Research Article

South Sumatra Capital Expenditure Budget Determinants: What Factors Influence?

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Abstract

The purpose of this study is to examine the impact of economic growth, fluctuations in local revenue, general allocation funds, and special allocation funds on capital expenditures. The sample consists of 17 observations from South Sumatra's Regency/City governments (13 Regencies and 4 Municipalities) during 2018–2020. Secondary data were obtained from the Republic of Indonesia Financial Audit Agency (BPK RI). Data on Gross Regional Domestic Product (PDRB) and Regional Revenue and Expenditure Budgets (APBD) were sourced from Regional Government Financial Reports (LKPD). Quantitative analysis techniques were employed. The results show that fluctuations in Regional Original Income and Special Allocation Funds significantly influence Capital Expenditures. However, Economic Growth and General Allocation Fund fluctuations do not impact Capital Expenditures. Managerially, positive economic growth can increase regional income, enabling higher capital expenditure. Fluctuations in General Allocation Funds may affect budget stability, requiring strategies to manage uncertainties.

Keywords: Economic Growth, Fluctuations in Regional Original Income, Fluctuations in General Allocation Funds, Fluctuations in Special Allocation Funds

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1. Introduction

The regional budget is a financial plan that is the financial basis that backs the delivery of public services and regional development. Regional Revenue and Expenditure Budgets (APBD) are the term used by the Indonesian bureaucracy to refer to regional budgets for city, regency, and provincial governments. The budget for revenue and expenditure in the region (APBD) is a regional government financial plan for one year determined by the regional government. APBD can be used as a means of communication between regional governments and their communities regarding allocation priorities made by regional governments after coordinating with the legislature, DPRD (Directorate General of Financial Balance, 2017). The structure of the APBD is a single unit consisting of a regional income budget, regional expenditure budget, and regional financing (APBD), which has the functions of authorization, supervision, planning, distribution, allocation, and stabilization.

Regional income consists of original regional income (PAD), balancing funds, and other legitimate income. Apart from regional income, the APBD is prepared on an expenditure component, which is a manifestation of the region spending its money on public services. Four posts make up regional expenditure, namely personnel expenditure posts, goods and services expenditure posts, capital expenditure posts, and other expenditure posts. Then, there is regional financing, which consists of two posts, namely financing receipts and financing expenditures.

According to Saputri (2020), regional original income is the total of taxes collected from within the applicable region and used to fund regional activities. It can include regional taxes and levies, the outcomes of independent regional wealth management, and other permissible regional original income. In addition, Law No. 33 of 2004 defines PAD as money received and gathered by areas from both taxes and non-tax sources in compliance with legal requirements. Original regional revenue sources, such as local taxes, levies, and other legal revenue, are crucial to the region, particularly when it comes to funding government initiatives (Lovita et al., 2023). But at the moment, there are issues that show different income disparities in various regions of Indonesia. Based on the classification of regional expenditure, regional governments only focus on regional expenditure that is short-term or can be said to be less productive, namely operational expenditure, which includes routine expenditure and employee expenditure. In fact, Capital Expenditures, which are given less attention by regional governments despite having a significant impact on economic growth, as evidenced by the average percentage ratio of capital expenditures across all provinces, which is still below 45% due to the proportion of budgeted Capital Expenditures is quite low.

As per the provisions of Law No. 17 of 2003, the regional budget serves as a financial blueprint for providing public services. Since the budget is in line with Law No. 25 of 2009, which states that one of the duties of the government is to serve the people living in areas within its purview, there is a close relationship between the budget and the functioning of the regional government. The demands of the community are outlined in the budget, taking into consideration the potential and resources available in the area. When the percentage of DAU exceeds regional earnings, another event also takes place. But the budget for capital expenditures does not rise in response to this; instead, it is merely, which is only around below 30 percent. This result demonstrates that local governments employ DAU for other goals rather than equitable development. Special Allocation Funds are funds sourced from the APBN that are allocated to specific regions with the aim of helping to fund special activities that are regional affairs and in accordance with national priorities. This is based on Law No. 1 of 2022 concerning financial relations between the central and regional governments. Capital participation is not included in the usage of DAK; instead, it is limited to development investment activities, the acquisition, maintenance, and repair of infrastructure and physical facilities with a long economic life, including the acquisition of supporting physical facilities. Capital spending is anticipated to be impacted by DAK allocation because DAK tends to increase fixed assets. owned by the government in order to improve public services. The phenomenon that has just occurred is that school renovations using the DAK budget have been canceled, and it will be proposed to use the APBD budget because it is urgent. This budget proves that there needs to be more ineffectiveness in managing the DAK budget (Puspita & Komala, 2023).

