

ABSTRACT

Capital expenditures are budget expenditures for the acquisition of fixed assets and other assets that provide benefits for more than one accounting period, including expenditures for maintenance costs that maintain or increase their useful lives, and increase the capacity and quality of assets.

This study aims to examine the effect of Economic Growth, Local Government Revenue, Balance Funds, and Budget Surplus on Capital Expenditures in Regency/City Governments in Indonesia 2020, both partially and simultaneously. This study uses quantitative methods, using secondary data obtained through the website of the Directorate General of Fiscal Balance and the website of the Central Statistics Agency. The sampling technique used purposive sampling with a total sample of 218 Regency/City Governments in Indonesia 2020. The data analysis method in this study used multiple linear regression analysis.

The results of the study indicate that the variables of Economic Growth, Local Government Revenue, Balance Funds, and Budget Surplus simultaneously affect Capital Expenditures. Partially, Economic Growth has no effect on Capital Expenditures, while Local Government Revenue, Balancing Funds, and Budget Surplus have an effect on Capital Expenditures.

Keywords: *Economic Growth, Local Government Revenue, Balance Fund, Budget Surplus, Capital Expenditure.*