

The Influential Factors on Capital Expenditure of Regency/City in Bali Province 2013-2017

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Abstract: The purpose of this study was to analyze the influence of Local Own-source, General Allocation Fund, Special Allocation Funds and Local Own-Surplus Budget Surplus Regency / City Capital Expenditures in Bali Province and detect whether there was a Flypaper Effect in its funding. The population of this study is all regencies / cities in Bali Province. The sampling technique in this study used a saturated sample technique. The method of data collection uses the method of non-participant observation. The analysis technique used is multiple linear regression analysis.

The results of this study indicate that Local Own-source and Special Allocation Funds have a positive and significant effect on Capital Expenditures. This means that Regencys / Cities in Bali Province tend to use Local Own-source and Special Allocation Funds to fund Mobal Expenditures. The General Allocation Fund has a negative effect and significant Special Allocation Funds and Budget Surplus have positive effects but significant Special Allocation Funds. This means that the General Allocation Fund and Budget Surplus tend to be used to finance other expenditures outside of Capital Expenditures. In the Capital Expenditure funding also the Special Allocation Funds occurs the phenomenon of Flypaper Effect because the influence of Local Own-Local Own-source sources Capital Expenditures are greater than other variables.

Keywords: local own-source, general allocation fund. special allocation funds, budget surplus, flypaper effect, capital expenditure.

I. INTRODUCTION

Regional financial management since 2000 has experienced a new era, namely with the implementation of regional autonomy. According to Law Number 23 Year 2014 concerning Regional Government states that regional autonomy is the right, authority, obligation of autonomous regions to regulate and manage their own government affairs and the interests of the local community in accordance with the laws and regulations. The implementation of regional autonomy emphasizes the Local Own-source in the regency and city areas marked by a number of delegations of authority from the Central Government to the relevant Regional Government. This confirms that local governments can determine the allocation of resources owned by the Regional Government Budget by adhering to the principles of compliance, needs, and regional capacity contained in the regional budget. Funding for government administration based on the principle of decentralization is carried out at the expense of the Revenue Budget and Regional Government Budget. Regional autonomy is also expected to encourage economic growth and higher per capita income, thereby increasing the potential to reduce poverty (Miranti *et al.*, 2014).

The problem that arises in regional autonomy is the existence of a regional fiscal gap that forces the central government to provide assistance to the Local Own-source of the regional government in the form of a Balancing Fund. Local governments have full authority to use the balance funds. However, the authority has the consequences obtained by utilizing a balance fund in accordance with what is needed efficiently and effectively to improve public services. Implementation of Decentralization requires the distribution of government functions between the Central Government and the Regional Government. According to Law Number 33 of 2004 concerning Financial Balance between the Central Government and Regional Governments, it is stated that the financial balance between the center and the regions is a fair,

proportional, democratic, transparent and responsible financial sharing system in the framework of funding decentralization by considering potential, conditions, and regional needs. Thus, the financial balance between the central government and the regional government is a comprehensive system in the framework of implementing the principles of decentralization, deconcentration and co-administration. Based on the notion of financial balance, the scope of the understanding is quite broad, namely that the implementation of regional autonomy wants to be realized in the form of horizontal and vertical justice and strives to realize a better governance structure (in terms of finance) towards the realization of good governance.

Agency Theory

Agency Theory, according to Jensen and Meckling (1976) defines agency relations as a contract where the principal hires an agent to do some services for their interests by delegating some decision-making authority to the Local Own-source agent. Agency explained that the delegation of authority from the principal to agent was made in a decision which could cause different interests from Special Allocation Fund carried out by both parties. These differences sometimes lead to two important problems, namely moral hazard, when tiSpecial Allocation Funds agents carry out agreed matters for mutual interest and adverse selection, wherein the principal of the tiSpecial Allocation Funds knows the decisions taken or information obtained by the agent. Agency theory or agency is one of the bases in budget science and accounting.

Local Own-source

Local government income which is all the flow of funds that goes into the regional treasury which comes from several sources such as taxes, transfer funds and others. Local Own-source or local own-source is a source of income obtained from the regions that have the potential of their own area that are collected based on regional regulations. Own-source local sources are from local taxes, regional levies, regional wealth management results, and other legitimate local own-sources. According to the Law of the Republic of Indonesia No. 33 of 2004 concerning Financial Balance between the Central Government and Local Government, Local Own-source, income earned and collected based on regional regulations in accordance with the laws and regulations.

