User Perceptions of Fair Value Reporting of Investments in Fund Financial Statements of Governments

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GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools requires reporting most investments at fair value in the balance sheet and recognizing changes in fair value in the operating statement. The GASB believed fair value reporting was more useful to statement users; cost-based information was not considered cost/beneficial. Survey methodology was employed to collect user perceptions of the usefulness of fair value information, cost information, and investment-related disclosures. The results did not support the GASB position. Rather, both fair value and cost information, and investment-related disclosures about both, were deemed to be useful.

INTRODUCTION

Accounting standards increasingly require fair value measurement and reporting. In the private sector, financial investments are subject to fair value reporting under Financial Accounting Standards Board (FASB) guidance (i.e., FASB ASC 320, FASB ASC 815 and FASB ASC 825). Fair value reporting in the private sector is justified in large part because it is thought to provide more relevant information to financial statement users than cost-based information (for example, see the introduction to FASB Statement No. 115).

Public sector standard setters used similar justification for fair value reporting, as stated in the basis for conclusions in the Governmental Accounting Standards Board (GASB) Statement No. 31 (GASBS 31), paragraph 49:

The Board believes that fair value is a better measure of a government’s investments than cost…. Fair value is more useful than cost based information in evaluating performance…. The Board also believes fair value is more relevant….

Recent GASB pronouncements (e.g., GASB Statements No. 52, No. 53, and No. 59) and the GASB research agenda (projects such as Fair Value Measurement and Application and Investment Omnibus) confirm the Board's commitment to fair value financial reporting. Research indicates that fair value
reporting is well accepted by many financial statement users in the private sector (Reither, 1998). However, there is a paucity of independent research on the usefulness of fair value reporting of investments in the public sector.

Do users of governmental fund financial statements consider fair value information to be useful in decision-making? Is fair value reporting useful for the balance sheet, the operating statement, or both? Are both cost-based information and fair value information useful?

BACKGROUND

This study was conducted to determine users' perceptions of the usefulness of fair value information, cost-based information, and other investment information and disclosures, and the effects of fair value reporting on evaluations of investment activity.

The GASB requires fair value reporting for general government entities because it believes fair value information is more useful in assessing operating results, evaluating financial position, and measuring investment performance. Cost information is believed to be unnecessary in evaluating investment activity. This research tested important premises the GASB used to justify fair value reporting of investments to the exclusion of cost-based reporting.

Motivation for the Research

GASBS 31 is the first standard to require fair value reporting for investments in general government financial statements. Changes in the fair values of most investments are recognized as revenues in the operating statement and most investments are reported in the balance sheet at fair value.

Governmental fund financial statements are prepared on the current financial resources flows measurement focus and modified accrual basis of accounting. However, recognition of unrealized gain and losses on investments due to fluctuations in market interest rates is not consistent with the flow of current financial resources perspective.

Under provisions of GASBS 31, changes in the fair value of investments are included as a component of fund investment earnings even though there is no effect on expendable financial resources available to the governmental fund. Although these unrealized changes in fair value of investments increase or decrease the reported fund balances of governmental funds, most will be reversed by later fair value changes or as governmental fund interest-bearing investments approach maturity.

Thus, it may be argued that including the change in fair value of investments in governmental fund operations and fund balance may mislead readers of the financial statements. Furthermore, knowledge of the cost of the investments (as amortized) — as well as their fair value at the balance sheet date — may be useful to readers in evaluating the investing activities of the entity. But that information is no longer required to be reported or disclosed.

GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Purchase Agreements, required disclosure of “carrying amount” of investments; “carrying amount” was defined as book values or amortized costs. GASBS 31 eliminated the requirement to disclose cost-based information for investments in the notes to the financial statements. GASBS 31 redefined “carrying amount” to mean fair values (for non-exempt investments). Although this eliminated the requirement to disclose cost-based information for non-exempt investments, some would argue that cost-based information is useful in evaluating investments and investment performance using a government’s financial statements.

