obtained.

$$REKD = \frac{\text{Realization of Regional Expenditure}}{\text{Realization of Regional Revenue}} \times 100\%$$

Table 4.9 is a table of the regional financial efficiency ratio of the Tangerang City Government, in which the assessment components include regional expenditure and regional income.

| KOTA TANGERANG |                          |                             |                                 |                |
|----------------|--------------------------|-----------------------------|---------------------------------|----------------|
| Tahun          | Realisasi Belanja Daerah | Realisasi Pendapatan Daerah | Rasio Efisiensi Keuangan Daerah | Kriteria       |
| 2019           | 4.368.716.816.016        | 4.277.659.353.829           | 102%                            | tidak efisien  |
| 2020           | 3.508.696.005.533        | 3.648.663.446.803           | 96%                             | kurang efisien |
| 2021           | 4.127.780.205.111        | 4.213.054.524.430           | 98%                             | kurang efisien |
| 2022           | 4.434.781.481.835        | 4.274.452.905.169           | 104%                            | tidak efisien  |
| 2023           | 4.705.483.322.900        | 4.691.252.495.432           | 100%                            | kurang efisien |
| 2024           | 5.077.533.873.540        | 5.037.852.134.762           | 101%                            | tidak efisien  |

**Table 4.9** Regional Financial Efficiency Ratio of Tangerang City Government for Fiscal Year 2019–2024

*Source: Tangerang City LKPD (Processed by Researchers, 2026)*

Based on the calculation results of the Regional Financial Efficiency Ratio of Tangerang City for 2019–2024, it can be seen that the level of efficiency of regional financial management is still in the less efficient to inefficient category. This assessment refers to the efficiency criteria according to Abdul Halim (2014), where a ratio above 100% is categorized as inefficient, while a ratio between 90%–100% is considered less efficient. The smaller the efficiency ratio value, the better the local government's ability to control expenditures to generate regional revenue. In 2019, the Regional Financial Efficiency Ratio of Tangerang City reached 102% and was included in the inefficient category. This condition indicates that the realization of regional spending is greater than the realization of regional revenue, so that the budget cannot be used optimally.

This high ratio indicates that there are still significant expenditures in regional government administration. Furthermore, in 2020, the efficiency ratio decreased to 96%, falling into the less efficient category. This decrease in the ratio indicates improvements in regional financial management compared to the previous year. Regional governments began to be able to reduce expenditures, resulting in a more manageable gap between expenditure and revenue. However, this efficiency level is still not optimal, as the ratio remains close to 100%. In 2021, the efficiency ratio increased again to 98%, remaining in the less efficient category. This increase indicates that regional spending has increased again in line with the

need to finance development and public services. However, this condition remains relatively stable, as it does not exceed 100%. Then, in 2022, the efficiency ratio increased significantly to 104%, falling into the inefficient category.

This indicates that regional expenditures exceeded realized revenues. This situation may reflect the increasing need for regional financing, both for infrastructure development, public services, and regional economic recovery programs. In 2023, the efficiency ratio was recorded at 100%, categorized as less efficient. This value indicates that realized regional expenditures were nearly proportional to earned regional revenues. In other words, regional governments have been able to maintain a balance between revenues and expenditures, although the level of efficiency is still not optimal because it has not yet demonstrated significant budget savings.

Furthermore, in 2024, the efficiency ratio increased again to 101% and was categorized as inefficient. This condition indicates that regional expenditures are again greater than the revenue received. This increase in the ratio indicates that the regional government still faces challenges in optimizing budget use economically and effectively. Overall, the development of the Regional Financial Efficiency Ratio of Tangerang City during 2019–2024 showed a fluctuating condition and has not yet reached the efficient or very efficient category. This indicates that the regional government still needs to improve control over regional spending to ensure more efficient and targeted budget use. Furthermore, optimization of regional revenues also needs to be continued to achieve a better balance between regional revenues and expenditures. With increasingly efficient financial management, it is hoped that the quality of public services and the implementation of regional development will be more optimal.

#### 4.3.2 Regional Financial Efficiency Ratio (REKD) of South Tangerang City

Table 4.10 is a table of the regional financial efficiency ratio of the South Tangerang City Government, in which the assessment components include regional expenditure and regional income.

| KOTA TANGERANG SELATAN |                          |                             |                                 |                |
|------------------------|--------------------------|-----------------------------|---------------------------------|----------------|
| Tahun                  | Realisasi Belanja Daerah | Realisasi Pendapatan Daerah | Rasio Efisiensi Keuangan Daerah | Kriteria       |
| 2019                   | 3.632.897.363.773        | 3.444.240.657.335           | 105%                            | tidak efisien  |
| 2020                   | 3.143.397.216.971        | 3.004.516.465.478           | 105%                            | tidak efisien  |
| 2021                   | 3.193.509.491.949        | 3.556.806.263.231           | 90%                             | cukup efisien  |
| 2022                   | 3.690.617.520.397        | 3.750.652.293.945           | 98%                             | kurang efisien |
| 2023                   | 4.410.252.278.197        | 4.116.770.328.970           | 107%                            | tidak efisien  |
| 2024                   | 4.608.519.651.396        | 4.498.470.692.841           | 102%                            | tidak efisien  |

**Table 4.10** Regional Financial Efficiency Ratio of the South Tangerang City Government for the 2019–2024 Fiscal Year

*Source: South Tangerang City LKPD (Processed by Researchers, 2026)*

Based on the calculation of the Regional Financial Efficiency Ratio for South Tangerang City for 2019–2024, it can be seen that the level of efficiency of regional financial management tends to be in the less efficient to inefficient category. This efficiency ratio indicates the ability of the regional government to control regional expenditures compared to the revenues that have been realized. The lower the efficiency ratio value, the better the level of efficiency of regional financial management. In 2019, the Regional Financial Efficiency Ratio of South Tangerang City was recorded at 105% and is included in the inefficient category. This condition indicates that the realization of regional expenditure is greater than the realization of regional revenue. This high ratio indicates that the use of the regional budget is still not optimal, so that regional government expenditure is relatively greater than the ability of regional revenues obtained.

