December 2025

Governmental Accounting Standards Series

Statement No. 105 of the Governmental Accounting Standards Board

Subsequent Events

GOVERNMENTAL ACCOUNTING STANDARDS BOARD

The GASB website can be accessed at www.gasb.org.

Summary

The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed.

This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.

Effective Date

The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. Earlier application is encouraged.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will improve financial reporting related to subsequent events by (1) clarifying the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events and (2) specifying the information items that are required to be disclosed about subsequent events. Those improvements will assist preparers and auditors in applying the requirements more consistently, thereby reducing diversity in practice and providing information that better meets the needs of financial statement users.

How the Board Considered Costs and Benefits in the Development of This Statement

One of the principles guiding the Board's setting of standards for accounting and financial reporting is the assessment of expected benefits and perceived costs. The Board strives to determine that its standards address significant user needs and that the costs incurred through the application of its standards, compared with possible alternatives, are justified when compared to the expected overall public benefit. The Board believes that the expected benefits of implementing this Statement—essential information about certain subsequent events that is more consistent, comparable, relevant, reliable, and understandable—are significant to users of financial statements.

The Board believes that, in general, governments will have the information required to be disclosed and that some governments may already disclose that information. The Board also believes that permitting governments to disclose the reason why certain information cannot be disclosed mitigates potential cost concerns. Therefore, the Board believes that the costs associated with the implementation of and ongoing compliance with this Statement will be minimal and that the expected benefits of this Statement justify its perceived costs.

Unless otherwise specified, pronouncements of the GASB apply to financial reports of all state and local governmental entities, including general purpose governments; public benefit corporations and authorities; public employee retirement systems; and public utilities, hospitals and other healthcare providers, and colleges and universities. Paragraph 2 discusses the applicability of this Statement.

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INTRODUCTION

1. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

STANDARDS OF GOVERNMENTAL ACCOUNTING AND FINANCIAL REPORTING

Scope and Applicability of This Statement

2. This Statement defines subsequent events, including the subsequent events time frame, and establishes accounting and financial reporting requirements related to subsequent events. The requirements of this Statement apply to the financial statements of all state and local governments.

3. This Statement supersedes Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards,* paragraphs 8–15 and footnote 3, and *Implementation Guide No. 2015-1,* Question 1.9.11. This Statement amends NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles,* paragraph 158; NCGA Statement 4, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences,* paragraph 14; NCGA Interpretation 6, *Notes to the Financial Statements Disclosure,* paragraph 4; Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* paragraphs 53 and 80; Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues,* paragraph 18; Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* paragraph 12; Statement 56, paragraph 2; Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* paragraphs 39, 42, 43, 102, and 108, and footnotes 18 and 57; Statement No. 69, *Government Combinations and Disposals of Government Operations,* paragraph 38; Statement No. 100, *Accounting Changes and Error Corrections,* paragraph 12; Statement No. 102,

Certain Risk Disclosures, paragraphs 7 and 9; Statement No. 103, *Financial Reporting Model Improvements,* footnote 2; Interpretation No. 1, *Demand Bonds Issued by State and Local Governmental Entities,* paragraphs 10 and 13; Technical Bulletin No. 2020-1, *Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Coronavirus Diseases,* paragraphs 1 and 9–11; Implementation Guide 2015-1, Questions 3.78.1, 7.5.13, and 7.92.2; Implementation Guide No. 2017-1, *Implementation Guidance Update—2017,* Question 4.21; and Implementation Guide No. 2017-2, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* Question 4.116.

Subsequent Events—General

4. Subsequent events are transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued (the subsequent events time frame). The date the financial statements are available to be issued is the date at which (a) the financial statements are complete in a form and format that complies with generally accepted accounting principles (GAAP) and (b) approvals necessary for issuance have been obtained.

Notes to Financial Statements

5. The date through which subsequent events have been evaluated should be disclosed in notes to financial statements. That date should be disclosed regardless of whether there is a recognized event or a nonrecognized event, which are described in paragraphs 6–12.

Recognized and Nonrecognized Events

6. The requirements in paragraphs 7–12 apply in the absence of other specific requirements that address subsequent events related to a particular transaction or other event.

Recognized Events

7. A recognized event is a subsequent event that provides evidence of conditions that existed at the financial statement date that inform accounting estimates reported as of the financial statement date. Accounting estimates reported as of the financial statement date should reflect the conditions that existed at that date, including conditions substantiated by recognized events.

8. Identifying recognized events requires professional judgment and knowledge of the facts and circumstances. For example, the bankruptcy of a water utility's major customer during the subsequent events time frame may be indicative of deteriorating financial conditions that existed at the financial statement date. In this circumstance, the water utility's financial statements as of the financial statement date should incorporate that

event into the measurement of its uncollectible accounts receivable. Conversely, if that customer instead experienced a major casualty, such as a fire or flood, during the subsequent events time frame, such an event would not be indicative of conditions that existed at the financial statement date. Therefore, in that circumstance, the measurement of the water utility's uncollectible accounts receivable as of the financial statement date should not incorporate the effects of that event. Such a subsequent event should instead be evaluated to determine whether it constitutes a nonrecognized event as described in paragraph 9.

Nonrecognized Events

9. A nonrecognized event is a subsequent event that results in a significant effect (favorable or unfavorable) that is recognized or disclosed in the basic financial statements in the reporting period in which the event occurs and is one of the following:

a. A debt-related transaction[1]
b. A government combination or a disposal of government operations
c. A change to the legally separate entities that compose the financial reporting entity
d. A transaction or other event that is of such a nature that the information items in paragraph 11 are essential to a user's analysis for making decisions or assessing accountability.

10. In contrast to recognized events, nonrecognized events do not inform conditions that existed at the financial statement date, and, therefore, the effects related to nonrecognized events should not be incorporated into amounts reported as of the financial statement date in the basic financial statements. Instead, information about nonrecognized events should be disclosed in accordance with paragraphs 11 and 12.

