

# **Bond Case Briefs**

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## **The Big Three: Taking a Comprehensive Look at Financial Reporting.**

The GASB is either actively working on or conducting research on three interrelated projects that will allow the Board to take a comprehensive look at financial reporting for state and local governments.

Of these three efforts, two are on the current technical agenda:

- Financial Reporting Model Reexamination, and
- Revenue and Expense Recognition.
- The third, the Note Disclosures Reexamination, was recently added to the Board's pre-agenda research.

Work on "The Big Three" began with the [Financial Reporting Model Reexamination](#). The project was added to the current agenda after two years of research. In late 2016, the Board issued an [Invitation to Comment](#) (ITC) in this project. Here, the Board is evaluating—and asking for your input at each stage along the way—what the model should ultimately look like. While the existing model remains effective in most respects, recent Board research identified that there are potential areas for improvement. These are the areas the Board is asking for your input on at the ITC stage.

As the direction is determined for the reporting model, the Board also will look at how revenue and expense should be recognized within that model in the [Revenue and Expense Recognition project](#). This project is designed to develop a comprehensive application model for the recognition of revenue and expenses that arise from nonexchange, exchange, and exchange-like transactions, including guidance for exchange transactions that have not specifically been addressed in the current literature.

As the model is being determined, the question becomes: What disclosures need to be made to offer a complete understanding of the financial model and the related recognition concepts? The objective of the pre-agenda research on the [Note Disclosures Reexamination](#) is to evaluate whether currently required note disclosures are sufficiently meeting the informational needs of users of state and local government financial reports. The research should provide the Board with the information necessary to determine whether additional or revised guidance is needed.

The timing of the interrelated projects is staggered to allow the Board to work on them in unison so they can be issued consecutively—and in as timely a manner as possible. The time horizon for completion of these efforts is relatively lengthy, however. The anticipated timing for completion of the Financial Reporting Model Reexamination alone is late 2021. The Board looks forward to your input as these activities progress.