Analysis of Regional Financial Independence and Effectiveness in North Buton District

Said Saleh Salihi
Fakultas Ekonomi Universitas Dayanu Ikhsanuddin Baubau

Corresponding Author: Said Saleh Salihi saidsalehsalihi@unidayan.ac.id

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ABSTRACT
This research aims to determine and analyze the regional financial independence and effectiveness of North Buton Regency. This research was quantitative. The technique of data collection in this research used secondary data by collecting a summary report on changes to the North Buton Regency Government's Regional Revenue and Expenditure Budget (APBD). The data analysis technique used a descriptive approach. The research results showed that the North Buton Regency Government was aware that it was still dependent on receiving transfer funds from the central government such as the General Allocation Fund and Special Allocation Fund so that it was hoped that it could maximize the potential for local revenue from the regional tax and levy sector to finance regional expenditure, especially capital expenditure, as evidenced by effectiveness analysis results based on APBD data from 2016 to 2020.
INTRODUCTION

To increase fixed assets, regional governments set aside money in the APBD capital expenditure budgets. The distribution of capital expenditures is determined by the infrastructure and facility requirements specific to the region, both for public facilities and for the efficient execution of governmental duties. Therefore, local governments should alter the makeup of their spending in an attempt to raise the caliber of public services. Thus far, routine spending has accounted for the majority of regional spending, despite it being substantially less productive (Yovita 2011).

Low capital expenditure can affect the performance of various government agencies. Capital expenditure is an important factor in improving the economy, so it is necessary to intervene in government services to cover the low level of budget disbursement. Budget absorption in 2016 was still less than 90%, indicating issues with capital spending.

The toughest challenge in infrastructure development is the very high need for infrastructure throughout Indonesia. Meanwhile, the government has a relatively limited budget in the APBN (State Revenue and Expenditure Budget). The APBN budget for infrastructure development is still regarded as inadequate, despite the government having raised capital spending and infrastructure development budget. As a result, the Regional Government ought to be permitted to spend its APBD for capital expenditures rather than for hiring staff and other regular expenses. Apart from this, the involvement of BUMN (State-Owned Enterprises) and the private sector in collaborating with the government in providing infrastructure needs to be expanded and improved.

The importance of observing what proportion of teachers' salaries are in Employee Expenditures is because so far many parties have highlighted and criticized the amount of Employee Expenditures which are considered too large in the APBD. Many parties said that this resulted in reduced allocations for Capital Expenditures, which were seen as having a more significant influence on the fulfillment of public services to the community (Director General of Financial Balance 2012). Seeing that there is a lack of attention to capital expenditure in the APBD in Indonesian provincial governments, regional governments should be able to allocate their APBD for capital expenditure and not use it up for personnel and routine expenditure.

Since the implementation of regional autonomy, it has provided regional governments with the opportunity to further develop regional potential. To develop regional potential, regional governments need to increase the capital expenditure budget. The sources of funds used to finance capital expenditure consist of Regional Original Income (PAD), General Allocation Funds (DAU), Special Allocation Funds (DAK), and Sharing Funds. Results (DBH).

As a result, the Regional Government ought to be permitted to spend its APBD for capital expenditures rather than for hiring staff and other regular expenses. On the other hand, poor APBD management can hamper local government performance in improving regional development and people's welfare. The problem that arises is when local governments are faced with a small amount of regional spending but have to cover large needs. Meanwhile, at the
same time, the local government lacks creativity in managing the APBD, so that the government at the level above (provincial or central government) is not optimal in managing the APBD (Suara Merdeka 2012).

One of the focuses of President Jokowi’s current administration is infrastructure development in addition to Human Resources (HR) development. One of the policies in promoting infrastructure development in the regions is through allocating an infrastructure budget of 25% of general transfer funds which include the General Allocation Fund (DAU) and Profit Sharing Funds (DBH). This policy aims to ensure that regional spending is not only for spending on apparatus but rather on spending that is indicated for public services (Sofi, 2020).

