ABSTRACT

This research aimed to determine whether there were differences between the financial performance of local government districts / cities in Central Java before and after the economic crisis of 2008. The instrument for analyzing the financial performance of local government in managing the local finances was by using financial ratio analysis of APBD. Furthermore, the analysis of financial ratios are used to be benchmark the level of local financial autonomy in maintain the implementation of regional autonomy, measure the effectiviness in realization of revenue, measure of local financial efficiency in spending expenditure that is spent in accordance with destining and fulfilling that was planned, the financial activity in spending of the local income and know how big component revenue contribution in the local revenue, there are local taxes and local levies.

The study sample was the regencies/ cities in Central Java. The analyzed data is Realized Report of APBD in 2005 until 2010. The analysis instrument used to determine differences between financial performance before and after the economic crisis 2008 was "The Paired Sample T Test" for normally distributed data. That if the data are not normally distributed using the test of "Wilcoxon Signed Rank Test".

The results of research showed that the financial performances of local government district/ cities in Central Java in the form efficiency of local finance, effectiveness of local financial, regional financial activities, the contribution of local revenues (local taxes) after the economic crisis of 2008 was lower than before the economic crisis of 2008. There was no differences in the form of regional financial independence and the contribution of revenue components (local levy).

Keywords: Performance of Local Government Finances, APBD, Ratio Analysis of Local Goverment, The Economic Crisis of 2008.