

ABSTRACT

Financial performance is used as a benchmark for a region's ability to explore the potentials of each region to be able to contribute to revenue growth in the region. The revenue growth earned contributes to achieving the target for each regional government that has been made. The declining financial performance of local governments illustrates the growth of local governments that have not been able to reach the target.

This study aims to determine the effect of Regional Original Income, General Allocation Funds, and Balancing Funds on Regional Government Financial Performance in all provinces in Indonesia, either simultaneously or partially. This study uses data from the APBD Realization Report for all provinces in Indonesia in semester 1 of 2020 which is sourced from the official website of the DJPK Ministry of Finance of the Republic of Indonesia.

This research method uses quantitative methods. The sampling technique used was purposive sampling based on certain criteria. The sample in this study consisted of 31 provinces in Indonesia. Data collection techniques using documentation and library studies. The analytical method used is simple linear regression and multiple linear regression using IBM SPSS Statistic 25 software.

The results showed that the General Allocation Fund and the Balancing Fund simultaneously had an effect on financial performance as proxy for independence. The results of the study partially show that local revenue has an effect on financial performance which is proxied by effectiveness and the General Allocation Fund also affects financial performance which is proxied by independence, while the Balancing Fund has no effect on financial performance which is proxied independently.

This research is expected to increase knowledge and insight regarding the factors that can affect the financial performance of local governments.

Keywords: *Financial Performance, Regional Original Income, General Allocation Fund, Balancing Fund.*