

The Influence of Local Own Revenue Funds, Tax/Non-Tax Profit Sharing, Special Allocation Funds, Others Legal Income and Operational Expenditures on Regional Financial Performance in Jambi Province

Denni Indra Mulia¹, Mukhzarodfa²

UPTD Balai Pembibitan Ternak Dinas TPHP Provinsi Jambi, Indonesia¹

Program Studi Akuntansi, Fakultas Ekonomi dan Bisnis, Universitas Jambi, Jambi²

Abstract. This study aims to see and analyze whether Local Own Revenue, Tax/Non-Tax Profit Sharing, Special Allocation, Others Legal Income Funds and Operational Expenditures partially and simultaneously affect the regional financial performance. This research was conducted in Jambi Province using secondary data obtained and endorsed by Regional Financial Management Agency of Jambi Province in the form of a Jambi Provincial Government Financial Budget Realization Report Document. The data were analyzed by the statistical analysis method using the IBM SPSS Statistics 25 program. It was analyzed using multiple linear regression analysis models, namely pooled data from 2007 to 2019. The results of the study through the F statistical test showed that there was an influence between the independent variables on the three dependent variables with a value of 6.98, 8.28, 8.9 greater than F table 3.20. The R Square (R²) test shows the values of 0.832, 0.873, 0.865 indicating that the correlation or relationship between the dependent variable (Y) and the independent variable is quite strong. The t tabel test is 2.262. The results showed that partially the original regional income has a positive and significant effect on the financial performance of local governments by using the degree of fiscal decentralization indicator and routine capability index, for the Conformity ratio has a negative but significant effect with value 3.208, 3.414 dan 2.737. Tax/Non-Tax Profit Sharing Funds have a positive and significant effect on Regional Government Financial Performance by using the Routine Capability Index with value 2.438. The Special Allocation Funds have a positive and insignificant effect on the Financial Performance of Regional Governments by using the Degree of Fiscal Decentralization indicator with value 2.753. Others Legal Income funds have a negative and significant effect on the financial performance of local governments by using the Conformity ratio with value 4.470.

Keyword. Local Own Revenue; Tax / Non-Tax Profit Sharing Funds; Special Allocation Funds; Others Legal Income Funds; Operations Expenditures; Regional Financial Performance

Corresponding Author. fenderibanez1@gmail.com

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INTRODUCTION

Regional financial aspects in the context of fiscal decentralization, not only reflect the direction and achievement of fiscal policy itself, but also illustrate the achievement of tasks and obligations given to local governments, is conducted to carry out the development efforts in the area which is classified as advanced and independent (Joko Tri Haryanto, 2009) dan (Jati, 2012). Productive and efficient sources of local own revenue plays an important role in regional autonomy, which is called as Financial Performance of Regional Governments. It is recognized that the success of regions in managing their own area will be successful and effective if the aspects of planning, organizing and monitoring in the field of government and finance provide mutual feedback. Thus, transparency and accountability for regional finances can be measured and public demand in general can find out whether the financial performance of an area has increased or decreased by establishing good and correct performance measurements (Devas, 2012).

However, (Dunn & Holtz-Eakin, 2000) said that there is a very close relationship between transfers from the central government and regional government spending. In line with what was stated by (Savitry et al., 2011) the decline in the role of Local Own Revenue in routine expenditure and total expenditure in the local government budgets indicates that

there is an increasing role for the transfer mechanism from the central government through balancing funds. In a plan of Jambi Province regional development work plan in the same period, namely 2008-2010, reflected in the Jambi Province Regional Revenue and Expenditure Budget, it is explained that the sources of development financing are obtained from various sources, including local own revenue, in the form of excess residual previous year's budget calculations, local taxes and levies, tax revenue sharing and non-tax revenue sharing, balance funds in the form of general allocation funds and other legal receipts. Of the total revenues, assistance from the central government represents a fairly large contribution, while the source of local own revenue originating from the revenue itself is still too small compared to central assistance. This shows that Jambi Province in the same period showed that government administration and development funding was still very dependent on the central government, especially for personnel expenditure in the form of salaries, which was still expected from the central government, this can be explained from the budget realization report data which is poured RPJMD (2007-2014) that transfers from the center are the main source of funds for Jambi Province in financing government administration and development. This is not in accordance with the intention and purpose of the Financial Balance between the Central Government and the Regional Government, which stated that the Balancing Fund is a transfer fund from the central government to regional governments with the aim of financing excess regional spending (Mardiasmo, 2006)