In 2020, the efficiency ratio remained at 105%, still categorized as inefficient. This indicates that there has been no significant change in regional financial management compared to the previous year. Regional governments continue to face challenges in reducing expenditures to better balance regional revenues. Furthermore, the depressed economic conditions during this period can also impact the region's ability to maintain budget efficiency. Subsequently, in 2021, the efficiency ratio decreased to 90%, falling into the moderately efficient category. This decrease indicates improvements in regional financial management. The South Tangerang City Government is considered to be beginning to control regional expenditures, bringing them into better balance with revenues. This reflects an increase in the effectiveness of regional budget utilization compared to previous years.

In 2022, the efficiency ratio increased again to 98%, falling into the less efficient category. Although still below 100%, this increase in the ratio indicates that regional expenditures have again increased compared to revenues received. This condition indicates that the efficiency of regional budget management remains unstable and requires better spending control. Then, in 2023, the Regional Financial Efficiency Ratio increased significantly to 107%, falling into the inefficient category. This value is the highest ratio during the study period. This condition indicates that realized regional expenditures are significantly greater than achieved regional revenues. This high ratio may reflect the increasing need for development financing and public services that has not been balanced by optimal increases in regional revenues.

Furthermore, in 2024, the efficiency ratio decreased to 102%, but remained in the inefficient category. This decrease indicates improvements in regional budget management compared to the previous year, although the efficiency level is still not optimal. The regional government still needs to improve control over regional spending so that budget use can be more efficient and targeted. Overall, the development of the Regional Financial Efficiency Ratio of South Tangerang City during 2019–2024 showed fluctuating conditions and was dominated by the inefficient category. Of the six years of observation, only 2021 reached the fairly efficient category, while the other years were still in the less efficient and inefficient categories. This indicates that the South Tangerang City Government still needs to improve the quality of regional financial management, particularly in controlling expenditures and optimizing regional revenues. With more efficient budget management, it is hoped that the implementation of regional development and public services can be more effective, targeted, and sustainable.

#### **4.3.3 Descriptive Statistical Analysis of the Regional Financial Efficiency Ratio (REKD) of Tangerang City and South Tangerang City**

Table 4.11 is a table of minimum values, maximum values, average values (mean), and standard deviations of the Regional Financial Efficiency Ratio of the Tangerang City Government.

| <b>Analisis Deskriptif Rasio Efisiensi Keuangan<br/>Daerah Kota Tangerang</b> |                        |      |
|-------------------------------------------------------------------------------|------------------------|------|
| 1.                                                                            | Nilai Minimum          | 96%  |
| 2.                                                                            | Nilai Maksimum         | 104% |
| 3.                                                                            | Nilai Rata-rata (mean) | 100% |
| 4.                                                                            | Standar Deviasi        | 3%   |

**Table 4.11** Descriptive Analysis of the Regional Financial Efficiency Ratio of the Tangerang City Government for the 2019–2024 Fiscal Year  
*Source: Tangerang City LKPD (Processed by Researchers, 2026)*

Based on the results of the descriptive statistical analysis of the Regional Financial Efficiency Ratio of Tangerang City for the 2019–2024 fiscal year, the minimum value was 96%, the maximum value was 104%, the average value (mean) was 100%, and the standard deviation was 3%. These results provide an overview of the condition of the efficiency of regional financial management in Tangerang City during the study period. The minimum value of 96% indicates the best level of efficiency achieved by the Tangerang City Government during the study period. Based on the criteria for regional financial efficiency, this value is still included in the less efficient category. Nevertheless, this condition shows that the regional government is relatively capable of controlling regional expenditures so that they do not exceed the revenues obtained.

This minimum value also reflects the local government's efforts to maintain a balance between realized expenditure and revenue. Meanwhile, the maximum value of 104% indicates the lowest efficiency level during the study period and is categorized as inefficient. This value indicates that regional expenditure is greater than realized regional revenue. This condition indicates that regional budget management still faces challenges, particularly in controlling expenditure to be more effective and prevent budget waste. Furthermore, the average value (mean) of 100% indicates that the general level of regional financial efficiency in Tangerang City during 2019–2024 is in the less efficient category. The average value that is exactly at 100% indicates that the realization of regional expenditure tends to be comparable to the realization of regional revenue.

This indicates that the local government has been able to maintain the stability of regional financial management, but has not yet fully achieved optimal budget efficiency. In other words, regional expenditures remain relatively high, thus not reflecting efficient and optimal budget utilization. The standard deviation of 3% indicates that the data deviation from the average value is relatively small. This value indicates that the Regional Financial Efficiency Ratio of Tangerang City during the study period tended to be stable and did not experience significant fluctuations from year to year. This stability indicates that the regional financial management pattern is relatively consistent, although the efficiency level remains in the less efficient to inefficient category.

Overall, the results of the descriptive statistical analysis indicate that the financial efficiency performance of the Tangerang City Government during 2019–2024 still needs to be improved. The local government is expected to be able to more optimally control regional expenditures, improve budget utilization accuracy, and maximize regional revenues to improve financial efficiency in the following period. With more efficient budget management, regional development implementation and public services are expected to be more effective and sustainable.

