THE INFLUENCE OF REGIONAL GENERATED REVENUES, BLOCK GRANT, SPECIAL GRANT, FUND SHARING, PROVINCIAL GOVERNMENT TRANSFER, AND EXTRA BUDGET CALCULATION ON CAPITAL EXPENDITURE IN DISTRICTS/TOWNS OF NORTH SUMATERA WITH GROSS REGIONAL DOMESTIC PRODUCT AS MODERATING VARIABLE

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Abstract:The objective of this study was to analyze the influence of Regional Generated Revenues (PAD), Block Grant (DAU), Special Grant (DAK), Fund Sharing (DBH), Provincial Government Transfer (TPP), and Extra Budget Calculation (SiLPA) on Capital Expenditure with Gross Regional Domestic Product (PDRB) as moderating variable . The research used qualitative causal associative method with secondary data. The population was 198 data obtained from actual budget report of 33 districts/towns in North Sumatera within 6 years (2010- 2015), and the sample were taken by using cencus sampling technique. The data were analyzed by using multiple linear regression analysis and residual test.. The result of the research showed that, simultaneously, PAD, DAU, DAK, DBH, TPP and SiLPA had the influence of Capital Expenditure. Partially, PAD, DAU, DAK, TPP and SiLPA had significant influence of Capital Expenditure in Districts/Towns in North Sumatera. Gross Regional Domestic Product could not moderate the correlation of Regional Generated Revenues, Block Grant, Special Grant, Fund Sharing, Provincial Government Transfer, and Extra Budget Calculation with Capital Expenditure.

Keywords: Capital Expenditure, Regional Generated Revenues, Block Grant, Special Grant, Fund Sharing, Provincial Government Transfer, Extra Budget Calculation and Gross Regional Domestic Product.

I. INTRODUCTION

Research Background

APBD consists of regional income, regional expenditure and regional financing. Regional expenditures which constitute all local government expenditures within a budget year include the costs incurred by local governments in implementing government work programs. The composition of this regional spending should be considered as best as possible in supporting the needs of public facilities in order to increase public confidence in the performance of local government so as to increase the contribution of the community in paying taxes which is one source of local revenue. Priority of capital expenditure for facility improvement that can influence the increase of economic activity of society which surely will increasingly grow local investment.

Implementation of the 3rd National Medium-Term Development Plan (2015-2019) aimed at improving the availability of infrastructure as a priority where the condition is characterized by the development of transportation infrastructure, the availability of electricity supply, the realization of water resources conservation, and rural infrastructure. All of these can be achieved, of course, with development funded from capital expenditures.

According to the Regional Economic and Financial Review of North Sumatera Province Quarter IV of 2015 issued by Bank Indonesia, there was a decrease in capital expenditure from 35.7% to 31.8%. of the total budget. Meanwhile, components with the highest share increase occurred in personnel expenditure (rose to 37.1%), followed by goods expenditure (up to 30.7%).

District and towns governments in North Sumatra still have to prioritize capital expenditure in their regional budgets. For example, in North Sumatera there are 2,098.05 km of state roads, which are good only 1,095.70 km or 52.2% and 418.60 km or 19.95% are in moderate condition, the rest are damaged. Therefore, the Governor of North Sumatera called for 33 districts / cities in North Sumatra to prioritize capital expenditure in APBD of Fiscal Year 2017 for the development and development of facilities and infrastructure directly related to the improvement of basic services to the community.

Based on the phenomenon, the authors are interested to conduct research on "The Influence of Regional Generated Revenues, Block Grant, Special Grant, Fund Sharing, Provincial Government Transfer, and Extra Budget Calculation on Capital Expenditure in districts/towns of North Sumatera with Gross Regional Domestic Product as moderating variable"

Formulation of the problem

1. Do Regional Generated Revenues, Block Grant, Special Grant, Fund Sharing, Provincial Government Transfer, and Extra Budget Calculation have influence simultaneously or partially on Capital Expenditure on districts/towns in North Sumatera?
2. Could Gross Regional Domestic Product moderate the correlation of Regional Generated Revenues, Block Grant, Special Grant, Fund Sharing, Provincial Government Transfer, and Extra Budget Calculation with Capital Expenditure on districts/towns in North Sumatera Province?