In this research, the area that will be used as the object is the South Sumatra provincial government. Because economic growth in South Sumatra is higher than in other provinces because there are abundant natural resources, which makes it an attraction for capital investment, economic growth in 17 regencies/cities in South Sumatra Province experiences fluctuations almost every year. Muara Enim district experienced very high economic growth from 2018 to 2019 due to an increase; this could be due to the impact of the COVID-19 pandemic, which has spread throughout the world since the beginning of 2020 and has caused a global economic recession, including the economy of South Sumatra. PAD revenue compared to 2018 has decreased due to revenue from regional tax components, namely Motor Vehicle Title Fee (BBNKB), Motor Vehicle Fuel Tax (PBBKB) and Cigarette Tax. The decrease in purchases of new vehicles caused tax revenues from BBNKB to decrease, while the decrease in PBBKB revenues was due to reduced revenues from the largest mandatory levy, namely Pertamina.

Low-income receipts can cause a decline in Original Regional Income, for example, receipts from regional levies, regional taxes, the outcomes of managing divided areas, and other acceptable PAD. In addition to the decline in PAD, the province of South Sumatra experienced a decline in DAU in line with the national DAU in line with the national fiscal capacity, which was also impacted by COVID-19. In the meantime, the 2020 budget refocusing strategy is being carried out with the decrease in non-physical DAK in an attempt to overcome Covid-19 and restore the National Economy through programs financed by APBN expenditure under the authority of the State General Treasurer. It is envisaged that during the current period of fiscal decentralization, improvements will be made to a number of sectors, particularly the public sector. It is believed that these changes will make the public sector more appealing to investors, who may then choose to place capital there. Consequently, changing the expenditure mix is a sensible move on the part of the Regional Government to boost public confidence. This can be achieved by raising capital investment in the form of fixed assets, such as machinery, structures, infrastructure, and other fixed assets (Irman & Purwati, 2020). According to Ayem and Dessy's (2018), research, capital expenditure is positively and significantly impacted by economic growth. In the meantime, the findings of studies carried out by Wandira (2017), Nurdiwaty & Badrus (2017), and Sari et al. (2017) stated that there was no significant effect between the PAD variable and Capital Expenditure.

2. Literature Review and Hypothesis
Capital Expenditures
According to Siregar (2017) and (Lovita et al., 2023), capital expenditures are all expenditures from regional general cash accounts that reduce the budget balance by more than the portion of the relevant fiscal year that will not be reimbursed to the regional government. The Republic of Indonesia's Minister of Home Affairs' Regulation Number 77 of 2020 pertaining to Technical Guidelines for Regional Financial Management explains that Capital Expenditure is part of the regional expenditure group, which has the meaning of expenditure made in connection with the acquisition, construction, or procurement of tangible fixed assets, such as land, machinery, buildings, structures, roads, irrigation systems, and other fixed assets, with a useful life of longer than a year for use in government operations. The purpose of allocating capital expenditure is to hopefully multiplier effect (long-term effect), both macro and micro, for the Indonesian economy, especially for the regions.

