**THE INFLUENCE OF LOCAL REVENUE (PAD), GENERAL ALLOCATION FUNDS (DAU), SPECIAL ALLOCATION FUNDS (DAK) AND THE MORE / LESS BUDGET FINANCING (SILPA) TO CAPITAL EXPENDITURES IN DISTRICTS AND CITIES OF EAST JAVA PROVINCE**

**Khoirul Ifa, SE. M.SE**

**STIE Widyagama Lumajang**

[**khoirul\_ifa@yahoo.co.id**](mailto:khoirul_ifa@yahoo.co.id)

This study aims to test partial and simultaneous influence of local revenue (PAD), General Allocation Funds (DAU), Special Allocation Funds (DAK) and the More / Less Budget Financing (SiLPA) to Capital Expenditures.Research types used in this research is explanatory research. Explanatory research is the kind of research explain a causal relation between one variable with other variables through the hypothesis testing. The data used in this research is local governments of districts and cities in East Java, namely 38 districts / cities. Data analysis technique used is the classical assumption test, multiple linear regression, hypothesis testing (t test and F) and the coefficient of determination (R2). The results of data analysis known hypothesis testing 1 partial variable PAD significant effect to the capital expenditure. The hypothesis testing 2 showed partial variable DAU no significant effect to the capital expenditure. Hypothesis testing 3 showed partial variable DAK no significant effect to the capital expenditure. Hypothesis testing 4 showed partial variable SiLPA significant effect to the capital expenditure. Hypothesis testing 5 showed simultaneously variable PAD, DAU, DAK and SiLPA significant effect to the Capital Expenditure.

Keywords: *Local revenue, general allocation funds, special allocation funds, the more / less budget financing and capital expenditure*

1. **INTRODUCTION**

With the regional autonomy expected each region can explore the potential of the region so as to competitive and capable of prospering society. Besides regional autonomy should have to create public service for the community as a whole from government agencies for each area so public can feel benefit from regional autonomy.

The implementation of regional autonomy should be implemented according to the principle of regional autonomy which real and responsible. The principle of regional autonomy is a real principle to handle administrative matters conducted based on duty , authority , and liability that in fact already exists and has the potential to grow , living and develops in accordance with the potential and regional specialties.

To make regional autonomy real and responsible necessary cooperation between central and local governments in financial matters. As for a source of local government financial comes from local revenue (PAD), general allocation funds ( DAU ), and special allocation funds ( DAK ), Besides the local revenue ) , general allocation fund ( dau ) , special allocation funds ( dak ) , local government also can make use of the more/less budget financing (SiLPA) the previous year. In this case the financial resources of local government can be used as an intrumen to increase capital expenditure.

Previous Mawarni’s research (2013) about the influence of local revenue and general allocation funds to capital expenditures and their impact on regional economic growth (studies in districts and cities in Aceh) analysis showed that PAD positive significant effect on capital expenditure and economic growth, DAU influence of negative to the capital expenditure and significant positive effect on economic growth, while capital expenditures are not influence to economic growth.

According Arwati and Hadiati (2013) showed economic growth (GDP) is not significant to the capital expenditure but local revenue (PAD) is significant to the capital expenditure at Regency / City in West Java.

Research conducted by Tuasikal (2008) about the influence of DAU, DAK, PAD and GDP to the capital expenditures in local governments of districts / cities in Indonesia. Differences Tuasikal research (2008), this research used dependent variable DAU, DAK, PAD, GDP and independent variables using government capital expenditure whereas this study uses varaibel bound PAD, DAU, DAK, SiLPA and independent variables using capital expenditure. Previous studies, few studies used SiLPA as the dependent variable.

This study aims to test partial and simultaneous influence of local revenue (PAD), General Allocation Fund (DAU), Special Allocation Fund (DAK) and the More / Less budget financing (SiLPA) to Capital Expenditures in districts and cities of East Java Province

1. **LITERATURE REVIEW**

**Definition of Regional Finance**

Regional Finance is all rights and obligations the regions in the framework regions of regional governance that can be valued money included all forms of wealth associated with the rights and obligations of the area (Peraturan Menteri Dalam Negeri Number 13 year 2006).

