

ANALYSIS OF THE FINANCIAL PERFORMANCE OF THE DRINKING WATER PUBLIC COMPANY (PERUMDAM)

Asrini^{1st}, Muhammad Yunus Kasim^{2nd}, Fatlina Z.^{3rd}

Master of Management Study Program, Faculty of Economics and Business, Tadulako University

rinifatar@gmail.com, muhammadkasim.untad@gmail.com, Fatlina.z@gmail.com

Abstract

This study aims to assess the profitability, liquidity, solvency, and financial performance ratios of the public drinking water company (PERUMDAM) in Uwe Lino, Donggala Regency, in accordance with the Decree of the Chairman of BPP-SPAM Number 022 / KPTS / K-6 / IV / 2010. This is quantitative research with descriptive analysis. Using a modified performance appraisal analysis based on a statistical range across three assessment categories: healthy, less healthy, and sick. Overall, the development of the company's financial ratios indicates a very positive trend from 2019 to 2023. Profitability (ROE), Liquidity (Cash Ratio), and solvency show consistent improvement, indicating that the company is in an improving financial condition. The primary concern is the effectiveness of the billing-to-operating ratio. The Financial Performance of the Drinking Water Regional Public Company (PERUMDAM) in Uwe Lino, Donggala Regency, is in the less healthy category overall but shows progress from 2019 to 2023.

Keywords: Profitability, Liquidity, Solvency, Financial Performance

INTRODUCTION

Financial performance is a key indicator of a company's ability to generate profits and maintain sustainability (Pang et al., 2020). This economic evaluation is crucial for all types of companies, including Regional-Owned Enterprises (BUMDs) such as Regional Drinking Water Companies (PDAMs).

PDAM Uwe Lino, established in 1972 in Donggala Regency, has experienced significant fluctuations in financial performance. In 2018, the company recorded a loss of Rp. 3.08 billion, increasing by 9.08% to Rp. 3.36 billion in 2019. However, in 2020, the company turned a profit of Rp. 295 million, indicating a 108.77% decrease in profit. Despite experiencing a 79.80% decrease in profit in 2021, the company again recorded a sharp increase in profit, namely 1,009.55% in 2022. It continued the positive trend with a 299.92% increase in profit in 2023, reaching Rp. 2.64 billion. Based on the phenomenon as described above, this study is intended to determine the Financial Performance of the Uwe Lino Water Company in Donggala Regency with the research objective of analyzing the ratios of profitability, liquidity, and solvency, and evaluating the financial performance of PDAM Uwe Lino Donggala Regency in the 2019-2023 period.

METHODS

This research uses a quantitative approach with descriptive methods. The descriptive method aims to describe the conditions observed during the research, whereas the quantitative approach is used to classify, compare, and calculate numerical data using relevant formulas (Sugiyono, 2017). The primary data consist of balance sheets and profit-and-loss statements from PERUMDAM, Uwe Lino, Donggala Regency.

Data Types and Sources: Quantitative Data: Numbers from the company's financial statements. Qualitative Data: Interpretative information related to financial theory. Data Source: Secondary data in the form of financial statements and supporting literature.

Data Analysis: Financial performance was analyzed in accordance with BPP-SPAM Head Decree No. 002/KPTS/k-G/IV/2010, using three leading indicators: profitability, liquidity, and solvency. Overall performance was evaluated using a balanced scorecard approach to analyze financial data. Modifications were made to the performance assessment method using a statistical range and categorized into three levels of financial health based on the statistical range:

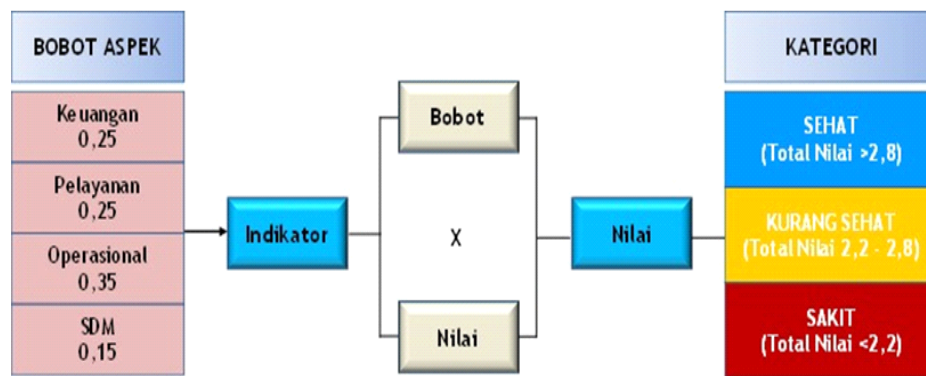


Figure 1. Calculation of Performance Value

Table 1. Modification of Financial Performance Assessment

Description	Max Standard Value	Min Standard Value	Weight	Max Value	Min Value
Return On Equity (ROE)	5	1	0,055	0,28	0,055
Operating Ratio	5	1	0,055	0,28	0,055
Cash Ratio	5	1	0,055	0,28	0,055
Collection Effectiveness	5	1	0,055	0,28	0,055
Solvency	5	1	0,03	0,15	0,030
TOTAL			0,25	1,25	0,25

Source: Data processed, 2024

Table 2. Financial Performance Assessment Categories

RANGE	CATEGORIES
0,93 - 1,25	Healthy
0,59 - 0,92	Less healthy
0,25 - 0,58	Pain

Source: Data processed, 2024

RESULTS

Financial Ratio Development

1. Rentability

Profitability measures the PDAM's ability to generate profits from its assets and equity, reflecting the company's efficiency in making profits. The two leading indicators analyzed are Return on Equity (ROE) and Operating Ratio:

a. Return On Equity (ROE)

Table 3. Recap of Net Profit After Tax and Total Equity Data PERUMDAM Uwe Lino Donggala Regency Year 2019 - 2023

No.	Year	Net Profit After Tax (Rp)	Total Equity (Capital + Reserves (Rp))	Results
1	2019	- 3.362.463.027	18.954.804.805	-17,7
2	2020	295.386.276	21.199.662.583	1,4
3	2021	59.567.082	21.215.921.665	0,3
4	2022	660.823.266	23.830.892.931	2,8
5	2023	2.642.813.612	27.442.894.857	9,6

Source: Financial Report of PERUMDAM Uwe Lino Kab. Donggala, 2024

From Table 3 above, the following results are obtained. In 2019, the company recorded a net loss of Rp 3.36 billion and a negative ROE of 17.7%. In 2020, the company recorded a profit of IDR 295 million, with an ROE of 1.4%. However, in 2021, net profit decreased to IDR 59 million, and ROE fell to 0.3%. Conditions improved in 2022, with a profit of IDR 660 million, and the ROE rose to 2.8%. In 2023, net profit increased to IDR 2.64 billion, with an ROE of 9.6%, indicating improved capital management and increased profitability.

b. Operating Ratio

Table 4. Recap of Operating Expenses and Operating Income PERUMDAM Uwe Lino Donggala Regency Year 2019 - 2023

No.	Year	Operation cost (Rp.)	Operating income (Rp.)	Results
1	2019	16.992.893.256	13.243.898.727	1,28
2	2020	15.923.886.158	15.111.775.255	1,05
3	2021	17.183.516.316	16.382.889.607	1,05
4	2022	18.491.671.394	18.166.655.468	1,02
5	2023	22.667.582.209	24.857.740.022	0,91

Source: Financial Report of PERUMDAM Uwe Lino Kab. Donggala

Based on Table 4 above, the following results are presented. In 2019, the Operating Ratio was 1.28, meaning that operating expenses of IDR 16.99 billion exceeded income of IDR 13.24 billion, indicating inefficiency. In 2020, the ratio decreased to 1.05, with costs of IDR 15.92 billion and revenue of IDR 15.11 billion, reflecting a slight improvement. In 2021, the ratio remained at 1.05, with costs and revenues nearly balanced. In 2022, the ratio further decreased to 1.02, approaching efficiency, with costs of IDR 18.49 billion and revenue of IDR 18.16 billion. Finally, in 2023, the company achieved an operating margin of 0.91, demonstrating operational efficiency, with revenues of IDR 24.85 billion exceeding costs of IDR 22.67 billion.

