June 18, 2020

Director of Research and Technical Activities
Project No. 3-40
director@gasb.org

To Whom It May Concern:

We appreciate the opportunity to respond to the proposed technical bulletin of the Governmental Accounting Standards Board (the Board) on Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) of 2020 and Coronavirus Diseases. We appreciate the Board’s recognition that guidance pertaining to financial reporting for the CARES Act is needed to ensure consistency. Overall, we agree with the Board’s responses proposed for Questions Two through Six, however, the Board may consider the following observations relating to Question One as it prepares its resulting technical bulletin.

For Question One, in paragraph five, we recommend the Board provide a comparable example to further support the decision to classify the Coronavirus Relief Fund (CRF) like a grant based on the substance of the transaction when applying provisions in paragraph eight of Statement 33. For example, when analyzing the substance of the transaction for receipt of federal resources classified as “other financial assistance,” a comparable example is an advanced funded grant. Using this comparison would illustrate to preparers how to account for activity related to the receipt and use of these funds. Additionally, we recommend that the Board revise paragraph six to reference the provisions in paragraph 10 of Statement 65 rather than paragraph 15 of Statement 33. We feel the revised reference more clearly supports the recognition of liabilities for the receipt of CRF until eligibility requirements are met.

We appreciate the efforts of the Board and the opportunity to provide our comments. Should you have any questions or need additional information concerning our response, please contact LaToya Jordan or me at (804) 225-3350.

Sincerely,

Martha S. Mavredes
Auditor of Public Accounts

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