ABSTRACT

Financial performance of Local Governments is a depiction of the level of achievement that is set through the provisions of the legislation including regional revenues and expenditures in one budget period. Financial performance measurement is intended to evaluate the results of financial performance in order to create public accountability and achieve the goals that have been set.

This study aims to analyze the effects of Wealth, Leverage, and Regional Expenditures simultaneously or partially on the Financial Performance of Provincial Governments in Indonesia in 2019. The data used in this study were obtained from the official website of the Ministry of Finance. The measurement of financial performance in this study was conducted using the Efficiency Ratio.

This study used quantitative methods with descriptive and hypothetical research types. The sampling technique used saturation sampling method so that the sample used consisted of 34 provinces in Indonesia with a total of 34 data used. The analysis model in this study is Multiple Regression Analysis using IBM SPSS statistics 25 software.

The results of this study showed that the variables of Wealth, Leverage, and Regional Expenditures simultaneously affect the Financial Performance of Local Governments. Partially, the Wealth and Regional Expenditures variables significantly affect the financial performance of local governments, while the leverage variable does not affect the Financial Performance of Local Governments.

This study is expected to be used as literature for the next researches, to be able to investigate with more samples not only the Provincial Government but also the Regency or City in Indonesia, a longer time span and other variables that can affect the Financial Performance of Local Governments. The Provincial Government in Indonesia is expected to evaluate Financial Performance by maximizing all its potential and budget.

Keywords: *Wealth, Leverage, Regional Expenditures, Efficiency Ratio, and Financial Performance of Local Governments.*