Notes to Financial Statements

11. The following information should be disclosed about a nonrecognized event:

a. A description of the nonrecognized event and its effect
b. An estimate of the amount of the effect of the nonrecognized event, or the reason why an estimate of the amount cannot be made.

12. The note disclosures required by paragraph 11 should correspond to the reporting units in the financial statements, subject to the requirements in paragraph 63 of Statement No. 14, *The Financial Reporting Entity,* as amended. Information that is the

[1]For purposes of applying paragraph 9a, the term *debt-related transaction* does not include regularly scheduled debt service payments. The term also does not include long-term financing activities other than debt—such as leases, public-private partnerships, or subscription-based information technology arrangements; however, those other long-term financing activities may constitute a nonrecognized event if they meet the criterion in paragraph 9d.

same for more than one reporting unit should be combined in a manner that avoids unnecessary duplication.

EFFECTIVE DATE AND TRANSITION

13. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter, and should be applied prospectively at transition. Earlier application is encouraged.

The provisions of this Statement need not be applied to immaterial items.

This Statement was issued by unanimous vote of the seven members of the Governmental Accounting Standards Board.

Joel Black, *Chair*
Jeffrey J. Previdi, *Vice Chair*
Kristopher E. Knight
Dianne E. Ray
Jacqueline L. Reck
Robert W. Scott
Carolyn Smith

APPENDIX A: BACKGROUND

A1. Prior to the issuance of Statement 56, subsequent events were addressed in audit literature originally issued in 1972 by the American Institute of Certified Public Accountants (AICPA) in AU Section 560, *Subsequent Events.* Those requirements were then incorporated with minor modifications into the GASB literature through the issuance of Statement 56 in 2009; however, the requirements of Statement 56, as amended, related to subsequent events remained largely unchanged since their initial issuance in the AICPA literature.

A2. In December 2021, the Board added a pre-agenda research activity to its technical plan to evaluate the effectiveness of the requirements of Statement 56, as amended, related to subsequent events. The pre-agenda research consisted of a literature review, including a review of other standard-setters' guidance and the empirical research conducted by Crain Grant awardees; a review of technical inquiries received by the GASB; and separate surveys of preparers, auditors, and users. Those pre-agenda research activities resulted in findings about prevalence, current practice, and user needs. Regarding prevalence, the pre-agenda research found that subsequent events are prevalent in the government environment. Regarding current practice, the pre-agenda research identified certain issues regarding the understanding and application of the requirements of Statement 56, as amended. Specifically, the pre-agenda research identified (a) potential challenges in the understandability of the descriptions and, therefore, what constitutes recognized and nonrecognized events, and (b) diversity in practice with respect to the information provided in note disclosures about subsequent events. The pre-agenda research also identified information that users find valuable about subsequent events. Members of the Governmental Accounting Standards Advisory Council (GASAC) provided feedback on preliminary results of the pre-agenda research at their August 2023 meeting.

A3. In August 2023, the Board added a project to the practice-issue portion of its technical agenda. Board deliberations began in October 2023. In November 2024, the Board approved for issuance an Exposure Draft, *Subsequent Events,* and 25 comment letters were received in response from organizations and individuals. As discussed in Appendix B, comments and suggestions from stakeholders contributed to the Board's deliberations in developing the requirements of this Statement. In addition, members of the GASAC provided feedback on the project throughout the Board's deliberations. The Board's consideration of the individual feedback from GASAC members is incorporated throughout Appendix B. When project issues are discussed with GASAC members, the GASAC does not take formal positions either in support of or in opposition to those issues.

APPENDIX B: BASIS FOR CONCLUSIONS

B1. This appendix discusses factors considered significant by Board members in reaching the conclusions in this Statement. It includes discussion of the alternatives considered and the Board's reasons for accepting some and rejecting others. Individual Board members may have given greater weight to some factors than to others.

Scope and Applicability of This Statement

B2. This Statement defines subsequent events and establishes accounting and financial reporting requirements related to subsequent events. The Board determined that the requirements of this Statement related to recognized and nonrecognized events should apply in the absence of other specific requirements that address subsequent events related to a particular transaction or other event. Based on stakeholder feedback, the Board considered whether more explicit scope and applicability provisions were needed. The Board acknowledged that, in some cases, other Statements establish certain specific financial reporting requirements in relation to the subsequent events time frame and concluded that the approach taken, which establishes requirements for subsequent events broadly without prohibiting the development of specific requirements related to an individual transaction or other event as necessary, is appropriate. The Board noted that this type of approach for the scope of the standards is similar to that currently applied with respect to subsequent events and has been utilized in other instances in which broad standards are developed.

Subsequent Events—General

B3. This Statement defines subsequent events, including the subsequent events time frame. Prior to the issuance of this Statement, Statement 56 described subsequent events as those occurring between the financial statement date and the date the financial statements are issued (the issuance date). Statement 56 did not define the term *issuance date,* and the Board believes that the absence of a definition resulted in various interpretations in practice of the meaning of *issuance date.* The Board also believes that the use of the issuance date may result in certain challenges in application, particularly with respect to circumstances in which there is a lag between the audit report date and the issuance date (if the issuance date is interpreted to correspond to the date the financial statements are distributed). Consequently, to address those issues, the Board decided that the subsequent events time frame should conclude at the date the financial statements are available to be issued, specifically defined as the date at which (a) the financial statements are complete in a form and format that complies with GAAP and (b) approvals necessary for issuance have been obtained. The Board also considered the effects of this decision on other existing requirements that refer to the *issuance date* or address the subsequent events time frame as it relates to a specific topic and determined that the time frame should be modified throughout the GASB literature to conclude at the date the financial statements are available to be issued.

