

DETERMINATION OF GENUINE OWN INCOME, PROFIT-SHARING FUNDS, GENERAL ALLOCATION FUNDS, SPECIAL ALLOCATION FUNDS AND SILPA ON CAPITAL EXPENDITURES IN 5 CITIES IN ACEH PROVINCIAL GOVERNMENT IN 2012-2021

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Abstract

This study aims to determine the Determination of Regional Original Income, Profit Sharing Funds, General Allocation Funds, Special Allocation Funds and Silpa on Capital Expenditures in 5 Cities in the Provincial Government of Aceh in 2012-2021. The data used in this study are secondary data of 50 observations. . The method used to analyze the relationship between the independent variables and the dependent variable is panel data regression analysis. The results of the study show that local revenue has a positive effect on capital expenditure in 5 municipal governments in Aceh Province, revenue sharing has no effect on capital expenditure in 5 municipal governments in Aceh Province. General allocation funds have a negative effect on capital spending in 5 municipal governments in Aceh Province. Special allocation funds have a positive effect on capital spending in 5 municipal governments in Aceh Province. Silpa has no effect on capital expenditure in 5 municipal governments in Aceh Province.

Keywords: Local Own Revenue, Profit Sharing Fund, General Allocation Fund, Special Allocation Fund, Silpa, Capital Expenditures

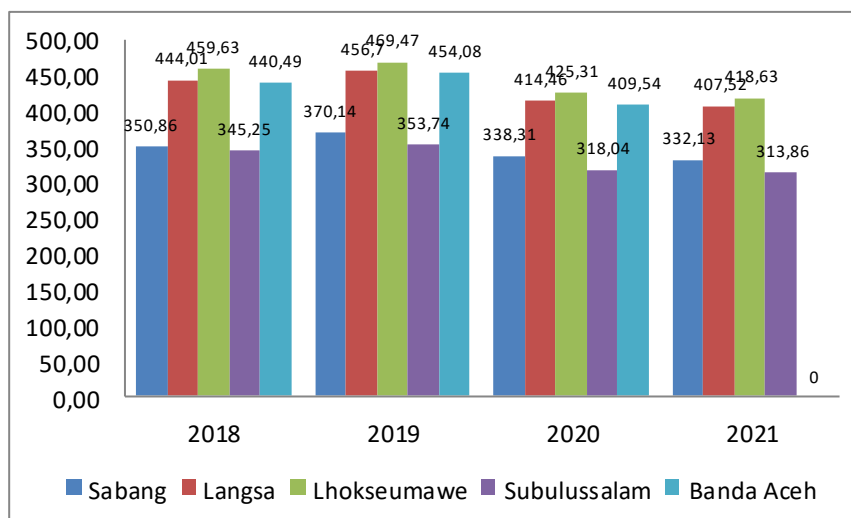
INTRODUCTION

Regional governments have the authority to use their financial resources so that they can be managed effectively and efficiently. Therefore, the local government must determine in advance the planning of government activities for a certain period in the preparation of the annual budget (Putra, 2017; Ndede et al., 2017). Based on article 4 of Government Regulation (PP) No. 58/2005, the public sector budget contains an overview of activity plans in the form of income and spending plans in monetary units. The Regional Revenue and Expenditure Budget (APBD), is an annual regional government financial plan that is jointly prepared by the local government and DPRD and then stipulated by regional regulations, (Maulana and Fadhli, 2020).

According to Government Regulation no. 71 of 2010, Capital Expenditures are defined as budget expenditures in achieving fixed assets and other assets that can have a positive impact on more than one accounting period. Capital expenditures include capital expenditures for the acquisition of land, buildings and structures, equipment and intangible assets.

The phenomenon in Aceh Province shows that the problem of capital expenditure has so far not received serious attention from the Aceh government. This is shown by the amount of capital expenditure budgeted for APBA in Aceh province which is still below the minimum limit set by the central government, which is 30% for capital expenditure (Ramlan, 2016).

The government should pay more attention to capital expenditure. The development of capital expenditure during the period 2018 to 2021 is shown in Figure below:



Based on the figure above, it shows that there are fluctuations in capital expenditure used in each district and city. It can even be seen that in the 2019-2021 period there tends to be a decline, this condition is closely related to the regional economic situation which has also declined due to the Covid 19 pandemic. The decline in the element of capital expenditure also depends on several main sources such as Revenue Sharing Funds (DBH), Funds General Allocation (DAU), and Special Allocation Fund (DAK).

