



The Role of Capital Expenditure in Mediating the Influence of Local Revenue on Local Financial Performance (A Study of Regency/City Governments in Bali Province)

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Abstract

Regional financial performance is a reflection of the level of achievement or financial condition that can reflect the ability of regional governments to manage and utilize financial resources. Regional financial performance is measured using the independence ratio. Regional original income is all regional revenue derived from the management of the region's own economic resources. Capital expenditure can reflect that government revenue can be seen from the development of infrastructure and facilities needed by the region. This study aims to determine the effect of local revenue on capital expenditure as a mediator. The type of data used in this study is secondary data obtained from the official websites of the Central Statistics Agency and the Directorate General of Fiscal Balance. The population in this study is all regencies/cities in Bali Province for the period 2018-2023, namely 9 regencies/cities. The sampling method used in this study was a census method with saturated sampling technique, which used the entire population as the research sample, resulting in a total of 54 samples over a period of 6 years. The analysis technique used was path analysis. Based on the test results, it was found that local revenue had a positive and significant effect on local capital expenditure, local revenue had a positive and significant effect on local financial performance, capital expenditure had no effect on local financial performance, and capital expenditure was unable to mediate the effect of local revenue on local financial performance.

Keywords: *Regional Financial Performance, Regional Original Revenue, Capital Expenditure*

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I. Introduction

Decentralization in Indonesia has progressively shifted key public service and development responsibilities to sub-national governments, heightening the need for robust local public finance and credible measures of *regional financial performance* (kinerja keuangan daerah). Within this context, the independence ratio (rasio kemandirian)—the share of *Pendapatan Asli Daerah* (PAD, own-source revenue) relative to central transfers and borrowing—has become a widely used indicator of a local government's fiscal autonomy and managerial capacity (Mahmudi, 2019; Halim & Kusufi, 2012). At the same time, capital expenditure (*belanja modal*) is conceived not merely as a spending line but as public investment expected to lift service capacity and long-run growth, potentially translating fiscal resources into better financial performance (Halim & Abdullah, 2006; Mahmudi, 2019).

Bali Province is a revealing testbed for these questions. The province has embraced the post-1999 and 2014 autonomy frameworks, yet its fiscal fortunes remain highly sensitive to the tourism cycle, as evidenced by pronounced swings in PAD and budget structure around the COVID-19 shock. Averaged over 2018–2023, the independence ratio varies dramatically across Bali's nine local governments: Badung stands out with 546.79%, while Denpasar and Gianyar post 95.94% and 84.13%, respectively—contrasting with several districts whose averages fall in “low” or “very low” categories, such as Bangli (17.80%), Jembrana (21.78%), Karangasem (24.81%), Buleleng (26.76%), Tabanan (32.58%), and Klungkung (33.46%) (categorization per Halim & Kusufi, 2012). These disparities reflect both uneven PAD capacity and differentiated dependence on intergovernmental transfers, and they raise an empirical and policy-relevant question: *How do PAD and capital expenditure jointly shape local financial performance in a tourism-dependent, shock-prone environment?*

Under Indonesia's fiscal framework (e.g., Law No. 33/2004), PAD comprises local taxes, retributions, returns on regionally owned enterprises and separated assets, and other lawful receipts, and is central to financing mandates devolved by Law No. 23/2014. In principle, higher PAD should increase fiscal space, reduce transfer dependence, and allow greater capital expenditure on service-enabling infrastructure—

roads, irrigation, equipment, buildings, and networks (Government Regulation No. 71/2010; Domestic Regulation No. 13/2006)—which, if well-targeted, ought to enhance financial performance (Mahmudi, 2019; Yunus & Amirullah, 2019). Yet *how* these links play out empirically is far from settled in the Indonesian literature. Several studies report that PAD positively and significantly influences capital expenditure (e.g., Lestari & Utama, 2019; Bolen, 2019; Kanaiya & Mustanda, 2020; Himawan et al., 2024; Hidayat et al., 2024), while others find negative or contrary patterns, suggesting contextual contingencies and policy execution effects (Anggreni et al., 2022; Agussalim et al., 2024; Pratama et al., 2025; Waksito et al., 2019; Junaedy, 2015).

