

The Effect of General Allocation Funds, Special Allocation Funds, Regional Taxes and Regional Retribution of Regional Financial Performance Efficiency With Capital Expenditures as a Moderating Variable

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Abstract: *This study aims to determine the effect of General Allocation Funds, Special Allocation Funds, Regional Taxes and Regional Levies on the Efficiency of Regional Financial Performance partially in the district / city governments in North Sumatra Province and the role of Capital Expenditure in moderating the relationship between General Allocation Funds, Special Allocation Funds, Regional Taxes and Regional Levies on the Efficiency of Regional Financial Performance, Regional Taxes and Regional Retribution with Efficiency in Regional Financial Performance. The research design used was causal design. The population in this study were 33 districts / cities in North Sumatra Province. The sample was selected using a purposive sampling method totaling 20 districts / cities with observation periods from 2013-2017 to obtain 100 units of analysis. Data is processed using multiple linear regression tests and Interaction Test or Moderated Regression Analysis (MRA) using the Econometric Views (Eviews) software 9. The results of this study prove that the General Allocation Fund has a significant effect on Regional Financial Performance variables, Special Allocation Funds (DAK) have no significant effect on Regional Financial Performance variables, Regional Taxes have no significant effect on Regional Financial Performance variables and Regional Retribution have no significant effect on Performance variables Regional / City Government Finance in North Sumatra. Capital expenditure as a moderating variable is able to moderate the relationship between General Allocation Funds, Special Allocation Funds and Regional Taxes with the efficiency of the financial performance of District / City Governing Areas in North Sumatra. But capital expenditure cannot moderate the relationship between regional retribution and the efficiency of regional financial performance.*

Keywords: *Allocation Funds, Special Allocation Funds, Regional Taxes, Regional Levies, Capital Expenditures and Financial Performance Efficiency*

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I. Introduction

Regional autonomy is the right, authority and obligation of the regions to regulate and manage their own household in accordance with the 1945 Constitution of the Republic of Indonesia. From the above understanding, it will appear that the regions are given autonomous rights by the Central Government to regulate and manage interests own area and can improve development in the region, the main obstacle to the development of a region and developing country is the lack of optimization of income and the use of multiple sources of income. If the problem of lack of sources of income can be addressed properly, then the development process will reach the target faster.

Local governments must have adequate funding sources in organizing local government, so that the regions are expected to be more advanced, independent, prosperous and competitive in the implementation of the government and the development of their respective regions. The division of authority of duties and functions between the central government and regional governments causes each region to have an adequate source of income. Autonomy Law, Regional Governments are given the authority to organize broader, more tangible and responsible Regional Governments.

The phenomenon that often occurs is that the realization of revenue from PAD includes regional taxes and regional levies that do not match the tag and realization. This mismatch of targets is due to the fact that there are still sources of PAD that have not been fully utilized. This shows various indications of weaknesses in various aspects of management. From the results of the study obtained that indications of these weaknesses include: 1) Factors of planning and determination of weak revenue targets because the data and information are

less accurate; 2) Uncertainty factors in the realization of levies on objects levied on taxes and levies; 3) Maximum supervision and control factors (Sitorus, 2014).

This is where it can be assessed that the allocation of expenditure in an area must be really considered. The allocation of regional expenditure is based on regional needs for facilities and infrastructure, both for the smooth implementation of government duties and for public facilities. The existence of events where ineffectiveness and non-orientation of expenditure allocations on performance will certainly make regional financial management concerned, resulting in a budget deficit for the regional government itself.

From the data it can be seen that almost all of the regencies / cities in North Sumatra Province have a deficit. The budget deficit in regencies / cities in North Sumatra in 2013 was the highest, namely Rp. 1,080,360,000,000.00, in 2014 around Rp. 844,110,000,000.00, in 2015 around Rp.941,660,000,000.00 in 2016 around Rp.808,266,000,000.00 and in 2017 around Rp.883,790,023,000.00. This is the basis of the researchers doing research.

The weak financial performance in the regions is not because the Central Government participates in the regional budget prepared by the regional government every year. With the data that the researchers have described, it is expected that all regencies / cities in North Sumatra Province are able to carry out all government and development affairs that are based on the PAD of each region. Judging from the data on the reality of achieving PAD in almost all regions, it is not the independence that exists, but the level of dependence on the central government is increasing. In other words, the role (contribution) of revenues originating from the central government in the form of balancing funds, namely the General Allocation Fund (DAU), Special Allocation Funds (DAK) and others, the revenue-sharing funds are getting bigger.

