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ANALYSIS OF REGIONAL FINANCIAL INDEPENDENCE OF BENGKALIS DISTRICT GOVERNMENT IN THE IMPLEMENTATION OF AUTONOMY AREA

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Abstrak

This research aims to analyze the influence of balancing funds, local original income (PAD), and capital expenditure on regional financial independence in Bengkalis Regency for the 2013-2022 period. A quantitative approach is used with APBD budget realization report data. The sample in the form of a budget realization report for Bengkalis Regency for 2013-2022 was analyzed using multiple linear regression with the OLS method using the Eviews 10 program. The results show that balancing funds have a significant negative effect on regional financial independence, while PAD has a significant positive effect. Capital expenditure has a positive but not significant effect. Simultaneously, balancing funds, PAD, and capital expenditure influence regional financial independence in Bengkalis Regency. This means that the level of regional financial independence can be explained by these three variables.

INTRODUCTION

Decentralization or regional autonomy is a concept that implies the delegation of authority from the central government to regional governments to manage their own regions. One of the regional government policies in the regional autonomy era is regional financial management through fiscal decentralization. Fiscal decentralization means that financial governance must be implemented effectively, efficiently and accountably to support public services, involving the transfer of some responsibility for expenditure and/or income to lower levels of government. One important factor in determining the type of fiscal decentralization is the extent to which regional entities are given autonomy in determining the allocation of their expenditure (Isyandi, 2022).

Decentralization can take many forms, including the transfer of political, financial, and administrative power. Decentralization is carried out to ensure services that meet needs, increase community involvement in decision making, and reduce the level of bureaucracy. Therefore, implementing a decentralized system is a necessity at the local level (Syapsan and Taryono, 2020).

Based on Law No. 1 of 2022, in order to achieve the goal of reducing fiscal inequality and service gaps between regions, the management of transfers to regions prioritizes performance so that it can meet the needs of government and service delivery in the regions, while encouraging regional responsibility in providing better services. both efficiently and disciplined. For the implementation of regional autonomy to be effective, regional governments must increase their fiscal capacity to prevent fiscal shortages.

The implementation of regional financial management is proven by the implementation of Government Regulation Number 12 of 2019 concerning Regional Financial Management which replaces Government Regulation Number 58 of 2005 concerning Regional Financial Management. Good and orderly regional financial management greatly influences the progress of a region and can safeguard regional assets. The regional government's ability to manage finances is reflected in the form of the Regional Revenue and Expenditure Budget (APBD) which is used to finance activities for implementing development, equity and justice tasks by developing all the potential possessed by each region.

To implement regional autonomy, the central government provides balancing funds to the regions, aimed at reducing the fiscal gap between the central and regional governments and between regions (Article 3 paragraph (2) of Law Number 33 of 2004). The diversity of regional financial capabilities requires the central government to harmonize them so that there is no inequality between regions. The forms of balancing funds provided by the center to the regions include: General Allocation Funds (DAU), Special Allocation Funds (DAK), and Profit Sharing Funds (DBH).

Riau Province is one of the provinces with abundant natural resources, a high population, and fairly good government management of development. Based on data, Bengkalis Regency is the district that receives the most balancing funds compared to other districts/cities, because the region is a producer of oil and gas natural resources. With the fiscal transfer which is part of the fiscal decentralization policy, it is hoped that it will be able to meet regional spending needs and provide a stimulus for economic growth (Azis et al., 2022).

Apart from balancing funds, investment also plays an important role in development theory, often referred to as the engine of growth. Classical and

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neoclassical economic growth models rely on investment to increase economic growth. Investments that are direct capital investments will have an impact on labor absorption, thereby increasing national output. It is hoped that the growth of a healthy and competitive investment climate will spur the development of Gross Fixed Capital Formation (PMTB) which is mutually beneficial in regional development.

The implementation of regional financial reform along with the implementation of regional autonomy shows that certain regions are unable to finance the APBD due to low fiscal capacity. Each presentation of a government financial report describes the spending structure implemented by each regional government, so that strengthening financial spending aspects is expected to improve the regional economy. Financial independence is strongly influenced by Regional Original Income (PAD), which reflects regional independence in the era of autonomy.

The issue of regional financial independence is important to research to support the government's efforts to increase regional financial independence in implementing regional autonomy policies. Based on the background and previous research which shows different results, the author is interested in studying further "Analysis of Regional Financial Independence of the Bengkalis Regency Government in the Implementation of Regional Autonomy".

