

Memorandum

Topic A: SFFAS 49 TR

January 26, 2026

To: Members of the Committee

From: Domenic N. Savini, Assistant Director

Thru: Monica R. Valentine, ASIC Chair and FASAB Executive Director

Subject: **Implementation Guidance for Public-Private Partnerships – Technical Release Finalization and Analysis of Comment Letters/Staff Recommendations**

INTRODUCTION

The briefing material includes staff's analysis of comment letters received on the Accounting Standards Implementation Committee's (ASIC) proposed SFFAS 49 Technical Release (TR) titled, *Public-Private Partnerships; Disclosure Requirements*, Public-Private Partnerships (P3) implementation guidance. Staff's analysis is provided to assist members in reviewing the comment letters and corresponding staff recommendations and should not be considered a replacement for reading the letters in full.

At the December 2025 FASAB meeting, the Board reviewed the revised TR (refer to Attachments C and D) providing implementation guidance for SFFAS 49 and agreed it will help agencies apply the standard more consistently. The Board also affirmed that consolidated entities are not exempt from SFFAS 49 reporting, noting that consolidation does not remove the underlying risk sharing relationship or the need for transparency (refer to Appendix A for related comments). With no objections, the Board approved forwarding the guidance to the ASIC for timely finalization.

Staff notes that the remaining concerns (1) where applicable, have been addressed as proposed changes to the Exposure Draft (refer to edits at Attachment C); or (2) in collaboration with ASIC, be primarily addressed through training and outreach and further study while implementing Phase 2 of the P3 project, measurement and recognition.

REQUEST FOR FEEDBACK BY February 2.

Prior to the February meeting, please review all comment letters (Attachment B), along with the staff analysis and recommendations (Attachment A). If possible, respond to the ensuing question with your preliminary feedback by February 2.

QUESTIONS FOR THE COMMITTEE

Question for the Committee #1:

Do members approve the Pre-Ballot Technical Release, *Implementation Guidance for Public-Private Partnerships* for Ballot (refer to Attachments C and D)? If not, please explain your rationale.

Once approved for Ballot, staff will prepare the final Ballot version and request Ballots via email. Per ASIC Operating Procedures, at least a two-thirds majority of ASIC members is required to Ballot/approve a TR. For all other matters, including a Pre-Ballot, a simple majority is required.

Staff Recommends approval to move to a Ballot given that respondent concerns as well as Board edits have been incorporated into the Pre-Ballot version and that the Board looks forward to the TR's timely release.

Question for the Committee #2:

Do members agree that Training and Outreach should be used to help identify and study additional areas for potential ASIC consideration? What other venues would ASIC advise staff consider? If not, please explain your rationale.

The methods used to develop the SFFAS 49 implementation guidance contained in this TR was based on broad agency outreach, government wide training, and targeted engagement with preparers, auditors and subject matter experts. This proved highly effective because they produced a clear, evidence-based picture of implementation challenges across the federal landscape. Staff's outreach included 13 government wide training sessions reaching 957 participants across 28 agencies, supplemented by direct interviews with major departments, task force deliberations, and input from inspectors general and auditors and coordination with the CFO Council. This combination of large-scale training and focused practitioner engagement surfaced consistent themes, validated the prioritization of the fifteen implementation challenges, and ensured that proposed solutions reflected real

operational conditions. The success and breadth of this effort demonstrate that the same model should be used again for future P3 guidance requiring both technical clarity and practical feasibility.

Staff Recommends approval to adopt a Training and Outreach program to help identify and study additional areas for potential ASIC consideration.

NEXT STEPS

Pending Committee Member feedback and discussion, staff intends to Ballot the attached Pre-Ballot Draft TR immediately after the February meeting and pending ASIC review, distribute ballots, ballot the TR, and submit the final TR to the Board. Please recall that TR's are issued if a majority of the Board does not object.

Memorandum
Topic A: SFFAS 49 TR
January 26, 2026

ATTACHMENTS

- A. Staff Analysis and Recommendations**
- B. Respondent Comment Letters**
- C. Pre-Ballot Technical Release, *Implementation Guidance for Public-Private Partnerships* - **Marked Version****
- D. Pre-Ballot Technical Release, *Implementation Guidance for Public-Private Partnerships* - **Clean Version****
- E. December 2025 FASAB P3 Meeting Materials**

APPENDIX – Level A GAAP Matter - Consolidation Accounting: Board Adjudicated Matter.

Staff Analysis

Topic A: SFFAS 49 TR

Attachment A

January 26, 2026

CONTEXT

Background - Exposure Draft Comment Letters

On May 16, 2025, the ASIC released an exposure draft of the proposed TR titled - *Implementation Guidance for Public-Private Partnerships* with public comments due June 30, 2025. The ASIC received 21 responses from the following sources:

	FEDERAL	NON-FEDERAL	TOTAL
Associations	0	3	3
Auditors/Accounting Firms	0	1	1
Preparers and financial managers	14	0	14
Individuals	0	3	3
Others	0	0	0
Total	14	7	21

Members are asked to read the comment letters prior to reviewing the staff analysis. Comment letters are posted at <https://fasab.gov/implementation-guidance-for-public-private-partnerships/>. Respondents are identified in the order their letters were received.

Research

Staff reviewed the comment letters and followed up with several of the comment letter respondents to further understand their specific comments to the exposure draft. Staff will address the most significant items raised by respondents in its detailed analysis that begins below.

SUMMARY ANALYSIS AND RECOMMENDATIONS

Summary Analysis

Most respondents (~90.0%; 17 of 19) expressed strong support for the proposed Technical Release (TR). Several respondents provided valuable suggestions to improve the guidance and to the extent appropriate, suggestions have been included in the revised TR and are discussed more fully beginning on the next page.

Respondent Concerns

Staff identified and singled out one key respondent concern and grouped several others separately. The key concern, summarized in Appendix A involved a Level A GAAP matter (consolidation accounting) which was adjudicated and decided by the Board at the December 2025 meeting. Staff notes that the remaining concerns (1) where applicable, have been addressed as proposed changes to the Exposure Draft (refer to edits at Attachment C); or (2) in collaboration with ASIC, suggested to be primarily addressed through training and outreach and further study while implementing Phase 2 of the P3 project, measurement and recognition.

SUMMARY OF RECOMMENDATIONS

Remaining Respondent Concerns

In discussing these remaining concerns, the Board agreed that additional examples and emerging questions should be addressed through training and outreach rather than expanding the subject Technical Release. This approach ensures agencies receive timely practical support while keeping the guidance focused and aligned with the existing standard and related implementation challenges.

The other generalized areas of concerns or suggestions for improvement shared by some respondents include (ranked by frequency of concerns/suggestions):

1. Requests for **illustrative examples** or matrices to guide risk assessment (Respondents 3, 4, 6, 14, 15, 16, and 18),
2. Concerns about **overlapping or conflicting requirements**, especially for Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs) (Respondents 1, 4, 11, and 21),
3. Ambiguity in **applying professional judgment** may lead to inconsistent disclosures (Respondents 4, 12, 14, and 18),
4. Calls for **clearer treatment of risk mitigations** such as termination clauses, guarantees (Respondent 14) and
5. **Sundry measurement and recognition issues**, e.g., leases measurement guidance, In-Kind contributions (Respondent 20).

Based on the respondent feedback (including follow-up meetings), staff's analysis, and where applicable, respondent working group suggestions and/or P3 task force input, **staff recommends the following:**

- **Above Listed Items 2-4: Updates to the proposed TR as marked and included as Attachment C**
- **Above Listed Items 1-4: Conduct Training & Outreach Using Case Studies consistent with the Board's prior decision and direction**
- **Above Listed Item 5: Initiate Phase 2 measurement and recognition.**

DETAILED ANALYSIS AND RECOMMENDATIONS

Analysis of Responses to Question for Respondents #1

Question for Respondents #1:

1. Do you generally support the proposed additional guidance, including the proposed general principles contained in this TR? Please also explain any alternatives or additional implementation challenges that you suggest the Committee address and the reasons for your position. Refer to paragraphs 1-9 that discuss this TR's proposed purpose and scope and paragraphs A10-A12 in the basis for conclusions.

Seventeen (~90.0%) of the 19-responding¹ expressed strong support for the proposed Technical Release (TR). Respondents 18 and 19 disagreed.

Among the 17 respondents, they appreciated the:

- Clarification of disclosure requirements under SFFAS 49
- Integration with related standards (SFFAS 47 and SFFAS 54)
- Coordinated disclosures across standards
- Use of the Appendix B Flowchart and the Q&A format to improve usability
- Emphasis on transparency, risk assessment, and non-duplicative reporting.

The two respondents who disagreed noted the following:

SFFAS 49 Conformity and Embedded Leases

Respondent 18 noted that (1) paragraphs 1a., and 11 - 13 which state that entities would be expected to complete an evaluation of the structure of the P3 and the composition of their reward and risk is not only burdensome, but does not conform to SFFAS 49 that emphasizes an entity's "understanding" of said P3 structure and risk/reward composition and (2) references to embedded leases in paragraph 1b. should be deleted due to the TR's lack of "embedded lease" definition, limited reference of this term in the TR, and potential for confusion.

Greater Ownership Transparency

Respondent 19 noted that greater transparency regarding P3 ownership interests are needed by citizens to fully evaluate risk-sharing because governments are not only in a relationship

¹ Two respondents were marked non-applicable because they: (1) noted that their agency did not have P3s (Resp. 10) and (2) issued a negative response (Resp. 3).

with the named P3, but with each P3 individual partner behind the P3.

Follow-up Meetings and Staff Recommendation #1

Staff worked primarily with Respondents 18 and 19 to address their concerns and revised the proposed guidance to reflect:

1. Conformity with SFFAS 49 paragraph 3, via editing paragraphs 1a., and 11 – 13 by changing “would be expected to evaluate” to “should have an understanding of”.
2. Eliminating the term “embedded leases” at paragraph 1b. given that it is not an adopted term in any of the Questions and Answers contained in the TR.
3. No change regarding Respondent 19’s concerns about greater transparency over ownership interests and related P3 risks primarily due to (1) such a requirement would need to be discussed and deliberated as a Level A GAAP amendment, (2) probable procurement and legal implications or restrictions, and (3) potential for said information being deemed out of scope for general purpose financial reporting.

Analysis of Responses to Question for Respondents #2

Question for Respondents #2:

2. Do you generally support the proposed guidance related to applying the risk-based characteristics in SFFAS 49? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 10-13, the proposed questions and answers, and paragraph A10 in the basis for conclusions.

Sixteen (~84%) of the 19-responding² expressed support for the proposed TR guidance related to applying the risk-based characteristics. Respondents 7, 18 and 19 disagreed noting:

SFFAS 49 Conformity

Respondent 7 noted paragraphs 12 and 13 of the ED discuss inherent risks that could give rise to conclusive and/or suggestive risk characteristics requiring disclosures and that entities are expected to evaluate such inherent risks when ascertaining contractual risks of loss. However, it is not clear how the guidance in these paragraphs is consistent with the requirements in paragraphs 15-19 of SFFAS 49.

Requests for Illustrative Examples

Respondent 18 stated that the ambiguity in some of the risk-based characteristics leads to concerns about the use of professional judgement as the determinate for disclosure. It would be helpful to have specific examples for the Value for Money (VfM)³ analysis.

Greater Ownership Transparency

Respondent 19 noted that greater transparency regarding P3 ownership interests are needed by citizens to fully evaluate risk-sharing because governments are not only in a relationship with the named P3, but with each P3 individual partner behind the P3.

² Two respondents were marked non-applicable because they: (1) noted that their agency did not have P3s (Resp. 10) and (2) issued a negative response (Resp. 3).

³ VfM is a much broader concept than typical cost-benefit analysis because it emphasizes "value" in more of a qualitative than quantitative manner. Quantitatively, some VfM models use a project's Internal Rate of Return (IRR) to help determine project acceptability. The VfM concept has drawn criticisms not only because of its subjectivity and lack of rigor in application, but because in some cases (1) cash flows can be easily managed to meet desired expectations and (2) VfM results are used as ex-post facto justifications for qualitatively made project and/or award decisions. It is important to note that the same criticisms can be made of the more traditional cost-benefit analyses used in management decision making.

Follow-up Meetings and Staff Recommendation #2

Staff worked with Respondents 7, 18 and 19 to address their concerns and revised the proposed guidance to reflect:

1. Eliminating the term “inherent” in connection to risks at paragraphs 12, 13 and 34 to (1) avoid complexity or confusion given that this term is not defined and (2) avoid implying a greater degree of consideration than what is generally intended by SFFAS 49.
2. Concurrence from respondent 18 that the P3 case studies offered through FASAB’s Training and Outreach would be welcomed by the community to address issues related to risk and materiality in connection with the exercise of professional judgement.
3. No change regarding Respondent 19’s concerns about greater transparency over ownership interests and related P3 risks primarily due to (1) such a requirement would need to be discussed and deliberated as a Level A GAAP amendment, (2) probable procurement and legal implications or restrictions, and (3) potential for said information being deemed out of scope for general purpose financial reporting.

Analysis of Responses to Question for Respondents #3:

Question for Respondents #3:

3. Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 47, Reporting Entity? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 14-20, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

Sixteen (~89%) of the 18-responding⁴ expressed support for the proposed TR guidance related to interrelationship between SFFAS 49 and SFFAS 47. Respondents 4 and 11 disagreed noting:

Consolidation Accounting

Respondent 4 noted that paragraphs 17 and 18 should be removed given that consolidated P3s are not an SFFAS 49 paragraph 15 exclusion. They further state that since the intent of SFFAS 49 is to require disclosure of all (required) arrangements containing a risk of loss to the public entity, this may in fact also include consolidated entities. (Refer to Appendix A for related details).

REFER TO APPENDIX A FOR RELATED COMMENTS

Coordinating Disclosures

Respondent 11 noted that paragraph 20 can be misleading in that P3 arrangements can be disclosed in either SFFAS 49 or SFFAS 47. They believe that the P3 arrangements should be disclosed under SFFAS 49 and cross referenced in SFFAS 47, rather than the other way around as described in paragraph 20.

Follow-up Meetings and Staff Recommendation #3

1. Respondent 11 - Staff recommends no change regarding Respondent 11's concerns about paragraph 20. Staff appreciates that "one-way" traffic is often used to more efficiently direct flow, however, certain SFFAS 49 P3 arrangements/transactions may not necessitate a dedicated note disclosure. For example, staff has observed SFFAS

⁴ Three respondents were marked non-applicable because: (1) they noted that their agency did not have P3s (Resp. 10), (2) they issued a negative response (Resp. 3), and (3) the answer was not clearly evident in their reply (Resp 19).

49 disclosure requirements being substantially met via the use of Note 1, Statement of Summary of Significant Accounting Policies, where Note 1 acts as a “Traffic Cop” directing traffic to related notes containing P3 required information. In this way, preparer flexibility is achieved while maintaining the integrity of SFFAS 49’s disclosure requirements.

Analysis of Responses to Question for Respondents #4:

Question for Respondents #4:

4. Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54, Leases? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 21-31, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

Sixteen (~89%) of the 18-responding⁵ expressed support for the proposed TR guidance related to interrelationship between SFFAS 49 and SFFAS 54. Respondents 4 and 11 disagreed noting:

Clarify Eligible SFFAS 49 Leases and ESPCs / UESCs

Respondent 4 raised 3 points: (1) clarify at paragraph 21 and Appendix B that all lease arrangements are not included due to the SFFAS 49, paragraph 15b exclusion.⁶ They believe the TR should clarify that not all leases are subject to SFFAS 49, (2) paragraphs 24 to 29 should be combined into one question and answer, indicating that disclosures related to arrangements that are identified as leases under SFFAS 54 and meet the definition of a P3 should be coordinated, and (3) concerning ESPCs/UESCs, conditions of each arrangement should be considered to determine whether the arrangement is within the scope of SFFAS 49 to avoid arrangements being disclosed as P3s that do not meet the requirements of the standard.

ESPCs / UESCs

Respondent 11 noted that paragraphs 30 and 31 regarding ESPCs/UESCs require additional clarification. Per their evaluation of ESPCs, they did not designate them as meeting the SFFAS 49 requirements. The respondent proposed that the answer to the question at paragraph 30 should be "Depends" as it requires further review of meeting either the conclusive or suggestive risk-based characteristics of a P3. Alternatively, FASAB could provide conclusive and suggestive characteristics of the ESPCs agencies analyzed which led to the determination that they should be disclosed under SFFAS 49.

⁵ Three respondents were marked non-applicable because:(1) they noted that their agency did not have P3s (Resp. 10), (2) they issued a negative response (Resp. 3), and (3) the answer was not clearly evident in their reply (Resp 19).

⁶ SFFAS 49, paragraph 15b excludes leases that meet two conditions, "*Leases that are not bundled and are entered into using General Services Administration (GSA)-delegated authority.*" This exclusion was added to exclude "plain-vanilla" leases (not bundled) entered into using GSA "permissions" or authority.

Follow-up Meetings and Staff Recommendation #4

Staff (1) assembled a working group of respondents to address the respondent comments discussed above and (2) conferred with the P3 Task Force Leases Team. The results of staff's follow-up meetings reveal:

1. Respondent 11 agreed to revisit their comment regarding ESPCs/UESCs upon hearing from the P3 Leases Team that by their very nature, they almost always trigger Conclusive characteristic #1 and quite often Conclusive characteristic #3.⁷
2. Respondent 4 raised 3 points which are addressed as follows:

1. *Clarify at paragraph 21 and Appendix B that all lease arrangements are not included due to the SFFAS 49, paragraph 15b exclusion.*

Staff recommends no change regarding this concern about paragraph 21 since it uses conditional language. For example, staff notes that paragraph 21 states that *A P3 arrangement or transaction may incorporate a lease as defined by SFFAS 54. For example, “A P3 arrangement or transaction may incorporate a lease between the reporting entity and a P3 partner. As a result, this TR proposes disclosure guidance for such P3 arrangements/transactions.*” (underscoring added for emphasis).

2. *Paragraphs 24 to 29 should be combined into one question and answer.*

Staff recommends no change regarding this concern about collapsing paragraphs 24-29 simply due to maintaining simplicity and clarity.

Collapsing these paragraphs into one Q&A would conflate three issues: coordination of disclosures, how leases are differentiated from other types of contracts or arrangements, and distinguishing a reportable P3 from of contract or arrangement not subject to SFFAS 49.

3. *Concerning ESPCs/UESCs, conditions of each arrangement should be considered to determine whether the arrangement is within the scope of SFFAS 49.*

Staff recommends pursuant to the assembled working group’s agreement, that paragraph 31 delete the affirmative “Yes” to allow for the possibility that some ESCPC/UESCs may not trigger any of the risk-based characteristics.

⁷ SFFAS 49, paragraph 20 Conclusive characteristic #1 - The arrangement or transaction results in the conveyance or creation of a long-lived asset or long-term financing liability; Conclusive characteristic #3 - The arrangement or transaction covers a significant portion of the economic life of a project or asset.

