

# Influence of Local Own-Source Revenue (PAD), General Allocation Fund (DAU), And Special Allocation Fund (DAK) on Capital Expenditure Allocation (Empirical Study on Bandung City for period of 2015-2019)

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## Abstract

*This research aims to empirically determine the influence of Local Own-Source Revenue, General Allocation Fund and Special Allocation Fund on Capital Expenditure in Bandung. Factors tested in this study were Local Own-Source Revenue, general allocation funds, and special allocation funds as independent variables, while capital expenditures as dependent variables. The study was conducted with 60 sample counts for the period of 2015-2019. Sample withdrawal is conducted by means of purposive sampling technique. The data obtained derives from the Bandung Regional Financial and Asset Management Office. The data analyzed in this study is processed from the Regional Revenue and Expenditure Budget Realization Report. The statistical method used adopts multiple linear regression analysis aided by a software program called Eviews 10. Test results shows that local own-source revenue, general allocation fund and special allocation fund partially and simultaneously presents a significant influence on capital expenditures in the Bandung city government for the period 2015-2019.*

**Keywords:** Capital Expenditure, Special Allocation Fund (DAK), General Allocation Fund (DAU), Local Own-Source Revenue, (PAD).

## INTRODUCTION

### Research Background

Regional Development is a development that is prepared and implemented by the region by using and utilizing the existing potential resources in such area. The rapid development of the area requires a large allocation of development funds, thus increasing local government spending (Masayu and Catur, 2017). Local governments may earn revenue generated from the management of the area itself. Such revenue is poured into the Regional Revenue and Expenditure Budget (APBD) as the Local Own-Source Revenue; as reference, an area that

possesses very large natural resource potential and supported by very adequate facilities and infrastructure will affect the increase in community productivity to the development of such area. Regional development stimuli will also affect investor interest to invest in the area. Thus, the increase in regional development will have an effect on the increase in Local Own-Source Revenue (Anjar and Leny,2015). The promulgation of Law No. 23 of 2014 on local government as has been revised several times with Law No. 9 concerning Regional Government and Law No. 33 Year 2004 on Financial Balance between Central and Regional Governments is the starting point for regional autonomy. As explained in Law No. 33/2004 on The Balance between the Central Government and local Government stipulated in article 1 item (17), the Budget is an Annual financial plan of the Regional Government and the House of Representatives and House of Regional Representatives, and is stipulated by Regional regulations.

While the understanding of Bandung Mayor Regulation No. 07 Year 2015 concerning revision of Bandung Mayor Regulation No. 07/2006 on Regional Financial Management Principles, article 1 item (30) stated that Regional Expenditure is a obligation of local government recognized as a deduction in net worth. In regional spending, the government should focus more on Capital Expenditures in the Regional Revenue and Expenditure Budget which represent long-term investments. The mention of long term arises due to the fact that facilities and infrastructure Capital Expenditures can increase the regional income and improve the quality of the local communities. Among others, via infrastructure and development.

It is publicly known that the Bandung City Government has established an assistance program for Students Prone to Continue Education (RMP). Bandung City Secretar, Ema Sumarna mentioned that the funding for such students amounted up to Rp. 109 billion from the 2019 budget. Unfortunately, the funds were not liquidated until now.

In her clarification, Ema stated there was a miscommunication in determining the mechanism of fund disbursement. Such funds should be directed into the budget post indirectly in the form of grants. Meanwhile, the ongoing events made the funds to be transferred into direct shopping posts that can not be granted in the form of grant money, but instead must be spent on goods and services.

Based on Bandung Mayor Regulation No. 07 Year 2015 concerning revision of Regulation by Bandung Mayor Regulation No. 07/2006 on regional financial management points article 1 item (29), Regional Income is the right of local government to be recognized as an additive in the value of net worth. Regional income is an income budgeted in the budget which includes all legitimate money receipts. Local Own-Source Revenue may differ from time to time, since areas that have progress in the field of industry and have abundant natural wealth tend to have much greater Local Own-Source Revenue than other regions, as well as vice versa. It is possible that Local Own-Source Revenue has prove inequal from time to time. On the one hand there is a very rich area because due to its enormous Local Own-Source Revenue and on the other hand, there are some areas being left behind because it has a low PAD (Puput and Kurnia, 2015).