RESEARCH METHODS

This research uses quantitative methods based on a positivism approach. This method examines a certain population or sample, uses research instruments for data collection, and the data analysis is quantitative or statistical. The main objective of this research is to explain the factors that determine the level of regional financial independence. The data used is secondary data in the form of reports on the realization of the regional income and expenditure budget (APBD) of Bengkalis Regency from 2013-2022, obtained from relevant agencies in the Bengkalis Regency Government.

The population of this research is the financial reports of the Bengkalis Regency Government, with the sample being the Bengkalis Regency Budget Realization Report for the 2013-2022 period which was selected using a non-probability sampling technique. This research also defines operational variables such as Regional Financial Independence, Balancing Funds, Original Regional Income, and Capital Expenditures, which are measured using ratios. Data was collected through field observations and literature research, then analyzed using multiple linear regression with the Ordinary Least Square (OLS) estimation method using the Eviews 10 program. Classic assumption tests were carried out to ensure the regression model met statistical requirements such as normality, multicollinearity, autocorrelation and heteroscedasticity.

RESULTS AND DISCUSSION

The Influence of Balancing Funds on the Level of Regional Financial Independence in Bengkalis Regency

Funds transferred by the central government from the APBN to fund the needs of a region in running its household are called balancing funds (RI Law Number 33 of 2004, 2004). Balancing funds are also used to reduce disparities in government funding sources between the central and regional governments and reduce funding gaps between regions. Djaenuri (2012) said that these funds are provided to support regional governments in exercising their authority to achieve the goal of providing autonomy to regions, especially in improving services and better welfare. Balancing funds provided by the central government to regions consist of several types, such as General Allocation Funds (DAU), Special Allocation Funds (DAK), and Profit Sharing Funds (DBH). These three types of funds have different characteristics. DAU is given directly to local governments in the form of funds that can be used without restrictions to provide services to the community.

Meanwhile, DAK is funds received by regional governments from the central government with allocations determined by the central government. The use of DAK has been determined by the central government, both in the form of physical and non-physical spending. Apart from DAU and DAK, the government also provides DBH to regions. DBH is funds provided by the central government to regions as compensation for the receipt of central government income originating from the regions. DBH is divided into Tax Profit Sharing (DBH-Pajak) and Natural Resources Profit Sharing (DBH-SDA). Increasing regional balancing funds increases regional government dependence on the central government. Therefore, local governments must be responsible to the central government by managing finances well so that they can be trusted by the public.
Based on the dependency ratio value through a comparison between total balancing funds and total regional revenues.

The research results showed that the average dependency ratio was 82.60% in Bengkalis Regency. This shows that regional financial dependence on transfer funds from the center in the last 10 years is still high or that the Bengkalis Regency government in carrying out development funding in the last ten years is 82.60% and still has to be financed from transfer/central funds. This dependency value is very different from the dependency value in the Riau Provincial government, which is 53.35%. The comparison results can be seen in the following table:

Table 1 Comparison Table of Regional Financial Dependency Ratios of Bengkalis Regency and Riau Province 2013 - 2022

Year	**Dependency Ratio Regency. Bengkalis (%)**	**Dependency Ratio Prov. Riau (%)**
2013	89,06	51,61
2014	86,52	52,04
2015	78,36	36,88
2016	80,97	55,08
2017	80,21	57,44
2018	82,84	56,94
2019	84,58	59,02
2020	78,00	61,07
2021	84,30	56,75
2022	81,13	46,64
Rate-rate	**82,60**	**53,35**

Source: Author's Process, 2024

Based on the table above, it can be seen that the trend in the financial dependency ratio of Bengkalis Regency shows a relatively high level of dependency during the 2013-2022 period. Even though there has been a slight decrease in several years, such as in 2015 at 78.36% and 2020 at 78.00%, this ratio still shows that the majority of Bengkalis Regency's income comes from central transfer funds. Meanwhile, the trend in the financial dependency ratio of Riau Province is more varied compared to Bengkalis Regency. This ratio reached its lowest point in 2015 at 36.88%, indicating a better ability to generate PAD, but then rose again to reach a peak in 2020 at 61.07%.

This quite large difference reflects that Bengkalis Regency has not been able to implement regional autonomy in realizing optimal community welfare and the Bengkalis Regency government needs to increase efforts in developing sources of original regional income to reduce dependency. As we know, dependence on high oil and gas revenue sharing funds is certainly very worrying, considering that oil and gas is a non-renewable source and its very limited amount certainly cannot be used as the main APBD source for the long term.

