

SUMMARY

The concept of new public management (NPM) gives a great influence in improving public services for the citizen. NPM focuses on the implementation of fiscal decentralization, where local governments can optimize local expenditures for the prosperity of citizen by considering the available sources of local revenue. This study is an analysis of financial statements that aims to examine the effect of local own-source revenue (PAD), general allocation funds (DAU), and special allocation funds (DAK) to the proportion of capital expenditure. The object of research is the Financial Statement of Local Government of Districts and Municipals in Yogyakarta Special Region period 2009-2015. Data analysis technique used is multiple regression analysis of panel data with Fixed Effect Model approach by using Eviews 9.

The results showed that the independent variables together affect the proportion of capital expenditure. Partially, PAD have a positive effect on the proportion of capital expenditure, while DAU and DAK have no effect on the proportion of capital expenditure. The value of coefficient of determination shows that the influence of independent variables to the proportion of capital expenditure of 41.79% while the rest explained by other causes outside the regression model of this study.

Keywords : *local own-source revenue, general allocation funds, and special allocation funds, Capital Expenditure*