B4. Some respondents to the Exposure Draft requested clarification on the meaning of the date the financial statements are available to be issued, including its relationship to the audit report date. The Board noted that in many cases, those dates may be the same, particularly because the audit opinion often is an approval necessary for issuance. However, although the Board acknowledges that the dates may align, the Board also believes there could be circumstances in practice in which they do not. Moreover, the Board noted that not all governments issue audited financial statements, and, therefore, the Board concluded that the date the financial statements are available to be issued should not be defined as the date of the audit opinion.

B5. Other respondents raised concerns about obtaining *all* approvals necessary for issuance, which was a criterion proposed in the Exposure Draft to determine the date the financial statements are available to be issued. The Board believes that professional judgment may be required to determine which approvals constitute those necessary for issuance and noted the diversity in government procedures with respect to issuing financial statements. For example, in some cases, a legislative body may need to approve the financial statements before their issuance, while in other cases, a legislative body may accept the financial statements after their issuance. Accordingly, to emphasize the role of a government's professional judgment in determining the approvals that constitute those necessary for issuance, this Statement does not include the word *all* as part of the criterion.

B6. As a result of redefining the subsequent events time frame, this Statement requires governments to evaluate events occurring between a government's financial statement date and the date the financial statements are available to be issued. In response to stakeholder feedback, the Board also decided that the date through which subsequent events have been evaluated should be disclosed in notes to financial statements. The Board acknowledged that a financial report may contain multiple dates that may, in some cases, be different (for example, the date of the audit report and the date of the transmittal letter) and, therefore, concluded that explicit disclosure of the date through which subsequent events have been evaluated provides essential information to users about the context of information about subsequent events.

Recognized Events

B7. Regarding recognized events, the Board acknowledged that the underpinning of a recognized event is that it provides evidence of conditions that existed at the financial statement date such that the recognized event lessens the uncertainty about or enhances the qualitative characteristics of amounts that should be reported as of the financial statement date. Although the Board agreed that this underpinning remains appropriate, the Board determined that there was an opportunity for the requirements of this Statement to clarify what constitutes a recognized event, particularly in light of the issuance of Statement 100, which requires that a change in accounting estimate be recognized in the period the change occurs. The Board believes that a focus on recognized events substantiating the conditions that existed at the financial statement date helps to clarify that recognized events inform the period in which the change in accounting estimate occurs. That is, the presence of a recognized event indicates that the change in accounting estimate occurred during the financial reporting period ended as of the financial statement date. Moreover, the Board continues to believe that the determination of whether conditions existed at the financial statement date requires both professional judgment and knowledge of the particular facts and circumstances.

Nonrecognized Events

B8. The requirements in paragraph 10 of Statement 56 described nonrecognized events as those that do not impact the financial statements as of the financial statement date but that "may be of such a nature that their disclosure is essential to a user's understanding of the financial statements." Although Statement 56 included examples of nonrecognized events in addition to that description, practice issues were identified during the pre-agenda research related to (a) the perceived lack of clarity regarding what specifically constitutes a nonrecognized event and (b) an absence of note disclosures in circumstances in which transactions or other events should have been disclosed. The Board believes that broad description led to diversity in practice with respect to the types of transactions or other events that were disclosed.

B9. Accordingly, the Board decided to develop a more specific description of nonrecognized events. In its development of that description, the Board considered characteristics of subsequent events that should constitute a nonrecognized event and result in disclosure in notes to financial statements. The Board first determined that to be a nonrecognized event, a subsequent event should result in a significant effect that is recognized or disclosed in the basic financial statements in the reporting period in which the event occurs. The Board noted that the pre-agenda research regarding user needs demonstrated that the magnitude of the subsequent event affects users' perceived value of the information about that event. However, although the Board believes that magnitude is one factor, the Board was concerned that, depending on the magnitude threshold selected (significant or substantial), a magnitude threshold alone may result in the inclusion of information about certain subsequent events that is not essential to users of financial statements or, alternatively, the omission of information that is essential. As such, the Board considered incorporating another factor—recurrence—whereby recurring transactions or other events would be excluded from the description of nonrecognized events. However, the Board rejected an approach that includes a recurrence notion because it believes the complexity and subjectivity of that factor, particularly with respect to describing *recurring* in a manner that would consistently capture the types of subsequent events the Board believes should (or should not) be disclosed, limit its operability and ability to provide essential information about subsequent events.

B10. Ultimately, the Board decided on an approach that in addition to incorporating a magnitude threshold, (a) explicitly identifies certain subsequent events that should be disclosed and (b) requires that other subsequent events (that are not explicitly identified) be disclosed if they are determined to be of such a nature that information about them is essential to a user's analysis for making decisions or assessing accountability. The Board believes that this approach achieves a balance between prescriptive requirements and professional judgment by explicitly identifying an appropriate set of events (as described in paragraph B11), while continuing to support the disclosure of essential information as described in Concepts Statement No. 7, *Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements: Notes to Financial Statements.* The Board believes that in comparison to Statement 56, the approach in this Statement regarding nonrecognized events reduces subjectivity regarding whether certain subsequent events, particularly debt-related transactions, are of such a nature that their disclosure is essential, which the Board believes will enhance comparability across governments about the types of nonrecognized events disclosed.

B11. In determining which subsequent events should be explicitly identified (see paragraphs 9a–9c), the Board placed importance on developing a concise set of subsequent events that are relevant to a wide variety of governments and, if significant, are of such a nature that their disclosure is essential. The Board emphasized that under this approach, the subsequent events that are explicitly identified are not intended to be considered more important than or prioritized over those that are instead evaluated in accordance with paragraph 9d. Rather, the nature of those that are explicitly identified maintain a degree of similarity across circumstances such that the Board believes it is appropriate to explicitly identify them. In addition to debt-related transactions and changes in the reporting entity, which were generally addressed by the examples in Statement 56, the Board decided that government combinations and disposals of government operations should be explicitly identified as nonrecognized events. The Board reiterated its belief that, depending on the specific facts and circumstances for individual governments, other subsequent events may be nonrecognized events in accordance with paragraph 9d and, therefore, should be disclosed. In other words, the Board noted that the explicitly identified events are not the only events that constitute nonrecognized events.