Economic growth
Economic growth is an expansion of the Gross National Product (GDP) or Gross Product (GNP) without considering if the rise is greater or smaller compared to the rate of population growth and whether the composition of the economy has changed (Asnawi, 2018). A rise in GDP or GNP can also be defined as economic growth, regardless of whether the increase is higher or lower than the rate of population growth or whether there are changes to the economic structure (Puspita & Komala, 2023, Irman & Purwati, 2020). The three primary drivers of economic growth are population expansion, capital accumulation, and issues pertaining to the rise in the number of the workforce which are thought to favorably encourage economic expansion (Rahman et al., 2019).

Locally-generated revenue
The explanation of Original regional income is defined as regional income derived from regional taxes, regional levies, the outcomes of independent regional wealth management, and other lawful regional original income under Law Number 1 of 2020 Governing Financial Relations between the central and regional governments. which seeks to give regions freedom to investigate funding options for putting regional autonomy into practice as a way to apply the decentralization principle. According to the explanation of original regional income, regions can implement Decentralization of the finances and regional autonomy with the help of original regional income, because Original Regional Income is the main pillar that supports regional life. Without sufficient funds to finance regional needs, the main characteristics of implementing regional autonomy will disappear. Regional Original Income (PAD) is revenue from regional tax collections, regional levies, and proceeds from regional companies. Receipts from government agencies and other revenues are included in the relevant Regional Original Income (PAD) and are legitimate regional income

(Asmawati et al., 2019). The higher role of Original Regional Income (PAD) in regional income is an indicator of success in the level of regional capacity in financing government administration and development (Astrianto & Sukmawati, 2022).

General Allocation Fund
According to Nordiawan (2017) In the framework of enacting decentralization, general allocation funds which come from APBN revenues are distributed with the intention of balancing the financial resources available to each region to support local requirements. DAU is defined as money derived from APBN earnings distributed with the intention of equating financial capability amongst regions to fund regional requirements in the context of achieving decentralization in Government Regulation Number 55 of 2005 Article 1 about Balancing money. In order to achieve financial parity throughout regions in order to support regional needs while enacting decentralization, the central government transfers money to regional governments through the APBN. This process is known as DAU. In order to achieve financial parity throughout regions in order to support regional needs while enacting decentralization, the central government transfers money to regional governments through the APBN. This process is known as DAU. DAU is distributed to the province, district, and city areas in proportion to the net domestic income ascertained in the APBN, provided that the amount is at least 26%. The balance of authority between provinces and districts/cities determines the percentage of DAU for provincial and district/city territories.

Fund for Special Allocation
Funds from the APBN's unique Allocation Funds (DAK) are distributed to certain regions in order to support unique initiatives that fall under the purview of national priorities and are regional in nature (Nordiawan, 2017). Law Number 1 of 2022, Governing Financial Relations between the Central Government and Regional Governments, and Government Regulation Number 55 of 2005 provide the legal foundation for General Allocation Funds. concerning Balancing Funds, and Minister of Finance Regulation Number 145/PMK.07/2013 concerning Budget Allocations Transfer to Region. Special Allocation Funds are meant to assist in financing special initiatives in specific areas that are regional affairs and in line with national priorities; specifically, they are meant to finance the need for infrastructure and basic community service facilities that are still in need of repair or to promote the rapid development of regions (Darise, 2014).
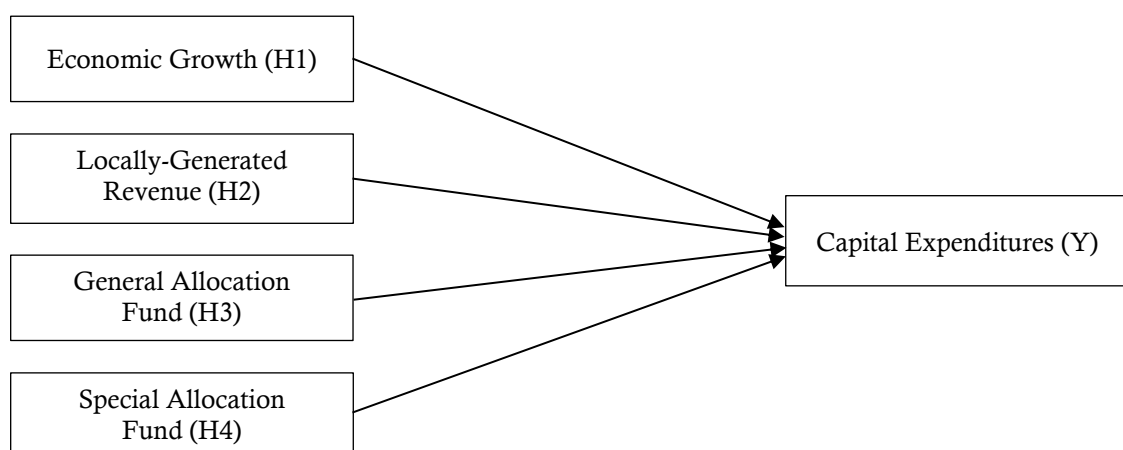
Research Conceptual Framework