Various sources of regional government capital expenditure can be seen from Regional Original Revenue (PAD), balancing funds, Remaining Budget Financing (SiLPA), loans and others (Mardiasmo, 2018). PAD is income sourced and collected by the Regions based on the applicable Regional Regulations. The purpose of PAD is to give authority to Regional Governments in regional autonomy funding that is adjusted to the potential of each region, (Sughiarti and Supadmi, 2014). The higher the PAD, the government spending on capital expenditure will also be higher. In line with PP No. 58 of 2005 concerning regional financial management which states that PAD is prepared according to the needs of government administration and the ability of regional revenues. Regional autonomy requires regional governments to be able to explore sources of local revenue and increase the independence of their regions. In Law no. 23 of 2014, Regional Original Revenue comes from: Regional Taxes, Regional Levies

In the new APBD structure with a performance approach, the type of revenue that comes from regional taxes and regional levies is based on Law no. 28 of 2009 concerning changes to Law no. 23 of 2000 concerning Regional Taxes and Regional Levies, broken down into:

- a. Provincial Tax. This tax consists of: (i) Tax on motorized vehicles and vehicles on water, (ii) Transfer fees for motorized vehicles, (iii) Tax on fuel for motor vehicles, (iv) Tax on surface water collection, and (v) Tax on cigarettes.
- b. Types of Regency/Municipal Taxes. This tax consists of: (i) Hotel Tax, (ii) Restaurant Tax, (iii) Entertainment Tax, (iv) Advertising Tax, (v) Street Lighting Tax, (vi) Non-Metal and Rock Mineral Tax, (vii) Tax Parking, (viii) Groundwater Tax, (ix) Swallow's Nest Tax, (x) Rural and Urban Land and Building Tax, and (xi) Land and Building Rights Acquisition Fees.
- c. Retribution. These levies are broken down into: (i) public service levies, (ii) business services levies, (iii) certain licensing levies.

Furthermore, the factor suspected of influencing capital expenditure is profit-sharing funds (Mardiasmo, 2018). Revenue Sharing Fund (DBH) is a fund originating from the APBN which is allocated to regions based on percentage figures to fund regional needs in the context of implementing decentralization. Revenue Sharing Funds (DBH) transferred by the central government to regional governments consist of 2 types, namely tax Revenue

Sharing Funds and non-tax Revenue Sharing Funds (Natural Resources). Article 10 of Law No. 33 of 2004 states that profit-sharing funds are balancing funds originating from taxes and natural resources, revenue-sharing funds which are sources of taxes are:

- a. Land and Building Rights Acquisition Fee (BPHTB)
- b. Domestic individual taxpayer income tax (WPOP).
- c. Land and Building Tax (PBB)

Profit Sharing Funds originating from natural resources are of the following types:

- a. Fishery
- b. Petroleum mining
- c. Forestry
- d. General mining
- e. Geothermal mining
- f. Natural gas oil mining

The General Allocation Fund is also a factor in determining capital expenditure. DAU is a fund originating from the APBN which is allocated for the purpose of inter-regional financial equity to finance expenditure needs in the context of implementing Decentralization. Financial balance funds are a consequence of the transfer of authority from the central government to regional governments (Wandira, 2013). The higher the General Allocation Fund (DAU), the higher government spending on capital expenditures, there is a link between transfer funds from the central government and capital expenditures.

Special Allocation Funds are funds originating from the APBN which are allocated to certain regions with the aim of helping fund special activities which are regional affairs and in accordance with national priorities. Utilization of DAK is directed at investment activities for development, procurement, upgrading and repair of physical facilities and infrastructure with a long economic life, including the procurement of supporting physical facilities and does not include capital participation.

SILPA also affects capital expenditure. SILPA is the excess difference between the realization of budget receipts and expenditures during one budget period. The remaining budget is funds that have not been used so that they remain at the end of the fiscal year which is called SILPA and will become SILPA (Remaining Over Budget Calculations) in the following fiscal year (Abdullah, 2013). From the financing sector, SILPA is a reliable source of revenue to finance expenditures within the APBD structure (Kusnandar and Siswanto, 2012).