Analysis of Responses to Question for Respondents #5:

Question for Respondents #5:

5. Do you generally support the proposed guidance that coordinates the disclosures when other standards covering long-standing arrangements/transactions also apply? Refer to paragraphs 32-36, the proposed questions and answers, paragraphs A11-A12 in the basis for conclusions, and appendix B.

All 19⁸ respondents expressed support for the proposed TR guidance related the proposed guidance regarding the coordination of disclosures.

Staff recommends no further changes to the TR guidance.

Analysis of Responses to Question for Respondents #6:

Question for Respondents #6:

6. Do you generally support including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements? If not, please explain any alternative solutions to the proposed material that you suggest the Committee address and the reasons for your position. Refer to appendix B.

All 18⁹ respondents expressed support for the proposed TR guidance related the proposed guidance regarding the coordination of disclosures.

Staff recommends no further changes to the TR guidance.

⁸ Two respondents were marked non-applicable because they: (1) noted that their agency did not have P3s (Resp. 10) and (2) issued a negative response (Resp. 3).

⁹ Three respondents were marked non-applicable because:(1) they noted that their agency did not have P3s (Resp. 10), (2) they issued a negative response (Resp. 3), and (3) the answer was not clearly evident in their reply (Resp 19).

Analysis of Responses to Question for Respondents #7:

Question for Respondents #7:

7. Do you have any comments or suggestions on other aspects of the proposed TR that are not addressed in the above questions? Please note that these proposals may be further modified before a final TR is issued. As such, it is important that you comment on aspects that you favor as well as any that you do not favor.

Eleven of the respondents provided various suggestions. Below, are those that staff believes are the most notable:

1. Coordinate P3 guidance with the Commitments project and address other Implementation Challenges.
2. Address disclosure duplication with OMB and Treasury reporting requirements.
3. Include examples of P3s and coordinating disclosures (please note that several respondents noted the need for additional examples).
4. Various measurement and recognition issues such as disparate measurement and recognition amounts for Leases and P3s, reporting requirements for pre-paid ESPCs, and In-Kind contributions.

Staff has begun contacting several of the respondents making the above suggestions. Staff will begin P3 case study training during the early part of calendar year 2026 and recommends (1) coordination with OMB and Treasury regarding P3 disclosures and (2) beginning Phase 2 addressing measurement and recognition.

ATTACHMENT B

Respondent Comment Letters

<https://fasab.gov/about-asic/asic-active-projects/p3s-implementation/>

*Exposure Draft Technical Release:
Implementation Guidance for SFFAS 49, Public-Private Partnerships*

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."

Accounting Firm	<input type="checkbox"/>
Federal Entity (user)	<input checked="" type="checkbox"/>
Federal Entity (preparer)	<input type="checkbox"/>
Federal Entity (auditor)	<input type="checkbox"/>
Federal Entity (other)	<input type="checkbox"/>
Association/Industry Organization	<input type="checkbox"/>
Nonprofit organization/Foundation	<input type="checkbox"/>
Other	<input type="checkbox"/>
Individual	<input checked="" type="checkbox"/>

If other, please specify: _____

If other, please specify: _____

Please provide your name.

Name: Yu-Ru Chen

Please identify your organization, if applicable.

Organization: Department of Veterans Affairs

Please email your responses to p3s@fasab.gov. If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.

This proposed Federal Financial Accounting Technical Release (TR) would assist reporting entities in implementing Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*.

QFR 1 Do you generally support the proposed additional guidance, including the proposed general principles contained in this TR? Please also explain any alternatives or additional implementation challenges that you suggest the Committee address and the reasons for your position. Refer to paragraphs 1-9 that discuss this TR's proposed purpose and scope and paragraphs A10-A12 in the basis for conclusions.

Yes

QFR 2 Do you generally support the proposed guidance related to applying the risk-based characteristics in SFFAS 49? Please also explain any alternative solutions to the

*Exposure Draft Technical Release:
Implementation Guidance for SFFAS 49, Public-Private Partnerships*

proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 10-13, the proposed questions and answers, and paragraph A10 in the basis for conclusions.

Yes

QFR 3 Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 47, *Reporting Entity*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 14-20, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

Yes

QFR 4 Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54, *Leases*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 21-31, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

Yes

*Exposure Draft Technical Release:
Implementation Guidance for SFFAS 49, Public-Private Partnerships*

QFR 5 Do you generally support the proposed guidance that coordinates the disclosures when other standards covering long-standing arrangements/transactions also apply? Refer to paragraphs 32-36, the proposed questions and answers, paragraphs A11-A12 in the basis for conclusions, and appendix B.

Yes

QFR 6 Do you generally support including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements? If not, please explain any alternative solutions to the proposed material that you suggest the Committee address and the reasons for your position. Refer to appendix B.

Yes

QFR 7 Do you have any comments or suggestions on other aspects of the proposed TR that are not addressed in the above questions? Please note that these proposals may be further modified before a final TR is issued. As such, it is important that you comment on aspects that you favor as well as any that you do not favor.

N/A

June 18, 2025

Dear FASAB Board Members:

Once again, my thanks to you for allowing me the privilege of serving on this vitally important P3 Task Force as a citizen representative. It's been an honor for me to work with Mr. Savini and all of the other highly professional members of the Task Force who over the past several years have toiled diligently and in good faith to produce this Exposure Draft entitled, *Implementation Guidance for Public-Private Partnerships*, —which **I firmly believe provides essential guidelines for government agencies to follow when engaging in P3 arrangements. Not to mention the potential it has to provide greater transparency and possibly help save taxpayers billions of dollars.**

Such guidance to agencies could not come at a better time given the recent national attention to our nation's annual national deficits and overarching debt, which to many, seem to be raging out of control.

My comments here, however, are not so much related specifically to the individual questions in the ED, but rather to its potential positive impact on the regulatory environment in which the guidelines it contains may ultimately be released.

The P3 Task Force continues to emphasize the need for enhanced transparency and accountability among both government agency auditors and accountants, as well as their prospective private sector partners. However, **current trends in the regulatory environment present significant challenges**. There appears to be a diminishing emphasis on oversight and accountability at the federal level, which raises concerns about the effective implementation of the P3 guidelines. **Without strong, proactive support from this board, there is a real risk that the substantial effort and resources invested in developing these standards may not achieve their intended impact.**

I have weighed in with my concerns before (see the letter dated Oct. 2, 2023, addressed to you, the Board, below). Given the current reductions in federal staffing, it's my understanding that FASAB may face pushback, and if risk-disclosures are adversely impacted, this would mean the loss of its most significant positive impact and undermine financial transparency.

As I've written to you before, once it is established that the Board's intention is to permit loopholes for private entities seeking to do business with the U.S. government, it will proliferate without restraint to the balance of the SFFAS 49 requirements and in essence fundamentally weaken—if not over time—totally eviscerate SFFAS 49, which the P3 task force and many of its original members have worked so long and hard to create.

Bottomline: You, as members of the FASAB Board, are our first—and perhaps last—line of defense when it comes to holding the line on what it means to enter into a well-defined, well-thought out and well-negotiated P3 arrangement. Nothing less than billions

of taxpayer dollars are at stake, as well as the credibility of government agencies to manage our taxpayer dollars wisely and responsibly.

Most taxpayers understand that their tax dollars are an investment in the services their government can provide. Like all investors they want to see a good return on investment (ROI). You can play a big role in making that happen.

I ask, therefore, that you take a strong stand in favor of this Exposure Draft. I thank you in advance for doing so.

Respectfully and Sincerely,
Larry Checco
U.S. Citizen and Taxpayer

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October 2, 2023

Dear Members of the Board,

As an SFFAS 49 Task Force member, I wish to thank you for the opportunity to serve as a citizen representative. Please accept the following comments on behalf of the many hard-working, tax-paying Americans—including yourselves—who may share my views as an “average citizen.” And please forgive the fact that these comments come to you a bit late as I wanted to first read the comment letters from the preparers and auditors prior to formulating my thoughts.

As a private citizen representing American taxpayers on the FASAB P3 task force, I do not believe taxpayers would—or should—favor anything that represents a “loophole” to private enterprises seeking to do business with the U. S. government in these extremely long-term P3 arrangements. As some respondents have recommended, this would include the Board’s either retaining or altering paragraph 24b, i.e. “exclusion of the amounts of non-federal partner funding in situations where such information was not available.”

Even if the Board were to adopt a higher-threshold, as some respondents have noted, once it is established that it is the Board’s intention to not only permit, but continue such a loophole, it will proliferate without restraint to the balance of the SFFAS 49 requirements and in essence fundamentally weaken—if not over time—totally eviscerate standard 49, which the P3 task force and many of its original members have worked so long and hard to help create.

As a noun the word standard is defined as “a required or agreed level of quality or attainment.” As an adjective it means “used or accepted as normal or average.” In support of eliminating the

loophole, I was relieved to see that some government agencies are more willing to enforce the SFFAS 49 standards as written and intended for full disclosure than others. I believe that these agencies who hold themselves to a higher bar represent the best in government as opposed to those who search out ways to avoid transparency in financial reporting.

As we are all aware, come tax time, if we cannot, or do not, provide appropriate documentation related to our taxes to the IRS, regardless of whatever “reasonable” efforts we may—or may not—employ to produce such documents, the IRS does not absolve us from paying our taxes. For the sake of transparency and accountability, therefore, private entities and their sponsoring agencies seeking to partner over the long-term should be held to the same standard of compliance. With all due respect, they must be required to comply with the reporting of risk that the taxpayers may have to absorb if things don’t turn out as intended—just as we taxpayers must comply with IRS standards.

P3 contracts are proliferating at a rapid pace within the federal government, and the individual stakes are high. Billions of taxpayer dollars are at risk. At the very least, we—all of us—deserve transparency and accountability.

Thank you for seriously considering my comments on behalf of all taxpayers, and I sincerely hope that you will amend paragraph 24b’s exclusion clause as reflected in the Exposure Draft.

Sincerely,  
Larry Checco  
U.S. Citizen and Taxpayer

**From:** [Sarahan, Charles](#)  
**To:** [Public-Private Partnerships \(P3\)](#)  
**Cc:** [Beard, Robert](#); [Sasser, Brandon](#); [vetterbz@gmail.com](mailto:vetterbz@gmail.com)  
**Subject:** DHS Response to FASAB Technical Release on Public Private Partnerships 06.20.25  
**Date:** Friday, June 20, 2025 11:34:46 AM  
**Attachments:** [image001.png](#)

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Dear Sirs,

FASAB has requested a response its draft technical release titled *Implementation Guidance for SFFAS 49, Public-Private Partnerships*. DHS has no comments and issues a negative response. If you have questions, please contact Charles "Chuck" Sarahan whose contact information is below. Thank you.

Respectfully,

Charles A. Sarahan II

Charles A. Sarahan II, CPA, CGFM

Staff Accountant | Department of Homeland Security | CFO, Financial Management – Policy Branch

Normal Work Hours: EST 0900-1730 (5:30 PM) M-F

**My Goal:** *To provide world class financial advisory services at the lowest possible cost consistent with quality.*

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Organization: Ernst & Young LLP

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This proposed Federal Financial Accounting Technical Release (TR) would assist reporting entities in implementing Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*.

**QFR 1** Do you generally support the proposed additional guidance, including the proposed general principles contained in this TR? Please also explain any alternatives or additional implementation challenges that you suggest the Committee address and the reasons for your position. Refer to paragraphs 1-9 that discuss this TR's proposed purpose and scope, and paragraphs A10-A12 in the basis for conclusions.

We generally agree the proposed additional guidance aligns with SFFAS 49 and would provide some clarification to the standard's principles.

We believe the word “components” in paragraph 8 could be confusing and suggest replacing it with “risk-sharing arrangements.”

**QFR 2** Do you generally support the proposed guidance related to applying the risk-based characteristics in SFFAS 49? Please also explain any alternative solutions to the

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proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 10-13, the proposed questions and answers, and paragraph A10 in the basis for conclusions.

We believe identifying risks can be subjective, as it requires careful consideration of the terms and conditions of each arrangement, and thus may be challenging for entities. We believe the response in paragraph 12 should focus on the requirement to review all terms and conditions of the arrangement to identify potential risks, as outlined in paragraphs 20 and 21 of SFFAS 49.

We also suggest emphasizing that, to determine whether an entity has a risk of loss (as a criterion to determine whether an arrangement is a public-private partnership (P3) requiring disclosure under paragraph 17 of SFFAS 49), it needs to consider the conclusive and suggestive risk characteristics in SFFAS 49, paragraphs 20 and 21.

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**QFR 3** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 47, *Reporting Entity*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 14-20, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

We believe paragraphs 17 and 18 should be removed. The exclusions listed in paragraph 15 of SFFAS 49 do not include consolidation entities.

We believe the intent of SFFAS 49 is to require disclosure of all arrangements with expected lives greater than five years between a financial reporting entity and any private entity that result in a risk of loss to the public entity in accordance with SFFAS 49. This may include the arrangement that created the consolidation entity itself, as well as all arrangements that the consolidation entity may have that meet the criteria for P3 disclosure. In addition, the flowchart in Appendix B should be adjusted to include consolidation entities.

We are supportive of the question and answer in paragraphs 19 and 20.

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**QFR 4** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54, *Leases*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 21-31, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

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We believe clarification is needed in paragraphs 21 to 31, proposed questions and answers, paragraphs A10 to A14 in the Basis for Conclusions and Appendix B to identify what types of leases are included in the scope of the P3 guidance. SFFAS 49, paragraph 15b, states that “leases that are not bundled and are entered into using General Services Administration (GSA)-delegated authority” are not subject to SFFAS 49, while paragraph 21 and Appendix B imply that all lease arrangements are included. We believe the TR should clarify that not all leases are subject to SFFAS 49.

We believe paragraphs 24 to 29 should be combined into one question and answer, indicating that disclosures related to arrangements that are identified as leases under SFFAS 54 and meet the definition of a P3 should be coordinated. This simplification should align with the language used in paragraphs 19 and 20.

Paragraphs 30 to 31 state that all energy savings performance contracts and utility energy service contracts require disclosure under SFFAS 49, which does not explicitly indicate that these types of arrangements are always P3s. We believe the specific terms and conditions of each arrangement should be considered to determine whether the arrangement is within the scope of SFFAS 49. Additionally, we believe this question and answer, as written, may result in arrangements being disclosed as P3s that do not meet the requirements of the standard.

**QFR 5** Do you generally support the proposed guidance that coordinates the disclosures when other standards covering long-standing arrangements/transactions also apply? Refer to paragraphs 32-36, the proposed questions and answers, paragraphs A11-A12 in the basis for conclusions, and appendix B.

We generally support the proposed guidance in this section.

**QFR 6** Do you generally support including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements? If not, please explain any alternative solutions to the proposed material that you suggest the Committee address and the reasons for your position. Refer to appendix B.

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We believe the flowchart could be simplified to show (1) an initial decision regarding if the arrangement is a P3, (2) identification of additional applicable guidance (SFFAS 47, SFFAS 54 or other applicable guidance) and (3) whether disclosures should be coordinated or only P3 disclosures are required. We also believe the column on presentation should be removed.

Additionally, we believe that Step 1 of the Flowchart Steps section should say “Identify arrangements or transactions that are P3s.”

**QFR 7** Do you have any comments or suggestions on other aspects of the proposed TR that are not addressed in the above questions? Please note that these proposals may be further modified before a final TR is issued. As such, it is important that you comment on aspects that you favor as well as any that you do not favor.

The TR is focused on the consistency and coordination of disclosures. However, the introduction and the Basis for Conclusions also mention other implementation challenges that are not addressed in this TR. The commitments project may provide insights into clarifying criteria to identify transactions that require accounting and disclosure, overlapping with concepts in SFFAS 49. Any additional P3 guidance should be closely coordinated with proposed guidance from the commitments project.

Additionally, we believe that most of paragraph A15 should be removed, as materiality is discussed in SFFAS 49 but not elsewhere in the TR. We believe the concepts in A15 regarding the design and purpose of the risk-based characteristics, as well as the emphasis on a thorough analysis of the contractual agreements and related terms and conditions, should be included in paragraph 12.

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If other, please specify: \_\_\_\_\_

**Please provide your name.**

Name: **Christian Hellie, Deputy Chief Financial Officer**

**Please identify your organization, if applicable.**

Organization: **Social Security Administration**

*Please email your responses to [p3s@fasab.gov](mailto:p3s@fasab.gov). If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.*

This proposed Federal Financial Accounting Technical Release (TR) would assist reporting entities in implementing Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*.

**QFR 1** Do you generally support the proposed additional guidance, including the proposed general principles contained in this TR? Please also explain any alternatives or additional implementation challenges that you suggest the Committee address and the reasons for your position. Refer to paragraphs 1-9 that discuss this TR's proposed purpose and scope and paragraphs A10-A12 in the basis for conclusions.

**SSA Response:** **We generally support the proposed additional guidance in the TR. While we do not have any activity that falls under the requirements of SFFAS 49, we feel the TR will provide users with additional guidance on the P3 reporting requirements and the requirements of other standards.**

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**QFR 2** Do you generally support the proposed guidance related to applying the risk-based characteristics in SFFAS 49? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 10-13, the proposed questions and answers, and paragraph A10 in the basis for conclusions.

**SSA Response:** We generally support the proposed guidance related to applying the risk-based characteristics in SFFAS 49, as it provides additional information on risk assessment and types of risks to consider when applying the standard.

**QFR 3** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 47, *Reporting Entity*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 14-20, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

**SSA Response:** We generally support the proposed guidance clarifying the interrelationship between SFFAS 49 and SFFAS 47, as it provides additional information for users to determine the disclosure requirements of both standards.

**QFR 4** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54, *Leases*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 21-31, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

**SSA Response:** We generally support the proposed guidance clarifying the interrelationship between SFFAS 49 and SFFAS 54, as it provides additional information for users to determine the disclosure requirements of both standards.

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**QFR 5** Do you generally support the proposed guidance that coordinates the disclosures when other standards covering long-standing arrangements/transactions also apply? Refer to paragraphs 32-36, the proposed questions and answers, paragraphs A11-A12 in the basis for conclusions, and appendix B.

**SSA Response:** We generally support the proposed guidance that coordinates disclosures between standards as it provides additional information on the disclosure requirements of SFFAS 49 and their impact on the disclosure requirements of other standards.

**QFR 6** Do you generally support including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements? If not, please explain any alternative solutions to the proposed material that you suggest the Committee address and the reasons for your position. Refer to appendix B.

**SSA Response:** We generally support the proposed flow chart included as it provides a quick reference for users to determine disclosure requirements of the related standards.

**QFR 7** Do you have any comments or suggestions on other aspects of the proposed TR that are not addressed in the above questions? Please note that these proposals may be further modified before a final TR is issued. As such, it is important that you comment on aspects that you favor as well as any that you do not favor.