2. Liquidity

Liquidity measures the PDAM's ability to meet its short-term obligations, specifically its capacity to pay its short-term debts using current assets. In this analysis, two leading indicators are used: Cash Ratio and Collection Effectiveness.

a. Cash Ratio

Table 5. Recapitulation of Cash Equivalents and Current Debt PERUMDAM Uwe Lino Donggala Regency 2019 - 2023

No.	Year	Cash equivalents (Rp.)	Current debt (Rp.)	Results
1	2019	644.900.268	300.479.716	214,62
2	2020	1.013.926.031	594.799.714	170,47
3	2021	1.388.014.587	825.246.091	168,19
4	2022	2.091.366.353	478.108.565	437,42
5	2023	5.124.285.296	889.110.463	576,34

Source: Financial Report of PERUMDAM Uwe Lino Kab. Donggala

From Table 5 above, the following results are obtained. The development of PERUMDAM Uwe Lino's cash ratio over the past five years shows that in 2019, it reached 215.62%, with cash and cash equivalents of Rp 644.90 million and current debt of Rp 300.48 million. Although there was a decrease in 2020 to 170.47% (cash of IDR 1,013.93 million, debt of IDR 594.80 million) and 168.19% in 2021 (cash of IDR 1,388.01 million, debt of IDR 825.25 million), the cash ratio increased significantly again in 2022 to 437.42% (cash of IDR 2,091.37 million, debt of IDR 478.11 million).

In 2023, the cash ratio reached 576.34%, with Rp 5,124.29 million in cash and Rp 889.11 million in debt. Overall, the cash ratio indicates a very healthy condition. However, focusing on optimizing cash use might be a strategic move going forward.

b. Collection Effectiveness

Table 6. Recapitulation of Total Water Account Receipts and Total Water Accounts PERUMDAM Uwe Lino Donggala Regency Year 2019 - 2023

No.	Year	Total water account receipts (Rp.)	Number of water accounts (Rp.)	Results
1	2019	12.486.443.794	16.178.551.845	77,18
2	2020	14.099.783.255	18.197.230.381	77,48
3	2021	15.451.192.942	20.407.325.292	75,71
4	2022	17.418.844.135	24.595.928.889	70,82
5	2023	23.895.971.505	32.250.296.133	74,10

Source: Financial Report of PERUMDAM Uwe Lino Kab. Donggala

From Table 6 above, the following results are obtained: development of PDAM Uwe Lino's billing effectiveness over five years. In 2019, effectiveness was 77.18%, increasing slightly to 77.48% in 2020. However, the rate declined gradually to 75.71% in 2021 and fell sharply to 70.82% in 2022. In 2023, effectiveness recovered to 74.10%.

Overall, the company experienced fluctuations in collection effectiveness, with improvements seen in 2023. This could be a focal point for improving the stability of collections in the future.

3. Solvency

Table 7. Recap of Total Assets and Total Debt PERUMDAM Uwe Lino Donggala Regency Year 2019 - 2023

No	Year	Total Assets (Rp.)	Amount Of Debt (Rp.)	Results
1	2019	22.917.107.992	3.962.303.186	578,38
2	2020	23.154.861.313	1.955.198.730	1.184,27
3	2021	23.146.256.506	1.930.334.841	1.199,08
4	2022	25.198.111.959	1.367.219.028	1.843,02
5	2023	28.948.333.039	1.505.438.182	1.922,92

Source: Financial Report of PERUMDAM Uwe Lino Kab. Donggala

Based on Table 5 above, the following results are obtained. From 2019 to 2023, PERUMDAM's solvency in Uwe Lino Donggala Regency remained robust. In 2019, the debt-to-asset ratio reached 578.38% with total assets of Rp 22.92 billion and debt of Rp 3.39 billion. In 2020, the ratio increased sharply to 1,184.27%, followed by a mild rise to 1,199.08% in 2021. In 2022, the company's solvency increased to 1,843.02%, and in 2023 it peaked at 1,922.92%, with total assets of IDR 28.95 billion.