Aceh province consists of 18 regencies and 5 cities, with different levels of capital expenditure according to the needs of each region. Various sources of regional government capital expenditure can be seen from Regional Original Revenue (PAD), balancing funds, Remaining Budget Financing (SiLPA), loans and others. With the allocation of PAD into the capital expenditure budget, it is hoped that regional governments will be able to develop their regions for the better by exploring their local revenue potential.

RESEARCH METHODS

Research sites

This research was conducted at City governments in Aceh Province. The data used by researchers is APBD Realization Report data from 2012-2021, which is sourced from the website of the Republic of Indonesia's Financial Audit Agency, namely www.bpk.go.id or www.djpk.kemenkeu.go.id. The research objects used are regional original income, profit sharing funds, general allocation funds, special allocation funds, silpa and capital expenditures.

Population and Sample

The population is a generalization area consisting of objects or subjects that have certain qualities and characteristics that are applied by researchers to be studied, then conclusions are drawn (Sugiyono, 2018). The population in this study are all cities in the Aceh provincial government consisting of Sabang City, Banda Aceh City, Lhokseumawe City, Langsa City, Subulussalam City during the period 2012 to 2021.

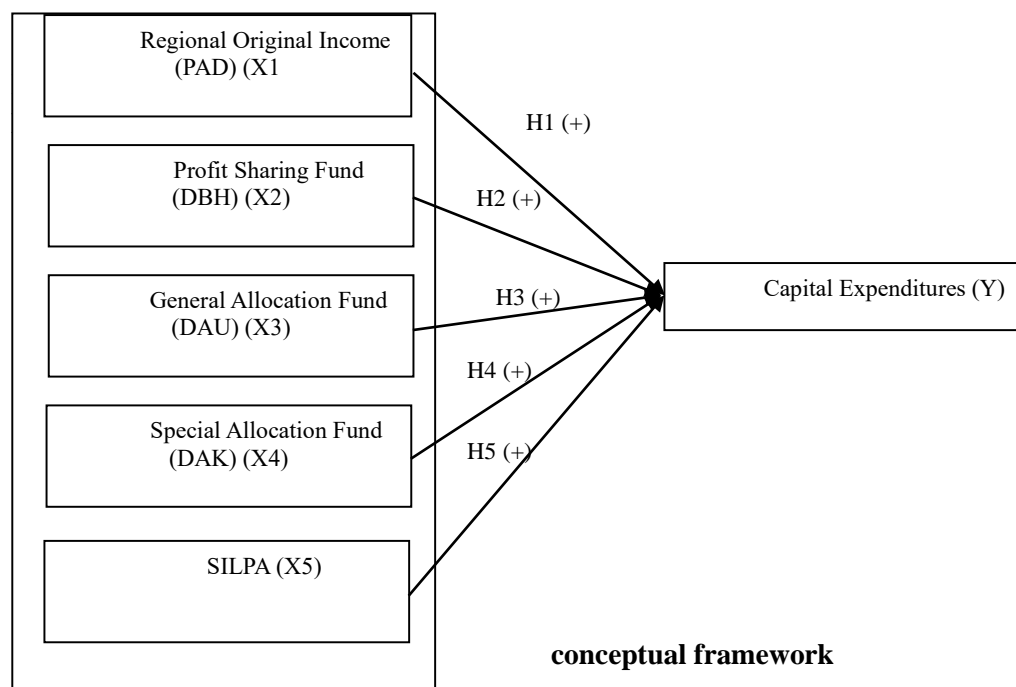
Data analysis Method

Data analysis is the activity of processing the data that has been collected then can provide an interpretation of these results. The data analysis method used in this study is panel data analysis with the help of the E-views program. According to Winarno (2015) panel data is a combination of time series data (*time series*) and cross data (cross section). Time series data is data consisting of one or more variables that will be observed in one unit of observation in a certain period of time. Meanwhile, the cross section is observational data from several observation units at one point in time. The equation model for panel data regression analysis is as follows:

$$Y_{it} = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \beta_5 X_{5it} + e_{it}$$

Information :

- Y_{it} = Capital Expenditures
- α = Constant
- X_1 = Local Own Revenue
- X_2 = Profit Sharing Fund
- X_3 = General Allocation Fund
- X_4 = Special Allocation Fund
- X_5 = SILPA
- i = i-th entity
- t = t-period
- β = Variable Regression Coefficient
- e = *term error*