General Allocation Fund

The General Allocation Fund is funds originating from APBN revenues allocated with the aim of equitable distribution of financial capacity between regions to fund regional needs in the context of implementing decentralization (Law Number 33 of 2004). Law No. 33 of 2004 states that the portion of the General Allocation Fund is set at least 26% (twenty six percent) and Net Domestic Revenue determined in the APBN. Meanwhile, the proportion of the General Allocation Fund for Provinces and Regencys / Cities is determined in accordance with the balance of authority between provinces and regencys / cities. The General Allocation Fund is a "Block Grant" which means that its use is handed over to the Local Own-source area in accordance with the priorities and needs of the region for improving service to the Local Own-source community in the context of regional autonomy.

Special Allocation Fund

Law No. 33 of 2004 concerning Financial Balance between the Central Government and Regional Governments states that the criteria in the special allocation funds consist of general criteria, special criteria, and technical criteria. The general criteria are determined by considering the regional financial capacity in the APBD. Specific criteria, namely by taking into account the laws and regulations and regional characteristics, technical criteria, namely those set by the state ministry / technical department. Specific criteria are formulated based on: (1) Legislation that regulates the implementation of special autonomy, for example Law Number 21 Year 2001 concerning Special Autonomy for the Papua Province and Law Number 18 Year 2001 concerning Special Autonomy for the Province of Nangroe Aceh Darussalam. (2) Regional characteristics include coastal and island areas, land border areas with other countries, remote / remote areas, areas that are prone to flooding with landslides, and areas that are included in food security areas.

Budget Surplus

Permendagri number 13 of 2006 states that Budget Surplus, hereinafter abbreviated as Budget Surplus, is the difference between the realization of budget revenues and expenditures over a budget period that Local Own-source can later use the following year. The Budget Surplus is an indicator that describes the efficiency of government spending. Budget Surplus is actually an indicator of efficiency, because the Budget Surplus will only be formed if there is a Local Own-source surplus in the APBD and at the same time positive net financing occurs, where the revenue component is greater than the financing expenditure component (NNT R & D Center in Nurachman, 2015).

Flypaper Effect

The paper effect is a Local Own-source phenomenon, a condition when the Regional Government Responds Regional Government Budget comes from transfers / grants or specifically Conditional Local Own-source transfer funds or unconditional grants from Local Own-source of original income from the area so that it will resulting in waste in the Regional Government Budget. Unconditional grants that are proxied by the General Allocation Fund are determined based on the fiscal gap, namely fiscal requirements minus regional fiscal capacity and lump sum allocated from the central government.

Capital Expenditures

Government Regulation Number 71 of 2010 explains that capital expenditures are regional government expenditures whose benefits exceed one fiscal year and will add regional assets or wealth and will further increase routine expenditure such as Local Own-source maintenance costs for general administration shopping groups. According to Halim and Kusufi (2012: 107), capital expenditures are regional government expenditures whose benefits exceed one fiscal year and will add regional assets or liabilities and will further increase routine expenditure such as Local Own-source maintenance costs for general administrative shopping groups. Own capital expenditures in the APBD own post, which consist of land expenditure, equipment and machinery expenditure, shopping for buildings and buildings, irrigation and network shopping, and asset and other expenditure. The allocation of capital expenditure in the regional financial budget, especially Local Own-source, infrastructure development is very important because regions that have high population mobility and are supported by productive geographical conditions, will require complete infrastructure development so that local governments are required to optimize allocation of capital expenditures, especially Local Own- source of infrastructure development that can create jobs and will have an impact on Local Own-source for improving public services.

TABLE 1: LOCAL OWN-SOURCE BALI PROVINCE IN 2013 – 2017 (in thousand rupiah)

Distrik/City	2013	2014	2015	2016	2017
Jembrana	68.485.482	89.349.410	98.032.410	114.533.487	121.342.475
Tabanan	255.418.219	273.426.482	300.799.020	318.083.799	426.635.751
Badung	2.279.113.502	2.711.625.563	3.001.464.263	3.563.459.640	4.172.457.396
Gianyar	319.612.005	424.472.546	457.321.018	529.864.618	662.753.475
Klungkung	67.401.910	98.837.766	120.035.996	134.142.054	153.210.776
Bangli	55.986.570	76.141.461	87.731.141	104.829.402	104.592.163
Karangasem	168.652.790	239.425.005	243.125.914	318.083.799	198.575.057
Buleleng	160.292.011	219.682.330	293.038.467	282.113.900	455.195.426
Denpasar	658.972.707	698.739.758	776.214.149	807.050.192	1.008.710.261
Total	<u>4.033.935.196</u>	<u>4.831.700.321</u>	<u>5.377.762.378</u>	<u>6.172.160.891</u>	<u>6.294.762.519</u>

Source : BPS Provinsi Bali

From Table 1, it can be seen during the period of 2013 - 2017 Local Revenue in Bali between regency/city is not the same, in fact there is a fairly wide distance, for example in 2017 the highest regency/city Local Own-source in Bali is Badung regency with the amount of Rp. 4,172,457,396,000 very far with the lowest ocal Own-source, namely from Bangli regency in the amount of Rp. 104,529,163,000. Therefore, the Provincial Government provides a Balancing Fund to each regency/city to reduce the gap in the PAD and assist regency / city to meet the Regional Expenditure Budget of each regency/ city.