According to (Krisna Dwipayana Hamara, 2005) and (Syamsuri Rahim, 2006) stated that the General Allocation Fund, Special Allocation Fund and Tax / Non-Tax Profit Sharing Funds received do not have a positive impact on local government financial performance, or have a significant negative impact on performance of local government finance for the City of Tasikmalaya and the District of Takalar. In line with the above statement, The results of research conducted by (Dwi Saraswati, Yunita Sari Rioni, 2012) said that when regional revenue is transferred from the central government, the stimulus generated is different from the stimulus that comes from regional income, most importantly local taxes. The same thing is stated by Lambut (2013) that when the reaction of regional spending is greater on transfers than the region's own revenue, it is called the flypaper effect.

Although the percentage tends to decrease each year, in nominal terms the assistance received by the Jambi Provincial Government continues to increase in quite a large amount. Therefore, in order to carry out regional independence, especially for routine expenditure and development expenditures, local governments are required to be able to find and manage their own sources of financial revenue properly, in which development and productive sectors can generate income by growing to the revenue they have.

The results of tests conducted by (Asha Florida Kinerja et al., 2008), Nurcahaya (2009), (Dwi Saraswati, Yunita Sari Rioni, 2009) dan (Wenny, 2012) explain that local own revenue has a significant effect on district government financial performance and City, meaning that any increase in Local Own Revenue will be followed by an increase in government financial performance. Meanwhile. Furthermore, (Abdullah, 2015) examined the influence of the financial performance of regency / city governments in South Sumatra, concluding that the local revenue of districts and cities in southern Sumatra has an effect on the financial performance of regency and city governments in the 2011-2013 period. This case shows the pattern of local government management that considers local own revenue as one of the factors that influence financial performance. Meanwhile, the general allocation funds and the special allocation funds have no effect on the financial performance of regency and city governments in Southern Sumatra, this shows that the management patterns of district / city governments throughout Southern Sumatra do not take into account the general

allocation funds and special allocation funds as one of the factors that affects financial performance.

James B. Whittaker (1995) in Government Performance and Result Act, A Mandate for Strategic Planning and Performance Measurement stated that performance measurement/assessment is a management tool to improve the quality of decision making and accountability. Continuous performance measurement will provide feedback, so that efforts to continuously improve their performance objectively within a certain time period. The author argues that performance measurement is considered important for assessing the accountability of local governments in carrying out regional financial management. Accountability is not just a skill to prove how public money is spent, but includes the ability to demonstrate that public money has been spent economically, efficiently and effectively.

One of the tools to analyze the performance measurement of local governments is to analyze the financial ratios against the Local Government Budgets that has been determined and implemented (Bastian, 2019). Research conducted by (Halim, 2001) dan (Mirda Syam, Dahliah, 2018) regarding Regional Financial Performance Analysis stated that financial performance analysis is an attempt to identify financial characteristics based on available financial reports. In government organizations to measure financial performance there are several performance measures, namely the independence ratio, effectiveness ratio, efficiency ratio, growth ratio, and compatibility / activity ratio. In this study, financial ratios that can be used to be developed based on financial data sourced from the Regional Expenditure Budget formulated and stipulated by (BAPPENAS, 2003) and have been used as the basis for research include (Research and Development Team of the Ministry of Home Affairs-Fisipol UGM, 1991 in Waoma, 2018) (Vurry et al., 2014) dan (Tobergte & Curtis, 2013) is to use the formula of the Degree of Fiscal Decentralization Ratio, Routine Ability Index Ratio and Conformity Ratio.

According to the explanation above, it can be assumed that the financial performance of local governments is still not optimal. Therefore, a good tool / instrument is needed to assess the performance of local governments in managing regional finances by analyzing financial ratios against the Regional Expenditure Budget which has been determined and endorsed by applicable regulations (Abdul Halim dan Syam Kusufi, 2012). The purpose of this research was to find out how local revenue, tax/non-tax revenue sharing, special allocation funds, other legal income and operational expenditures simultaneously and partially affected the regional financial performance of Jambi Province.