The evidence on PAD → financial performance is likewise mixed. On one side, multiple works document a positive association—consistent with the notion that larger own-source revenue buffers support fiscal autonomy and service delivery (Julianti et al., 2024; Wahyudin & Hastuti, 2020; Maulina et al., 2021; Anggreni & Artini, 2019; Widya Safitri et al., 2023). On the other side, some studies report negative or non-significant effects (Putri & Darmayanti, 2019; Ratnasari & Meirini, 2022; Budiana & Rahayu, 2020), often attributing this to inefficiencies, rigidities, or measurement choices.

The capital expenditure → financial performance link is equally debated. Certain findings indicate that capital spending improves performance—consistent with a capital-as-investment view (Bolen, 2019; Sari et al., 2024; Tahir et al., 2019; Leki et al., 2018; Niswani et al., 2022; Antari & Sedana, 2018). However, other studies reveal negative or negligible impacts, implying that without disciplined project selection, O&M budgeting, and execution quality, capital outlays may not yield the expected gains or can even strain fiscal flexibility (Anggreni & Artini, 2019; Widya Safitri et al., 2023; Wahyudin & Hastuti, 2020). This heterogeneity is precisely why Bali—where PAD and capital spending profiles are volatile and highly uneven across districts/cities—offers a valuable quasi-laboratory to reassess these relations over a recent, shock-rich period.

1. Conceptual anchor and measurement

Two conceptual strands motivate our inquiry. First, fiscal federalism suggests that sub-national governments closer to local preferences can more efficiently allocate resources, provided they possess stable own-source revenues (PAD) and incentives aligned with accountability (Halim & Abdullah, 2006). Second, public capital budgeting frames capital expenditure as an intertemporal investment, transforming fiscal inputs into service capacity and productive assets; in turn, this should enhance performance metrics—if project appraisal, prioritization, and maintenance are sound (Hidayat & Firmansyah, 2017; Mahmudi, 2019).

We operationalize local financial performance using the independence ratio—arguably the most direct gauge of fiscal autonomy because it relates own-source revenue to the scale of external support and debt (Mahmudi, 2016; Amin, 2015). This choice aligns with Indonesian public-sector finance praxis and facilitates interpretation against the Halim & Kusufi (2012) categorical thresholds (instructive/low/medium/delegative). It also matches Bali's policy discourse, where reducing transfer dependence and building resilient PAD bases are salient goals, particularly after the COVID-19 slump and uneven recoveries across districts/cities.

2. Empirical setting and observed stylized facts

Our setting comprises the nine district/city governments in Bali over 2018–2023, yielding 54 observations from secondary data (Directorate General of Fiscal Balance, Ministry of Finance; BPS), and analyzed with path analysis to examine direct and mediated effects (PAD → capital expenditure; PAD → performance; capital expenditure → performance; and PAD → performance via capital expenditure). The descriptive evidence portrays sharp PAD contractions in 2020—especially in Badung and Denpasar—followed by rebound trajectories through 2023, while capital expenditure exhibits pronounced fluctuations, reflecting reprioritizations during the pandemic and subsequent recovery phases. These dynamics underscore the potential for capital expenditure to act as a *mediating* lever that converts PAD growth into tangible service capacity and, ultimately, higher fiscal independence—but they also warn that capital outlays can underperform without robust project governance.

3. Research gap and questions

While prior Indonesian studies have examined pairwise relations among PAD, capital outlays, and performance, three gaps persist.

1. Few studies analyze a province whose PAD structure is dominated by tourism-related bases, rendering PAD and capital budgeting cyclically sensitive. Bali's intra-provincial heterogeneity—*Badung* versus *Bangli*, for example—creates natural contrasts to interrogate fiscal autonomy dynamics.

2. The literature remains inconclusive as to whether capital expenditure mediates the effect of PAD on financial performance, and whether the direction and magnitude of this channel vary under stress (e.g., 2020–2021) versus recovery (2022–2023).
3. Studies often mix performance indicators, complicating comparability. Centering analysis on the independence ratio grounds results in a policy-salient metric aligned with Indonesian guidance and practice.

Accordingly, the study addresses the following research questions (RQs):

- RQ1: Does PAD significantly influence capital expenditure among Bali's district/city governments (2018–2023)?
- RQ2: Does PAD significantly improve local financial performance (independence ratio)?
- RQ3: Does capital expenditure significantly affect local financial performance?
- RQ4: Does capital expenditure mediate the PAD–performance relationship? These questions are embedded in a parsimonious mediation framework consistent with prior Indonesian public-finance research and the capital-as-investment perspective (Halim & Abdullah, 2006; Hidayat & Firmansyah, 2017).