II. CONCEPTUAL MODEL AND HYPOTESIS DEVELOPMENT

The The Effect of Local Own-source on Capital Expenditures

Local Own-Source is one source of regional income derived from local taxes, regional levies, local government owned enterprises and other legitimate Local Own-Source, which can be used to finance Regional Government Budget, one of which is capital expenditure other than using transfer funds from the center. The research conducted by Edogbanya and Sule (2013) says that there is a positive and significant relationship between increasing regional income and government development efforts which include infrastructure and other social facilities through the realization of capital expenditure. Research by Susanti and Fahlevi (2016) and Purbarini and Masjojo (2015), found that Local Own-source has a positive effect on Capital Expenditures. Local Own-Source and Capital Expenditures have a positive relationship, where Local Own-Source is the backbone of an area to finance the entire Regional Government Budget. The higher the Local Own-Source, the more capital expenditure will be made.

H₁: Local Own-source has a positive effect on Capital Expenditures

The Effect of the General Allocation Fund on Capital Expenditures

The General Allocation Fund is funds originating from the Central Government drawn from the APBN allocated for the purpose of equitable financial distribution between regions to finance the expenditure needs of Regional Governments in the context of implementing decentralization. This is related to the relationship of financial balance between the central government and the regions and is a consequence of the transfer of central authority to the Local Own-source area. Transfers from this center are quite significant so that local governments can use them to provide better public services or for other purposes to public Own-source sources. The General Allocation Fund variable has a significant effect on the Capital Expenditure Variable. This is due to the transfer of the General Allocation Fund from the central government so that local governments can allocate their income to finance Capital Expenditures (Purwanto, 2013).

H₂: The General Allocation Fund has a positive effect on Capital Expenditures

The Effect of Special Allocation Funds on Capital Expenditures

Balancing funds are the embodiment of financial relations between the central government and local governments. One balancing fund is a special allocation fund, which is a fund originating from the state budget allocated to local government-owned local sources to finance special activities which are regional affairs and national priorities. The purpose of special allocation funds is to reduce the burden of special activity costs that must be borne by the regional government. The use of special allocation funds is directed to Local Own-source investment activities for the development, procurement, upgrading, repair of public service facilities and physical infrastructure with a long economic life, with the directed use of special allocation funds for these activities that are expected to improve public services realized in capital expenditure (Ardhani, in Wandira, 2013). In research by Wirira (2013); Aprizay, *et al.* (2014) show evidence that special allocation funds affect capital expenditure.

H₃: Special Allocation Funds has a positive effect on Capital Expenditures

Effect of Surplus Budget on Capital Expenditures

The previous year's Budget Surplus is financing revenues used to cover the budget deficit if the realization of smaller revenues from Local Own-source expenditure realization, funds the implementation of follow-up activities on direct expenditure expenses and funds other obligations that have not been resolved until the end of the fiscal year. (Aprizay, *et al.* 2014). Permendagri Number 13 of 2006 explains the Remaining More Financing The budget is the difference between the realization of budget revenues and expenditures over a budget period. Furthermore, Local Own-source Article 137 up to Article 153, the previous year's Budget Surplus is financing revenue used to cover the budget deficit if the realization of smaller revenues from Local Own-source expenditure realization, funds the implementation of follow-up activities on direct expenditure expenses and funding other obligations which until the end of the fiscal year has not been completed. As much as possible the Budget Surplus to increase the procurement of infrastructure, public facilities and infrastructure that will increase public productivity. The Budget Surplus is also an indicator that describes the efficiency of government spending. The Budget Surplus is an indicator of efficiency because the Budget Surplus will be formed if a state budget surplus occurs and at the same time occurs. Positive net financing, where the revenue component is greater than the financing expenditure component. So the budget surplus has an effect on capital expenditure.