As such, to address fiscal inequality in respective region, the government allocates funds sourced from the state budget to fund regional needs in the implementation of decentralization. One of these government funds is the General Allocation Fund. Law No. 33 Year 2004 article 1 paragraph (20) on financial balancing states that the General Allocation Fund, hereinafter to be mentioned as DAU as a fund sourced from state budget income with the aim of equalizing the financial ability between regions to fund regional needs in the attempt to execute Decentralisation.

The transfer of funds (DAU) for the local government is a source of funding in carrying out its authority, while the lack of funding is expected to be unearthed through its own funding source (PAD) (Bambang, 2004). The rapid development of regional activities related to fiscal activities development requires fund allocation from the local government, resulted in financing at the shopping post consisting of regular expenditures and development expenditures, to require the availability of large funds also to finance the activities (Puput and Kurnia, 2015).

In addition, the Special Allocation Fund under Law No. 33 Year 2004 article 1 paragraph (23) concerning Financial Balance states that the Special Allocation Fund, hereby called DAK, is a fund sourced from state budget income allocated to a particular region with the aim of helping to fund special activities designated as regional affairs and in accordance with national priorities. According to Law no. 23 of 2014, DAK is a fund sourced from state budget revenue allocated to a particular Region with the aim to assist funding of special activities categorized as government affairs under regional jurisdiction.

The Local Government should be effective in regulating regional sources of income for Capital Expenditure, as Capital Expenditure is a major prerequisite in local communities' development and service. Therefore, local governments should allocate their Regional Revenue and Expenditure Budget in accordance with priorities that can provide services to the public in the long term. One of the important tasks of the government is to provide public infrastructure through the allocation of Capital Expenditure to the Budget. Capital Expenditure is an expenditure made by local governments that can affect the growth of the local economy.

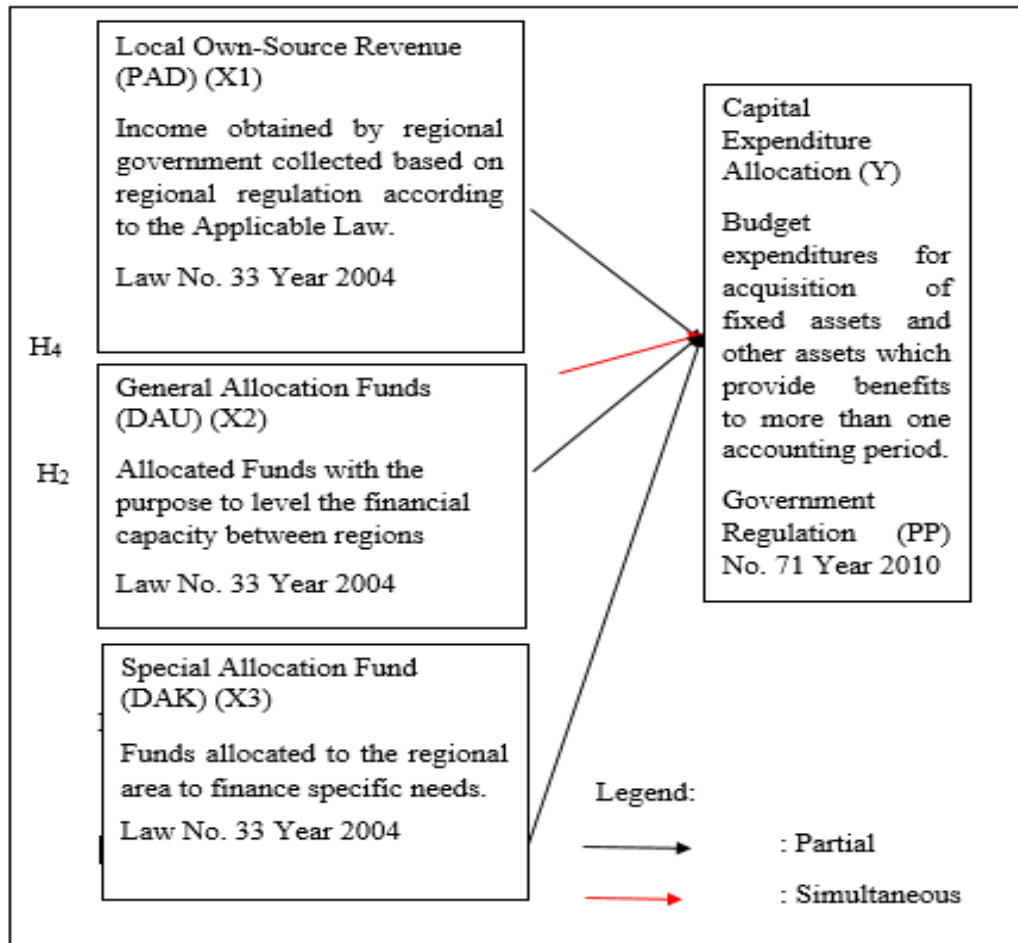
Several preceding researchers ever to conduct studies related to Capital Expenditure have been widely published such as research conducted by Kesit Bambang Prakosa (2004) which examined the analysis of the influence of DAU, and PAD on Regional Spending Predictions. The results showed that DAU and PAD had a significant influence on regional spending, both with lag and without lag. In addition, other research conducted by Anjar and Leny (2015) examined the Influence of Local Own-Source Revenue, and General Allocation Fund on Capital Expenditure in Districts / Cities in Bandung Raya. The results showed that the Local Own-Source Revenue and General Allocation Fund variables had a significant influential effect on Districts/City Capital Expenditure in Greater Bandung

