

SECTION PS 3230

long-term debt

SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of approving the 2024-2025 Annual Improvements to Public Sector Accounting Standards.

PURPOSE AND SCOPE

- .01 This Section establishes standards on how to account for and report long-term debt in government financial statements, including debt issued on behalf of a government business enterprise. It does not address the presentation and disclosure of other long-term obligations of a government. General guidance regarding the presentation and disclosure of a government's financial and non-financial liabilities is provided in FINANCIAL STATEMENT PRESENTATION, paragraphs PS 1202.083-.108. Retirement benefits are specifically dealt with in RETIREMENT BENEFITS, Section PS 3250. Other employee future benefits are specifically dealt with in POST-EMPLOYMENT BENEFITS, COMPENSATED ABSENCES AND TERMINATION BENEFITS, Section PS 3255. [Former footnote 1 of paragraph PS 3230.01, amended by 2022-2023 remaining annual improvements, retained in Archived Pronouncements.] [Former paragraph PS 3230.01, amended by FINANCIAL STATEMENT PRESENTATION, Section PS 1202, retained in Archived Pronouncements.]

FINANCIAL STATEMENT PRESENTATION

- .02 *The statement of financial position should report a government's long-term debt at the end of the accounting period.* [MARCH 1997]
- .03 *When a government has externally restricted sinking funds 2 set aside to retire its long-term debt, the following information should be provided:*
- (a) *the gross amount of the long-term debt to be retired by the sinking funds; and*
 - (b) *the amount of sinking fund assets available to retire the debt.* [MARCH 1997]
- .04 Governments would disclose this externally restricted sinking fund information in the notes or schedules to the financial statements or report it on their statement of financial position.

DISCLOSURE

- .15 *Financial statements should disclose information to highlight the composition of a government's long-term debt as follows:*
- (a) *the gross amount outstanding;*
 - (b) *the amounts issued specifically on behalf of government business enterprises and reported in accordance with paragraph PS 3230.10;*
 - (c) *the net amount reported on the consolidated statement of financial position;*
 - (d) *the gross interest paid or payable for the period relating to the debt described in (a);*
 - (e) *the interest revenue for the period received or receivable from government business enterprises on debt issued specifically by the government on behalf of government business enterprises and reported in accordance with paragraph PS 3230.10; and*
 - (f) *the net amount of interest expense reported on the consolidated statement of operations.* [APRIL 2000]
- .16 The gross amount of long-term debt outstanding in paragraph PS 3230.15(a) and the gross amount of interest paid or payable in paragraph PS 3230.15(d) refer to the total debt of the government reporting entity excluding those amounts which have been borrowed directly by existing government business enterprises from sources external to the government reporting entity, and the related interest.
- .17 *Financial statements should disclose adequate information about the nature and terms of a government's long-term debt, as described in paragraph PS 3230.15(a), including:*
- (a) *interest rates;*
 - (b) *the existence of sinking fund and redemption provisions;*
 - (c) *an appropriate description of repayment dates and amounts and the nature of the repayment; and*
 - (d) *any amounts payable on demand.* [APRIL 2000]
- .20 Disclosure of a government's total interest expense for the period provides one important element for assessing the extent to which revenues of the accounting period were applied to debt charges as compared to operating or program expenses. Trend analysis of this comparison serves to highlight whether a government is living within its means and whether program spending is being affected as a result of debt charges.

- .21 The level of detail disclosed by governments should reflect the highly aggregated nature of financial statements. In deciding the level of detail to disclose, governments should consider the usefulness of the information to the readers in assessing the nature of, the costs associated with, and the cash requirements related to, the government's long-term debt obligations.
- .22 *When a government holds its own securities at the end of the accounting period, including securities derecognized or offset in accordance with FINANCIAL INSTRUMENTS, paragraphs PS 3450.042-.051, the following should be disclosed:*
- (a) *the gross amount of the long-term debt classes to which the securities relate;*
 - (b) *the amount of the government's own securities purchased but not legally cancelled, extinguished or discharged; and [APRIL 2021]*
 - (c) *the amount of interest revenues and interest expenses that have been offset from a government's own securities purchased but not legally cancelled, extinguished or discharged.*
- [Former paragraph PS 3230.22 retained in Archived Pronouncements.]
(Paragraph PS 3230.23 deleted)
- .24 *If any of the liabilities are secured, they should be stated separately and the fact that they are secured should be indicated. Where assets of a government are pledged as security against liabilities, the nature and, where practicable, the carrying value of such assets should be disclosed. [MARCH 1997]*
- .25 *The details of any defaults of the government in principal, interest, sinking fund or redemption provisions with respect to any outstanding obligation should be disclosed. [MARCH 1997]*

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SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of the 2022-2023 annual improvements.

PURPOSE AND SCOPE

- .01 This Section establishes standards on how to account for and report long-term debt in government financial statements, 1 including debt issued on behalf of a government business enterprise. It does not address the presentation and disclosure of other long-term obligations of a government. General guidance regarding the presentation and disclosure of a government's financial and non-financial liabilities is provided in FINANCIAL STATEMENT PRESENTATION, paragraphs PS 1202.083-.108. Retirement benefits are specifically dealt with in RETIREMENT BENEFITS, Section PS 3250. Other employee future benefits are specifically dealt with in POST-EMPLOYMENT BENEFITS, COMPENSATED ABSENCES AND TERMINATION BENEFITS, Section PS 3255. [Former paragraph PS 3230.01, amended by FINANCIAL STATEMENT PRESENTATION, Section PS 1202, retained in Archived Pronouncements.]

SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended as a consequence of approving FINANCIAL STATEMENT PRESENTATION, Section PS 1202.

- .01 This Section establishes standards on how to account for and report long-term debt in government financial statements, 1 including debt issued on behalf of a government business enterprise. It does not address the presentation and disclosure of other long-term obligations of a government. General guidance regarding the presentation and disclosure of a government's liabilities is provided in FINANCIAL STATEMENT PRESENTATION, paragraphs PS 1201.044-.048. Retirement benefits are specifically dealt with in RETIREMENT BENEFITS, Section PS 3250. Other employee future benefits are specifically dealt with in POST-EMPLOYMENT BENEFITS, COMPENSATED ABSENCES AND TERMINATION BENEFITS, Section PS 3255.
- .07 When a government undertakes general borrowing and then subsequently loans some or all of the debt proceeds to a government business enterprise, the government would include the entire amount that it has borrowed from sources external to the reporting entity as a liability on its consolidated statement of financial position. Any amount subsequently loaned to a government business enterprise would be included on the consolidated statement of financial position as a receivable from a government business enterprise. The government business enterprise would record the amount loaned as a liability owed to the government.

SUPPLEMENT

This supplement sets out the previous wording of paragraphs that have been amended in LONG-TERM DEBT, Section PS 3230, as a consequence of approving narrow-scope amendments to FINANCIAL INSTRUMENTS, Section PS 3450.

- .22 *When a government holds its own securities at the end of the accounting period, including securities derecognized in accordance with FINANCIAL INSTRUMENTS, paragraphs PS 3450.042-.051, the following should be disclosed:*
- (a) *the gross amount of the long-term debt classes to which the securities relate; and*
 - (b) *the amount of the government's own securities purchased but not cancelled. [APRIL 2012]*

Footnotes

1. The term "financial statements" refers to the financial reports published by a public sector entity that present the financial position and changes in financial position of the reporting entity. Refer to Figure 3.1 in Chapter 3 of the Conceptual Framework, where financial statements are identified as an important type of financial report

2. External restrictions are defined in RESTRICTED ASSETS AND REVENUES, paragraph PS 3100.04(a).

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