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| Professional StandardsCommittee Highlights**GOVERNMENT INDUSTRY ALERT:** **CORONAVIRUS STATE & LOCAL FISCAL RECOVERY FUNDS** |

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| The CalCPA Governmental Accounting & Auditing Committee and California Committee on Municipal Accounting (CCMA) recently issued a Government Industry Alert that provides suggested guidance on accounting, financial reporting and Single Audit matters related to Coronavirus State and Local Fiscal Recovery Funds (Fiscal Recovery Funds). The Government Industry Alert provides examples on how Fiscal Recovery Funds may be reported in the local government’s financial statements. For example, depending on the facts and circumstances, Fiscal Recovery Funds may be reported in a Special Revenue Fund, Capital Projects Fund or combined with the General Fund for reporting in the financial statements. The Government Industry Alert also provides guidance on when revenue should be recognized. Generally, Fiscal Recovery Funds should be recognized as revenue once all eligibility requirements have been met, such as the incurrence of eligible expenditures. Funds used to replace lost revenue are required to be used for the provision of government services. Therefore, while Fiscal Recovery Funds can be used to replace lost revenues, the manner in which the lost revenue resources can or cannot be spent will also impact the timing of revenue recognition. The Government Industry Alert includes non-authoritative guidance that has been prepared by the AICPA Governmental Audit Quality Center (GAQC) to assist auditees and auditors as they consider the complexities involved with new federal funding, such as American Rescue Plan Act funds, and the timing of when that funding should be included on the Schedule of Expenditures of Federal Awards (SEFA). CCMA’s Government Industry Alert can be found at <https://www.calcpa.org/members/technical-resources/gaa-white-papers>. If you have questions regarding this topic, contact Jason Al-Imam, Chair of the Professional Standards Committee at standards.chair@csmfo.org.  |

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