4. Financial Performance

After the calculation, the results of the financial aspect performance assessment from 2019 to 2023 are obtained as follows:

Table 8. Recapitulation of Performance Value of PERUMDAM Uwe Lino Donggala Regency Period 2019 - 2023

Year	Performance Value	Categories
2019	0,65	Less healthy
2020	0,70	Less healthy
2021	0,70	Less healthy
2022	0,65	Less healthy
2023	0,81	Less healthy

The performance of PERUMDAM Uwe Lino, Donggala Regency, from 2019 to 2023 indicates that it falls within the "Less Healthy" category. Although performance improved in 2020 and 2021, with values of 0.70 and 0.65, respectively, the company declined again in 2022 (0.65). However, in 2023, the score improved to 0.81, although it remained in the same category.

DISCUSSION

Financial Ratio Development Analysis

1. Rentability

a. Return On Equity (ROE)

ROE PERUMDAM Uwe Lino Donggala Regency shows significant development from 2017 to 2023. In 2019, a negative ROE of -17.7% indicates a significant loss, where every Rp 100,- of equity causes a loss of Rp 17.7. Although net profit increased in 2020, the ROE of 1.4% remains low. The decline in profit continued in 2021 with an ROE of only 0.3%. However, in 2022, the ROE improved to 2.8%. In 2023, the company achieved an ROE of 9.6%, driven by the introduction of a new water tariff that increased revenue and covered operating expenses. These improvements indicate progress, although equity remains a concern.

b. Operating Ratio

The operating ratio of PERUMDAM Uwe Lino, Donggala Regency, increased from 2019 to 2023, indicating improved operational efficiency. In 2019, the operating ratio was 1.28, indicating that operating costs exceeded revenue. In 2020 and 2021, the ratio declined to 1.05, indicating a modest improvement but still not optimal. In 2022, the ratio decreased again to 1.02, signaling improved efficiency. In 2023, the ratio reached 0.91, indicating that the company spent Rp 0.91 for every Rp 1 of revenue, reflecting its growing operational efficiency. This trend shows continuous improvement in the management of the company's costs and operations.

2. Liquidity

a. Cash Ratio

Uwe Lino's PERUMDAM Cash Ratio shows excellent liquidity from 2019 to 2023. In 2019, the company had 214.62% in cash relative to short-term liabilities, more than doubling the ratio. Although it declined to 170.47% in 2020 and 168.19% in 2021, the company remained in a strong liquidity position. By 2022, the cash ratio had risen to 437.42%, and by 2023, to 576.34%, indicating an exceptionally liquid position, with cash exceeding short-term liabilities by more than five times. This improvement reflects excellent cash management.

b. Collection Effectiveness

The collection effectiveness of PERUMDAM in Uwe Lino, Donggala Regency, fluctuated from 2019 to 2023. In 2019, the collection rate was 77.18%, increasing slightly to 77.48% in 2020. However, in 2021, the rate declined to 75.71%, followed by a further decline to 70.82% in 2022. Although revenue increased, the faster growth in the number of water accounts reduced the effectiveness percentage. In 2023, collection effectiveness rose again to 74.10%, reflecting the company's efforts to improve the collection process despite challenges posed by the increasing number of accounts.

3. Solvency

Uwe Lino's PERUMDAM Cash Ratio shows solid liquidity from 2019 to 2023. In 2019, the cash ratio reached 214.62%, and although it decreased in 2020 and 2021 to around 170%, liquidity was maintained. A substantial increase occurred in 2022, with a ratio of 437.42%, and it rose further in 2023 to 576.34%, indicating the company's strong ability to manage cash and meet short-term obligations.

Financial Performance Analysis

In 2019, the financial performance of PERUMDAM Uwe Lino Donggala Regency was classified as unhealthy. Negative ROE and low operating ratios are attributable to operating expenses exceeding revenue. Operational inefficiencies are evident in high costs, such as allowances for receivables, employee costs, electricity, depreciation, and amortization. Collection effectiveness was 77.18%, indicating relatively good performance; however, 22.82% of receivables remained uncollected, posing a risk of bad debts that could reduce the company's profitability.