4. Expected contributions

This paper offers three contributions.

First, it provides an integrated empirical assessment of the PAD–capital expenditure–performance nexus in a tourism-dependent sub-national setting over a shock-rich window (2018–2023). By exploiting Bali's striking cross-sectional and temporal variation in PAD, capital outlays, and independence ratios, the study sharpens identification of fiscal channels under stress and recovery.

Second, it clarifies the mediation role of capital expenditure, testing whether PAD's effect on financial performance runs indirectly via investment in public assets, as implied by Indonesia's public capital budgeting framework. This addresses enduring contradictions in prior findings—where some studies report positive mediation and others do not—by focusing on a consistent performance metric and a single, internally comparable province.

Third, it strengthens measurement coherence by foregrounding the independence ratio. In practice, Indonesian local governments and oversight bodies use this ratio to diagnose transfer dependence and fiscal autonomy; embedding it at the core of the analysis enhances policy relevance and interpretability, especially when mapping results to the Halim & Kusufi (2012) categorization (instructive–delegative).

5. Policy relevance

From a policy standpoint, the study speaks directly to local fiscal strategy in Bali (and similar regions). Where PAD is buoyant, the temptation may be to expand capital budgets; however, cyclical PAD bases (e.g., tourism) require careful intertemporal smoothing and stronger project appraisal to avoid over-commitment to capital with weak net benefits or heavy downstream O&M burdens. Conversely, in low-independence districts, incremental PAD gains may be better deployed first to core service reliability and maintenance backlogs—investments that can improve performance without large new capital—before scaling up large projects. Aligning capital budgeting with a realistic medium-term PAD envelope, and reinforcing maintenance and asset management systems, is critical for translating fiscal room into durable financial performance.

6. Scope and structure of the study

Empirically, the analysis covers nine Bali district/city governments over 2018–2023, using secondary data from the Directorate General of Fiscal Balance's APBD portal and related official sources. Variables include PAD, capital expenditure, and financial performance measured by the independence ratio; estimation employs path analysis and associated diagnostics to test direct and indirect effects. The remainder of the article proceeds as follows. The next section reviews relevant literature and develops hypotheses linking PAD, capital expenditure, and financial performance. The subsequent section details data, variable construction, and empirical strategy. We then present results and robustness checks, followed by a discussion of theoretical and policy implications. The final section concludes with limitations and avenues for future research.

7. Key terms and definitions (for international readers)

- **Pendapatan Asli Daerah (PAD):** Own-source revenues as defined by Indonesian law (local taxes, retributions, returns on regionally owned enterprises/separated assets, and other lawful receipts). PAD is the principal indicator of a local government's ability to fund devolved functions without transfers.
- **Capital Expenditure (*Belanja Modal*):** Outlays that create or increase the value of fixed assets (e.g., land, buildings, equipment, roads, irrigation, networks) with multi-year benefits, as defined in public-sector accounting and budgeting regulations.
- **Local Financial Performance (Independence Ratio):** The ratio capturing a local government's fiscal autonomy by comparing PAD to external financing sources (transfers and borrowing); widely used in Indonesian practice to categorize the degree of dependence/independence (Mahmudi, 2016; Halim & Kusufi, 2012).

II. Research Methodology

This study adopts a quantitative research design with an associative approach, aiming to examine the causal relationships among *Pendapatan Asli Daerah* (PAD), capital expenditure, and local financial performance, with capital expenditure specified as a mediating variable. The associative approach is appropriate because the research seeks to identify both direct and indirect effects among variables within a theoretically grounded mediation framework (Sugiyono, 2019).

The empirical setting comprises all nine local governments in Bali Province—eight regencies and one municipality—over the fiscal years 2018–2023, yielding a balanced panel of 54 observations. Bali represents a pertinent case because of its heavy reliance on tourism-related revenues, which renders PAD and capital expenditure highly sensitive to macroeconomic shocks, notably the COVID-19 pandemic. This context provides substantial variation in fiscal indicators, enabling robust estimation of hypothesized relationships.