Finance Minister Sri Mulyani noted that around 13.4 percent of APBD funds were used for official travel. Then around 17.5 percent for office services. Meanwhile, the amount of employee spending reached around 36 percent. The Minister of Finance concluded that around 70 percent of APBD spending was only used to deal with regional officials. According to him, this is ironic because the community only gets the remaining 30 percent or one third. He said that this portion of the budget must be changed so that people can feel the benefits. This demonstrates that capital spending, which ought to have a significant impact on regional development, only receives a small percentage of it. (Thomas, 2019)

North Buton Regency is a regional government that implements regional autonomy well because of the support from resource factors that can move the wheels of government to achieve goals. One of the factors is the financial factor, the financial factor is the main factor which is the financial source for the administration of regional government. Law Number 23 of 2014 states that the sources of income include, among other things, original revenue from the region, balancing funds, and other sources of valid income.

Table 1. Sources of Income for North Buton Regency 2016-2020 (in Rupiah)

<table>
<thead>
<tr>
<th>Acceptance Type</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Income</td>
<td>669.005.485</td>
<td>633.541.838</td>
<td>643.698.918</td>
<td>661.484.777</td>
<td>624.698.412</td>
</tr>
<tr>
<td>Locally-generated revenue</td>
<td>13.392.217.7</td>
<td>27.660.740.0</td>
<td>14.676.363.7</td>
<td>21.769.295.2</td>
<td>18.434.704.9</td>
</tr>
<tr>
<td>Balancing Fund</td>
<td>595.322.355</td>
<td>534.610.886</td>
<td>541.335.047</td>
<td>551.170.588</td>
<td>551.144.866</td>
</tr>
<tr>
<td>Miscellaneous Legitimate Income</td>
<td>60.290.911.5</td>
<td>71.270.212.2</td>
<td>87.687.507.0</td>
<td>88.544.894.4</td>
<td>91.118.841.4</td>
</tr>
</tbody>
</table>

Source: Processed Data 2023
Based on the table above, the author describes that the largest contribution comes from central government transfer funds in the form of balancing funds which include general allocation funds and special allocation funds with the highest contribution occurring in 2016 amounting to IDR 595,322,355,796. Meanwhile, original regional income, which is a reflection of the implementation of autonomy and fiscal decentralization, has a low contribution with the highest value in 2017 amounting to 27,660,740,065.

The Regional Revenue and Expenditure Budget (APBD) is still used more for personnel expenditure than capital expenditure. “Low capital expenditure absorption has the potential to cause public losses. Because capital expenditure is usually used to build public facilities and facilities, an integrated budgetary control mechanism must be implemented. This is considered important so that integration from upstream to downstream occurs, and budget absorption can be maximized (Kppod, 2019). The multiplier effect is a broad influence, which is caused by one activity and then influences other activities (Rochimah, 2021). Indonesian Center of Reform on Economics (CORE) economist Yusuf Rendy said that capital expenditure essentially functions as expenditure that can provide a multiplier effect as well as a government step in increasing productive assets.

Based on the phenomenon in the explanation above, research on Regional Financial Independence and Effectiveness was used as a research title, then, North Buton district became the chosen research location. The researcher hopes that by carrying out the research, the research results can provide information, evaluation and improvements related to regional financial independence and effectiveness.

Formulation of Problem

North Buton Regency is a district where the amount of the APBD continues to fluctuate, therefore the formulation in this research is what is the financial independence and effectiveness of the North Buton Regency area?

Research Purposes

This research aims to determine and analyze the regional financial independence and effectiveness of North Buton Regency.

Benefits of Research

This research can be used as a source of reference for future researchers, especially regarding the independence and effectiveness of regional finances, and used as an illustration and reference for regional governments to allocate regional income sources more productively.

LITERATURE REVIEW

According to Halim (2008: 101), budgetary expenses for the purchase of fixed assets and other assets that yield benefits over multiple accounting periods are referred to as capital expenditures. This understanding is based on the definition of capital expenditures found in Government Accounting Standards Law No. 71 of 2010.

Meanwhile, according to Mardiasmo (2004: 187), a collection of direct expenses used to fund investment activities is known as a capital expenditure (increasing assets).
Halim (2008: 101) states that what is included in Capital Expenditures are: 1) Land Capital Expenditures; 2) Shopping for Equipment and Machinery; 3) Building and Building Capital Expenditures; 4) Capital Expenditure on Roads, Irrigation and Networks; 5) Other Fixed Asset Expenditures; and 6) Spending on Other Assets. Government Accounting Standards (SAP) which are regulated in Government Regulation Number 71 of 2010 is an amendment to Government Regulation Number 24 of 2005.