The GASB justified elimination of cost-based disclosures by arguing that a fair value basis is most consistent with rational investment practices (GASB 31 par. 51) and more useful for evaluating investment performance (GASBS 31 par. 49). Anecdotal evidence suggests, however, that many external users may use cost-based information to analyze investment activities.
Efficacy of Fair Value Reporting

The GASB requires fair value reporting of state and local government investments under two primary premises: (1) Fair value reporting is more useful to users than cost-based reporting, and (2) any adverse effects of fair value reporting on users are minimal. The GASB also implies that cost-based information is either too burdensome to preparers or it is not sufficiently useful to require reporting. These two premises had not been empirically tested previously. The following research questions address premise one:

1) Is fair value information useful in evaluating investment performance?
2) Is cost-based information useful in evaluating investment performance?

The second GASB premise tested in this research is the minimal effects of fair value reporting on users. GASBS 31 potentially affects external users adversely. The following research questions address the GASB’s premise that adverse effects of fair value reporting are not significant:

3) Does fair value investment reporting create significant volatility in investment earnings reported in governmental fund financial statements?
4) Does fair value reporting affect evaluation of investment activity?

Additionally, questions were asked about the usefulness of other selected disclosures:

5) Would certain other presentations about investments be useful in evaluating the financial statements (e.g., disclosure of unrealized gains and losses)?

The Usefulness of Fair Value Reporting

For private sector reporting, many scholars contend fair value reporting is conceptually superior to historical cost reporting (for example, Clark & Jordon, 1994, Wampler & Phillips, 1994, Powers, 1995, Tanju, 1995, Shim & Larkin, 1998). They argue that recognition of gains and losses on assets (and liabilities) as they occur is more relevant to users. Current research conducted in other countries also supports the usefulness of fair value reporting (Devi et.al., 2012). Empirical evidence from the private sector provides mixed support for the usefulness of fair value reporting. Culyer (1993) found bank accounting professionals did not feel that fair value information was useful in making investing decisions. Other researchers found that financial statements prepared under fair value reporting provided no new information (Barth, et.al., 1995, Yonetani & Katsuo, 1998). Ahmed & Takeda (1995) found some new information was provided if other assets (other than investments) and liabilities were reported at fair value.

Other researchers have found that fair value disclosures for investments accounted for using the equity method can provide readers with new information (Graham et.al., 2003). A study of bank derivative disclosures under FAS 119 and FAS 133 found the disclosures provided new information to statement readers (Wang, et.al. 2005); other researchers have found fair value disclosures by banks provide new information in some circumstances (Hukai, 1998, Venkatachalam, 1996, Simko, 1996). Other studies, however, have found fair value disclosures do not provide new information in other circumstances (Michel, 1997, Brickner, 2002, Gray, 2003).

Sirota Consulting (1998) conducted a series of interviews with focus groups comprised of members of the investment community and found no clear preference for fair value reporting over historical cost reporting. A more recent study by the Chartered Financial Analysts Institute found that 67 percent of portfolio managers and securities analysts rated fair value information as important, and 45 percent rated historical costs as important (CFA Institute 2003).

Usefulness of Historical Cost Information

In the private sector there is little recent research on the usefulness of historical cost per se, although there is evidence from past research supporting the belief that historical costs are useful to statement users (for example, Ball & Brown, 1968, Pankoff & Virgil, 1970, Murdoch, 1988). Some studies have used historical cost as a benchmark and compared the usefulness of additional information (for example, Jones, 1988, Lobo & Song, 1989); these studies do not empirically test the
usefulness of historical cost. One such study recently reported that bank regulators thought that historical cost reporting was more useful than fair value reporting (Anagnostopoulos & Buckland, 2005).

Other writers discuss the virtue of historical cost for selected assets in the wake of fair value reporting (e.g., Fone, 1997, Krumwiede, 2008), but do not support their assertions empirically.

The usefulness of historical cost in SLG financial reporting has received little research attention. The only known study is Robbins (1982), which surveyed municipal bond analysts and found both historical cost and current market value information was important to them.

Effects of Fair Value Reporting

Many critics of fair value reporting under GASBS 31 argue that it may have significant adverse effects on external financial statement users. The GASB believes that any adverse effects of fair value reporting are insignificant or, at worst, modest. Anecdotal evidence suggests that the GASB underestimated the impact of GASB 31 on users. The extent of any effects is an empirical question addressed by this research.