B12. With respect to the explicitly identified events in paragraphs 9a–9c of this Statement, some respondents to the Exposure Draft requested clarification about (a) what constitutes *debt-related transactions* in the context of this Statement and (b) what is encompassed by changes in the composition of the legally separate entities of the financial reporting entity. Regarding (a), this Statement clarifies the Board's intent by specifying that a *debt-related transaction,* as used in paragraph 9a, does not include regularly scheduled debt service payments or long-term financing activities other than debt, such as leases, public-private partnerships, or subscription-based information technology arrangements. The Board also concluded that no distinction should be made between short-term and long-term debt for purposes of applying paragraph 9a. Regarding (b), the Board acknowledged that paragraph 9c of this Statement is more limited than the broader category of changes to or within the financial reporting entity described in Statement 100. The Board affirmed its view that paragraph 9c is not intended to address changes in the presentation of component units because those changes do not result in an overall change to the legally separate entities that compose the financial reporting entity.

B13. In addition, the Exposure Draft proposed that the application of an enacted tax rate that is different from the tax rate previously in effect be an explicitly identified nonrecognized event. Some respondent feedback on the Exposure Draft raised concerns that articulated the broad nature of and diversity in the types of changes and their effects as well as the potential challenges associated with disclosing information about them in a consistent manner. Based on that feedback, the Board determined that those types of subsequent events would be better considered in accordance with paragraph 9d of this Statement. That is, if a government determines that a change in a tax rate is a subsequent event that is of such a nature as to be essential to a user's analysis for making decisions or assessing accountability, it should be disclosed as a nonrecognized event in accordance with paragraph 9d.

B14. Other respondent feedback questioned whether other long-term financing activities or natural disasters, which were not proposed to be explicitly identified as nonrecognized events in the Exposure Draft, should be explicitly identified as nonrecognized events. Similar to its conclusions with respect to changes in tax rates, the Board believes that those events are broad in their nature and exhibit a degree of diversity across circumstances that makes them better suited to be considered in accordance with paragraph 9d. Accordingly, the Board concluded that if a government determines that other long-term financing activities or natural disasters are of such a nature as to be essential to a user's analysis for making decisions or assessing accountability, they should be disclosed as nonrecognized events in accordance with paragraph 9d.

B15. Regarding paragraph 9d, the Board believes that professional judgment should be applied to determine whether a transaction or other event constitutes a nonrecognized event in accordance with that paragraph. The Board emphasized that, even in those cases, to be considered a nonrecognized event, the subsequent event still should have a significant effect.

B16. The Board also considered, in its deliberations leading to the Exposure Draft and in response to feedback on the Exposure Draft, whether the magnitude threshold should be *significant* or *substantial* and determined that, in combination with the identification of subsequent events that should be required to be disclosed, *significant* is the appropriate threshold. Although the Board acknowledged some exceptions, the Board noted that the use of that threshold is consistent with how magnitude generally is considered regarding the application of GASB standards.

Notes to Financial Statements

B17. The Board acknowledged that the requirements of Statement 56 that addressed nonrecognized events did not provide specificity regarding the information that should be disclosed about nonrecognized events and that the pre-agenda research highlighted diversity in practice with respect to the information disclosed about nonrecognized events. Therefore, the Board believes that establishing more specific note disclosure requirements, in combination with a revised description of nonrecognized events, will better meet users' needs for information about subsequent events.

B18. The Board concluded that note disclosures about nonrecognized events should include (a) a description of the nonrecognized event and its effect and (b) an estimate of the amount of the effect of that event or, if an estimate cannot be made, the reason why not. User feedback from the pre-agenda research indicated that a majority of users find that such information about subsequent events is valuable and is (or would be) utilized for various purposes, including assessing creditworthiness and credit quality, evaluating financial health, ensuring compliance with certain rules or regulations, and understanding significant transactions that occur subsequent to the fiscal year-end. As a result, the Board believes that the information items required to be disclosed by this Statement possess the characteristics of essentiality described in Concepts Statement 7. In addition, in response to feedback on the Exposure Draft, the Board acknowledged that in some cases, the effects of a nonrecognized event may not be numerical. Accordingly, paragraph 11 of this Statement accommodates both numerical and non-numerical effects.

B19. Because this information was not specifically required to be disclosed prior to the issuance of this Statement, the Board considered, in its deliberations leading to the Exposure Draft and in response to feedback on the Exposure Draft, potential challenges that preparers and auditors might encounter, including potential increases in effort or cost to prepare or audit the disclosure, potential uncertainty regarding estimates, potential concerns regarding confidential information, limited availability of information, or potential impacts to the timeliness of the financial statements. The Board acknowledged that the pre-agenda research indicated that, in practice, most governments already disclose a description of the event, and in certain cases, some governments may disclose the effect of that event. The Board also believes that permitting governments to describe the reason why an estimate of the amount of the effect cannot be made should alleviate some of those potential concerns. In response to feedback on the Exposure Draft, the Board affirmed its intent not to use the phrase *if practicable* in relation to the requirement in paragraph 11b.

B20. The Board also determined that the information about nonrecognized events should be disclosed by reporting unit, subject to the requirements about discretely presented component units in paragraph 63 of Statement 14, as amended, and combined to avoid unnecessary duplication. The Board believes that this disaggregation is consistent with Concepts Statement 7. Some respondents to the Exposure Draft expressed concerns about disclosing the estimate of the effect by reporting unit. The Board noted that if an estimate of the effect on a reporting unit cannot be made, the government may instead disclose the reason why not.

B21. In addition, in response to feedback on the Exposure Draft, the Board considered whether this Statement should specify where within the notes to financial statements the specific information about subsequent events should be placed. The Board believes that a government will apply professional judgment to determine the most appropriate placement and format for information provided in notes to financial statements, which may vary based on a government's circumstances.