The financial management of the area basically involves two aspects of the analysis are linked to one another comprising:

1. Revenue Analysis is analysis for the ability of local governments to explore potential sources of income and costs incurred to increase revenues.
2. Expenditure Analysis is analysis of how much the costs of a public service and the factors that cause the costs to increases.

**Local Revenue (PAD)**

Local revenue (PAD) is all revenue obtained regional from sources in the area own territory levied based on local regulations in accordance with laws and regulations(Halim, 2004: 96). Regional income sector plays a very important, because through this sector can be seen the extent to which the region can finance the activities of the government and regional development.

In Undang-Undang Number 33 years 2004 on the financial balance between central government and local governments in Chapter V (five) number 1 (one) mentioned that the local revenue derived from:

1. Local tax
2. Retribution
3. The Results of local asset management that separated
4. Other Local Revenue legitimate

**General Allocation Funds (DAU)**

According to peraturan pemerintah No104 years 2000 general allocation funds are the funds come from APBN, which is allocated to bring equality among the regions financial ability to finance its expenditures within the framework of decentralization. According Saragih (2003: 104) for the area is relatively few natural resources (SDA), DAU is an important source of income to support the government's source of daily operations as well as a source of development financing. Aim to DAU is improve the ability of a region to finance development.

DAU aims to equalize fiscal capacity among regions that are intended to reduce imbalances between regions financial capabilities through the application of a formula that takes into account the needs and potential of the region (Yani, 2002: 142). So DAU is an important source of revenue for an area, their control of the government in managing all sources of state budget revenues include DAU is a good response for financial management area so the potential of the area will continue to grow.

**Special Allocation Funds (DAK)**

According to Undang-Undang Number 33 years 2004 article 1, Special Allocation Fund (DAK) is funds sourced from APBN that allocated to a particular region with the aim to help fund special activities of regional affairs and in accordance with national priorities.

According to Yani (2002: 166) special allocation funds intended to finance specific activities become regional affairs and is national priority, according to the functions that represent the task of governance in specific areas, especially in addressing the needs of infrastructure and public services. DAK channeled through transfer from the general treasury account to the state general treasury account areas where regions receiving it must meet the general criteria, special criteria and technical criteria.

Special allocation funds used in investment activities of development, procurement, enhancement and improvement of physical infrastructure of public services that long economic life as an example of a special allocation funds health sector and education include:

a. Rehabilitation of school buildings

b. Construction of health centers / health services in areas that are still lacking health facilities  
c. Improving the quality of education by increasing the infrastructure of the book in library  
d. Construction / rehabilitation of water supply and sanitation facilities bathroom and WC

**The More/Less Budget Financing (SiLPA)**

Peraturan Pemerintah No. 58 Year 2006 states SiLPA previous fiscal year include the remaining funds to finance further activities, money third parties who have not been resolved, and overshooting the target of local revenue, while according Peraturan Pemerintah Republik Indonesia Number 71 Year 2010 The More/Less Budget Financing(SiLPA) is the excess more / less between actual revenues and expenses during the reporting period. So obviously SiLPA is the remainder of more / less than all of the previous year's budget financing and will be used to fund activities that have not been resolved earlier period.

Permendagri 13 year 2006 Article 137 states: The More/Less Budget Financing(SiLPA) the previous year constitutes acceptance of financing used for:

a. cover the budget deficit, if revenue is smaller than the actual expenditure;

b. fund the implementation of follow-up activities at the expense of direct expenditure;

c. fund other obligations until the end of the fiscal year has not been resolved

Then Permendagri Number 21 year 2011 as a replacement for Permendagri 13 year 2006 states Remaining balance in the budget of the previous fiscal year (SiLPA) include exceedances reception PAD, exceedances reception equalization funds, overshooting other income of local revenue legitimate exceedances financing revenue, thrift expenditure, obligations to third parties until the end of the year have not been resolved, and the remaining funds continued activity.

**Capital Expenditure**

According to PP Number 71 year 2010, capital expenditure is expenditure of Local Government whose benefits exceed one year budget and will acquire assets or wealth area and will further add to routine expenditure as maintenance costs on public administration expenditure groups. The capital expenditures are used to acquire fixed assets of local government such as equipment, infrastructure and other fixed assets. How to get capital expenditure by buying through auction or tender process.