The population consists of all regency and city governments in Bali Province. Given the manageable size of the population and the study's objective to capture complete cross-sectional and temporal variation, a census sampling technique was employed, incorporating all nine jurisdictions across six fiscal years. This approach eliminates sampling error and ensures comprehensive coverage of the provincial fiscal landscape (Sugiyono, 2020).

The analysis relies exclusively on secondary data extracted from official government sources, including the Directorate General of Fiscal Balance (DJPK) of the Ministry of Finance and the Central Statistics Agency (BPS). These sources provide audited figures for PAD, capital expenditure, and other components of the *Anggaran Pendapatan dan Belanja Daerah* (APBD). Data were cross-verified for consistency across reporting platforms to enhance reliability.

Three core constructs are operationalized as follows:

- **Local Financial Performance (Dependent Variable)**
Financial performance is proxied by the **independence ratio**, defined as the proportion of PAD to external financing (central transfers and borrowing), expressed as a percentage. This metric directly reflects fiscal autonomy and is widely used in Indonesian public finance practice (Mahmudi, 2016; Halim & Kusufi, 2012).

$$\text{Independence Ratio} = \frac{\text{Pendapatan Asli Daerah}}{\text{Bantuan Pemerintah Pusat, Provinsi dan Pinjaman}} \times 100\% \dots \dots \dots (1)$$

- **Pendapatan Asli Daerah (Independent Variable)**
PAD encompasses all locally generated revenues, including taxes, retributions, returns on regionally owned enterprises, and other lawful receipts, as stipulated in Law No. 33/2004. For analytical purposes, PAD values were transformed using the natural logarithm to normalize distribution and mitigate heteroscedasticity.
- **Capital Expenditure (Mediating Variable)**
Capital expenditure refers to budget allocations for acquiring or constructing fixed assets with multi-year benefits, such as infrastructure, equipment, and public facilities, consistent with Government Regulation No. 71/2010. Like PAD, capital expenditure values were log-transformed prior to estimation.

Research Design and Analytical Framework

The study employs **path analysis** to estimate both direct and indirect effects among variables, consistent with the mediation hypothesis. Path analysis extends multiple regression by decomposing total effects into direct and mediated components, enabling formal tests of whether capital expenditure transmits the influence of PAD on financial performance (Utama, 2016). The structural model comprises two equations:

Model I

$$Z = \beta_1 X + e_1 \dots \dots \dots (4)$$

Model II

$$Y = \beta_2 X + \beta_3 Z + e_2 \dots \dots \dots (5)$$

where X denotes PAD, Z capital expenditure, and Y local financial performance. The mediation effect is assessed by the product of coefficients ($\beta_1 \times \beta_3$).

Estimation Procedure

Data analysis was conducted using SPSS version 26, following these steps:

1. Descriptive Statistics: To summarize central tendencies and dispersion for each variable, providing an overview of fiscal heterogeneity across jurisdictions and years.
2. Classical Assumption Tests: Including normality (Kolmogorov–Smirnov with Monte Carlo correction), multicollinearity (Variance Inflation Factor), autocorrelation (Durbin–Watson), and heteroskedasticity (Glejser test), ensuring the validity of linear regression assumptions (Ghozali, 2016).
3. Path Coefficient Estimation: Using standardized coefficients to facilitate interpretation of effect sizes.
4. Model Fit Assessment: Based on F-tests for joint significance and R^2 values for explanatory power.
5. Mediation Testing: Applying the Sobel test to evaluate the statistical significance of the indirect effect, with a critical value of $Z > 1.96$ at $\alpha = 0.05$ (Utama, 2016).

Ethical Considerations

The study exclusively utilizes publicly available secondary data from official government sources, ensuring compliance with ethical standards for research involving non-human subjects. No confidential or personally identifiable information was accessed or processed.

III. Results and Discsison

Results

Descriptive Statistics

Table 1 summarizes the descriptive statistics for the three variables: *Pendapatan Asli Daerah* (PAD), capital expenditure, and local financial performance (proxied by the independence ratio). Across 54 observations (nine local governments over six years), PAD exhibits substantial dispersion, with a minimum of IDR 104.33 million and a maximum of IDR 4.83 billion, reflecting the stark contrast between tourism-intensive jurisdictions such as Badung and less developed districts like Bangli. Capital expenditure ranges from IDR 57.14 million to IDR 906.77 million, while the independence ratio spans from 13.52% to 695.36%, underscoring the heterogeneity of fiscal autonomy across Bali's local governments. The high standard deviations for all variables indicate pronounced fiscal asymmetries within the province.