Performance efficiency is an illustration of the level of achievement of an activity / program in realizing the goals, objectives, mission or vision of the organization contained in the strategic planning formulation of an organization both the private sector and the public sector carried out over a period of time. Performance assessment can be seen from two aspects. The first aspect is an aspect that has absolutely nothing to do with organizational finances or certain non-financial performance. The second aspect is the aspect of activities related to the financial management of certain organizations or agencies said to be financial performance.

The performance appraisal method in the public sector is not only used to measure financial aspects, but also non-financial aspects. One way of measuring / evaluating public sector financial performance that focuses on the financial aspect to assess the local government is financial ratio analysis. In local government agencies, the assessment of Financial Performance by using financial ratio analysis is based on financial report data in the regional government, namely in the form of accountability for the use of the Regional Income and Expenditure Budget (APBD).

Efficiency Assessment of Local Government Financial Performance is carried out by using ratio analysis of APBD. The results of the calculation of the ratio analysis conducted in the APBD, can then be used as a measurement guide to assess the Regional Government Financial Performance of a region in terms of financial resource management. The regional government as the party that is given the task of running the government, development and community service is obliged to report the responsibility of regional finance as a basis for evaluating its financial performance. Efficiency Assessment of Local Government Financial Performance is very different from the assessment of the company's financial performance. Besides budget-based, local government finances have no purpose to maximize profits or net income, even though there are designations of surplus or deficit for the difference between income and expenditure.

This is the interest of researchers to make Capital Expenditure a moderating variable, because it is an expenditure originating from the State Budget allocated by the central government to regional governments with the aim of helping to fund special activities that are regional affairs in accordance with national priorities (Law No. 32 of 2004) . Capital Expenditures are expenditures which can be called expenditure which consist of routine expenditure or operational expenditure of regional governments in a certain period. Shopping is used to provide the best public services. The results of the study state that the moderating variable (capital expenditure) is able to moderate the variables DAU, DAK, and SiLPA but is not able to moderate the PAD variable on the HDI. The better the public services provided, shows the better management of local government spending. Good management of spending creates good value for money, so that the assessment of Local Government Financial Performance is good. Supported by research from (Badjra et al., 2017) the results of this study indicate that capital expenditure has a positive and significant direct effect on regional financial performance, direct equalization funds have no significant effect on capital expenditure, indirect fund balances have a positive and significant effect on regional financial performance, PAD has a significant direct effect on PAD capital expenditures indirectly there is no significant negative effect on regional financial performance.

Based on the above phenomenon, researchers are interested in conducting research to see the extent to which the Influence of the General Allocation Fund (DAU), Special Allocation Funds (DAK), Regional Taxes and Regional Levies influence the Efficiency of Regional Financial Performance District / City Government in

North Sumatra Province with Capital Expenditures as a moderating variable. This study aims to determine the effect of General Allocation Funds (DAU), Special Allocation Funds (DAK), Regional Taxes and Regional Levies on the Efficiency of Regional Financial Performance with Capital Expenditure as a moderating variable in North Sumatra Regency / City Government.

II. Theoretical Review

2.1 Stakeholder Theory

In simple terms, stakeholders are often stated as parties, cross actors, or parties related to an issue or a plan. There are various opinions regarding these stakeholders, including Freeman (1984) in Roberts (1992) who define stakeholders as groups or individuals who can influence and / or be influenced by a certain achievement of goals. In the Business Dictionary, stakeholders are defined groups or organizations that have a direct or indirect interest in an organization because it can influence or be influenced by organizational actions, goals, and policies.

Government in this case is part of several elements that make up society in the prevailing social system. This situation then creates a reciprocal relationship between government and stakeholders, which means the government must carry out its role in two directions to meet the needs of self-government and other stakeholders in a social system. Therefore, everything that is produced and done by each part of the stakeholders will influence each other. In line with the principle of broad, real, and responsible autonomy, all parties involved are required to participate in advancing and prospering their regions, by taking part in planning and stipulating policies that will be made by the government and equally active in monitoring the performance of policy for the sake of the implementation of the principle of autonomy that is broad, real, and responsible.

