

## **ABSTRAK**

This research aims to provide an overview of the financial performance of district/city regional governments throughout Indonesia and to determine the influence of balancing funds and capital expenditure on the financial performance of regional governments. The research method used is descriptive and verification methods. The sample used was 27 Regencies/Cities in the West Java Province Region for the 2020-2021 Fiscal Year. The statistical analysis used in this research is multiple linear regression analysis.

Based on the results of the research conducted, it can be seen that partially the balancing fund has a negative effect on the financial performance of local governments where the magnitude of the influence of the balancing fund is 40.8%. Meanwhile, capital expenditure has a positive effect on the financial performance of local governments, where the influence of capital expenditure is 20.3%.

**KEYWORDS: BALANCED FUNDS, CAPITAL EXPENDITURE, REGIONAL GOVERNMENT FINANCIAL PERFORMANCE.**