Hello,

As I reviewed the exposure draft of the proposed GASB technical bulletin, No. 2020-a, Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) of 2020 and Coronavirus Diseases, I found I had some additional questions that the proposed responses did not address, or that I was still unclear on after reviewing the reference materials.

I have summarized my questions below.

1. When to recognize revenue?
   - Question - Recognize as unearned revenue liability until applicable eligibility requirements are met. Eligibility of expenditures may need additional guidance – necessary is subjective and may be difficult to evaluate; Is any additional guidance regarding eligibility to be provided?
   - Question – If not specific to a specific enterprise fund (such as airport) is the revenue non-operating revenue in the operating fund of a city or better accounted for in a special revenue fund or recognized in the fund incurring the costs that trigger revenue recognition (see question 6 question also)?
   - Question – operating or non-operating revenue? The response to question 5 seems to say non-operating revenues (except as noted in paragraph 15) but would like that clarified more in question 1.

2. Provisions that address a government’s loss of revenue is considered to be an eligibility requirement for purposes of revenue recognition.
   a. Question - How does the government’s actions (‘specified actions’) translate into amounts to be recognized? For example if the governmental healthcare entity had losses in revenue due to cancellation of elective procedures, then does that fully satisfy the eligibility requirement and allow for recognition of all or is the revenue need to be recognized based on calculations as the losses are experienced (if yes, what time period or basis would be used for calculating losses)?

3. Amendments to the CARES Act subsequent to the statement of net position date should be considered in the financial statements for the reporting period in which the amendment was enacted.
   a. No comment

4. Governmental entities should continue to report the loan as a liability until that entity is legally released from the debt.
   a. Question – for the ‘inflow of resources’ recognized when there is the ‘release from debt’ for the PPP loan forgiveness how is it presented? Other financing source - gain from loan forgiveness?

5. There are certain CARES Act resources that are subsidies and should be reported as nonoperating revenues (except as noted in the attached document, paragraph 15- essentially PRF Uninsured Program).
a. Question - Will there be good documentation to separate the Provider Relief Fund’s Uninsured Program funds, as well as the other subsidies listed, provided to each grantee so that they have sufficient information to separate these amounts from others?

6. Outflows of resources in response to coronavirus disease should not be reported as an extraordinary item or special events (as COVID is reasonable to recur in future and is not within control of management).
   a. Question – The response indicates that the costs incurred in response to the coronavirus disease is not a special or extraordinary item and so reader is lead to believe the costs, while they need to be tracked internally for revenue recognition purposes if satisfaction of eligibility requirements is the recognition trigger, would be shown in the financials as part of operating costs in the applicable function and fund expended in.

Thank you,
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