2.2 Definition of Regional Government Financial Performance

Financial performance is a measure of organizational financial management associated with the center of accountability. According to Fahmi (2012) what is meant by financial performance is the result or measure of an analysis carried out to see the extent to which a particular organization has carried out its activities using the rules of financial implementation properly and correctly. Understanding financial performance according to Jumingan (2006) is an overview of the financial condition of an organization in a certain period which is usually measured by indicators of capital adequacy, liquidity and profitability of the company. Based on these two meanings, it can be concluded that what is meant by financial performance can be interpreted as the output or outcome of activities / programs that have been achieved in connection with regional financial management through the use of a budget with measurable quantity and quality in accordance with a predetermined and planned program. Regional Government Financial Performance is a description of the level of achievement of financial management for the implementation of a policy program activity in realizing the goals, objectives, vision and mission of the local government (Mahsun, 2013). Another opinion said that the Regional Government's financial performance is the result of activities / programs that have been achieved in relation to the use of regional budgets with measurable quantity and quality, regional capabilities can be measured by assessing the efficiency of services provided to the community (Hendro, 2010). Local Government financial performance is the result of a quantitative assessment of an activity / program in realizing the goals and objectives of the regional government. The assessment of financial performance of the Regional Government is used as material to evaluate and determine the steps to be taken so that the quality of the public sector is far better.

2.3 General Allocation Fund (DAU)

Funds sourced from APBN revenues allocated with the aim of equitable distribution of inter-regional financial capacity to adequately meet regional needs in the context of implementing decentralization, the DAU is allocated to provinces and districts / cities. The amount of the DAU is set at least 25% of the domestic revenue applied in the APBN, which is divided between DAU for the province by 10% and for the regency / city at 90%. This DAU is the entire general allocation of provinces and districts / cities. The increase in DAU will be in line with the submission and transfer of authority of the central government to the regions in the context of decentralization, which will also improve the welfare of the community in the district / city.

2.4 Special Allocation Funds (DAK)

Special Allocation Funds (DAK) are funds allocated from the APBN to certain regions in the context of funding the implementation of decentralization to fund specific activities determined by the government on the basis of national priorities and also to fund specific activities proposed by certain regions. DAK is funds originating from APBN revenues allocated to certain regions that have special needs with the aim of helping to fund special activities which are regional affairs in accordance with national priorities (Law No. 33 of 2004).

2.5 Regional Taxes

Regional tax is one of the types of Local Revenue (PAD). PAD is all regional revenues originating from regional economic sources. Regional revenue groups consist of; regional taxes, regional levies, the results of separated wealth management and other legitimate PAD. Regional tax is regional income derived from taxes, it can also be interpreted as a mandatory contribution to the region owed by an individual or a coercive body based on the law, by not getting compensation directly and being used as the maximum facilities and infrastructure for the people's prosperity. Regional taxes in Indonesia can be classified according to the level of regional government, namely regional taxes at the provincial and district / city levels. In law Number 34 of 2000, there are 11 types of regional taxes consisting of 4 provincial taxes and 7 district / city taxes. While in Law Number 28, Article 2 of 2009 there are 16 types of regional taxes consisting of 5 provincial taxes and 11 district / city taxes.

2.6 Regional Retribution

Regional levies are one type of Regional Original Income (PAD), which is a levy that is withdrawn by the local government by providing facilities to those who make certain payments or licensing provided and / or provided by the local government for the benefit of individuals or bodies. The definition of regional retribution according to Darwin (2010) is "levies as payments for certain services or permits specifically provided or provided by the government for the benefit of individuals or entities". The amount of regional levies originating from the community will affect the obligations of the regions to fulfill their spending. Regional Original Revenue in an area will be processed by the government and returned to the community in the form of funds, namely regional expenditure which is used to improve the quality of life of the community.

2.7 Capital Expenditures

According to Government Accounting Standards (SAP), capital expenditures are expenditures carried out in the context of capital formation which are in nature adding fixed assets / investments that benefit more than one accounting period, including expenditures for maintenance costs that retain or increase the useful life, and increasing asset capacity and quality. In SAP, capital expenditure can be categorized into 5 (five) main categories, namely: (1) land capital expenditure; (2) capital expenditure on equipment and machinery; (3) capital expenditure for buildings and buildings; (4) capital expenditure for roads, irrigation and networks; and (5) other physical capital expenditure.

III. Materials and Method

3.1 Types of Research

This research is carried out through a scientific approach using theoretical structures to construct one or more hypotheses that require statistical testing. Types of causal associative research. This type of research is a study that analyzes the relationship between one variable with another variable or one variable influencing other variables. This research is carried out in the stages of research that are structured through certain stages of research. The initial stage starts from population identification, identifying variables, operational definitions, sources and data collection techniques, and then determining the analysis model that is used as a tool in testing hypotheses proposed in research to draw research conclusions. In accordance with the research objectives, this type of research can be used to prove empirically the effect of General Allocation Funds, Special Allocation Funds, Regional Taxes and Regional Retributions on the Efficiency of Regional Financial Performance with Capital Expenditure as a moderating variable.

3.2 Location and Time of Research

This research was carried out in the North Sumatra Province and the research period was carried out in stages starting in November 2018 to March 2019.