Table 4.12 is a table of minimum values, maximum values, average values (mean), and standard deviations of the Regional Financial Efficiency ratio of the South Tangerang City Government.

| <b>Analisis Deskriptif Rasio Efisiensi Keuangan Daerah Kota<br/>Tangerang Selatan</b> |                        |      |
|---------------------------------------------------------------------------------------|------------------------|------|
| 1.                                                                                    | Nilai Minimum          | 90%  |
| 2.                                                                                    | Nilai Maksimum         | 107% |
| 3.                                                                                    | Nilai Rata-rata (mean) | 101% |
| 4.                                                                                    | Standar Deviasi        | 6%   |

**Table 4.12** Descriptive Analysis of the Regional Financial Efficiency Ratio of the South Tangerang City Government for the 2019–2024 Fiscal Year

*Source: South Tangerang City LKPD (Processed by Researchers, 2026)*

Based on the results of the descriptive statistical analysis of the Regional Financial Efficiency Ratio of South Tangerang City for the 2019–2024 fiscal year, the minimum value was 90%, the maximum value was 107%, the average value (mean) was 101%, and the standard deviation was 6%. These results provide an overview of the condition of the efficiency of regional financial management in South Tangerang City during the study period. The minimum value of 90% indicates the best level of efficiency achieved by the South Tangerang City Government during the study period. Based on the criteria for regional financial efficiency, this value is included in the fairly efficient category. This condition indicates that in a certain period the regional government can control regional expenditures to be more balanced with the revenues obtained. This achievement reflects a relatively better budget management effort compared to other years. Meanwhile, the maximum value of 107% indicates the lowest level of efficiency during the study period and is included in the inefficient category.

This value indicates that realized regional spending is greater than realized regional revenue. This condition indicates that regional budget utilization is still suboptimal and regional government expenditure tends to be quite high. This high ratio may also indicate an increase in regional financing needs that has not been matched by a maximum increase in regional revenue. Furthermore, the average (mean) value of 101% indicates that the general level of regional financial efficiency in South Tangerang City during 2019–2024 is in the inefficient category.

An average value above 100% indicates that overall regional expenditure is still greater than the revenue generated. This indicates that the regional government still faces challenges in controlling regional expenditure so that budget use can be carried out more efficiently, effectively, and on target. The standard deviation value of 6% indicates that the level of variation in the Regional Financial Efficiency Ratio data for South Tangerang City is relatively low. This value indicates that changes in the efficiency ratio from year to year do not experience too extreme fluctuations, although it still indicates changes in the condition of regional financial efficiency during the study period.

Thus, the regional financial management pattern of South Tangerang City tends to be relatively stable, although its efficiency level is still suboptimal. Overall, the results of descriptive statistical analysis indicate that the financial efficiency performance of the South Tangerang City Government during 2019–2024 still needs to be improved. The local government is expected to be able to more optimally control regional expenditures, increase the effectiveness of budget use, and optimize regional revenue sources. With more efficient financial management, the local government is expected to be able to support the implementation of development and public services in a better, sustainable manner, and in accordance with community needs.

#### **4.3.4 Comparison of Financial Performance Based on Regional Financial Efficiency Ratio (REKD)**

Based on the results of the Regional Financial Efficiency Ratio (REKD) analysis, both Tangerang City and South Tangerang City still face challenges in realizing efficient regional financial management during the 2019–2024 Fiscal Year. This is evident from the efficiency ratio values of both regions, which are mostly in the less efficient to inefficient category. This condition indicates that the realization of regional spending tends to be still high compared to the realized revenue, so that budget use does not fully reflect the principles of regional financial efficiency. When compared based on the average value (mean), Tangerang City shows relatively better efficiency performance than South Tangerang City. Tangerang City has an average efficiency ratio of 100%, while South Tangerang City is 101%. Although both values are still in the less efficient to inefficient category, the lower value in Tangerang City indicates that regional spending is relatively more controlled than in South Tangerang City. Thus, in terms of budget efficiency, Tangerang City has a slightly better performance during the study period.

This difference is also evident in the minimum scores achieved by each region. Tangerang City recorded a minimum score of 96%, while South Tangerang City achieved a minimum score of 90%. South Tangerang City's minimum score indicates that, during a given period, the local government was able to achieve a better level of efficiency, as it fell into the moderately efficient category. Conversely, Tangerang City's minimum score remained in the less efficient category. This indicates that South Tangerang City has demonstrated better efficiency performance than Tangerang City in certain years. However, when viewed from the maximum scores, South Tangerang City also has a higher level of inefficiency. The maximum efficiency ratio for South Tangerang City reached 107%, while Tangerang City's was 104%. These values indicate that, at its worst, South Tangerang City's regional expenditures far exceeded the revenues earned compared to Tangerang City. In other words, the level of inefficiency in regional financial management in South Tangerang City tends to be greater.

In terms of stability, Tangerang City has a standard deviation of 3%, while South Tangerang City has a standard deviation of 6%. The smaller standard deviation indicates that the development of Tangerang City's efficiency ratio is relatively more stable and consistent from year to year. Meanwhile, South Tangerang City experiences greater variation in its level of financial efficiency. This condition indicates that changes between regional revenue and expenditure in South Tangerang City are more volatile than in Tangerang City during the study period. When viewed from an annual perspective, Tangerang City shows a relatively stable pattern with an efficiency ratio ranging from 96% to 104%. In contrast, South Tangerang City experiences more dynamic changes with a ratio ranging from 90% to 107%. Although in 2021, South Tangerang City managed to achieve the fairly efficient category with a ratio of 90%, this condition has not been maintained in subsequent years, resulting in its average efficiency remaining in the inefficient category.