Path Analysis Results

The mediation model was estimated using two structural equations. The first equation regressed capital expenditure on PAD, while the second regressed financial performance on both PAD and capital expenditure. All variables were log-transformed to address skewness and heteroscedasticity.

Model 1 (PAD → Capital Expenditure):

The standardized path coefficient from PAD to capital expenditure is **0.630** ($p < 0.001$), indicating a strong and statistically significant positive effect. This suggests that increases in PAD are associated with higher

allocations to capital expenditure, consistent with the hypothesis that revenue buoyancy enables greater investment in long-term assets.

Model 2 (PAD and Capital Expenditure → Financial Performance):

The direct effect of PAD on financial performance is **0.988** ($p < 0.001$), confirming a robust positive relationship. In contrast, the coefficient for capital expenditure is **-0.023** ($p = 0.581$), which is negative and statistically insignificant. This implies that, within the observed period, capital expenditure does not exert a meaningful direct influence on financial performance as measured by the independence ratio.

The overall explanatory power of the models is high. Model 1 yields an R^2 of 0.397, indicating that PAD explains approximately 39.7% of the variance in capital expenditure. Model 2 achieves an R^2 of 0.947, suggesting that PAD and capital expenditure jointly account for 94.7% of the variation in financial performance.

Direct, Indirect, and Total Effects

The decomposition of effects reveals that the **direct effect** of PAD on financial performance (0.988) dominates the model. The **indirect effect** of PAD through capital expenditure is negligible and negative ($0.630 \times -0.023 = -0.01449$), resulting in a total effect of approximately 0.974. This pattern indicates that PAD influences financial performance almost entirely through a direct channel, with capital expenditure failing to serve as an effective mediator.

Mediation Test

The Sobel test statistic for the indirect effect is -0.556, which falls below the critical value of ± 1.96 at the 5% significance level. Therefore, the null hypothesis of no mediation cannot be rejected. This confirms that capital expenditure does not mediate the relationship between PAD and financial performance in the Bali context during 2018–2023.

Model Diagnostics

Classical assumption tests support the validity of the regression models. Normality was confirmed after applying the Monte Carlo correction to the Kolmogorov–Smirnov test ($p > 0.05$ for both equations). Multicollinearity was absent, with Variance Inflation Factor (VIF) values below 1.7 for all predictors. Durbin–Watson statistics (2.292 and 2.255) indicate no autocorrelation, and Glejser tests reveal no heteroskedasticity ($p > 0.05$). These results affirm that the estimated path coefficients are unbiased and efficient.

Discussion

The empirical results provide several insights into the dynamics of local fiscal performance in Bali Province. First, the strong and statistically significant positive effect of *Pendapatan Asli Daerah* (PAD) on capital expenditure corroborates the theoretical expectation that revenue autonomy expands fiscal space for long-term investment (Lestari & Utama, 2019; Kanaiya & Mustanda, 2020). This finding aligns with the fiscal federalism perspective, which posits that sub-national governments with greater own-source revenues are better positioned to allocate resources toward infrastructure and service-enhancing assets (Halim & Abdullah, 2006). In Bali's context, this relationship is intuitive: jurisdictions with buoyant PAD—particularly those reliant on tourism such as Badung and Denpasar—possess the capacity to finance capital projects without excessive dependence on central transfers. However, the magnitude of this effect also reflects political and institutional incentives to convert revenue surpluses into visible capital outlays, which may not always align with efficiency or equity objectives.

Second, the direct effect of PAD on financial performance, as measured by the independence ratio, is both positive and substantial. This reinforces the argument that PAD remains the most critical determinant of fiscal autonomy in Indonesia's decentralized framework (Mahmudi, 2019; Julianti et al., 2024). The independence ratio captures the extent to which local governments can finance their operations without external support; thus, higher PAD directly translates into improved performance scores. This result is consistent with prior studies that identify PAD as a key driver of fiscal independence (Wahyudin & Hastuti, 2020; Maulina et al., 2021). In practical terms, this suggests that strategies to broaden the PAD base—through tax administration improvements, diversification beyond tourism, and enhanced compliance—are essential for sustaining fiscal resilience, particularly in shock-prone economies like Bali.