Locally-generated revenue

According to Darise (2008: 135), Original Regional Income is income obtained by the region which is collected based on regional regulations. Based on these two definitions, Original Regional Income (PAD) is defined as one of the revenue streams that a region receives and that comes from the potential of each region, which the region can explore and use on its own.

In the Explanation of Law Number 33 of 2004, it is explained: Original Regional Income (PAD) is defined as regional income that comes from regional taxes, levies, the outcomes of independent regional wealth management, and other permissible regional original income. Its goal is to give regions the latitude they need to look for funding when implementing regional autonomy to fulfill the decentralization principle.

Original regional income is all regional revenue originating from original regional economic sources consisting of:
1. Regional Taxes, namely regional government revenues originating from regional tax collections. Types of regional income are detailed according to income objects by the law on regional taxes and regional levies. Regional taxes consist of provincial government regional taxes and district/city government regional taxes. Provincial government regional taxes are taxes managed by the provincial government, for example, motor vehicle tax, motor vehicle title transfer fees, and underground water tax. Meanwhile, district/city government regional taxes include hotel tax, restaurant tax, advertising tax and parking tax.
2. Regional levies, namely regional government revenues originating from regional levies. The types of regional levies are detailed according to income objects by the law on regional taxes and regional levies, for example, health service levies, water levies, weighbridge levies and others.
3. Separated Regional Wealth Management Results, namely regional revenues originating from the results of separate regional wealth management.
4. Other Legitimate Regional Original Income, namely revenue from PAD which is not within the PAD classification mentioned previously.

**Fund for General Allocation**

Fund for General Allocation (DAU) is a source of regional income that is part of the Balancing Fund and is one of the factors that influences the amount of Capital Expenditure allocated in a region. General Allocation Funds are transfer funds from the central government to regional governments whose use is left entirely to the regions.
In Law number 33 of 2004, it is explained that the General Allocation Fund is funds sourced from the State Revenue and Expenditure Budget which are allocated to equalize financial capacity between regions in the context of implementing decentralization and regional autonomy. According to Kuncoro (2014: 63), to bridge the gap between their capacity and fiscal needs, all districts and cities receive the General Allocation Fund, a block grant that is distributed using a formula based on certain principles that generally suggest that impoverished and underdeveloped regions should receive more than rich areas. According to Mardiasmo (2004: 144), the General Allocation Fund is intended to maintain financial equality and balance between the center and the regions, so that in distributing the General Allocation Fund it is necessary to pay attention to regional potential, financing needs to support government administration in the regions and the availability of the APBN. The General Allocation Fund functions as a fiscal equalization factor. Factors that influence the amount of General Allocation Funds for each region are the fiscal gap and regional potential (fiscal capacity). The principle of allocation of General Allocation Funds is that regions with large fiscal potential but small needs will receive relatively small General Allocation Funds. On the other hand, if a region's potential is small while its needs are large, then the region will receive a relatively large General Allocation Fund allocation.

**Special Allocation Fund**

Capital Expenditures are also influenced by Special Allocation Funds. Special Allocation Funds are transfer funds from the central government to regional governments other than the General Allocation Funds. The legal basis governing General Allocation Funds is Law Number 33 of 2004 concerning Financial Balancing between the Central Government and Regional Governments, Government Regulation number 55 of 2005 concerning Balancing Funds and Minister of Finance Regulation Number 145/PMK.07/2013 concerning Budget Allocations Transfer to Region. According to Government Regulation Number 55 of 2005 concerning Balancing Funds, it is explained that Special Allocation Funds are funds sourced from State Revenue and Expenditure Budget revenues which are allocated to certain regions to help fund special activities which are regional affairs and national priorities.

Mardiasmo (2004: 144) explains that Special Allocation Funds are funds allocated to help finance certain needs, namely national programs or activity programs that are not available in other regions. Meanwhile, Law Number 23 of 2014 concerning Regional Government explains that Special Allocation Funds are funds sourced from APBN revenues allocated to certain regions to fund special activities which are government affairs that fall under regional authority. After examining some definitions, it is possible to determine that the term "Special Allocation Funds" refers to transfers of funds from the central government to regional governments that are obtained from the APBN and assigned to specific regions to finance unique initiatives that fall under the purview of the regional authority in terms of infrastructure and facility provision (physical facilities). The Special Allocation Fund allocation is meant to support special activities in specific areas that are regional affairs and, by national priorities, to finance the
need for infrastructure and basic community service facilities that are still in need of improvement or to promote the acceleration of regional development. (Nurlan Darise, 2014: 137).

