

## ABSTRACT

*A local government's success in carrying out its duties is seen from managing finances by utilizing resources effectively and efficiently. Local government financial performance is a measuring tool to determine the ability of local governments to manage their finances. At the end of 2019 the Covid-19 pandemic occurred. So that the period used in the study is the initial period (2019-2020) and the Covid-19 transition period (2021-2022). The purpose of this study is to determine the effect of local own-source revenue, balancing funds and capital expenditure on the financial performance of local governments in each period, namely the initial period (2019-2020) and the transition period (2021-2022) of Covid-19. Local revenue, balancing funds and capital expenditure are independent variables used because they are elements in the regional budget realization report. Based on the data from the Semester Audit Results Overview (IHPS), there are financial problems related to inefficiency, and ineffectiveness that continue to grow until 2022. In the report also, that the dominant problem is ineffectiveness in local government.*

*The method used is quantitative with panel data regression analysis. The research data uses secondary data, namely the 2019-2022 local government budget realization report. The sampling technique used purposive sampling so that there were 34 provinces in Indonesia. The amount of data used was 133 data divided into 68 data in the early period and 65 in the Covid-19 transition period. This study uses panel data regression analysis.*

*The results showed that in the early days and the transition period of Covid-19, local revenue had a significant positive effect on financial performance. Balance funds had a significant positive effect in the early period, while in the transition period it had a positive and insignificant effect. Meanwhile, capital expenditure has a negative and insignificant effect on the financial performance of local governments.*

**Keywords:** *Financial performance of local government, Local Revenue, Balancing Funds and Capital Expenditure.*