**SSA Response:** We do not have any additional comments or suggestions.



Branco M Garcia | CPA, CISA, CKM  
Senior Auditor | Financial and IT Audit  
Operations Commodity Futures Trading  
Commission

June 26, 2025

Ms. Monica R. Valentine  
Executive Director  
Federal Accounting Standards Advisory Board  
441 G Street, NW,  
Washington, DC 20548

Subject: Comments on Exposure Draft – Implementation Guidance for SFFAS 49: Public-Private Partnerships

Dear Ms. Valentine:

Thank you for the opportunity to comment on the Exposure Draft of Implementation Guidance for Statement of Federal Financial Accounting Standards (SFFAS) 49: Public-Private Partnerships (P3s) issued on May 16, 2025. I commend the Federal Accounting Standards Advisory Board (FASAB) for its continued efforts to clarify complex reporting requirements and support consistent implementation across federal entities.

Below, I provide comments in agreement with many aspects of the draft, as well as several areas where clarification or enhancement would further strengthen its effectiveness.

#### **Areas of Support**

##### **1. Clear Disclosure Principles**

The Implementation Guidance appropriately reinforces SFFAS 49's intent to focus on risk-based disclosures that are concise, transparent, and non-duplicative. The clarification of risk characteristics and illustrative scenarios will aid preparers in distinguishing P3s from other long-term arrangements.

##### **2. Emphasis on Usability and Efficiency**

The question-and-answer format, logical flow of guidance, and streamlined updates reflect a commendable focus on preparer usability. These elements will facilitate more consistent application without imposing unnecessary burden on reporting entities.

### 3. Alignment with Related Standards

The guidance appropriately recognizes interactions with other standards, particularly SFFAS 54 on leases and SFFAS 47 on the reporting entity. This alignment will help reduce conflicting interpretations and promote unified accounting treatment across related arrangements.

### 4. Analogical Framework

I support the Board's intent for this guidance to serve as a model for interpreting similar arrangements beyond P3s. This forward-looking approach sets a useful precedent for future technical releases and supports harmonization across the federal financial reporting environment.

## **Areas for Clarification or Enhancement**

### 1. Scope of Applicability and Analogy

While the intent to extend guidance to analogous arrangements is valuable, I recommend greater clarity regarding the limits of such analogies. Additional explanation on how and when to apply P3 principles to sale-leasebacks, enhanced-use leases, or federal loan guarantees would improve consistency.

### 2. Risk Characterization

The ED references risk-based indicators but does not include specific benchmarks or illustrative thresholds. Including sample risk assessment matrices or disclosure decision trees would enhance consistency and reduce judgment variability across entities.

### 3. Coordination with SFFAS 54 (Leases)

Potential overlaps between lease accounting under SFFAS 54 and long-term P3s may create reporting confusion. Clearer decision criteria or a bifurcation framework would help agencies determine whether to apply lease guidance or P3 principles to hybrid arrangements.

### 4. Disclosure Duplication with OMB/Treasury Requirements

While the ED aims to prevent duplicative disclosures, preparers may still encounter overlapping reporting obligations (e.g., OMB Circular A-136, Treasury GTAS reporting). Consider providing integrated disclosure examples or cross-references to promote efficient, coordinated reporting.

##### 5. Effective Date and Transition Guidance

The exposure draft would benefit from specifying whether the guidance is effective for FY 2025 reporting or subsequent periods. If immediate adoption is expected, transitional guidance or optional deferral should be considered to ensure smooth implementation.

#### **Conclusion**

In summary, I strongly support the FASAB's commitment to enhancing transparency and usability through this Implementation Guidance. With targeted refinements to scope clarity, risk interpretation, and coordination with existing requirements, the final guidance will be an important tool for federal financial reporting entities.

Thank you for your consideration of these comments. I would welcome the opportunity to further discuss or clarify any feedback provided.

Sincerely,

Branco Garcia  
Senior Auditor  
CFTC OIG



June 27, 2025

Ms. Monica R. Valentine  
Executive Director  
Federal Accounting Standards Advisory Board  
441 G Street, NW, Suite 1155  
Washington, DC 20548

Dear Ms. Valentine:

The Greater Washington Society of Certified Public Accountants (GWSCPA) Federal Issues and Standards Committee (FISC) appreciates the opportunity to provide comments on the Federal Accounting Standards Advisory Board (FASAB or Board) Accounting Standards Implementation Committee (ASIC or Committee) Exposure Draft (ED) of the proposed Federal Financial Accounting Technical Release (TR), *Implementation Guidance for SFFAS 49, Public-Private Partnerships*.

The GWSCPA consists of approximately 3,300 members, and the FISC includes nearly 20 GWSCPA members who are active in financial management, accounting, and auditing in the Federal sector. We sincerely appreciate the opportunity by the Board to share our views.

Our responses to the ED questions are listed below.

Q1. Do you generally support the proposed additional guidance, including the proposed general principles contained in this TR? Please also explain any alternatives or additional implementation challenges that you suggest the Committee address and the reasons for your position. Refer to paragraphs 1-9 that discuss this TR's proposed purpose and scope and paragraphs A10-A12 in the basis for conclusions.

A1. The FISC generally supports the proposed additional guidance for the reasons stated in the ED.

Q2. Do you generally support the proposed guidance related to applying the risk-based characteristics in Statement of Federal Financial Accounting Standards (SFFAS) 49, Public-Private Partnerships: Disclosure Requirements? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 10-13, the proposed questions and answers, and paragraph A10 in the basis for conclusions.

A2. Paragraphs 12 and 13 of the ED discuss inherent risks that could give rise to conclusive and/or suggestive risk characteristics requiring disclosures and note that entities are expected to evaluate such inherent risks when ascertaining contractual risks of loss. However, it is not clear how the guidance in these paragraphs is consistent with the requirements in paragraphs 15-19 of SFFAS 49. The FISC recommends that the ASIC clarifies which requirements in paragraphs 15-19 of SFFAS 49 establish the expectation that entities perform this analysis.

Q3. Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 47, Reporting Entity? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 14-20, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

A3. The FISC generally supports the proposed guidance on the interrelationship between SFFAS 49 and SFFAS 47 for the reasons stated in the ED. The FISC recommends that the Committee consider including examples of arrangements or transactions that would meet the disclosure requirements of both SFFAS 49 and SFFAS 47 in the final implementation guide.

Q4. Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54, Leases? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 21-31, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

A4. The FISC generally supports the proposed guidance on the interrelationship between SFFAS 49 and SFFAS 54 for the reasons stated in the ED.

Q5. Do you generally support the proposed guidance that coordinates the disclosures when other standards covering long-standing arrangements/transactions also apply? Refer to paragraphs 32-36, the proposed questions and answers, paragraphs A11-A12 in the basis for conclusions, and appendix B.

A5. The FISC generally supports the proposed guidance related to disclosures when other standards covering long-standing arrangements/transactions also apply for the reasons stated in the ED.

Q6. Do you generally support including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements? If not, please explain any alternative solutions to the proposed material that you suggest the Committee address and the reasons for your position. Refer to appendix B.

A6. The FISC generally supports including the proposed process flowchart and summary of disclosure requirements for the reasons stated in the ED.

Q7. Do you have any comments or suggestions on other aspects of the proposed TR that are not addressed in the above questions? Please note that these proposals may be further modified before a final TR is issued. As such, it is important that you comment on aspects that you favor as well as any that you do not favor.

A7. The FISC suggests the Committee consider including illustrative examples of how entities may coordinate interrelated disclosures over a number of scenarios with varying materiality and risk considerations.

\*\*\*\*\*

This comment letter was reviewed by the members of FISC and represents the consensus views of our members.

Very truly yours,



Sherif R. Ettefa  
FISC Chair

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**Please provide your name.**

Name: Shawn Mickey

**Please identify your organization, if applicable.**

Organization: Department of the Treasury

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This proposed Federal Financial Accounting Technical Release (TR) would assist reporting entities in implementing Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*.

**QFR 1** Do you generally support the proposed additional guidance, including the proposed general principles contained in this TR? Please also explain any alternatives or additional implementation challenges that you suggest the Committee address and the reasons for your position. Refer to paragraphs 1-9 that discuss this TR's proposed purpose and scope and paragraphs A10-A12 in the basis for conclusions.

Treasury supports the proposed additional guidance and general principles contained in this technical release. We do not have alternatives or challenges that need to be addressed at this time.

**QFR 2** Do you generally support the proposed guidance related to applying the risk-based characteristics in SFFAS 49? Please also explain any alternative solutions to the

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proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 10-13, the proposed questions and answers, and paragraph A10 in the basis for conclusions.

Treasury supports the proposed guidance as it provides a better understanding of how to properly apply the risk-based characteristics.

**QFR 3** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 47, *Reporting Entity*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 14-20, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

Treasury supports the proposed guidance and agrees that the proposed clarity added is needed in this area.

**QFR 4** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54, *Leases*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 21-31, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

Treasury supports the proposed guidance and agrees that the proposed clarity added is needed in this area.

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**QFR 5** Do you generally support the proposed guidance that coordinates the disclosures when other standards covering long-standing arrangements/transactions also apply? Refer to paragraphs 32-36, the proposed questions and answers, paragraphs A11-A12 in the basis for conclusions, and appendix B.

Treasury supports the proposed guidance. The included guidance provides a better understanding of how to coordinate the disclosures when other SFFAS standards also apply is greatly appreciated.

**QFR 6** Do you generally support including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements? If not, please explain any alternative solutions to the proposed material that you suggest the Committee address and the reasons for your position. Refer to appendix B.

Treasury supports including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements. The flowchart and summary of disclosures are helpful to determine when disclosures are required and is helpful in reiterating the requirement of being concise and avoiding duplication.

**QFR 7** Do you have any comments or suggestions on other aspects of the proposed TR that are not addressed in the above questions? Please note that these proposals may be further modified before a final TR is issued. As such, it is important that you comment on aspects that you favor as well as any that you do not favor.

Treasury does not have any additional comments or suggestions on other aspects of the proposed TR.

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**Please provide your name.**

Name: Spencer Farrar, Acting Director, Office of Financial Reporting and Policy

**Please identify your organization, if applicable.**

Organization: U.S. Department of Commerce

*Please email your responses to [p3s@fasab.gov](mailto:p3s@fasab.gov). If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.*

This proposed Federal Financial Accounting Technical Release (TR) would assist reporting entities in implementing Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*.

**QFR 1** Do you generally support the proposed additional guidance, including the proposed general principles contained in this TR? Please also explain any alternatives or additional implementation challenges that you suggest the Committee address and the reasons for your position. Refer to paragraphs 1-9 that discuss this TR's proposed purpose and scope and paragraphs A10-A12 in the basis for conclusions.

Department of Commerce Response:

Yes, we are generally supportive of the proposed additional guidance as it provides additional clarity on P3 arrangements that require disclosure by providing helpful information to assist in making informed judgements. We do not have any alternative solutions to propose or any additional implementation challenges to provide.

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**QFR 2** Do you generally support the proposed guidance related to applying the risk-based characteristics in SFFAS 49? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 10-13, the proposed questions and answers, and paragraph A10 in the basis for conclusions.

**Department of Commerce Response:**

Yes, we are generally supportive of the proposed guidance as it provides helpful information for evaluating P3 relationships. We do not have any alternative solutions to propose or any additional questions.

**QFR 3** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 47, *Reporting Entity*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 14-20, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

**Department of Commerce Response:**

Yes, we are generally supportive of the proposed guidance as it includes clarification that SFFAS 49 would not apply to SFFAS 47 consolidation entities and includes helpful information for coordinating disclosures. We do not have any alternative solutions to propose or any additional questions.

**QFR 4** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54, *Leases*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 21-31, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

**Department of Commerce Response:**

Yes, we are generally supportive of the proposed guidance as it includes helpful information for coordinating disclosures. We do not have any alternative solutions to propose or any additional questions.

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**QFR 5** Do you generally support the proposed guidance that coordinates the disclosures when other standards covering long-standing arrangements/transactions also apply? Refer to paragraphs 32-36, the proposed questions and answers, paragraphs A11-A12 in the basis for conclusions, and appendix B.

Department of Commerce Response:

Yes, we are generally supportive of the proposed guidance as it includes further helpful information on coordinating disclosures between SFFAS 49 and other relevant standards.

**QFR 6** Do you generally support including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements? If not, please explain any alternative solutions to the proposed material that you suggest the Committee address and the reasons for your position. Refer to appendix B.

Department of Commerce Response:

Yes, we are generally supportive of the proposed flowchart as it helps to clarify possible decision-making paths for applying SFFAS 49 in coordination with other relevant standards. The summary of disclosure requirements we believe serves as a very helpful and practical reference tool. We do not have any alternative solutions to propose.

**QFR 7** Do you have any comments or suggestions on other aspects of the proposed TR that are not addressed in the above questions? Please note that these proposals may be further modified before a final TR is issued. As such, it is important that you comment on aspects that you favor as well as any that you do not favor.

Department of Commerce Response:

We do not have any further comments or suggestions to add.

*Exposure Draft Technical Release:  
Implementation Guidance for SFFAS 49, Public-Private Partnerships*

**Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."**

|                                   |                                     |
|-----------------------------------|-------------------------------------|
| Accounting Firm                   | <input type="checkbox"/>            |
| Federal Entity (user)             | <input type="checkbox"/>            |
| Federal Entity (preparer)         | <input checked="" type="checkbox"/> |
| Federal Entity (auditor)          | <input type="checkbox"/>            |
| Federal Entity (other)            | <input type="checkbox"/>            |
| Association/Industry Organization | <input type="checkbox"/>            |
| Nonprofit organization/Foundation | <input type="checkbox"/>            |
| Other                             | <input type="checkbox"/>            |
| Individual                        | <input type="checkbox"/>            |

If other, please specify: \_\_\_\_\_

If other, please specify: \_\_\_\_\_

**Please provide your name.**

Name: Priscilla Appelgate

**Please identify your organization, if applicable.**

Organization: Defense Information Systems Agency

*Please email your responses to [p3s@fasab.gov](mailto:p3s@fasab.gov). If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.*

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This proposed Federal Financial Accounting Technical Release (TR) would assist reporting entities in implementing Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*.

**QFR 1** Do you generally support the proposed additional guidance, including the proposed general principles contained in this TR? Please also explain any alternatives or additional implementation challenges that you suggest the Committee address and the reasons for your position. Refer to paragraphs 1-9 that discuss this TR's proposed purpose and scope and paragraphs A10-A12 in the basis for conclusions.

DISA does not have P3's, therefore, we have limited exposure to any impact being requested.

**QFR 2** Do you generally support the proposed guidance related to applying the risk-based characteristics in SFFAS 49? Please also explain any alternative solutions to the

*Exposure Draft Technical Release:  
Implementation Guidance for SFFAS 49, Public-Private Partnerships*

proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 10-13, the proposed questions and answers, and paragraph A10 in the basis for conclusions.

DISA does not have P3's, therefore, we have limited exposure to any impact being requested.

**QFR 3** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 47, *Reporting Entity*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 14-20, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

DISA does not have P3's, therefore, we have limited exposure to any impact.

**QFR 4** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54, *Leases*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 21-31, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

DISA does not have P3's, therefore, we have limited exposure to any impact.

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Implementation Guidance for SFFAS 49, Public-Private Partnerships*

**QFR 5** Do you generally support the proposed guidance that coordinates the disclosures when other standards covering long-standing arrangements/transactions also apply? Refer to paragraphs 32-36, the proposed questions and answers, paragraphs A11-A12 in the basis for conclusions, and appendix B.

DISA does not have P3's, therefore, we have limited exposure to any impact.

**QFR 6** Do you generally support including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements? If not, please explain any alternative solutions to the proposed material that you suggest the Committee address and the reasons for your position. Refer to appendix B.

DISA does not have P3's, therefore, we have limited exposure to any impact.

**QFR 7** Do you have any comments or suggestions on other aspects of the proposed TR that are not addressed in the above questions? Please note that these proposals may be further modified before a final TR is issued. As such, it is important that you comment on aspects that you favor as well as any that you do not favor.

DISA enters into Cooperative Research and Development Agreements (CRADAs) with industry and academia to conduct RDTE and exchange personnel, property, equipment, intellectual property, and material in support of the intended RDTE. DISA's exposure to risk is minimal and stated in the agreements. Though Joint Interoperability Command (JITC) does have CRADA's on a reimbursable basis, they do not exceed a four-year life. DISA's CRADAs consist of Fee for Service and Unified Capabilities classifications. DISA does not have P3's.

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Implementation Guidance for SFFAS 49, Public-Private Partnerships*

**Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."**

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| Accounting Firm                   | <input type="checkbox"/>            |
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| Federal Entity (preparer)         | <input type="checkbox"/>            |
| Federal Entity (auditor)          | <input type="checkbox"/>            |
| Federal Entity (other)            | <input type="checkbox"/>            |
| Association/Industry Organization | <input type="checkbox"/>            |
| Nonprofit organization/Foundation | <input type="checkbox"/>            |
| Other                             | <input type="checkbox"/>            |
| Individual                        | <input type="checkbox"/>            |

If other, please specify: \_\_\_\_\_

If other, please specify: \_\_\_\_\_

**Please provide your name.**

Name: Maribel Langas Miller

**Please identify your organization, if applicable.**

Organization: Department of Defense

*Please email your responses to [p3s@fasab.gov](mailto:p3s@fasab.gov). If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.*

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This proposed Federal Financial Accounting Technical Release (TR) would assist reporting entities in implementing Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*.

**QFR 1** Do you generally support the proposed additional guidance, including the proposed general principles contained in this TR? Please also explain any alternatives or additional implementation challenges that you suggest the Committee address and the reasons for your position. Refer to paragraphs 1-9 that discuss this TR's proposed purpose and scope and paragraphs A10-A12 in the basis for conclusions.

Yes, we do.

**QFR 2** Do you generally support the proposed guidance related to applying the risk-based characteristics in SFFAS 49? Please also explain any alternative solutions to the

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Implementation Guidance for SFFAS 49, Public-Private Partnerships*

proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 10-13, the proposed questions and answers, and paragraph A10 in the basis for conclusions.

Yes, we do.

**QFR 3** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 47, *Reporting Entity*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 14-20, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

Answer #20 can be misleading that P3 arrangement can be disclosed in either SFFAS 49 or SFFAS 47. We believe that the P3 arrangements should be disclosed under SFFAS 49 and cross referenced in SFFAS 47, rather than the other way around as described in Answer #20.

**QFR 4** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54, *Leases*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 21-31, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

Answer #23 “Professional judgment is required to determine how to coordinate SFFAS 49 and SFFAS 54 disclosures.” – This sentence can be misleading. Leasing component of the P3 is required under SFFAS 49 and a cross reference in SFFAS 54 is required. Question #30 and Answer #31 require additional clarification. Per our evaluation of ESPCs, DoD did not designate it as not meeting the SFFAS 47/49 requirements and thereby it is not required to meet the SFFAS 49 disclosure requirement. The answer to the question #30 should be “Depends” as it requires further review of the meeting either the conclusive or suggestive risk-based characteristics of a P3. Alternatively, FASAB could provide conclusive and suggestive characteristics of the ESPCs agencies analyzed which led to the determination that they should be disclosed under SFFAS 49.