3.3 Population and Sample Delivery

Population in research is defined as a complete group of elements (units where the data used will be collected), which is usually in the form of people, objects, transactions or events where we are interested in studying or becoming the object of research (Kuncoro, 2009). The population in this study were all District / City Governments in the area of North Sumatra Province totaling 33 districts / cities and publishing LKPD in 2013-2017. Sample data was taken by purposive sampling technique with criteria namely:

1. Districts and Cities that make the Budget and Realization of the APBD Consequently from 2013-2017.
2. District and City regions that publish their financial statements consistently from 2013-2017.
3. District and City regions that obtain General Allocation Funds (DAU) and Special Allocation Funds (DAK) from 2013-2017.

Of the 33 Regional Governments that were made into population, the regional governments that met the criteria for the study sample were 20 Districts / Cities, which consisted of 14 districts and 6 cities.

3.4 Data Analysis Method

This study uses descriptive qualitative analysis method to determine the existence of relationships between dependent variables and independent using inductive statistics correlation with multiple regression analysis. The qualitative descriptive objective in this study is to provide a systematic, factual and accurate description of certain facts.

a. Descriptive Analysis

Sugiyono (2004) explains that qualitative research methods are research methods used to examine natural objects, where researchers are key instruments, while data collection techniques are conducted by interview methods, data analysis is inductive, and the results of qualitative research emphasize meaning rather than generalization.

b. Multiple Linear Regression Analysis

The data analysis method used in this study is multiple regression analysis (Sugiyono, 2004). Therefore the research formulation in the path analysis framework only revolves around the independent variable (X_1, X_2, \dots, X_k) influencing the dependent variable Y , or how much direct, indirect, and total influence or simultaneous set of independent variables (X_1, X_2, \dots, X_k) to the dependent variable Y . Hypothesis testing using t test, F test, r squared test.

c. Moderating Variable Test

According to Situmorang and Lutfi (2014), moderating variables are variables that strengthen or weaken the relationship between one variable and another. There are three ways to test regression with moderating variables, namely (1) Interaction Test or Moderated Regression Analysis (MRA), (2) Absolute Difference Test and (3) Residual Test. The test that will be conducted to test the moderating variable in this study is to use interaction tests. Interaction testing is often also called the Moderated Regression Analysis (MRA).

IV. Results and Discussion

4.1 Descriptive Analysis

Based on the results of the descriptive statistics on the General Allocation Fund (DAU) variable, the average General Allocation Fund (DAU) used in Regency / City Governments in the area of North Sumatra Province, which amounts to 20 districts / cities, is Rp 578,770 Billion based on descriptive analysis. The General Allocation Fund (DAU) is a number of funds allocated from the APBN to certain regions to assist special needs by taking into account the availability of funds in the APBN. The data center or the middle value of the General Allocation Fund (DAU) used in Regency / City Governments in the area of North Sumatra Province which amounts to 20 districts / cities is Rp.522,240 Billion. Standard Deviation in this study is Rp.288,729 Billion with an average of Rp. 578,770 Billion means that the data is less varied because the standard deviation value is smaller than the mean. The lowest General Allocation (DAU) used in Regency / City Governments in the area of North Sumatra Province which is 20 regencies / cities is Rp. 288,729 billion with the highest fund of Rp. 1,603.084 Billion. The Swiss value in this study is 1.521795.

Based on the results of the descriptive statistics on the Specific Allocation Fund (DAK) variable, the average Special Allocation Fund (DAK) used in Regency / City Governments in the area of North Sumatra Province which amounts to 20 districts / cities is Rp. 116,236 billion based on descriptive analysis. Special Allocation Funds (DAK) are a number of funds allocated from the APBN to certain regions to assist special needs by taking into account the availability of funds in the APBN. The data center or the middle value of the Special Allocation Fund (DAK) used in Regency / City Governments in the area of North Sumatra Province which amounts to 20 districts / cities is Rp. 83,109 billion. The standard deviation in this study is Rp. 92,626 billion with an average of Rp. 116,236. Billion means that data is less variable because the standard deviation value is smaller than the mean. The lowest Special Allocation Fund (DAK) used in Regency / City Governments in the area of North Sumatra Province which amounts to 20 regencies / cities is Rp. 19,329 billion with the highest funding of Rp. 498,655 billion.