Other funding sources for the allocation of capital expenditures for the provision of various public facilities are regional revenues originating from the previous year's budget surplus (budget surplus). In research conducted by Mentayani and Rusmanto (2013); Aprizay, *et al* (2014); Sugiardi (2014) shows evidence that the Budget Surplus has an effect on capital expenditure

H₄: Budget Surplus has a positive effect on Capital Expenditures

Detection of the phenomenon of flypaper effect on capital expenditure

The paper effect is a Local Own-source phenomenon, a condition when the Regional Government responds Regional Government Budget comes from transfers / grants or specifically Local Own-source transfers of conditional Special Allocation Funds or unconditional grants from the Local Own-source that will result in wasteful Regional Government Budget. Unconditional grants that are proxied by the General Allocation Fund are determined based on the fiscal gap, namely fiscal needs minus regional fiscal capabilities and allocated basic allocations (ump sum from the central government. Research conducted by Paramartha and Nyoman Budiasih (2016) shows that the entire General Allocation Fund obtained by the region, the probability of a flypaper effect is also higher.

Based on previous research studies, the hypothesis can be formed as follows

H₅: Flypaper Effect occurs if the influence of the general allocation fund and special allocation funds is greater than the Local Own-source of Capital Expenditures

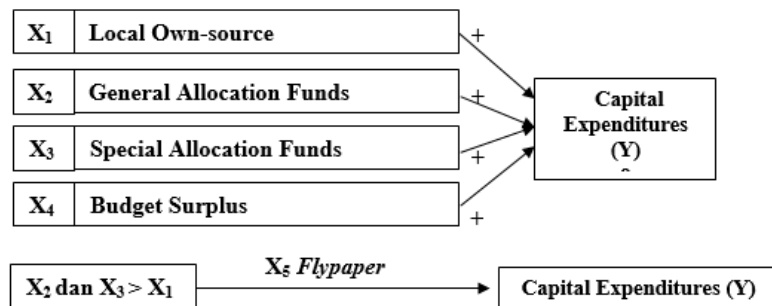


Figure 1: Conceptual Model

III. RESEARCH METHODOLOGY

The approach used in this study is an associative approach. Associative research is research that aims to determine the relationship between two or more variables (Sugiyono, 2014: 55). The location of this study was carried out in Bali Province which was divided into 9 regencys / cities by searching for Local Own-source data, General Allocation Funds, Special Allocation Funds, Budget Surplus and Capital Expenditures at the Bali Provincial Statistics Agency 2013-2017. Bali Province was chosen as the research location because because each regency / city in Bali Province has different potentials and resources and has a high local revenue from the tourism sector but is still quite dependent on the Balancing Fund from the central government to meet expenditure needs for provision of public goods.

The data collection method used in this study is the method of non-participant conservation. The method of data collection carried out in this study is by observing, recording the data directly recorded, and studying the language taken from books, articles, scientific works in the form of theses, journals and documents contained from related institutions such as the Central Bureau of Statistics (BPS) Bali Province. The analysis technique in this study was conducted using statistics, namely the multiple linear regression approach. Regression analysis is a study of dependence on dependent variables on one or more other variables, namely independent variables (Suyana Utama, 2016). Analysis techniques using regression

IV. RESEARCH FINDING AND DISCUSSION

Development of Local Own-source Regency / City of Bali Province

From Table 2 can be seen during the period 2013 - 2017 Local Own-Source In Bali between the Regency / Municipality the Special Allocation Funds are the same, even there seems to be a considerable distance, for example Local Own-source in 2017 Local Own-Source Regency / City is highest in Bali is Badung Regency with an amount of Rp.

4,172,457,396,000 very far with the lowest Local Own-Source, namely from Bangli Regency in the amount of Rp. 104,529,163,000. Therefore the Provincial Government provides Balancing Funds to Local Own-sources of each Regency / city to minimize the gap of Local Own-Source and help the Regency / City fencing to meet the Regional Expenditure Budget of each Regency / City. The following is a table of Local Own-whole Regencys / Cities in Bali Province in 2013 - 2017:

TABLE 2: LOCAL OWN-SOURCE AROUND THE REGENCY / CITY IN BALI PROVINCE 2013 - 2017 (IN THOUSANDS OF RUPIAH)

