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Research Article

Analysis Of Financial Statements To Assess Financial Performance In Regional Drinking Water Companies In Tegal City

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ABSTRAK

This research was conducted at the Tegal City Drinking Water Company which is a regional company engaged in clean and healthy water services for the needs of the community. The purpose of this study was to determine the financial performance of the Regional Water Company of Tegal City seen from the ratio of profitability, liquidity, and solvency. The research method used includes the type of research, namely quantitative descriptive research. Sources of data used are primary data and secondary data. Data collection methods are literature review, documentation and interviews. The data analysis method used is a quantitative method. The results of this study indicate that the profitability ratio which includes Return On Equity shows that in 2018 it was 11.18%, in 2019 it was 9.26%, and in 2020 it was 11.39%. While the Operating Ratio in 2018 was 0.85, in 2019 it was 0.90 and in 2020 it was 0.89. Liquidity ratios include the Cash Ratio in 2018 of 1,473.28%, in 2019 of 698.67%, and in 2020 of 673.13%. Meanwhile, Billing Effectiveness in 2018 was 95.94%, in 2019 it was 98.47%, and in 2020 it was 95.04%. The solvency ratio in 2018 was 852.62%, in 2019 it was 607.40%, and in 2020 it was 482.17%. Based on the results of the research above, it can be concluded that the financial performance of the Regional Water Company of Tegal City is seen from the profitability ratios in a condition of rentable and inrentable. Then based on the liquidity ratio in a liquid state. And based on the solvency ratio in a solvable state.

Keywords: Profitability Ratio, Liquidity Rati, Solvency Ratio.

Introduction

In essence, every company has certain goals to be achieved where the goals of each company are different, there are profit-oriented and social-oriented goals. Basically, every company, whether trading, industrial, or service companies, has a goal to get optimal profit. Regional Water Supply Company

(PDAM) is a socially oriented company which generally does not aim to pursue profit alone, but is more oriented towards community service. Profit is a survival requirement for companies where financial indicators are needed to determine the company's success in achieving its goal of generating profits. To find out

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these financial indicators, an analysis of financial statements was carried out.

Harahap (2014:25) says that financial statement analysis activities are one of the media to get more, better, accurate information and serve as material in the decision-making process. This can be done by conducting an analysis of the balance sheet items to obtain an overview of the financial position, while an analysis of the income statement will provide an overview of the results or business development of the company concerned.

Based on the results of research by Sulistiowati and Nurmansyah (2017) who reviewed the financial performance of PDAM Tirta Dharma, Tegal Regency using an assessment of the liquidity, solvency, activity, and profitability ratios in 2013-2015, it can be concluded that the financial performance of PDAM Tirta Dharma, Tegal Regency in 2013-2015 is not optimal.

There is still a lack of studies on financial performance analysis using ratio analysis in PDAMs, so in this study, researchers want to complement previous studies by analyzing PDAM financial performance using ratio analysis. This research has a difference with previous research, namely the ratio indicator applied following the financial aspect performance indicators based on the technical guidelines for assessing PDAM performance officially issued by BPPSPAM.

The technical guidelines for performance appraisal used by BPPSPAM consist of financial and non-financial perspectives. However, in this study the authors only use performance indicators for the financial aspect because the financial section talks about numbers, which are something that is easy to calculate and analyze.

The Regional Drinking Water Company (PDAM) of Tegal City is a Tegal City Government-Owned Enterprise which is engaged in providing clean clean water that is healthy and fulfills health requirements for the community. Original Region.

The financial report data of PDAM Tegal City for the last three years has fluctuated (up and down). The development of total assets and total debt has increased every year. In 2019 net profit decreased by 14.92% this was

due to an increase in operating costs. However, in 2020 net profit increased by 22.24%. This shows that the financial condition of PDAM Kota Tegal is unstable or unhealthy because the position of profit and debt is directly proportional. This can happen because the company has not utilized assets optimally or from the quality of service to customers that has not been maximized so that it will affect whether or not the company's performance is good or not.

Based on the problems related to the financial performance of PDAM Kota Tegal, it is necessary to measure the financial performance of PDAM Kota Tegal by using ratio indicators that are applied following the performance indicators of financial aspects based on technical guidelines for assessing PDAM performance officially issued by BPPSPAM, aimed at measuring how PDAM Kota Tegal creates profit and maximizes its operations. The ratio analysis used includes the profitability ratios, liquidity ratios, and solvency ratios.

Given the importance of evaluating the company's financial performance, especially in Regional Owned Enterprises (BUMD), the researchers are interested in taking the title: "Financial Report Analysis to Assess Financial Performance in Regional Water Company Tegal City".