Meanwhile, Riau Province shows better capabilities, this is because the Riau provincial government has a stronger and more diverse economic structure, with better capabilities in generating PAD. High dependency can hinder regions from developing fiscal independence and innovation in original income area.

Then, based on the results of statistical processing, it is known that balancing funds influence the level of regional financial independence. This is shown in the Balancing Fund coefficient value - 0.110011 with value *probability* 0.0001. Thus *probability* shows results < 0.05 (α) and the coefficient is negative, thus proving the research hypothesis that there is a significant influence of balanced funds on the level of regional financial independence.

This shows that balancing funds have a negative effect on the level of regional financial independence. This means that as the balancing fund increases, the level of regional financial independence decreases. Due to the high level of dependence and binding nature, regions do not have authority and freedom in terms of using these sources of income, so the principle of regional autonomy will be difficult to achieve if regional governments depend on balancing funds. On the contrary, as balancing funds decrease, the level of regional financial independence will increase. The high value of balancing funds compared to regional income means that the level of regional independence is still low and dependence on balancing funds is still high. Therefore, the Bengkalis Regency government, whose development funding is still 82.60% from the central government, is expected to reduce its dependence on the central government.

The low level of regional financial independence is due to several things, including the source of regional revenue and the basis for charging fees, it seems that local original income is still not reliable for the region for regional autonomy, the low base of taxes or levies in the region and the lack of ability of regional governments to explore sources of income. native to the region. This is made worse by the fact that many potential sources for increasing local revenue are still controlled by the Central Government, while the tax base is still managed by the Central Government.

Furthermore, several factors causing the decline in regional independence according to Hidayat (2016) are the low potential original income of the region concerned and the large APBD expenditure burden in the era of fiscal decentralization. Therefore, APBD expenditure management at the regional government level must become more rational with a focus on productive investment, which is the key to increasing regional financial independence as emphasized by Sudaryati (2013). Transforming APBD management patterns that are more rational and oriented towards productive investment is needed to support regional governments, especially those with low financial independence and limited economic growth, as explained by Haryanto (2018). However, low regional financial independence is also associated with a lack of human resource capacity in many regional governments, which results in a lack of innovation from implementing officials in finding new sources of income to increase local original income.

In addition, the profit contribution from Regional Owned Enterprises (BUMD) in many regional governments has not had a significant impact on increasing local original income because the profits generated are still relatively low (Risyanto, 2015). Another obstacle is the limited capacity of district/regional governments. cities to impose taxes and levies, which also become an obstacle in increasing Regional Original Income (PAD). Therefore, it is necessary to review the regulations set by the Central Government to support increasing PAD at the district/city level.

The results of this research support research conducted by Ardelia (2022), Machfud (2020) and Verawaty (2017) which stated that balancing funds have a negative and significant effect on the level of regional financial independence.

The Influence of Original Regional Income on the Level of Regional Financial Independence in Bengkalis Regency

Regional original income, hereinafter abbreviated to PAD, is income that is sourced and collected by the regional government itself. According to Mardiasmo (2018), local original income includes revenue from the regional tax sector, regional levies, income from Regional Owned Enterprises (BUMD), results from the management of separated regional assets, and other legitimate sources of local original income. The role of local original income is very important in determining the level of regional financial independence. It is hoped that the potential possessed by each region can be optimized to increase their financial independence. With this, it is hoped that it will increase PAD from regional taxes, regional levies and regional wealth management results. There is a close relationship between regional income, economic development and community welfare.

Regional Original Income (PAD) is the main thing in measuring the level of regional financial independence. The greater the PAD compared to assistance from the central government, the higher the level of independence a region has. As stated by Halim & Kusufi (2019), if regional governments are able to increase revenue and explore local original income optimally, then the level of financial independence of a region will increase. This shows that regional governments have succeeded in increasing their ability to finance their own government affairs, development and services to their own communities.

