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## Simple journal comparison of statement of government accounting standards 06 (PSAP 06) concerning investment accounting with statement no. 3 of the governmental accounting standards boards (GASB 03) on deposits with financial institutions, investment

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### Abstract

This study aims to determine the comparison of the Statement of Government Accounting Standards 06 (PSAP 06) Indonesia with Statement No. 3 of the Governmental Accounting Standards Boards (GASB 03) United States of Accounting for Investments and t erkait accounting implementation investas i. Starting from the acquisition of investment, investment recognition, investment

measurement, and methods for valuing investments. In addition, it is also related to the accounting for investment returns. Results pe mbahasan this shows that in the process of implementation of the Government's investment accounting In general, it is in accordance with the provisions of the legislation, but in the disclosure there are still things that have not been explained in detail.

**Keywords:** comparison, Statement, GASB 03, investment

### 1. Introduction

Countries, both in developing and developed countries, carry out investment practices. Investment is divided into the government sector and the private sector. The investment made by the Government is intended as the management of sources of government funds and capital in developing finance in the country, with the hope of improving the economy, and providing facilities for the people of the country. In Indonesia, investments can be made by the Central and Regional Governments, from an accounting point of view, the implementation of investments must be recorded and reported in a financial report of the Central Government and/or the financial statements of the Regional Government. Government Financial Statements are prepared based on laws, government regulations, and standards set by KSAP or the Government Accounting Standards committee, which compiles rules for reporting and preparing financial statements. Investments that are implemented and carried out by the Central Government and local governments must comply with Government Accounting Standards Statement No. 06 (PSAP 06). PSAP 06 itself has been regulated as stipulated in Government Regulation of the Republic of Indonesia Number 24 of 2005 dated June 13, 2005, in Appendix VII concerning Investment Accounting. PSAP 06 regulates the Objective and Scope of Investment, Definition, Form of Investment, Investment Classification, Investment Recognition, Investment Measurement, Investment Valuation Method, Investment Return Recognition, Investment Disposal and Transfer, Disclosure and Effective Date of Investment Accounting implementation.

Meanwhile, in the United States of America, investment accounting has long been applied because investment implementation has long been carried out before Indonesia issued PSAP 06. Similar to Indonesia, the United States also has its government accounting standards committee. If in Indonesia there is a KSAP, in the US there are two levels of Government Accounting Standards prepared by an independent SAP Board from the private-sector. The Federal Government Accounting Standards are prepared by the SAP Board called the Federal Accounting Standards Advisory Board (FASAB), while the Governmental Accounting Standards for each US state are equivalent to local governments in Indonesia which are prepared by the Governmental Accounting Standards Board (GASB). In the application of state government accounting, it is regulated in GASB no. 03 concerning Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements issued in April 1986.

In its application, government accounting standards have their respective goals and applications, tailored to the needs and short-term and long-term goals of each country. Therefore, in this journal the researcher wants to see how the explanation between PSAP 06 which is applied in the Central Government and Local Government is compared to the government accounting standards applied by the state governments in the United States which are regulated in GASB 03.

The researcher wants to explain investment accounting which is applied in PSAP 06 and investment accounting in GASB 03, then whether in the definition and rules there are similarities and differences between the two countries in applying government accounting in this case investment accounting.

## 2. Literature review

### 2.1 Definition of Investment Accounting

Investment or capital formation which is often referred to as investment are 2 components that can determine the level of aggregate expenditure. In a sense, investment can also be interpreted as a form of expenditure and investment for investment and capital participation to increase the government's capability in encouraging companies that are given capital participation to be able to produce goods and services that can later encourage and improve the economy. This increase in the number of capital goods can provide the possibility that the economy will produce more goods and services and economic opportunities in the future. Investment is an activity by the government to invest its money in the form of equity participation or the purchase of debt securities in order to obtain economic or social benefits. Investment is an asset that is intended to obtain economic benefits such as interest, dividends and royalties, or social benefits, so as to increase the ability of the government to provide services to the community. Economic benefits can be obtained in order to increase government revenues. If you invest in shares, it is expected that you will get dividend income, while if you invest in bonds, you are expected to earn interest income. The social benefits referred to in this standard are benefits that cannot be measured directly in units of money but have an effect on improving government services to the wider community and certain community groups, such as the availability of employment opportunities for the community or to drive the community's economy. Then the expenditures in the investment practice are recorded and reported in a system that has been prepared based on the standards set by the government accounting committee, called Government Accounting Standards. Both in Indonesia and in America, there are committees that regulate this matter, in Indonesia the Statement of Government Accounting Standards 06 (PSAP 06) is prepared by the Government Accounting Standards Committee, while in the United States the state government financial statements relating to investment are prepared based on standards issued by GASB 03.