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Implementation Guidance for SFFAS 49, Public-Private Partnerships*

**QFR 5** Do you generally support the proposed guidance that coordinates the disclosures when other standards covering long-standing arrangements/transactions also apply? Refer to paragraphs 32-36, the proposed questions and answers, paragraphs A11-A12 in the basis for conclusions, and appendix B.

Yes, we do.

**QFR 6** Do you generally support including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements? If not, please explain any alternative solutions to the proposed material that you suggest the Committee address and the reasons for your position. Refer to appendix B.

Yes, we do.

**QFR 7** Do you have any comments or suggestions on other aspects of the proposed TR that are not addressed in the above questions? Please note that these proposals may be further modified before a final TR is issued. As such, it is important that you comment on aspects that you favor as well as any that you do not favor.

None.

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| Federal Entity (preparer)         | <input type="checkbox"/>            |
| Federal Entity (auditor)          | <input type="checkbox"/>            |
| Federal Entity (other)            | <input type="checkbox"/>            |
| Association/Industry Organization | <input type="checkbox"/>            |
| Nonprofit organization/Foundation | <input type="checkbox"/>            |
| Other                             | <input type="checkbox"/>            |
| Individual                        | <input checked="" type="checkbox"/> |

If other, please specify: \_\_\_\_\_

If other, please specify: \_\_\_\_\_

**Please provide your name.**

Name: Hashaw Elkins

**Please identify your organization, if applicable.**

Organization: \_\_\_\_\_

*Please email your responses to [p3s@fasab.gov](mailto:p3s@fasab.gov). If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.*

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This proposed Federal Financial Accounting Technical Release (TR) would assist reporting entities in implementing Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*.

**QFR 1** Do you generally support the proposed additional guidance, including the proposed general principles contained in this TR? Please also explain any alternatives or additional implementation challenges that you suggest the Committee address and the reasons for your position. Refer to paragraphs 1-9 that discuss this TR's proposed purpose and scope and paragraphs A10-A12 in the basis for conclusions.

Yes, I support the proposed additional guidance, including both (1) the proposed process flowchart and (2) the summary of disclosure requirements. The flowchart has great potential for visually illustrating how SFFAS 49 applies to SFFAS 47 and SFFAS 54, making it easier for agencies to understand the relationships between these standards and how to apply them in practice. It simplifies the decision-making process, ensuring consistency across agencies.

The summary of disclosure requirements is also helpful, as it provides a clear overview of what needs to be disclosed, reducing the risk of important information being missed or disclosed incorrectly. This helps agencies streamline their reporting process and ensures that disclosures are complete and aligned with the standards.

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If I were to suggest anything, it might be to include examples of complex situations where multiple standards apply. Additionally, further clarification on how to handle situations where there is overlap or conflict between disclosure requirements could be useful.

**QFR 2** Do you generally support the proposed guidance related to applying the risk-based characteristics in SFFAS 49? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 10-13, the proposed questions and answers, and paragraph A10 in the basis for conclusions.

Yes, I support the proposed guidance on applying the risk-based characteristics in SFFAS 49. It clarifies complex concepts like risk-of-loss triggers by distinguishing between "conclusive" and "suggestive" characteristics, making it easier for agencies to determine which risks need to be disclosed. The guidance also ties materiality assessments to real-world risks, helping agencies focus on important disclosures. Aligning SFFAS 49 with other standards like SFFAS 47 and 54, and providing flowcharts and a disclosure matrix, will reduce redundancy and ensure consistent reporting. More real-life examples and guidance on handling unclear risk characteristics might positively impact practical application. Additionally, addressing potential differences in auditor interpretations could reduce inconsistencies across agencies.

**QFR 3** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 47, *Reporting Entity*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 14-20, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

Yes, I generally support the proposed guidance clarifying the relationship between SFFAS 49 and SFFAS 47, *Reporting Entity*. It helps agencies better understand how P3 arrangements should be treated in relation to reporting entities, making it easier to determine which risks and obligations should be reflected in financial statements. This reduces confusion and ensures consistent, accurate reporting. The guidance also defines boundaries clearly between public and private roles in P3s, which is especially helpful in complex cases. It might be beneficial to provide more examples of situations where the reporting entity's scope is unclear or where interpretation differences may arise. This could help agencies apply the guidance more consistently.

**QFR 4** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54, *Leases*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the

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Committee address and the reasons for your position. Refer to paragraphs 21-31, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

Yes, I support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54, Leases. The guidance effectively links these two standards, making it clearer how to treat P3 leases and ensuring consistent and accurate reporting. It integrates the reporting entity assessment from SFFAS 47 into the workflow, helping agencies determine when both SFFAS 47 and 49 disclosures are required. Additionally, it ties lease evaluations under SFFAS 54 directly to the P3 assessment, ensuring that both lease-specific disclosures and broader P3 risks are addressed. The cross-referencing strategies and the detailed matrix in the appendix further reduce duplication and ensure consistency across disclosures. More examples for hybrid arrangements and ensuring consistency in how auditors interpret the guidance might further enhance its usefulness.

**QFR 5** Do you generally support the proposed guidance that coordinates the disclosures when other standards covering long-standing arrangements/transactions also apply? Refer to paragraphs 32-36, the proposed questions and answers, paragraphs A11-A12 in the basis for conclusions, and appendix B.

Yes, I support the proposed guidance for coordinating disclosures when multiple standards apply to long-standing arrangements. The guidance offers a clear, principle-based approach, ensuring that P3 disclosures complement rather than override existing notes under SFFAS 47, 54, or others. A structured flowchart helps users navigate from identifying material P3s to coordinating disclosures, with practical examples and a matrix that aligns items across relevant standards to avoid duplication. More clarification on handling conflicts between standards and additional examples for complex situations might improve its usefulness.

**QFR 6** Do you generally support including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements? If not, please explain any alternative solutions to the proposed material that you suggest the Committee address and the reasons for your position. Refer to appendix B.

Yes, I support including both the process flowchart and the summary of disclosure requirements. The flowchart clearly illustrates how SFFAS 49, 47, and 54 interrelate, making it easier for agencies to apply the standards consistently. The summary is a helpful for ensuring complete and accurate disclosures. More examples for complex situations and clarifying how to handle overlapping or conflicting disclosures might improve these tools. While the flowchart and matrix are useful, they might be made more accessible by simplifying the process for smaller P3s and adding sample footnotes or criteria reminders to aid implementation.

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**QFR 7** Do you have any comments or suggestions on other aspects of the proposed TR that are not addressed in the above questions? Please note that these proposals may be further modified before a final TR is issued. As such, it is important that you comment on aspects that you favor as well as any that you do not favor.

The exposure draft represents invaluable guidance as a meaningful step forward for all stakeholders. Suggestions presented for consideration: Enhanced clarity on recognizing P3-related assets and liabilities, addressing loan guarantees, and adapting internal controls or IT systems might be useful. Including examples of narrative footnotes and guidance on legacy contracts might also improve practicality. Additionally, covering emerging topics like ESG risks, cybersecurity, and climate disclosures might keep the draft current. More detailed connections to policies from OMB, Treasury, and GAO might further help agencies align with broader federal requirements.

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Implementation Guidance for SFFAS 49, Public-Private Partnerships*

**Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."**

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|-----------------------------------|-------------------------------------|
| Accounting Firm                   | <input type="checkbox"/>            |
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| Federal Entity (preparer)         | <input checked="" type="checkbox"/> |
| Federal Entity (auditor)          | <input type="checkbox"/>            |
| Federal Entity (other)            | <input type="checkbox"/>            |
| Association/Industry Organization | <input type="checkbox"/>            |
| Nonprofit organization/Foundation | <input type="checkbox"/>            |
| Other                             | <input type="checkbox"/>            |
| Individual                        | <input type="checkbox"/>            |

If other, please specify: \_\_\_\_\_

If other, please specify: \_\_\_\_\_

**Please provide your name.**

Name: Christopher Osborne

**Please identify your organization, if applicable.**

Organization: Environmental Protection Agency (EPA)

*Please email your responses to [p3s@fasab.gov](mailto:p3s@fasab.gov). If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.*

This proposed Federal Financial Accounting Technical Release (TR) would assist reporting entities in implementing Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*.

**QFR 1** Do you generally support the proposed additional guidance, including the proposed general principles contained in this TR? Please also explain any alternatives or additional implementation challenges that you suggest the Committee address and the reasons for your position. Refer to paragraphs 1-9 that discuss this TR's proposed purpose and scope and paragraphs A10-A12 in the basis for conclusions.

EPA supports the proposed additional guidance in this TR. We do not anticipate any alternatives or additional implementation challenges at this time.

**QFR 2** Do you generally support the proposed guidance related to applying the risk-based characteristics in SFFAS 49? Please also explain any alternative solutions to the

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proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 10-13, the proposed questions and answers, and paragraph A10 in the basis for conclusions.

EPA supports the proposed guidance related to applying risk-based characteristics in SFFAS 49. We do not offer any alternative solutions to the proposed answers or have any additional questions for Committee review.

**QFR 3** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 47, *Reporting Entity*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 14-20, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

EPA supports the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 47. We do not offer any alternative solutions to the proposed answers or have any additional questions for Committee review.

**QFR 4** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54, *Leases*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 21-31, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

EPA supports the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54. We do not offer any alternative solutions to the proposed answers or have any additional questions for Committee review.

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**QFR 5** Do you generally support the proposed guidance that coordinates the disclosures when other standards covering long-standing arrangements/transactions also apply? Refer to paragraphs 32-36, the proposed questions and answers, paragraphs A11-A12 in the basis for conclusions, and appendix B.

EPA supports the proposed guidance that coordinates the disclosures when other standards covering long-standing arrangements/transactions also apply.

**QFR 6** Do you generally support including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements? If not, please explain any alternative solutions to the proposed material that you suggest the Committee address and the reasons for your position. Refer to appendix B.

EPA supports including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements.

**QFR 7** Do you have any comments or suggestions on other aspects of the proposed TR that are not addressed in the above questions? Please note that these proposals may be further modified before a final TR is issued. As such, it is important that you comment on aspects that you favor as well as any that you do not favor.

EPA does not have any comments or suggestions at this time.

June 30, 2025

Monica R. Valentine  
Executive Director & ASIC Chair  
Federal Accounting Standards Advisory Board  
441 G Street, NW  
Washington, D.C. 20548

**Sent via email to [P3s@fasab.gov](mailto:P3s@fasab.gov)**

**RE: *Implementation Guidance for SFFAS 49, Public-Private Partnerships***

Dear Ms. Valentine:

The Virginia Society of CPAs (VSCPA) Accounting & Auditing Advisory Committee has reviewed the Technical Release (TR) — *Implementation Guidance for SFFAS 49, Public-Private Partnerships*, issued by the Accounting Standards Implementation Committee (ASIC or “the Committee”). The VSCPA is the leading professional association in Virginia dedicated to enhancing the success of all CPAs and their profession by communicating information and vision, promoting professionalism, and advocating members’ interests. The VSCPA membership consists of nearly 12,000 individual members who actively work in public accounting, private industry, government, and education.

The ASIC has invited comments on its TR, which would assist reporting entities in implementing Statement of Federal Financial Accounting Standards (SFFAS) 49, Public-Private Partnerships: Disclosure Requirements. This guidance would assist in explaining the interrelationships between SFFAS 49 and the standards that govern certain types of long-term transactions. The VSCPA broadly agrees with the TR as stated currently. Please see below for our responses to the questions within the TR.

- **Question 1:** Do you generally support the proposed additional guidance, including the proposed general principles contained in this TR? Please also explain any alternatives or additional implementation challenges that you suggest the Committee address and the reasons for your position. Refer to paragraphs 1-9 that discuss this TR’s proposed purpose and scope and paragraphs A10-A12 in the basis for conclusions.

**Response 1:** The VSCPA agrees with the proposed additional guidance, including the general principles contained in the TR. However, we recommend that the Committee consider clarifying paragraph 9 regarding whether a separate P3 disclosure note is required if all P3 arrangements are disaggregated and appropriately disclosed within other notes. Further clarification in this area would help ensure consistent application across reporting entities.

- **Question 2:** Do you generally support the proposed guidance related to applying the risk-based characteristics in Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest

the Committee address and the reasons for your position. Refer to paragraphs 10-13, the proposed questions and answers, and paragraph A10 in the basis for conclusions.

**Response 2:** The VSCPA supports the proposed guidance related to applying the conclusive and suggestive risk-based characteristics in SFFAS 49, as outlined in paragraphs 10–13. We agree that it is helpful to clarify the types of contractual elements reporting entities should review—guarantees, insurance provisions, and debt or equity involvement—in determining whether a P3 contains characteristics requiring disclosure.

However, we believe that the role of paragraphs 12 and 13 requires further clarification. These paragraphs introduce “inherent risks” that are different from the conclusive and suggestive risk-based characteristics defined in SFFAS 49, paragraphs 20–21. It is not clear whether these inherent risks are intended to supplement the risk-based characteristics or whether they are considerations to help evaluate whether paragraph 24(d)’s disclosure requirement for risk of loss applies.

To avoid inconsistent application across agencies, we recommend that the Committee clarify how the inherent risks relate to the determination of disclosure under paragraphs 20–21 and 24(d) of SFFAS 49.

- **Question 3:** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 47, *Reporting Entity*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 14-20, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

**Response 3:** The VSCPA supports the proposed guidance clarifying disclosure requirements for SFFAS 49 and SFFAS 47, as described in paragraphs 14–20 and Appendix B. We support the emphasis on professional judgment in coordinating disclosures under both standards and ensuring that users are provided with concise, meaningful, and non-duplicative information.

In addition, we believe that the illustrative examples provided in Appendix B serve as helpful reference points for preparers in evaluating the appropriate classification and disclosure treatment of P3-related entities. We encourage the Committee to consider adding additional examples in the future to promote consistent implementation across the federal reporting community. We have no additional alternatives to recommend.

- **Question 4:** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54, *Leases*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 21-31, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

**Response 4:** The VSCPA supports the proposed guidance clarifying the interrelationship between SFFAS 49 and SFFAS 54, as outlined in paragraphs 21–31. We agree that the discussion acknowledges the complexity of multi-component

agreements, where lease terms may be embedded within broader public-private partnership (P3) arrangements.

We believe that the inclusion of questions and answers provides support for preparers and auditors in determining whether both SFFAS 49 and SFFAS 54 apply, and in coordinating related disclosures to ensure that information is concise, meaningful, and not duplicative.

We also find the examples and flowchart in Appendix B to be useful tools for promoting consistent application of both standards. We encourage the Committee to consider including additional examples in the future guidance to cover additional SFFAS 49-SFFAS 54 scenarios. We have no alternative solutions to propose.

- Question 5: Do you generally support the proposed guidance that coordinates the disclosures when other standards covering long-standing arrangements/transactions also apply? Refer to paragraphs 32-36, the proposed questions and answers, paragraphs A11-A12 in the basis for conclusions, and appendix B.

Response 5: The VSCPA supports the proposed coordination guidance provided in paragraphs 32-36 and the basis for conclusions in A11-A12. As noted in our response to Question 1, we agree that integrating SFFAS 49 disclosures with those required by other applicable standards—such as SFFAS 47 and SFFAS 54—is useful for producing concise, meaningful, and non-duplicative reporting.

We recommend that the Committee consider consolidating the guidance in paragraphs 5-9 and 32-36 into a single section in the final TR. Both sections address how to integrate SFFAS 49 disclosures with other standards, emphasize cross-referencing to avoid duplication, and outline the role of professional judgment in coordinating disclosure placement.

- Question 6: Do you generally support including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements? If not, please explain any alternative solutions to the proposed material that you suggest the Committee address and the reasons for your position. Refer to appendix B.

Response 6: The VSCPA supports the inclusion of both the proposed process flowchart and the summary of disclosure requirements, as presented in Appendix B. These tools are effective in helping preparers of SFFAS 49 disclosures in relation to SFFAS 47 and SFFAS 54. We have no alternative solutions to propose.

- Question 7: Do you have any comments or suggestions on other aspects of the proposed TR that are not addressed in the above questions? Please note that these proposals may be further modified before a final TR is issued. As such, it is important that you comment on aspects that you favor as well as any that you do not favor.

Response 7: The VSCPA does not have additional comments beyond those expressed above.

The VSCPA appreciates the opportunity to respond to this TR. Please direct any questions or concerns to VSCPA Vice President, Advocacy & Pipeline Emily Walker, CAE,

Sincerely,

Daniel Martin, CPA  
Chair 2025-2026  
VSCPA Accounting & Auditing Advisory Committee

**VSCPA Accounting & Auditing Advisory Committee 2025-2026**

Daniel Martin, CPA — Chair  
Elisa Obillo, CPA — Vice Chair  
Zach Borgerding, CPA  
Scott Cohen, CPA  
Jonathan Head, CPA  
Joshua Keene, CPA  
Nick Kinsler, CPA  
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Natalya Yashina, CPA

*Exposure Draft Technical Release:  
Implementation Guidance for SFFAS 49, Public-Private Partnerships*

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If other, please specify: \_\_\_\_\_

**Please provide your name.**

Name: Yulonte Merrell

**Please identify your organization, if applicable.**

Organization: Defense Logistics Agency – J85

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This proposed Federal Financial Accounting Technical Release (TR) would assist reporting entities in implementing Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*.

**QFR 1** Do you generally support the proposed additional guidance, including the proposed general principles contained in this TR? Please also explain any alternatives or additional implementation challenges that you suggest the Committee address and the reasons for your position. Refer to paragraphs 1-9 that discuss this TR's proposed purpose and scope and paragraphs A10-A12 in the basis for conclusions.

The proposed guidance is beneficial as the integration of disclosures to avoid repetition and enhance clarity eliminates confusion. SFFAS 49 requirements for concise, meaningful, and transparent information are further strengthened by this coordination guidance. The guidance acknowledges the complexity of P3 arrangements and the need for professional judgment in determining the best approach to disclosure. The inclusion of examples of related standards (SFFAS 47, 54, 2, and 5) is helpful in illustrating the potential for overlap and interaction. The guidance could also benefit from more specific examples, perhaps even case studies. These examples can illustrate different types of P3 arrangements and how the disclosure requirements of SFFAS 49 interact with other standards. The current guidance relies heavily on professional judgment, which can lead

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to inconsistencies in application. More detailed examples provide a framework for preparers.

**QFR 2** Do you generally support the proposed guidance related to applying the risk-based characteristics in SFFAS 49? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 10-13, the proposed questions and answers, and paragraph A10 in the basis for conclusions.

Yes, the proposed guidance provides a framework for entities to consider when evaluating the risk-based characteristics of P3 arrangements.

**QFR 3** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 47, *Reporting Entity*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 14-20, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

Yes, the proposed guidance provides more clarification in financial reporting. For example, confirmation that SFFAS 49 does not apply to consolidated P3 entities, emphasis on professional judgment in coordinating disclosures, and guidance on how to coordinate disclosures for disclosure entities and related parties.

**QFR 4** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54, *Leases*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 21-31, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

Yes, the proposed guidance addresses a common scenario (P3s involving leases) and provides a clear framework for coordinating disclosures.