**Relations Local Revenue (PAD), General Allocation Funds (DAU), Special Allocation Funds (DAK), The More/Less Budget Financing (SiLPA) to Capital Expenditure**

According Mardiasmo (2004), PAD is high then the local budget of ​​the greater one of them by increasing government subsidies to the lower layers of society

While Arwati and Hadiati (2013) describes their DAU transfers from the central government, the regions to be more focused on using local revenue to finance its activities in implementing fiscal decentralization policies that support the government's aim of improving public services

According Widjaja in Ferdian (2013) increased the balance transfer of funds to the regions will increase local government spending through the capital expenditure. Equalization funds sourced from the general allocation funds and special allocation funds.

Sugiarthi and Supadmi (2014) states The More/Less Budget Financingpositive and significant influence of to the capital expenditure. This indicates the relationship between government revenue and government expenditure is important, given its relevance for policy especially with respect to the budget deficit.

**Hypothesis**H1 : Local Revenue (PAD) positive influence of to the Capital Expenditure in districts/ cities of East Java Province

H2 : General Allocation Fund (DAU) positive influence of to the Capital Expenditure in districts / cities of East Java Province

H3: Special Allocation Fund (DAK) positive influence of to the Capital Expenditure in districts / cities of East Java Province

H4 : The More/Less Budget Financing (SiLPA) positive influence of to the Capital Expenditure in districts / cities of East Java Province

H5 : Local Revenue (PAD), General Allocation Funds (DAU), Special Allocation Funds (DAK), and The More/Less Budget Financing (SiLPA) positive influence of to the Capital Expenditure in districts / cities of East Java Province

1. **METHODOLOGY**

**Types of research**

This research is the influence or causality between variables. Nur (1999: 27) causality research is research that aims to determine influence of independent variables with dependent variable.

The purpose of this research is explanatory (explanatory research) which is a kind of explanatory research studies to determine the causal relationship between one variable with other variables through hypothesis testing.

**Population and Sample**

The population in this study are all districts/cities in East Java 2005-2015 years. The sample used in this study is the local government in districts and cities of East Java. This research technique using census method. Census method is a method by taking samples of all districts and cities in East Java. The sample data used are districts and cities in East Java, 38 districts / cities.

**Data collection**

Data collection used documentation study with secondary data, recording, and processing data related to this study. According to Azwar (2001: 91) Secondary data is generally tangible documentation data or data reports are already available. The data used includes: PAD, DAU, DAK, SiLPA and Capital Expenditure. While type of data used is data 2005-2015. Sources of data obtained from website Dirjen Perimbangan Keuangan Pemerintah Daerah

**Research Model**

**Figure 1**

**Research Model**

Local Revenue (PAD)

General Allocation Fund (DAU)

Special Allocation Fund(DAK)

The More/Less Budget Financing (SiLPA)

Capital Expenditure

Data source: processed

**Data Analysis Method**

**Classical assumption test**

Classical assumption test is a statistical test that aims to test the extent to which the data meet the assumptions of classical, some classical assumptions that must be met is the normality test, multicollinearity test, heteroscedasticity test and autocorrelation test.

**Multiple Linear Regression Analysis**

Multiple linear regression Analysis aim to influence of independent variables to the dependent variable. Multiple regression analysis is an analysis method used to determine the accuracy of prediction of the effect that occurs between the independent variable (X) to the dependent variable (Y) (Kuncoro, 2007: 77)

Multiple linear regression equation as follows:

Y = α + b1x1 + b2X2 + b3X3 + b4X4 + e

Y: The dependent variable (Capital Expenditure)

α: Constants

b1, b2, b3, b4: Regression coefficients

X1, X2, X3, X4: The independent variable (PAD, DAU, DAK, SiLPA)

e: Error

**Hypothesis testing**

**t Test (Partial)**

t-test is performed to determine whether each independent variable significantly affect the dependent variable. Testing partial was used t tes. How to do t-test is to compare t arithmetic with t table at 5% confidence level. This test uses criteria Ho: β = 0 means there is no significant effect between the independent variable on the dependent variable. Ho: β ≠ 0 means there is a significant effect between the independent variable on the dependent variable. If t is smaller t table then Ho is accepted and H1 rejected. And conversely, if t is greater t table then Ho is rejected and H1 accepted (Ghozali, 2009).