The third finding—that capital expenditure exerts no significant effect on financial performance—merits closer scrutiny. While capital outlays are theoretically expected to enhance service capacity and stimulate economic activity, their impact on the independence ratio is neither immediate nor guaranteed. Several factors may explain this disconnect. First, the independence ratio is a revenue-side metric; it reflects the capacity to generate PAD relative to transfers, not the quality or productivity of spending. Consequently,

even well-targeted capital investments may not influence the ratio in the short term. Second, the effectiveness of capital expenditure depends on project selection, execution quality, and maintenance funding. If capital projects are poorly prioritized or suffer from cost overruns, their contribution to revenue generation—and by extension, fiscal independence—may be negligible or even negative (Anggreni & Artini, 2019; Widya Safitri et al., 2023). Third, the pandemic period (2020–2021) likely disrupted the expected benefits of capital spending, as mobility restrictions and economic contraction dampened the returns on infrastructure investments.

The absence of a mediation effect further underscores the limited role of capital expenditure as a transmission channel between PAD and financial performance. The Sobel test confirms that the indirect effect is statistically insignificant, suggesting that PAD influences fiscal autonomy primarily through a direct mechanism rather than via investment in physical assets. This finding diverges from studies that posit a significant mediating role for capital expenditure (Hidayat & Firmansyah, 2017; Wismoyo & Mukhibad, 2020), but it is consistent with research highlighting the long gestation periods and governance challenges associated with capital projects in Indonesian local governments (Maghfiroh & Muheramtohad, 2024). In Bali, where PAD volatility is high and capital budgets are often adjusted in response to cyclical shocks, the capacity of capital expenditure to function as an effective mediator appears constrained.

From a policy perspective, these results carry several implications. First, local governments should prioritize strengthening PAD mobilization as the most reliable lever for improving fiscal independence. This entails not only intensifying tax collection but also diversifying revenue sources to reduce vulnerability to sector-specific shocks, particularly in tourism-dependent regions. Second, while capital expenditure remains vital for long-term development, its role in enhancing fiscal performance requires complementary reforms in project appraisal, procurement, and asset management. Without these, capital spending risks becoming a fiscal liability rather than an asset. Third, the findings suggest that performance evaluation frameworks should incorporate multidimensional indicators that capture both revenue capacity and expenditure quality. Reliance on the independence ratio alone may obscure the developmental benefits of capital investment, leading to misaligned incentives in budget allocation.

Finally, the Bali case illustrates the broader challenge of aligning decentralization objectives with fiscal sustainability in emerging economies. While autonomy in revenue generation empowers local governments, it also exposes them to macroeconomic volatility, as evidenced by the sharp PAD contractions during the pandemic. Building fiscal buffers, adopting medium-term expenditure frameworks, and institutionalizing countercyclical policies are therefore critical to ensuring that local governments can maintain both service delivery and financial performance under conditions of uncertainty.

IV. Conclusions and Suggestions

Conclusion

Based on the results of the analysis and discussion that has been described regarding the influence of Regional Original Revenue on Regional Financial Performance with Capital Expenditure as a mediator in the Regency/City government of Bali Province for the 2018-2023 period, the following conclusions can be drawn.

1. PAD has a positive and significant effect on capital expenditure.
2. PAD has a positive and significant effect on regional financial performance.
3. Capital expenditure has no effect on regional financial performance.
4. Capital expenditure is not able to mediate the influence of PAD on regional financial performance.

Suggestion

Based on the results of the research analysis, discussion, and conclusions, the suggestions that can be given are as follows.

1. For the Government

The Regency/City Government in Bali Province for the 2018-2023 period is expected to increase the sources of PAD revenue by intensifying regional taxes and levies, as well as exploring the potential for new sources of revenue in a sustainable manner so as to encourage fiscal independence that can improve regional financial performance. In addition, the government is expected to continue to pay attention to the allocation of capital expenditures in a targeted manner, so it is necessary to conduct an in-depth evaluation

of projects funded through capital expenditure and ensure that these projects can provide economic and social benefits.

2. For the Next Researcher

For the next researcher, it is recommended to examine other variables that have the potential to affect the ratio of regional financial performance, such as balance funds, operating expenditures, and economic growth. These variables can be tested as independent, moderation or mediation variables. As well as expanding the scope of research by adding time periods and expanding geographical areas, especially in Regencies/Cities outside the Province of Bali.

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