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Implementation Guidance for SFFAS 49, Public-Private Partnerships*

**QFR 5** Do you generally support the proposed guidance that coordinates the disclosures when other standards covering long-standing arrangements/transactions also apply? Refer to paragraphs 32-36, the proposed questions and answers, paragraphs A11-A12 in the basis for conclusions, and appendix B.

Yes, this guidance reinforces the core principle of integrated disclosures and provides helpful clarification on how SFFAS 49 interacts with other standards. The emphasis on avoiding duplication and using cross-references is particularly valuable.

**QFR 6** Do you generally support including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements? If not, please explain any alternative solutions to the proposed material that you suggest the Committee address and the reasons for your position. Refer to appendix B.

Yes, DLA supports the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements.

**QFR 7** Do you have any comments or suggestions on other aspects of the proposed TR that are not addressed in the above questions? Please note that these proposals may be further modified before a final TR is issued. As such, it is important that you comment on aspects that you favor as well as any that you do not favor.

No additional comments or suggestions on other aspects of the proposed TR not addressed in the above questions.

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| Other                             | <input type="checkbox"/>            |
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If other, please specify: \_\_\_\_\_

**Please provide your name.**

Name: Lauren Webster

**Please identify your organization, if applicable.**

Organization: Department of Justice

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**QFR 1** Do you generally support the proposed additional guidance, including the proposed general principles contained in this TR? Please also explain any alternatives or additional implementation challenges that you suggest the Committee address and the reasons for your position. Refer to paragraphs 1-9 that discuss this TR's proposed purpose and scope and paragraphs A10-A12 in the basis for conclusions.

The Department of Justice generally supports the proposed guidance in paragraphs 1-9 and A10-12.

**QFR 2** Do you generally support the proposed guidance related to applying the risk-based characteristics in SFFAS 49? Please also explain any alternative solutions to the

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proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 10-13, the proposed questions and answers, and paragraph A10 in the basis for conclusions.

The Department of Justice generally supports the proposed guidance in paragraphs 10-13 and A10.

**QFR 3** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 47, *Reporting Entity*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 14-20, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

The Department of Justice generally supports the proposed guidance in paragraphs 14-20 and A10-14.

**QFR 4** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54, *Leases*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 21-31, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

The Department of Justice generally supports the proposed guidance in paragraphs 21-29.

Regarding paragraphs 30 and 31, the Department of Justice requests the ASIC provide scenario-based examples to clarify the difference between ESPC/UESC contracts that meet either the conclusive or suggestive risk-based characteristics of a P3 and contracts that would not meet these characteristics. Because the risks related to an ESPC contract (guaranteed cost recovery) are different from the risks of a UESC contract (cost recovery not guaranteed), please consider adding examples that address the risk characteristics unique to each contract type and how they should be considered in terms of identifying contracts that are required to be disclosed.

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Implementation Guidance for SFFAS 49, Public-Private Partnerships*

**QFR 5** Do you generally support the proposed guidance that coordinates the disclosures when other standards covering long-standing arrangements/transactions also apply? Refer to paragraphs 32-36, the proposed questions and answers, paragraphs A11-A12 in the basis for conclusions, and appendix B.

The Department of Justice generally supports the proposed guidance in paragraphs 32-36 and A11-12.

**QFR 6** Do you generally support including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements? If not, please explain any alternative solutions to the proposed material that you suggest the Committee address and the reasons for your position. Refer to appendix B.

The Department of Justice generally supports including the proposed process flowchart and summary of disclosure requirements.

**QFR 7** Do you have any comments or suggestions on other aspects of the proposed TR that are not addressed in the above questions? Please note that these proposals may be further modified before a final TR is issued. As such, it is important that you comment on aspects that you favor as well as any that you do not favor.

The Department of Justice does not have any additional comments related to the proposed TR.

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**Please provide your name.**

Name: Carla Mewborn

**Please identify your organization, if applicable.**

Organization: Department of Health and Human Services

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This proposed Federal Financial Accounting Technical Release (TR) would assist reporting entities in implementing Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*.

**QFR 1** Do you generally support the proposed additional guidance, including the proposed general principles contained in this TR? Please also explain any alternatives or additional implementation challenges that you suggest the Committee address and the reasons for your position. Refer to paragraphs 1-9 that discuss this TR's proposed purpose and scope and paragraphs A10-A12 in the basis for conclusions.

Yes. HHS believes the proposed additional guidance and the general principles outlined in this Technical Release (TR) provides the necessary clarification for preparers and auditors by addressing known implementation challenges with SFFAS 49. Specifically, the emphasis on avoiding repetitive disclosures while making sure transparency and conciseness is important advancement. The flexibility to either cross-reference or consolidate disclosures promotes reporting integrity.

**QFR 2** Do you generally support the proposed guidance related to applying the risk-based characteristics in SFFAS 49? Please also explain any alternative solutions to the

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proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 10-13, the proposed questions and answers, and paragraph A10 in the basis for conclusions.

HHS supports the proposed guidance.

**QFR 3** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 47, *Reporting Entity*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 14-20, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

HHS supports the proposed guidance.

**QFR 4** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54, *Leases*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 21-31, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

HHS supports the proposed guidance.

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**QFR 5** Do you generally support the proposed guidance that coordinates the disclosures when other standards covering long-standing arrangements/transactions also apply? Refer to paragraphs 32-36, the proposed questions and answers, paragraphs A11-A12 in the basis for conclusions, and appendix B.

HHS supports the proposed guidance.

**QFR 6** Do you generally support including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements? If not, please explain any alternative solutions to the proposed material that you suggest the Committee address and the reasons for your position. Refer to appendix B.

Yes, the inclusion of the process flowchart and summary table increases usability of the TR. They serve as high-level references that can guide preparers through key reporting relationships.

**QFR 7** Do you have any comments or suggestions on other aspects of the proposed TR that are not addressed in the above questions? Please note that these proposals may be further modified before a final TR is issued. As such, it is important that you comment on aspects that you favor as well as any that you do not favor.

HHS supports the proposed additional guidance. HHS also recommends continued outreach, trainings, and training tools.

**Q1. Do you generally support the proposed additional guidance, including the proposed general principles contained in this TR? Please also explain any alternatives or additional implementation challenges that you suggest the Committee address and the reasons for your position. Refer to paragraphs 1-9 that discuss this TR's proposed purpose and scope and paragraphs A10-A12 in the basis for conclusions.**

We are concerned with the wording in paragraph 1.a. stating preparers '*...would be expected to complete an evaluation of the structure of public-private partnership (P3) arrangements/transactions and consider the composition of their reward and risk*' (similar language is also in paragraphs 12 and 13). As preparers of financial statements and those that work on footnote disclosures, this is extremely burdensome. The original SFFAS 49 has wording in paragraph 3 enabled us to have more general knowledge - using the term '*an understanding...*' It would be unfortunate if our external financial statement auditors required our workpapers with this expected completed evaluation form for a footnote. We suggest the wording not be so stringent as stating '*expected to complete an evaluation*,' but rather changed to '*understanding how the agreement is structured*.'

In paragraph 1.b., embedded leases is mentioned but this term is not mentioned in the ED anywhere else. This is confusing. Suggest striking references to embedded leases from paragraph 1.b.:

*1.b. Guidance applying SFFAS 49 within the context of SFFAS 47, Reporting Entity, and SFFAS 54, Leases – This TR clarifies the interrelationships between SFFAS 49, SFFAS 47, and SFFAS 54. SFFAS 47 interrelationships include disclosure entities and related parties, while SFFAS 54 interrelationships include “embedded leases.” “Embedded leases” is a common industry term, which generally describes contracts or agreements that contain lease component(s) and nonlease component(s), such as service components, and serve a primary purpose attributable to the nonlease component(s).*

We suggest adding a qualifier to paragraph 4 so it reads, "*This TR partially addresses agencies' current implementation challenges*" since it seems understood this TR will only address some of the current implementation challenges. However we do believe this TR does provide clarity on coordinating disclosures for several standards.

**Q2. Do you generally support the proposed guidance related to applying the risk-based characteristics in Statement of Federal Financial Accounting Standards (SFFAS) 49, Public-Private Partnerships: Disclosure Requirements? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 10-13, the proposed questions and answers, and paragraph A10 in the basis for conclusions.**

The ambiguity in some of the risk-based characteristics leads to concerns about the use of professional judgement as the determinate for disclosure. It would be helpful to have specific examples for the Value for Money (VfM) analysis consideration (suggestive characteristic #1),

and items given up in an arrangement/transaction or where their value is not readily apparent (suggestive characteristic #2).

**Q3. Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 47, Reporting Entity? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 14-20, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.**

Yes, content is acceptable

**Q4. Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54, Leases? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 21-31, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.**

To enhance the clarity of paragraph 25, we suggest removing “In such instances” from the second sentence. We also recommend removing the third sentence and beginning of the 4th: *“For example, the P3 note may disclose that the lease is recognized as a lease asset and liability, disclose the amounts specifically related to the P3, and reference the related lease note. Alternatively, the reporting entity may...”*

Suggest removing paragraphs 26-27 since TR20 already provides the guidance.

**Q5. Do you generally support the proposed guidance that coordinates the disclosures when other standards covering long-standing arrangements/transactions also apply? Refer to paragraphs 32-36, the proposed questions and answers, paragraphs A11-A12 in the basis for conclusions, and appendix B.**

Yes, content is acceptable

**Q6. Do you generally support including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements? If not, please explain any alternative solutions to the proposed material that you suggest the Committee address and the reasons for your position. Refer to appendix B.**

Yes, the flowchart is helpful. On page 25, suggest adding “SFFAS 49” to the last bullet citing paragraphs 22-24 on the bottom of the ‘Presentation’ portion of the illustration.

**Q7. Do you have any comments or suggestions on other aspects of the proposed TR that are not addressed in the above questions? Please note that these proposals may be further modified before a final TR is issued. As such, it is important that you comment on aspects that you favor as well as any that you do not favor.**

A few other comments and suggestions:

- Any specific examples FASAB could provide on the conclusive and suggestive characteristics would be extremely helpful to preparers. For example, Value for Money (VfM) analysis consideration (suggestive characteristic #1), and items given up in an arrangement/transaction or where their value is not readily apparent (suggestive characteristic #2).
- Throughout the TR, consider making both the question and answer part of the same number rather than having a separate number for each.

**From:** [Joyce Dillard](#)  
**To:** [Public-Private Partnerships \(P3\)](#)  
**Subject:** Comments to FASAB TR Implementation Guidance for SFFAS 49, Public-Private Partnerships due 6/30/2025  
**Date:** Monday, June 30, 2025 8:22:58 PM

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Individual  
Joyce Dillard

**QFR 1** Do you generally support the proposed additional guidance, including the proposed general principles contained in this TR? Please also explain any alternatives or additional implementation challenges that you suggest the Committee address and the reasons for your position. Refer to paragraphs 1-9 that discuss this TR's proposed purpose and scope and paragraphs A10-A12 in the basis for conclusions.

#### COMMENTS

The reality for Citizens and Taxpayers is the sophistication of non disclosure, clouded by techniques to hide wealth through layers of ownership of Nonprofits, Trusts, and Limited Liability Companies LLCs. All is challenging because not all information is publicly recorded or filed with a government agency-local, state or federal.

Who benefits? Who shares risk? Who can gain wealth without the risk?

Please realize that a nonprofit can be owned by a LLC or Trust. LLCs have managers that benefit. LLCs can be owned by Trusts. Trusts do not necessarily have the term "Trust" in their name. These entities stem from State laws, not from Federal laws.

So, does disclosure cover these creative ownership vehicles. Not yet. They cover only the relationship with the named P3, not with the financial relationship behind the P3 partner. Federal departments are in a relationship with ALL owners whether revealed or not.

Federal departments differ in their P3 arrangements. Omitted is guidance when P3 entities are not publicly held.

Does risk sharing really exist on the behalf of the P3 partner without complete ownership/governance disclosure.

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**QFR 2** Do you generally support the proposed guidance related to applying the risk-based characteristics in SFFAS 49? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 10-13, the proposed questions and answers, and paragraph A10 in the basis for conclusions.

#### COMMENTS

Contractual risks of loss require full and completely disclosure regarding the potential transfer of the contracted entity to the controlling entity with their benefit and/or risk.

Succession is an issue not easily discernible nor are there laws for disclosure.

One sample is the transfer of a Manager of a Limited Liability Company upon death. Not a probate issue, it remains highly unlikely that this information is open to disclosure.

Any entity held in a Trust needs disclosure and analysis as to the applicability of risk involved.

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**QFR 3** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 47, *Reporting Entity*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 14-20, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

#### COMMENTS

In today's sophisticated world of nonprofits, the IRS allows for profit activity within certain requirements and limitations. These Reporting Entities, if a nonprofit is involved, should be limited to nonprofit defined activity. A P3 relationship could be established for profit activity.

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**QFR 4** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54, *Leases*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 21-31, the proposed questions and answers, paragraphs

A10-A14 in the basis for conclusions, and appendix B.

#### COMMENTS

Is risk assessed on profit capability of a P3 partner, not charitable contributions or government/private grants?

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**QFR 5** Do you generally support the proposed guidance that coordinates the disclosures when other standards covering long-standing arrangements/transactions also apply? Refer to paragraphs 32-36, the proposed questions and answers, paragraphs A11-A12 in the basis for conclusions, and appendix B.

#### COMMENTS

Yes, generally.

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**QFR 6** Do you generally support including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements? If not, please explain any alternative solutions to the proposed material that you suggest the Committee address and the reasons for your position. Refer to appendix B.

#### COMMENTS

Not clear who owns an underlying asset, if applicable.

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**QFR 7** Do you have any comments or suggestions on other aspects of the proposed TR that are not addressed in the above questions? Please note that these proposals may be further modified before a final TR is issued. As such, it is important that you comment on aspects that you favor as well as any that you do not favor.

#### COMMENTS

This is an extremely difficult task as government operations expand outside of government control and as budgets become reduced or limited. We have seen costs skyrocket out of control; and, hopefully, this is an approach to provide needs with reasonable costs.

On the other hand, opportunists recognize a chance for high profits and increased equity.

More analysis will be needed to see if this incorporation of process results in desired outcomes. Termination of P3 relationships have not been addressed at this point.

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| Nonprofit organization/Foundation | <input type="checkbox"/>            |
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| Individual                        | <input type="checkbox"/>            |

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Name:

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Organization:

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This proposed Federal Financial Accounting Technical Release (TR) would assist reporting entities in implementing Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*.

**QFR 1** Do you generally support the proposed additional guidance, including the proposed general principles contained in this TR? Please also explain any alternatives or additional implementation challenges that you suggest the Committee address and the reasons for your position. Refer to paragraphs 1-9 that discuss this TR's proposed purpose and scope and paragraphs A10-A12 in the basis for conclusions.

Yes.

**QFR 2** Do you generally support the proposed guidance related to applying the risk-based characteristics in SFFAS 49? Please also explain any alternative solutions to the

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proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 10-13, the proposed questions and answers, and paragraph A10 in the basis for conclusions.

In general, the guidance appears helpful. In paragraphs 11 and 12, should there also be discussion reviewing risk mitigations that are included in the agreements or arrangements. For instance, if there is a long-term financing agreement, can the agency stop payment if certain terms or conditions included in the agreement are not met? Would this type of mitigation reduce the overall risk of the arrangement, and should that be taken into consideration when performing an evaluation of the agreements?

**QFR 3** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 47, *Reporting Entity*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 14-20, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

Yes. Paragraphs 17 – 20 provide clear guidance on specific issues.

**QFR 4** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54, *Leases*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 21-31, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

Generally, yes. But there are some issues that are still unresolved. If a lease meets the definition of a P3, then under the P3 reporting requirements the Federal entity would need to report the nominal future payments due. That would include all payment types (shell rent, operations and maintenance, CPI increases, real estate tax increases, insurance increases, etc), without regard to the present value of the payments. Under the SFFAS 54 reporting requirements, the entity would only report the future shell rent payments due, broken out by principal and interest. Requiring two different disclosure amounts for the same types of agreements causes confusion in the notes to the statements.

Regarding paragraphs 30 -31 on ESPC agreements:

- 1) Suggest including Utility Energy Service Contracts (UESCs) as well as ESPCs.

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- 2) ESPC and UESC agreements should be moved to their own section of the guidance because they are not leases. At VA, the title to the assets is conveyed to the VA at acceptance of the equipment, when the long-term financing agreement begins, unlike leases where the title may convey at the end of an agreement. When the equipment is accepted and the agreement is in place, the present value of the lease payments are recorded as a future funded liability on the Balance Sheet, and disclosed in the Other Liabilities note.
- 3) The reporting requirements under SFFAS 49 require the VA to report the nominal future payments due for ESPCs and UESCs without regard to the present value, meaning that the amounts presented in the P3 note do not agree to the liability that is recorded on the Balance Sheet, causing confusion when reading the two notes. Suggest clarifying how to best integrate these differing amounts in the notes to the statements.
- 4) There doesn't seem to be any information in the guidance as to when to stop disclosures for long-term financing arrangement such as ESCPs when they are paid off early. In some cases, VA pays the ESPC or UESC liability off early but the cost savings that are in the contract are scheduled for several more years. Since there will be no more estimated payments over the expected useful life of the equipment, and there is no requirement to disclose cost savings from these agreements, should agencies continue to disclose the total cumulative funding by the agency and private sector funding, until the end of the agreement? Or should the agency report the total investments until the equipment is replaced? Or can the agency stop including these agreements in the disclosures after the financing payments have been made in full?

**QFR 5** Do you generally support the proposed guidance that coordinates the disclosures when other standards covering long-standing arrangements/transactions also apply? Refer to paragraphs 32-36, the proposed questions and answers, paragraphs A11-A12 in the basis for conclusions, and appendix B.

In general, the guidance provided is helpful. However, see above comments about the disclosures needed under SFFAS 49 vs other standards (SFFAS 54, and SFFAS 5 for ESCPs) that require agencies to disclose two different sets of numbers for the same agreements.

The differences in the disclosure requirements can cause confusion to the reader because the standards require different amounts to be presented leading to difficulties in coordinating and integrating the different reporting requirements into the respective notes.

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**QFR 6** Do you generally support including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements? If not, please explain any alternative solutions to the proposed material that you suggest the Committee address and the reasons for your position. Refer to appendix B.

Yes.

**QFR 7** Do you have any comments or suggestions on other aspects of the proposed TR that are not addressed in the above questions? Please note that these proposals may be further modified before a final TR is issued. As such, it is important that you comment on aspects that you favor as well as any that you do not favor.

Regarding the disclosure requirements under SFFAS 49 for in-kind contributions: if an arrangement/agreement only has consideration provided in the form of in-kind contributions, how would FASAB propose evaluating that materiality of the arrangement, since the dollar amount received is zero. For instance, if a Federal entity provides a building that has a net value of zero to a commercial entity to occupy for purposes of serving a specific population that is within the Federal entities base customers, and the commercial entity only provides maintenance to the building, there are no dollars received or provided.