Puput Puspitasari and Kurnia (2015) also researched with the same variables, but with different research area, which demonstrates that PAD and PAU contributed positively to Regional Expenditure. Further research was also conducted by Andri, Arman and Junaidi (2014) with the research title Impact of Local Own-Source Revenue, General Allocation Fund, and Total Population Towards City/District Expenditures in Jambi Province. Revealed that PAD and PAU contributed positive significantly in affecting direct spending, meanwhile the total population coefficient triggers negative relationship on direct spending of the Regional/City government in Jambi Province. Masayu Rachma Wati dan Catur Martian Fajar (2017) also examined the same subject, safe for different interconnected variables. Such research also shows that PAD and Balancing Fund significantly influences Regional Spending.

This research aims to gauge the extent of influence partially from the Local Own-Source Revenue, General Allocation Fund, Special Allocation Fund on capital expenditures in Bandung City? How much is the influence of Regional Indigenous Income, General Allocation Fund, Allocation Fund simultaneously on capital expenditures in Bandung city for the period of 2015-2019?

Local Own-Source Revenue, General Allocation Fund, Special Allocation Fund simultaneously influences the Capital Expenditure Allocation of Bandung City for the period of 2015-2019.

### Theoretical Framework



### Hypothesis

H<sub>1</sub> = Local Own-Source Revenue influences the Capital Expenditure Allocation of Bandung City for the period of 2015-2019.

H<sub>2</sub> = General Allocation Fund, Special Allocation Fund influences the Capital Expenditure Allocation of Bandung City for the period of 2015-2019.

H<sub>3</sub> = Special Allocation Fund influences the Capital Expenditure Allocation of Bandung City for the period of 2015-2019.

H<sub>4</sub> = Local Own-Source Revenue, General Allocation Fund, Special Allocation Fund simultaneously influences the Capital Expenditure Allocation of Bandung City for the period of 2015-2019.

### RESEARCH METHOD

The method used in this research pertains to descriptive research. Such method aims obtain a description or depiction of certain characteristics (specific variables).

This research was conducted at the Office of Financial and Regional Asset Management of Bandung city to find out the extent of influence arising from the Local Own-Source Revenue (PAD), General Allocation Fund (DAU), Special Allocation Fund (DAK) had on capital expenditure allocation in Bandung for the period of 2015-2019.

In this research, the author imposes two variables which are the Independent Variable and Dependent Variable. The independent variable in this research, comprised of regional taxes, regional retributions, separate wealth management income, miscellaneous legal local own-source revenue, general allocation fund and special allocation fund; meanwhile the fixed variable in this research is capital expenditure.

This research uses secondary data. In retrospective, the source used derives from regional income and expenditure report from Bandung's Regional Office of Financial and Asset Management. The object in this research is the local own-source revenue, general allocation fund, special allocation fund and capital expenditure. The analysis unit in this research is Bandung City's revenue and expenditure budget realization report which contains the realization and budget of the local own-source revenue, the budget and realization of the general allocation fund, the budget and the realization of special allocation funds, as well as the budget and realization of capital expenditures obtained from the Office of Financial Management and Regional Assets of Bandung in year 2015-2019.