**F Test (Simultaneous)**

This test is intended to show whether all the independent variables inclusion in the model have influence together on the dependent variable (Ghozali, 2009). F test can be done by looking at the significance level f the regression results using SPSS output with level of significant 5%. If the significance value greater than 5%, then the hypothesis is rejected (regression coefficient is not significant), meaning that simultaneous independent variables did not have significant effect on the dependent variable. If the value is significantly less than 5%, then the hypothesis is accepted (regression coefficient is significant). This means that simultaneous independent variables have a significant influence on the dependent variable.

**The coefficient of determination (R2)**

The coefficient of determination (R2) essentially aims to measure how far the ability of the model to explain variations in the dependent variable. The coefficient of determination is between zero and one. Value (R2) is small means the ability of independent variables in explaining the variation of the dependent variable is very limited. A value close to the mean of independent variables provide almost all the information needed to predict the variation of the dependent variable (Ghozali, 2009).

1. **RESULTS AND DISCUSSION**

**Descriptive Statistics Test Results**

**table 1**

**descriptive Statistics**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | N | Minimum | Maximum | Mean | Std. Deviation |
| X3 | 37 | 581,00 | 108188,00 | 58322,91 | 26940,79 |
| X4 | 38 | 361,00 | 788530,00 | 135497,71 | 137463,64 |
| X1 | 38 | 80150,00 | 3520137,00 | 321355,65 | 570412,76 |
| Y | 38 | 132162,00 | 2131478,00 | 405191,31 | 321338,30 |
| X2 | 38 | 382374,00 | 1613162,00 | 908318,71 | 284535,97 |
| Valid N (listwise) | 37 |  |  |  |  |

Source: SPSS output, Processed

The test results of descriptive statistics above can be seen that the number of samples N as many as 38, with the average number of PAD (X1) in districts and cities of east Java province as much as 32.1 billion rupiah with the lowest number of PAD 8 Billion Rupiah and highest of PAD Rp 3,5 trillion rupiah to 57.04 billion rupiah standard deviation from the average. PAD is an important source of revenue for local governments, in the long run will affect to increses local revenue.

Based on Table 1 average number of DAU (X2) of 90.8 billion rupiah with the lowest and highest number of DAU respectively of 38.2 billion rupiah and 1.6 trillion rupiah with a standard deviation of 28.4 billion rupiah. Based on Table 1 above-average amount of DAK (X3) of 5.8 billion rupiah, while the lowest number of DAK by 5 Million and the highest DAK 1 Billion Rupiah with a standard deviation of 2.6 billion rupiah. Descriptive statistical test results in Table 1 above shows the average number of SiLPA 13.5 billion rupiah, SiLPA value of 3.6 Million lowest and highest SiLPA value of 78.8 billion rupiah with a standard deviation of 13.7 billion rupiah above average.

Capital expenditure is local government expenditure in order to increase local property assets, capital expenditures used by local governments to develop transportation facilities, sanitation, education, health, etc. The average value of capital expenditure (Y) amounted to 40.5 billion rupiah with the lowest amount of capital expenditure of 13.2 billion rupiah and the highest amount of capital of 2.1 trillion rupiah with a standard deviation of 32.1 billion rupiah.

**Classical Assumption Test Results**

**Normality Test Results**

Normality test is used to see the normal distribution of data or not. A good regression model has a normal distribution of data, in this research normality test data using the Kolmogorov-Smirnov test Z which saw the probability of the unstandardized Residual value> 0.05 means the normal distribution of data.

**table 2**

**Normality Test Results**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Variabel** | **N** | **Kolmogorov-Smirnov Z** | **Asymp. Sig. (2-tailed)** | **Keterangan** |
| Unstandardized Residual | 37 | 0,781 | 0,576 | Normal |

Source: SPSS output, Processed

Based on the test results of Table 2 above normality using the Kolmogorov-Smirnov Z is known that the probability (p) in unstandardized Residual (0.576> 0.05) means this study were normally distributed data.