According to Musgrave (1989), to measure regional financial performance, the degree of fiscal decentralization between central and regional governments can be used, including:

Based on the research results, it was found that the average value of the Fiscal Decentralization Ratio for Bengkalis Regency was only 7.84%. This means that the Bengkalis Regency government's ability to explore PAD potential is only 7.84% and is still in the very poor category. This is very different from the Riau provincial government which has an average Fiscal Decentralization ratio of 43.53% which is already in the good category. Below you can see a comparison of the ratio values for Bengkalis Regency and Riau Province:

Table 2 Comparison of the Degree of Fiscal Decentralization of Bengkalis Regency and Riau Province 2013 - 2022

Year	DDF ratio Regency. Bengkalis (%)	DDF ratio Prov. Riau (%)
2013	5,84	38,97
2014	6,36	39,90
2015	9,64	50,31
2016	6,91	44,80
2017	8,41	42,52
2018	9,50	42,92
2019	5,99	40,88
2020	8,64	38,66
2021	6,58	43,17
2022	10,50	53,26
Rate-rate	**7,84**	**43,54**

Source: Author's Process, 2024

Based on table 5.14 above, it can be seen that the Bengkalis Regency DDF trend shows that during the 2013-2022 period, Bengkalis Regency's fiscal autonomy was relatively low, with an average of 7.84%. Even though there was a significant increase in 2015 of 9.64% and a peak in 2022 of 10.50%, DDF remains in a relatively low range, indicating that Bengkalis Regency's ability to explore regional PAD potential is still in the very poor category.

Meanwhile, the DDF trend for Riau Province shows much higher fiscal autonomy than Bengkalis Regency, with an average of 43.54%. Riau Province has a better ability to produce PAD, which can be seen from the consistently higher DDF value with an average value of 43.54%, which is in the good category. This is because Riau Province has a stronger and more diverse economic structure, with sectors such as oil and gas, plantations and industry contributing significantly to PAD compared to Bengkalis Regency.

Regions with high fiscal autonomy can be more flexible and more responsive in planning and implementing development projects according to regional needs. Apart from that, it can encourage innovation in financial management and public services. Meanwhile, regions with low fiscal autonomy, such as Bengkalis Regency, are highly dependent on transfer funds from the center, which can reduce flexibility in budget planning. Bengkalis Regency needs to increase its fiscal autonomy through economic diversification, strengthening fiscal policy, and increasing administrative capacity to maximize PAD.

Then, based on the results of statistical processing, it is stated that regional original income (PAD) influences the level of regional financial independence. This is shown in the PAD coefficient value of 1.209896 with a probability value of 0.0000. Thus, the probability shows a result of <0.05 (α) and the coefficient is positive, thus proving the research hypothesis that there is a significant influence of the PAD variable on the level of regional financial independence.

Regional original income has a positive impact on the level of regional financial independence because it is a source of net income recognized by the regional government. Regional governments have the authority and freedom to manage this source of income originating from their own regions. A significant increase in PAD revenues will enable regional governments to maximize the development of regional governments with the principle of autonomy, and this has the potential to improve the overall financial performance of regional governments.

This shows that regional original income, which comes from sources within the region itself, can be significant in increasing the financial independence of regional governments. This income is a resource that can be used to develop the region, create independence and support regional autonomy. The greater the local government's original regional income, the higher their financial performance.

High regional income from Original Regional Revenue (PAD) in a period allows regional governments to finance expenditures according to their priorities. In general, PAD is used to support spending in productive sectors, such as capital spending and spending on goods and services that are directly related to improving regional government work programs. By increasing regional government work programs, regional development can be accelerated and regional infrastructure can be improved to support increased PAD in the following years. Through this increase in PAD, it is hoped that regional independence can be increased as part of the implementation of regional autonomy.

The influence of local original income (PAD) on the level of regional financial independence confirms that PAD, which is a source of financing that is actually extracted from the region itself, reflects the real conditions of the region. If the PAD structure is strong, it can be stated that the region has strong financing capabilities as well (Nurhasanah & Maria, 2017). Nurkhayati, (2022) explains that Regional Original Income (PAD) is a key factor in assessing the level of financial independence of a region. The greater the PAD compared to assistance from the central government, the higher the level of financial independence of the region. This result is in line with Lewis's (2003) statement which states that there has been an increase in PAD at the provincial, district and city levels in the autonomy era.

In the context of implementing regional autonomy and fiscal decentralization, regional governments are expected to have greater independence. Regional governments are expected to increase PAD to reduce dependence on funding from the center, thereby increasing regional autonomy and freedom (*local discretion*), (Mardiasmo, 2004). Efforts to increase revenue from regional original income (PAD) need to receive serious attention from regional governments by means of intensification and extensification, meaning that regions do not rely too much or pin their hopes on the central government, but must be able to be independent in

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accordance with the ideals of real and responsible autonomy. answer, (Halim, 2016).

