

ABSTRACT

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Keywords : Financial Performance measurement, Independence ratio, effectiveness ratio, growth ratio.

The purpose of this research is to find out that the financial ratios can be used as a tool to measure financial performance in Lamongan. This research is a descriptive qualitative study, which measures financial performance using ratio of Independence ratio, effectiveness ratio, Efficiency Ratios and growth ratio .

From the results of this study indicate that the Independence ratio of Lamongan local government is instructive meaning very low because of the role of the Central Government is more dominant than the independence of local governments and community participation in local development to pay the taxes and regions retribution is very low. Judging from the ratio of Effectiveness in 2009-2011 local government capability in realizing the Lamongan PAD planned compared with targets set according to real area is less effective because a percentage ratio of effectiveness is less than one hundred percent and describes the capability of the local Government District of Lamongan is less well or not effective whereas in 2012-2013 Lamongan local government capability in the realisation of the PAD is said to be effective because percentage obtained above one hundred percent. Judging from the ratio of the efficient use of the years 2009-2013 the lower the efficiency ratio and percentage which is less than one hundred percent, then the region's capabilities are said to be efficient or better for the growth of Lamongan. The ratio of growth shows that the growth performance of the PAD that is allocated for the public facilities and infrastructure cannot be sustained its increase and are likely to decline..