**Multicollinearity Test Results**

Multikolinearity detection can be seen if VIF is greater than 10 or the tolerance limit value less than 0.10 means there multicollinearity and if VIF is less than 10 or the tolerance limit value greater than 0.10, the data in the study is free from multicollinearity. Here are multicollinearity test results:

**table 3  
Multicollinearity Test Results**

|  |  |  |
| --- | --- | --- |
| **Variabel** | **Collinearity Statistics** | |
| **Tolerance** | **VIF** |
| X1  X2  X3  X4 | 0,578 | 1,729 |
| 0,513 | 1,951 |
| 0,625 | 1,601 |
| 0,719 | 1,391 |

Source: SPSS output, Processed

Based on Table 3 above it can be seen that the independent variable is PAD (X1), DAU (X2), DAK (X3) and SiLPA (X4) have a value of VIF is less than 10 and tolerance value is greater than 0.10 means that in the study free of multicollinearity,

**Heteroskedastisity Test Results**

Heteroskedastisity test detection conducted by park test which makes the natural logarithm of the dependent and independent variables, if the value of t <t table or sig value (probability)> 0.05, there are no heteroskedastisity. Here are the results of heteroskedastisity test using park test:

**table 4**

**Heteroskidastity Test Results**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Model** |  | **Unstandardized Coefficients** | | **Standardized Coefficients** | **t** | **Sig.** |
|  |  | **B** | **Std. Error** | **Beta** |  |  |
| 1 | (Constant) | 4,525 | 13,667 |  | ,331 | ,743 |
|  | Lnx1 | -,028 | 1,330 | -,004 | -,021 | ,984 |
|  | Lnx2 | -,257 | ,405 | -,102 | -,635 | ,530 |
|  | Lnx3 | ,481 | ,276 | ,322 | 1,742 | ,091 |
|  | Lnx4 | 1,149 | 1,260 | ,215 | ,911 | ,369 |

Source: SPSS output, Processed

Park test results in Table 4 shows t value of each variable <t table that is (-0.021, -0,635,1,742, 0.911) <2.0280 then the regression model did not happen heteroskedastisity. Sig value (probability) of each variable (0.984, 0.530, 0.091, 0.369)> 0.05), the regression model did not happen heteroskedastisity.

**Autocorrelation Test Results**

Detection of autocorrelation can be tested using the Durbin-Watson test, that test whether there is a partial correlation or not in research data. Here is the result of autocorrelation:

**table 5  
Autocorrelation Test Results**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Model** | **R** | **R Square** | **Adjusted R Square** | **Std. Error of the Estimate** | **Durbin-Watson** |
| 1 | ,915(a) | ,836 | ,816 | 62344,92666 | 1,609 |

Source: SPSS output, Processed

Based on Table 5 Durbin Watson test value of 1.609 with the number of units of analysis by 38 and the number of independent variables 4, value unknown dL and dU 1.261 and 1.722, Durbin Watson test value of 1.609 is between -2 to +2, and we can conclude that there is not problem of autocorrelation.

**Results of Multiple Linear Regression Analysis**

**table 6  
Results of Multiple Linear Regression Analysis**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Model** |  | **Unstandardized Coefficients** | | **Standardized Coefficients** | **t** | **Sig.** |
|  |  | **B** | **Std. Error** | **Beta** |  |  |
| 1 | (Constant) | 54659,064 | 37547,137 |  | 1,456 | ,155 |
|  | X1 | ,404 | ,066 | ,574 | 6,099 | ,000 |
|  | X2 | ,090 | ,051 | ,177 | 1,775 | ,085 |
|  | X3 | ,812 | ,488 | ,151 | 1,664 | ,106 |
|  | X4 | ,680 | ,144 | ,399 | 4,730 | ,000 |

Source: SPSS output, Processed

Table 6 above can be arranged multiple linear regression equation as follows:

BM = 54659.064 + 0.090 PAD + 0.404 DAU + 0.812 DAK + 0.680 SiLPA + e   
The regression model has a meaning:

1. Constant value of 54659.064 means, if the value of the variable PAD, DAU, DAK, and SiLPA value is 0 then the capital expenditure will be increased by 54.6 billion rupiah
2. Variable PAD positive pattern thus increasing revenue, the higher capital expenditure. The coefficient value of 0.404 means that each increment of Rp 10,000 variable PAD will increase capital expenditure of Rp 4040 assuming the variable DAU, DAK, and SiLPA constant (fixed)
3. Variable patterned DAU increasingly positive that the higher capital expenditure. The coefficient value of 0.090 means that each increment of Rp 1,000 variable DAU will increase capital expenditure of Rp 90 assuming variable PAD, DAK and SiLPA constant (fixed)
4. Variable positive patterned DAK thus increasing the higher capital expenditure. The coefficient value of 0.812 means that each increment of Rp 10,000 DAK variables will increase capital expenditure of Rp 8120 assuming the variable PAD, DAU, and SiLPA constant (fixed)
5. Variable SiLPA positive pattern thus increasing SiLPA the higher capital expenditure. The coefficient value of 0.680 means that each increment of Rp 10,000 SiLPA variables will increase capital expenditure of Rp 6800 assuming the variable PAD, DAU and DAK constant (fixed)