Critics claim that fair value reporting of investments in governmental fund financial statements distorts reported earnings by including unrealized gains and losses from changes in fair value. The volatility introduced into reported investment earnings may affect users’ evaluations of financial position and condition. Potential negative aspects of the current fair value reporting model cited by opponents include:

- The recognition of changes in fair of investments as governmental fund revenue is not consistent with the current financial resources measurement focus and modified accrual basis of accounting (i.e., is not an available expendable financial resource).
- Volatility in reported earnings could negatively affect performance evaluations.
- Cost-based information is not required reporting but is useful to analysts and others.

Earnings Volatility

Commercial enterprises, especially those traded on the major stock markets, are vitally concerned with fluctuations in earnings. Some industries, such as banking and insurance, oppose reporting of investments at fair value because of the volatility introduced into reported earnings (for example, Simonson, 1992, Hartman, 1993, Razza, 1993, Delay & Hauge, 1994, Geissler, 1995, Liouri, 1997, Feay & Abdullah, 2001). Empirical studies conducted on selected commercial enterprises conclude that fair value reporting indeed added volatility to reported earnings (Barth et.al., 1995, Yonetani & Katsuo, 1998).

The GASB assumed that most SLG investment portfolios would not experience significant volatility to investment earnings under GASBS 31. In a study of potential earnings volatility in largest 100 U.S. cities for years 1991 to 1996, Hunt (2009) found that most of the governmental funds of the cities examined would have experienced some volatility in investment earnings under GASBS 31 reporting. The magnitude of volatility, however, was not significant when averaged over all cities reviewed.

METHODOLOGY AND DATA ANALYSIS

A 5-point Likert-scaled questionnaire was designed for collecting the perceptions of users. A primary user group of governmental financial statements identified in GASB Concept Statement No. 1 include the investor and creditor group. This includes individual and institutional investors and creditors, municipal security underwriters, bond rating agencies, bond insurers, and financial institutions.

Potential respondents from this group were selected from the 2005 membership list of the National Federation of Municipal Analysts. This association includes representatives from bond rating agencies (e.g., Standard and Poor's, Moody's, and Fitch), bond insurers (e.g., AMBAC), insurance companies (e.g., State Farm, Allstate), financial institutions (e.g., Citibank, Bank of America), and investors (e.g., Merrill Lynch, Fidelity Investments).
The questionnaire was delivered to a total of 900 individuals, with 142 surveys returned, resulting in a usable response rate of almost 15% (note that not every respondent answered every question, so the number of responses included in the analyses that follows may not equal 142). The typical investor/creditor had a median experience of over ten years, evaluating more than 20 governmental financial reports a year.

The questionnaire asked respondents to rate their preferences for certain informational items relating to investing activities. Many questions were related to three constructs of usefulness: Usefulness of fair value information, cost information, and disclosures. Preliminary analysis of the questions was conducted using factor analysis, which identified and grouped questions measuring the same construct. Six factors were identified and individual questions loading heavily on a factor were combined and the mean used as an overall measure of that construct. These constructs are discussed by research questions that follow.

Much of the discussion that follows concerns question responses scored on a Likert scale ranging from 1 (indicating disagreement or lack of usefulness) to 5 (indicating agreement or usefulness). To simplify discussion, scores above 3 (the median or neutral) will be termed ‘positive’ and scores below 3 ‘negative.’

**Question One**

Question one examined if fair value information is useful in evaluating investment activities. Table 1 lists the questions related to usefulness of fair value information and summarizes mean scores and standard deviations. Factor analysis conducted on individual questions in the preliminary analysis of the data revealed three factors representing common constructs. Two questions measuring the usefulness of fair value reporting were combined (usefulness of fair value reporting in the balance sheet and usefulness of fair value reporting in the operating statement); two questions measuring the usefulness fair value reporting for short-term investments (weighted average maturity of 2 years or less) were combined and three questions measuring the usefulness of fair value reporting for long-term investments (weighted average maturity of longer than 2 years) were combined. These are listed as “measure of” the constructs in Table 1.

Overall, results indicate fair value information is useful to statement users. Mean responses to most questions were positive, indicating a favorable perception of the usefulness of fair value information. Investors were strongly positive in their responses to the measure of usefulness of fair value reporting (question one in Table 1).

Responses to the question concerning fair value reporting for other assets and liabilities (the last question on Table 1) were strongly negative. This indicates future GASB standards requiring fair value reporting of other assets and liabilities may meet with resistance from the user community as well as the preparer and auditor communities.

