

OSC Financial Reporting Update - FY2016
GASB 72 Appendix A
Fair Value Hierarchy - Common Examples

NOTE: These are common examples and should be used as a guide. Entities should contact their investment custodian, fund manager, etc. to determine the appropriate fair value hierarchy level for each asset/liability.

Level 1
<ul style="list-style-type: none">- Equity securities actively traded in exchange or dealer markets<ul style="list-style-type: none">- Common stock that is actively traded- Exchange Traded Funds- Preferred Stock- Listed American Depositary Receipts (ADR's)- Listed futures and options contracts- "On-the-run" U.S. Government and Agency bonds (See note 1)- Options on Securities - exchange traded

Level 2
<ul style="list-style-type: none">- Corporate bond issuances not traded in an active market- Certain asset-backed securities- Certain mortgage-backed securities- Municipal bonds not traded in an active market- Collateralized Mortgage Obligations (CMOs)- "Off-the-run" U.S. Government and Agency bonds (See note 1)- Interest rate swaps- Unlisted American Depositary Receipts (ADR's)- Unlisted Preferred Stock- Foreign Government Bonds- Options on Indices- Options on Securities - Non-exchange traded

Level 3 (See Note 2)
<ul style="list-style-type: none">- Subordinate (residual) tranches in securitization structures- Private equity investments- Most nonfinancial assets

Note 1:

"On the run" U.S. government and agency bonds are the most recently issued bonds/notes of a particular maturity. "Off-the-run" refers to securities that have been issued before the most recent issue and are still outstanding.

Note 2:

Most alternative investments, such as private equity funds and hedge funds, do not have a readily determinable fair value. GASB 72 permits a government to establish the FV of these types of investments in nongovernmental entities by using the NAV per share (or its equivalent). If the requirements in GASB 72, paragraphs 71 - 74, are met, leveling disclosures are not required for these FV measurements.