Based on the results of the descriptive statistics on the Regional Tax variable is the average Regional Tax used in District / City Governments in the area of North Sumatra Province which amounts to 20 districts / cities is Rp. 37,469 billion based on descriptive analysis. Regional Tax is a number of funds allocated from the APBN to certain regions to help with special needs by taking into account the availability of funds in the APBN. Data centers or the middle value of Regional Taxes used in Regency / City Governments in the North Sumatra

Province amounting to 20 districts / cities are Rp13. 819 Billion. Standard Deviation in this study is Rp. 87,700 Billion with an average of Rp. 37,469. It means that the data is less varied because the value of the standard deviation is smaller than the mean. The lowest tax area used in Regency / City Governments in the North Sumatra Province is 20 districts. / city is IDR 1,187 billion with the highest fund of IDR 487,186 Billion.

Based on the results of descriptive statistics on the variable regional levies is the average regional levies used in regency / city governments in the area of North Sumatra Province, amounting to 20 districts / cities is Rp16,610 billion based on descriptive analysis. Regional Retribution is a number of funds allocated from the APBN to certain regions to assist special needs by taking into account the availability of funds in the APBN. The data center or the middle value of Regional Retribution used in Regency / City Governments in the area of North Sumatra Province which amounts to 20 districts / cities is Rp. 9,781 Billion. The standard deviation in this study is Rp. 23,977 Billion with an average of Rp. 16,610. the standard deviation value is greater than the mean. The lowest area contribution used in Regency / City Governments in the area of North Sumatra Province which amounts to 20 districts / cities is Rp. 990 billion with the highest funding of Rp. 126,485 Billion.

Based on the results of descriptive statistics on the Regional Financial Performance variable is the average Regional Financial Performance used in Regency / City Governments in the area of North Sumatra Province which amounts to 20 districts / cities is 1,008 based on descriptive analysis. Regional Financial Performance is a number of funds allocated from the APBN to certain regions to assist special needs by taking into account the availability of funds in the APBN. The data center or the center value of Regional Deficiency Performance that is used in Regency / City Governments in the area of North Sumatra Province which amounts to 20 districts / cities is 0.99.

4.2 Results and Discussion

Results

Multiple Regression Analysis

Hypothesis testing is done by using multiple linear regression analysis model which aims to predict how much the influence of the independent variables on the dependent variable through the t test and f test with static models and dynamic models.

Table 4.1 Hypothesis Test

Dependent Variable: Y
 Method: Panel Least Squares
 Date: 04/16/19 Time: 04:20
 Periods included: 5
 Cross-sections included: 20
 Total panel (balanced) observations: 100

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.796529	0.147220	5.410474	0.0000
LOG(DAU)	0.034480	0.006063	5.686783	0.0001
LOG(DAK)	0.049594	0.003276	4.722623	0.0000
LOG(PD)	-0.007659	0.009348	-0.819326	0.4152
LOG(RD)	0.002077	0.005687	0.365200	0.7160

Effects Specification

Cross-section fixed (dummy variables)				
R-squared	0.548808	Mean dependent var		1.008388
		S.D. dependent var		0.041578
S.E. of regression	0.031875	Akaike info criterion		-3.848406
Sum squared resid	0.077219	Schwarz criterion		-3.223166
Log likelihood	216.4203	Hannan-Quinn criter.		-3.595360
F-statistic	4.019251	Durbin-Watson stat		2.203110
Prob(F-statistic)	0.000002			

Source: Results of Olah Software Eviews 9

The results based on Table 4.1 are as follows:

- a. The General Allocation Fund has a probability value of $0.0001 < 0.05$. This shows that probability < 0.05 so that it accepts H_1 or which means that the General Allocation Fund variable has a significant positive effect partially on the model on response variables Regional Financial Performance.
- b. The Special Allocation Fund has a 0.0000 probability value < 0.05 . These results indicate that probability < 0.05 so that accept H_1 or which means the Special Allocation Fund variable has a positive effect partially in the model on the Regional Financial Performance variable.
- c. Regional Tax has a probability value of $0.4152 > 0.05$. These results indicate that probability > 0.05 so that reject H_1 or which means that the Regional Tax variable has no partial significant effect in the model on the Regional Financial Performance variable.
- d. Regional Retribution has a probability value of $0.7160 > 0.05$. This result shows that probability > 0.05 so that it rejects H_1 or which means that the variable Regional Retribution does not partially have a significant effect in the model on the Regional Financial Performance variable.

The beta coefficient in Table 4.1 is indicated by the label "coefficient". Koefisienbeta is the predictive value of a variable in the model against variable response. Nilai R Square means the value of R Square that has been corrected by the standard error value. The value of the R squares is 0.548808. While the standard error value of the regression model 0.031 is indicated by the label S.E. of regression. The standard value of this error is smaller than the standard deviation value of the response variable indicated by the label "S.D. dependent var" is equal to 0.041 which can be interpreted that the regression model is valid as a predictor model. F value is 4.01 with p value of 0.00000 where < 0.05 or critical research limit, so it can be concluded to accept H_1 . Receiving H_1 in a simultaneous test means that the independent variables simultaneously affect significantly the dependent variable.