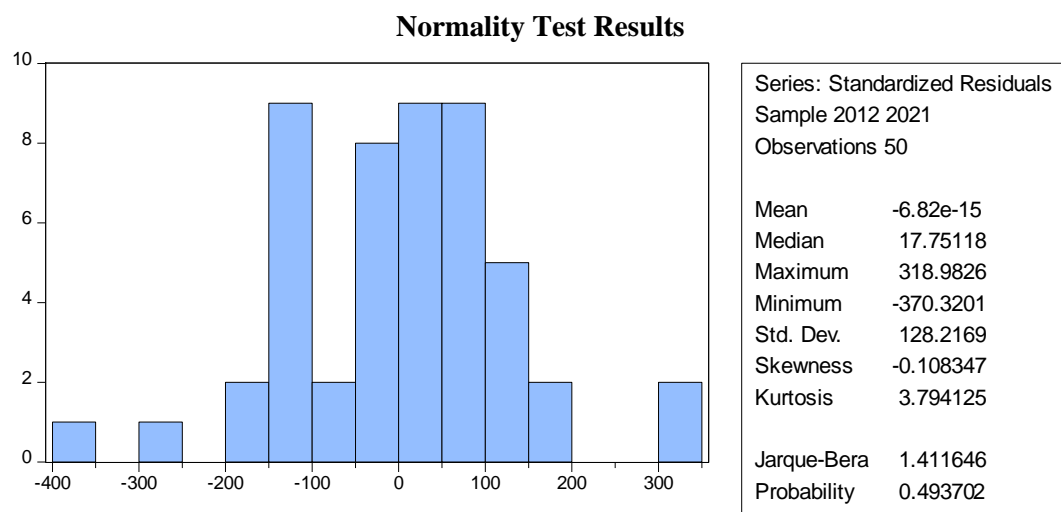


hypothesis

The research hypothesis is a temporary answer to a temporary problem because it still has to be proven true. Until proven through the data collected and must be tested empirically. Based on the conceptual framework above, the research hypothesis is as follows:

- H₁ : Regional Own Revenue effect on capital spending in 5 cities in Aceh Province
- H₂ : Profit Sharing Fund effect on capital spending in 5 cities in Aceh Province
- H₃ : General Allocation Fund effect on capital spending in 5 cities in Aceh Province
- H₄ : Special Allocation Fund effect on capital spending in 5 cities in Aceh Province
- H₅ : SILPA effect on capital spending in 5 cities in Aceh Province

RESULTS AND DISCUSSION



Based on the results of the data normality test in the image above, it can be seen that the Jarque Bera value is 1.411 with a probability value of 0.493. The Chi Square table value in this study by calculating $df = 5$ at a significance level of 5% produces a figure of 11.07. Therefore, the Jarque Bera value is smaller than the Chi Square table value and the probability value is above 0.05 so it can be concluded that the data in this study are normally distributed.

Multicollinearity Test

Correlation					
t-Statistics					
probability	SHOPPIN	PAD	DBH	DAU	DAK
SHOPPING	1.000000				

PAD	0.391940	1.000000			
	2.951597	-----			
	0.0049	-----			

DBH	0.104157	0.137684	1.000000		
	0.725565	0.963077	-----		
	0.4716	0.3403	-----		
DAU	0.190643	0.861399	0.403158	1.000000	
	1.345491	11.74958	3.052203	-----	
	0.1848	0.0000	0.0037	-----	
DAK	0.616967	0.331973	-0.208604	0.217489	1.000000
	5.431427	2.438249	-1.477764	1.543764	-----
	0.0000	0.0185	0.1460	0.1292	-----
SILPA	0.078383	0.358930	-0.040642	0.428481	0.120391
	0.544732	2.664279	-0.281810	3.285483	0.840202
	0.5885	0.0105	0.7793	0.0019	0.4050

The results of the multicollinearity test can be seen based on the correlation test. The table above shows that this model is free from multicollinearity problems where the correlation is below 0.8. Based on the research results, it can be concluded that there is no error between variables in the study.

Heteroscedasticity Test

Heteroscedasticity aims to test whether in the regression model there is an inequality of variance from residuals or observations to other observations. Heteroscedasticity test can be done with the white test. However, in this study, because it is based on the selected panel data model, namely the fixed effect model, there is no need to use heteroscedasticity.