### 2.2 Form of Investment in PSAP 06

In Indonesia, both the central government and local governments invest their capital/investments based on several reasons, including taking advantage of the surplus momentum in their budgets in order to get income in the long term, and using/utilizing sources of funds that have not been used for short-term investments in the context of cash management. There are several types of investments that are generally made and can be proven by certificates or similar valuable documents. The nature of an equity participation or what is commonly called an investment can be in the form of purchasing debt securities, both long-term and short-term, and equity instruments.

### 2.3 Forms of investment in GASB 03

United States government entities generally make direct investments in the U.S. government and federal agency and

instrumentality obligations and other types of securities. The ways in which they protect their investments include having securities held by them, custodial or registered in their name, having brokerage insurance coverage, and investigating the creditworthiness of the issuer and custodial partners. Government entities often invest in securities. Commercial paper or securities are unsecured promissory notes issued mainly by companies for a certain amount and due on a certain day. The maximum maturity for commercial paper is 270 days, but most are sold with maturities of up to 30 days. Almost all commercial paper is rated as credit risk based on the rating service. Securities are usually issued in bearer form but can be issued in registered form.

### 2.4 Investment Classification in PSAP 06

Recording and accounting reporting of government investment assets in Indonesia, whether carried out by the central government or local governments can be classified into 2 directions, namely investments made in the short term (short term), and investments made in the long term (long term). Investments in the short term are assets classified as current assets, but investments in the long term are classified as non-current assets. Investments made in the short term are capital investments/investments with a very high level of liquidity, in this sense the funds can be immediately disbursed if needed for the government's operational needs, then the short term investment can be owned and can only be owned within a period of 1 year. books or 12 months, or it could be less than a year.

Investments in the short term are characterized as follows

1. Have high liquidity or can be traded / thawed; b
2. Short-term investment is intended for cash management, or the government may sell the investment if there is a need for funds/cash in the context of administering the government, and it can be bought back if the funds have not been used.
3. Short-term investments have a relatively low risk profile or the investment is safe from price movements/market fluctuations, and the decline in investment assets cannot be decreased in a short time and with large deviations. When we look at the risk profile, the securities have a high risk of Akiba t influence the market price fluctuations, can not be classified under short-term investments that can be classified in short-term investments such as shares of ownership of the company on the capital market. Then, looking at and adjusting the risk profile intended for the type of short-term investment, the following investment instruments can be included. Securities purchased by the government with the aim of taking over a business entity/company, and/or with the aim of increasing capital and share ownership in a business entity, then second, securities purchased by the government with the intention of maintaining organizational relations between institutions and other parties, such as purchasing securities issued by an institution both domestically and abroad to show government participation; or. Third, Securities that are not intended to be liquidated to meet short-term cash needs. Investments that can be classified as short-term investments consist of, among others, deposits with maturities of three to twelve months and/or revolving deposits, purchases of short-term government bonds (SUN) by the central and regional governments and

purchases of short-term government securities. Bank Indonesia Certificate (SBI).

Investments in the long term are then referred to as a group of non-current assets, whose ownership period can be held for more than 1 financial year, or more than 12 months. Then the investment in the classification of long-term investment is divided into 2 types, namely permanent investment and non-permanent investment. Permanent Investment is a long-term investment that is intended to be owned continuously, then Non-Permanent Investment is a long-term investment then in the context of non-continuous ownership. What is meant by continuous is an investment with the aim of being owned continuously without any intention to trade or withdraw. Then the definition of non-continuous is a type of investment ownership of capital with a period of more than 1 financial year or 12 (twelve) months, in order not to be continuously owned or there is an intention to trade or withdraw.

### 1. Permanent Investment

Permanent investment is an investment that is not intended to be traded, but to provide benefits in the form of dividends and or significant long-term influence and/or maintain institutional relationships. This permanent investment can take the form of:

a. Investment in state-owned and regional-owned companies, international agencies, and other business entities that are not state-owned. This investment is owned by the government to contribute income and or provide services to the community.

### 2. Non-permanent investment

Non-permanent investment practiced by the government of an investment made in a certain period of time will someday maturity or end / end time. At maturity it will be withdrawn or renewed again. Non-permanent investments implemented by the central government and local governments, in the form of:

- a. Buying bonds/debt instruments that have a long term with the intention of having to be owned by the central/regional government until the maturity date.
- b. Capital participation in development projects that can be transferred to third parties.
- c. Sources of funds allocated by the central government and/or local governments are intended to provide public services.

### 2.5 Investment Classification According to GASB 03

Government entities in America often have cash available for short- term, medium- term, and long-term investments. For example, a general fund may have cash available for a short-term period awaiting disbursement for operating needs, a capital project fund may have bond yields available for medium-term investment pending disbursement for construction costs, and a fiduciary fund may have cash available. for long term investment.

