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GFOA: Materiality as a Process | Three Forces that Reshaped Lease Reporting at Newport Beach

Materiality can be defined as follows: “Information is considered material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements.” Preparers of financial statements often face a large number of transactions and complex standards. A pragmatic and methodical approach to materiality helps them focus time and effort where it matters most.

This report provides a case study of the City of Newport Beach, California. It shows how a thoughtful approach to materiality can reduce workload, improve efficiency, and maintain transparency while successfully addressing materiality decisions with auditors. Before we get to Newport Beach’s case, we’ll review three forces that shaped Newport Beach’s conclusion.

Download the report.

Government Finance Officers of America

Authors: Shayne Kavanagh and Michele Mark Levine

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