June 25, 2020

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

Dear Mr. Bean,

Please accept the following response from our appointed Accounting Standards Review Committee as official comment from the Oregon Governmental Finance Officers Association (OGFOA).

We are responding to the Government Accounting Standards Board’s (GASB) request for written comments to Proposed GASB Technical Bulletin Project No. 3-40: Accounting and Financial Reporting Issues Related to Coronavirus Aid, Relief, and Economic Security Act (CARES Act) of 2020 and Coronavirus Diseases.

We find the guidance in this proposed GASB Technical Bulletin to be positive. The only suggestion we have is to remove “or to purpose restrictions” from Question 1. We believe that some of the CARES Act and Coronavirus Diseases funding could be subject to both eligibility requirements and purpose restrictions based on paragraph 7 of GASB Statement 33. We believe the response accurately portrays the revenue recognition for eligibility requirements based on paragraph 15 of GASB Statement 33. We do not believe the response accurately portrays purpose restrictions in paragraphs 12-14 of GASB Statement 33.

Here are a couple of examples of our concerns with using purpose restrictions and eligibility requirements, mutually exclusive:

Part of the Cares Act is for Airport Improvement Program (AIP) it was to increase it to 100 percent. In our opinion this would fall under the purpose restriction for revenue recognition, instead of eligibility requirements. Yes, it could be both but in our opinion the purpose restrictions would outweigh the eligibility requirements. If the airport were to follow eligibility requirements it might be recognizing July AIP revenue in June.
Another Part of the Cares Act is for Higher Education was to support the costs for shifting to online classes and grants to students for food, housing, technology, and other purposes. Our understanding is that these types of grants to students have historically been recorded using the purpose restriction. The current response would potentially cause the higher education institutions to record the grants for food & housing – under purpose restrictions (everything except CARES) and eligibility (CARES) in one year.

We would like to voice our support for the adoption of this Technical Bulletin. We also want to thank GASB for providing timely guidance around the CARES Act and coronavirus diseases. Oregon Government Finance Officers Association Accounting Standards Review Committee representatives are available to discuss these comments with you.

We appreciate the opportunity to provide input on this proposed Technical Bulletin.

Sincerely,

Ron Harker
Oregon Government Finance Officer Association President