

THE EFFECT OF REGIONAL ORIGINAL INCOME AND BALANCED FUNDS ON REGIONAL EXPENDITURES IN EAST KALIMANTAN PROVINCE

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ABSTRACT

Government with openness has become a demand in Indonesia. This has led to increased demands for transparency and accountability. These two aspects become very important in the management of government, including in the field of regional financial management and regional financial management, this itself cannot be separated from what is called Regional Original Revenue, Balancing Funds and Regional Expenditures. This study aims to determine the effect of Regional Original Income and Balancing Funds on Regional Expenditures in East Kalimantan Province. Data collection is carried out at the Central Statistics Agency of East Kalimantan Province in the form of a APBD realization report for 15 periods, namely the 2005-2019 fiscal year. Based on the results of the t test, it shows that the two independent variables are smaller than the significance level, so that there is a partial and significant effect between Regional Original Income and Balancing Funds on Regional Expenditures in East Kalimantan Province. Based on the results of the f test, the sig value of $0.000 < 0.05$, it can be concluded that the Regional Original Income and the Balancing Fund have a simultaneous and significant effect on regional spending. in East Kalimantan Province.

Key words: Regional Original Revenue, Balance Fund, Regional Expenditure

INTRODUCTION

Government with openness has become a demand in Indonesia. This has led to increasingly strong demands for transparency and accountability aspects. These two aspects are very important in government management, including in the field of state and regional financial management. Local governments are given the freedom to manage and utilize their local revenue sources in accordance with the aspirations of the local community. When we discuss regional financial reports, it cannot be separated from the name regional original income, balancing funds and regional expenditures. Regional expenditure itself is the obligation of a region that is recognized as one of the expenditures made in the period of the budget year that has been determined. Regional expenditures must be carried out to assist the implementation of regulations and facilitate the implementation of regional governments stipulated by applicable laws and regulations. Funds that are budgeted in financing regional expenditures come from Regional Original Income (PAD), balancing funds and other revenues. The three components that constitute the source of income must continue to be used so that the source of regional income can support the development of the region by financing the regional expenditures that have been budgeted. In connection with the existing problems, we can see that regional expenditures that occurred in the province of East Kalimantan fluctuated and in 2016, the

regional expenditures of the province of East Kalimantan experienced a decline due to the decline in East Kalimantan's APBD allocations, which was caused by the global economic slowdown causing the regions to have to think harder. Budget savings and efficiency are a must so that the development process can continue. Among the alternatives that emerged were the savings in contract labor spending and employee income allowances plus the development of the East Kalimantan Province balancing fund from year to year which always fluctuated. Because this eventually causes many problems so that the central government cannot significantly encourage the regions.

METHOD

The research method used is quantitative research and the type of research used in this study is associative, associative research itself aims to determine the influence or relationship between two or more variables and the analytical tool used to determine the impact of independent variables on the dependent variable is regression analysis. multiple linear. The population in this study is the East Kalimantan Provincial Government Budget Realization Report located at the Central Statistics Agency of East Kalimantan Province. The data used in this study are secondary data originating from official publications or government agencies, including publications from the Central Statistics Agency of East Kalimantan Province as well as various other relevant sources such as journals, theses, internet, books, and related research results. with the research done. The data used is the type of time series data from 2005 to 2019. The data analysis technique used in this study is the normality test, multicollinearity test, autocorrelation test, heteroscedasticity test, t test, f test and determinant coefficient while the analytical tool used is SPSS version 25.

RESULT AND DISCUSSION

Result

Tabel 1.1
Regresi Linear Berganda

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.176	2.432		.072	.944
	PAD	.228	.087	.449	2.627	.022
	DP	.788	.252	.535	3.126	.009

Dependent Variable: BD

Sumber : data diolah (2021)

Regression Equation : Regional Expenditure = 0.176 + 0.228PAD + 0.788DP

Based on the multiple linear regression formula above, it can be seen that the constant value is 0.176. This shows that if the independent variables, namely Regional Original Income and Balancing Funds are considered constant or 0 the value of the regression coefficient of the Regional Original Income Variable (X1) is 0.228, meaning that if the other independent variables have a fixed value and regional original income has increased by 1%, then the value of regional expenditures will increase by 0.228, the coefficient is positive, meaning that there is a positive relationship between local revenue and regional expenditure. The higher the local revenue, the higher the regional expenditure will be. The regression coefficient of the balancing fund variable (X2) is 0.788, meaning that if the other independent variables have a fixed value and the balancing fund has increased by 1%, the regional expenditure value will increase by 0.788. These are composed of a research result as displayed as words, tables, figure, and photographs. The limitation of using graphics and photos will be appreciated. However, it needs to be displayed if it can describe a better explanation for research result. All of Figures and tables should be given continuing numbers and must be referred in the article.