Note Disclosures in Comparative Financial Statements

B22. The Board considered whether specific guidance should be provided regarding disclosing information about subsequent events in comparative financial statements. The Board noted that paragraph 52 of Statement 62 provides general requirements for comparative financial statements and states that ". . .the notes to the financial statements that were presented for the preceding periods should be repeated to the extent that they continue to be of significance." In applying those general requirements to the note disclosures for nonrecognized events, the Board noted that, consistent with the description in paragraph 9 of this Statement, a nonrecognized event of the prior reporting period will not continue to be a nonrecognized event in the current reporting period; rather, its effects will be reflected in the basic financial statements of the current period, including any applicable related note disclosure requirements. Accordingly, the Board generally believes that it is unlikely that note disclosures about nonrecognized events of a prior period will continue to be of significance in the current period because relevant information about the transaction or other event will be provided in the context of its occurrence during the current period (as determined by other existing GASB literature). Although the Board acknowledged that in some cases, GASB standards provide more specificity about disclosure in comparative financial statements, the Board concluded that the requirements of Statement 62 are sufficient and that no additional guidance is needed regarding note disclosures about subsequent events in comparative financial statements because of the generally straightforward nature of the determination regarding the continued significance of information about subsequent events of the prior period.

Evaluating Subsequent Events in Reissued Financial Statements

B23. The Board considered the requirements of Statement 56 regarding evaluating subsequent events when financial statements are reissued and concluded that those requirements should not be retained. The Board was concerned about the potential for inconsistency in the application of the requirements of Statement 56, in part due to a lack of clarity regarding which circumstances constitute a *reissuance* that is addressed by Statement 56. Furthermore, the Board determined that specific requirements for those circumstances should not be provided. Some respondents to the Exposure Draft raised concerns that the lack of guidance regarding subsequent events in reissued financial statements may limit the circumstances in which governments consider subsequent events. As discussed in paragraphs B3–B5, this Statement requires that subsequent events be evaluated through the date the financial statements are available to be issued and clarifies the meaning of that date. Accordingly, the Board believes that those clarified requirements serve to address, in all cases, the time frame for which subsequent events should be evaluated, regardless of whether financial statements are determined to be reissued.

B24. In comparison to the requirements of Statement 56, the Board noted that the approach taken in this Statement instead relies on whether the date the financial statements are available to be issued has changed rather than on whether financial statements have been reissued, which is the context of the requirements in Statement 56. For example, the Board believes that if financial statements are revised, consideration should be given to whether the date the financial statements are available to be issued (complete in a form and format that complies with GAAP and with necessary approvals obtained) has changed (thereby extending the subsequent events time frame). The Board believes that relying on the date the financial statements are available to be issued is more straightforward than the requirements of Statement 56 and noted that this approach does not require defining *reissuance,* which may be used differently in other contexts. Moreover, the Board noted that the disclosure of the date through which subsequent events have been evaluated provides additional clarity for users of financial statements with respect to the time frame that has been considered by a government. Consequently, the Board does not believe that additional specific guidance is needed.

Considerations Related to Benefits and Costs

B25. The overall objective of financial reporting by state and local governments is to provide information to assist users (the citizenry, legislative and oversight bodies, and investors and creditors) in assessing the accountability of governments and in making economic, social, and political decisions. One of the principles guiding the Board's setting of standards for financial reporting is the assessment of the expected benefits and perceived costs. The Board strives to determine that its standards (including disclosure requirements) address a significant user need and that the costs incurred through the application of its standards, compared with possible alternatives, are justified when compared to the expected overall public benefit.

B26. Present and potential users are the primary beneficiaries of improvements in financial reporting. Persons within governments who are responsible for keeping accounting records and preparing financial statements, as well as managers of public services, also benefit from the information that is collected and reported in accordance with GASB standards. The costs to implement the standards are borne primarily by governments and, by extension, their citizens and taxpayers. Users also incur costs associated with the time and effort required to obtain and analyze new information to meaningfully inform their assessments and decisions.

B27. The Board's assessment of the expected benefits and perceived costs of issuing new standards is unavoidably more qualitative than quantitative because no reliable and objective method has been identified for quantifying the value of improved information in financial statements. Furthermore, it is difficult to accurately measure the costs of implementing new standards until implementation has taken place. Nonetheless, the Board undertakes the assessment based on the available evidence regarding expected benefits and perceived costs with the objective of achieving an appropriate balance between maximizing benefits and minimizing costs.

B28. The Board believes that the requirements of this Statement will produce significant benefits by better meeting users' information needs about subsequent events. Specifically, the Board believes that the requirements of this Statement that (a) clarify the subsequent events time frame as well as the subsequent events that constitute recognized and nonrecognized events and (b) specify the information items that are required to be disclosed, will reduce diversity in practice and, as a result, provide more reliable, relevant, comparable, consistent, and understandable information about subsequent events. Moreover, the Board noted that the information required by this Statement to be disclosed in notes to financial statements has been developed in light of Concepts Statement 7, and the Board believes that the information provided in notes to financial statements about nonrecognized events is essential to a user's analysis for making decisions or assessing accountability.

B29. Regarding perceived costs, the Board recognizes that, at implementation, there may be costs associated with education about the new requirements for preparers, auditors, and users, and initial costs to evaluate processes and procedures in place for identifying all subsequent events that constitute recognized and nonrecognized events. However, the Board also believes that, on an ongoing basis, the enhanced clarity of the requirements may reduce the costs of applying them. In addition, the Board acknowledges that this Statement requires certain information about nonrecognized events to be disclosed and requires that information to be disclosed by reporting unit. The Board generally believes that information should be obtainable and noted that the pre-agenda research indicated that some governments already disclose the information. As such, the Board believes that costs associated with those disclosures are more closely related to compiling and presenting the information. As discussed further in paragraphs B19 and B20, the Board also believes that certain of the requirements serve to mitigate potential costs. In addition, the Board believes that the prospective transition provisions of this Statement will mitigate costs associated with implementation of the requirements.