Research Methods

This research was conducted at the Regional Drinking Water Company (PDAM) of Tegal City which is located at Jl. Hang Tuah No. 29 City of Tegal. This type of research is descriptive research using a quantitative approach.

The data used in this study are included in quantitative data. Where quantitative data itself is data information in the form of numbers. The data analysis method used is by using a quantitative method approach, which is a method that uses a way to calculate the ratios that exist in the company using a certain formula. The ratios used in this study are the ratio of profitability, liquidity, and solvency. The following are the formulas used according to the provisions of BPPSPAM, among others:

1. Profitability Ratio
 - a. Return On Equity
formula = $\frac{\text{Laba Setelah Pajak}}{\text{Jumlah Ekuitas}}$
 - b. Operating Ratio
formula = $\frac{\text{Biaya Operasi}}{\text{Pendapatan Operasi}}$
2. Liquidity Ratio
 - a. Cash Ratio
formula = $\frac{\text{Kas+Setara Kas}}{\text{Hutang Lancar}}$
 - b. Billing Effectiveness
formula = $\frac{\text{Jumlah Penerimaan Rek Air}}{\text{Jumlah Rekening Air}}$
3. Solvency Ratio
formula = $\frac{\text{Total Aktiva}}{\text{Total Hutang}}$

Results and Discussion

Profitability Ratio Analysis

Profitability ratio analysis used to assess the financial performance of PDAM Kota Tegal uses two ratios, namely based on Return On Equity (ROE) and Operating Ratio (Operation Ratio).

1) Return On Equity (ROE)

Based on the financial statements of PDAM Kota Tegal during 2018-2020, the profitability ratio based on Return On Equity (ROE) can be calculated as follows:

Table 1. Results of the calculation of the Return On Equity (ROE) of PDAM Kota Tegal

Year	Profit After Tax	Total Equity	Ratio (%)
2018	3,933,551,770	35,174,473,029	11.18
2019	3,346,707,085	36,139,471,613	9.26
2020	4,090,961,785	35,928,915,554	11.39

(Source: Data that has been processed)

Based on table 1 above, it can be seen that the Return On Equity (ROE) in 2018 was 11.18%, then in 2019 it decreased to 9.26% this was due to a decrease in net profit after tax followed by an increase in total equity and in in 2020 the ratio obtained increased to 11.39%. This is due to an increase in net profit after tax followed by a decrease in total equity.

Despite experiencing fluctuating developments (up and down), the financial performance of PDAM Kota Tegal seen from the analysis of Return On Equity (ROE) is in very

good criteria, this is in accordance with the financial aspect performance indicators based on the technical guidelines for assessing PDAM performance which were officially issued. by BPPSPAM. This means that the company is able to obtain optimal profits, even though it experienced a decline in profit in 2019.

2) Operating Ratio(Operating Ratio)

Based on the financial statements of PDAM Tegal City during 2018-2020 the profitability ratio can be calculated based on the Operating Ratio as follows:

Table 2. The results of the calculation of the Operational Ratio of PDAM Tegal City

Year	Operating Expenses	Operating Income	Ratio
2018	25,992.183,844	30,539,499,468	0.85
2019	30,502,479,299	33,965.831,234	0.90
2020	35,604,135,932	39,999,610,978	0.89

(Source: Data that has been processed)

Based on table 2 above, it can be seen that the results of the profitability ratio based on the Operating Ratio in 2018 were 0.85 times, then in 2019 the ratio results increased to 0.90 times this is because the percentage increase in operating income is smaller than the percentage increase in operating costs. and in 2020 the ratio obtained has decreased to 0.89 times this is due to the percentage increase in operating income which is greater than the percentage increase in operating costs.

Operational ratio analysis at PDAM Kota Tegal shows fluctuating developments (up and down) that affect the level of criteria and the level of efficiency of expenses incurred to obtain income shows poor results because the resulting interval is less than 1.0, this is in accordance with the performance indicators as-

pect. based on the technical guidelines for assessing PDAM performance officially issued by BPPSPAM. The low operating ratio is caused by operating expenses which are greater than operating income. This happens because of some inefficient operating expenses.

a. Liquidity Ratio Analysis

The liquidity ratio analysis used to assess the financial performance of PDAM Tegal City uses two ratios, namely based on the Cash Ratio (cash ratio) and billing effectiveness.