Overall, the comparison results indicate that both regions still need to improve the quality of regional financial management, particularly in controlling expenditure and optimizing budget use. However, Tangerang City shows relatively better performance in terms of efficiency because it has a lower average ratio value, a smaller maximum inefficiency level, and better stability compared to South Tangerang City. Meanwhile, South Tangerang City has the potential for higher efficiency under certain conditions, but has not been able to maintain this condition consistently throughout the study period. Therefore, from the perspective of the Regional Financial Efficiency Ratio, Tangerang City's financial

performance can be assessed as better than South Tangerang City during the 2019–2024 Fiscal Year.

Tangerang City is considered to have relatively better regional financial efficiency performance than South Tangerang City because it is able to maintain a balance between regional revenue and expenditure more consistently throughout the study period. Although the average efficiency ratio of both regions is still in the less efficient to inefficient category, Tangerang City has a lower average ratio value and a smaller fluctuation rate than South Tangerang City. This indicates that regional expenditure management in Tangerang City tends to be more stable and controlled from year to year. Based on the results of interviews with the Tangerang City BPKD, the local government consistently applies the principles of efficiency, effectiveness, and accuracy of targeting in the implementation of regional expenditure. Every budget use is carried out with attention to priority regional needs and is supported by a monitoring and evaluation mechanism that is carried out periodically. In addition, regional expenditure management is also supported by the implementation of a budget control system, the use of information technology, and a review and audit process of budget implementation to ensure that expenditure is in accordance with applicable regulations.

The Tangerang City Government also routinely evaluates budget realization at least once a month. If any budget is not optimally utilized or is deemed to be under-targeted, the local government can make adjustments through budget changes and redirect funds to more priority sectors. This mechanism demonstrates adequate internal control in regional financial management, thereby maintaining a stable efficiency ratio throughout the study period. On the other hand, South Tangerang City demonstrated a more fluctuating efficiency level. Based on interviews with the South Tangerang City Regional Revenue and Expenditure Agency (BKAD), regional expenditure management is carried out through a process of assistance and budget allocation according to the needs of each regional apparatus. The South Tangerang City Government has also implemented budget savings and quarterly budget realization evaluations. However, changes in budget allocation policies during the COVID-19 pandemic and the high spending needs in certain sectors have caused greater variation in South Tangerang City's regional financial efficiency ratio compared to Tangerang City.

The higher standard deviation value of the efficiency ratio in South Tangerang City indicates that the ratio between regional revenue and expenditure has experienced more dynamic changes from year to year. Although South Tangerang City achieved a better level of efficiency in 2021, this condition has not been consistently maintained in subsequent periods. In contrast, Tangerang City showed a relatively more stable pattern of efficiency ratio development, resulting in a better average efficiency level throughout the study period. Therefore, the better performance of Tangerang City's Regional Financial Efficiency Ratio compared to South Tangerang City may be influenced by consistency in regional expenditure control, more intensive budget monitoring and evaluation, the application of efficiency principles and targeted budget utilization, and better stability in regional financial management during the 2019–2024 Fiscal Year.

#### **4.4 PAD Growth Ratio**

##### **4.4.1 Growth Ratio of Tangerang City's PAD**

The Regional Original Revenue (PAD) growth ratio is a measure used to see the development of a region's capability to increase its revenue from year to year.

$$GDP\ growth = (PAD_t - PAD_{t-1}) / PAD_{t-1} \times 100\%$$

This ratio explains how capable the government is of maintaining the continuity of original revenue sources by improving the performance of collection and management of regional economic potential.

Table 4.13 is a table of the growth ratio of the Tangerang City Government's PAD.

| KOTA TANGERANG |                     |                       |                     |
|----------------|---------------------|-----------------------|---------------------|
| Tahun          | Total Realisasi PAD | Rasio Pertumbuhan PAD | Kriteria            |
| 2018           | 1.864.385.584.947   |                       |                     |
| 2019           | 2.027.112.805.905   | 9%                    | Pertumbuhan Positif |
| 2020           | 1.649.002.723.454   | -19%                  | Pertumbuhan Negatif |
| 2021           | 1.869.216.636.384   | 13%                   | Pertumbuhan Positif |
| 2022           | 2.012.220.935.351   | 8%                    | Pertumbuhan Positif |
| 2023           | 2.271.392.858.607   | 13%                   | Pertumbuhan Positif |
| 2024           | 2.411.989.312.659   | 6%                    | Pertumbuhan Positif |

**Table 4.13** The growth ratio of the Regional Original Revenue of the Tangerang City Government for the 2019–2024 Fiscal Year

*Source: Tangerang City LKPD (Processed by Researchers, 2026)*

Based on the calculation of the Regional Original Income (PAD) Growth Ratio for Tangerang City for 2019–2024, it can be seen that the development of Tangerang City's PAD generally shows a positive trend, although it experienced a decline in 2020. The PAD growth ratio is used to assess the local government's ability to increase regional original income from year to year. The higher the growth ratio achieved, the better the local government's ability to optimize the potential of regional revenue sources. In 2019, the Tangerang City PAD Growth Ratio was recorded at 9% and was included in the positive growth category. This condition indicates that PAD realization has increased compared to 2018. This increase reflects developments in the management of regional revenue sources, both from the regional tax sector, regional levies, and other PAD sources.