Moderating Variable Test

According to Situmorang and Lutfi (2014), moderating variables are variables that strengthen or weaken the relationship between one variable and another. There are three ways to test regression with moderating variables, namely (1) Interaction Test or Moderated Regression Analysis (MRA), (2) Absolute Difference Test and (3) Residual Test. The test that will be conducted to test the moderating variable in this study is to use interaction tests.

Table 4.2 Moderating Variable Test

Dependent Variable: Y
 Method: Panel Least Squares
 Date: 04/16/19 Time: 04:28
 Sample: 2013 2017
 Periods included: 5
 Cross-sections included: 20
 Total panel (balanced) observations: 100

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.708731	0.153891	4.605410	0.0000
LOG(DAU)	0.034752	0.008549	4.065153	0.0001
LOG(DAK)	0.023399	0.004597	5.232830	0.0000
LOG(PD)	-0.007217	0.009094	-0.793585	0.4301
LOG(RD)	-0.000386	0.007124	-0.054179	0.9569
BM(Z)	0.008907	0.020007	2.128921	0.0267
DAU_BM	0.000413	0.007043	2.701798	0.0002
DAK_BM	0.009814	0.021113	2.004958	0.0243
PD_BM	0.004658	0.000943	2.516942	0.0068
RD_BM	1.020012	1.970012	0.517084	0.6067

Effects Specification

Cross-section fixed (dummy variables)				
R-squared	0.618023	Mean dependent var		1.008388
Adjusted R-squared	0.527384	S.D. dependent var		0.041578
S.E. of regression	0.030344	Akaike info criterion		-3.914937
Sum squared resid	0.065373	Schwarz criterion		-3.159438

Log likelihood	224.7469	Hannan-Quinn criter.	-3.609173
F-statistic	4.102673	Durbin-Watson stat	2.061637
Prob(F-statistic)	0.000001		

Sumber: Hasil Olah Software Eviews 9

The results based on Table 4.2 are as follows:

- a. The General Allocation Fund has a probability value of $0.0001 < 0.05$. These results indicate that probability < 0.05 so that it accepts H_1 or which means that the General Allocation Fund variable has a partially significant effect on the model on the Regional Financial Performance variable.
- b. The Special Allocation Fund has a probability value of $0.000 < 0.05$. This shows that probability < 0.05 so that it accepts H_1 or which means that the Special Allocation Fund variable has a significant effect partially in the model on response variables Regional Financial Performance.
- c. Regional Tax has a probability value of $0.4301 > 0.05$. These results indicate that probability > 0.05 so that it rejects H_1 or which means that the Regional Tax variable has no partial significant effect in the model on the Regional Financial Performance variable.
- d. Regional Retribution has a probability value of $0.9569 > 0.05$. This result shows that probability > 0.05 so that it rejects H_1 or which means the variable Regional Retribution does not partially have a significant effect on the model towards the Regional Financial Performance variable.
- e. Capital Expenditures have a probability value of $0.0267 < 0.05$. This shows that probability < 0.05 so that it accepts H_1 or which means the capital expenditure variable has a partially significant effect on the model on the response variable Regional Financial Performance.
- f. General Allocation Funds through capital expenditure as a moderating variable has a probability value of $0.0002 < 0.05$. This result indicates that probability < 0.05 so that it accepts H_1 or which means General Allocation Fund variables through capital expenditure as a moderating variable partially have a significant effect on the performance variable Regional Finance.
- g. Special Allocation Funds through capital expenditure as a moderating variable has a probability value of $0.0243 < 0.05$. This result indicates that probability < 0.05 so that it accepts H_1 or which means the Special Allocation Fund variable through capital expenditure as a moderating variable partially influences the model on the Performance variable Regional Finance.
- h. Regional tax through capital expenditure as a moderating variable has a probability value of $0.0068 < 0.05$. This result shows that probability < 0.05 so that it accepts H_1 or which means the regional tax variable through capital expenditure as a moderating variable partially has a significant effect on the model of the Regional Financial Performance variable .
- i. Regional Retribution through capital expenditure as a moderating variable has a probability value of $0.6067 > 0.05$. This result shows that probability > 0.05 so that it rejects H_1 or which means the variable regional retribution through capital expenditure as a moderating variable does not partially influence the model on the Financial Performance variable. Area.