1) Cash Ratio(Cash Ratio)

Based on the financial statements of PDAM Tegal City during 2018-2020, the liquidity ratio can be calculated based on the Cash Ratio as follows:

Table 3. The results of the calculation of the cash ratio of PDAM Tegal City

Year	Cash+Cash Equivalent	Current Liabilities	Ratio (%)
2018	19,999,818,383	1,357,432,92	1,473.28
2019	23,659,501,764	3,386,350,36	698.67
2020	24,733,706,303	3,674,417,30	673.13

(Source: Data that has been processed)

Based on table 3 above, it can be seen that the results of the liquidity ratio based on the Cash Ratio (cash ratio) in 2018 were 1,473.28%, then in 2019 the ratio results decreased to 698.67% and in 2020 the ratio obtained decreased again to by 673.13%. This shows that the cash ratio of PDAM Kota Tegal has decreased in the last three years. This

happens because cash and cash equivalents increase every year followed by an increase in current liabilities.

Analysis of the Cash Ratio (cash ratio) at PDAM Kota Tegal shows a decrease in the interval but the criteria produced by PDAM Kota Tegal still shows the ability of PDAM Kota Tegal to be at a very good level (liquid), this is in

accordance with the performance indicators of the financial aspect based on technical assessment guidelines. PDAM performance which is officially issued by BPPSPAM. This shows that the company is able to pay its short-term obligations within one year using

existing cash and can be declared efficient in its use.

2) Billing Effectiveness

Based on the financial report of PDAM Kota Tegal for 2018-2020, the liquidity ratio can be calculated based on Billing Effectiveness as follows:

Table 4. The calculation results of the billing effectiveness of PDAM Tegal City

Year	Account Receipt. Water	Water Account	Ratio (%)
2018	25,056,209,114	26,117,484,597	95.94
2019	28,394,993,228	28,835,881,850	98.47
2020	32,317,508,770	34.003.566.400	95.04

(Source: Data that has been processed)

Based on table 4 above, it can be seen that the results of the liquidity ratio based on billing effectiveness in 2018 were 95.94%, then in 2019 the ratio increased to 98.47% this was due to customer awareness to pay bills on time. And in 2020 the ratio obtained has decreased to 95.04%. This decrease does not have a bad impact on PDAM Kota Tegal because the effectiveness of collecting receivables is very good even though customers are late in paying their water bills.

The analysis of billing effectiveness at PDAM Kota Tegal shows fluctuating developments (up and down) that affect the level of

criteria and the level of efficiency in the effectiveness of billing activities for water sales results show very good results because the resulting interval is more than 90%, this is in accordance with BPPSPAM. This means that the high payment of water bills from customers is due to the awareness of customers to pay bills on time.

b. Solvency Ratio Analysis

Based on the financial statements of PAM Tegal City for 2018-2020, the solvency ratio can be calculated as follows:

Table 5. Calculation of the Solvency Ratio of PDAM Kota Tegal

Year	Total Asset	Total Liability	Ratio (%)
2018	39,848.051.914	4,673,578,885	852.62
2019	43,261,934,005	7,122,462,392	607,40
2020	45,330,224,981	9,401,309,427	482.17

(Source: Data that has been processed)

Based on table 5 above, it can be seen that the solvency ratio in 2018 was 852.62%, then in 2019 the ratio decreased to 607.40% and in 2020 the ratio obtained decreased again to 482.17%. This shows that the solvency ratio of PDAM Tegal City has decreased in the last

three years. This is due to an increase in total debt on an increase in total assets.

Although the solvency ratio at PDAM Kota Tegal has decreased over the last three years, the criteria generated by PDAM Kota Tegal are at a very good level (solvable) this is in accordance with the financial aspect perfor-

mance indicators based on technical guidelines for assessing PDAM performance officially issued by BPPSPAM. This means that PDAM Kota Tegal is able to pay off its long-term obligations by using its assets and can be declared efficient in its use.

Conclusion

Based on the results of research and discussion regarding the assessment of the financial performance of PDAM Kota Tegal which follows the performance indicators of the financial aspect based on the technical guidelines for evaluating PDAM performance officially issued by BPPSPAM above, it can be concluded as follows:

1. The financial performance of PDAM Kota Tegal in 2018-2020 is based on the solvency ratio in a rentable and inrentable state. This can be seen from the results of Return On Equity (ROE) when associated with the PDAM's standard financial aspect ratio, PDAM Kota Tegal is in a very good condition. Meanwhile, the results of the Operating Ratio (Operation Ratio) when associated with the standard ratio of the financial aspect of the PDAM, the PDAM of Tegal City is in a poor condition.
2. The financial performance of PDAM Kota Tegal in 2018-2020 is based on the liquidity ratio in a liquid state. This can be seen from the results of the cash ratio (cash ratio) and the effectiveness of billing when

linked to the standard ratio of the financial aspect of PDAMs, the PDAM of Tegal City is in very good condition.

3. The financial performance of the PDAM Kota Tegal in 2018-2020 is based on the solvency ratio in a solvable state, which when linked to the standard ratio of the PDAM's financial aspect, the PDAM Kota Tegal is in a very good condition.

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