*Exposure Draft Technical Release:  
Implementation Guidance for SFFAS 49, Public-Private Partnerships*

**Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select "individual."**

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**Please provide your name.**

Name: Scott DeViney

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Organization: AGA

*Please email your responses to [p3s@fasab.gov](mailto:p3s@fasab.gov). If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.*

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This proposed Federal Financial Accounting Technical Release (TR) would assist reporting entities in implementing Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*.

**QFR 1** Do you generally support the proposed additional guidance, including the proposed general principles contained in this TR? Please also explain any alternatives or additional implementation challenges that you suggest the Committee address and the reasons for your position. Refer to paragraphs 1-9 that discuss this TR's proposed purpose and scope and paragraphs A10-A12 in the basis for conclusions.

We generally support the proposed additional guidance. In particular, we agree that if an arrangement meets disclosure requirements for multiple standards, that all such disclosures should be made. We agree that agencies should have flexibility in how notes are organized to avoid duplication, and that cross references should be used as a best practice.

**QFR 2** Do you generally support the proposed guidance related to applying the risk-based characteristics in SFFAS 49? Please also explain any alternative solutions to the

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Implementation Guidance for SFFAS 49, Public-Private Partnerships*

proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 10-13, the proposed questions and answers, and paragraph A10 in the basis for conclusions.

We generally support the proposed guidance.

However, we noted that the first sentence in paragraph 12 appears to characterize P3s somewhat differently than how they are described in SFFAS 49; we suggest this sentence be eliminated in order to avoid confusion and make the answer more directly responsive to the question.

We also noticed a minor grammar error in paragraph 12.a, which could be corrected as follows: "...Risks the entity or federal government as a whole may have to absorb as part or all of the project's private debt..."

**QFR 3** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 47, *Reporting Entity*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 14-20, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

We generally support the proposed guidance.

We appreciate the overarching discussion of how to apply SFFAS 49 and 47 disclosure requirements and allowance for professional judgement in applying the standards.

**QFR 4** Do you generally support the proposed guidance that clarifies the interrelationship between SFFAS 49 and SFFAS 54, *Leases*? Please also explain any alternative solutions to the proposed answers or additional questions that you suggest the Committee address and the reasons for your position. Refer to paragraphs 21-31, the proposed questions and answers, paragraphs A10-A14 in the basis for conclusions, and appendix B.

We generally support the proposed guidance.

However, some members found that a few of the answers seemed to imply that all P3 arrangements or transactions would be subject to SFFAS 49 disclosure when in fact a P3 would first need to meet certain criteria in SFFAS 49 to be subject to disclosure. This step is well-illustrated in the flowchart, and could potentially be improved by mentioning it in

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paragraph 21. For example, the last sentence in paragraph 21 could be amended to read something like “As a result, this TR proposes guidance for P3 arrangements or transactions that meet criteria for disclosure under both SFFAS 49 and SFFAS 54.”

Also, we were unsure why paragraphs 30-31 was organized in this section. This question may fit better under the “Guidance on Applying SFFAS 49 Risk-Based Characteristics” section.

Finally, we appreciate that energy savings performance contracts and utility energy service contracts are addressed in paragraph 30-31. However, we are concerned that the answer implies that all utility energy service contracts” would be P3s, when it seems possible that some of these arrangements would not meet SFFAS 49 criteria. For example, a contract may not meet the expected life criteria. A more accurate answer may be to explain why such contracts are assumed to meet the definition of a risk-sharing arrangement and thus require evaluation under SFFAS 49. It would further be helpful for the answer to explain what attributes of such contracts should be considered for the risk-based characteristics.

**QFR 5** Do you generally support the proposed guidance that coordinates the disclosures when other standards covering long-standing arrangements/transactions also apply? Refer to paragraphs 32-36, the proposed questions and answers, paragraphs A11-A12 in the basis for conclusions, and appendix B.

We generally support the proposed guidance.

**QFR 6** Do you generally support including (1) the proposed process flowchart that illustrates the applicability of SFFAS 49 to SFFAS 47 and SFFAS 54 and (2) the summary of disclosure requirements? If not, please explain any alternative solutions to the proposed material that you suggest the Committee address and the reasons for your position. Refer to appendix B.

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We generally support the proposed guidance. In particular, we found the flowchart in Appendix B and the summary of disclosure requirements to be especially helpful in understanding and applying guidance.

**QFR 7** Do you have any comments or suggestions on other aspects of the proposed TR that are not addressed in the above questions? Please note that these proposals may be further modified before a final TR is issued. As such, it is important that you comment on aspects that you favor as well as any that you do not favor.

We noticed that the TR had different paragraph numbers for the question and the answer. This appears to be a departure from recently issued TRs, which had one paragraph number for each question, inclusive of the answer. We strongly prefer having a single citation for each question and answer combination, since this would be much easier to navigate and cite, and to keep with a uniform convention.

# ATTACHMENT C

## Pre-ballot draft TR, **marked** Exposure Draft with edits



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## IMPLEMENTATION GUIDANCE FOR PUBLIC-PRIVATE PARTNERSHIPS

**Federal Financial Accounting Technical Release**

**ASIC PRE-BALLOT DRAFT**

January 26, 2026

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## THE FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

The Secretary of the Treasury, the Director of the Office of Management and Budget (OMB), and the Comptroller General of the United States established the Federal Accounting Standards Advisory Board (FASAB or "the Board") in October 1990. FASAB is responsible for promulgating accounting standards for the United States government. These standards are recognized as generally accepted accounting principles (GAAP) for the federal government.

Accounting standards are typically formulated initially as a proposal after considering the financial and budgetary information needs of citizens (including the news media, state and local legislators, analysts from private firms, academe, and elsewhere), Congress, federal executives, federal program managers, and other users of federal financial information. FASAB publishes the proposed standards in an exposure draft for public comment. In some cases, FASAB publishes a discussion memorandum, invitation for comment, or preliminary views document on a specific topic before an exposure draft. A public hearing is sometimes held to receive oral comments in addition to written comments. The Board considers comments and decides whether to adopt the proposed standards with or without modification. After review by the three officials who sponsor FASAB, the Board publishes adopted standards in a Statement of Federal Financial Accounting Standards. The Board follows a similar process for Statements of Federal Financial Accounting Concepts, which guide the Board in developing accounting standards and formulating the framework for federal accounting and reporting.

Additional background information and other items of interest are available at [www.fasab.gov](http://www.fasab.gov):

- [Memorandum of Understanding](#) among the Government Accountability Office, the Department of the Treasury, and the Office of Management and Budget, on Federal Government Accounting Standards and a Federal Accounting Standards Advisory Board
- [Mission statement](#)
- [Documents for comment](#)
- [Statements of Federal Financial Accounting Standards and Concepts](#)
- [Bimonthly newsletters](#)

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Washington, D.C. 20548  
Telephone 202-512-7350

[www.fasab.gov](http://www.fasab.gov)

### **The Accounting Standards Implementation Committee**

The Accounting Standards Implementation Committee (ASIC), formerly known as the Accounting and Auditing Policy Committee (AAPC), was organized in May 1997 by the Department of the Treasury, the Office of Management and Budget, the Government Accountability Office, the Chief Financial Officers Council, and the Council of the Inspectors General on Integrity and Efficiency as a body to research accounting issues requiring guidance.

The ASIC serves as a permanent committee established by FASAB. The mission of the ASIC is to assist the federal government in improving financial reporting by identifying, developing, and recommending timely solutions to address accounting issues within the framework of existing generally accepted accounting principles.

The ASIC recommends guidance for applying existing Statements of Federal Financial Accounting Standards, Interpretations of Federal Financial Accounting Standards, and Technical Bulletins. Guidance in the form of recommended [Technical Releases](#) is developed by ASIC and must be reviewed by FASAB before being issued.

Additional background information on the ASIC is available from [FASAB's website](#).

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## SUMMARY

This Federal Financial Accounting Technical Release (TR) assists reporting entities in implementing Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*. SFFAS 49 complements<sup>1</sup> existing guidance to ensure adequate disclosure of those arrangements/transactions that either form the basis of or are part of a public-private partnership (P3). Since its issuance on April 27, 2016, practitioners have questioned how SFFAS 49 ensures adequate disclosure of those arrangements or transactions that either form the basis of or are part of a P3. They have identified implementation challenges when applying the SFFAS 49 guidance when considering other existing accounting standards.

As a result, this TR provides implementation guidance regarding application of SFFAS 49:

- P3-related risk in an entity's arrangements or transactions
- P3-related entities that require disclosure pursuant to SFFAS 47, *Reporting Entity*
- P3-related leases pursuant to SFFAS 54, *Leases*
- P3-related standards requiring coordination with the SFFAS 49 disclosures

The guidance explains the interrelationships between SFFAS 49 and the standards that govern certain types of long-term arrangements/transactions. This helps to ensure that integrated information is provided through concise, meaningful, and transparent disclosures, disclosures are not duplicative, and financial reporting objectives are met while mitigating preparer burden.

Additionally, this TR may serve as an acceptable analogy for other Statements in addition to SFFAS 47 or SFFAS 54. Therefore, while this implementation guidance would not specifically address other types of federal activities, such as direct loans or loan guarantees, the Committee believes that reporting entities could consider this TR when applying SFFAS 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*, to other types of P3 arrangements or transactions.

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<sup>1</sup> Complementing in this context refers to coordinated efforts and additional actions needed to support, enhance, or complete adequate disclosures for all related disclosure requirements which may be contained in other standards.

## MATERIALITY

The provisions of this TR need not ~~be~~ be applied to information if the effect of applying the provision(s) is immaterial.<sup>2</sup> A misstatement, including omission of information, is material if, in light of surrounding facts and circumstances, it could reasonably be expected that the judgment of a reasonable user relying on the information would change or be influenced by the correction or inclusion of the information. Materiality should be evaluated in the context of the specific reporting entity. Determining materiality requires appropriate and reasonable judgment in considering the specific facts, circumstances, size, and nature of the misstatement. Consequently, after quantitative and qualitative factors are considered, materiality may vary by financial statement, line item, or group of line items within an entity.

While a significant consideration in determining the materiality of a P3 is the contractual risks of loss to the reporting entity (see SFFAS 49, par. 24.d), other quantitative and qualitative considerations may also be relevant. If the reporting entity determines that the P3 is material, the P3 disclosures should clearly indicate the contractual risks of loss to the reporting entity in accordance with paragraph 24.d and may include a discussion of the nature, likelihood, and magnitude of the risks of loss. This would assist the user in understanding such risks of loss. Disclosure of remote risks of loss should be limited to those included in the terms of the contractual P3 arrangements or transactions. If remote risks of loss are disclosed, an explanation should be included that avoids the misleading inference that there is more than a remote chance of a loss.

**Commented [DS1]:** Board member edit 23 Nov. I think the word "to" should be eliminated here.

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<sup>2</sup> Refer to Statement of Federal Financial Accounting Concepts 1, *Objectives of Federal Financial Reporting*, chapter 7, titled *Materiality*, for a detailed discussion of the materiality concepts.

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## TECHNICAL GUIDANCE

### SCOPE OF TECHNICAL GUIDANCE

1. Readers of this Federal Financial Accounting Technical Release (TR) should first refer to the hierarchy of accounting standards in Statement of Federal Financial Accounting Standards (SFFAS) 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*.
2. This TR complements the relevant accounting standards but is not a substitute for and does not take precedence over the standards.
3. ~~Public-private~~<sup>Public-Private</sup> partnership (P3) risk reporting has been raised as a specific implementation challenge. This TR emphasizes that the conclusive and suggestive risk-based characteristics in SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*, are designed to assist preparers in identifying entity risks of loss. To that end, entity processes may include identification and consideration of all forms of contractual risks that might supersede or give rise to either conclusive or suggestive risk-based characteristics.
4. This TR addresses agencies' current implementation challenges. This guidance is a first step in the Federal Accounting Standard Advisory Board's (FASAB or "the Board") attempt to clarify the application of SFFAS 49.

**Commented [DS2]:** Staff edit 24 Nov.

### GENERAL PRINCIPLES FOR DISCLOSURE REQUIREMENTS

5. This TR proposes general principles for coordinating the disclosure requirements in SFFAS 49. Paragraph 23 of SFFAS 49 requires that disclosures "be integrated so that concise, meaningful, and transparent information is provided and information is not repetitive." The coordination of SFFAS 49 and other disclosures requires professional judgment in determining where P3 disclosures are included in the notes. For example, some or all P3 disclosures may be in a separate P3 note, while some P3 disclosures may be incorporated into other notes. Because P3s may affect several notes, there will typically be a separate P3 note with appropriate cross-references to other notes.
6. In preparing SFFAS 49 disclosures, reporting entities should analyze related standards that may have disclosure requirements that overlap or interact with SFFAS 49 disclosures.

Examples of such related disclosure requirements could include the following:

- a. Private party entities with which the reporting entity has a P3 arrangement or transaction, including special purpose vehicles (SPVs) or other separate entities, that may meet the definitions of disclosure entities or related parties under SFFAS 47, *Reporting Entity*.<sup>3</sup>

**Commented [DS3]:** Staff edit to conform with recommendation that SFFAS 49 would still apply to consolidated entities.

<sup>3</sup> This TR proposes that, in accordance with generally recognized consolidation principles, if a private partner or SPV in a P3 arrangement or transaction is a consolidation entity (for example, a component

b. P3 arrangements or transactions may result in recognizing balances or transactions (for example, assets, liabilities, revenues, and/or costs) in the reporting entity's financial statements, as well as disclosing information about them. P3 arrangements or transactions may also result in disclosing other information (for example, commitments and unrecognized contingencies) based on other standards, such as SFFAS 54, *Leases*; SFFAS 2, *Accounting for Direct Loans and Loan Guarantees*; or SFFAS 5, *Accounting for Liabilities of the Federal Government*.

7. Based on an understanding of the P3 arrangement or transaction and other related standards, reporting entities should consider how to integrate disclosures to provide concise, meaningful, and transparent information that is not repetitive.

8. Possible considerations could include whether the disclosures of the other related standards provide disaggregated information that specifically identifies individual components (for example, balances or transactions). For example, the disclosures of the related standards may be aggregated such that individual components of specific P3-related amounts are not specifically identifiable. In such instances, a P3 note may complement other notes by indicating the line item where the asset, liability, revenue, or expense is recognized, disclosing the amounts related to the P3, and referring to the note where the aggregated data or other information is disclosed.

9. Moreover, where information in a related note is disaggregated, a P3-related asset, liability, revenue, expense, or other information may be specifically reported or disclosed as part of another note. For example, a note related to disclosure entities or related parties under SFFAS 47 may include information related to the nature of the P3 relationship and the entity's exposure to risks of loss.<sup>4</sup> In such instances, a P3 note may refer to the related note for more detailed information and not include details in the P3 note.

#### GUIDANCE ON APPLYING SFFAS 49 RISK-BASED CHARACTERISTICS

10. Paragraph 20 of SFFAS 49 describes certain risk-based characteristics that serve as conclusive evidence that a P3 possesses risk of loss, indicating that disclosures should be provided. If any of the conclusive risk-based characteristics are met, the P3 arrangement or transaction should be disclosed. Paragraph 21 describes certain suggestive risk-based characteristics considered in the aggregate that serve as evidence that P3s may possess risk of loss, and, if so, require disclosure. Each suggestive risk-based characteristic requires entity judgment, as each characteristic is analyzed in connection with the other suggestive risk characteristics.

entity of the reporting entity), the risks of loss and any balances or transactions with the consolidated private partner or SPV is intra-entity. Consistent with consolidation accounting, any financial transactions and balances between the private partner or SPV and the reporting entity would be eliminated. In such cases, there would not be a P3 from a consolidated perspective and, accordingly, SFFAS 49 would not apply to that relationship.

<sup>4</sup> Conversely, a P3 note could include the disclosure entity or related party disclosures required by SFFAS 47.

11. **What specific risks might give rise to conclusive and suggestive risk characteristics described in paragraphs 20-21 in SFFAS 49 when considering the need for disclosures?**

12. By nature, P3s are a form of investment that may also contain debt and equity funding and transfer or share various forms of risk among the P3 partners. Reporting entity management should have an understanding of the structure of each arrangement or transaction, along with the risk/reward composition from each P3 relationship. The various forms of risks identified by entity management could give rise to conclusive and/or suggestive risk characteristics requiring disclosure. In implementing paragraphs 20 and 21, practitioners have found the following risks helpful when assessing conclusive and suggestive risks:

- Risks the entity or federal government as a whole may have to absorb part or all of the project's private debt.
- Risks the entity will not achieve expected returns on its investments in limited partnerships.
- Risks from the transfer of government assets (including intellectual property) into private hands for extended periods of time.
- Risks that the financial costs of the public purpose or public value will not be fulfilled or achieved.
- Risks that accompany the benefits of a P3.
- Risks that may not be distributed equitably across generations.

13. Accordingly, entities should have an understanding of the risks in their P3 arrangements or transactions and their risk/reward composition when ascertaining contractual risks of loss.

#### **GUIDANCE ON APPLYING SFFAS 49 TO SFFAS 47, REPORTING ENTITY**

14. A component reporting entity may identify a P3 structural or transactional arrangement that meets both the definition and disclosure requirements of SFFAS 49 and involves entities meeting the reporting principles of SFFAS 47. This TR proposes disclosure guidance for P3 arrangements that may involve organizations outlined in SFFAS 47.

15. For example, paragraph 80 in SFFAS 47 acknowledges that federal entities can have related party relationships with organizations that should be disclosed, especially if those relationships are of such significance that it would be misleading to exclude. Where an entity involved in a P3 arrangement or transaction is determined to be a disclosure entity or a related party under SFFAS 47, the respective disclosure requirements of both SFFAS 47 and SFFAS 49 should be coordinated.<sup>5</sup>

16. Typical steps in coordinating P3 disclosures with disclosures required by SFFAS 47 include identifying the entities involved in the P3 arrangement or transaction (for example, private partners or SPVs) and determining for each identified entity in the P3 whether it is a

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<sup>5</sup> Coordination in this context refers to efforts and additional actions needed to support, enhance, or complete adequate disclosures for all related disclosure requirements.

consolidation entity, disclosure entity, or related party under SFFAS 47. For related parties, disclosures are required only where related party relationships are of such significance to the reporting entity that it would be misleading to exclude information about such relationships. For any disclosure entities or related parties, related disclosures should be coordinated with P3 disclosures.

17. **If a private entity is consolidated and thus treated as being part of the overall reporting entity's general purpose federal financial reports, does SFFAS 49 apply?**
18. **Yes.** As noted in paragraph 67 of SFFAS 47, that standard does not introduce new disclosure requirements for consolidated entities but affirms that existing standards already require such disclosures. Consequently, consolidation of a private entity under SFFAS 47 does not eliminate the nature of any risk-sharing relationship between the government and the private entity.

Therefore, when SFFAS 49 disclosures are applicable, supplemental information should be disclosed with cross-references to SFFAS 47 to ensure clarity, transparency, and to avoid duplication. Professional judgment is essential in coordinating disclosures under both standards.

For reference, Appendix B (page 23) provides a summary of disclosure requirements for SFFAS 47 and SFFAS 49.