Four questions in Table 1 receiving positive scores are of practical significance (questions three, four, five and seven). Disclosure of some measure of weighted average to maturity of investments scored strongly positive, as did disclosure of fair value of investments (questions three and four). Fair value reporting of investments in the balance sheet also scored strongly positive (question five). Fair value reporting in the balance sheet is currently required under GASBS 31; reporting of weighted average to maturity of investments is one method of note disclosure allowed under disclosure requirements of GASBS 40. User acceptance of these reporting requirements should be of interest to the GASB. Question seven, concerning usefulness of fair value information in evaluating investments, also scored strongly positive. This finding supports the GASB position that fair value information is useful to users.

**Question Two**

Question two explored the usefulness of cost information in a similar manner to the previous question. Respondents answered a series of 5-point Likert scaled questions about the usefulness of cost information in analyses they normally perform in their duties.

Table 2 lists questions related to usefulness of cost information and summarizes mean scores and standard deviations.
**TABLE 1**
MEAN RESPONSES AND (STANDARD DEVIATIONS) TO QUESTIONS RELATED TO USEFULNESS OF FAIR VALUE INFORMATION

<table>
<thead>
<tr>
<th>Survey Question</th>
<th>n=135</th>
<th>Mean (S.D.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Measure of the usefulness of fair value reporting.</td>
<td>3.40</td>
<td>(0.83)</td>
</tr>
<tr>
<td>2. Measure of the usefulness of fair value reporting for short-term investments.</td>
<td>3.11</td>
<td>(0.91)</td>
</tr>
<tr>
<td>3. Measure of the usefulness of fair value reporting for long-term investments.</td>
<td>3.66</td>
<td>(0.81)</td>
</tr>
<tr>
<td>4. In the notes investments should be disclosed at fair value.</td>
<td>4.36</td>
<td>(0.75)</td>
</tr>
<tr>
<td>5. How useful is reporting of fair value of investments on the balance sheet?</td>
<td>3.59</td>
<td>(1.08)</td>
</tr>
<tr>
<td>6. How useful is reporting of investment income based on changes in fair value?</td>
<td>3.10</td>
<td>(1.08)</td>
</tr>
<tr>
<td>7. Fair value information is useful in evaluating an entity's investment program.</td>
<td>4.02</td>
<td>(0.85)</td>
</tr>
<tr>
<td>8. Fair value reporting should be used for other assets and liabilities.</td>
<td>2.76</td>
<td>(1.09)</td>
</tr>
</tbody>
</table>

**TABLE 2**
MEAN RESPONSES AND (STANDARD DEVIATIONS) TO QUESTIONS RELATED TO USEFULNESS OF COST INFORMATION

<table>
<thead>
<tr>
<th>Survey Question</th>
<th>n=131</th>
<th>Mean (S.D.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. In the notes investments should be disclosed at cost (or amortized cost).</td>
<td>4.14</td>
<td>(0.79)</td>
</tr>
<tr>
<td>2. How useful is reporting of investments income based on amortized cost?</td>
<td>3.06</td>
<td>(0.94)</td>
</tr>
<tr>
<td>3. Cost-based information is useful in evaluating an entity's investment program.</td>
<td>3.86</td>
<td>(0.88)</td>
</tr>
</tbody>
</table>
Overall, results indicated users found cost information useful. Mean scores for all questions were positive, the majority strongly positive. Disclosure of cost information (question one in Table 2) and usefulness of cost information in evaluating investment activity (question three in Table 2) were both strongly positive. Usefulness of reporting investment income based on cost (question two on Table 2) was neutral.

**Question Three**

Question three asked if fair value reporting of investments created significant volatility in reported investment earnings in governmental fund financial statements. Mean score and standard deviation are summarized in Table 3.

Investors responded positively to experiencing some volatility to reported earnings of entities they review, but the mean response slightly exceeded neutral.