The beta coefficient in Table 4.2 is indicated by the label "coefficient". Koefisienbeta is the predictive value of a variable in the model against variable response. The value of R Square means that the value of R Square has been corrected by the standard error value. The value of the square is 0.618023. While the standard error value of the 0.030 regression model is indicated by the label S.E. of regression. The standard value of this error is smaller than the standard deviation value of the response variable indicated by the label "S.D. dependent var "is equal to 0.041 which can be interpreted that the regression model is valid as a predictor model. F value is 4.01 with p value of 0.00000 where < 0.05 or critical research limit, so it can be concluded to accept H_1 . Receiving H_1 in a simultaneous test means that the independent variables simultaneously affect significantly the dependent variable.

Discussion

a. Discussion of Hypothesis 1

The General Allocation Fund has a probability value of $0.0001 < 0.05$. This shows that probability < 0.05 so that it accepts H_1 or which means that the General Allocation Fund variable has a partially significant effect on the model of the Regional Financial Performance variable. Then the greater the General Allocation Fund (DAU) received from the APBN will make the government's financial performance in the Regency / The city will get better.

This is in line research based on the estimation of the General Allocation Fund (DAU) ratio (dependence of local governments on the central government) to have a positive and significant effect on the financial efficiency (performance) of local governments. The Regional Government General Allocation Fund (DAU) shows that for the regional government in implementing the government, it is always supervised by the

central government so that it is able to provide good performance. This is also in line with the research which shows the results of research that there is a very close attachment between transfers from the Central Government and Local Government Financial performance, namely the tendency for regions to rely more on DAU revenues than PAD for regional financing shows that the The Government's financial performance is influenced by DAU.

The General Allocation Fund (DAU) is explained in Permendagri Number 33 of 2004 as funds sourced from the APBN which are allocated with the aim of equitable distribution of financial capacity between regions to fund regional needs in the context of implementing decentralization. DAU is a fund that is "Block Drant", which means that when the funds are given by the central government to local governments, the local government is free to use and allocate these funds according to the priorities and needs of the region to improve services to the community in the context of implementing regional autonomy. In this study the results show that the greater the General Allocation Fund (DAU) received from the APBN will make the financial performance of the government in the District / City will be better.

b. Discussion of Hypothesis 2

The Special Allocation Fund has a significant effect partially in the model on the Regional Financial Performance variable. Then the greater the Special Allocation Fund (DAK) received from the APBN will make the government's financial performance in the Regency / City will increase. This is not in line with the research conducted which states that the results of the study show that the DAK does not affect financial performance, where the sig value is $0.173 > 0.05$ and $t \text{ count} < t \text{ table} (-1.390 < 1.687)$. Special allocation funds are funds originating from the revenue of the State Expenditures Budget (APBN) allocated to certain regions to help fund special activities which are regional affairs and are part of programs that are national priorities. Special Allocation Funds (DAK) are also referred to as funds originating from the state budget allocated to certain regions in accordance with national priorities to help fund special activities and fund the needs of basic community service facilities and infrastructure that have not reached certain standards or to accelerate regional development. Basic community services include education, infrastructure and local government infrastructure. In addition, the results of this study are in line with the research conducted shows that DAK influences the financial performance of local governments. This research is also in line with the research conducted by which shows the results that the Special Alokai Fund (DAK) has a partially positive effect on Capital Expenditures. This is because the use of the Special Allocation Fund (DAK) which is indeed efficient is directly used to "build", then to "maintain" the needs related to the Regency / City Government of North Sumatra. Therefore, DAK has been effective in achieving national priority targets that are part of regional affairs both in terms of quality, benefits and impacts in each field.

c. Discussion of Hypothesis 3

Regional Tax has a probability value of $0.4301 > 0.05$. These results indicate that probability > 0.05 so that it rejects H_1 or which means that the Regional Tax variable does not partially influence significantly in the model on the Regional Financial Performance variable. The results of this study contradict showing that local taxes have a significant effect on the financial performance of local governments with a significance value of $0,000 < 0,05$. However, in this study, if regional taxes experience an increase in regional financial performance, there will be no increase.