Figure 1. Research Conceptual Framework

Research Hypothesis
The Influence Impact Economic Growth on Budget Allocation for Capital Expenditures
According to Irman and Purwati (2020), economic growth can also be defined as a rise in GDP or GNP, regardless of whether the increase is higher or lower than the rate of population growth or

whether there are changes in the economic structure. Three primary elements or drivers of economic growth are population expansion, labor force participation, and capital accumulation. These factors are thought to have a beneficial impact on economic growth. Considering the outcomes of previous research, the following hypothesis can be formulated:

H1: Economic Growth favorably impacts capital expenditures

The Impact of Initial Regional Income on Capital Expenditure Allocation
Original Regional Income is money that a region receives from sources inside its borders and that is gathered in compliance with regional laws and regulations. Local governments will invest capital funds in an attempt to enhance community welfare and public services. Therefore, it is anticipated that rising capital expenditures will be impacted by rising regional original income. As localized first revenue increases, capital expenditure will also increase. States that Regional Original Income has a positive and significant effect on Capital Expenditures. Previously, Pradana (2017), Diputra & Idayati (2023), and Rahmitasari & Asyik (2023) proved the results that Original Regional Income has a positive influence on capital expenditure. Based on the results of previous research, the following hypothesis can be formulated:

H2: Capital Expenditures are positively impacted by Regional Original Income

The Influence of General Allocation Funds for Capital Expenditure Allocation
Law Number 28 of 2022 states that general allocation funds, which come from the APBN, are distributed with the intention of lessening regional differences in public services and financial capability. Fiscal disparities across regions can be lessened when general allocation funds are available. It is impossible to avoid the fiscal imbalances brought about by regional autonomy. Greater general allocation funding will be given to areas with high rates of poverty and low initial regional income. than regions that are rich and have higher original regional income and vice versa (Anggareni & Sapari, 2023). To finance spending requirements for putting decentralization into practice. Which demonstrates test results suggesting General Allocation Funds have a favorable impact on Capital Expenditures, supports this assertion. This result indicates that capital expenditure expenses will rise in response to an increase in general allocation funds. The process of raising output per capita as measured by gross regional product per capita is known as economic growth, and it leads to periodic changes and development in a nation's economy. Individuals' incomes are rising in tandem with this expansion. Considering the outcomes of previous research, the following hypothesis can be formulated:

H3: Capital expenditures are positively impacted by general allocation funds

The Impact of Special Allocation Funds on Capital Expenditure Allocation
Funds from the APBN's general allocation are distributed throughout the regions to guarantee equitable financial ability to support local requirements while enacting decentralization. At least 26% of funds are allocated to the General Allocation Fund. domestic revenues specified in the APBN. General Allocation Funds are used to cover gaps that arise because regional needs exceed the available regional revenue potential. Previous research conducted by Wisnuwardana and Kurnia (2023), and Alpi and Sirait (2022) stated that Special Allocation Funds have a significant effect on capital expenditure. If the Special Allocation Fund is higher, capital expenditure will also increase. This result could be because the large amount of It has been shown that General Allocation Funds have a favorable impact on capital expenditures, even though Special Allocation Funds obtained by regions may not necessarily result in an increase in the regional capital expenditure allocation. The following is the hypothesis put forth in light of this research:

H4: Capital Expenditures Benefit from Special Allocation Funds

3. Data and Methods

Types of research
The type of research used in this research is quantitative. Quantitative research is scientific and systematic research where the observations made are related to research objects, phenomena, and correlations between related variables, which aim to obtain explanations from realistic theories and laws.