Research Purposes

1. To test and analyze whether Regional Generated Revenues, Block Grant, Special Grant, Fund Sharing, Provincial Government Transfer, and Extra Budget Calculation have influence simultaneously or partially on Capital Expenditure on districts/towns in North Sumatera.
2. To determine the ability of Gross Regional Domestic Product to moderate the correlation of Regional Generated Revenues, Block Grant, Special Grant, Fund Sharing, Provincial Government Transfer, and Extra Budget Calculation with Capital Expenditure on districts/towns in North Sumatera Province.

Benefits of research

1. For researchers is expected to be useful as a literature material for the development of insight on the preparation of capital expenditure budget in Local Government
2. For academics this research is expected to be useful as a literature material for the development of insight on the preparation of capital expenditure budget in Local Government.

3. For the district and towns governments in North Sumatera can be useful for consideration in the preparation and utilization of capital expenditures.

Originality of Research

This research is a development of research conducted by Sugiarthi and Supadmi (2015) that is about Effect of PAD, DAU, and SiLPA on capital expenditure with economic growth as moderator. The difference of this study with previous research:

1. Research variables

Sugiarthi and Supadmi's research (2015) observed 3 Independent Variables: Regional Generated Revenue, block grant and Extra Budget Calculation. As moderating variable using Economic Growth. But in present research observed 6 Independent Variables : Regional Generated Revenues, Block Grant, Special Grant, Fund Sharing, Provincial Government Transfer, and Extra Budget Calculation. As moderating variable using Gross regional domestic product.

2. Population and Sample

Sugiarthi and Supadmi research (2015) using sample determinant method is the whole population (census) method with observation year from 2007 until 2011 so that 45 data are obtained. The present study population with the study sample used the entire population (census) with observation year from 2010 until 2015 so that obtained 198 data.

3. Research Sites

Sugiarthi and Supadmi (2015) were conducted in 9 districts / cities throughout Bali Province and present research on 33 districts/towns in North Sumatera.

II. THE LITERATURE AND DEVELOPMENT OF HYPOTHESES

Capital Expenditures are budget expenditures for tangible fixed assets that benefit more than one accounting period (Erlina and Rasdianto, 2013).

Regional Generated Revenue (PAD) is regional revenue from the local tax sector, regional retribution, the result of separated regional wealth management, other Original Regional Income (Mardiasmo, 2002).

Block Grant (DAU) is part of the Balancing Fund, which is funded from the National Budget (APBN) allocated for the purpose of equitable inter-regional financial capacity to fund regional needs in the context of decentralization (Law Number 33/2004) .

Special Grant (DAK) is part of the Balancing Fund, which is fund sourced from the National Revenue and Expenditure Budget (APBN) allocated to the regions to finance certain needs (Law Number 33/2004).

Fund Sharing (DBH) are funds sourced from the National Revenue and Expenditure Budget (APBN) allocated to regions based on percentage figures to fund regional needs in the context of decentralization (Law Number 33/2004).

Provincial Government Transfers are transfers from province to district and city within its territory. According to Permendagri Number 13/2006, transfer receipts represent regional revenues derived from the government authorities thereon. According to Government Regulation Number 71/2010, provincial government transfers consist of Profit Sharing and Other Profit Sharing.

Extra Budget Calculation (SiLPA) is the difference in realization of revenues and expenditures during a budget period (Tanjung, 2009).

Gross regional domestic product (PDRB) is the sum of the net economic outputs generated by all economic activity in a particular region (province and district / city), and within a certain time (one calendar year).

The hypothesis in this research are:

1. Regional Generated Revenues, Block Grant, Special Grant, Fund Sharing, Provincial Government Transfer, and Extra Budget Calculation have influence simultaneously or partially on Capital Expenditure on districts/towns in North Sumatera.
2. Gross Regional Domestic Product can moderate the correlation of Regional Generated Revenues, Block Grant, Special Grant, Fund Sharing, Provincial Government Transfer, and Extra Budget Calculation with Capital Expenditure on districts/towns in North Sumatera Province.

III. METHODOLOGY

The population of this study amounted to 198 data obtained from the budget realization reports 33 districts / towns in North Sumatera for 6 years from 2010 to 2015. The sampling technique using the census method, the entire population in this study used as research samples. The method of data analysis used is multiple linear regression analysis and residual test. Data used is secondary data in the form of documents in the Regional Financial and Asset Management Board of North Sumatera Province, Directorate General of Regional Financial Balance and Central Bureau of Statistics.