Effective Date and Transition

B30. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. The Board believes that the effective date provides sufficient time for education about the new requirements and will allow governments to evaluate the need for new processes, if any, to identify recognized and nonrecognized events. The Board also noted that some governments may wish to implement the guidance earlier than the effective date, which this Statement encourages.

B31. Regarding the transition provisions of this Statement, the Board considered the accounting and financial reporting requirements of Statement 100 for a change in accounting principle, which includes the implementation of a new pronouncement. The Board concluded that, although the implementation of a new pronouncement is a change in accounting principle, the expected benefits of retroactive application (which is required for a change in accounting principle in the absence of more specific provisions) would not justify the perceived costs. Consequently, the Board decided to establish specific transition provisions for the requirements of this Statement to be applied prospectively at transition. The Board also noted that prospective application at transition is consistent with its views regarding note disclosures about nonrecognized events in comparative financial statements (as discussed in paragraph B22).

APPENDIX C: CODIFICATION INSTRUCTIONS

Codification of Governmental Accounting and Financial Reporting Standards—June 2026 Update

C1. The instructions that follow update the June 30, 2025 *Codification of Governmental Accounting and Financial Reporting Standards* (Codification) for the provisions of this Statement. Only the paragraph number of the Statement is listed if the paragraph will be cited in full in the Codification.

* * *

[Update cross-references throughout.]

* * *

1500—Reporting Liabilities

[In footnote 8, replace *at the time the financial statements are issued* with *at the time the financial statements are available to be issued*.] [GASBS 62, fn18, as amended by GASBS 105, ¶4]

.111 [In subparagraph a, replace *before those financial statements are issued,* with *before the date those financial statements are available to be issued,*. In subparagraph b, replace *Before the financial statements are issued,* with *Before the date the financial statements are available to be issued,*. In subparagraph b(2), replace *prior to the issuance of the financial statements,* with *prior to the date the financial statements are available to be issued,*.] [GASBS 62, ¶39, as amended by GASBS 105, ¶4]

.114 [In the first sentence, replace *before the financial statements are issued* with *before the date the financial statements are available to be issued*.] [GASBS 62, ¶42, as amended by GASBS 105, ¶4]

.115 [In the second sentence, replace *before the financial statements are issued,* with *before the date the financial statements are available to be issued,*.] [GASBS 62, ¶43, as amended by GASBS 105, ¶4]

* * *

1800—Classification and Terminology

[In footnote 9, replace *at the time the financial statements are issued* with *at the time the financial statements are available to be issued.*] [GASBS 62, fn18, as amended by GASBS 105, ¶4]

.118 [In subparagraph a, replace *before those financial statements are issued,* with *before the date those financial statements are available to be issued,*. In subparagraph b, replace *Before the financial statements are issued,* with *Before the date the financial statements are available to be issued,*. In subparagraph b(2), replace *prior to the issuance of the financial statements,* with *prior to the date the financial statements are available to be issued,*.] [GASBS 62, ¶39, as amended by GASBS 105, ¶4]

.121 [In the first sentence, replace *before the financial statements are issued* with *before the date the financial statements are available to be issued*.] [GASBS 62, ¶42, as amended by GASBS 105, ¶4]

.122 [In the second sentence, replace *before the financial statements are issued,* with *before the date the financial statements are available to be issued,*.] [GASBS 62, ¶43, as amended by GASBS 105, ¶4]

.173 [Replace *in the subsequent period* with *before the date the financial statements are available to be issued.*] [GASBS 54, ¶12, as amended by GASBS 105, ¶4]

* * *

2200—Annual Comprehensive Financial Report

[In footnote 6, replace *the date the financial statements are issued* with *the date the financial statements are available to be issued.*] [GASBS 103, fn2, as amended by GASBS 105, ¶4]

[In footnote 40, replace *at the time the financial statements are issued* with *at the time the financial statements are available to be issued.*] [GASBS 62, fn18, as amended by GASBS 105, ¶4]

.187 [In subparagraph a, replace *before those financial statements are issued,* with *before the date those financial statements are available to be issued,*. In subparagraph b, replace *Before the financial statements are issued,* with *Before the date the financial statements are available to be issued,*. In subparagraph b(2), replace *prior to the issuance of the financial statements,* with *prior to the date the financial statements are available to be issued,*.] [GASBS 62, ¶39, as amended by GASBS 105, ¶4]

.190 [In the first sentence, replace *before the financial statements are issued* with *before the date the financial statements are available to be issued*.] [GASBS 62, ¶42, as amended by GASBS 105, ¶4]

.191 [In the second sentence, replace *before the financial statements are issued,* with *before the date the financial statements are available to be issued,*.] [GASBS 62, ¶43, as amended by GASBS 105, ¶4]

.704-9 [In the answer, replace *the date the financial statements are issued* with *the date the financial statements are available to be issued.*] [GASBIG 2015-1, Q7.5.13, as amended by GASBS 103, ¶8 and fn2 and GASBS 105, ¶4]

.764-15 [In the last sentence of the answer, replace *by the time the financial statements are issued* with *by the time the financial statements are available to be issued*.] [GASBIG 2015-1, Q7.92.2, as amended by GASBS 105, ¶4]

* * *

2250—Additional Financial Reporting Considerations

Sources: [Add GASBS 105.]