Furthermore, this situation also indicates relatively good regional economic activity, supporting increased regional revenue. However, in 2020, the Regional Original Revenue (PAD) Growth Ratio experienced a significant decline to -19%, falling into the negative growth category. This decline indicates that PAD realization decreased compared to the previous year. This condition may have been influenced by weakening regional economic activity, which resulted in decreased tax and levy revenues. This situation hampered local governments' ability to increase regional original revenue during that period. Subsequently, in 2021, the PAD Growth Ratio increased again to 13%, falling into the positive growth category.

This increase indicates that the local government is beginning to recover from the decline in regional revenues in the previous year. The increase in local revenue (PAD) reflects improvements in regional economic activity and increased effectiveness in managing regional revenue sources. In 2022, the PAD growth rate was recorded at 8%, remaining in the positive growth category. Despite the decrease compared to 2021, this figure still indicates an increase in regional revenues compared to the previous year. This indicates that the local government is still able to maintain stable PAD growth on a sustainable basis. Then, in 2023, the PAD growth rate rose again to 13%. This increase indicates that Tangerang City has succeeded in significantly increasing local revenues. This reflects optimization in PAD collection and increased community economic activity, which have positively impacted regional revenues. Furthermore, in 2024, the PAD growth rate was 6%, remaining in the positive growth category.

Although the growth percentage is lower than the previous year, this condition still indicates that Tangerang City's Regional Original Revenue (PAD) continues to increase. This indicates that the local government is still able to maintain consistent regional revenue growth. Overall, the development of the Tangerang City Regional Original Revenue (PAD) Growth Ratio during 2019–2024 shows a relatively good condition, dominated by positive growth. Of the six years observed, only 2020 experienced negative growth, while other years showed PAD increases. This condition reflects the Tangerang City Government's considerable ability to manage and optimize regional revenue sources. Nevertheless, the local government still needs to innovate and strengthen its PAD management strategy to ensure more optimal and sustainable regional revenue growth in the following period.

#### 4.4.2 Growth Ratio of Locally Generated Revenue (PAD) of South Tangerang City

Table 4.14 is a table of the South Tangerang City Government's PAD growth ratio.

| KOTA TANGERANG SELATAN |                     |                       |                     |
|------------------------|---------------------|-----------------------|---------------------|
| Tahun                  | Total Realisasi PAD | Rasio Pertumbuhan PAD | Kriteria            |
| 2018                   | 1.621.710.653.274   |                       |                     |
| 2019                   | 1.817.505.710.180   | 12%                   | Pertumbuhan Positif |
| 2020                   | 1.538.705.693.438   | -15%                  | Pertumbuhan Negatif |
| 2021                   | 1.713.722.415.531   | 11%                   | Pertumbuhan Positif |
| 2022                   | 2.017.364.068.366   | 18%                   | Pertumbuhan Positif |
| 2023                   | 2.156.287.719.241   | 7%                    | Pertumbuhan Positif |
| 2024                   | 2.347.128.663.052   | 9%                    | Pertumbuhan Positif |

**Table 4.14** The growth ratio of the Regional Original Revenue (PAD) of the South Tangerang City Government for the 2019–2024 Fiscal Year

*Source: South Tangerang City LKPD (Processed by Researchers, 2026)*

Based on the calculation of the Regional Original Income (PAD) Growth Ratio for South Tangerang City for 2019–2024, it can be seen that the development of PAD generally shows a positive trend, although it experienced a decline in 2020. The PAD growth ratio is used to measure the ability of local governments to increase regional original income from year to year. The higher the PAD growth rate, the better the local government's ability to optimize its regional revenue potential. In 2019, the PAD Growth Ratio for South Tangerang City was recorded at 12% and was included in the positive growth category. This condition indicates that PAD realization has increased compared to 2018. This increase reflects developments in the management of regional revenue sources, both from the regional tax sector, regional levies, and other PAD sources. In addition, this condition also indicates that regional economic activity is running quite well so that it is able to support increased regional revenue. However, in 2020 the PAD Growth Ratio decreased to -15% and was included in the negative growth category.

This decline indicates that local revenue (PAD) realization decreased compared to the previous year. This condition may be influenced by weakening regional economic activity, which resulted in declining tax and levy revenues. This decline indicates that local governments faced challenges in maintaining stable regional revenues during this period. Furthermore, in 2021, the PAD growth ratio increased again to 11%, entering the positive growth category. This condition indicates a recovery in regional revenues after experiencing a decline in the previous year. This increase reflects the improving economic activity of the community and the increasing effectiveness of local governments in managing local revenue sources. In 2022, the PAD growth ratio experienced a significant increase to 18%, which was the highest growth rate during the study period.

This figure demonstrates that the regional government has successfully optimized its original regional revenue (PAD) management. This high growth reflects improved performance in PAD management, utilization of regional economic potential, and the increasing contribution of regional revenue sectors to regional government revenue. In 2023, the PAD growth ratio was recorded at 7%, remaining in the positive growth category. Despite the decline compared to the previous year, this figure still indicates an increase in regional revenue compared to the previous year. This demonstrates that the regional government is still able to maintain sustainable PAD growth. Furthermore, in 2024, the PAD growth ratio increased again to 9%, remaining in the positive growth category. This increase indicates that South Tangerang City's PAD realization continues to experience quite positive development.

