GARS 1000

Section 1000

The Hierarchy of Generally Accepted Accounting Principles

The research waterfall: what to check first, second, and last when deciding how to account for something. This is the section to come back to whenever a transaction doesn't have an obvious answer. Plain-language reference only; not a substitute for the authoritative text.

GENERAL PRINCIPLES

Two Categories, Descending Authority

Category A: GASB Statements.

The officially established accounting principles — plus any GASB Interpretations issued before June 2015, which remain authoritative and in force.

Category B: everything else that's still authoritative.

GASB Technical Bulletins, GASB Implementation Guides, and AICPA literature specifically cleared by the GASB.

GENERAL PRINCIPLES

Follow the Waterfall

Check Category A first.

If a Category A pronouncement addresses the transaction, that's the answer.

If Category A is silent, check Category B.

Only move to Category B guidance when nothing in Category A covers the situation.

GENERAL PRINCIPLES

When Authoritative GAAP Is Silent

Look for a similar transaction first.

Before reaching outside authoritative GAAP, consider whether principles for a similar transaction or event within Category A or B apply — unless that guidance itself says not to apply it by analogy.

Nonauthoritative literature is a last resort.

Only after that: GASB Concepts Statements; FASB, FASAB, IPSASB, or IASB literature; AICPA material not cleared by GASB; widely recognized government practice; other professional or regulatory literature; and accounting textbooks or articles — none of it may conflict with authoritative GAAP.

GENERAL PRINCIPLES

Weighing Nonauthoritative Sources

Four things to weigh.

Consistency with the GASB Concepts Statements; relevance to the particular circumstances; how specific the guidance is; and how generally recognized the issuer or author is as an authority.

Paraphrased for plain-language reference from GASB's Codification of Governmental Accounting and Financial Reporting Standards, Section 1000, "The Hierarchy of Generally Accepted Accounting Principles." Principal source: GASB Statement 76. This summary is not authoritative — consult the current Codification (GARS-Online) or your auditor for application to a specific district.