The greater the contribution of local own revenue to the structure, the less regional dependence on central government assistance and the better the regional financial performance. The large amount received from the balancing fund would provide a strong role for regional governments depending on the central government to meet the needs of their regions, namely regional spending and development.

METHOD

The types of data in this study were classified as secondary data. This data was obtained and issued by the Jambi Province Financial Management Board in the form of a Jambi Provincial Government Financial Budget Realization Report Document. In terms of its characteristic, the data used were quantitative data, namely in the form of numerical numbers from variables to analyze information with the aim of developing mathematical models in which to perform statistical calculations between independent variables, called Local Own Revenue, Tax / Non-Tax Sharing Funds, Special Allocation Funds and Other Legal Income and Operational Expenditures on dependent variables, namely the Regional Financial Performance of Jambi Province which became the research sample. In this study,

in measuring regional financial performance based on financial data and those sourced from the Regional Expenditure Budget, the researcher refers to the regional financial ratios formulated and determined by (BAPPENAS, 2003) among others are : (a) Fiscal Desentralization Degree Ratio, (b) Routine Ability Index Ratio, (c) Operating Expenditure Ratio. Based on the time of collection, the data collected from time to time to see the development of an event or activity, the data were classified in the time series-cross section (polling data) from 2007 to 2019.

The data analysis method used was the statistical analysis method using the Microsoft Excel 2016 program and the IBM-SPSS (Statistical Package for Social Sciences) Version 25.0 analyzed using a multiple linear regression analysis model, namely pooled data from 2007 to 2019. This analysis aims to determine how much influence the independent or independent variables had on the dependent or dependent variable. Before carrying out this analysis, it was necessary to first test the classical assumptions of the empirical model used in the study. The mathematical design of the research design and model is as follows:

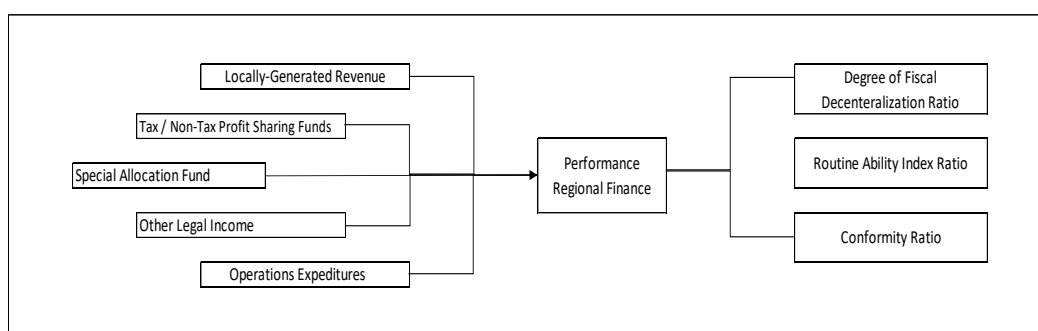


Figure 1. Design of Data Analysis Techniques

This research model mathematically can be written as follows:

$$Y' = a + b_1X_1 + b_2X_2 + \dots + b_nX_n \dots \dots \dots (1)$$

Transformed into natural logarithmic form to get a linear equation, after converting it into Ln form, we can get multiple linear regression equation as follows:

$$\text{Ln}(\text{PRF}) = \beta_0 + \beta_1 \text{Ln}(\text{LOR}) + \beta_2 \text{Ln}(\text{TNT}) + \beta_3 \text{Ln}(\text{SAF}) + \beta_4 \text{Ln}(\text{OLI}) + \beta_5 \text{Ln}(\text{OE}) + \mu \dots \dots \dots (2)$$

Information :

- Ln = Natural Logarithm
- β_0 = Constant
- $\beta_1 \dots \dots \beta_5$ = The coefficient of the independent variable
- μ = Disturbance error
- PRF = Performance Regional Finance
- LOR = Local Own Revenue
- TNT = Tax / Non-Tax Profit Sharing Funds
- SAF = Special Allocation Funds
- OLI = Others Legal Income
- OE = Operational Expenditures

