

ABSTRACT

Fiscal capacity in managing finances contained in the budget that describes the ability of local governments to finance the implementation of tasks. The problem in this research is the development budget in the DIY province and the province of Banten is low compared with other provinces in Java. The purpose of this study was to analyze the performance and capability of local government finance in the district/city.

The data used are secondary data based on data from the local government's financial statements in 2013 from Pemeriksa Keuangan Agency (BPK), the Central Statistics Agency (BPS) and the Ministry of Finance. The analysis technique used is the analysis of financial ratios.

Research based on the results can be seen that district / city regional financial performance in the province of yogyakarta special region is still classified as less than good , seen from the ratio in the category of regional financial independence is considered to be less , the ratio of the effectiveness of regional finance are categorized as effective , the ratio of regional financial activity are categorized as less than good , the ratio of low growth are categorized . The financial capacity districts / cities in the province of yogyakarta special region classified as low , seen from the ratio of DOF who are lacking and the ratio of IKR who are enough . The financial performance of the regency / city and banten province, it is not so good seen from the ratio of financial autonomy in the area, still classified as low the effectiveness of regional financial categories, including effective the financial activities are included in the category of good, the financial area are categorized as low growth. While regional financial ability of the districts in the province of banten classified as low , seen from the ratio of DOF who are moderate and the ratio of IKR who are enough .

Key words: Local Revenue, Financial Performance, Financial Capability.