In this study, samples were taken with a non-probability technique, purposive sampling. Sampling in a non-probability way arises if the opportunity for elements in the population to be selected as samples is unknown (Sekaran, 2015). The research sample was taken from the population of Bandung City's monthly income budget and capital expenditure report from year of 2015-2019. The number of samples in this study was 60 samples. Then the data collection method conducted by the authors on this study is through secondary data supported by literature and documentation.

There are 2 technical analysis methods used, namely the descriptive statistical analysis and multiple linear regression analysis. The descriptive statistical analysis is used to determine data spread mechanism in the sample, and the distance of each individual data point is to the average (or mean – sample value), variance, maximum, minimum, kurtosis (the sharpness viewed as a form of distortion from normal curve), skewness (skew of a curve visible from the difference in location, median mean, and mode) (Ghozali, 2016). In this study, the authors will describe the variable conditions of local own-source revenue, general allocation funds, special allocation funds, and capital expenditures. Multiple linear regression tests can be performed after the model of this study meets the conditions which surpasses the classic assumptions. The classic assumption test in this study was used to test the default of the regression model implemented in the study. In addition, the study also applies multiple regression analysis to determine whether or not there was an influence between local own-source revenue ( $x_1$ ) general allocation fund ( $x_2$ ) and special allocation fund ( $x_3$ ) on capital expenditures ( $y$ ). The regression equations are as follows:

$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + \epsilon$$

Information:

Y : Capital Expenditures  
 $\alpha$  : Constant

- $b_1, b_2, b_3$  : Regression Coefficient  
 $X_1$  : Local Own-Source Revenue  
 $X_2$  : General Allocation Fund  
 $X_3$  : Special Allocation Fund  
 $\epsilon$  : Error Standards

**RESULTS AND DISCUSSION**

The acquisition of quantitative data will be presented as inter-related variables in the study. Quantitative data is obtained based on previously defined variables and measurement scales. The available data will be presented in the form of a statistical descriptive table to support research results presentation.

**Local Own-Source Revenue Development (PAD)**

No.	Period	Local Own-Source Revenue (PAD)				
		2015	2016	2017	2018	2019
1	January	25.313	25.495	25.582	25.852	25.774
2	February	26.091	26.234	26.276	26.559	26.475
3	March	26.546	26.708	26.714	26.954	26.844
4	April	26.883	27.068	27.092	27.261	27.232
5	May	27.114	27.298	27.387	27.500	27.491
6	June	27.328	27.505	27.609	27.660	27.655
7	July	27.476	27.630	27.781	27.879	27.872
8	August	27.684	27.848	27.997	28.183	28.067
9	September	27.941	28.083	28.224	28.307	28.289
10	October	28.050	28.197	28.341	28.400	28.386
11	November	28.142	28.290	28.444	28.485	28.475
12	December	28.251	28.398	28.578	28.576	28.566
<b>Total</b>		<b>326.820</b>	<b>328.754</b>	<b>330.025</b>	<b>331.616</b>	<b>331.127</b>
<b>Average</b>		<b>27.235</b>	<b>27.396</b>	<b>27.502</b>	<b>27.635</b>	<b>27.594</b>
<b>Maximum</b>		<b>28.251</b>	<b>28.398</b>	<b>28.578</b>	<b>28.576</b>	<b>28.566</b>
<b>Minimum</b>		<b>25.313</b>	<b>25.495</b>	<b>25.582</b>	<b>25.852</b>	<b>25.774</b>
<b>Progress</b>			<b>0.592</b>	<b>0.387</b>	<b>0.482</b>	<b>-0.147</b>

The table above explains the development of Local Own-Source Revenue (PAD) of Bandung city in the period of 2015 – 2019. Regional Native Income (PAD) during the research period tends to fluctuate each year.

**General Allocation Fund Development (DAU)**

No.	Period	General Allocation Fund (DAU)				
		2015	2016	2017	2018	2019
1	January	26.293	26.354	26.354	26.285	26.367