Regional tax revenues are used as one of the sources of PAD that can be used for regional financing, namely supporting the provision of regional facilities and infrastructure. The provision of facilities and infrastructure will have an impact on people's welfare, a prosperous society will result in increased economic growth. Increasing the economy of the community increasingly influences the increase in PAD, which includes regional taxes and regional levies. With the increase in PAD, the greater the amount of funds allocated to the community in the form of regional expenditure allocations related to public facilities and infrastructure providers that have an impact on community welfare and so on, but the PAD in this study does not improve the government's financial performance at the District / City This is due to the use or allocation of regional taxes in the North Sumatra Regency / City Government which are not or have not been directly used to "build", but only to "maintain" the needs related to the North Sumatra Regency / City Government. Therefore, local taxes are deemed insufficiently effective in efforts to achieve national priority targets that are part of regional affairs both in terms of quality, benefits and impacts in each field which functions to improve the welfare of the community. This study concludes that the district tax allocation / City in North Sumatra Government is not yet efficient.

d. Discussion of Hypothesis 4

Regional Retribution has a probability value of $0.9569 > 0.05$. This result shows that probability > 0.05 so that it rejects H_1 or which means the variable Regional Retribution does not have a significant effect partially in the

model on Regional Financial Performance variables. Then the greater Regional Retribution received from the APBN will make the government's financial performance in the Regency / City will decline.

Based on Law Number 28 of 2009, regional levies are levies as payments for services or the granting of certain permits specifically and / or given by local governments for personal or agency interests. Kamaroellah (2011) stated in his journal that the contribution of regional levies to the government that can be forced and the service can be directly designated as coercive is economical, because anyone who does not feel the return from the government is not subject to this contribution. But in this study the greater the Regional Retribution received from the APBN will make the government's financial performance in the District / City will decrease.

Research which shows that regional retribution has a positive significant effect on the financial performance of local governments with a significance value of $0,000 < 0.05$. In this study, it shows an increase in regional retribution revenues, the better the financial performance of regional governments. Theoretically, if regions, provinces or cities are able to generate high regional levies or increase regional levies of course they can help create financial independence in each region so as to improve regional financial performance. But in this study the practice is different, stating that increasing retribution cannot improve the efficiency of regional financial performance. This certainly has a reason, namely the use of regional levies received from the community is not or has not been directly used for direct needs of the community, but there may be other needs related to the North Sumatra Regency / City Government. Therefore, the regional retribution of researchers concludes that it is not effective enough in efforts to achieve national priority targets that are part of regional affairs both in terms of quality, benefits and impacts in each field.

e. Discussion of Hypothesis 5

General Allocation Funds through capital expenditure as a moderating variable have a partial effect in the model on Regional Financial Performance variables. Special Allocation Funds through capital expenditure as a moderating variable have a partial effect in the model on Regional Financial Performance variables. Regional tax through capital expenditure as a moderating variable has a partial effect in the model on the Regional Financial Performance variable. Regional retribution through capital expenditure as a moderating variable does not partially influence the model on the Regional Financial Performance variable.

The results of this study are in line with which states that regional taxes affect capital expenditure in districts / cities in Aceh Province. However, this study is not in line with research stating that regional taxes do not affect capital expenditure because the Bolaang Mongondow District Government is more dependent on the amount and transfer from the Central Government. The results of this study are also the same as the results of research conducted which shows the results of research on Regional Taxes, Regional Levies, Others Legitimate Local Original Income, and Special Allocation Funds jointly influence Capital Expenditures on the Government Districts / Cities in Aceh Province and Regional Taxes, Regional Levies, Others Legitimate Local Revenue, and Special Allocation Funds have a separate effect on Capital Expenditures at Regency / City Governments in Aceh Province. This of course depends on the policy of managing and receiving funds for each city and district.

IV. Conclusion and Suggestion

5.1 Conclusion

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

- a. General Allocation Funds (DAU) have a positive and significant effect on the Regional / City Government Regional Financial Performance variables in North Sumatra.
- b. Specific Allocation Funds (DAK) have a positive and significant effect on the Regional / City Government Regional Financial Performance variables in North Sumatra.
- c. Regional taxes are negatively related and not significant to the Regional / City Government Regional Financial Performance variables in North Sumatra.
- d. Regional Retribution has a negative and not significant effect on the Regional / City Government Regional Financial Performance variables in North Sumatra.
- e. Capital expenditures can moderate the relationship between the General Allocation Fund (DAU), Special Allocation Funds (DAK), regional taxes with the efficiency of the financial performance of the Regency / City Government in the North Sumatra partially. But capital expenditure cannot moderate the relationship between regional retribution and the efficiency of regional financial performance.

5.2 Suggestion

Based on the limitations of this study, the suggestions from the researchers are as follows:

- a. Future studies should expand the observation population so that conditions can be seen in general in the provinces in Indonesia. Using other variables outside of this study that might affect the efficiency of regional financial performance.
- b. Future studies should extend the observation period.

c. For regional governments to optimize regional original revenues which further encourage economic growth through the development of facilities, infrastructure and infrastructure that can support development in the region. In addition to optimizing local revenues such as regional taxes and regional levies, regional governments must be able to be efficient in allocating these funds to encourage the performance of each local government.

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