The results of this research support research conducted by Akbar (2022), Machfud (2020), Haryanto (2019), and Verawaty (2017) which stated that PAD has a positive effect on the level of regional financial independence.

The Influence of Capital Expenditures on the Level of Regional Financial Independence in Bengkalis Regency

This increase in the number of capital goods allows the economy to produce more goods and services in the future. Sometimes capital investment is made to replace old capital goods that must be depreciated. Capital expenditure percentage refers to the portion of total expenditure allocated for capital purposes. This proportion can be considered as a measure of the level of seriousness of the district/city government in determining the allocation of capital expenditure for public services (Nurhidayati & Yaya, 2013). As stated by Handayani (2020), the large amount of investment in capital expenditure funded by regional finance shows the region's ability to manage its own government. Regional governments can improve public services by using capital expenditure from regional revenues, rather than relying on general allocation funds (DAU) or special allocation funds (DAK) from the central government, which indicates that regional revenues are sufficient to support the needs of their government.

According to Mahmudi (2016) capital expenditure can be calculated through the capital expenditure harmony ratio. This ratio is a comparison between the total realization of capital expenditure and the total regional expenditure in the relevant fiscal year.

Based on the research results, the average value of the regional financial harmony ratio for Bengkalis district was 28.82%. This means that the Bengkalis Regency government in the last 10 years has allocated more than 20%, namely 28.82%, for the proportion of capital expenditure. This figure is very far compared to the capital expenditure harmony ratio of the Riau Provincial government which only allocates a proportion of capital expenditure of 17.62%, which can be seen in the following table:

Table 3 Capital Expenditure Harmony Ratios for Bengkalis Regency 2013 - 2022

Year	Compatibility Ratio Regency. Bengkalis (%)	Compatibility Ratio Riau Province (%)
2013	34,50	29,84
2014	37,14	11,13
2015	39,94	25,96
2016	24,33	23,17
2017	30,47	21,13
2018	28,60	12,36
2019	29,49	13,36
2020	16,74	11,25
2021	20,63	11,40
2022	26,32	16,57

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Rate-rate	**28,82**	**17,62**

Source: Author's Process, 2024

Based on table 5.15 above, it is known that the trend in the capital expenditure harmony ratio for Bengkalis Regency shows quite significant fluctuations. The highest increase occurred in 2015 with a ratio of 39.94%. However, after that, this ratio experienced a quite drastic decline in 2016 amounting to 24.33% and continued to decline until it reached its lowest point in 2020 at 16.74%. After that, there was an increase again to 26.32% in 2022. Meanwhile, the trend in the capital expenditure ratio for Riau Province also showed fluctuations, but with a lower average than Bengkalis Regency. In 2013 the highest ratio was recorded, namely 29.84%, and after that there was a significant decline in 2014 amounting to 11.13%. After 2014, this ratio tends to stabilize in the range of 11-16%, with the lowest point in 2020 at 11.25%. Overall, the table above shows that despite fluctuations, Bengkalis Regency tends to allocate a larger proportion of capital expenditure from its total expenditure compared to Riau Province.

Mahmudi stated that the general proportion for capital expenditure is 5-20%. Capital expenditures provide medium and long term benefits and are also routine. Greater investment in capital expenditure can improve infrastructure, such as roads, bridges, health facilities, and education, which in turn can encourage local economic growth. However, capital expenditure allocations that are too large can result in a reduction in routine expenditures that are important for daily regional government operations, such as paying employee salaries and operational costs. Large capital projects are often at risk of cost overruns and corruption if not managed well. In addition, to finance large capital expenditures, local governments may need to take out loans or use reserve funds, which can increase debt burdens and long-term fiscal risks.

If capital expenditure is largely funded by regional finances, this shows that the region is capable of managing its own government. Increasing public services by regional governments through capital expenditure financed from regional revenues, not from central government finances, shows that regional revenues are sufficient to finance government operations (Handayani, 2020).

Then, based on statistical processing carried out by the author, it is stated that capital expenditure has an influence and is not significant on the level of regional financial independence. This is shown in the large capital expenditure coefficient of 0.004439 with a probability value of 0.2836. Thus, the probability shows a result > 0.05 (α) and the coefficient is positive, so this research proves the hypothesis that there is a positive but not significant influence of capital expenditure on the level of regional financial independence.