RESULTS AND DISCUSSION

Analysis of the financial performance variables of the Jambi provincial government was basically carried out to assess the past performance of the Jambi provincial government. In this study, the financial performance variables of the Jambi Province local government

were measured using regional financial ratio analysis. The results of calculating the ratio of the dependent variable are as follows:

Table 1. Result ratio calculation of the dependent variable

No	Year	Ratio Indicator (%)		
		Dependent Variable		
		DFD	RAI	CR
1	2007	39.04	81.32	56.58
2	2008	43.59	96.98	45.96
3	2009	38.88	57.92	59.4
4	2010	41.87	102.15	45.18
5	2011	47.35	129.45	43.44
6	2012	37.38	83.32	46.69
7	2013	36.86	66.27	53.3
8	2014	39.77	71.82	55.67
9	2015	39.66	64.58	56.10
10	2016	36.34	74.79	50.06
11	2017	36.65	70.35	54.35
12	2018	37.54	68.85	57.31
13	2019	36.09	56.28	60.81
Average		39.31	78.78	52.68

Source: Author Calculation

From table 1 above shows the calculation of each ratio of the dependent variable and the criteria for the pattern of relationships with the central and provincial governments, which refers to the results of research conducted by the Research and Development Team of the Department of Home Affairs - Faculty of Social and Political Sciences UGM (1991), the percentage are between two categories, namely the moderate category (30 , 01% - 40.00%) and good category (40.01% -50.00%).

Classic Assumption Testing

In producing a good regression model, regression analysis requires the classical assumptions testing of the empirical models used in the study in order to avoid deviations in the classical assumption test. Therefore, it is necessary to make improvements first through the regression method. The method used is multiple linear regression method consisting of normality test, multicollinearity test, autocorrelation test and heteroscedasticity test.

Uji Normalitas

In addition to testing the normality of the Normal Probability Plot of Regression Standardized Residual data, the researcher also used the Kolmogorov-Smirnov (KS) non-parametric statistical normality test with the significance value of each variable greater than 0.05, it can be concluded that the data were normally distributed. To find out the test results of each of the independent and dependent variables using the Kolmogorov-Smirnov test can be seen in Table 2 below:

Table 2. One Sample Kolmogorov-Smirnov test

No	Variabel Independen	Ratio Indicator Dependent Variable		
		DFD	RAI	CR
	Asymp.Sig.(2-tailed)	,844	,968	,712
1	Local Own Revenue	,895	,895	,895
2	Tax / Non-Tax Profit Sharing Funds	,893	,893	,893
3	Special Allocation Funds	,992	,992	,992
4	Others Legal Income	,390	,390	,390
5	Operational Expenditures	,850	,850	,850

Source: Research Results with SPSS V-25.0 (processed data)

Multicollinearity Test

From the results of statistical data processing on the independent variables, it is known that between the independent variables used in this study has a tolerance number less than 0.10 and a VIF that is not greater than 10. This indicates that there is no correlation between the independent variables, which means that Multicollinearity does not occur. Thus, the assumption of multicollinearity between variables in the regression equation model has been fulfilled.