Population and Sample

Population is a group of people, events, or interesting things about which researchers want to form an opinion. The population in this study, is the city, district, and province of South Sumatra. The sampling technique employed in this study is Saturated Sampling to indicate a sampling technique if all members of the population are used as samples. This is often done when the population is relatively small or the research wants to make generalizations with very small errors. The A city or district in the province of South Sumatra serves as the research sample. The Gross Regional Domestic Product (GRDP) and the Regional Revenue and Expenditure Budget Realization Report (APBD) for the South Sumatra Province, Regency, and City for the years 2018–2020 are examined in this study. The study's sample, which was determined by the population, was 17 (13 districts and 4 municipalities).

Data Types and Data Sources

Secondary data in this research is in the form of Regional Government Financial Report (LKPD) documents regarding Gross Regional Domestic Product (PDRB) and Regional Revenue and Expenditure Budget Realization Reports (APBD) for the Regency and City of South Sumatra Province for 2018-2020. Data was obtained from the Indonesian Financial Audit Agency (BPK RI) or accessed from the official internet media site. The data collection technique is carried out by collecting data from reports on the realization of the regional revenue and expenditure budget as well as regional government financial reports (LKPD) pertaining to statistics on the gross regional product (PDRB) (APBD) for the 2018-2020 period regarding the submission of audited annual financial reports. After the data has been collected, the data is then processed and analyzed. The data analysis technique used in this research is a quantitative data analysis method. The data analysis tool used is SPSS version 29.0 SPSS (Statistical Package for Social Science) is a computer program used to analyze data with statistical analysis.

4. Results

Statistical Descriptive Analysis

Table 1. Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
BM	51	25,251	27,741	26.65935	.523886
PE	51	,086	2,669	1.32104	.766694
PAD	51	24,129	27,709	25.49118	.826785
DAU	51	26,412	27,929	27.08545	.387408
DAK	51	24,808	26,901	25.90427	.494186

Source: Processed data (2023)

The variables Capital Expenditure, Economic Growth, Original Regional Income, General Allocation Funds, and Special Allocation Funds were determined using the descriptive statistics data displayed in the above table show that 51 Regencies/Cities were used as samples (N). This proves that all samples are valid for processing and that no data is missing.

The study's independent variable, economic growth, has the lowest (minimum) value of 0.086. 2.669 is the greatest (maximum) value of economic growth. The variable that is independent (Original Regional Income) This investigation has the lowest (minimum) original regional income value of 24.219. The highest (maximum) local original income value is 27,709. The independent variable (General Allocation Fund) This investigation has the the lowest (minimum) general allocation fund value of 26.412. The highest (maximum) general allocation fund value is 27,929. The independent variable (Special Allocation Funds) This investigation has the the lowest (minimum) special allocation fund value of 24.808. The highest (maximum) special allocation fund value is 26,901. The dependent variable (Capital Expenditure) This investigation has the the lowest (minimum) capital expenditure value of 25.251. The highest (maximum) capital expenditure value is 27,741.

Normality test

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Table 2. Normality Test

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One-Sample Kolmogorov-Smirnov Test	
	Unstandardized Residuals
N	51
Asymp.Sig. (2-failed) c	.111

Source: Processed data (2023)

T The above table displays the outcomes of the normality test with statistical tests. The Kolmogrov-Smirnov (KS) statistical test value is 0.113 and is significant at 0.111 because p = 0.111 > 0.05. This result shows that the regression model meets the normality assumption because the significance level exceeds 0.05 (sig 0.111 > 0.05), which means that the residuals are normally distributed.

