



# The 1<sup>ST</sup> UNICEB 2017

Garuda Plaza Hotel Medan, December 12<sup>th</sup> 2017



## THE INFLUENCE OF PAD AND INTERGOVERNMENTAL REVENUE ON FINANCIAL PERFORMANCE WITH CAPITAL EXPENDITURE AS INTERVENING VARIABLE AT DISTRICT AND CITY IN NORTH SUMATRA PROVINCE.

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### ABSTRACT

This study aims of this research were to examine and obtain empirical evidence on the influence of PAD and Intergovernmental Revenue on Financial Performance with Capital Expenditure as intervening variable in the District and City of North Sumatra Province. The population in this research were district and City in North Sumatra Province amount 25 districts and 8 cities. The sample that used in this research were district and city in North Sumatra Province which have financial report presented consecutively by Central Bureau of Statistics of North Sumatra Province from year 2011-2015. The districts and cities in accordance with the sample criteria amounted to 25 districts and 8 cities with a total sample of 165 datas. The data used in this research was secondary data by downloading the report of the realization of district and city budgets in north sumatera province on [www.bps.go.id](http://www.bps.go.id) website. The data analysis techniques used were descriptive statistics, classical assumption test and path regression analysis. The results in this study is partially PAD and Intergovernmental Revenue to financial performance with capital expenditures as intervening variable. This means capital expenditures can connect a PAD and Intergovernmental Revenue to improve financial performance. PAD does not affect financial performance. This means the PAD is not yet able to improve financial performance. Intergovernmental Revenue of negative Financial effect on financial performance. The conclusion of this research is capital expenditure can be intervening variable for indirect influence of PAD variable and Intergovernmental Revenue to Financial Performance. And PAD and the Intergovernmental Revenue can be a source of capital expenditures to improve financial performance.

***Keywords : District, Intergovernmental Revenue, Capital Expenditure, Financial Performance***