

ABSTRACT

THE ANALYSIS OF REGENCIES AND CITIES GOVERNMENT'S FINANCIAL PERFORMANCE IN LAMPUNG PROVINCE IN THE FRAMEWORK OF LOCAL AUTONOMY IMPLEMENTATION

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After the reform, there is a paradigm shift from centralized government toward decentralization or local autonomy. Local autonomy grant to the Local Government authority, and obligation to regulate and manage their own household with a goal on improving people's welfare. Local autonomy is also followed by the arrangement, distribution, and utilization of national resources equitably including government financial balance between local and central government.

One of the main characteristics that indicate a region able to implement local autonomy can be seen from the area of financial performance and dependence on financial support from central government to a minimum. One of the tools for analyzing financial performance of the region is to perform financial ratio analysis of the budget that has been defined and implemented by Local Government.

This research aims to determine the financial performance of local governments, especially the regencies and cities Government in Lampung Province, the period of 2001-2008. Object of this research consists of eight regencies and two cities. Analysis tools used in research is local financial autonomy ratio, the ratio of the effectiveness of local native income (PAD), the ratio of PAD growth, and the ratio of local income growth. The analytical method used in research is a comparative analysis, trend analysis and linear regression.

The results of this research indicate that the local financial autonomy is still low but tended to increase, the ability to realize the PAD are categorized as effective but tend to decline, the average PAD growth rate and growth of local income is positive but declining. Besides that the PAD and non-PAD has a positive influence on the local financial autonomy, if the PAD and non-PAD increase will improve also the local financial autonomy and vice versa. Based on this research also shows that the level of local financial autonomy of the City Government is higher than the County Government.

Keywords: Autonomy, Budgets, local financial autonomy, Effectiveness of PAD, Growth of PAD and local income.