Autocorrelation Test

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Table 3. Autocorrelation Test

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	Unstandardized Residuals
Test Value	-.01507
Asymp. Sig. (2-failed)	,323

Source: Processed data (2023)

The SPSS output results show that the Test Value is -0.01507 with a probability of 0.323, not significant at 0.05, which means the null hypothesis is accepted, thus, it can be said that the residual is random or there is no autocorrelation between the residual values.

Multicollinearity Test

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Table 4. Multicollinearity Test

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Model		**Collinearity Statistics**	
		Tolerance	**VIF**
1	PE	,609	1,643
	PAD	,367	2,728
	DAU	,464	2,157
	DAK	,374	2,671

Source: Processed data (2023)

Considering the above table, the calculation results for the tolerance value for the economic growth variable (X1) are 0.609, the tolerance value for the local revenue variable (X2) is 0.367, The tolerance value of the independent variable is displayed by the tolerance values for the general allocation fund variable (X3), which is 0.464, and the special allocation fund variable (X4), which is 0.374. is smaller than 0.10, which means there is no correlation between independent variables whose value is more than 0.05. Meanwhile, the VIF value the local revenue variable (X2) is 2.728, the general allocation fund variable (X3) is 2.157, the special allocation fund variable (X4) is 2.671, and the economic growth variable (X1) is 1.643. This indicates that the VIF value independent variable is greater than 10.00. Thus, the independent variables in the model show no signs of multicollinearity regression model.
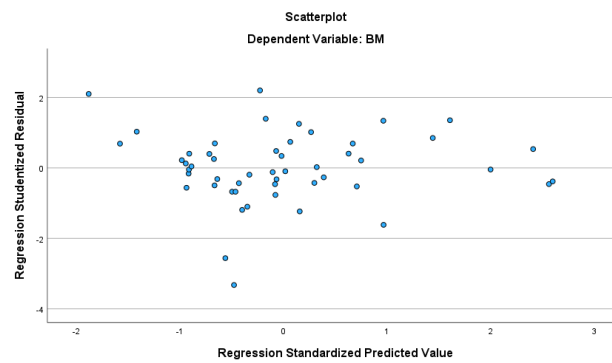
Heteroscedasticity Test

Figure 1. Heteroscedasticity Test: Scatterplot Graph

Considering the above table, the sample data is distributed randomly and does not form a particular pattern. The data is spread both above and below the number 0 on the Y-axis. Consequently, it may be said that the regression model has no heteroscedasticity problem. So, the regression model is suitable for use and then proceed to hypothesis testing.

Analysis of Multiple Linear Regression

Table 5: Analysis of Multiple Linear Regression

Coefficients						
Model	Unstandardized Coefficients	Standardized Coefficients			t	Sig.
		B	Std. Error	Beta		
1	PE	-.083	,090	-.121	-.920	,362
	PAD	,379	.107	,599	3,528	<.001
	DAU	-.374	,204	-.277	-.1,835	.073
	DAK	,453	,178	,428	2,548	.014

Source: Processed data (2023)

Considering the above table, the PE, FPAD, FDAU, and FDAK values are 0%, and the BM is 15.492. If PE increases by one unit or 1%, then Y or BM decreases by 0.083. If FPAD increases by one unit or 1%, it means that Y or BM will increase by 0.379. If FDAU increases by one unit or 1%, then Y or BM will decrease by 0.374. If FDAK increases by one unit or 1%, it means Y or BM will increase by 0.453

Hypothesis testing
t Statistical Test (Partial Test)

Table 5. Results of the t-statistical test

Coefficients						
Model	Unstandardized Coefficients	Standardized Coefficients			t	Sig.
		B	Std. Error	Beta		
1	PE	-.083	,090	-.121	-.920	,362
	PAD	,379	.107	,599	3,528	<.001
	DAU	-.374	,204	-.277	-.1,835	.073
	DAK	,453	,178	,428	2,548	.014

Source: Processed data (2023)

Considering the hypothesis 1 testing as shown in Table 5, the calculated t value is -0.920, while the t table obtained with degrees of freedom is 2.019. The results of the t-test on the economic growth variable show that the calculated t value < t table with a value of -0.920 < 2.019 and a probability value of 0.362 > 0.05. So, H1 is rejected, which means that economic growth does not affect the allocation of the capital expenditure budget.

