ABSTRACT

ANALYSIS OF THE FINANCIAL PERFORMANCE OF GOVERNMENT METRO CITY AND THE INFLUENCE TO FINANCIAL RESOURCES FROM CENTRAL GOVERNMENT

By

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The objective of this study was to study the financial performance of Metro City with the indicators independence index, effectiveness and efficiency ratio. Further, to study the better of determined local original revenue (PAD) target and how the contribution of financial resources from central government (DPP) in the regional budget of Metro City and influence to the realization of PAD. Analytical tools used were descriptive analysis, mean difference test (t test), linear regression model and the projection analysis with polynomial regression model.

The independence index of local financial Metro City which calculate by realization of PAD achieved average 5.59% in the financial years 2001-2008. It less than 25%, then include very low or instructive category. The effective ratio of local income Metro City during financial years 2001-2008 achieved average 111.08%. Further, PAD planning is low, because the contribution more than 100%. Efficiency ratio of PAD Metro City during financial years 2001-2008 achieved average 45.11% and it decreasing every year. It shows that PAD collected more efficient in every financial year.

The realization is not difference with the determined target of PAD Metro City in the financial years 2001-2008. Therefore the first hypothesis is rejected. The local budget of Metro City will be depended on the financial resource from central government (DPP). Therefore, the second hypothesis is accepted. It means that the DPP has significant effect toward the PAD, if value of DPP increasing 1%, then PAD will be increased 0.104%. Therefore, the third hypothesis is accepted.

PAD target determined is not calculate based on the potentially PAD sources. DPP has dominant contribution in the regional budget of Metro City, and it has significant effect toward to increase of PAD realization. From this analysis, government of Metro City have to find PAD resources intensively with the realistic planning.

Key Words:
The financial performance, local original revenue