**Hypothesis Testing Results**

**t Test Results (Partial)**

1. Results of t test hypothesis 1 is known t value 6,099> t table 2.034 and 0.000 probability level <0.05, because t is greater than t table and the probability is smaller than 0.05, then Ho is rejected and H1 accepted, can concluded partial variable PAD significant effect on capital expenditure
2. T test results are known hypothesis 2 t value 1.775 <2.034 and t table probability level of 0.085> 0.05, because t is smaller than t table and the probability is greater than 0.05, then Ho is rejected and H1 accepted, can concluded partial variable DAU no significant effect on capital expenditure
3. The results of the t test hypothesis 3 known t value 1.664 <t table 2.034 and 0.106 probability level> 0.05, because t is smaller than t table and the probability is greater than 0.05, then Ho is rejected and H1 accepted, can DAK concluded partial variable no significant effect on capital expenditure
4. Results of the t test hypothesis 4 known t value 4.730 > t table 2.034 and 0.000 probability level <0.05, because t is greater than t table and the probability is smaller than 0.05, then Ho is rejected and H1 accepted, can concluded in partial SiLPA significant effect on capital expenditure.

**F Test results (Simultaneous)**

**table 7  
F Test results (Simultaneous)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Model |  | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 635568813597,199 | 4 | 158892203399,300 | 40,879 | ,000(a) |
|  | Residual | 124380476159,559 | 32 | 3886889879,987 |  |  |
|  | Total | 759949289756,757 | 36 |  |  |  |

Source: SPSS output, Processed

F statistical test results in Table 7 above to test the influence of PAD, DAU, DAK, and SiLPA to Capital Expenditure, F-value is 40.879 with a significance value 0,000 this means a significance level of <5% (α = 0.05) and F -value amounted to 40.879> F-table of 2,619 who means H5 is received so it can be concluded that the PAD, DAU, DAK and SiLPA simultaneously significant effect on Capital Expenditure.

**The coefficient of determination (R2) Results**

The coefficient of determination (R2) was used to measure how far the ability of the model to explain variations in the dependent variable. The coefficient of determination (R2) as follows:

**table 8  
The coefficient of determination (R2) Results**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | ,915(a) | ,836 | ,816 | 62344,92666 |

Source: SPSS output, Processed

The results of multiple regression analysis can be known coefficient of determination (Adjusted R Square) of 0,816. This means 81% variable capital expenditure can be explained by four independent variables namely PAD, DAU, DAK and SiLPA, while 19% is explained by other causes beyond the research model.

**Discussion  
The influence of PAD to Capital Expenditures**

Based on the survey results revealed PAD probability value 0.000 <0.05, it can be concluded PAD significant effect on capital expenditure, it supports the hypothesis 1, that local revenue (PAD) positive effect on Capital Expenditure in districts/cities of East Java Province. The results of the study in accordance with the findings Tuasikal (2008) that the PAD partial effect to the Capital Expenditure, it means PAD have a major contribution towards capital expenditure in districts/cities of East Java Province.

According Mardiasmo (2004), the PAD is high then the local budget of ​​the greater one of them by increasing government subsidies to the lower layers of society. Meanwhile, according to PP Number 58 year 2005 concerning the financial management of the area stating that the budget prepared in accordance with the requirements of governance and the ability of local revenue, meaning that every local government expenditure should be adjusted to local revenue capacity in this regard PAD. Improvement of public services can be done by the government to increase capital expenditure that would raise the PAD.

**The influence of DAU to Capital Expenditures**

Research results revealed that the probability value 0.085> 0.05, it can be concluded DAU no significant effect on Capital Expenditure, this is not in accordance with Hypothesis 2 stated DAU positive effect on Capital Expenditure in districts/cities of East Java Province , but the results of this study fit with research Arwati and Hadiati (2013) which states that the general allocation funds are not statistically affect to the allocation of Capital Expenditure, in contrast to research Mawarni, et al (2013) which states that the DAU significant effect on Capital Expenditure.