**TABLE 3**

<table>
<thead>
<tr>
<th>Survey Question</th>
<th>n=133</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean Response and (Standard Deviation) to Volatility of Reported Earnings</td>
<td></td>
</tr>
<tr>
<td>1. Measure of volatility of reported investment earnings under fair value reporting</td>
<td>3.16</td>
</tr>
<tr>
<td></td>
<td>(0.68)</td>
</tr>
</tbody>
</table>

**Question Four**

Question four asked if fair value reporting affected evaluation of investing activities. Two questions related to the effects of fair value reporting on evaluation of investment activities. Since potential effects could be both positive and/or negative, respondents were asked if effects of fair value reporting had been positive and if effects had been negative.

Analysis of responses indicates that overall, effects of fair value reporting had been positive and not negative. Questions, associated means, and standard deviations are presented in Table 4. Investors responded strongly positive that effects of fair value reporting had been positive, and the effects of fair value reporting had not been negative.

The analysis indicates the GASB was correct in assuming any negative effects of fair value reporting on evaluation of investment activities would be minimal.
TABLE 4
MEAN RESPONSES AND (STANDARD DEVIATIONS) TO QUESTIONS RELATED TO EFFECTS OF FAIR VALUE REPORTING

<table>
<thead>
<tr>
<th>Survey Question</th>
<th>n=132</th>
<th>Mean (S.D.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Fair value reporting of investments positively affects evaluation of an entity’s investments.</td>
<td></td>
<td>3.29 (0.98)</td>
</tr>
<tr>
<td>2. Fair value reporting of investments negatively affects evaluation of an entity’s investments.</td>
<td></td>
<td>2.50 (0.97)</td>
</tr>
</tbody>
</table>

Question Five
Disclosures examined by previous questions were limited to those directly associated with fair value reporting (i.e., note disclosure of cost and/or fair value). This research question investigated whether certain other disclosures would be useful in evaluating investment activity.

Many possible disclosures could have been included in this section of the study. Disclosures examined were either closely associated with other questions or are currently under consideration by the GASB.

TABLE 5
MEAN RESPONSES AND (STANDARD DEVIATIONS) TO QUESTIONS RELATED TO OTHER DISCLOSURES

<table>
<thead>
<tr>
<th>Survey Question</th>
<th>n=132</th>
<th>Mean (S.D.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Measure of the usefulness of a weighted average yield to maturity disclosure.</td>
<td></td>
<td>3.49 (0.61)</td>
</tr>
<tr>
<td>2. Separate reporting in the statements or notes of unrealized gains and losses on investments would be useful.</td>
<td></td>
<td>3.88 (0.61)</td>
</tr>
<tr>
<td>3. Separate reporting in the statements or notes of realized gains and losses on investments would be useful.</td>
<td></td>
<td>4.17 (0.75)</td>
</tr>
<tr>
<td>4. Separate reporting in the statements or notes of net change in fair value(s) of investments would be useful.</td>
<td></td>
<td>3.86 (0.86)</td>
</tr>
<tr>
<td>5. Designation of fund balance for unrealized investment gains/losses would be useful.</td>
<td></td>
<td>3.55 (0.87)</td>
</tr>
<tr>
<td>6. Reservation of fund balance for unrealized investment gains/losses would be useful.</td>
<td></td>
<td>3.48 (0.82)</td>
</tr>
<tr>
<td>7. Separate reporting in the statements or notes of weighted average maturity of investments would be useful.</td>
<td></td>
<td>3.76 (0.73)</td>
</tr>
</tbody>
</table>
Mean responses and standard deviations are summarized in Table 5 for questions related to other investment-related disclosures. Factor analysis identified two questions measuring the same construct: The usefulness of disclosing a weighted average yield to maturity for investments (the first question in Table 5).

Overall, users indicated investment-related disclosures examined were useful. All individual question scores were positive overall (except two questions, discussed later). One finding supporting current GASB disclosure guidance was user scores on disclosure of a weighted average to maturity measure (the last question in Table 5). Mean scores indicated support for this disclosure. Weighted average yield to maturity was also found useful, but to a lesser degree. This disclosure is not currently required.

Responses to the usefulness of separate reporting of reservation or designation (or assignment) of fund balance for unrealized gains and losses on changes in fair value (questions five and six listed in Table 5) indicate investors and creditors would find such disclosures useful. Neither disclosure is currently required or prohibited.

CONCLUSION AND IMPLICATIONS

Research findings indicate both fair value and cost information are important to financial statement users; and current investment disclosures are well accepted by users, but additional disclosures would also be useful.