.101 [Replace the last two sentences with the following:] The applicability of paragraphs .102, .107, .108, and .501, and footnotes 1 and 2, is limited to accounting and financial reporting for governmental activities, business-type activities, governmental funds (subject to the accounting and financial reporting distinctions of those funds), and proprietary funds. [GASBS 56, ¶2, as amended by GASBS 105, ¶2; GASBS 62, ¶3; GASBS 100, ¶2; GASBS 102, ¶2; GASBS 105, ¶2]

[Replace paragraphs .109–.116, including heading and footnote, with the following; renumber subsequent paragraphs.] [GASBS 56, ¶8–¶15 and fn3, superseded by GASBS 105, ¶4–¶12]

Subsequent Events

.109–.117 [GASBS 105, ¶4–¶12, including headings and footnote]

.118 [In current paragraph .117, replace *before the financial statements are issued* with *before the date the financial statements are available to be issued.*] [GASBS 102, ¶4–¶6 and ¶8; GASBS 102, ¶7 and ¶9, as amended by GASBS 105, ¶4]

.133 [Revise current paragraph .132 as follows:] An error results from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were available to be issued about conditions that existed at the financial statement date. Facts that existed at the time the financial statements were available to be issued are those facts that could reasonably be expected to have been obtained and taken into account at that time about conditions that existed at the financial statement date. [GASBS 100, ¶12, as amended by GASBS 105, ¶4]

.164 [In current paragraph .163, in subparagraph a and in the last sentence, replace *prior to the issuance of the financial statements* with *prior to the date the financial statements are available to be issued.* In subparagraph c, replace *the date the financial statements are issued* with *the date the financial statements are available to be issued.*] [GASBS 102, ¶7, as amended by GASBS 105, ¶4]

.166 [In current paragraph .165, in subparagraphs b and c, replace *prior to the issuance of the financial statements* with *prior to the date the financial statements are available to be issued.*] [GASBS 102, ¶9, as amended by GASBS 105, ¶4]

.601 [Revise source as follows:] GASBTB 2020-1, ¶1, as amended by GASBS 105, ¶3

[Revise the question and response as follows:]

[In the question, replace *prior to the issuance of financial statements,* with *prior to the date the financial statements are available to be issued,*.] [GASBTB 2020-1, ¶9, as amended by GASBS 105, ¶4]

[Revise the response as follows:] No. Amendments to the CARES Act, even when enacted with retroactive provisions, subsequent to the statement of net position date but before the date financial statements are available to be issued do not represent conditions that existed as of the period-end being reported and, thus, do not constitute recognized events as described in paragraphs .112 and .113 of this section. Any amendment to the CARES Act enacted subsequent to the statement of net position date should be considered in the financial statements for the reporting period in which the amendment was enacted. (See also paragraphs .114–.117 of this section regarding nonrecognized events.) [GASBTB 2020-1, ¶10, as amended by GASBS 105, ¶4 and ¶6–¶12]

[Replace heading .703 and the question and answer and footnote in .703-1, with the following; renumber subsequent headings and associated paragraphs.] [GASBIG 2015-1, Q1.9.11, superseded by GASBS 105, ¶9]

.703 Subsequent Events

No questions assigned.

.704 Subsequent Events—General

No questions assigned.

.705 Notes to Financial Statements

No questions assigned.

.706 Recognized and Unrecognized Events

No questions assigned.

.707 Recognized Events

No questions assigned.

.708 Nonrecognized Events

No questions assigned.

.709 Notes to Financial Statements

No questions assigned.

[Delete current paragraph .732-1, including the associated heading and glossary term.]

* * *

2300—Notes to Financial Statements

Sources: [Add GASBS 105.]

.106 [In the sources, delete the GASBS 56 entries; revise the entry for GASBS 62, ¶108 to include *as amended by GASBS 63, ¶8 and GASBS 105, ¶4*; and add GASBS 105, ¶5, ¶11, and ¶12. Revise subparagraph e as follows:] Required disclosures about subsequent events. (See Section 2250, paragraphs .110, .116, and .117.)

.107 [In the sources, revise the entry for GASBS 102, ¶7 and ¶9 to include *as amended by GASBS 105, ¶4*.]

* * *

2400—Budgetary Reporting

.702-13 [In the last sentence of the answer, replace *by the time the financial statements are issued* with *by the time the financial statements are available to be issued*.] [GASBIG 2015-1, Q7.92.2, as amended by GASBS 105, ¶4]

* * *

C50—Claims and Judgments

.110 [In subparagraph a, replace *before the financial statements are issued* with *before the date the financial statements are available to be issued*.] [GASBS 10, ¶53, as amended by GASBS 34, ¶6 and GASBS 105, ¶4]

.149 [In the first sentence, replace *before those financial statements are issued,* with *before the date those financial statements are available to be issued,*. Delete current footnote 17 and renumber subsequent footnotes.] [GASBS 10, ¶80, as amended by GASBS 34, ¶12, GASBS 63, ¶8, and GASBS 105, ¶4]

.150 [In the last sentence, replace *prior to issuance of the financial statements* with *prior to the date the financial statements are available to be issued*.] [NCGAS 4, ¶9, as amended by GASBS 10, ¶3, GASBS 34, ¶69, GASBS 59, ¶3 and ¶8, GASBS 70, ¶4, and GASBS 91, ¶4; NCGAS 4, ¶14, as amended by GASBS 62, ¶96–¶113 and GASBS 105, ¶4]

.157 [In subparagraph a, replace *prior to issuance of the financial statements* with *prior to the date the financial statements are available to be issued*.] [GASBS 62, ¶102, as amended by GASBS 105, ¶4]

.163 [In the first sentence, replace *before those financial statements are issued,* with *before the date those financial statements are available to be issued,*.] [GASBS 62, ¶108, as amended by GASBS 63, ¶8 and GASBS 105, ¶4]

.730-1 [Revise the question as follows:] When disclosing significant subsequent events as required by paragraph .149 of this section, is pro forma financial information required? [In the answer, revise the second sentence as follows:] Paragraph .149 of this section requires disclosure about events that occur after the statement of net position/balance sheet date where there is a reasonable possibility that an asset has been impaired or a liability incurred after that date and where the financial statements may be misleading without this information. [GASBIG 2015-1, Q3.78.1, as amended by GASBS 105, ¶6]