According Saragih (2003: 104) for the area is relatively few natural resources (SDA), DAU is an important source of income to support the government's source of daily operations as well as a source of development financing. No influence of the DAU to the Capital Expenditure indicate that the General Allocation Fund in districts/cities of East Java Province is not used to finance regional development. While DAU aims to equalize fiscal capacity among regions that are intended to reduce disparity in financial capability among the regions through the application of a formula that takes into account the needs and potential of the region (Yani, 2002: 142), because the DAU aims to reduce disparities between regions, so no influence of the DAU to the Capital Expenditure asserts that local goverments/cities in East Java province has been more independent that does not depend DAU from the central government to finance capital expenditure.

**The influence of DAK to Capital Expenditure**

Based on the results showed that the probability value 0.106> 0.05, it can be concluded DAK no significant effect on capital expenditure, it does not support the hypothesis 3 which stated the Special Allocation Fund (DAK) has positive influence on Capital Expenditure in districts and cities of East Java Province, This is not consistent with tuasikal research (2008) which states DAK positive effect on capital expenditure districts / cities in Indonesia.

According to Yani (2002: 166) a special allocation funds intended to finance specific activities become regional affairs and is a national priority, according to the functions that represent the task of governance in specific areas, especially in addressing the needs of infrastructure and basic public services. Every district and town in the province of East Java has a Special Allocation Funds are different from one another, the transfer between the central government to the regions adapted to national development priorities, suggesting to finance capital expenditures, the government of District and City in East Java province using other sources of financing and does not depend on the central government.

**The influence of SiLPA to Capital Expenditure**

The results showed that the probability value 0.000 <0.05, which means SiLPA significant effect on Capital Expenditure, it supports the hypothesis 4 which states SiLPA positive effect on Capital Expenditure in districts/cities of East Java Province, Sugiarthi research and Supadmi (2014) also states that SiLPA positive and significant effect on capital expenditure.

According Sugiarthi and Supadmi (2014) states the relationship between government revenue and government spending is important, given its relevance for policy especially with respect to the budget deficit. SiLPA will increase capital expenditure in districts/cities of East Java Province, SiLPA can be used to cover the budget deficit and the continuing activities of the previous year so that it can be utilized by any local government to increase capital expenditure in order to improve the quality of public services.

**The influence of PAD, DAU, DAK and SiLPA to Capital Expenditures**

Statistical test results F (simultaneously) PAD, DAU, DAK and SiLPA to Capital Expenditure shows significant value 0,000 <5% (α = 0.05), it can be concluded that the PAD, DAU, DAK and SiLPA simultaneously significant effect on Capital Expenditure this further supports the hypothesis 5 that stated revenue (PAD), General Allocation Funds (DAU), Special Allocation Funds (DAK), and the More/less budget financing (SiLPA) simultaneously effect on Capital Expenditures in districts/cities of East Java Province, in line with Tuasikal research (2008) shows that the DAU and DAK, PAD and GDP effect on capital expenditures of districts / cities in Indonesia, while research Sugiarthi and Supadmi (2014) shows the PAD, DAU, and SiLPA positive and significant impact on capital expenditure in districts/cities of Bali province. Thus if the PAD, DAU, DAK and SiLPA increases, Capital Expenditure in districts/cities of East Java Province will be increased in order to improve public services.

1. **CONCLUSION**

Based on the results of study can be summarized as follows:

1. Partially PAD variables significantly influence of to Capital Expenditure, it means PAD have a major contribution towards capital expenditure in districts/cities of East Java Province.
2. Partially DAU variable no significant effect on Capital Expenditure in districts /cities of East Java Province has been more independent that does not depend DAU from the central government to finance capital expenditure.
3. Partially DAK variable no significant effect on Capital Expenditure, which means that the districts government and Cities in East Java Province using other sources of financing other than DAK and does not depend on the central government.
4. Partially SiLPA variables significantly influence of Capital Expenditure, does increased SiLPA will increase capital expenditure in districts/cities of East Java Province
5. Simultaneously PAD, DAU, DAK and SiLPA variable is significant effect on Capital Expenditure, meaning that if the PAD, DAU, DAK and SiLPA increases, Capital Expenditure in districts /cities of East Java Province will increase.