This situation reflects the local government's efforts to maintain and increase regional revenue through optimizing the management of local revenue (PAD) sources. Overall, the development of the South Tangerang City PAD Growth Ratio during 2019–2024 shows relatively good conditions, dominated by positive growth. Of the six years of observation, only 2020 experienced negative growth, while other years showed PAD increases. This indicates that the South Tangerang City Government has a fairly good ability to manage and increase local revenue. Nevertheless, the local government still needs to strengthen its PAD management strategy to ensure more stable and optimal regional revenue growth in the following period. With a sustainable increase in PAD, regional financial independence is also expected to increase.

#### 4.4.3 Descriptive Statistical Analysis of the PAD Growth Ratio of Tangerang City and South Tangerang City

Table 4.15 is a table of minimum values, maximum values, average values (mean), and standard deviations of the PAD growth ratio of the Tangerang City Government.

| <b>Analisis Deskriptif Rasio Pertumbuhan PAD Kota<br/>Tangerang</b> |                        |      |
|---------------------------------------------------------------------|------------------------|------|
| 1.                                                                  | Nilai Minimum          | -19% |
| 2.                                                                  | Nilai Maksimum         | 13%  |
| 3.                                                                  | Nilai Rata-rata (mean) | 5%   |
| 4.                                                                  | Standar Deviasi        | 12%  |

**Table 4.15** Descriptive Analysis of the Growth Ratio of the Tangerang City Government's Regional Original Revenue (PAD) for the 2019–2024 Fiscal Year

*Source: Tangerang City LKPD (Processed by Researchers, 2026)*

Based on the results of the descriptive statistical analysis of the Growth Ratio of Tangerang City's Original Regional Revenue (PAD) for the 2019–2024 fiscal year, the minimum value was -19%, the maximum value was 13%, the average value (mean) was 5%, and the standard deviation was 12%. These results provide an overview of the condition of Tangerang City's PAD growth during the study period. The minimum value of -19% indicates that in a certain period Tangerang City experienced a decline in Original Regional Revenue compared to the previous year. This negative value reflects a contraction in regional revenue that can be influenced by declining economic activity, reduced tax and regional levy revenues, or other external factors that affect the region's ability to generate revenue. This condition indicates that the local government has faced challenges in maintaining stable PAD growth. Meanwhile, the maximum value of 13% indicates the highest PAD growth rate achieved during the study period.

This value reflects the regional government's ability to significantly increase its own-source revenue compared to the previous year. This increase demonstrates progress in managing regional potential, the effectiveness of revenue collection, and increased community economic activity, all of which have a positive impact on regional revenue. Furthermore, the average (mean) value of 5% indicates that Tangerang City's overall PAD growth during 2019–2024 was positive. This indicates that the regional government has a strong capacity to maintain year-over-year increases in original-source revenue. Although the average growth percentage is not yet high, this condition still indicates a sustainable increase in regional revenue.

The standard deviation value of 12% indicates that the level of variation in the Tangerang City PAD Growth Ratio data is quite high. This value indicates that PAD growth experiences significant fluctuations from year to year. These changes indicate that the local government's ability to increase regional revenue is not yet fully stable. These fluctuations can be influenced by changes in economic conditions, the level of taxpayer compliance, and local government policies in managing regional revenue sources. Overall, the results of the descriptive statistical analysis indicate that Tangerang City's PAD growth during 2019–2024 tends to experience positive development, although there are still quite large fluctuations in certain periods.

Regional governments are expected to continue optimizing the management of local revenue (PAD) sources by strengthening collection systems, improving public services, and developing regional economic potential. These efforts are expected to stabilize PAD growth and support increased regional financial independence in the future.

Table 4.16 is a table of minimum values, maximum values, average values (mean), and standard deviations of the South Tangerang City Government's PAD growth ratio.

| <b>Analisis Deskriptif Rasio Pertumbuhan PAD Kota Tangerang Selatan</b> |                        |      |
|-------------------------------------------------------------------------|------------------------|------|
| 1.                                                                      | Nilai Minimum          | -15% |
| 2.                                                                      | Nilai Maksimum         | 18%  |
| 3.                                                                      | Nilai Rata-rata (mean) | 7%   |
| 4.                                                                      | Standar Deviasi        | 12%  |

**Table 4.16** Descriptive Analysis of the Growth Ratio of Locally Generated Revenue (PAD) of the South Tangerang City Government for the 2019–2024 Fiscal Year

*Source: South Tangerang City LKPD (Processed by Researchers, 2026)*

Based on the results of the descriptive statistical analysis of the Growth Ratio of Locally Generated Revenue (PAD) of South Tangerang City for the 2019–2024 fiscal year, the minimum value was -15%, the maximum value was 18%, the average value (mean) was 7%, and the standard deviation was 12%. These results provide an overview of the condition of PAD growth in South Tangerang City during the study period. The minimum value of -15% indicates that in a certain period, South Tangerang City experienced a decline in Locally Generated Revenue compared to the previous year. This negative value reflects a decline in the region's ability to obtain local revenue. This condition can be influenced by weakening economic activity, declining tax and levy revenues, or other external factors that impact regional revenue management. This minimum value indicates that the local government has faced challenges in maintaining stable PAD growth.

Meanwhile, the maximum value of 18% indicates the highest level of PAD growth achieved during the study period. This value reflects the regional government's ability to

significantly increase local revenue compared to the previous year. This increase demonstrates success in optimizing local revenue sources, both through increasing the effectiveness of tax and levy collection and through the development of community economic activities that contribute to regional revenue. Furthermore, the average (mean) value of 7% indicates that overall PAD growth in South Tangerang City during 2019–2024 is positive.

