

Analysis of The Implementation of Government Accounting Standards Statement (PSAP) 07 on The Treatment of Fixed Assets in The Village Government of Sumber Pakem, Jember

Wahyu Yuli Yanti¹, Diana Dwi Astuti², Ratih Rakhmawati³

Institut Teknologi dan Sains Mandala, Indonesia^{1,2,3}

ABSTRACT

This study aims to determine and analyze the treatment of fixed assets based on PSAP 07 in Sumber Pakem Village. The method used in this study uses a qualitative method with a phenomenological approach. The sampling technique uses purposive sampling with a sample of 5 selected informants. While the data collection methods in this study are observation, interviews, documentation and literature studies. The results of the study indicate that the treatment of fixed assets in the Sumber Pakem Village government is in accordance with PSAP 07 in terms of classification, recognition, and measurement of fixed assets. While in terms of assessment, depreciation, and disclosure of fixed assets in Sumber Pakem Village are not fully in accordance with PSAP 07. In addition, the Termination/Disposal of fixed assets in Sumber Pakem Village has not been carried out. So it can be said that the implementation of PSAP 07 in Sumber Pakem Village is still weak, this can be seen from the treatment of fixed assets that are not fully in accordance with the policies in PSAP 07.

Keywords: Fixed Asset Treatment, Government Accounting Standard Statement, PSAP 07

Corresponding Author:

Wahyu Yuli Yanti
(wahyuyuliyanti018@gmail.com)

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1. INTRODUCTION

Village according to Government Regulation Number 72 in 2005 concerning villages in article 1 is "A legal community unit that has territorial boundaries that has the authority to regulate the interests of the local community that has a basis in the origins and local customs that are recognized and respected in the government system of the Unitary State of the Republic of Indonesia". Then in Law Number 6 of 2014 concerning Villages article 1, "A village is a population unit that according to law has territorial boundaries and the authority to determine laws and regulations that regulate government, the interests of citizens based on initiatives, or customary or ancestral rights that are respected and recognized by the government of the Republic of Indonesia". Based on Law Number 6 of 2014 concerning Villages, the government structure of the Unitary State of the Republic of Indonesia gives authority to the village government to organize local community affairs and government activities. Based on these several definitions, it can be understood that a village is an area that is generally led by a village head with several families in it, which legally has territorial boundaries and authority to implement government regulations, the interests of citizens based on applicable rights and obligations and is recognized by the government. Meanwhile, the village government itself is the administrator of government affairs and the interests of the local community. In general, village government units within a specific territory possess wealth or assets within their boundaries, which must be managed and developed.

Assets are generally defined as assets with economic, commercial, or exchange value owned by a company, organization, or individual. Legally, assets are defined as movable

and immovable objects, both tangible and intangible, that constitute the assets of a business, organization, or individual. Meanwhile, fixed assets, according to Government Regulation (PP) No. 71 of 2010 in PSAP 07 concerning Fixed Asset Accounting, are defined as "Fixed assets are tangible assets with a useful life of more than 12 (twelve) months, used, or intended for use, in government activities or for the general public."

In accordance with Minister of Home Affairs Regulation Number 1 of 2016 concerning Village Asset Management, Article 2 provides information on the types of village assets, including: "village assets acquired or purchased from the Village Budget (APBDes), original village assets, village assets obtained through the implementation of contracts/agreements or based on statutory regulations, village assets obtained from donations, grants, or similar means, village cooperation, and village assets obtained legally."

Acquisition cost is used to calculate fixed assets. If acquisition cost cannot be used to calculate the value of a fixed asset, the fair value at the time of acquisition is used instead. If the exchange transaction is completed with documentation of the acquisition of the fixed asset that includes the cost, the measurement can be considered reliable. The presentation is based on the acquisition cost of the fixed asset, which is then reduced by cumulative depreciation. Adjustments to each fixed asset account and equity account will be presented for fixed assets if circumstances require a revaluation.

Depreciation is the process of reducing the useful value of a fixed asset, either in quality or quantity, due to the fixed asset being used in government operations. Some of the factors that influence the depreciation process are the acquisition price of fixed assets, residual value or remaining value when the asset is no longer used, the useful life of the fixed assets and the depreciation method used by the entity. According to Article 77 of Law Number 6 of 2014 concerning Villages, also known as the Village Law, "village asset management is guided by the principles of public interest, benefit, legal certainty, transparency, efficiency, effectiveness, accountability, and certainty of economic value." Therefore, a fixed asset control system is necessary to ensure the security of village assets, verify the accuracy and validity of accounting data, and encourage compliance with established regulations.

Accounting principles known as Government Accounting Standards (SAP) are used in the preparation and presentation of government financial reports. One reference used by government agencies is SAP. Government Regulation No. 71 of 2010 replaced Government Regulation No. 24 of 2005 and established Government Accounting Standards (SAP). Referring to the Conceptual Framework for Government Accounting, SAP is presented as a Statement of Government Accounting Standards (PSAP), supplemented by an Introduction to Government Accounting Standards. Thus, the Statement of Government Accounting Standards (PSAP) replaces the Government Accounting Standards (SAP) policies relating to government agency financial reporting.