**Regional Revenue and Expenditure Budget (APBD)**

By Law 33 of 2004, article 1 number 17 "Regional Revenue and Expenditure Budget, hereinafter referred to as APBD, is the annual financial plan of the Regional Government which is discussed and approved jointly by the Regional Government and the Regional People's Representative Council, and stipulated by Regional Regulations”.

A regional financial plan with a detailed description, a source of revenue that is a minimum target to cover costs—costs associated with these activities and the existence of costs that constitute the maximum limit of expenditures to be implemented—types of activities and projects that are stated in the form of figures, and the budget period, which is typically 1 (one) year—are all included in Abdul Halim's (2004: 15–16) definition of a regional budget.

Indra Bastian (2006: 189) defines APBD as the materialization of regional government work plans for a year, expressed as monetary units, with a focus on public welfare objectives.

**Balancing Fund**

Balancing funds are funds sourced from the State Revenue and Expenditure Budget (APBN) which are allocated to regions to finance regional needs. The investment fund groups are divided into types

1. Profit Sharing Funds are funds sourced from the APBN which are allocated to regions as part of tax and non-tax revenue sharing
2. General Allocation Funds are funds sourced from APBN revenues which are allocated to regions in the form of block grants whose use is left entirely to the regional government.
3. Special Allocation Funds are funds sourced from the APBN which are allocated to regions for a specific/special purpose.

**Other Legitimate Regional Income**

Other legitimate regional income is other revenue that does not come from the classification of Original Regional Income and Balancing Funds as previously explained. Miscellaneous legitimate regional income groups are divided according to the type of income they include

1. Grants originating from the government, other regional governments, domestic private agencies/institutions/organizations, community groups/individuals and non-binding foreign institutions, either in the form of foreign exchange, rupiah or goods and/or services, including experts and training that does not need to be repaid.
2. Emergency funds from the government to deal with victims/damage caused by natural disasters.
3. Tax revenue sharing funds from the provincial government to the district/city government
4. Special adjustment and autonomy funds
5. Financial assistance from the provincial government or other regional governments
METHODOLOGY

Through the use of descriptive analysis, this research was quantitative. Data regarding APBD realization reports specifically for regional revenue components, namely PAD, DAU, and DAK in 2016–2020, which had been collected from the North Buton Regency Regional Financial Agency, were analyzed using a ratio that was calculated by dividing the total of each local revenue component by the total expenditure and multiplying by 100%. This ensured that each component's contribution matched. The analysis process involved gathering data in the form of APBD realization reports for the years 2016–2020 and studying regional revenues under law number 33 of 2004.

Draw conclusions from the data for the APBD Realization Report for the years 2016–2010, and offer advice or comments to the North Buton Regency's Regional Financial Agency on how to manage the APBD going forward.

The formula used was as follows:

\[
K = \frac{PAD}{Belanja Modal (BM)} \times 100\%
\]

\[
K = \frac{DAU}{Belanja Modal (BM)} \times 100\%
\]

\[
K = \frac{DAK}{Belanja Modal (BM)} \times 100\%
\]

(Source: Abdul Halim, 2012: 23)

Information:
K = Contribution
PAD = Original Regional Income
DAU = General Allocation Fund
DAK = Special Allocation Fund
BM = Capital Expenditure

Table 1.

<table>
<thead>
<tr>
<th>No</th>
<th>Category</th>
<th>Predikat</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Very effective</td>
<td>&gt;100%</td>
</tr>
<tr>
<td>2</td>
<td>effective</td>
<td>80% - 100%</td>
</tr>
<tr>
<td>3</td>
<td>Effective enough</td>
<td>51% - 79%</td>
</tr>
<tr>
<td>4</td>
<td>Less effective</td>
<td>40% - 50%</td>
</tr>
<tr>
<td>5</td>
<td>Not effective</td>
<td>&lt;40%</td>
</tr>
</tbody>
</table>
RESULTS AND DISCUSSION

1. Regional Original Income 2016-2020

According to Abdul Halim (2007: 94), revenue derived by a region from sources inside its borders that is gathered in line with regional regulations and applicable laws and regulations is known as Regional Original Income, or PAD. The following table shows the North Buton Regency Regional Revenue Agency’s Regional Original Income from 2016 to 2020:

Table 1. North Buton Regency Original Regional Income from 2016 to 2020

<table>
<thead>
<tr>
<th>No.</th>
<th>Fiscal year</th>
<th>Before the change</th>
<th>After the change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2016</td>
<td>12,881,076.477</td>
<td>13,392,217.784</td>
</tr>
<tr>
<td>2</td>
<td>2017</td>
<td>12,961,404.277</td>
<td>27,560,740.065</td>
</tr>
<tr>
<td>3</td>
<td>2018</td>
<td>25,505,594.480</td>
<td>14,676,363.722</td>
</tr>
<tr>
<td>4</td>
<td>2019</td>
<td>16,727,384.020</td>
<td>21,769,295.269</td>
</tr>
<tr>
<td>5</td>
<td>2020</td>
<td>20,623,452.020</td>
<td>18,434,704.946</td>
</tr>
</tbody>
</table>

Source: Processed Data

The table above shows that PAD for North Buton Regency for the 2016-2020 fiscal year, its achievements exceeded targets in 2016, 2017 and 2019, while in 2018 and 2020 PAD did not reach the targets that had been set.

2. General Allocation Funds for 2016-2020

General Allocation Funds received from 2016 to 2020 at the North Buton Regency Regional Revenue Agency can be seen in the following table:

Table 2. General Allocation Funds for North Buton Regency from 2016 to 2020

<table>
<thead>
<tr>
<th>No.</th>
<th>Fiscal year</th>
<th>Before the change</th>
<th>After the change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2016</td>
<td>408,633,609.000</td>
<td>408,633,609.000</td>
</tr>
<tr>
<td>2</td>
<td>2017</td>
<td>409,245,153.000</td>
<td>405,650,592.000</td>
</tr>
<tr>
<td>3</td>
<td>2018</td>
<td>410,109,235.000</td>
<td>410,109,235.000</td>
</tr>
<tr>
<td>4</td>
<td>2019</td>
<td>428,779,562.000</td>
<td>428,779,562.000</td>
</tr>
<tr>
<td>5</td>
<td>2020</td>
<td>441,001,355.000</td>
<td>392,967,034.000</td>
</tr>
</tbody>
</table>

Source: Data Processed in 2023

The table above shows that the DAU for North Buton Regency for the 2016-2020 fiscal year achieved targets in 2016, 2018 and 2019, while in 2017 and 2020 it did not reach the targets that had been set.

3. Special Allocation Funds For 2016-2020

The receipt of special allocation funds from 2016 to 2020 at the North Buton Regency Regional Revenue Agency can be seen in the following table:
Table 3. General Allocation Funds for North Buton Regency from 2016 to 2020

<table>
<thead>
<tr>
<th>No.</th>
<th>Fiscal year</th>
<th>Before the change</th>
<th>After the change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2016</td>
<td>163,599,958,920</td>
<td>171,419,759,000</td>
</tr>
<tr>
<td>2</td>
<td>2017</td>
<td>100,430,783,000</td>
<td>116,645,153,000</td>
</tr>
<tr>
<td>3</td>
<td>2018</td>
<td>114,765,454,000</td>
<td>114,765,454,000</td>
</tr>
<tr>
<td>4</td>
<td>2019</td>
<td>102,644,938,000</td>
<td>102,644,938,000</td>
</tr>
<tr>
<td>5</td>
<td>2020</td>
<td>121,545,686,000</td>
<td>94,063,829,329</td>
</tr>
</tbody>
</table>

Source: Data Processed in 2023

The table above shows that the North Buton Regency DAK for the 2016-2020 fiscal year fluctuated to meet the target in 2018 and 2019, whereas in 2016, 2017 the achievement exceeded the target but in 2020 it did not reach the target.

4. Capital Expenditures 2016-2020

Table 4. Budgeted Capital Expenditure from 2016 To 2020 at the North Buton Regency Regional Revenue Agency Can Be Seen in the Following Table

<table>
<thead>
<tr>
<th>No.</th>
<th>Fiscal year</th>
<th>Before the change</th>
<th>After the change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2016</td>
<td>224,534,144,636</td>
<td>250,753,515,847</td>
</tr>
<tr>
<td>2</td>
<td>2017</td>
<td>186,183,813,475</td>
<td>195,209,953,989</td>
</tr>
<tr>
<td>3</td>
<td>2018</td>
<td>163,688,968,814</td>
<td>170,357,943,941</td>
</tr>
<tr>
<td>4</td>
<td>2019</td>
<td>149,327,236,293</td>
<td>152,240,339,469</td>
</tr>
<tr>
<td>5</td>
<td>2020</td>
<td>156,533,961,904</td>
<td>126,019,427,858</td>
</tr>
</tbody>
</table>

Source: Data Processed in 2023

The table above shows that North Buton Regency Capital Expenditure for the 2016-2020 fiscal year fluctuated above the target in 2016, 2017, 2018 and 2019, while in 2020 North Buton Regency Capital Expenditure did not exceed the target.