Classical Assumption Testing

1. Normality Test

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		198
Normal Parameters[a,b]	Mean	.0000234
	Std. Deviation	45139430153.39036000
Most Extreme Differences	Absolute	.060
	Positive	.060
	Negative	-.043
Test Statistic		.060
Asymp. Sig. (2-tailed)		.080[c]

based on the table shows that the value Kolmogorov-Smirnov equal to 0.060 with a significance level of 0.080. Since the asymp.sig (2-tailed) value is greater than 0.05, it can be concluded that the residual data has a normal distribution..

2. Multicolonierity Test

Coefficients[a]

		Collinearity Statistics	
Model		Tolerance	VIF
1	PAD	.291	3.442
	DAU	.414	2.417
	DAK	.898	1.114
	DBH	.426	2.345
	TPP	.371	2.693
	SiLPA	.660	1.516

a. Dependent Variable: Y

Based on the above table, each VIF value is not greater than 10 and the tolerance value is greater than 0.1, hence there are no multicollonearity problems.

3. Heteroscedasticity Test

Coefficients[a]

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	46.514	.412		112.820	.000
	PAD	-7.722E-13	.000	-.076	-.590	.556
	DAU	1.577E-12	.000	.185	1.715	.088
	DAK	4.039E-12	.000	.067	.920	.359
	DBH	8.166E-12	.000	.166	1.557	.121
	TPP	-1.507E-12	.000	-.063	-.550	.583
	SiLPA	3.085E-13	.000	.009	.104	.917

a. Dependent Variable: lnres1_2

Based on Table, the sig value is known of each independent variable is greater than the trust level (α) of 0.05. This shows that in the regression model there is no heteroscedasticity.

4. Autocorrelation Test

Because of autocorrelation, data transformation is done by using Cochrane Orcutt method.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.910[a]	.828	.822	42292846498.57296	1.950

a. Predictors: (Constant), SiLPA,TPP,DBH,DAK,DAU,PAD

b. Dependent Variable: BM

Based on the table, Durbin Watson's value of 1,950 is between the upper limit of 1,830 and less than 4-1,830 (4-du), it can be concluded that there is no autocorrelation.

Hypothesis Test

1. First hypothesis test

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	4282625094.193	6633242166.541		.646	.519
	PAD	.171	.030	.276	5.660	.000
	DAU	.218	.022	.409	9.797	.000
	DAK	.515	.087	.186	5.954	.000
	DBH	-.252	.116	-.085	-2.171	.031
	TPP	.325	.059	.247	5.471	.000
	SiLPA	.370	.065	.207	5.659	.000

Coefficients[a]

a. Dependent Variable: BM

Based on table, the regression equation between independent variables to the dependent variable as follows:

Y = 4282625094,193+ 0,171 X_1 + 0,218 X_2 + 0,515 X_3 - 0,252X_4+ 0,325X_5 + 0,370X_6

The results of the equation shows that the variable PAD, DAU, DAK, the TPP and the regression coefficient SiLPA has positive, then it can be inferred the higher variable PAD, DAU, DAK, TPP and SiLPA then increasingly higher capital spending in the county town in the province of North Sumatera..

2. **The coefficient of Determination (R^2)**

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.910[a]	.828	.822	42292846498.57296

a. Predictors: (Constant), SiLPA,TPP,DBH,DAK,DAU,PAD

b. Dependent Variable: BM

The value of the Adjusted R2 of 0.822 means that 82.2% of the factors capital spending can be explained by the PAD, it is DAU, DAK, DBH, TPP and SiLPA and the rest of 0.178 or 17.8% can be explained by other factors not included in this research .

Simultaneous Test Results (F Test)

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1632466574091049000000000.000	6	272077762348508180000000.000	152.111	.000[b]
	Residual	3398501243408524000000000.000	190	17886848649518548000000.000		
	Total	1972316698431901400000000.000	196			

a. Dependent Variable: BM

b. Predictors: (Constant), SiLPA,TPP,DBH,DAK,DAU,PAD

Of test ANOVA or F Test values obtained to calculate of 152,111 with probability of 0000, the decision-making criteria using the values of F on the real level of significance of 5%. Because probability is smaller than 0.05 then can be concluded simultaneously PAD, DAU, DAK, DBH, TPP and SiLPA had significantly influence of capital expenditures

T Test (Partial Test)
Based on the first hypothesis test on the table above it can be concluded that::

The value t calculate variable PAD 5,660 greater than t table 1,972, the regression coefficients is positive and values less than 0.000 significance $\alpha = 0.05$, then Ha received. This indicates that the variable DAU partially positive effect significantly to capital expenditures.

