

ABSTRACT

According to the regulations of the Government of the Republic of Indonesia No. 71 year 2010, capital expenditure is an expenditure budget for the acquisition of fixed assets and other assets that benefit more than one accounting period. Capital expenditures are based on the needs of the regional facilities and infrastructure, will be good for the smooth execution of the tasks of Government and public facilities. So as to speed up economic growth and improve the living standard of the community in the area. Allocating capital expenditure is influenced by the magnitude of the financial performance of local government.

This research aims to explain how the financial performance in the form of degrees of decentralization, regional financial independence areas, the effectiveness of the PAD, the efficiency of the financial area, and degrees of BUMD contributions as well as capital expenditures in addition to know whether There is a simultaneous and partial influence between the financial performance in the form of degrees of decentralization, regional financial independence areas, the effectiveness of the PAD, the efficiency of the financial area, and BUMD contributions towards capital expenditure on district/municipality in the province of West Java 2014-2017 period.

The population in this research is a Kabupaten/Kota in West Java province year 2014-2017. Sampling in this study using purposive sampling. These methods retrieved 100 samples consisting of 25 district/city for 4 years. Analysis of the model used is a panel data regression analysis using Eviews 9.5 Software by doing some testing phase.

Election results this research panel data model is using a random effects model. Based on the results of the study, the degrees of decentralization, regional financial independence areas, the effectiveness of the PAD, the efficiency of the financial area, and the contribution of BUMD simultaneously have a significant effect on capital expenditure. Partially, the degrees of decentralization, regional financial independence areas, effectiveness PAD, and efficiency of financial areas has a positive effect on capital expenditure. While the degree of BUMD contributions do not affect capital expenditure.

The results of this research are expected to give an overview to the Government regarding the Government's financial performance. And is expected to give an overview to the community about the Government's financial performance in order to make the community contribute in improving the performance of the Government.

Keywords: *Government Financial Performance, Capital Expenditure.*