Autocorrelation Test

Autocorrelation is the correlation between members of a series of observations ordered by time series. According to (Gujarati 2012), the most popular test for detecting autocorrelation is the Durbin-Watson statistical test. Based on the output of Eviews, it shows that the Durbin Watson value is 1.434, because the dw value is between -2 to +2, so in this study it is concluded that there are no interfering errors between time series.

Panel Data Model Selection

Chow Test Results

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effect Test	Statistics	df	Prob.
Cross-section F	8.749576	(4,40)	0.0000
Chi-square cross-sections	31.429302	4	0.0000

Based on the test results table above, it shows that the probability value of the Chi Square line on the chow test is 0.0000. This value is below 0.05. If the probability value of chi square is less than 0.05 then the best model is the fixed effect model. Based on the Chow test, the best model in this study is the Fixed Effect Model (FEM) so it is necessary to do a test to see between the Fixed Effect Model (FEM) and the Random Effect Model. The test that can be done to compare the Fixed Effect Model (FEM) and the Random Effect Model is the Hausman Test. The results of the Hausman test in this study are as follows:

Hausman Test Results

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Random cross-sections	37.650040	4	0.0000

Based on the table above, it can be seen that the probability value is 0.0000. This value is significantly below 0.05. Based on the Hausman Test, the best model in this study is the Fixed Effect Model (FEM). So this study uses the Fixed Effect Model.

Panel Data Regression Equation (Fixed Effect Model)

Dependent Variable: SHOPPING
Method: Panel Least Squares
Sample: 2012 2021
Period included: 10
Cross-sections included: 5
Total panel (balanced) observations: 50

Variables	coefficient	std. Error	t-Statistics	Prob.
C	922.1906	220.7410	4.177705	0.0002
PAD	8.185877	0.987470	8.289748	0.0000
DBH	3.641979	2.433739	1.496454	0.1424
DAU	-2.930046	0.549683	-5.330429	0.0000
DAK	1.994790	0.647943	3.078649	0.0037
SILPA	0.498651	0.910640	0.547584	0.5870

Effects Specification

Cross-section fixed (dummy variables)			
R-squared	0.800372	Mean dependent var	684.3950
Adjusted R-squared	0.755456	SD dependent var	286.9691
SE of regression	141.9101	Akaike info criterion	12.92512
Sum squared residue	805539.5	Schwarz criterion	13.30753
Likelihood logs	-313.1280	Hannan-Quinn criter.	13.07074
F-statistics	17.81924	Durbin-Watson stat	1.434441
Prob(F-statistic)	0.000000		

Based on the table above, the regression equation that can be compiled in this study is as follows:

$$Y = 922.19 + 8.18 \text{ PAD} + 3.64 \text{ DBH} - 2.93 \text{ DAU} + 1.99 \text{ DAK} + 0.49 \text{ SILPA} + \text{eit}$$

Based on the above equation, it can be explained that:

1. A constant of 922.19 means that if DAU, DAK, DBH, PAD and silpa are considered constant (value 0), then capital expenditure has a fixed value of -922.19.
2. The value of the regression coefficient for local original income is 8.18 indicating a positive relationship which means that every 1% increase in regional original income causes capital expenditure to increase by 8.18%.
3. The value of the regression coefficient of revenue sharing is 3.64 indicating a positive relationship which means that every 1% increase in revenue sharing funds causes capital expenditure to increase by 3.64%.
4. The regression coefficient value of general allocation funds is -2.93 indicating a negative relationship (not unidirectional), which means that every 1% increase in general allocation funds causes capital expenditure to decrease by 2.93%.
5. The value of the special allocation fund regression coefficient of 1.99 shows a positive relationship which means that every 1% increase in special allocation funds causes capital expenditure to increase by 1.99%.
6. The silpa regression coefficient value of 0.49 shows a positive relationship which means that every 1% increase in silpa causes capital expenditure to increase by 0.49%.

Discussion

The Effect of Regional Original Income on Capital Expenditures

The research results show that locally-generated revenue has a positive effect on capital expenditure in 5 city governments in Aceh Province where the t count $>$ t table is $8.289 > 1.680$ and a significant value is $0.00 < 0.05$. The results of the study are in line with the results of research by Rahmawati and Suryono (2015) which state that PAD has a significant and positive effect on regional spending. This means that local governments that have an increase in the amount of PAD, there is also an increase in the amount of spending spent. The results of the study also support the results of Kusnandar and Siswantoro's (2012) research, that local revenue has a positive and significant effect on spending.