Table 3 Multicollinearity Test

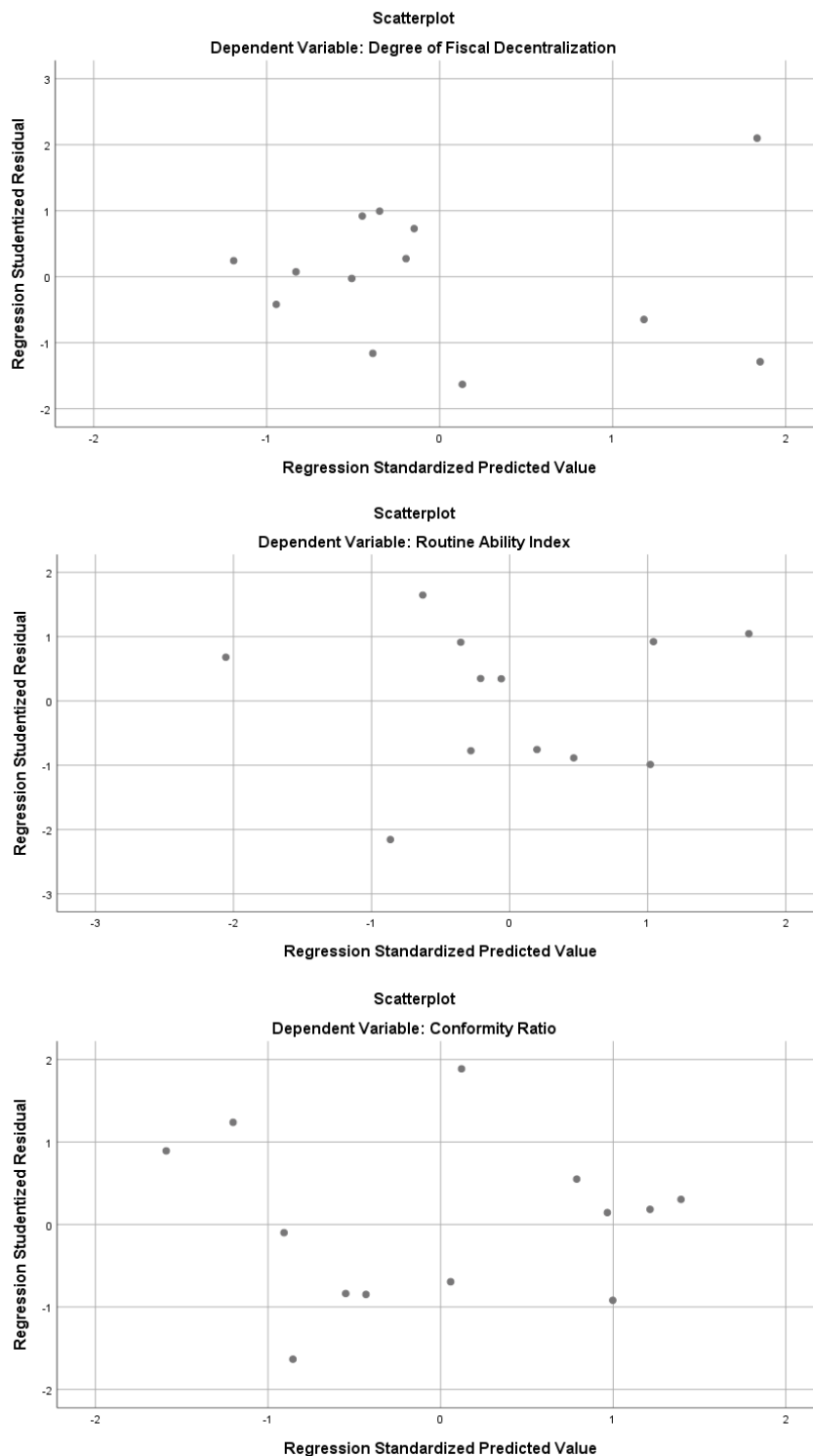
No	Variabel Dependen	DFD		RAI		CR	
		Tolerance	VIF	Tolerance	VIF	Tolerance	VIF
1	Locally-Generated Revenue	0.117	8.543	0.109	9.147	0.111	9.006
2	Tax/Non-Tax Profit Sharing Fund	0.492	2.031	0.458	2.184	0.487	2.054
3	Special Allocation Fund	0.717	1.395	0.177	5.645	0.746	1.340
4	Other Valid Registration	0.682	1.467	0.922	1.084	0.739	1.353
5	Operations Shopping	0.137	7.283	0.110	9.088	0.135	7.434

Source: Results of research with IBM SPSS Statistics 25 (Processed Data)

Heteroscedasticity Test

Based on the results of the heteroscedasticity test, the dots do not form a certain regular pattern and spread above the number 0 and below the number 0 on the Y axis, it is concluded that there is no heteroscedasticity in the regression model.