2	February	26.699	26.354	26.725	26.741	26.772
3	March	26.986	27.047	27.047	27.029	26.772
4	April	27.210	27.270	27.270	27.252	27.320
5	May	27.392	27.452	27.452	27.434	27.497
6	June	27.546	27.606	27.606	27.589	27.646
7	July	27.680	27.740	27.740	27.722	27.777
8	August	27.797	27.795	27.858	27.840	27.912
9	September	27.903	27.848	27.956	27.945	28.014
10	October	27.998	27.954	28.045	28.041	28.106
11	November	27.998	28.050	28.128	28.128	28.190
12	December	28.085	28.145	28.128	28.128	28.218
<b>Total</b>		<b>329.588</b>	<b>329.615</b>	<b>330.308</b>	<b>330.133</b>	<b>330.591</b>
<b>Average</b>		<b>27.466</b>	<b>27.468</b>	<b>27.526</b>	<b>27.511</b>	<b>27.549</b>
<b>Maximum</b>		<b>28.085</b>	<b>28.145</b>	<b>28.128</b>	<b>28.128</b>	<b>28.218</b>
<b>Minimum</b>		<b>26.293</b>	<b>26.354</b>	<b>26.354</b>	<b>26.285</b>	<b>26.367</b>
<b>Progress</b>			<b>0.008</b>	<b>0.210</b>	<b>-0.053</b>	<b>0.139</b>

The table above explains the average development of The General Allocation Fund (DAU) of Bandung City for the period of 2015 - 2019. The General Allocation Fund (DAU) during the research period tends to be fluctuate.

#### Special Allocation Fund Development (DAK)

No.	Period	Special Allocation Fund (DAK)				
		2015	2016	2017	2018	2019
1	January	24.396	24.434	24.356	24.507	24.177
2	February	24.756	22.645	25.386	23.717	25.980
3	March	25.784	26.145	25.215	25.799	23.218
4	April	25.895	26.228	25.395	25.799	25.636
5	May	22.991	26.289	25.639	25.799	25.636
6	June	22.991	26.296	25.685	26.242	25.636
7	July	22.991	26.819	26.086	26.298	26.173
8	August	22.991	26.819	26.086	26.305	26.173
9	September	22.991	26.819	26.138	26.612	26.576
10	October	22.991	26.819	26.445	26.644	26.637
11	November	22.991	26.826	26.563	26.800	26.729
12	December	23.597	26.845	26.569	26.860	26.804
<b>Total</b>		<b>285.367</b>	<b>312.985</b>	<b>309.562</b>	<b>311.383</b>	<b>309.378</b>
<b>Average</b>		<b>23.781</b>	<b>26.082</b>	<b>25.797</b>	<b>25.949</b>	<b>25.781</b>
<b>Maximum</b>		<b>25.895</b>	<b>26.845</b>	<b>26.569</b>	<b>26.860</b>	<b>26.804</b>

<b>Minimum</b>	<b>22.991</b>	<b>22.645</b>	<b>24.356</b>	<b>23.717</b>	<b>23.218</b>
<b>Progress</b>		<b>9.678</b>	<b>-1.094</b>	<b>0.588</b>	<b>-0.644</b>

The table and pictures above explain the average development of Special Allocation Fund (DAK) of Bandung City for the period of 2015 - 2019. Special Allocation Fund (DAK) during the research period tends to fluctuate.

#### **Capital Expenditure Allocation Development**

No.	Period	Capital Expenditure				
		2015	2016	2017	2018	2019
1	January	19.330	19.960	20.118	21.656	20.494
2	February	19.330	21.018	20.439	21.674	18.951
3	March	25.100	22.921	21.150	21.833	20.945
4	April	25.495	23.675	21.238	24.454	23.691
5	May	25.705	24.536	21.449	25.968	24.826
6	June	26.120	25.305	25.616	26.107	25.159
7	July	26.369	25.588	25.856	26.238	25.723
8	August	26.551	25.995	25.983	26.402	26.031
9	September	26.767	26.277	26.186	26.616	26.499
10	October	26.927	26.588	26.444	26.877	26.868
11	November	27.147	26.931	26.799	27.112	27.102
12	December	27.884	27.857	27.546	27.680	27.796
<b>Total</b>		<b>302.725</b>	<b>296.651</b>	<b>288.823</b>	<b>302.617</b>	<b>294.084</b>
<b>Average</b>		<b>25.227</b>	<b>24.721</b>	<b>24.069</b>	<b>25.218</b>	<b>24.507</b>
<b>Maximum</b>		<b>27.884</b>	<b>27.857</b>	<b>27.546</b>	<b>27.680</b>	<b>27.796</b>
<b>Minimum</b>		<b>19.330</b>	<b>19.960</b>	<b>20.118</b>	<b>21.656</b>	<b>18.951</b>
<b>Progress</b>			<b>-2.006</b>	<b>-2.639</b>	<b>4.776</b>	<b>-2.820</b>

The table and picture above explain the average growth in capital expenditure allocation of Bandung City for the period of 2015 - 2019. The average allocation of capital expenditure during the research period tends to fluctuate.