The financial performance of PERUMDAM Uwe Lino, Donggala Regency, in 2020 remains in the unhealthy category, despite improvements relative to 2019. ROE was low, although the company moved from a loss to a profit, primarily due to non-operating income from government assistance programs and other income sources. The operating ratio declined from 2019, but operating expenses still exceeded revenues, signaling inefficiencies in cost management. The company needs to reduce costs, including personnel, electricity, and maintenance. Collection effectiveness was 77.48%, which is good; however, the company still needs to improve its strategy to increase on-time payments.

In 2021, it remains classified as unhealthy. ROE is very low, indicating that the company is barely making a profit from equity. An operating ratio above 1 indicates that operating costs exceed revenues, primarily due to increased personnel, office, maintenance, and depreciation costs. Collection effectiveness is good but not optimal; therefore, the company needs to enhance cost efficiency and improve the collection process to reduce the risk of bad debts.

PERUMDAM Uwe Lino's financial performance in 2022 is still in the unhealthy category. Despite an increase in ROE following the water tariff adjustment in November, the company has not been optimal at generating returns on its capital. The operating ratio remains above 1, indicating that operating costs are nearly equal to revenues, with high expenses for materials, maintenance, and personnel. To improve performance, the company needs to focus on cost management and strategies to improve profit margins.

In 2022, it is still unhealthy. Although ROE increased following the water tariff change in November, the company has not been optimally utilizing its capital. The operating ratio exceeds 1, indicating that operating costs remain nearly equal to revenues, primarily due to high costs of materials, maintenance, and labor. Collection effectiveness is only 70.82%, indicating that there are still uncollected receivables. The company needs to improve its cost management and collection strategies to increase profits and cash flow.

PERUMDAM Uwe Lino's financial performance in 2023 remains in the less healthy category, although it shows improvement. The operating ratio has fallen below 1, indicating improved efficiency in controlling operating costs and enabling the company to generate higher net income. However, financial performance still does not meet the set standards. Collection effectiveness remains low, mainly due to customers' limited awareness of the importance of on-time payments.

CONCLUSIONS

The results of research on the financial performance of the Drinking Water Regional Public Company (PERUMDAM) in Uwe Lino Donggala Regency can be concluded as follows:

1. Overall, the development of the company's financial ratios shows a very positive trend from 2019 to 2023. Profitability (ROE), Liquidity (Cash Ratio), and solvency show consistent improvement, indicating that the company is in an improving financial condition. The primary concern is the effectiveness of the billing and operating ratios.
2. The Financial Performance of the Drinking Water Regional Public Company (PERUMDAM) Uwe Lino Donggala Regency is in the less healthy category as a whole, but shows progress from 2019 to 2023.