This means that an increase in capital expenditure has the effect of being followed by an increase in the level of regional financial independence. However, although there is an upward trend, the impact is not strong or consistent enough to be considered a definite or convincing influence. This is because capital expenditure issued by a regional government will not always have an impact on increasing regional financial independence. Capital expenditure budget allocations that are not on target are one of the factors causing regions to be less productive in distributing funds. The funds spent do not increase wealth but instead become a

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burden on the DAU. For this reason, regional governments are expected not to depend on the central government by maximizing their sources of income.

Capital expenditure is part of local government expenditure which consists of purchasing, procuring or constructing tangible fixed assets. These assets have a useful value that lasts more than twelve months and are used for government activities and provide benefits to the community. This is as stated by Mardiasmo (2004) that an increase in regional government capital investment (capital expenditure) is expected to be able to improve the quality of public services and in turn be able to increase the level of public participation (contribution) to development which is reflected in an increase in PAD. Then this statement is supported by research by Ariani and Putri, (2016) which states that a government with good quality public services is always followed by high public participation in development which is reflected in the high Regional Original Income (PAD) used by the regional government for regional spending. including capital expenditure which is then translated into regional development and improvements to regional infrastructure in various sectors.

According to Halim (2014), success in capital expenditure is measured by five criteria, namely ensuring the right quality, the right quantity, the right time, sticking to the set target, and staying at the budgeted price. The allocation of significant funds for capital expenditure is expected to produce better infrastructure and facilities that meet needs. Quality infrastructure can increase efficiency in various sectors and community productivity, and has the potential to improve welfare. Apart from that, more development carried out by the government can support the growth of regional financial independence. Proper use of capital expenditure funds can make a positive contribution to improving community welfare and local government financial performance. By allocating more resources to capital expenditure, it is hoped that it can help in community development and has the potential to increase regional income.

The results of this research are in line with research conducted by Oktavia and Handayani (2021) which states that capital expenditure influences the level of regional financial independence.

The Effect of Balancing Funds, Original Regional Income, and Capital Expenditures on the Level of Regional Financial Independence in Bengkalis Regency Simultaneously

Regional financial independence reflects the extent to which regional governments can finance their own government activities, development and community services. With the increasing burden of duties and responsibilities given to regions, the funding sources handed over to them through transfer schemes continue to increase significantly from year to year, including assistance from the central or provincial government as well as loans. Regional financial independence is also related to their ability to increase Regional Original Income (PAD) through regional tax revenues, levies and other sources of income. Therefore, regional autonomy and development can be realized only if supported by effective financial independence. This implies that regional governments must be able to be financially independent from the central government by optimizing the use of existing PAD sources and increasing tax revenues, levies and other sources of income.

Table 4 Independence Ratios, Dependency Ratios, Fiscal Decentralization Ratios, and Regional Financial Harmony Ratios for Bengkalis Regency 2013-2022

Year	Independence Ratio (AND)	Dependency Ratio (X1)	Fiscal Decentralization Ratio (X2)	Compatibility Ratio (X3)
2013	6,56	89,06	5,84	34,50
2014	7,35	86,52	6,36	37,14
2015	12,31	78,36	9,64	39,94
2016	8,53	80,97	6,91	24,33
2017	10,49	80,21	8,41	30,47
2018	11,47	82,84	9,50	28,60
2019	7,09	84,58	5,99	29,49
2020	11,07	78,00	8,64	16,74
2021	7,80	84,30	6,58	20,63
2022	12,94	81,13	10,50	26,32
Rate-rate	**9,56**	**82,60**	**7,84**	**28,82**

Source: Author's Process, 2024

Based on table 5.16 above, it is known that in terms of Bengkalis district regional finances for the 2013-2022 budget year, the highest ratio value is the dependency ratio, namely 82.60%. This ratio shows the comparison between balancing funds and total regional revenues. This means that the dependence of the Bengkalis district government on the central government is still high or 82.60% is still dependent on the central government.

Furthermore, the second highest ratio is the harmony ratio which shows the comparison of capital expenditure with total regional expenditure in Bengkalis district. The average value of the harmony ratio for Bengkalis Regency government capital expenditure for the 2013 - 2022 fiscal year is 28.82% and this value is above 20%. According to Mahmudi's opinion, the general proportion for capital expenditure is 5-20%. This means that Bengkalis Regency in the last ten years has had a capital expenditure ratio of more than 20%. This means that some of the funds owned by the Bengkalis district government are still prioritized for capital expenditure needs because the percentage of funds allocated for routine expenditure is above 20%.

