

ABSTRACT

THE EFFECT OF LOCAL OWN-SOURCE REVENUE AND BALANCE FUND ON LOCAL GOVERNMENT FINANCIAL PERFORMANCE WITH CAPITAL EXPENDITURE AS AN INTERVENING VARIABLE

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This study aims to test whether there are the effect of Local own-Source Revenue (PAD) and Balance Fund on Local Government Financial Performance, and to test the role of Capital Expenditure as an intervening variable. The data used in this study are secondary data obtained from the Budget Realization Report (LRA) in the 2021-2023 period. The data collection method uses saturated sampling technique, so that a sample of 15 Regencies/Cities in Lampung province is obtained with the total data in this study totaling 45 data. The data analysis method used is multiple linear regression with the SPSS version 25 program. The results of this study indicate that Local own-Source Revenue has no effect on Local Government Financial Performance, Regional Original Revenue has no effect on Local Government Financial Performance through Capital Expenditure, Local own-Source Revenue has an effect on Capital Expenditure, Balance Fund has no effect on Local Government Financial Performance, Balance Fund has an influence on Capital Expenditure, and Balance Fund has no effect on Local Government Financial Performance through Capital Expenditure.

Keywords: Local Own-Source Revenue, Balance Fund, Capital Expenditure, Local Government Financial Performance