

GASAC Guidelines for Prioritizing GASB Project Recommendations

- 1. Significance of the issue relative to meeting financial reporting objectives—the extent to which the project would improve financial reporting in terms of (1) meeting the financial reporting objectives, (2) providing useful information important to users, (3) reflecting economic substance, and (4) enhancing the credibility of financial reporting,**

Questions for consideration:

- a. Would the project result in standards that meet one or more of the objectives of financial reporting set forth in Concepts Statement 1 (paragraphs 76, 77, 78, and 79)?
- b. With respect to meeting reporting objectives, is the project likely to improve the usefulness of information that is important to municipal analysts, citizen groups, legislative, oversight, and other external financial report users?
- c. Will the project likely result in reporting a more faithful representation of economic reality?
- d. Is it likely that the project will clarify the state and local government reporting model or lead to concepts that provide a sound foundation for future projects?
- e. Would this issue be better addressed other than through financial reporting?

- 2. Pervasiveness of the issue among state and local entities—the extent to which an issue affects current practice in terms of (1) impacting a broad number of users, constituents, and state and local government entities, (2) addressing persisting/long-term issues, (3) reducing divergence of practice, and (4) addressing difficulties experienced by constituents (users, preparers, auditors, and others)**

Questions for consideration:

- a. Are many state and local government entities faced with or likely to face this issue?
 1. Is the issue relevant or likely to be relevant to many types of governmental entities (such as states, cities, school districts, utilities)?
 2. Is the issue likely to have a particular impact on a significant segment of state or local government entities (for example, special-purpose entities, small governments)?
- b. Is the issue important to a broad range or significant segment of users and would the resulting information be decision-useful and important to a broad range or significant segment of financial report users?
- c. Is the issue raised by a single event that is unlikely to recur often, and/or is it so imminent that level A GAAP guidance could not be provided in a timely manner?
- d. Is current practice diverse among state and local government entities and is comparability between state and local government entities important in this area?
- e. Is there existing ambiguity that contributes to divergence of practice or other difficulties for preparers, auditors, and users?
- f. Would not resolving the issue likely damage the credibility of state and local government financial reporting and/or result in causing others to act?

- g Is the issue relevant or important to the members of the organization that I represent on the GASAC?

3. Feasibility—the extent to which a feasible solution can be developed in terms of (1) leveraging existing research, standards and/or guidance from the Board or other standard setters and constituents, and (2) having sufficient resources and expertise

Questions for consideration:

- a. Is financial information that exhibits the necessary qualitative characteristics (Concepts Statement 1, paragraphs 62–68) already available or likely to become available, and likely to remain available?
- b. Have other standard setters or constituent organizations done research or developed a standard(s) or guidance that could be useful to the GASB?
- c. Are other standard setters currently undertaking projects of potential significance to state and local government accounting such that a simultaneous project would be desirable?
- d. Are there sufficient resources available to research and resolve the question on a timely basis?
- e. Is it likely that a technically sound solution can be developed?
- f. Is it better to await the completion of other projects that may affect this project?

4. Cost/Benefit—the extent to which the benefits of a project are expected to exceed the perceived costs of implementation, if known

Questions for consideration:

- a. Are there identified factors that could significantly affect the cost-benefit of implementing the standard?
- b. What significant potential benefits could result from addressing the issue?
- c. What significant potential costs could result from addressing the issue, including costs related to any proposed retroactive application or, if known, proposed placement within the financial statements (for example, basic financial statement, notes, RSI)?