Usefulness of Fair Value Information

Responses to the questionnaire were generally favorable to fair value reporting of investments. Mean scores on questions related to the usefulness of fair value reporting were neutral or above on all questions. However, the idea of fair value reporting for assets and liabilities other than investments was not well accepted by users.

Usefulness of Cost Information

Mean scores on the usefulness of cost information were favorable, indicating cost information is useful to statement readers. The findings suggest cost information is important to financial statement users. The de facto elimination of cost information in the notes by implementation of GASBS 31 is an issue the GASB may want to reconsider in future revisions to investment-related disclosures.

Usefulness of Selected Disclosures

Generally accepted accounting principles applicable to state and local governments currently require several of the disclosures examined in this study. Overall, these disclosures were well accepted by users. Disclosures related to maturities—both a measure of weighted average length to maturity and a measure of weighted average yield to maturity—would be useful.

Users felt strongly that realized gains or losses on investments should be reported and unrealized gains or losses also should be reported (but not as strongly as reporting realized gains and losses). Users also thought that disclosure of the net change in fair value of investments would be useful.

One interesting finding is the positive response to the usefulness of reservation or designation of fund balance for unrealized gains or losses on changes in fair value of investments. This indicates that external financial statement users find information about the cumulative change in fair value useful.

The findings suggest that, notwithstanding the need for cost information, disclosures related to investments are well accepted by users. However, additional disclosures about the composition of investment earnings would be useful. The findings further suggest the GASB may need to reconsider current guidance on investment-related disclosures, especially for cost-based information about investments. Finally, the research findings indicate that users are not satisfied with the transparency of fair value reporting under current guidance, and would prefer more disclosures about the composition of change in fair value.
Effects of Fair Value Reporting

The questionnaire investigated the effects of fair value reporting on the financial statements and use of the financial statements. Two dimensions were examined: (1) Volatility to reported investment earnings, (2) positive and negative effects on management or evaluation of investment activity.

The findings suggest that fair value reporting has little impact on operating results reported by general government investments. Users reported that the effects of fair value reporting on evaluation of financial statements had been positive. They also reported minimal negative effects of fair value reporting on evaluation of investment activity.

Overall, the findings suggest the GASB was correct in assuming volatility to reporting investment earnings would be insignificant, and that negative effects of fair value reporting on financial statement users would be minimal.

Summary of Conclusions

A primary objective of this research was to test the usefulness of fair value reporting of investments under GASBS 31. The GASB presumed users would find fair value information more useful than cost information, and that cost information was unnecessary in evaluating investment activity. Financial statement users reported that cost information about investments was important in evaluating investing activity. These findings contradict the GASB position that cost-based information is not necessary. The findings also suggest that requiring fair value reporting for other assets and liabilities in the governmental fund financial statements will likely meet with resistance from state and local government stakeholders.

An important finding of the study is the need for reporting both fair value and cost information about investments in the financial statements or notes. The findings suggest that effects of fair value reporting have been positive for external users, and fair value reporting should continue to be required in external financial reporting but could be improved by disclosure of cost information.

The research findings also suggest that disclosures should be more transparent with regards to changes in fair values and should include cost-based information. Finally, additional reporting of investment information such as a measure of weighted average length to maturity, a measure of weighted average yield to maturity, reporting of realized and unrealized gains and losses, and separate reporting of reservation or designation of fund balance could be useful in satisfying user needs.

Limitations of the Study

Some limiting factors of this study are inherent in survey research, such as low response rates, non-representative responses, non-response bias, and frivolous completion of the instrument. Although care was taken in the research design and execution, these factors might have had some effect on the results.

Generalizability of the results of this research is limited by several factors. The sample frame of investors and creditors was probably fairly representative of the populations of interest. However, the design excluded other affected parties (including auditors, citizens, and legislators) that may have different perspectives concerning fair value reporting under GASBS 31.

The research design limited the number of possible presentations to avoid an overly complex survey instrument. Alternative financial statement presentations are available under GASBS 31 and other sources of investment information may be more useful to respondents than the information presented in the instrument.

Other fund types were not examined (e.g., proprietary funds), nor were the government-wide statements (statement of net assets and statement of activities). Results of this research may not be valid for other fund types or for government-wide financial statements.

REFERENCES