5. Contribution of Original Regional Income to Capital Expenditure Allocation

Table 5. Contribution of Original Regional Income to the North Buton Regency Capital Expenditure Allocation for the 2016-2020 Fiscal Year

<table>
<thead>
<tr>
<th>No</th>
<th>Fiscal year</th>
<th>PAD (Rp)</th>
<th>BM (Rp)</th>
<th>Contribution (%)</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2016</td>
<td>13,392,217,784</td>
<td>250,753,515,847</td>
<td>5.34</td>
<td>Not effective</td>
</tr>
<tr>
<td>2</td>
<td>2017</td>
<td>27,660,740,065</td>
<td>195,209,953,989</td>
<td>14.16</td>
<td>Not effective</td>
</tr>
<tr>
<td>3</td>
<td>2018</td>
<td>14,676,363,722</td>
<td>170,357,943,941</td>
<td>8.6</td>
<td>Not effective</td>
</tr>
<tr>
<td>4</td>
<td>2019</td>
<td>21,769,295,269</td>
<td>152,240,339,469</td>
<td>14</td>
<td>Not effective</td>
</tr>
<tr>
<td>5</td>
<td>2020</td>
<td>18,434,704,946</td>
<td>126,019,427,858</td>
<td>14.62</td>
<td>Not effective</td>
</tr>
</tbody>
</table>

Source: Data Processed in 2023
In the table above, it can be seen that the contribution of Original Regional Income to the North Buton Regency Capital Expenditure allocation for the 2016-2020 Fiscal Year varies between 5.34% to 14.62%. The largest contribution occurred in 2020, namely 14.62% and the lowest was in 2016, amounting to 5.34%. With an average contribution of 9.98%, it proves that Regional Original Income contributes in an ineffective category to the allocation of Capital Expenditures in North Buton Regency.

6. General Allocation Fund contribution to Capital Expenditure allocation

Table 6. Contribution of the General Allocation Fund (DAU) to the North Buton Regency Capital Expenditure Allocation for the 2016-2020 Fiscal Year

<table>
<thead>
<tr>
<th>No</th>
<th>Fiscal Year</th>
<th>DAU (Rp)</th>
<th>BM (Rp)</th>
<th>Contribution (%)</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2016</td>
<td>408,633,609,000</td>
<td>250,753,515,847</td>
<td>162.96</td>
<td>Very effective</td>
</tr>
<tr>
<td>2</td>
<td>2017</td>
<td>405,650,592,000</td>
<td>195,209,953,989</td>
<td>207.80</td>
<td>Very effective</td>
</tr>
<tr>
<td>3</td>
<td>2018</td>
<td>410,109,235,000</td>
<td>170,357,943,941</td>
<td>240.73</td>
<td>Very effective</td>
</tr>
<tr>
<td>4</td>
<td>2019</td>
<td>428,779,562,000</td>
<td>152,240,339,469</td>
<td>281.64</td>
<td>Very effective</td>
</tr>
<tr>
<td>5</td>
<td>2020</td>
<td>392,967,034,000</td>
<td>126,019,427,858</td>
<td>311.83</td>
<td>Very effective</td>
</tr>
<tr>
<td></td>
<td>rate by rate</td>
<td>400,800,321,500</td>
<td>188,386,471,853</td>
<td>237.39%</td>
<td>Very effective</td>
</tr>
</tbody>
</table>

Source: Data Processed 2023

In the table above, it can be seen that the contribution of the General Allocation Fund to the Capital Expenditure allocation for North Buton Regency for the 2016-2020 budget year always increases between 162.96% to 311.83%. The largest contribution occurred in 2020, namely 311.83% and the lowest occurred in 2016, namely 162.96%. With an average contribution of 237.39%, it proves that the General Allocation Fund contributes in a very effective category to the allocation of Capital Expenditures in North Buton Regency.
7. Contribution of Special Allocation Funds to Capital Expenditure Allocation