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19. **If you have a P3 arrangement or transaction that involves organizations that meet the SFFAS 47 reporting requirements as either a disclosure entity or related party, how might SFFAS 49 and SFFAS 47 disclosures be coordinated?**
20. Professional judgment is required to determine how to coordinate SFFAS 49 and SFFAS 47 disclosures. These standards have similar disclosure objectives and requirements and are intended to be coordinated with each other. To the extent that the SFFAS 47 disclosures do not provide the information specific to SFFAS 49, the disclosures in paragraph 24 of SFFAS 49 should be provided so that concise, meaningful, and transparent information is provided and information is not duplicated.

For example, a note related to disclosure entities or related parties may include information related to the nature of the P3 relationship and the entity's exposure to risks of loss. In such instances, a P3 note may refer to the related note for more detailed information and not include details in the P3 note. On the other hand, a P3 note may include the disclosure entity or related party disclosures required by SFFAS 47.

Refer to appendix B for both SFFAS 47 and SFFAS 49 disclosures.

#### **GUIDANCE ON APPLYING SFFAS 49 TO SFFAS 54, LEASES**

21. A P3 arrangement or transaction may incorporate a lease as defined by SFFAS 54. For example, a P3 arrangement or transaction may incorporate a lease between the reporting entity and a P3 partner. As a result, this TR proposes disclosure guidance for P3

arrangements/transactions that meet criteria for disclosure under both SFFAS 49 and SFFAS 54.

**22. If a P3 arrangement or transaction includes a lease or lease component, do both the SFFAS 49 and SFFAS 54 disclosure requirements apply?**

23. Yes. Professional judgment is required to determine how to coordinate SFFAS 49 and SFFAS 54 disclosures. For P3s including lease arrangements or transactions, the lease should be disclosed under SFFAS 49 regardless of whether it is specifically disclosed under SFFAS 54. Consistent with paragraph 23 of SFFAS 49, if a P3 includes a lease or lease component, then the resultant disclosures under SFFAS 49 and SFFAS 54 reporting requirements should be integrated so that concise, meaningful, and transparent information is provided and information is not repetitive.

Refer to appendix B for both SFFAS 49 and SFFAS 54 disclosures.

**24. How might SFFAS 49 and SFFAS 54 disclosures be coordinated?**

25. Lease disclosures under SFFAS 54 may aggregate information about a lease portfolio and may not sufficiently include the required related P3 disclosures. In such instances, a P3 note may discuss the specific related P3 lease disclosures. For example, the P3 note may disclose that the lease is recognized as a lease asset and liability, disclose the amounts specifically related to the P3, and reference the related lease note. Alternatively, the reporting entity may include the lease-related required P3 disclosures in the lease note that is cross-referenced to the P3 note such that the lease note clearly delineate amounts related to P3 arrangements/transactions.

**26. How can a lease or lease component that meets SFFAS 49 be differentiated from another type of contract or arrangement that permits use of an asset like a lease?**

27. Preparers should review the terms of the P3 arrangement or transaction against the criteria for a lease, including paragraphs 2-4 in SFFAS 54 and paragraphs 4-19 in TR 20, *Implementation Guidance for Leases*.

**28. What helps distinguish an SFFAS 49 P3 from a contract or agreement with multiple components, including one or more lease components ~~which that~~ are not subject to SFFAS 49 reporting requirements?**

29. A reportable P3 will (1) meet the definition of a federal P3 as defined in paragraphs 16-19 of SFFAS 49 and (2) possess risk of loss based on meeting any of the conclusive risk-based characteristics in paragraph 20 of SFFAS 49 or considering, in the aggregate, the suggestive risk-based characteristics in paragraph 21 of SFFAS 49.

**30. Are energy savings performance contracts and utility energy service contracts considered P3s?**

31. Such contracts are alternative financing arrangements and generally would be subject to SFFAS 49. For example, when energy savings performance contracts and utility energy

**Commented [DS4]:** Board member 11/3/2025 edit.

service contracts meet either the conclusive or suggestive risk-based characteristics of a P3, they are required to meet the SFFAS 49 disclosure requirements.

## **GUIDANCE ON COORDINATING DISCLOSURES**

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32. As entities apply the disclosure requirements of SFFAS 49, questions have arisen as to which disclosures apply when other standards covering such long-standing arrangements/transactions also apply. This TR proposes guidance on how to coordinate SFFAS 49 disclosures with disclosure requirements from other standards.
33. **Does coordinating disclosures between SFFAS 49 and other related standards mean that entities should change or alter existing disclosures required by other standards, such as SFFAS 47?**
34. No. In meeting the SFFAS 49 disclosure requirements, entities are encouraged to coordinate the disclosure requirements of all standards involved without duplicating information in multiple places within their financial report. As noted in paragraph 23 of SFFAS 49, “Disclosures should generally accompany the related asset and/or liability display contained within the financial statements.” P3 disclosures are intended to complement existing reporting by exclusively describing the risks of loss to the federal government and assisting users in understanding the nature of P3s. The Board did not intend for the P3 disclosures required by SFFAS 49 to affect existing disclosures required by SFFAS 47 or any other standards.
35. According to paragraph 23 of SFFAS 49, “The resultant disclosures should be integrated so that concise, meaningful, and transparent information is provided and information is not repetitive.” As such, entities may include references to existing information across their financial report, where appropriate, to ensure disclosures are integrated. For example, the summary of significant accounting policies note may serve to guide users to the appropriate references within the financial report.
36. **Is it appropriate to disclose specific P3-related assets, liabilities, revenues, expenses, or other information in a related note, considering materiality and the level of aggregation of the other note?**
37. Yes. In a P3 note, a specific reference may be made to the note where more detailed information is disclosed. Also, the other note may refer to the P3 note.

## **EFFECTIVE DATE**

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38. This TR is effective upon issuance.

The provisions of this Technical Release need not be applied to information if the effect of applying the provision(s) is immaterial. Refer to Statement of Federal Financial Accounting Concepts 1, *Objectives of Federal Financial Reporting*, chapter 7, titled Materiality, for a detailed discussion of the materiality concepts.

## APPENDIX A: BASIS FOR CONCLUSIONS

This appendix discusses factors considered significant by Committee members in reaching the conclusions in this guidance. It includes the reasons for accepting certain approaches and rejecting others. Individual members gave greater weight to some factors than to others. The guidance enunciated in this Technical Release (TR)—not the material in this appendix—should govern the accounting for specific transactions, events, or conditions.

This Technical Release may be affected by subsequent Technical Releases. The FASAB Handbook is updated annually and includes a status section directing the reader to any subsequent Technical Releases that amend this Technical Release. The authoritative sections of the Technical Releases are updated for changes. However, this appendix will not be updated to reflect subsequent changes. The reader can review the basis for conclusions of the amending Technical Release for the rationale for each amendment.

**Statement of Federal Financial Accounting Standards (SFFAS) 49, Public-Private Partnerships: Disclosure Requirements.** Since its issuance on April 27, 2016, practitioners have identified implementation challenges concerning **Statement of Federal Financial Accounting Standards (SFFAS) 49, Public-Private Partnerships: Disclosure Requirements**.

Questions and answers in the TR are intended to provide guidance for applying the accounting and financial reporting requirements for **P3s—public-private partnerships (P3s)** in accordance with SFFAS 49.

**Commented [DS5]:** Board member edits; 11/3 and 11/23.

## PROJECT HISTORY

- A1. At the August 2021 Board meeting, members reviewed the results of staff's analysis concerning the fiscal year (FY) 2020 note disclosures pursuant to SFFAS 49. Staff analyzed the FY 2020 disclosures of all 24 Chief Financial Officers (CFO) Act agencies and the 16 significant entities. As a result, the majority of the members agreed not to proceed with the second phase of the project on measurement and recognition until the Board gained additional insight regarding how the P3 definition, exclusions, risk-based characteristics, and materiality guidance contributed to the disclosures or lack thereof in the FY 2020 reporting cycle. As a result, the Board directed staff to conduct additional research with a task force to determine why P3 reporting varies, why cash flows are not disclosed in some instances, and potential broad measurement and recognition options for future consideration. Specifically, the Board tasked staff to recommend any changes, improvements, or additional guidance that could address implementation challenges prior to commencing the second phase of the project.
- A2. During the last quarter of 2021, staff began (1) researching potential SFFAS 49 implementation issues by initiating training and outreach, (2) identifying potential measurement and recognition approaches, and (3) coordinating, as appropriate, with the Department of the Treasury and the Office of Management and Budget (OMB) to disclose P3 information more consistently among entities. To that end, staff scheduled separate one-on-one meetings with preparers, auditors, and policy experts and conducted SFFAS 49 training with federal entities.

### A3. Potential Implementation Challenges

As a result of training and outreach, staff identified 15 implementation challenges. The Board reviewed these at its October 2022 meeting and recommended staff take the following steps:

- a. Coordinate implementation challenges with the CFO Council.
- b. Validate and prioritize implementation challenges.
- c. Communicate technical guidance via questions and answers.
- d. Be mindful of the task force composition.
- e. Assess how auditors apply materiality.

### A4. Task Force Review and Validation of Implementation Challenges

The implementation challenges, in order of importance, were the interrelationships between SFFAS 49, SFFAS 47, Reporting Entity and SFFAS 54, Leases; the differences between uncertainty and risk and how to identify the two within the context of materiality; the relationship between cash flow estimates and risks (and how they are not uncertainties); the clarification that private partner risks of loss are required disclosures; and examples on how to aggregate disclosures.

The task force further agreed to combine the remaining implementation challenges with a higher-ranked implementation challenge where appropriate. Some implementation challenges are more operationally or administratively oriented and better suited for Treasury or OMB to address.

### A5. Training Sessions

During calendar year 2022, the following federal entities participated in an SFFAS 49 training: Department of Justice; Department of Energy (DOE); National Geospatial-Intelligence Agency; Treasury; Department of Agriculture, Department of Defense (DOD); National Aeronautics and Space Administration (NASA); Defense Logistics Agency (DLA); Health and Human Services; Department of Commerce (DOC); Department of Housing and Urban Development-Inspector General; and Department of Homeland Security.

Staff trained 974 attendees, including discussing SFFAS 49 implementation challenges. Course evaluations documented challenges other than those identified through the one-on-one sessions, and staff shared these with the Board at the October 2022 meeting.

### A6. The P3 implementation task force met between December 2022 and April 2024. Staff structured the meetings to ensure a complete review of implementation challenges as well as potential FASAB action. The task force prioritized implementation challenges along with proposed FASAB action. In doing this, the task force generally agreed that FASAB could address several of the challenges concurrently whereas others were not under FASAB's purview. The task force separated into subgroups to address these highest priority challenges and recommend discrete actions. This included possible amendments to SFFAS 49, draft case studies, and note illustrations.

The P3 implementation task force included industry representatives from several public accounting and consulting firms, as well as representatives from federal agencies:

- a. Mr. Bob Helwig, JD, PhD
- b. Checco Communications
- c. DLA
- d. DOC
- e. DOD
- f. Department of Defense, Office of the Inspector General
- g. DOE
- h. Department of Interior
- i. Department of Veterans Affairs
- j. First Net
- k. General Services Administration
- l. Housing and Urban Development
- m. Maximus
- n. NASA

A7. The subgroups recommended the guidance in this TR to the Accounting Standards Implementation Committee (ASIC or “the Committee”). In reaching their conclusions, the subgroups recognized the necessity to develop implementation guidance to best address the implementation challenges and concerns raised by the Board. Correspondingly, this TR also recognizes that the financial management information needs of stakeholders, both internal and external, varies by entity (given the highly complex nature of some P3s and entity-specific risk tolerances). As a result, the implementation guidance does not provide a universal solution; instead, it is designed to give management a tool on which to base stakeholder financial management information needs.

A8. When applying the principles in SFFAS 49, management can develop formalized policies and procedures documenting its decisions. Management is responsible for maintaining adequate documentation on the sources of data and the application of methodologies used when identifying SFFAS 49 P3s for disclosure.

A9. The CFO, leaders of other functional groups (for example, legal, procurement, leasing, facilities, and logistics), and the various operational business areas can also collaborate to implement SFFAS 49 and this guidance.

#### **ASIC DELIBERATIONS**

A10. The ASIC began working on the project in November 2023, with project acceptance and scope concurrence at that time.

Committee members raised several points:

- a. Review P3 disclosures to determine if they meet the intent of SFFAS 49.
- b. Assess materiality in connection with cost/benefit considerations.
- c. Ensure that decisions concerning materiality are not predicated on non-representative P3 reporting.
- d. Parse the implementation guidance between authoritative and non-authoritative.

e. Consider highlighting and linking the risk-based characteristics to overall risk of loss considerations.

A11. At the May 2024 ASIC meeting, members reviewed draft guidance and project next steps. Several task force members were present and offered their views concerning implementation challenges and the proposed guidance. The Committee then directed staff to further develop and explain the flowchart instructions; add questions and answers about what is meant by harmonization of disclosures; and incorporate a question for respondents concerning contingent liabilities guidance and its relationship to SFFAS 49.

The ASIC addressed the following areas at the May meeting:

- a. The ASIC chair determined that incorporating a question for respondents concerning contingent liabilities guidance and its relationship to SFFAS 49 is outside the ASIC's scope. This falls within the Board's scope to address and deliberate.
- b. The ASIC added questions, answers, and commentary concerning what is meant by coordination of disclosures.
- c. The ASIC further developed the flowchart instructions and added instructions not to restrict application of the flowchart to the illustrated waterfall approach.

A12. The Committee met again in August and November 2024 to review a revised draft exposure draft.

The ASIC addressed the following areas at the August meeting:

- a. Provide a broad principle for dealing with the overlap of P3 disclosure requirements with reporting and disclosure requirements of other standards.
- b. Enhance the guidance related to the coordination of disclosures due to other requirements.
- c. Propose that, under consolidation accounting, the reporting entity is treated as a single economic entity and, thus, SFFAS 49 disclosures would not apply.
- d. Add an appendix that includes the side-by-side disclosure requirements for SFFAS 49, 47, and 54.

d. At the November meeting the members were generally supportive of the revised draft document primarily noting that staff consider certain edits to clarify guidance related to leases.

A13. The ASIC addressed the following areas at the May meeting:

- a. The ASIC chair determined that incorporating a question for respondents concerning contingent liabilities guidance and its relationship to SFFAS 49 is outside the ASIC's scope. This falls within the Board's scope to address and deliberate.
- b. The ASIC added questions, answers, and commentary concerning what is meant by coordination of disclosures.
- c. The ASIC further developed the flowchart instructions and added instructions not to restrict application of the flowchart to the illustrated waterfall approach.

**Commented [DS6]:** Staff edit to update Board approval and ASIC issuance.

**Commented [DS7]:** Staff edit. The May meeting entry is a sub-set discussion of par A11 in descending chronological order.

A134. At the February 2025 meeting, the ASIC suggested additional improvements and refinements to several areas, most notably to the leases guidance. As a result, the ASIC chair agreed that staff would begin moving towards a draft pre-ballot to be shared with the Committee once all remaining edits and revisions had been addressed by staff. At the April 2025 meeting, staff requested the Board's approval to expose the proposed ASIC Technical Release exposure draft (ED) titled Implementation Guidance for SFFAS 49, Public-Private Partnerships. Members provided some non-substantive edits to improve the ED and agreed to the ASIC releasing the ED. As a result, the ASIC subsequently released for public comment the ED on implementation guidance for Public-Private partnerships. The ASIC requested comments on the ED by June 30, 2025.

## RISK AND MATERIALITY

### MATERIALITY, RISK AND PUBLIC-PRIVATE PARTNERSHIPS

A145. Given that users have noted materiality and risk reporting as implementation challenges, this TR emphasizes that SFFAS 49 contains conclusive and suggestive risk-based characteristics designed to help preparers identify risks of loss that may be material and warrant further consideration for disclosure. These risk-based characteristics are designed to assist preparers in identifying and evaluating how much risk is in an arrangement or transaction. These characteristics should also elucidate how much of that risk has been (1) transferred to the private partner, (2) shared with the private partner, and (3) retained by the entity. Such an understanding relies on a thorough analysis of the underlying contractual agreements, guarantees, insurance, indemnification strategies, and the existence and nature of any underlying private party capital buffer that might exist. Users can then assess the extent of any debt (for example, bonds, loans and notes) and equity participation (for example, stocks and other securities representing an ownership interest).

Preparers should consider applying materiality cumulatively or in the aggregate, demonstrating entity accountability to the public, and meeting user needs.

User needs include the following:

- a. Assess the costs and related risks of entering into such long-term agreements.
- b. Assess the efficiency and effectiveness of these risk-sharing agreements, as well as the government's management of its assets and liabilities.
- c. Determine how financial resources, budgetary or otherwise, have been obtained and used and whether their acquisition and use were in accordance with the entity's legal authorization.

While remote risks of loss deemed material should be limited to those that are included in the contractual terms of the P3 arrangements or transactions, they nonetheless should be disclosed. Materiality assessments require both qualitative and quantitative judgments; specific guidance limiting preparer and auditor considerations is not appropriate.

## SUMMARY OF OUTREACH AND RESPONSES

A156. On May 16, 2025, the ASIC released for public comment the exposure draft of a proposed ~~Federal Financial Accounting Technical Release (TR)~~ titled, *Implementation Guidance for SFFAS 49, Public-Private Partnerships*. Since its issuance on April 27, 2016, practitioners have identified implementation challenges concerning SFFAS 49. The proposed TR was issued to assist reporting entities in implementing ~~Statement of Federal Financial Accounting Standards (SFFAS) 49, Public-Private Partnerships: Disclosure Requirements~~.

**Commented [DS8]:** Board member edits. Nov 3.

A157. ASIC received 21 comment letters in response to the ED. Respondents overwhelmingly agreed with the general provisions of the proposed TR and expressed strong support and appreciation for the following:

- Clarification of disclosure requirements under SFFAS 49
- Integration with related standards (SFFAS 47 and SFFAS 54)
- Use of flowchart and Q&A format to improve usability
- Emphasis on transparency, risk assessment, and non-duplicative reporting

There was broad agreement that the guidance helps clarify (1) risk-of-loss triggers and the distinction between conclusive vs. suggestive characteristics; (2) how P3 disclosures interact with SFFAS 47, ~~Reporting Entity~~, and (3) coordination of disclosures across standards.

**Commented [DS9]:** Board member edits. Nov 3.

A158. In general, respondents noted the following areas of concern:

- Ambiguity in applying professional judgment may lead to inconsistent disclosures.
- Requests for illustrative examples or matrices to guide risk assessment.
- Clarifying guidance for Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs).
- Examples of how to handle overlapping disclosures in practice.

**Commented [DS10]:** Board member edits. Define first use in this section. Nov 3.

Specific respondent concerns include: (1) citizens warned against allowing exclusions for non-federal partner funding, fearing erosion of transparency (2) whether SFFAS 49 disclosures should apply to SFFAS 47 consolidated entities, (3) questions about how to assess materiality when no monetary exchange occurs, especially for in-kind arrangements, (4) hidden ownership structures (e.g., LLCs, trusts) and their implications for risk and accountability, (5) examples for simple to complex P3 arrangements.