Then, the average value of the independence ratio in 2013-2022 is 9.56%. This ratio shows the comparison between PAD and balancing funds. In accordance with the assessment criteria, it is known that the level of regional financial independence in implementing regional autonomy is categorized as very low, because the criteria for the level of independence are in the interval 0-25% with an instructive relationship pattern, namely the role of the central government is more dominant than the independence of regional governments. This means that the Bengkalis district government's implementation of regional autonomy is still very low, where central government intervention still dominates because the region is considered less capable of implementing regional autonomy.

The lowest ratio value is the fiscal decentralization ratio value, which is 7.84%. This ratio value indicates that the ability of the Bengkalis district government to explore the potential of its original regional income is only 7.84% and this value is still in the very poor category because it is still below 10%. This ratio shows that Bengkalis Regency has low fiscal autonomy, although there has been a consistent increase since 2015. This increase shows that efforts have been made to increase PAD, but the level of fiscal autonomy still needs to be increased.

Overall, Bengkalis Regency is still very dependent on transfer funds from the central government, with a high dependency ratio and a low independence ratio. Despite efforts to increase PAD and fiscal decentralization, much still needs to be done to increase regional fiscal autonomy. Investment in capital expenditure is important to improve infrastructure and regional economic capacity, but needs to be balanced with efforts to increase PAD. The increase in the fiscal decentralization ratio shows a positive step in this direction, but a more consistent and sustainable strategy is needed to reduce dependency and increase regional financial independence.

Then, based on statistical processing using the F test or simultaneous statistical test, it is known that balancing funds, local original income and capital expenditure simultaneously influence the level of regional financial independence. This is proven in the results of the prob value test. The F statistic of 0.00000 is smaller than the significance level of 0.05, so all the variables, namely the balancing fund variable (X1), Regional Original Income (X2) and capital expenditure (X3) jointly influence the regional financial independence level variable (Y) simultaneously.

The coefficient of determination value is 0.998992 or 99%, which means that the level of financial independence of the Bengkalis district can be explained by balancing funds, local original income and capital expenditure of 99%. This research proves the hypothesis that there is an influence of balancing funds, local original income and capital expenditure on the level of regional financial independence simultaneously.

Balancing Funds, such as the General Allocation Fund (DAU), Special Allocation Fund (DAK), and Profit Sharing Fund (DBH), are funding sources transferred from the central government to regional governments to support regional expenditure costs that exceed regional income. When regional spending exceeds income, a deficit occurs which must be covered by the central government through balancing funds. This shows that the central government's obligations to the regions remain important to support development, so that balanced funds are needed to accelerate regional development.

Regional Original Income (PAD) refers to income originating from levies made by regional governments in accordance with applicable regulations, which can be imposed on individuals or business entities, both government and private, as compensation for services provided by regional governments. In this way, regional governments can collect income through taxes, levies, results from the management of separated regional assets, and other legally valid PAD. Increasing PAD will contribute to increasing regional financial independence.

Capital expenditure has a direct impact on the level of regional financial independence because it reflects the amount of infrastructure and facilities built. The more development projects carried out, the higher the level of regional financial independence. In other words, the more resources invested, the greater the returns that can be expected.

CONCLUSIONS AND RECOMENDATIONS

Based on the results and discussion above, it can be concluded that the balancing fund has a significant negative effect on the level of regional financial independence in Bengkalis district. This means that the higher the receipt of balancing funds, the lower the level of regional financial independence in Bengkalis Regency.

Regional original income (PAD) has a significant positive effect on the level of regional financial independence in Bengkalis district. This means that the higher the PAD revenue, the higher the level of regional financial independence in Bengkalis Regency.

Capital expenditure has a positive but not significant effect on the level of regional financial independence in Bengkalis district. This means that an increase in capital expenditure has the effect of being followed by an increase in the level of regional financial independence. However, although there is an upward trend, the impact is not strong or consistent enough to be considered a definite or convincing influence.

Balancing funds, local original income (PAD), capital expenditure simultaneously influence the level of regional financial independence in Bengkalis district. This means that the level of financial independence of the Bengkalis district can be explained by balancing funds, local original income and capital expenditure together.

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