# Bond Case Briefs

*Municipal Finance Law Since 1971*

---

## GASB Issues Exposure Draft on Fair Value Measurement and Application.

**Norwalk, CT, May 15, 2014**—The Governmental Accounting Standards Board (GASB) today 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.

Under current accounting standards, state and local governments are required to disclose how they arrived at their measures of fair value if they are not based on quoted market prices. In the Exposure Draft, the GASB is proposing to expand those disclosures to include the inputs a government uses to measure fair value and the judgments made to arrive at those inputs.

The Exposure Draft is available on the GASB website, www.gasb.org. Stakeholders are encouraged to review the proposals and provide comments by August 15, 2014.

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.

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com