Regency/City	2013	2014	2015	2016	2017
Jembrana	68.485.482	89.349.410	98.032.410	114.533.487	121.342.475
Tabanan	255.418.219	273.426.482	300.799.020	318.083.799	426.635.751
Badung	2.279.113.502	2.711.625.563	3.001.464.263	3.563.459.640	4.172.457.396
Gianyar	319.612.005	424.472.546	457.321.018	529.864.618	662.753.475
Klungkung	67.401.910	98.837.766	120.035.996	134.142.054	153.210.776
Bangli	55.986.570	76.141.461	87.731.141	104.829.402	104.592.163
Karangasem	168.652.790	239.425.005	243.125.914	318.083.799	198.575.057
Buleleng	160.292.011	219.682.330	293.038.467	282.113.900	455.195.426
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Total	<u>4.033.935.196</u>	<u>4.831.700.321</u>	<u>5.377.762.378</u>	<u>6.172.160.891</u>	<u>6.294.762.519</u>

Source : BPS Provinsi Bali

Development of the General Allocation Funds of Regency / City of Bali Province

From table 3 can be seen during the period 2013-2017 General Allocation Funds Regencys / Cities in Bali Province tend to increase. This means that dependence on the General Allocation Funds of regencies / cities in Bali Province tends to increase per year. This shows the dependence on transfers from the center is still increasing every year. The following are the General Allocation Funds tables for all Regencies / Cities in Bali Province 2013 - 2017:

TABLE 3: GENERAL ALLOCATION FUNDS FOR ALL REGENCIES / CITIES IN BALI PROVINCE 2013 - 2017 (IN THOUSANDS OF RUPIAH)

Regency/City	2013	2014	2015	2016	2017
Jembrana	450.919.726	484.825.804	486.895.030	562.525.134	552.643.376
Tabanan	663.156.595	719.621.530	722.004.642	826.283.780	811.768.631
Badung	372.625.383	324.815.695	286.763.106	336.243.365	330.336.650
Gianyar	609.293.266	626.674.608	641.915.439	705.975.450	693.573.732
Klungkung	444.174.019	474.427.796	484.541.151	539.855.201	530.371.681
Bangli	450.812.694	486.381.005	499.734.801	568.278.943	559.867.699
Karangasem	563.981.785	614.793.461	633.241.287	732.963.859	729.378.991

Buleleng	796.419.224	854.532.248	868.511.959	982.698.080	965.435.235
Denpasar	580.807.702	615.961.906	925.978.507	661.794.756	650.169.150
Total	4.932.190.394	5.202.034.053	5.549.585.922	5.916.618.568	5.823.545.145

Source : BPS Provinsi Bali

Development of the Regency / City of the Special Province of Allocation Funds in Bali

From table 4, it can be seen that during the period 2013-2017 the receipt of the Special Allocation Fund of the Regency/City of the Province of Bali also experienced an increase every year as well as the acceptance of the General Allocation Funds. But the number of Special Allocation Funds is still little compared to the General Allocation Funds, this increase also increases the chances of a paper effect that is where the local government uses more funds from the central government from the Local Own-source to use it to meet the costs of the area. The following are the Special Allocation Funds tables for all Regencies / Cities in Bali Province 2013 - 2017:

TABLE 4: SPECIAL ALLOCATION FUNDS FOR ALL REGENCIES / CITIES IN BALI PROVINCE 2013 - 2017 (IN THOUSANDS OF RUPIAH)

Regency/City	2013	2014	2015	2016	2017
Jembrana	45.403.470	43.546.330	74.878.460	124.390.900	65.207.104
Tabanan	48.921.470	58.514.490	76.599.840	252.205.788	146.640.652
Badung	560.800	551.160	540.930	128.255.774	128.672.731
Gianyar	45.158.740	44.842.840	12.669.520	172.620.325	122.845.176
Klungkung	32.783.760	42.267.390	43.238.016	140.219.853	80.728.261
Bangli	38.687.560	43.195.920	55.098.770	165.074.811	66.170.371
Karangasem	51.209.640	60.473.980	55.877.344	182.216.757	145.232.481
Buleleng	67.312.020	64.898.210	88.557.150	293.888.359	191.117.456
Denpasar	8.093.918	7.392.834	5.226.190	134.708.638	114.658.619
Total	338.131.378	365.683.154	412.686.220	1.593.581.205	1.061.272.851

Source : BPS Provinsi Bali

Development of Budget Surplus Regency / City of Bali Province

From table 5, it can be seen that during the period 2013-2017 the Budget Surplus of the Regency / City of Bali tended to experience this increase due to the increase in Local Own-Source of each regency / city in Bali and the increasing acceptance of General Allocation Funds and Special Allocation Funds from the Local Own Center -source every regency / city in Bali Province. The following are the General Allocation Funds tables for all Regencies / Cities in Bali Province 2013 - 2017:

TABLE 5: BUDGET SURPLUS OF ALL REGENCIES / CITIES IN BALI PROVINCE 2013 - 2017 (IN THOUSANDS OF RUPIAH)