**REFERENCES**

Arwati Dini dan Hadiati Novita. 2013. “Pengaruh Pertumbuhan Ekonomi, Pendapatan Asli Daerah dan Dana Alokasi Umum Terhadap Pengalokasian Anggaran Belanja Modal pada Pemerintah Daerah Kabupaten/Kota di Propinsi Jawa Barat”. *Seminar Nasional Teknologi Informasi & Komunikasi Terapan 2013 (Semantik 2013)*, ISBN: 979-26-0266-6.

Azwar, Saifudin. 2001. *Metode Penelitian*. Pustaka Pelajar Offset : Yogyakarta.

Direktorat Jendral Perimbangan Keuangan Kementrian provinsi jawa timur. *Data Anggaran Daerah Provinsi Jawa Timur tahun 2015*. [www.djpk.kemenkeu.go.id](http://www.djpk.kemenkeu.go.id). Diakses pada 16 Mei 2016

Ferdian, Yuriko. 2013. “Pengaruh Pendapatan Asli Daerah, Dana Perimbangan, dan Lain-lain Pendapatan Yang Sah Terhadap Belanja Daerah”. *Tesis*. Universitas Negeri Padang

Ghozali. Imam. 2009. *Aplikasi Analisis Multivariate Dengan Program SPSS*. Gema Pertama : Jakarta.

Halim Abdul. 2004. Akuntansi Keuangan Daerah. Salemba Empat. Jakarta.

Kuncoro, Mudrajad. 2007. *Metode Kuantitatif. Unit Penerbit dan Percetakan*.(UPP) STIM YKPN : Yogyakarta.

Mardiasmo. 2004. *Otonomi & Manajemen Keuangan Daerah*, Penerbit Andi,Yogyakarta.

Mawarni. 2013**. “**Pengaruh Pendapatan Asli Daerah Dan Dana Alokasi Umum Terhadap Belanja Modal Serta Dampaknya Terhadap Pertumbuhan Ekonomi Daerah (Studi Pada Kabupaten Dan Kota Di Aceh)”. *Jurnal Akuntansi Pascasarjana Universitas Syiah Kuala*, Volume 2, No.2.

*Peraturan Pemerintah No 104 Tahun 2000 tentang Dana Perimbangan.*

*Peraturan Pemerintah Republik Indonesia Nomor 71 Tahun 2010 tentang Standar Akuntansi Pemerintahan.*

*Peraturan Menteri Dalam Negeri Nomor 13 Tahun 2006 tentang Pedoman Pengelolaan Keuangan Daerah.*

*Peraturan Menteri Dalam Negeri Nomor 21 Tahun 2011 tentang Perubahan Kedua Atas Peraturan Menteri Dalam Negeri Nomor 13 Tahun 2006.*

*Peraturan Pemerintah Nomor 58 Tahun 2006 tentang Pengelolaan Keuangan Daerah tentang Pedoman Pengelolaan Keuangan Daerah.*

Saragih, Juli Panglima. 2003. *Desentralisai Fiskal dan Keuangan Daerah Otonomi*.Ghalia Indonesia : Jakarta.

Sugiarthi, Ni Putu Dwi Eka Rini dan Supadmi, Ni Luh. 2014. “Pengaruh PAD, DAU, dan SiLPA Pada Belanja Modal Dengan Pertumbuhan Ekonomi Sebagai Pemoderasi”.*E-Jurnal Akuntansi Universitas Udayana, Vol* 7 No 2 Tahun 2014 Hal 477-495 ISSN: 2302-8556.

Tuasikal, Askam. 2008. “Pengaruh DAU, DAK, PAD, dan PDRB terhadap Belanja Modal Pemerintah Daerah Kabupaten/Kota di Indonesia”. *Jurnal Telaah & Riset Akuntansi*, Vol. 1, No. 2. Juli 2008 Hal.142-155.

*Undang-Undang Nomor 33 Tahun 2004 tentang Perimbangan Keuangan antara Pemerintah Pusat dan Pemerintah Daerah. Jakarta.*

Yani, Ahmad. 2002. *Hubungan Keuangan antara Pemerintah Pusat dan Daerah di Indonesia*. PT RajaGrafindo Persada : Jakarta.