The value t calculate variable DAU 9,797 greater than t table 1,972, the regression coefficients is positive and values less than 0.000 significance $\alpha = 0.05$, then Ha received. This indicates that the variable DAU partially positive effect significantly to capital expenditures.

The value t calculate variable DAK 5,954 greater than t table 1,972, the regression coefficients is positive and values less than 0.000 significance $\alpha = 0.05$, then Ha received. This indicates that the variable DAK partially positive effect significantly to capital expenditures.

The value t calculate variable DBH 2.171 greater than t table 1.972, the regression coefficients is negative and the value of 0.026 significance smaller than $\alpha = 0.05$, then Ha received. This indicates that the variable DBH partially negative effect significantly to capital expenditures.

The value t calculate variable TPP 5.471 greater than t table 1.972, the regression coefficients is positive and values less than 0.000 significance $\alpha = 0.05$, then Ha received. This indicates that the variable TPP partially positive effect significantly to capital expenditures.

The value t calculate variable SiLPA 5.659 greater than t table 1.972, the regression coefficients is positive and values less than 0.000 significance $\alpha = 0.05$, then Ha received. This indicates that the variable SiLPA partially positive effect significantly to capital expenditures.

2. Second Hypothesis Test (Residual method)

	Coefficients[a]				
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
1 (Constant)	1649309767379.901	360362028690.077		4.577	.000
lagY	10.410	2.394	.297	4.349	.000
a. Dependent Variable: Absresmod					

Based on the regression results can be formulated the following equation:

$$|e| = 1649309767379,901 + 10,410Y$$

Based on the result of residual test, it is known that the level of significance of Gross Regional Domestic Product has a significance level of 0.000 smaller than $\alpha = 0.050$ and regression coefficient is worth 10,410 it can be concluded that PDRB variable could not moderate the correlation of Regional Generated Revenues, Block Grant, Special Grant, Fund Sharing, Provincial Government Transfer, and Extra Budget Calculation with Capital Expenditure.

IV. CONCLUSIONS, LIMITATIONS AND SUGGESTION

Based on the results of hypothesis testing and discussion of research, it can be concluded as follows:

1. Simultaneously, Regional Generated Revenues, Block Grant, Special Grant, Fund Sharing, Provincial Government Transfer, and Extra Budget Calculation had the influence of capital expenditure on district/town in North Sumatera Province during the period of the year 2010 – 2015. Partially, Regional Generated Revenues, Block Grant, Special Grant, Provincial Government Transfer, and Extra Budget Calculation had positive and significant influence of capital expenditure on district/city in North Sumatera. DBH partially had negative and significant influence of capital expenditure on district/city in North Sumatra.
2. Gross Regional Domestic Product could not moderate the correlation of Regional Generated Revenues, Block Grant, Special Grant, Fund Sharing, Provincial Government Transfer, and Extra Budget Calculation with Capital Expenditure on district/town in North Sumatera Province during the period of the year 2010 – 2015.

Limitations of Research

Limitations in this study are as follows:

1. The samples used in the study 33 counties and cities in North Sumatra Province during the period of the year 2010 – 2015. The research could not be done for a period in 2016 because the report realization of the financial district and town in North Sumatera Province the year 2016 there hasn't been published.
2. The moderation variable using the Gross Regional Domestic Product to test moderation relationship Regional Generated Revenues, Block Grant, Special Grant, Fund Sharing, Provincial Government Transfer, and Extra Budget Calculation with Capital Expenditure. Other variables in addition to the variables such as area and population are not considered in this study.

Suggestion

Of the conclusions and the limitations of the research which has been described above, then the advice that can be given as follows:

1. Local Government counties and cities in North Sumatra Province conducting efficient and effective financial regions respectively so that the financial statements of his

territory can be delivered on time so that the report realization of Financial District/city in North Sumatra may be published in the next fiscal year.

2. Further research may consider other variables that will be used as variables that influence on moderation capital expenditures such as area and population.

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