This indicates that the local government has a fairly good ability to increase local revenue from year to year. This average growth also reflects the local government's efforts to maintain the sustainability of local revenue sources as part of increasing regional fiscal independence. The standard deviation value of 12% indicates that the level of variation in the South Tangerang City Locally-Generated Revenue Growth Ratio data is quite high. This value indicates that local revenue growth experiences significant fluctuations from year to year. This condition indicates that the local government's ability to increase local revenue is not yet fully stable. These fluctuations can be influenced by changes in regional economic conditions, the level of community compliance in paying taxes and levies, and local government policies in managing local revenue sources.

Overall, the results of the descriptive statistical analysis indicate that the growth of South Tangerang City's original revenue (PAD) during 2019–2024 tended to experience positive development, although still accompanied by fluctuations in certain periods. The local government is expected to continue optimizing the management of local revenue by strengthening the collection system, developing regional economic potential, and improving the quality of public services. With more optimal and sustainable PAD management, it is hoped that the regional financial capacity to support development and public services will further improve.

#### **4.4.4 Comparison of Financial Performance Based on PAD Growth Ratio**

Based on the analysis of the Regional Original Revenue (PAD) Growth Ratio, Tangerang City and South Tangerang City both demonstrated a fairly good ability to increase local revenue during the 2019–2024 Fiscal Year. Both regions experienced PAD growth dominated by positive values, although in 2020 both experienced negative growth due to the impact of the COVID-19 pandemic which caused a slowdown in economic activity and affected regional revenue. In general, this condition indicates that both local governments were able to recover and maintain PAD growth after facing economic pressures during the pandemic. When compared based on the average (mean) value, South Tangerang City showed better performance than Tangerang City. South Tangerang City had an average PAD growth of 7%, while Tangerang City was 5%. This difference indicates that during the study period, South Tangerang City had a relatively higher ability to increase local revenue from year to year.

The high average growth rate of local revenue (PAD) indicates that efforts to optimize regional revenue sources in South Tangerang City have been more effective than in Tangerang City. This difference in performance is also evident in the maximum values achieved by each region. South Tangerang City recorded the highest PAD growth of 18% in 2022, while Tangerang City only achieved the highest growth rate of 13%. This achievement demonstrates that South Tangerang City has a greater ability to capitalize on the momentum of economic recovery and optimize regional revenue potential, thus generating higher PAD growth.

This condition also reflects the success of the local government in increasing the effectiveness of the management of regional taxes, regional levies, and other sources of local revenue (PAD). On the other hand, the minimum value for Tangerang City was -19%, while

South Tangerang City was -15%. These values indicate that the decline in local revenue experienced by Tangerang City during a certain period was greater than that of South Tangerang City. Thus, the impact of the decline in regional revenue in Tangerang City tends to be more significant. Conversely, South Tangerang City was able to maintain the rate of decline in local revenue at a lower level, indicating relatively better resilience to changes in economic conditions that occurred during the study period. When viewed from the aspect of stability, both regions have the same standard deviation value, namely 12%. This value indicates that the level of variation or fluctuation in local revenue growth in both regions is relatively similar and quite high. This means that both Tangerang City and South Tangerang City experienced quite dynamic changes in local revenue growth from year to year.

These fluctuations can be influenced by various factors, such as regional economic conditions, taxpayer compliance levels, changes in fiscal policy, and the impact of external situations that affect community economic activity. Overall, the comparison results indicate that both regions have a fairly good ability to increase Regional Original Income (PAD) during the study period. However, South Tangerang City showed a relatively superior performance compared to Tangerang City. This is reflected in a higher average PAD growth, a greater maximum growth value, and a minimum decline rate that is not as steep as Tangerang City. Meanwhile, Tangerang City continues to show positive PAD development despite its relatively lower growth. Therefore, based on the PAD Growth Ratio, South Tangerang City can be assessed as having performed better in increasing and developing local original income sources during the 2019–2024 Fiscal Year.

Based on interviews with the Tangerang Regional Development Planning Agency (BPKD) and the South Tangerang Regional Development Agency (BKAD), several similarities exist between the Tangerang City and South Tangerang City governments in their regional financial management. Both local governments prioritize optimizing local revenue (PAD) as a primary strategy for maintaining regional financial performance. Furthermore, both regions utilize digitalization of tax and levy services to increase the effectiveness of regional revenue and strengthen the transparency of financial management. In terms of the impact of the COVID-19 pandemic, both regions are relatively similar. Tangerang City and South Tangerang City are the two regions with the highest number of confirmed positive Covid-19 cases in Banten Province. The decline in economic activity in both regions has resulted in reduced revenue from the regional tax sector, particularly taxes related to business activities and public consumption. As a result, local governments have adjusted spending and diverted a significant portion of their budgets to support the health and social assistance sectors. Despite these similarities, there are several differences in the focus of regional financial management.

The Tangerang City Government places greater emphasis on strategies to increase local revenue (PAD) through tax intensification, increased taxpayer awareness, and routine monthly monitoring and evaluation of expenditures. Meanwhile, the South Tangerang City Government places greater emphasis on balancing regional revenue and expenditures and strengthening oversight of potential PAD that can still be developed. Interview results also support the findings of the regional financial ratio analysis. South Tangerang City demonstrates a higher level of financial independence due to the dominant contribution of PAD to regional revenue. Conversely, Tangerang City demonstrates a better level of stability in regional financial management, as reflected in the relatively lower ratio fluctuations compared to South Tangerang City.