Regency/City	2013	2014	2015	2016	2017
Jembrana	84.863.386	119.322.767	133.876.986	77.225.386	219.995.707
Tabanan	92.528.698	121.344.102	147.395.760	67.705.829	65.321.629

Badung	888.201.986	923.705.992	913.821.324	1.076.132.762	601.085.896
Gianyar	199.637.732	273.199.846	250.838.960	131.846.829	113.625.285
Klungkung	98.703.017	140.006.836	154.864.302	240.791.274	75.988.628
Bangli	46.191.286	128.106.777	101.634.505	37.408.895	102.912.339
Karangasem	101.396.975	155.844.274	142.860.980	125.808.022	122.546.584
Buleleng	111.631.932	93.312.055	163.028.844	28.472.417	93.851.604
Denpasar	222.364.872	281.934.472	243.708.107	239.965.623	325.455.768
Total	1.845.519.884	2.236.777.121	2.252.029.768	2.025.357.037	1.720.783.440

Source : BPS Provinsi Bali

Development of Regency / City Capital Expenditures in Bali Province

From table 6 it can be seen that during the period 2013-2017 Capital Expenditures from Kab / Kota in the Province of Bali have increased every year. This means that Capital Expenditures which should be used for infrastructure development and public facilities increase every year, this also opens up more employment opportunities and increasingly welfare the people. The following is a table of Special Allocation Funds for all Regencys / Cities in Bali Province in 2013 - 2017:

TABLE 6: CAPITAL EXPENDITURES OF ALL REGENCYS / CITIES IN BALI PROVINCE IN 2013 - 2017 (IN THOUSANDS OF RUPIAH)

Regency/City	2013	2014	2015	2016	2017
Jembrana	142.563.466	161.857.709	185.951.166	324.632.880	243.740.854
Tabanan	128.186.385	136.344.905	112.969.443	257.059.674	290.565.187
Badung	766.712.190	949.069.337	922.772.328	1.195.116.112	1.241.111.665
Gianyar	185.323.496	201.181.086	224.182.495	309.917.612	409.360.523
Klungkung	64.093.972	99.816.371	119.338.399	144.107.607	188.796.302
Bangli	62.762.964	70.217.296	110.713.721	250.226.024	158.610.846
Karangasem	180.737.648	177.557.758	178.424.639	190.437.979	237.069.886
Buleleng	185.896.717	183.627.864	226.320.127	345.147.887	295.220.710
Denpasar	254.008.353	234.041.722	193.319.521	257.667.927	251.625.967
Total	1.970.285.191	2.213.714.048	2.273.991.839	3.274.313.702	3.316.101.940

Source : BPS Provinsi Bali

The results of the validity test show that all instruments of this study are valid and appropriate to be used as research instruments. Reliability test results show that all research instruments have Cronbach's Alpha coefficients of more than 0.60. So it can be stated that all variables have met the requirements of reliability or reliability so that they can be used to conduct research.

Calculation of multiple linear regression coefficients is done by regression analysis through SPSS 24.0 for Windows software, the results obtained are shown in Table 7

TABLE 7: THE RESULTS OF MULTIPLE LINEAR REGRESSION ANALYSIS

Model	Unstandardized Coefficients		Standardized Coefficients	Sig.
	B	Std. Error		
(Constant)	99.608.615,536	46.338.171,822		,038
Local Own-source (X1)	,237	,024	,824	,000
General Allocation Funds (X2)	-,090	,070	-,055	,211
Special Allocation Funds (X3)	,747	,169	,180	,000
Budget Surplus (X4)	,161	,096	,146	,101
R	R-squared	F-statistic	Sig. (F-statistic)	
0,979 ^a	0,958	227,994	0,000 ^b	

Source: Primary data processed, 2019

Based on the results of the analysis of multiple linear regression models shown in Table 7 the following equations are formed:

$$Y = a + b_1X_1 - b_2X_2 + b_3X_3 - b_4X_4 + e$$

$$\text{Capital Expenditures} = 99.608.615,536 + 0,237 - 0,90 + 0,747 + 0,161$$

From the results of the above equation shows a constant coefficient of 99,608,615,536, which means that if the Local Own-source, General Allocation Funds, Special Allocation Funds and Budget Surplus do not change or are constant, then Capital Expenditures increase by 99,608,615,536.