The depository and investment authority of government entities is often defined in law. This law can determine :

- a. types of deposits and investments that may be made,
- b. financial institutions that can be used to store deposits
- c. collateral \* deposit requirements at financial institutions
- d. liquidity requirements. Deposits and investment activities may also be affected by local regulations,

written policies, bond agreements, or management practices

### 2.6 Investment Disclosure According to PSAP 06

Other matters that must be disclosed in government financial statements related to government investment, among others:

- a. Accounting policies for determining the value of investments;
- b. Types of investment, permanent and non-permanent investment;
- c. Changes in market prices, both short-term investments and long-term investments that have market prices
- d. Significant decline in investment value and the cause of the decrease;
- e. Investments that are valued at fair value and the reasons for their application;
- f. Reconciliation of the initial and final investment value of the investment using the equity method;
- g. Investments that are presented with a nil value and share of accumulated losses that exceed the investment value;
- h. Liabilities arising from the share of accumulated losses that exceed the investment value in the event that the government has legal responsibility;
- i. Changes in the classification of investment posts;
- j. Changes in the portion of ownership or significant influence that results in changes in accounting methods.

### 2.7 Investment Disclosure According to GASB 03

In external debt, the Board proposes a certain amount of deposit and investment credit risk taken during the period to help users assess past and potential future risks. Some ED respondents believed that this quantification would not be cost-beneficial and that, in most cases, the risk had passed. This Statement requires a disclosure narrative if, during the period, the number of uninsured entities, unsecured uninsured and unregistered deposits or securities owned by the counterparty, or by its trustee department or agency but not on behalf of the entity, significantly exceeds the number category at the balance sheet date. These requirements, together with a disclosure that indicates the practice at the balance sheet date, replaces the proposed requirements UL to reveal savings and investment policies and for m engukur risk savings and investment are taken during that period. This Statement also requires disclosure of the types of authorized investments and the types of investments made during the period but not held at the balance sheet date to provide information about past and potential future risks. Classification by type of investment conveys information about the nature of the investment, its market risk, and, in some cases, the credit risk associated with it publisher. The ED also proposes to measure reverse repurchase agreement activity during listing. Several ED respondents argued against this for the same reasons they opposed measuring the risk of deposits and investments taken during the period. The Board replaces disclosures of proposed activities with disclosures about legal or contractual sources of authorization for reverse repurchase agreements and practices at the balance sheet date. This disclosure is required only if the reverse repurchase agreement has been used during the period

### 3. Research Method

The object of this research is through the collection of previous literature on investment accounting. Based on what

is explained by the literature review, this study tries to find out how the Comparison of Statement of Government Accounting Standards 06 (PSAP 06) Indonesia with Statement No. 3 of The Governmental Accounting Standards Boards (GASB 03) United States on Investment Accounting. The aim of this paper is to show the reader what an investment accountant is (PASp 06). Previous literature was researched to complement this paper in the journal journals and regulations of the ministry of finance.

#### 4. Results and discussion

From the discussion and literature study that has been carried out in this research, it is found that there are some similarities between PSAP 06 and GASB 03 which are applied in Indonesia and in the United States, including both PSAP 06 and GASB 03 were both made and stipulated by a A committee that serves as the government's partner in applying government accounting standards in the investment sector. Then the next equation is in the form of investment, the form of investment is influenced by the period of investment, in short-term investment instruments, both Indonesia and the United States place their funds in investment instruments with a period of 12 months or less. Where these funds have high liquidity with the aim of providing a source of funds for government operations, then in the long term, both PSAP 06 and GASB 03 have several similarities in choosing investment instruments including capital placement in government institutions/organizations that are expected to provide benefits more in the field of service to the community, and exert influence over the portion of power in an institution.

Among these similarities, there are also some significant differences between PSAP 06 and GASB 03, namely in determining the classification of the investment period. In PSAP 06 it is clearly and unequivocally stipulated that the investment period consists of short-term investments, long-term investments. Then, the long term, divided into non-permanent investment, and permanent investment. The time classification has an impact on the placement of government investment instruments in Indonesia, both in the Regional Government and the Government of Indonesia. Meanwhile, in the United States, the classification of the investment period listed in GASB 03 is divided into 3 periods, in contrast to Indonesia which is only divided into 2. According to GASB 03, the investment period in the United States is divided into short- term, long-term medium, long term. In the disclosure of financial statements on investments, PSAP 06 clearly describes what things can change reporting and disclosure, in contrast to GASB 03 which does not provide more complete information on changes in reporting and disclosure. Later, further information was found that GASB 03 was then amended again in GASB 40 which is also related to investment.

#### 5. Conclusion

Based on the discussion that has been described previously, it can be concluded that investment is a form of expenditure and expenditure on investment and capital participation to increase the government's capability in encouraging companies that are given capital participation to be able to produce goods and services that can later encourage and improve the economy.. This Standard Statement applies to reporting entities in preparing the financial statements of the central government, local governments, and consolidated

financial statements, excluding state/regional companies. types of investments that are generally made and can be proven by certificates or similar valuable documents. The essence of an equity participation or what is commonly called an investment can be in the form of purchasing debt securities, both long-term and short-term, and equity instruments. namely investments made in the time / short term (short term), and investments made in the time / long term (long term). Short-term investments are assets classified as current assets, but long - term investments are classified as non-current assets

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