

## ***ABSTRACT***

*This study aims to determine the effect of balancing funds and capital expenditure on the level of regional financial independence in local governments in the West Java region in 2017-2021. The method used in this research is a quantitative method with a descriptive and verification approach. This study uses secondary data in the form of APBD Realization Reports that have been audited by the BPK in 2017-2021. The population in this study was 27 consisting of regency and city governments in the West Java region. The sampling technique uses the Non-Probability Sampling Technique with saturated sampling method. The number of samples taken was 135. The results showed that balancing funds had an effect on the level of regional financial independence, capital expenditures had an effect on the level of regional financial independence, and balancing funds and capital expenditures simultaneously had an effect on the level of regional financial independence.*

***Keywords: Balancing Fund, Capital Expenditures, Level of Regional Financial Independence***