Based on the analysis of the Regional Original Revenue (PAD) Growth Ratio, Tangerang City and South Tangerang City both demonstrated a fairly good ability to increase local

revenue during the 2019–2024 Fiscal Year. Both regions experienced predominantly positive PAD growth, although in 2020 both experienced negative growth due to the impact of the COVID-19 pandemic, which caused a slowdown in economic activity and affected regional revenue. This condition indicates that both local governments were able to recover and maintain PAD growth in the years following the pandemic by optimizing their existing revenue sources.

The economic potential of Tangerang City is dominated by the transportation and warehousing sector, processing industry, trade, *real estate*, and other services, which provide significant capital in optimizing Regional Original Income. High economic activity in these sectors contributes to increased regional tax and levy revenues, which ultimately support improved regional financial performance. The economic potential of South Tangerang City is supported by the dominance of the trade and services, information and communication, financial services and insurance, and real estate sectors. The region's developing characteristics as a service city and modern residential area have a positive impact on high regional tax revenues, particularly BPHTB and PBB-P2. This condition is one of the factors driving the high contribution of PAD to total regional income.

South Tangerang City demonstrated a higher level of financial independence compared to Tangerang City due to the dominant contribution of Regional Original Income (PAD) to the total regional revenue of South Tangerang City. The high PAD contribution indicates that the majority of the region's fiscal needs can be financed through independently managed revenue sources, resulting in relatively lower dependence on transfer revenues from the central and provincial governments. This higher level of financial independence was influenced not only by positive PAD growth during the study period, but also by the South Tangerang City Government's ability to optimize the region's economic potential in a sustainable manner. One of the PAD sources that provided the largest contribution came from the regional tax sector, specifically the Land and Building Acquisition Tax (BPHTB).

The high level of BPHTB revenue indicates that land and building transaction activity in South Tangerang City is quite high and is able to make a significant contribution to regional revenue. Furthermore, the characteristics of South Tangerang City as a buffer zone for DKI Jakarta, which has rapid residential development and economic activity, also support the increase in regional tax revenue. Furthermore, based on interviews with the South Tangerang City Regional Revenue Agency (BKAD), the local government is also actively optimizing Regional Revenue (PAD) through digitizing regional revenue management, strengthening oversight of potential revenue, and exploring PAD sources that can still be developed. These efforts are one of the factors supporting the high contribution of PAD to total regional revenue. Thus, although both Tangerang City and South Tangerang City were able to show positive PAD growth for most of the study period, South Tangerang City has a higher level of financial independence due to its more dominant contribution to regional revenue, supported by the optimization of its relatively greater regional economic potential. This condition ultimately encourages South Tangerang City to have a better ability to finance the implementation of regional governance and development independently.

## **5. CONCLUSION**

Based on the results of the analysis and discussion regarding the financial performance of the Tangerang City Government and the South Tangerang City Government for the 2019–2024 Fiscal Year based on regional financial ratios, the following conclusions can be drawn.

1. Based on the Regional Financial Independence Ratio (RKKD), the Tangerang City Government and the South Tangerang City Government both demonstrate a very high

level of financial independence with a delegative relationship pattern. This indicates that both regional governments have been able to finance the implementation of government and regional development independently without significant dependence on the central government or the provincial government. However, South Tangerang City demonstrates a higher level of independence than Tangerang City due to the more dominant contribution of Regional Original Income (PAD) to total regional income. This high PAD contribution is supported by the growing regional economic potential in the trade, services, and property sectors, which contribute significantly to regional tax revenue.

2. Based on the Regional Original Revenue (PAD) Effectiveness Ratio, both regions were categorized as highly effective during the study period. The Tangerang City and South Tangerang City governments were consistently able to achieve and even exceed their established PAD targets. However, South Tangerang City demonstrated a slightly higher level of effectiveness than Tangerang City. This indicates that the South Tangerang City Government has a relatively better ability to set realistic PAD targets and optimize regional revenue realization through the management of its PAD resources.
3. Based on the Regional Financial Efficiency Ratio (REKD), both regions still face challenges in achieving efficient regional financial management. Most ratio values indicate a less efficient to inefficient category due to the relatively high realization of regional expenditure compared to the revenue generated. Nevertheless, Tangerang City has a relatively better level of efficiency than South Tangerang City. This is indicated by a lower average ratio value and smaller fluctuations. This condition reflects a tendency for regional expenditure control and management in Tangerang City to be more stable during the study period.
4. Based on the Regional Original Revenue (PAD) Growth Ratio, both regions demonstrated a fairly good ability to increase local revenue during the 2019–2024 Fiscal Year. PAD growth in both regions was predominantly positive, although it experienced a decline in 2020 due to the impact of the COVID-19 pandemic. South Tangerang City showed a higher PAD growth rate than Tangerang City. This indicates that the South Tangerang City Government has a relatively better ability to utilize regional economic potential and optimize PAD sources, thereby generating higher regional revenue growth. Interviews with the Tangerang City BPKD and the South Tangerang City BKAD indicate that both local governments have implemented various strategies to maintain regional financial performance, including optimizing PAD, digitizing regional revenue management, controlling expenditures, and monitoring and evaluating budget implementation. Although the COVID-19 pandemic had a significant impact on decreasing regional revenue in 2020, both local governments were able to adjust their fiscal policies and maintain regional financial performance during the economic recovery period.

Overall, the Tangerang City Government and South Tangerang City Government have demonstrated strong financial performance during the 2019–2024 Fiscal Year. South Tangerang City excels in financial independence, local revenue (PAD) effectiveness, and local revenue growth, while Tangerang City performs better in terms of regional financial management efficiency. With their distinct economic characteristics and potential, both local governments have significant opportunities to continuously improve the quality of regional financial management to support sustainable development and improve community welfare.

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