From the results of the above equation shows the local-source variable regression coefficient of 0.237, which means that if the other independent variables are fixed and local own-source variables have increased by 1%, Capital Expenditures will increase by 0.237%, and vice versa if it decreases by 1%, Capital Expenditures will decrease by 0.237%. Variable general allocation funds have a regression coefficient of -0.090, which means that if the other independent variables are fixed values and the general allocation funds variable increases by 1%, capital expenditure will decrease by 0.090%, and vice versa if it decreases by 1%, then Shopping Capital will increase by 0.090%. The special allocation funds variable has a regression coefficient of 0.747, which means that if the other independent variables are fixed and the special allocation funds variable increases by 1%, the Capital Expenditure will increase by 0.747%, and vice versa if it decreases by 1%, Capital Expenditures will decrease by 0.747%. Budget surplus variable has a regression coefficient of 0.161, which means that if the other independent variables are fixed and the budget surplus variable has increased by 1%, capital expenditure will increase by 0.161%, and vice versa if it decreases by 1%, capital expenditure will decrease amounting to 0.161%.

The multiple linear regression test in Table 7 also shows that the coefficient of determination (R-squared) is 0.958 or 95.8%, which means the variability of *belanja* variable Own capital can be explained by the variability of Local Own-source, General Allocation Funds, Special Allocation Funds and Budget Surplus amounting to 95.8%, while the remaining 4.2% is explained by other variables outside the research model.

The F test is used to test the regression model that is estimated to be feasible or not. Eligible here means that the model that is estimated to be feasible is used to describe the independent variables on the dependent variable. In table 7 it can be seen that the value of sig. The F statistic of 0,000 is smaller than the level of significance of the error of 0.05, so it can be concluded that the linear regression model that is feasible is used to explain the influence of local own source, general allocation funds, special allocation funds, and the budget surplus for capital expenditure.

The The Effect of Local Own-source on Capital Expenditures

The multiple linear regression analysis test in Table 7 shows that own-source locales have a positive Unstandardized Beta Coefficients value of 0.237 and obtained a significance value of 0.000 smaller than the significance level of 0.05 (0,000 < 0.05). Therefore it can be concluded that Local Own-source has a significant positive effect on Capital Expenditures, then H1 which states Local Own-source has a significant positive effect on Capital Expenditure received. The increase in local own-source is able to have a significant effect on the allocation of the capital expenditure budget by the government. This means that the regional government in implementing its policies as an autonomous region is strongly influenced by

the ability of the region to generate its own regional income. Maximizing local-source as a source of regional revenue that will finance regional government spending through capital expenditure, will attract investors to invest in Padadaerah, whose net will add Local Own-source. The results of this study are in line with the research conducted by Mawarni *et al* (2013) and Arwati and Hadiati (2013), which states that local own-source has an effect on Capital Expenditures.

The Effect of the General Allocation Fund on Capital Expenditures

The multiple linear regression analysis test in Table 7 shows that the general allocation funds have a negative Unstandardized Beta Coefficients value of -0.90 and a significance value of 0.211 is greater than the significance level of 0.05 ($0.211 > 0.05$). Therefore, it can be concluded that the General Allocation Funds have a significant and not significant effect on Capital Expenditures. Then H2 which states that general allocation funds have a positive effect on Capital Expenditure is rejected. This result explains that regencys / cities that get large general allocation funds will tend to have low capital expenditure. This occurs because general allocation funds are used to finance other expenditures such as personnel expenditure, goods and services spending and other expenditures. The relationship of this research with the results obtained relates to agency theory as the theoretical basis used in this study. The implications of applying agency theory can lead to positive things in the form of efficiency, but more often cause negative things in the form of opportunistic behavior. This happens because the agency has financial information that is more than the principal's party, while the principal uses the personal or group interests of its own because it has the advantage of power. The results of this study are in line with the research conducted by Mawarni *et al* (2013) and Wandira (2013) which states that general allocation funds do not affect Capital Expenditures.

The Effect of Special Allocation Funds on Capital Expenditures

Test of multiple linear regression analysis with variable 7 shows that the special allocation funds have a positive Unstandardized Beta Coefficients value of 0.747 and a significance value of 0,000 is smaller than the significance level of 0.05 ($0,000 < 0,05$). Therefore, it can be concluded that special allocation funds have a positive and significant effect on capital expenditure. Then H3 which states special allocation funds have a positive effect on Capital Expenditure received. This result explains that regencys / cities that have large special allocation funds will tend to have large capital expenditure. These results provide a strong indication that capital expenditure behavior will be strongly influenced by the source of acceptance of special allocation funds. Regional income in the form of a Balancing Fund (regional transfer) from the center requires the region to develop and prosper its people through proportional and professional management of regional wealth and building sustainable infrastructure. Local governments can use financial balancing funds to provide services to the public that are realized through capital expenditure, this is in line with the characteristics of Capital Expenditures which are used to build infrastructure and public facilities to improve the welfare of the people. The results of this study are in line with the research conducted by Nuarisa (2013) and Wandira (2013) which states that special allocation funds affect the Capital Expenditures.