Considering the hypothesis test as shown in Table 5 a comparison of the significance is obtained from the original income variable for the region. According to the t-test results, the probability value is 0.001 < 0.05 and the t count is 3.528 > t table 2.019. Thus, H2 is approved, indicating that the distribution of capital expenditures is positively and significantly impacted by local original income budget.

Considering the hypothesis test test as shown in Table 5 a comparison of It is possible to determine the general allocation fund variable's relevance. According to the t-test results, the probability value is 0.073 > 0.05 and the t count is -1.835 < t table 2.019. Therefore, H3 is denied, indicating that the allocation is unaffected by general allocation funds of the capital expenditure budget.

Considering the hypothesis test test as shown in Table 5 comparison of the significance of the special allocation fund variable is obtained. The t-test results demonstrate that the probability value is 0.014 < 0.05 and the t count is 2.548 > t table 2.019. Thus, H4 is approved, indicating that special allocation funds have a major and favorable impact on how capital expenditures are allocated budget.

5. Discussion

Economic Growth's Impact on Capital Expenditures

The findings of this case's first hypothesis test demonstrate that South Sumatra Province's capital expenditures for the years 2018 to 2020 are unaffected by partial economic growth. Growth in the economy has little impact on the distribution of spending because economic growth does not provide direct funds to the region. Economic growth only shows the condition of the regional economy and does not provide income to the region. Economic growth is one of many references in the process of preparing the APBD and allocating capital expenditure. However, there are a number of certain factors that influence it, for example, the process of preparing general budget policies (KUA) for each district/city, which in addition to considering the regional macroeconomic conditions but also the socio-political conditions in the region. In this case, South Sumatra Province in 2020 experienced a decline in economic growth of 4.2-4.6 percent. This decline was influenced by disruptions in production and declining confidence. In addition, the mobility of economic actors was hampered in line with efforts to handle the spread of the coronavirus. This condition will reduce the performance of exports of goods and services and encourage private consumption and investment to be lower. This finding is consistent and in line with research conducted by Sari et al. (2017), declared that the distribution of capital spending is unaffected by economic development.

The Effect of Fluctuations in Regional Original Income on Capital Expenditures

The findings of this case's of statistical tests on the second hypothesis in this research, it is proven that fluctuations in local original income partially have a favorable and noteworthy impact on South Sumatra Province's capital spending between 2018 and 2020. This indicates that H2 is approved, indicating that local original income is one of the sources of regional expenditure. Regional income is one of the sources of regional spending; if regional income increases, then the funds owned by the region will also increase. The amount of PAD is one of the determining factors in determining capital expenditure. In each preparation of the APBD, the allocation of capital expenditure must be adjusted to the needs of the region by considering the PAD received. So if the Regional Government wants to increase capital expenditure for public services and community welfare, the Regional Government must explore PAD as much as possible. The results of this research are in line with research conducted by Nurdiwaty & Badrus (2017) and Asmawiah & Tulisiyo (2020) stated that PAD affects capital expenditure.

Variations in General Allocation Funds and Their Effect on Capital Outlays

It is determined that fluctuations in the General Allocation Funds, even in part, do not impact the capital expenditures of South Sumatra Province for the 2018–2020 Period based on the outcomes of the first hypothesis test in this instance. This indicates that H3 is not accepted. The distribution of capital expenditures is unaffected by general allocation funds since the regions have not utilized these monies for regional development, as demonstrated by the distribution of capital expenditures. DAU is a "Block Grant" that enables regions to use it in accordance with local requirements and

