June 15, 2020

David Bean, Director of Research and Technical Activities, Project No. 3-40
Governmental Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116


Dear Mr. Bean:

Thank you for the opportunity to respond to GASB on GASB’s Proposed Technical Bulletin – Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) of 2020 and Coronavirus Diseases. We appreciate GASB’s swift action to address the unique nature of accounting and financial reporting issues related to CARES Act funding. Overall, we are in support of the guidance provided in the Technical Bulletin. We do have the following specific comments.

1. Consider adding the short title to each question beginning in paragraph 3 that was used in the table of contents. As an example, instead of “Question 1”, use “Question 1 – Coronavirus Relief Fund (CRF)” and instead of “Question 2”, use “Question 2 – Reimbursements for Loss of Revenue”, etc. We believe adding these short titles to the questions will make the document more user friendly.

2. Question 1 – Considering the eligibility requirements of the CRF resources, how should states handle CRF resources that were provided by the states to local governments? Can states assume eligibility requirements have been met by the local government, or are states required to report a prepaid expenditure (or some other asset) to the local governments for the unspent portion at the local level, as well as a liability to the federal government? This will undoubtedly become a very complex and time-consuming calculation, if indeed, the state is required to report a prepaid expenditure and liability for the portion the local government has not yet spent. We are not proposing that this be a requirement, we would just like clarification.

3. Question 2 – Consider adding that a liability should be recognized until the eligibility requirements are met to the answer. This would remove the need for the user to refer to another question within the document when addressing this specific issue.

4. Question 3 – What would the answer to this question be if, instead of an amendment to the CARES Act, it was a clarification, such as in a question and answer format, issued by the U.S. Department of the Treasury. Which reporting period would this apply to?
If you have questions or need additional information regarding this response, please do not hesitate to contact Kim Knight at Kimberly.Knight@iowa.gov.

Sincerely,

Jay Cleveland

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