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comment a proposed Statement addressing accounting and financial reporting issues related to fair value measurements.

May. 19, 2014

The Governmental Accounting Standards Board (GASB) has issued for public comment a proposed Statement addressing accounting and financial reporting issues related to fair value measurements.

The Exposure Draft, *Fair Value Measurement and Application*, describes how fair value should be defined and measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements.

“The proposed changes to the GASB’s fair value standards are intended to increase clarity, consistency, and comparability in governments’ fair value measurements and their related disclosures,” said GASB Chairman David A. Vaudt. “The Board believes that fair value measurements enhance the relevance of reported financial information, particularly when accompanied by robust disclosures.”

The GASB is proposing that fair value be defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Exposure Draft also proposes that investments would generally be measured at fair value. Investments would be defined as a security or other asset that a government holds primarily for the purpose of income or profit and the present service capacity of which is based solely on its ability to generate cash or to be sold to generate cash.

Certain investments would continue to be excluded from measurement at fair value, such as investments in money market instruments with remaining maturities at time

of purchase of one year or less.

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The GASB will hold a live, one-hour, CPE webinar on the Exposure Draft at 1 p.m. EDT on Tuesday, July 15 aimed at auditors and preparers. On Thursday, July 17 at 1 p.m. EDT, the GASB will host a one-hour, non-CPE webinar for financial statement users. Registration for both events will be announced on the GASB website in the coming weeks.

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