REFERENCES

- Anandasari, Y. (2014). Analisis Dampak Penentuan Tarif Air Perusahaan Daerah Air Minum (Pdam) Terhadap Kinerja Keuangan Perusahaan Daerah Air Minum (Pdam)(Studi Pada Pdam Kabupaten Tulungagung Dan PDAM Kabupaten Malang). *Jurnal Ilmiah Mahasiswa FEB*, 3(1).
- Baasalem, F. (2019). Analisis Ratio Likuiditas Dan Profitabilitas Untuk Menilai Kinerja Keuangan Pada Perusahaan Daerah Air Minum (Pdam) Kota Jayapura. *Jurnal Ekonomi Dan Bisnis*, 10(1), 111-123.
- Dawu, L., & Manane, D. R. (2020). Analisis Kinerja Keuangan Pada Perusahaan Daerah Air Minum (Pdam) Tirta Lontar Kabupaten Kupang. *Inspirasi Ekonomi: Jurnal Ekonomi Manajemen*, 2(3), 1-11.
- Dr.Rahayu SE,Akt.MM (2020), Kinerja Keuangan Perusahaan
- Francis Hutabarat, M. B. A., Et Al. *Analisis Kinerja Keuangan Perusahaan*. Desanta Publisher, 2021.
- Hasan, S., Elpisah, E., Sabtohadhi, J., Nurwahidah, M., Abdullah, A., & Fachrurazi, F. (2022). *Manajemen Keuangan*. Penerbit Widina.
- Hasan, Samsurijal, Et Al. *Manajemen Keuangan*. Penerbit Widina, 2022.
- Jatnika, D., & Andarwati, M. (2018). Pengaruh Kinerja Keuangan Yang Diukur Dengan Rasio Rentabilitas Terhadap Dividend Payout Ratio. *Jurnal Ilmiah Ekonomi Islam (JIEI)*, 4(1), 41-50.
- Kapa, S., & Ismail, N. (2023). Analisis Kinerja Keuangan Pada Perusahaan Daerah Air Minum (Pdam) Ina Gelekat Kabupaten Flores Timur. *Jurnal Mirai Management*, 8(3).
- Kurniasih, E., Friyani, R., & Hernando, R. (2023). Analisis Kinerja Keuangan Pada Perusahaan Umum Daerah Air Minum (Perumdam) Tirta Mayang Kota Jambi. *Jurnal Buana Akuntansi*, 8(2), 102-121.
- Paleni, H. (2015). Analisis Kinerja Keuangan Pada Pdam Tirta Bukit Sulap Kota Lubuklinggau. *Jurnal Akuntanika*, 2(1), 92-104.
- Peraturan Menteri Dalam Negeri Nomor 23 Tahun 2006 Tentang Pedoman Teknis dan Tata Cara Pengaturan Tarif Air Minum Pada Perusahaan Daerah Air Minum
- Peraturan Menteri Keuangan Nomor 114/PMK.05/2012 Tentang Penyelesaian Piutang Negara Yang Bersumber Dari Penerusan Pinjaman Luar Negeri, Rekening Dana Investasi dan Rekening Pembangunan Daerah Pada PDAM
- Peraturan Menteri Pekerjaan Umum No. 294/PRT/M/2005 Tentang Badan Pendukung Pengembangan Sistem Penyediaan Air Minum
- Peraturan Menteri Pekerjaan Umum Nomor 18/PRT/M/2007 Tentang Penyelenggaraan Pengembangan Sistem Penyediaan Air Minum
- Peraturan Pemerintah No. 54 Tahun 2017 Tentang Badan Usaha Milik Daerah Yang Merupakan Peraturan Pelaksana Dari Undang-Undang No. 23 Tahun 2014.
- Peraturan Pemerintah Nomor 16 Tahun 2005 Tentang Pengembangan Sistem Penyediaan Air Minum
- Peraturan Pemerintah Nomor 38 Tahun 2007 Tentang Pembagian Urusan Pemerintahan Antara Pemerintah, Pemerintahan Daerah Provinsi, dan Pemerintahan Daerah Kabupaten/Kota

- Petunjuk Teknis Penilaian Kinerja *PDAM* Yang Ditetapkan Dengan Keputusan Kepala BPPSPAM Nomor 002/KPTS/K-G/IV/2010 Tentang Penilaian Kinerja Pelayanan Penyelenggaraan Pengembangan Sistem Penyediaan Air Minum
- Priskila, R., & Avriyanti, S. (2020). Analisis Kinerja Keuangan Ditinjau Dari Rasio Likuiditas Dan Solvabilitas (Studi Pada Perusahaan Daerah Air Minum Kabupaten Barito Timur Periode Tahun 2015-2018). *Japb*, 3(2), 1345-1354.
- Rukajat, A. (2018). *Pendekatan Penelitian Kuantitatif: Quantitative Research Approach*. Deepublish.
- Undang-Undang No. 7 Tahun 2004 Tentang Sumber Daya Air
- Undang-Undang Republik Indonesia Nomor 23 Tahun 2014 Tentang Pemerintahan Daerah
- Widyasari, SE., M. Si (2021), *Kinerja Keuangan Cetakan Pertama* Penerbit Unpri Press
- Yulianto, M. A. (2021). *Pengaruh Rentabilitas, Likuiditas Dan Solvabilitas Terhadap Kinerja Keuangan (Studi Kasus Pada Perusahaan Daerah Air Minum Di Seluruh Pulau Jawa)* (Doctoral Dissertation, Universitas Putra Bangsa).