Table 7. Contribution of Special Allocation Funds (DAK) to the North Buton Regency Capital Expenditure Allocation for the 2016-2020 Fiscal Year

<table>
<thead>
<tr>
<th>No</th>
<th>Fiscal Year</th>
<th>DAK (Rp)</th>
<th>BM (Rp)</th>
<th>Contribution (%)</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2016</td>
<td>171,419,759,000</td>
<td>250,753,515,847</td>
<td>68.36</td>
<td>Effective enough</td>
</tr>
<tr>
<td>2</td>
<td>2017</td>
<td>116,465,153,000</td>
<td>195,209,953,989</td>
<td>59.66</td>
<td>Effective enough</td>
</tr>
<tr>
<td>3</td>
<td>2018</td>
<td>114,765,454,000</td>
<td>170,357,943,941</td>
<td>67.36</td>
<td>Effective enough</td>
</tr>
<tr>
<td>4</td>
<td>2019</td>
<td>102,644,938,000</td>
<td>152,240,339,469</td>
<td>67.42</td>
<td>Effective enough</td>
</tr>
<tr>
<td>5</td>
<td>2020</td>
<td>94,063,829,329</td>
<td>126,019,427,858</td>
<td>74.64</td>
<td>Effective enough</td>
</tr>
<tr>
<td>rate by rate</td>
<td>132,741,794,165</td>
<td>188,386,471,853</td>
<td>71.50%</td>
<td>Effective enough</td>
<td></td>
</tr>
</tbody>
</table>

Source: Data Processed 2023

In the table above, it can be seen that the Special Allocation Fund Contribution to the North Buton Regency Capital Expenditure allocation for the 2016-2020 fiscal year fluctuates between 59.66% to 74.64%. The largest contribution occurred in 2020, namely 74.64% and the lowest occurred in 2017, amounting to 59.66%. With an average contribution of 71.50%, it proves that the Special Allocation Fund contributes in an effective category to the allocation of Capital Expenditures in North Buton Regency.

It is realized that the North Buton Regency Government is still dependent on receiving transfer funds from the central government such as the General Allocation Fund and Special Allocation Fund so that it is hoped that it can maximize the potential for local revenue from the regional tax and levy sector to finance regional expenditure, especially capital expenditure.

CONCLUSIONS

Based on the research results, several conclusions can be drawn, namely:

1. That the contribution of Original Regional Income to Capital Expenditures varies. In 2016 the contribution obtained was 5.34%, then in 2017 it increased by 14.16%, this was due to the increase in other legitimate regional original income. The decrease in other valid regional original income caused the contribution (PAD) to significantly decline in 2018. Subsequently, in 2019, the contribution of Original Regional Income increased by 14%, and in 2020, it experienced a further significant decrease of 8.6%. Due to significant increases in regional tax revenue, regional levy results, regional wealth management results, and other legitimate regional original income, contributions increased by 14.62%. The research's findings indicate that the original regional income's contribution to capital expenditures is classified as ineffective.

2. The contribution of the General Allocation Fund to Capital Expenditures always increases. In 2016 the contribution obtained was 162.96%, in 2017 it increased by 207.80%, in 2018 it increased again by 240.73%, in 2019 it also increased by 281.64%, then in 2020 it increased again by 311.83%. From the results of this research, it can be seen that the General Allocation Fund Contribution is categorized as Very effective in terms of Capital Expenditures.
3. Contribution of Special Allocation Funds to Capital Expenditures. In 2016 the contribution obtained was 68.36%, and in 2017 it decreased by 59.66%, this was due to a decrease in the performance of regional governments in submitting reports as a condition for distributing DAK. In 2018 it increased again by 67.36%, in 2019 it also increased by 67.42%, then in 2020 it increased again by 74.64%. From the results of this research, it can be seen that the Special Allocation Fund Contribution is categorized as quite effective for capital expenditure.

RECOMMENDATIONS

In an effort to maximize the potential for original regional revenues from the regional tax and levy sector to finance regional expenditure, particularly capital expenditure, the author makes a number of recommendations to related parties based on the research results. These recommendations include transfers from the central government through the General Allocation Fund and Special Allocation Fund.

FURTHER STUDY

This research still has limitations, so it is necessary to carry out further research related to the topic Analysis of Regional Financial Independence and Effectiveness in order to improve this research and add insight to readers.

REFERENCES