#### **Data Analysis and Hypothesis Testing**

The main objective of this research is to identify the influence of Local Own-Source Revenue (PAD), General Allocation Fund (DAU) and Special Allocation Fund (DAK) on capital expenditure allocation in Bandung City for the period of 2015 - 2019. To resolve such issue, the data panel's regression analysis maybe used in conjunction with e-views.

#### **Classic Assumption Test**

##### **Data Normality Test**

Based on the Jarque-Bera test results, the known probability value obtained for the data of 0.081 is greater than 0.05. These results show that residuals in the regression model are distributed normally, so it can be said that the assumption of data normality factor is met.

### **Multicholnearity Test**

**Multicholnearity Test Results**

Variables	Centered VIF
PAD	2,701
DAU	2,548
DAK	2,461

Based on the result presented in the table above, it can be concluded that the regression model to be formed is free of multicholnearity, since the three free variables have a VIF value of less than 10.

### **Heteroskedasticity Test**

Based on the decision making criteria of Breusch-Pagan-Godfrey test, it was revealed that the formed regression model was uninhibited from Heteroskedasticity symptoms due to obs\*R-square value generated with the total amount generated with the amount of  $0,779 > 0,05$ , thus qualifying the model for regression testing.

### **Auto correlation Test**

The Durbin Watson score achieved 2,009. This score will be compared with dL and dU value on Durbin Watson table. Research shows that 60 samples and  $\alpha = 5\%$  generated the dL value of 1,480 and dU value of 1,689. Therefore, the results are  $4-dU$  with 2,311 and  $4-dL$  with 2,520. From such values, it was evident that the attained dW is 2,009, between  $dU = 1,689$  dan  $4-dU = 2,311$ . Based on the testing criteria, that there were no signs of auto correlation default whether it is positive and/or negative auto correlation.

### **Estimation of Regression**

#### **Common/Pooled Model Test**

Pooled model test is executed utilizing chow test. The examined hypothesis are as follows:

$H_0$ : Common effect

$H_a$ : Fixed effect

If the Prob. F value  $< 0,05$  therefore the conclusion is to reject  $H_0$  and accept  $H_a$ . In other hand the fixed effect model performs better that the common effect model. The testing result are presented on the table below:

#### **Chow Test Examination Results to determine Common Effect or Fixed Effect as an option**

F-statistic	F-table	Prob. F	Conclusion
1,679	2,009	0,110	Common Effect

From the table above, the value of Prob. F amounts to  $0,110 > 0,05$ , which accords with the determined criteria such as  $H_0$  is accepted and  $H_a$  is rejected, thus signifying that the common effect model performs better than those of the fixed effect ones.

### Panel Data Regression

The regression equation to be formed are as follows:

$$BM = -71,356 + 0,902PAD + 2,120DAU + 0,511DAK$$

Values obtained in the regression equation above maybe explained as follows:

- Constant with the value of  $-71,356$  demonstrates the prediction of capital expenditure allocation when all three variables are constantly free.
- Regression coefficient for Local Own-Source Revenue with the amount of  $0,902$  with positive mark regression coefficient meant that each increase of Special Allocation Fund is predicted to increase capital expenditure allocation of  $0,902$  million rupiah.
- Regression coefficient for General Allocation Fund with the amount of  $2,120$  with positive mark regression coefficient meant that each increase of General Allocation Fund is predicted to increase capital expenditure allocation of  $2,120$  million rupiah.
- Regression coefficient for Special Allocation Fund with the amount of  $0,511$  with positive mark regression coefficient meant that each increase of Special Allocation Fund is predicted to increase capital expenditure allocation of  $0,511$  million rupiah.

### Determination Coefficient

Determination Coefficient ( $R^2$ ) principally measures the extent of model capability in elaborating variations of dependent variables. The value of determination coefficient is between zero to one. Minimum  $R^2$  value represents the narrow capacity of independent variables to explain dependent variables. If the value is close to one, this means that the independent variables have presented almost all information necessary to predict independent variable variation. In table above, the determination coefficient value attained was  $86.3\%$ . This fact demonstrates that when free variables consisted of Local Own-Source Revenue, General Allocation Fund and Special Allocation Fund contributed around  $86.3\%$  of the capital expenditure allocation to Bandung City for the period of 2015-2019, the remaining  $13.7\%$  constitutes contribution from other unresearched variables.