priorities to enhance community services within the framework of regional autonomy. DAU received by regions is used to finance or finance certain regional expenditures, such as financing regional physical facilities and infrastructure. Transfer revenues always dominate regional government revenues in South Sumatra Province. In financing capital expenditures, regional governments in South Sumatra Province have a very high dependence on transfer funds, especially balancing funds, the amount of which is increasing and obtained from the central government. Balancing funds consist of Tax Revenue Sharing Funds, Non-Tax Revenue Sharing Funds, General Allocation Funds, and Special Allocation Funds. This can be seen from the portion of DAU of 21 percent of regional revenues in Penukal Abab Lematang Ilir Regency in 2019. The results of this research are in line with research conducted by Sari et al. (2017) and Vanessa et al. (2019), which states that general allocation funds do not affect the allocation of capital expenditure.

The Effect of Special Allocation Fund Fluctuations on Capital Expenditures
Based on the results of statistical tests on the second hypothesis in this research, it is proven that Special Allocation Fund Fluctuations partially have a positive and significant effect on South Sumatra Province Capital Expenditures for the 2018-2020 Period. So, this shows that H4 is accepted. These results explain that provinces that receive large DAK will tend to have large capital expenditures as well. This finding can be seen in the LRA of South Sumatra Province in Palembang City in 2020, which experienced an increase of 11.28 percent from the realization of DAK in 2019. The sectors that received the highest DAK budget in Palembang City were the Education Sector, Health Sector, and Regional Priority Road Sector. These results provide a strong indication that the source of DAK revenue will greatly influence capital expenditure behavior. Regional income in the form of Balancing Funds (regional transfers) from the center requires regions to build and prosper their people through proportional and professional management of regional wealth and building sustainable infrastructure, one of which is allocating the budget to the capital expenditure sector. Regional governments can use financial balancing funds (DAK) to provide services to the public, which are realized through capital expenditures. These results are in line with research conducted by Simbolon et al. (2020), who stated that Special Allocation Fluctuations influence Capital Expenditures.

6. Conclusion
The following can be said about the effects of economic growth, fluctuations in regional original income, fluctuations in general allocation funds, and fluctuations in special allocation funds on capital expenditures, based on the findings of study or hypothesis testing and discussion: Economic expansion has no impact on Capital Expenditures in Regency/City of South Sumatra Province Fiscal year 2018-2020. This result is caused by economic growth not providing direct funds to the regions. Fluctuations in Regional Original Income have an effect on Capital Expenditures in Districts/Cities of South Sumatra Province for the 2018-2020 fiscal year These findings demonstrate that capital expenditure increases with regional original income. For the 2018–2020 fiscal year, capital expenditures in the districts and cities of South Sumatra Province will not be impacted by fluctuations in general allocation funds. This requirement stems from the fact that the General Allocation Fund is a "Block Grant," meaning that regions utilize it in accordance with their own requirements and objectives. During the 2018–2020 fiscal year, capital expenditures in the districts and cities of South Sumatra Province are positively and significantly impacted by fluctuations in Special Allocation Funds. This rule demonstrates that capital expenditure increases with Special Allocation Fund levels.

Managerial implications in this research High economic growth can increase the fiscal capacity of local governments through increasing PAD. Regional financial managers must be proactive in identifying sectors that are expanding quickly and maximizing the taxes collected from them. Variations in DAU can impact the stability of the regional budget. Regional financial managers need to make certain capital expenditure financed from DAU is planned, taking into account potential fluctuations. Overall, regional financial managers need to develop a budget planning and management system that is flexible and responsive to changing economic and financial conditions. Implementation of information technology for real-time monitoring of income and expenditure, HR training to improve financial analysis skills

Recommendations

In preparing this research, It was discovered that there were many limitations. Focus on infrastructure development that can drive long-term economic growth, such as transportation, energy, and telecommunications. Competency Certification: Encourage village officials to obtain competency certification in the fields of financial management and public administration. Supervisory Committee: Form a supervisory committee consisting of community leaders, academics, and professionals tasked with monitoring and evaluating the management of village funds.

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