August 12, 2014

Director of Research and Technical Activities  
Project No. 26-5E  
Comments Regarding Exposure Draft *Fair Value Measurement and Application*

Dear Director:

Thank you for the opportunity to respond to the Exposure Draft on Fair Value Measurement and Application. This letter serves as the Illinois Government Finance Officers’ Association’s (IGFOA) Technical Accounting Review Committee’s (TARC) response to this Exposure Draft.

The Committee agrees that the Proposed Statement would enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent definition and accepted valuation techniques. TARC would offer a couple comments:

1. Additional clarification within the actual Proposed Statement regarding which non-financial assets and liabilities this Statement does not apply to. While Appendix B, section B3 of the Proposed Statement clearly says, “It does not extend the application of fair value measurements to other assets or liabilities that previously were not measured at fair value” this could be made clearer in the actual beginning of the Proposed Statement such as paragraph 2.

2. The TARC felt that the wording of paragraphs 59 through 64 of the Proposed Statement regarding Liabilities seemed to imply that debt obligations held by the government, in particular the first sentence of paragraph 61 which says, “A government should adjust the quoted price of a liability held by another party as an asset only if there are factors specific to the asset that are not applicable to the fair value measurement of the liability” might be construed by a reader to imply that the value of the liability of a fixed rate debt obligation should be adjusted to fair value. While TARC understands that this is obviously not the case or intention, additional wording to clarify that might be helpful.

We appreciate the opportunity to provide feedback to this Proposed Statement. If you have any questions or require further information, please contact me at (630) 897-8228 x225 or via email at bhannah@vil.north-aurora.il.us

Sincerely,

Bill Hannah  
Chairperson, IGFOA Technical Accounting Review Committee