Effect of Surplus Budget on Capital Expenditures

The test of multiple linear regression analysis with the variable 7 shows that the Budget Surplus has a positive Unstandardized Beta Coefficients value of 0.161 and a significance value of 0.101 is greater than the significance level of 0.05 ($0.101 < 0.05$). Therefore it can be concluded that Budget Surplus does not have a significant effect on Capital Expenditures. Then H3 which states that the Budget Surplus has a positive effect on Capital Expenditure is rejected. This means that the size of the Budget Surplus does not affect the allocation of capital expenditure because the Budget Surplus does not always have an APBD Report and the Budget Surplus occurs if only a surplus occurs and is used to finance other obligations that have not been resolved in the previous year. Not used to finance the allocation of capital expenditures in the following year, because the Budget Surplus is used to cover the budget deficit if the realization of revenues in the area is smaller than the realization. The results of this study are in line with the research conducted by Putri (2017) and Hermawan (2017) which states that the budget surplus is not significant for capital expenditure.

Detection of the Phenomenon Of Flypaper Effect On Capital Expenditure

Flypaper effects occur when the transfer funds from the central government, the General Allocation Funds and the Special Allocation Funds, have a standard beta coefficient greater than the standard beta beta of other variables, namely Local Own-source and Budget Surplus. The results of multiple linear analysis with 7 indicates that the beta standard efficiency of the General Allocation Funds of -0.055 and the Special Allocation Funds of 0.180 results are far below the standard beta of Local Own-Source coefficient of 0.824, meaning there is no effect on Flypaper Effect on Shopping funding

Capital. This shows that the regencies / cities in the province of Bali are not dependent on transfer funds such as the General Allocation Funds and Special Allocation Funds to fulfill their regional capital expenditures and can still fulfill their regional capital expenditures by using the Local Own-Source of the area concerned.

V. CONCLUSIONS AND SUGGESTIONS

Based on the results of the analysis and discussion in the previous chapter, it can be concluded as follows:

- 1) Local Own-source variables have a significant effect on Capital Expenditures with a positive direction which means that the higher the Local Own-source, the higher the allocation of capital expenditure. This is because if a regional income increases, the allocation of regional capital expenditure increases because the funds owned for capital expenditure are quite large.
- 2) General Allocation Funds variables have a negative and non-significant effect on Capital Expenditures, which means that the General Allocation Fund cannot affect Capital Expenditures because general allocation funds are used to finance other expenditures such as personnel expenditure, goods and services expenditure and other expenditures.
- 3) Special Allocation Funds variables have a significant effect on Capital Expenditures in a positive direction, which means that the higher the Special Allocation Funds obtained by a Daersh, the higher the capital expenditure is due to the allocation of funds almost the same namely to build public infrastructure and facilities to prosper the people
- 4) Budget Surplus Variables have a positive and not significant effect on Capital Expenditures which means that the size of the Budget Surplus cannot affect Capital Expenditures because the Budget Surplus occurs if only a surplus occurs and is used to finance other obligations that have not been resolved in the previous year. Not used to finance capital expenditure allocations in the following year.
- 5) Local Own-source variables have a standard beta coefficient higher than the General Allocation Funds variant and Special Allocation Funds, this shows that there is no Flypaper effect in Capital Expenditure funding. This shows that the regencies / cities in the province of Bali are not dependent on transfer funds such as the General Allocation Funds and Special Allocation Funds to fulfill their regional capital expenditures and can still fulfill their regional capital expenditures by using the Local Own-source of the area concerned.

Suggestions that can be given based on the results of the study are as follows:

- 1) For Regency / City Governments in Bali it is expected to be able to increase the independence of the region through Regional Autonomy and must be able to explore the sources of regional wealth in order to improve Local Own-source. In order for the Local Own-source to be evenly distributed or to have inequality that is not so far between the Regency / city. Namely by way of maximizing Capital Expenditures which are used to increase infrastructure and public facilities.
- 2) The next researcher is expected to add other factors that influence the allocation of regional government capital expenditures both financial and non-financial factors such as local government size and inflation rate. As well as adding other factors also in influencing the financial performance of government in addition to capital expenditure, such as spending on employees and characteristics of local government

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