Effect of Profit Sharing Funds on Capital Expenditures

The results of the study show that profit-sharing funds have no effect on capital expenditure in 5 municipal governments in Aceh Province. Where is the value of t count $<$ t table, namely $1.496 > 1.680$ and a significant value of $0.142 > 0.05$. DBH is used as an instrument to reduce vertical fiscal inequality, which aims to balance, equal distribution of income and levels of public services between regions with varying economic capacities (Soemarsono, 2018). Wandira (2013) states that there is a positive and significant influence between DBH variables on Capital Expenditures. The higher the Revenue Sharing Fund (DBH) obtained, the allocation of capital expenditure will also increase.

The Effect of General Allocation Funds on Capital Expenditures

The results of the study show that general allocation funds have a negative effect on capital expenditures in 5 municipal governments in Aceh Province. where the t count $>$ t table is $5.330 > 1.680$ and a significant value is $0.00 < 0.05$. The General Allocation Fund (DAU) is a fund originating from APBN revenues allocated for the purpose of equal distribution of inter-regional financial capacity to fund regional needs in the context of implementing decentralization. Based on Law Number 33 of 2004 concerning Financial Balance between the Central Government and Regional Governments, the total amount of DAU is at least 26% of net domestic revenues stipulated in the APBN. The use of DAU is left to the regions in accordance with regional priorities and needs for improving services to the community in the context of implementing regional autonomy. The research results are in

line with the research conducted by (Sasana, 2010); (Apriliawati and Handayani, 2016); and (Amalia, 2015) who obtained the result that the General Allocation Fund has a positive and significant effect on spending.

The Effect of Special Allocation Funds on Capital Expenditures

The results of the research show that special allocation funds has a positive effect on capital expenditure in 5 city governments in Aceh Province where the t count $>$ t table is $3.078 > 1.680$ and a significant value is $0.00 < 0.05$. DAK is allocated in the APBN for certain regions in the framework of decentralization funding to finance special activities determined by the Central Government on the basis of national priorities and to finance special activities proposed by certain regions (UU Number 33 of 2004 concerning Financial Balance between the Central Government and Regional Governments).

Financial balance funds are a consequence of the transfer of authority from the central government to regional governments (Wandira, 2013). The higher the General Allocation Fund (DAU), the higher government spending on capital expenditures, there is a link between transfer funds from the central government and capital expenditures.

The Effect of SILPA on Capital Expenditures

The results of the study show that silpa has no effect on capital expenditure in 5 municipal governments in Aceh Province. Where the t count $>$ t table is $0.547 > 1.680$ and a significant value is $0.58 > 0.05$. Ardhani (2011) states that the difference between income on the one hand and spending and transfers on the other hand is a surplus or deficit. A surplus occurs when income is greater than spending and transfers, while a deficit occurs when income is smaller than spending and transfers. Abdullah (2013) revealed that the previous year's SILPA was part of the current year's APBD financing revenue which made a positive contribution to regional expenditure allocations.

CONCLUSIONS AND SUGGESTIONS

The results of the study indicate that the regression model can be further explained as follows:

1. Partially local revenue has a positive effect on capital expenditure in 5 city governments in Aceh Province.
2. Partially, profit-sharing funds have no effect on capital expenditure in 5 municipal governments in Aceh Province.
3. Partially, general allocation funds have a negative effect on capital expenditure in 5 municipal governments in Aceh Province.
4. Partially, special allocation funds have a positive effect on capital expenditure in 5 municipal governments in Aceh Province.
5. Partially silpa has no effect on capital expenditure in 5 municipal governments in Aceh Province.

The suggestions that can be given in this research are:

1. For further research, it is expected to add other variables that affect capital expenditure.
2. For students of the Management Study Program, they can add insight, knowledge and can improve skills in the field of financial management regarding the factors that will affect capital expenditure.
3. For local governments, it is hoped that local governments will seek to use profit-sharing funds and the remaining excess budget financing for capital expenditures so that the purpose of DBH is to improve the balance between the center and the regions by taking into account the potential of producing regions.

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