This section is the main part of the article the results of research and is usually the longest part of an article. The results of the research presented in this section are the result of a "clean". The process of data analysis such as statistical calculations and testing process or other processes for the achievement of its research.

Tabel 1.2
Koefisien Determinan

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.928 ^a	.862	.839	.05749

Sumber : Data diolah (2021)

The table above shows that the coefficient of determination shown from the adjusted R2 value is 0.862, this means that 86.2% of the variation in regional spending can be explained by variations in the two independent variables, namely Regional Original Income (PAD) and Balancing Funds (DP). 100% - 86.2% = 13.8%) explained other causes.

Tabel 1.3
Uji F

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.247	2	.124	37.413	.000 ^b
	Residual	.040	12	.003		
	Total	.287	14			

Sumber : Data diolah (2021)

From the results of the F test, it can be seen that the significant value is 0.000, where this significance value is smaller than the significance level of 0.05. Therefore, there is a simultaneous (together) effect between the variables of local revenue and balancing funds on regional expenditures in the province. East Kalimantan.

Tabel 1.4

Uji t

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.176	2.432		.072	.944
	PAD	.228	.087	.449	2.627	.022
	DP	.788	.252	.535	3.126	.009

Dependent Variable: BD

Sumber : Data diolah (2021)

From the results of the t-test (partial) above, it can be seen that the significance value of the X1 variable, namely the local revenue of 0.022 and the X2 variable, namely the balancing fund, has a significance value of 0.009 where the two X variables have a significance value below 0.05, therefore it can be concluded there is a partial influence between the variables of local original income on regional expenditures or balancing funds on regional expenditures in the province of East Kalimantan.

Discussion

Regional Original Revenue is the income earned by the region within its jurisdiction which is recognized as an addition to the value of net assets in a period and its growth must be encouraged in order to be able to bear part of the burden of regional expenditures needed for the administration of government and regional infrastructure development activities which continue to increase every year. East Kalimantan Province is still experiencing fiscal dependence and subsidies and assistance from the central government are a form of the powerlessness of local revenue (Mardiasmo; Basri, 2013:168). Regional ability to maintain and It can be said that improving the regional economy is still very limited, considering the role of local revenue in East Kalimantan Provincial APBD revenues and the readiness of human resources (HR) at the regional level is still very limited. Regional Original Revenue has not been able to encourage an increase in regional spending and is not fully capable of supporting regional independence and is still very dependent on balancing funds from the central government, therefore sources of regional original income need to be optimized and explored again. The increase in local tax revenues was caused by the increase in revenue from fuel and

building taxes followed by an increase in revenue from land and building rights. This is because more and more Buildings that are built in East Kalimantan Province will increase the number of residents who need a place to live, so that the cost of acquiring land and building rights will also increase. The type of revenue that has the second largest contribution to local revenue is the type of revenue that comes from regional levies which tend to rise and fall every year during the 2005-2019 budget year. The increase in regional retribution revenues was caused by increased revenues from various types of regional levies, namely from general service levies, business service levies and levies on certain permits. On the other hand, the decline in regional retribution revenues was due to a decrease in revenues from other types of regional levies. The type of revenue that has the third largest contribution to regional original income is the type of revenue originating from other legitimate regional original revenues where the increase in other legitimate regional original revenues is caused by increased revenues originating from other types of legitimate regional income. For example, the receipt of demand deposits and fines for late work. The type of revenue that has the lowest contribution to regional original income is the type of revenue that comes from the results of separated regional wealth management which tends to rise and fall every year during the 2005-2019 budget year.

CONCLUSION

Based on the results of the study, it was found that local revenue in East Kalimantan Province had a positive effect on regional spending. Local governments that have high PAD, the expenditures for regional expenditures will also be higher and local governments that have high Balancing Funds (DP) will also increase expenditures for regional expenditures, this is because regional revenues are intended to fund all regional expenditures, namely regional expenditures in particular the need to increase regional development so that when regional original income and balancing funds increase, regional spending will also increase.

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