Figure 2. Heteroscedasticity Test



Autocorrelation Test

Based on table 4 it shows that each of the Asymp. Sig. (2 tailed) of 0.545, 0.364 and 0.578. it can be concluded that the Runs Test test does not occur symptoms or autocorrelation problems

Table 4. Runs-Test

	Unstandardized Residual		
	DFD	RAI	CR
Test Value ^a	0.00239	0.03196	0.00725
Cases < Test Value	6	6	6
Cases >= Test Value	7	7	7
Total Cases	13	13	13
Number of Runs	9	9	9
Z	0.606	-0.908	0.684
Asymp. Sig. (2-tailed)	0.545	0.364	0.578

a. Median

Author Calculation

Results of Data Analysis

From the results of testing the classical assumptions it is concluded that the regression model used in this study has met the estimation model and is feasible for regression analysis, then the regression results of this study can be seen in the following table:

Table 5. Regression Estimation Results

Hypothesis Test	Related Variable Indicator (Y)								
	DFD			RAI			CR		
1. Test <i>f</i>									
- <i>f</i>	6,982			8,282			8,977		
- Sig.	0,012			0,011			0,006		
2. Test <i>t</i>									
(Constant)	B	t	Sig.	B	t	Sig.	B	t	Sig.
- LN_LGR(X1)	6.871	4.895	0.002	-14.321	-3.364	0.015	6.715	2.974	0.021
- LN_TNT(X2)	0.264	3.208	0.015	1.042	3.414	0.014	-0.347	-2.737	0.029
- LN_SAF(X3)	-0.11	-1.600	0.154	0.518	2.438	0.050	-0.129	-1.196	0.271
- LN_OVR(X4)	0.004	2.361	0.050	-0.001	-0.020	0.985	-0.003	-1.344	0.221
- LN_OS(X5)	0.008	0.914	0.391	-0.112	-2.363	0.056	-0.036	-2.753	0.028
- LN_OS(X5)	-0.29	-4.842	0.002	-0.778	-3.471	0.013	0.401	4.470	0.003
3. Coefficient of Determination									
- R ²	0.712			0,768			0.769		
<i>f</i> table	3.20								
<i>t</i> table	2.2621								
α	0.05								
$DFD = 6.871 + 0.264 LN_LGR(X1) - 0.105 LN_TNT(X2) + 0.004 LN_SAF(X3) + 0.008 LN_OVR(X4) - 0.286 LN_OS(X5) + e$ $RAI = -14,321 + 1,042 LN_LGR(X1) + 0,518 LN_TNT(X2) - 0.001 LN_SAF(X3) - 0,112 LN_OVR(X4) - 0,778 LN_OS(X5) + e$ $CR = 6,715 - 2.737 LN_LGR(X1) - 1,196 LN_TNT(X2) - 1.344 LN_SAF(X3) - 2.753 LN_OVR(X4) + 4,470 LN_OS(X5) + e$									

Source : Author calculation

Based on the calculation of the *f* statistical test, it shows that the three indicators of the dependent variable produce *f* count > *f* table and a significant value is less than 0.05, so the hypothesis is accepted. This means that simultaneously, the independent variable affects the dependent variable, namely the Financial Performance of Local Government. The coefficient of determination or adjust R² shows that the correlation or relationship between the dependent variable (Y) and the independent variable is strong enough, it is said to be

strong enough because the figure is above 0.5 (50%) while the rest in each ratio as a variable is influenced by other variables which is not explained by this research model.

From the results of the t test, it can be seen that the effect of each dependent variable as shown in table 6 is as follows:

The first hypothesis is that local revenue is positive, indicating a unidirectional relationship using the DFD and RAI ratios. The results of regression analysis show that the t value is $3.208 > 2.2621$ and $5.4803 > 2.2621$ the independent variable affects the dependent variable with a significant value of $0.015 < 0.05$ and $0.002 < 0.05$, indicating The independent variable is significant to the dependent variable. For the BO ratio, it shows a negative but influential value, the results of regression analysis t count $-2.737 > 2.2621$ the independent variable has a negative effect on the dependent variable with a significant value of $0.029 < 0.05$, indicating that the independent variable is significant to the dependent variable.