### Hypothesis Testing

#### Partial Hypothesis Testing (t Test)

##### 1. $X_1$ Partial Hypothesis Testing

$H_0: \beta_1 = 0$ ; Partially, Local Own-Source Revenue does not significantly influence the capital expenditure allocation of Bandung City for the period of 2015-2019.

$H_a: \beta_1 \neq 0$ ; Local Own-Source Revenue significantly influences the capital expenditure allocation of Bandung City for the period of 2015-2019.

The permitted error rate ( $\alpha$ ) is  $5\%$ .

Decision making criteria are elaborated as follows:

- $H_0$  is rejected and  $H_a$  is accepted if the value of  $t_{count} > t_{table} / -t_{count} < -t_{table}$

2)  $H_0$  is accepted and  $H_a$  is rejected if the value of  $t_{count} < t_{table} / -t_{count} > -t_{table}$

$t_{table}$  value obtained from t distribution table with the margin of error of 5% and df (n (60)-k (3) - 1) 56 for two tailed testing obtained the  $t_{table}$  value of 2,003. The summary for t test results are presented on the table below:

**X<sub>1</sub> Partial Hypothesis Testing**

Model	$t_{count}$	$t_{table}$	Prob. t	$\alpha$	Decision	Conclusion
PAD	3,701	2,003	0,000	0,05	$H_0$ rejected	Significant

Based on the table above, the value of t-count attained by Local Own-Source Revenue amounted to 3,701. This value shall be compared with the t-table value on t distribution table. The two tailed testing reveals the t-table value of 2,003. From the values above, the t-count value was discovered to be  $3,701 > t_{table} 2,003$ , in accordance with the hypothesis testing criteria that  $H_0$  was rejected and  $H_a$  was accepted which means that partially the Local Own-Source has significant influence to the capital expenditure allocation of Bandung City for the period of 2015-2019.

**2. X<sub>2</sub> Partial Hypothesis Testing**

$H_0: \beta_2 = 0$ ; Partially, The General Allocation Fund does not significantly influence the capital expenditure allocation of Bandung City for the period of 2015-2019.

$H_a: \beta_2 \neq 0$ ; The General Allocation Fund significantly influences the capital expenditure allocation of Bandung City for the period of 2015-2019.

The permitted error rate ( $\alpha$ ) is 5%.

Decision making criteria are elaborated as follows:

- 1)  $H_0$  is rejected and  $H_a$  is accepted if the value of  $t_{count} > t_{table} / -t_{count} < -t_{table}$
- 2)  $H_0$  is accepted and  $H_a$  is rejected if the value of  $t_{count} < t_{table} / -t_{count} > -t_{table}$

$t_{table}$  value obtained from the distribution table with error margin of 5% and df (n (60)-k (3) - 1) 56 based upon two tailed testing presented the  $t_{table}$  value of 2,003. T test result summary are presented on the table below:

**X<sub>2</sub> Partial Hypothesis Testing**

Model	$t_{count}$	$t_{table}$	Prob. t	$\alpha$	Decision	Conclusion
DAU	5,885	2,003	0,000	0,05	$H_0$ rejected	Significant

Based on the table above, it was known that the t-count value obtained by General Allocation Fund amounts to 5,885. This value shall be compared with the t-table value on t-distribution table. For the two tailed testing, the t-table value was 2,003. For the values above, it was revealed that the t-count value obtained was  $5,885 > t_{table}$  value of 2,003, in accordance with the hypothesis testing criteria that  $H_0$  was rejected and  $H_a$  was accepted, which meant that partially, the General Allocation Fund had significant influence concerning capital expenditure allocation of Bandung City for the period of 2015-2019.

### 3. X<sub>3</sub> Partial Hypothesis Testing

H<sub>0</sub>:  $\beta_3 = 0$ ; Partially, Special Allocation Fund does not generate significant influence towards capital expenditure allocation of Bandung City for the period of 2015-2019.

H<sub>a</sub>:  $\beta_3 \neq 0$ ; Special Allocation Fund significantly influences the capital expenditure allocation of Bandung City for the period of 2015-2019.

