

ABSTRACT

This study aims to analyze the Effects of Fiscal Decentralization and Capital Expenditures on the Financial Performance of Regency/ City Governments in the Special Region of Yogyakarta in 2012-2017. The subjects in this study were regency/ city local governments in Special Region of Yogyakarta which included four regencies and one city. The study used secondary data that can be accessed on the website of the Directorate General of Financial Balance of the Ministry of Finance of the Republic of Indonesia which is published annually. This study uses the convenient sampling method, the data categorized as pulled data or a combination of time series data and cross-section data with multiple linear regression analysis techniques. The results of this study indicate that local revenue (PAD) has a positive effect on the financial performance of regency/ city governments in the Special Province of Yogyakarta. However, the intergovernmental revenue variable in this study has a negative effect on the financial performance of the regency/ city governments in the Special Province of Yogyakarta. The capital expenditure shows a negative effect on the financial performance of the regency/city governments in the Special Region of Yogyakarta.

Keywords: Local Revenue, Intergovernmental Revenue, Capital Expenditures, and Local Government Financial Performance.