The results of the above research show that the Local Own Revenue variable has a significant effect on regional financial performance by using the Degree of Fiscal Decentralization ratio and the Routine Ability Index ratio, it can be concluded that the LN_LOR variable (X1) has a significant effect and has a contribution and has a direct relationship to Regional Financial Performance. When there is an increase in regional income, from the expenditure side, regional expenditure will increase. Meanwhile, the ratio of Operational Expenditures has an effect and is significant but has a negative statistical value on financial performance, it has an opposite relationship to regional financial performance. It can be illustrated that the allocation of funds received which should be included in the priorities of the regional government for routine expenditure and development expenditure has not been optimized

The second hypothesis of the Tax/Non-Tax Profit Sharing Fund is positive, indicating a unidirectional relationship using the Routine Ability Index ratio, the results of regression analysis show the t value of $2.2881 > 2.2621$ the independent variable affects the dependent variable with a significant value in each ratio is $0.030 < 0.05$ indicating the independent variable, namely LN_TNT (X2) is significant to the dependent variable, from the results of this test it can be concluded that there is a significant effect of the independent variable on the dependent variable. For the ratio of the degree of fiscal desentralization and the ratio of operating expenditures showed negative and insignificant values, the results of the regression analysis of the degree of fiscal desentralization ratio t count $-1.600 > 2.2621$ and the results of the regression analysis of the ratio of operational expenditures t count $-1.196 > 2.2621$

The results of the above research show that the Tax/Non-Tax Profit Sharing Fund has a significant effect on the dependent variable by using the Routine Capability Index ratio, for the Degree of Fiscal Decentralization ratio and the ratio of Operating Expenditures have no and insignificant effect on regional financial performance. The negative effect can be assumed that the region has not optimized the potential for taxes and natural resources owned, it can be seen in the report on the realization of the development of profit sharing funds that shows fluctuating growth, with an average annual growth of 18.94%, the amount of revenue is not significant so that it affects the revenue of the local own revenue to support regional budget expenditures. In addition, the revenue regions from natural resources are not the same, there are regions with large and small natural resources so that they are still unable to provide a large influence on regional income. Therefore, the regions still rely on financial

support from the receipt of transfers/profit sharing and the General Allocation Fund from the Central Government. In order to achieve regional autonomy through financial independence, regions must be able to explore and optimize all the potential of regional natural resources.

The third hypothesis of the Special Allocation Fund shows a positive value on financial performance using the Degree of Fiscal Decentralization ratio, the results of regression analysis show the t value of 2.361 <2.2621 with a significant value is 0.050 > 0.05. This result shows that the independent variable LN_SAF (X3) significant to the dependent variable, from The results of this test can be concluded that there is an influence and significance of the independent variables on the dependent variable. For the Routine Ability Index ratio, the variable regression results show the t value of 0.6306 > 2.2621 the independent variable does not affect the dependent variable with a significant value of 0.552 <0.05 indicating that the independent variable is not significant to the dependent variable, it can be concluded that there is no influence from the variable independent of the dependent variable.

Based on data records on financial statements issued report results during the same period, revenue from the balance fund which consists of tax/non-tax profit sharing, the General Allocation Fund and the Special Allocation Fund shows an increase in realization of 12.40% in 2014, compared to the realization of the condition above indicates that the remaining budget calculations from last year made a continuous contribution increasing in relation to the increase in regional revenues, although the development is increasing, it is still small compared to the dependence of regions on the Central Government.

The fourth hypothesis is Others Legal income that has a significant negative value, indicating the opposite relationship to financial performance by using the Operational Expenditure ratio and Routine Capability Index ratio, the results of regression analysis show the t-value -2,753 > 2,262 and -2,753 > 2,262 so that the independent variables have an effect but negative to the dependent variable with a significant value in each ratio is 0.028 <0.05 and 0.033 <0.05, indicating that the independent variable is significant to the dependent variable, from the results of this test it can be concluded that there is a significant effect of the independent variable on the dependent variable. The ratio of the degree of fiscal desentralization and the ratio of the Routine Ability Index shows negative and insignificant results, the results of regression analysis t count 0.914 <2.262 and -0.8893 <2.262 so that the independent variable does not affect the dependent variable with a significant value of 0.391 > 0.05 and 0.408 > 0.05 which indicates that the independent variable is not significant for the dependent variable..

The results of the above research show that the Others Legal Income Tax variable has a significant effect on the dependent variable using the Operational Expenditure ratio, for the Degree of Fiscal Decentralization ratio and the Routine Capability Index ratio have no and insignificant effect on regional financial performance.