According to (PSAP) 07, "fixed assets must meet the definition of the Conceptual Framework for Government Accounting and the recognition requirements to be recognized as assets." Unless another Statement of Government Accounting Standards mandates a different accounting treatment, this Standard applies to all government agencies that present general purpose financial statements and regulates their accounting treatment, including recognition, valuation, presentation, and disclosure as required (PSAP 07-1). It is expected that the Statement of Government Accounting Standards (PSAP) will produce reliable, relevant, and accountable financial statements for the government sector.

The Sumber Pakem Village Government is one of the government agencies tasked with overseeing village assets and is also a reporting body. The existence of government fixed assets, which must be managed effectively and accurately and require all managers to be honest and accountable, is therefore closely linked to this government agency. This is due to the requirement that all management be conducted transparently and in compliance with relevant laws and regulations to prevent potentially detrimental abuse of authority.

However, based on the information obtained by the researcher from the official website of Sumber Pakem Village <https://sumberpakem.wordpress.com> and also the results of field observations, there are several problems in Sumber Pakem Village, including the lack of clarity in the management and control of fixed assets based on the provisions of the Government Accounting Standards Statement (PSAP) 07, Sumber Pakem Village does not depreciate fixed assets as it should, and the lack of information regarding the application of the Government Accounting Standards Statement (PSAP) 07 to fixed assets in the village, making the researcher want to research further on this matter because, management of fixed assets in government institutions needs to be done objectively, in order to minimize budget misuse.

2. METHODS

This study employs a qualitative research design with a phenomenological approach to analyze the implementation of Government Accounting Standard Statement (PSAP) 07 concerning the treatment of fixed assets in Sumber Pakem Village Government, Jember Regency. The qualitative approach was selected to obtain an in-depth understanding of accounting practices, procedures, and perceptions related to fixed asset management within a village government context.

The research subjects were determined using purposive sampling, selecting five key informants who were directly involved in the management and reporting of village assets, including village officials and financial administrators. This sampling technique was applied to ensure that the collected data were relevant, accurate, and aligned with the research objectives.

Data collection was conducted through multiple techniques, namely direct observation, in-depth interviews, documentation analysis, and literature review. Observations were carried out to examine actual fixed asset management practices, while interviews were used to explore informants' understanding and implementation of PSAP 07. Documentation, such as asset inventories and financial reports, was analyzed to support and verify the findings. Relevant regulations, accounting standards, and previous studies were reviewed as secondary data sources.

Data analysis followed an interactive model consisting of data reduction, data display, and conclusion drawing. The validity of the data was ensured through triangulation of sources and methods to enhance credibility and reliability. By applying this methodological framework, the study provides a comprehensive evaluation of compliance with PSAP 07 and identifies gaps in fixed asset accounting practices at the village government level

3. RESULTS AND DISCUSSION

Result

The findings of this study indicate that the implementation of fixed asset accounting in Sumber Pakem Village reflects partial compliance with Government Accounting Standard Statement (PSAP) 07. Based on field observations and interviews conducted with village officials, the village government manages various categories of fixed assets, including land, buildings, equipment and machinery, as well as roads and irrigation infrastructure. These assets are utilized to support administrative functions and public services. In terms of asset classification, the village government has generally categorized fixed assets according to PSAP 07 requirements. Most assets have been recorded in the village asset inventory and supported by physical evidence.

Regarding asset recognition, the findings show that fixed assets are acknowledged when they provide long-term benefits and are controlled by the village government. Asset acquisition is primarily sourced from the Village Revenue and Expenditure Budget (APBDes). However, challenges arise in asset valuation, particularly for older assets, as several assets lack reliable acquisition cost documentation. As a result, asset measurement is often based on estimates rather than standardized valuation methods.

Furthermore, the study reveals that depreciation of fixed assets has not been consistently applied. The village government does not systematically calculate or record depreciation expenses, leading to inaccuracies in the presentation of asset values. Asset disclosure in financial reports is also limited, as detailed explanations related to asset

conditions, depreciation methods, and remaining useful life are not comprehensively presented in the Notes to Financial Statements. Overall, these findings demonstrate that while Sumber Pakem Village has initiated fixed asset management practices in accordance with PSAP 07, improvements are necessary to achieve full compliance, particularly in valuation, depreciation, and disclosure aspects.

