

ABSTRACT

This research is aimed to know the comparison of financial performance of local government of Central Java in 2008 and 2009; to know whether there are some differences in evaluation of financial performance of local Government of Central Java based on capability indicator, effectiveness and activity of local financial performance of 35 regencies. The research analyzes the financial performance of local government as well, and examines the differences in both 2008 and 2009. Null hypothesis in this research refers to no differences between the financial performance of the local government of Central Java in 2008 and in 2009.

Data used in this research were secondary data from financial reports of 35 local governments of Central Java in 2008 and 2009 in which those financial reports have been examined by Badan Pemeriksa Keuangan and those Laporan Hasil Pemeriksaan have been published. Data were taken from www.bpk.go.id, the official situs of BPK. Analysis technique used in this research was capability of local financial analysis, local financial effectiveness analysis and local financial activity analysis. Paired sample t-test was used to test the hypothesis of research.

Result shows that Magelang has the highest rank of financial performance (53,75%) and Pekalongan has the lowest rank (42,30%). The result of capability analysis shows that Semarang has the highest rank (19,50%) and Demak has the lowest rank (5,47). The result of effectiveness shows that Magelang has the highest rank (119,82%) and Pekalongan has the lowest rank (91,16%). The result of local financial activity shows that Magelang has the lowest ratio of financial activity and Salatiga has the highest ratio of financial activity. While the result of Kolmogorof-Smirnov test shows that asymp score is $< 0,05$. It means that there is significant difference of financial performance of local government of Central Java in 2008 and 2009.

Key words : Financial Performance, capability, effectiveness and activity of Pemda's financial.