The fifth hypothesis is that Operational Expenditures are negative and significant to regional financial performance by using the ratio of the Degree of Fiscal Decentralization and Routine Ability Index, the results of regression analysis show the t-count value of -4.842 <2.2621 and -4.414 <2.2621 with a significant value for each ratio is 0.002 <0.05 and 0.004 <0.05 indicate that the independent variable is significant to the dependent variable, from the results of this test it can be concluded that there is an influence and significance of the

independent variable on the dependent variable. For the ratio of Operational Expenditures shows a positive and significant value, the results of regression analysis show the t value of $4.470 > 2.2621$ so that the independent variable affects the dependent variable with a significant value of $0.003 < 0.05$ indicating that the independent variable is significant to the dependent variable, from the results of this test it can be concluded that there is influence and significance of the independent variable on the dependent variable.

The results of the above research show that the Operational Expenditure variable has a negative and significant effect on regional financial performance using the Degree of Fiscal Decentralization ratio and the Routine Capability Index ratio and the Operating Expenditure ratio has a positive effect on Regional Financial Performance

CONCLUSIONS

The purpose of this study was to determine and analyze the effect of Local Own Revenue, Tax/Non-Tax Profit Sharing Funds, Special Allocation Funds, Other Legal Income and Operating Expenditures had an effect on performance Regional Government Finances. The conclusions obtained from this study are as follows:

Simultaneously Local Own Revenue, Tax/Non-Tax Profit Sharing Funds, Special Allocation Funds, Others Legal Income and Operational Expenditures affect the Financial Performance of Local Governments, using the Degree of Fiscal Decentralization indicator, Routine Ability Index and Operational Expenditures. This conclusion is in line with the research hypothesis.

The results of the above research are in line with the results of research (Julitawati et al., 2012) and (Finance et al., 2012) which stated that based on the results of testing the effect of Local Own Revenue and Balancing Funds which consist of several components, namely General Allocation Funds, Special Allocation Funds and Funds For Tax / Non-Tax Profit Sharing, on the financial performance of district / city governments simultaneously the coefficient of determination (R^2) is 0.125. Thus the independent variables which include Local Generated Revenue and Balancing Funds simultaneously affect the dependent variable, namely the financial performance of district / city governments in Aceh Province. Along with research conducted by Florida (2006) which stated that simultaneously Fiscal Decentralization and Local Own Revenue have a significant effect on the Financial Performance of District and City Governments in North Sumatra Province.

Partially the Local Own Revenue variable has a positive and significant effect on Regional Government Financial Performance by using the Degree of Fiscal Decentralization indicator and the Routine Ability Index indicator as the dependent variable. Meanwhile, the Operational Expenditure indicator as the dependent variable, the Local Own Revenue variable, has an effect but is statistically negative and has a significant impact on Regional Government Financial Performance.

Partially, the Tax / Non-Tax Revenue Sharing Fund has a statistically and significant positive effect on the Financial Performance of the Regional Government by using the Routine Capability Index indicator as the dependent variable, while the indicators for the Degree of Fiscal Decentralization and the Indicators for Operating Expenditures have no and insignificant effect on the Financial Performance of Regional Governments.

Partially, the Special Allocation Fund variable has a positive and statistically significant effect on Regional Government Financial Performance by using the Degree of Fiscal Decentralization indicator as the dependent variable, while the Routine Capability Index and Operational Expenditure Indicators have no and insignificant effect on Regional Government Financial Performance.

Partially the Others Legal income variable has a significant but statistically negative effect on the Financial Performance of the Regional Government by using the Degree of Fiscal Decentralization indicator and the Operating Expenditure indicator as the dependent variable, partially the Others Legal income variable has no effect on the Financial Performance of the Regional Government by using the Routine Ability Index indicator as the dependent variable.

Partially the Operational Expenditure variable has an effect and is significant but has a negative statistical value on the Financial Performance of Regional Governments using the Degree of Fiscal Decentralization indicator and the Routine Capability Index indicator as the dependent variable. While Operational Expenditures as the dependent variable, partially the Operational Expenditure variable has a significant and positive effect on Regional Government Financial Performance.

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