* * *

D20—Debt Extinguishments and Troubled Debt Restructuring

[In footnote 25, replace *before that statement of net position is issued* with *before the date that statement of net position is available to be issued*.] [GASBS 62, fn57, as amended by GASBS 63, ¶8 and GASBS 105, ¶4]

* * *

D30—Demand Bonds

.108 [In subparagraph a, replace *Before the financial statements are issued,* with *Before the date the financial statements are available to be issued,*. In the first sentence of the paragraph that follows subparagraph d, replace *prior to issuance of the financial statements,* with *prior to the date the financial statements are available to be issued,*. In the second sentence of the paragraph that follows subparagraph d, replace *before issuance of the financial statements,* with *before the date the financial statements are available to be issued,*.] [GASBI 1, ¶10, as amended by GASBS 63, ¶8 and GASBS 105, ¶4; GASBS 34, ¶12, ¶82, ¶91, and ¶97, as amended by GASBS 62, ¶29–¶43 and GASBS 63, ¶8]

.109 [Replace the text within the parenthetical in the first sentence with *or prior to the date the financial statements are available to be issued*.] [GASBI 1, ¶13, as amended by GASBS 105, ¶4; GASBS 34, ¶82, as amended by GASBS 63, ¶8]

* * *

F30—Financial Guarantees

.601 [In the question, replace *before the financial statements are issued* with *before the date the financial statements are available to be issued*.] [GASBTB 2020-1, ¶11, as amended by GASBS 105, ¶4]

* * *

F70—Foreign Currency Transactions

Sources: [Add GASBS 105.]

.107 [Add the following at the end of the paragraph:] (See paragraphs .114–.117 in Section 2250.) [GASBS 62, ¶171; GASBS 105, ¶9–¶12]

* * *

I50—Investments

.738-11 [Delete question and answer; renumber subsequent questions.] [GASBIG 2015-1, Q1.9.11, superseded by GASBS 105, ¶9]

* * *

S20—Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues

.117 [Replace *prior to the issuance of the financial statements* with *prior to the date the financial statements are available to be issued*.] [GASBS 48, ¶18, as amended by GASBS 105, ¶4]

* * *

Co10—Combinations and Disposals of Operations

.135 [In the third sentence, replace *prior to the issuance of the financial statements* with *prior to the date the financial statements are available to be issued*.] [GASBS 69, ¶38, as amended by GASBS 105, ¶4]

* * *

Pe5—Pension Plans Administered through Trusts That Meet Specified Criteria—Defined Benefit

.726-7 [In the question, replace *before the financial statements are issued* with *before the date the financial statements are available to be issued*; revise the answer as follows]: No. Such changes do not constitute a recognized event as described in paragraphs .112 and .113 of Section 2250, "Additional Financial Reporting Considerations." Instead, those changes should be evaluated for purposes of reporting nonrecognized events in accordance with the subsequent events guidance in paragraphs .114–.117 of Section 2250. [GASBIG 2017-1, Q4.21, as amended by GASBS 105, ¶4 and ¶6–¶12]

* * *

Po50—Postemployment Benefit Plans (Other Than Pension Plans) Administered through Trusts That Meet Specified Criteria—Defined Benefit

.729-14 [In the question, replace *before the financial statements are issued* with *before the date the financial statements are available to be issued*; revise the answer as follows]: No. Such changes do not constitute a recognized event as described in paragraphs .112 and .113 of Section 2250, "Additional Financial Reporting Considerations." Instead, those changes should be evaluated for purposes of reporting nonrecognized events in accordance with the subsequent events guidance in paragraphs .114–.117 of Section 2250. [GASBIG 2017-2, Q4.116, as amended by GASBS 105, ¶4 and ¶6–¶12]

* * *

Comprehensive Implementation Guide—June 2026 Update

C2. The instructions that follow update the June 30, 2025 *Comprehensive Implementation Guide* for the provisions of this Statement.

* * *

[Replace the text of Question 1.9.11 with *[Question number not used]*.] [GASBIG 2015-1, Q1.9.11, superseded by GASBS 105, ¶9]

3.78.1. [Revise the question as follows:] When disclosing significant subsequent events as required by paragraph 80 of Statement 10, as amended, is pro forma financial information required? [In the answer, revise the second sentence as follows:] Paragraph 80 of Statement 10, as amended, requires disclosure about events that occur after the statement of net position/balance sheet date where there is a reasonable possibility that an asset has been impaired or a liability incurred after that date and where the financial statements may be misleading without this information. [GASBIG 2015-1, Q3.78.1, as amended by GASBS 105, ¶6]

5.107.10. [In the question, replace *before the financial statements are issued* with *before the date the financial statements are available to be issued*; revise the answer as follows]: No. Such changes do not constitute a recognized event as described in paragraphs 7 and 8 of Statement No. 105, *Subsequent Events.* Instead, those changes should be evaluated for purposes of reporting nonrecognized events in accordance with the subsequent events guidance in paragraphs 9–12 of Statement 105. [GASBIG 2017-1, Q4.21, as amended by GASBS 105, ¶4 and ¶6–¶12]

7.5.13. [In the answer, replace *the date the financial statements are issued* with *the date the financial statements are available to be issued.*] [GASBIG 2015-1, Q7.5.13, as amended by GASBS 103, ¶8 and fn2 and GASBS 105, ¶4]

7.92.2. In the last sentence of the answer, replace *by the time the financial statements are issued* with *by the time the financial statements are available to be issued*.] [GASBIG 2015-1, Q7.92.2, as amended by GASBS 105, ¶4]

8.149.6. [In the question, replace *before the financial statements are issued* with *before the date the financial statements are available to be issued*; revise the answer as follows]: No. Such changes do not constitute a recognized event as described in paragraphs 7 and 8 of Statement 105. Instead, those changes should be evaluated for purposes of reporting nonrecognized events in accordance with the subsequent events guidance in paragraphs 9–12 of Statement 105. [GASBIG 2017-2, Q4.116, as amended by GASBS 105, ¶4 and ¶6–¶12]