

## REPORTING

### **Note X - Subsequent Events**

#### **INSTRUCTIONS TO PREPARER**

Certain events that occur between the date of the financial statements and the date they are issued must be disclosed. There are two ways that subsequent events may affect the financial statements: (1) recognized events - they require adjustment to the financial statement; and (2) nonrecognized events - they may require disclosure in the notes to financial statements.

Recognized events are those that existed at the date of the financial statement and provide additional information available prior to the issuance of the financial statements. Financial statements should be adjusted for any changes resulted from that information. For example, the settlement of litigation for an amount different than the liability recorded in financial statements.

Nonrecognized events are those that provide additional information prior to the issuance of the financial statements but did not exist at the date of the financial statement. Examples include losses from fire or flood, the issuance of new debt or its advance retirement, or a change that affects the powers of the government, its scope of services or its revenue structure.

For more details refer to GASB Statement 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards.

For disclosures regarding bankruptcy see Note X, *Bankruptcy*.

#### Examples:

*On February 1, 200Y, the county issued \$1.4 million in Road Improvement District (RID) bonds to provide moneys that are necessary to pay the cost and expense of constructing improvements within RID No. 85-1. The bonds bear interest rates from 8.75 to 11.125 percent and will be redeemed over the next 18 years with proceeds from RID assessment revenues.*

*On April 10, 200Y, the city transferred all employees, assets, liabilities, and contracts related to the Vanpool Fund to the Golden County Public Transportation Benefit Area. The transfer included \$1,370,000 due to the State of Washington for loans to purchase vanpool vehicles.*

*Beginning on March 1, 200Y, the city's sales tax was increased by 0.2 percent to finance the purchase of property dedicated for a downtown park.*

*On April 5, 200Y, the city council approved the sale of 136 acres of land adjacent to the city airport to a private corporation for \$1.5 million. The sale is expected to be consummated prior to December 1, 200Y. The proceeds will be devoted to capital improvements for the airport.*