

June 25, 2020

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

RE: Proposed Exposure Technical Bulletin - Accounting and Financial Reporting Issues Related to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) of 2020 and Coronavirus Diseases

Dear GASB:

The views expressed herein are written on behalf of the Professional Standards Committee of the Texas Society of CPAs. The Professional Standards Committee has been authorized by the Texas Society of CPAs' Board of Directors to submit comments on matters of interest to the membership. The views expressed in this document have not been approved by the Texas Society of CPAs' Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policy of the Texas Society of CPAs. Please find our comments below on the above-referenced exposure draft.

The committee is concerned about consistency of reporting CARES Act proceeds by various governmental entities. We think that the proceeds from the CARES Act should be treated as an advance and recorded as a deferred liability until eligibility for forgiveness has been met, at which time it is recorded as either revenue or other financial assistance. However, due to the reporting requirements of various GASB entities, the committee is concerned that there may be inconsistencies in reporting. Where this type of assistance is reported in the financial statements varies greatly depending on whether the entity is a school district, county health district, city, county or university. These various applications of the technical bulletin guidance may result in confusion to the readers of governmental financial statements.

Additionally, the committee is concerned about the strict interpretation of an extraordinary event as explained in paragraph 17 of the technical bulletin. GASB has chosen to identify the extraordinary event to be the presence of a coronavirus rather than an unprecedented shutdown of the US economy. The extraordinary shutdown is the event that resulted in the CARES Act legislation, not the presence of the virus. If an event has only happened once, that is infrequent. This narrow interpretation of "infrequent event" could have a severe impact on the reporting of any extraordinary event on future financial statements.

Regarding the other questions and responses presented in the technical bulletin, the committee is in general agreement.

We appreciate the opportunity to provide input on this exposure draft.

Sincerely,



Lyle C. Joiner, CPA  
Chair, Professional Standards Committee  
Texas Society of Certified Public Accountants