The permitted error rate ( $\alpha$ ) is 5%.

Decision making criteria are elaborated as follows:

- 1) H<sub>0</sub> is rejected and H<sub>a</sub> is accepted if the value of  $T_{count} > t_{table} / -t_{count} < -t_{table}$ .
- 2) H<sub>0</sub> is accepted and H<sub>a</sub> is rejected if the value of  $t_{count} < t_{table} / -t_{count} > -t_{table}$

$t_{table}$  value obtained from t table distribution table with the error margin of 5% and df (n (60)-k (3) -1) 56 for two tailed testing yields the  $t_{table}$  value of 2,003. Summary of t resting results are presented in on the table below:

**X<sub>3</sub> Partial Hypothesis Testing**

Model	$t_{count}$	$t_{table}$	Prob. t	$\alpha$	Decision	Conclusion
DAK	3,334	2,003	0,000	0,05	H <sub>0</sub> rejected	Significant

Based on the table above, it was known that the value of t-count obtained by Special Allocation Funds amounts to 3,334. This value shall be compared with the t-table value on t distribution table. Testing of both parties obtain the t-table value of 2,003. Based on the values above, the t-count value obtained was  $3,334 > t_{table}$  value of 2,003, in accordance with the hypothesis of testing criteria that H<sub>0</sub> was rejected and H<sub>a</sub> was accepted, translating that The Special Allocation Fund presented significant influence towards capital expenditure allocation of Bandung City for the period of 2015-2019.

### Simultaneous Hypothesis Testing (F Test)

The formulation of the simultaneous hypothesis to be tested is as follows:

H<sub>0</sub>:  $\beta_1 = \beta_2 = \beta_3 = 0$ ; Local Own-Source Revenue, General Allocation Fund and Special Allocation Fund have simultaneously created less significant influence towards capital expenditure allocation of Bandung City for the period of 2015-2019.

H<sub>a</sub>:  $\beta_1 \neq \beta_2 \neq \beta_3 \neq 0$ ; Local Own-Source Revenue, General Allocation Fund and Special Allocation Fund have simultaneously created significant influence towards capital expenditure allocation of Bandung City for the period of 2015-2019.

The allowed error rate ( $\alpha$ ) is 5%.

Decision making criteria are elaborated as follows:

- 1) H<sub>0</sub> is rejected and H<sub>a</sub> is accepted if the value of  $F_{count} > F_{table}$ .
- 2) H<sub>0</sub> is accepted and H<sub>a</sub> is rejected if the value of  $F_{count} < F_{table}$

$F_{table}$  was obtained from distribution table F with the error margin of 5% with the amount of free variables ( $df_1$ ) of 3 d and  $df_2$  (n (60) – k (3) - 1) of 56, ultimately obtaining the  $F_{table}$  value of 2,769. Conclusion of the testing results are therefore presented in the following table:

### Simultaneous Hypothesis Testing

F <sub>count</sub>	F <sub>table</sub>	Prob. F	$\alpha$	Decision	Conclusion
117,643	2,769	0,000	0,05	H <sub>0</sub> rejected	Significant

Based on the table above, the  $F_{\text{count}}$  value obtained was estimated around 117,643. This value shall be compared with  $F_{\text{table}}$  value on distribution table F. With the  $\alpha=0,05$ ,  $db_1=3$  and  $db_2=56$ ,  $F_{\text{table}}$  value totalled 2,769. From such values, it was evident that  $F_{\text{count}}$  value with the amount of 117,643 was greater than  $F_{\text{table}}$  value of 2,769. In accordance with the hypothesis testing criteria that rejects  $H_0$  and accepts  $H_a$ , which translates that Local Own-Source Revenue, General Allocation Fund and Special Allocation Fund have partially and simultaneously generated significant influence towards capital expenditure allocation of Bandung City for the period 2015-2019.

### CONCLUSION

Based on the research results above, it can explain that Local Own-Source Revenue, General Allocation Fund and Special Allocation Fund have partially and simultaneously generated significant influence towards Capital Expenditure allocation of Bandung City for the period 2015-2019.

Research result shows that Bandung city still depends on central government allocated fund, as such that regional government lacks the independence to manage their entire needs. Regional government should increase its original income with regional tax intensification and extensifications, encourage more natural resource explorations and initiate regional investment or capital pooling schemes via crowdfunding or drawing host of investors in order to decrease dependency of central government allocated funds.

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