Based on direct observation, interviews, and documentation, the following findings were obtained:

1. Fixed Asset Accounting System and Procedures for Sumber Pakem Village
2. Classification of Fixed Assets in Sumber Pakem Village
3. Recognition of Fixed Assets in Sumber Pakem Village
4. Measurement and Valuation of Fixed Assets in Sumber Pakem Village
5. Depreciation of Fixed Assets in Sumber Pakem Village
6. Disposal/Retirement of Fixed Assets in Sumber Pakem Village
7. Disclosure of Fixed Assets in Sumber Pakem Village

Discussion

Fixed Asset Accounting Systems and Procedures in Sumber Pakem Village

Based on the research findings, the fixed asset accounting system implemented by the Sumber Pakem Village Government generally follows the administrative procedures stipulated in village financial management regulations. Fixed asset management is carried out through an inventory system that records assets obtained from the Village Revenue and Expenditure Budget (APBDes) as well as other legitimate sources. The village government maintains asset records through the Village Asset Inventory Report, which serves as the primary reference for asset identification and control.

The procedure for managing fixed assets begins with asset acquisition, followed by recording and reporting through the village financial administration system. Assets acquired are physically verified and documented by village officials responsible for asset management. This process aims to ensure that assets are properly identified, safeguarded, and utilized to support village government operations and public service delivery. In practice, coordination among village officials plays an important role in ensuring that asset data are recorded consistently.

However, the study reveals that the fixed asset accounting system in Sumber Pakem Village still faces several limitations. Asset recording focuses primarily on administrative documentation rather than on comprehensive accounting treatment as required by PSAP 07. In particular, asset valuation procedures are not fully standardized, especially for assets acquired in previous periods where acquisition cost data are incomplete or unavailable. This condition affects the reliability of asset values presented in the financial statements.

Furthermore, the procedures related to depreciation, asset revaluation, and periodic asset reconciliation have not been systematically implemented. As a result, the village government is unable to present accurate information regarding the remaining useful life and net book value of fixed assets. Although the existing system supports basic asset administration, the findings indicate that improvements are necessary to strengthen compliance with PSAP 07, particularly in enhancing accounting accuracy, transparency, and accountability in fixed asset management.

Treatment of Fixed Assets Based on PSAP 07 in Sumber Pakem Village

The discussion of fixed asset treatment based on Government Accounting Standard Statement (PSAP) 07 indicates that the Sumber Pakem Village Government has partially implemented the required accounting standards. In terms of asset classification, the village government has generally complied with PSAP 07 by grouping fixed assets into appropriate categories, such as land, buildings, equipment and machinery, and infrastructure assets including roads and irrigation networks. This classification reflects an understanding of the basic structure of fixed asset reporting as mandated by government accounting standards.

Regarding asset recognition, the study finds that fixed assets are recognized when they are physically controlled and used to support village government activities. Assets are mainly acquired through the Village Revenue and Expenditure Budget (APBDes) and are recorded once ownership or control is established. This practice is consistent with PSAP 07, which requires assets to be recognized when future economic or service benefits are expected to flow to the entity and the asset value can be reasonably measured. However, recognition is often based on administrative evidence rather than comprehensive accounting analysis.

In contrast, asset measurement and valuation remain a significant challenge. Many fixed assets, particularly those acquired in earlier periods, lack clear documentation regarding acquisition costs. As a result, the village government has not fully applied historical cost or fair value measurement as required by PSAP 07. This limitation reduces the reliability of asset values reported in the financial statements and affects the accuracy of the village's balance sheet.

Furthermore, the study reveals that depreciation of fixed assets has not been systematically implemented. Except for land, which is non-depreciable, other fixed assets such as buildings and equipment are not depreciated based on their useful lives. This condition leads to overstated asset values and does not reflect the actual consumption of asset benefits over time. In addition, asset disclosure in the Notes to Financial Statements (CaLK) is still limited, as detailed information regarding depreciation methods, useful lives, and asset conditions is not comprehensively presented.

Overall, the findings suggest that while the Sumber Pakem Village Government has made initial efforts to apply PSAP 07, the implementation remains incomplete. Strengthening asset valuation, depreciation, and disclosure practices is essential to enhance transparency, accountability, and compliance with government accounting standards.

4. CONCLUSION

This study concludes that the implementation of Government Accounting Standard Statement (PSAP) 07 regarding the treatment of fixed assets in Sumber Pakem Village has been partially achieved but has not yet reached full compliance. The village government has demonstrated an adequate understanding of fixed asset management in terms of asset classification and recognition, as most assets have been identified, categorized, and recorded in accordance with existing administrative procedures. Fixed assets acquired through the Village Revenue and Expenditure Budget (APBDes) are generally recognized when they are controlled and used to support village operations and public services. However, significant weaknesses remain in several key aspects of fixed asset accounting. Asset measurement and valuation are not consistently applied due to incomplete historical cost documentation, particularly for assets acquired in previous periods. In addition, depreciation of fixed assets has not been systematically implemented, resulting in asset values that do not accurately reflect their economic or service potential over time. Asset disclosure in the Notes to Financial Statements is also limited, as essential information related to depreciation methods, useful lives, and asset conditions is not comprehensively reported. Overall, these shortcomings indicate that fixed asset management in Sumber Pakem Village is still dominated by administrative recording rather than full accounting treatment. Therefore, improvements in accounting competence, documentation practices, and adherence to PSAP 07 are necessary to enhance transparency, accountability, and the reliability of village financial reporting.

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