A159. Staff conducted follow-up meetings with respondents and formed two working groups to address their shared comments. Based on consultations with them, and subsequent guidance from the Board at the October 2025 meeting, staff adjusted the proposed TR accordingly. Changes were made to address the following concerns:

### 1. Applying the Risk Based Characteristics

Entities are not expected to evaluate the structure of each P3 arrangement/transaction but instead, possess an understanding of the structure of its P3 arrangements/transactions. Re: Paragraphs 12 and 13.

## 2. Energy Savings Performance Contracts and Utility Energy Service Contracts

Concerns over whether all ESPCs/UESCs in fact meet the Conclusive characteristics were addressed by modifying the answer to allow for instances when such contracts may not meet any of the risk-based characteristics. Re: Paragraph 31.

Respondents who raised specific concerns over ambiguity in applying professional judgment, overlapping disclosures and adoption of illustrative examples generally agreed that these matters are best handled through education and outreach and where applicable, possible SFFAS 49 amendments.

## APPENDIX B: ILLUSTRATIONS

This appendix includes a flowchart that illustrates the application of the provisions of this TR. Although the following flowchart is outlined as steps, the reviews are typically concurrent and based upon a reporting entity's policies and procedures used during preparation of its financial statements. Applying the provisions of this TR may require assessing facts and circumstances other than those discussed herein and referencing other applicable TRs.

Practitioners are not constrained by the illustration contained herein and may, based on facts and circumstances, evaluate arrangements or transactions for SFFAS 49 applicability using alternate approaches.

Moreover, the flowchart is not intended to provide guidance on determining the application of materiality. Applying the provisions of this TR requires assessing facts and circumstances specific to the P3 arrangements or transactions and the interrelationship with SFFAS 47 or SFFAS 54 and their related TRs. Lastly, although the flowchart is laid out as a step process, preparers can view it as more of a concurrent or "waterfall" process beginning first with SFFAS 47 and then proceeding to SFFAS 54, if applicable, prior to aligning disclosures. The suggested steps do not imply that reporting entities develop practices in strict accordance with the flowchart.

### FLOWCHART STEPS

- 1. Identify arrangements or transactions that might be P3s and then determine if they are material to the financial statements.**
- 2. Determine if SFFAS 47 applies.<sup>6</sup>** Identify the entities in the P3 arrangement or transaction (for example, private partners or SPVs). Determine if any of the identified entities are consolidation entities, disclosure entities, or related parties under SFFAS 47. For related parties, disclosures are required only where related party relationships are of such significance to the reporting entity that it would be misleading to exclude information about such relationships. For any disclosure entities or related parties, related disclosures should be coordinated with P3 disclosures.
- 3. Determine if SFFAS 54 applies.** Identify balances or types of transactions (for example, assets, liabilities, revenues, costs) or other disclosures (for example, commitments and unrecognized contingencies) in the entity's financial statements that are a result the P3 arrangement or transaction. As part of the identification, specifically consider TR guidance for leases. For each P3 related balance, type of transaction, or other information, identify required or voluntary disclosures related to such balance, type of transaction, or other information.

**Commented [DS11]:** Staff edit to conform with recommendation that SFFAS 49 would still apply to consolidated entities.

<sup>6</sup> In those cases where a private partner or SPV meets the definition of a consolidation entity, there would not be a P3 relationship between the reporting entity and the consolidation entity from a consolidated perspective and, accordingly, SFFAS 49 would not apply to that relationship.

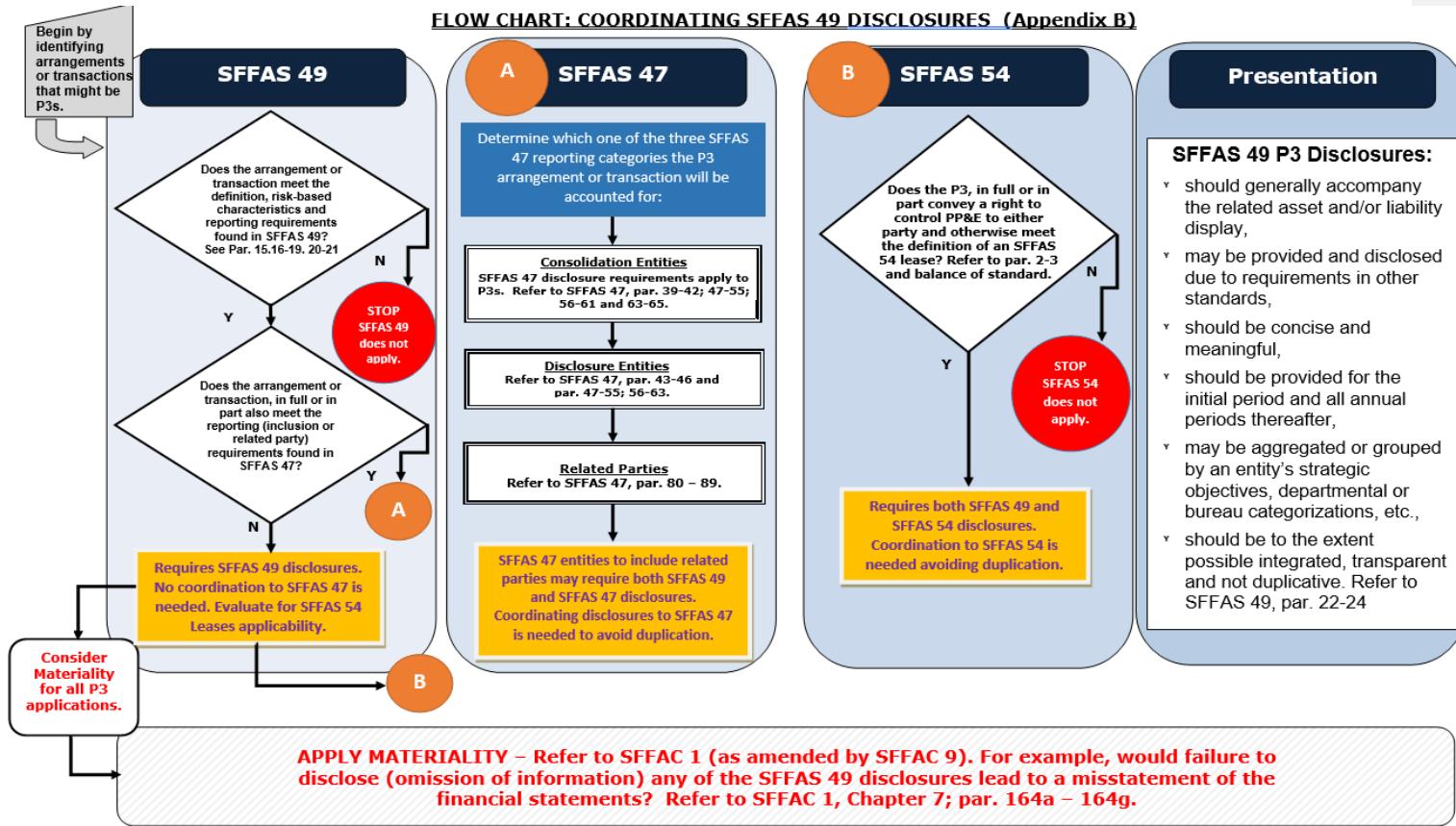
**4. Coordinate disclosures appropriately.** Professional judgment is required in determining the extent of information to include in a P3 note and/or in a note related to disclosure entities or related parties.

For example, if in the entity's financial statements there are related P3 disclosures (for example, narratives, balances, or transactions like assets, liabilities, revenues, or costs) required by other standards (for example, commitments and unrecognized contingencies), the reporting entity should coordinate information so that it is concise, meaningful, transparent, and not repetitive.

It is appropriate to disclose specific P3-related assets, liabilities, revenues, expenses, or other information in a related note when considering materiality and the level of aggregation of the other note. For example, a P3 note may specifically reference another note where more detailed information is disclosed. Conversely, another note may refer to the P3 note.

If material to the P3, the P3 note may discuss the specific P3-related balance, transaction or other information; disclose the specific amounts related to the P3; and refer to the note where related information is incorporated.

This summary of disclosure requirements is meant to be a ready-reference, horizontal display of the disclosures required by the standards addressed in this guidance. Practitioners should not make any inference as to order of precedence, significance, or materiality. Refer to the general principles regarding disclosure requirements.



This summary of disclosure requirements is meant to be a ready-reference, horizontal display of the disclosures required by the standards addressed in this guidance. Practitioners should not make any inference as to order of precedence, significance, or materiality. Refer to the general principles regarding disclosure requirements.

## Summary Of Disclosure Requirements

### SFFAS 49

24. Disclosures should be provided for the initial period and all annual periods thereafter where an entity is party to a P3 arrangement/transaction. The following information should be disclosed:

- The purpose, objective, and rationale for the P3 arrangement or transaction and the relative benefits/revenues being received in exchange for the government's consideration, monetary and non-monetary; and the entity's statutory authority for entering into the P3.
- A description of federal and non-federal funding of the P3 over its expected life, including the estimated mix of federal and non-federal funding, and the estimated amounts of such funding.
- The operational and financial structure of the P3 including the reporting entity's rights and responsibilities, including:
  - A description of the contractual terms governing payments to and from the government over the expected life of the P3 arrangement or transaction to include:
    - explanation of how the expected life was determined
    - the time periods payments are expected to occur
    - whether payments are made directly to each partner or indirectly through a third-party, such as, military housing allowances
    - in-kind contributions/services and donations

**This summary of disclosure requirements is meant to be a ready-reference, horizontal display of the disclosures required by the standards addressed in this guidance. Practitioners should not make any inference as to order of precedence, significance, or materiality. Refer to the general principles regarding disclosure requirements.**

## **SFFAS 49**

- ii. The amounts received and paid by the government during the reporting period(s) and the amounts estimated to be received and paid in aggregate over the expected life of the P3
- d. Identification of the contractual risks of loss the P3 partners are undertaking
  - i. Identification of such contractual risks of loss should include a description of (1) the contractual risk and (2) the potential effect on cash flows if the risks were realized (for example, early termination requirements including related exit amounts and other responsibilities such as asset condition (hand-back) requirements, minimum payment guarantees, escalation clauses, contingent payments, or renewal options).
  - ii. Disclosure of remote risks of loss should be limited to those included in the terms of the contractual P3 arrangements or transactions. If remote risks of loss are disclosed, an explanation should be included that avoids the misleading inference that there is more than a remote chance of a loss.
- e. As applicable:
  - i. Associated amounts recognized in the financial statements such as gains or losses and capitalized items
  - ii. Significant instances of non-compliances with legal and contractual provisions governing the P3 arrangement or transaction
  - iii. Whether the private partner(s), including any Special Purpose Vehicle (SPV), have borrowed or invested capital contingent upon the reporting entity's promise to pay whether implied or explicit
  - iv. Description of events of termination or default

**This summary of disclosure requirements is meant to be a ready-reference, horizontal display of the disclosures required by the standards addressed in this guidance. Practitioners should not make any inference as to order of precedence, significance, or materiality. Refer to the general principles regarding disclosure requirements.**

## **SFFAS 47**

74. For each significant disclosure entity and aggregation of disclosure entities, information should be disclosed to meet the following objectives:

- Relationship and Organization: The nature of the federal government's relationship with the disclosure entity or entities.
- Relevant Activity: Nature and magnitude of relevant activity during the period and balances at the end of the period.
- Future exposures: A description of financial and non-financial risks, potential benefits and, if possible, the amount of the federal government's exposure to gains and losses from the past or future operations of the disclosure entity or entities.

(Par. 75 provides examples of information that may meet the objectives in paragraph 74.)

89. For related party relationships of such significance to the reporting entity that it would be misleading to exclude information about such relationships, the following should be disclosed:

- Nature of the federal government's relationship with the party, including the name of the party or if aggregated, a description of the related parties. Such information also would include, as appropriate, the percentage of ownership interest.
- Other information that would provide an understanding of the relationship and potential financial reporting impact, including financial-related exposures to risk of loss or potential gain to the reporting entity resulting from the relationship.

## **SFFAS 54**

Component Reporting Entity Disclosure Requirements for Lessees

54. Lessees should disclose the following regarding lease activities (which may be grouped for purposes of disclosure), other than short-term leases, contracts or agreements that transfer ownership, and intragovernmental leases:

- A general description of its leasing arrangements, including the basis, terms, and conditions on which variable lease payments not included in the lease liability are determined

**This summary of disclosure requirements is meant to be a ready-reference, horizontal display of the disclosures required by the standards addressed in this guidance. Practitioners should not make any inference as to order of precedence, significance, or materiality. Refer to the general principles regarding disclosure requirements.**

## **SFFAS 54**

- b. The total amount of lease assets and the related accumulated amortization, to be disclosed separately from PP&E assets
- c. The amount of lease expense recognized for the reporting period for variable lease payments not previously included in the lease liability
- d. Principal and interest requirements to the end of the lease term, presented separately, for the lease liability for each of the five subsequent years and in five-year increments thereafter
- e. The amount of the annual lease expense and the discount rate used to calculate the lease liability

### Component Reporting Entity Disclosures for Lessors

67. Lessors should disclose the following regarding lease activities (which may be grouped for purposes of disclosure), other than short-term leases, contracts or agreements that transfer ownership, and intragovernmental leases:

- a. A general description of its leasing arrangements, including the basis, terms, and conditions on which any variable lease payments not included in the lease receivable are determined
- b. The carrying amount of assets on lease by major classes of assets, and the amount of related accumulated depreciation
- c. The total amount of revenue (for example, lease revenue, interest revenue, and any other lease-related revenue) recognized in the reporting period from leases
- d. The amount of revenue recognized in the reporting period for variable lease payments and other payments not previously included in the lease receivable, including revenue related to residual value guarantees and termination penalties

**This summary of disclosure requirements is meant to be a ready-reference, horizontal display of the disclosures required by the standards addressed in this guidance. Practitioners should not make any inference as to order of precedence, significance, or materiality. Refer to the general principles regarding disclosure requirements.**

## **SFFAS 54**

68. In addition to the disclosures in paragraph 67, if a federal entity's principal ongoing operations consist of leasing assets through the use of non-intragovernmental leases, the federal entity should disclose a schedule of future lease payments that are included in the lease receivable, showing principal and interest, for each of the five subsequent years and in five-year increments thereafter.

## APPENDIX C: ABBREVIATIONS

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|             |                                                     |
|-------------|-----------------------------------------------------|
| ASIC        | Accounting Standards Implementation Committee       |
| CFO         | Chief Financial Officer                             |
| DLA         | Defense Logistics Agency                            |
| DOC         | Department of Commerce                              |
| DOD         | Department of Defense                               |
| DOE         | Department of Energy                                |
| <u>ESPC</u> | <u>Energy Savings Performance Contracts</u>         |
| FASAB       | Federal Accounting Standards Advisory Board         |
| FY          | Fiscal Year                                         |
| NASA        | National Aeronautics and Space Administration       |
| OMB         | Office of Management and Budget                     |
| P3          | Public-Private Partnership                          |
| SFFAS       | Statement of Federal Financial Accounting Standards |
| SPV         | Special Purpose Vehicle                             |
| TR          | Technical Release                                   |
| <u>UESC</u> | <u>Utility Energy Service Contracts</u>             |

### **FASAB Members**

**George A. Scott, Chair**

R. Scott Bell

**Gila J. Bronner**

Robert F. Dacey

Diane L. Dudley

Brian Mohr

Terry K. Patton

David A. Vaudt

**Commented [DS12]:** Pending new Chair and New Board Appointment.

### **ASIC Members**

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# ATTACHMENT D

## Pre-ballot draft TR, **clean** Exposure Draft with staff- recommended edits



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## IMPLEMENTATION GUIDANCE FOR PUBLIC-PRIVATE PARTNERSHIPS

**Federal Financial Accounting Technical Release**

**ASIC PRE-BALLOT DRAFT**

January 26, 2026

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## THE FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

The Secretary of the Treasury, the Director of the Office of Management and Budget (OMB), and the Comptroller General of the United States established the Federal Accounting Standards Advisory Board (FASAB or “the Board”) in October 1990. FASAB is responsible for promulgating accounting standards for the United States government. These standards are recognized as generally accepted accounting principles (GAAP) for the federal government.

Accounting standards are typically formulated initially as a proposal after considering the financial and budgetary information needs of citizens (including the news media, state and local legislators, analysts from private firms, academe, and elsewhere), Congress, federal executives, federal program managers, and other users of federal financial information. FASAB publishes the proposed standards in an exposure draft for public comment. In some cases, FASAB publishes a discussion memorandum, invitation for comment, or preliminary views document on a specific topic before an exposure draft. A public hearing is sometimes held to receive oral comments in addition to written comments. The Board considers comments and decides whether to adopt the proposed standards with or without modification. After review by the three officials who sponsor FASAB, the Board publishes adopted standards in a Statement of Federal Financial Accounting Standards. The Board follows a similar process for Statements of Federal Financial Accounting Concepts, which guide the Board in developing accounting standards and formulating the framework for federal accounting and reporting.

Additional background information and other items of interest are available at [www.fasab.gov](http://www.fasab.gov):

- [Memorandum of Understanding](#) among the Government Accountability Office, the Department of the Treasury, and the Office of Management and Budget, on Federal Government Accounting Standards and a Federal Accounting Standards Advisory Board
- [Mission statement](#)
- [Documents for comment](#)
- [Statements of Federal Financial Accounting Standards and Concepts](#)
- [Bimonthly newsletters](#)

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## **The Accounting Standards Implementation Committee**

The Accounting Standards Implementation Committee (ASIC), formerly known as the Accounting and Auditing Policy Committee (AAPC), was organized in May 1997 by the Department of the Treasury, the Office of Management and Budget, the Government Accountability Office, the Chief Financial Officers Council, and the Council of the Inspectors General on Integrity and Efficiency as a body to research accounting issues requiring guidance.

The ASIC serves as a permanent committee established by FASAB. The mission of the ASIC is to assist the federal government in improving financial reporting by identifying, developing, and recommending timely solutions to address accounting issues within the framework of existing generally accepted accounting principles.

The ASIC recommends guidance for applying existing Statements of Federal Financial Accounting Standards, Interpretations of Federal Financial Accounting Standards, and Technical Bulletins. Guidance in the form of recommended Technical Releases is developed by ASIC and must be reviewed by FASAB before being issued.

Additional background information on the ASIC is available from [FASAB's website](#).

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## SUMMARY

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This Federal Financial Accounting Technical Release (TR) assists reporting entities in implementing Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*. SFFAS 49 complements<sup>1</sup> existing guidance to ensure adequate disclosure of those arrangements/transactions that either form the basis of or are part of a public-private partnership (P3). Since its issuance on April 27, 2016, practitioners have questioned how SFFAS 49 ensures adequate disclosure of those arrangements or transactions that either form the basis of or are part of a P3. They have identified implementation challenges when applying the SFFAS 49 guidance when considering other existing accounting standards.

As a result, this TR provides implementation guidance regarding application of SFFAS 49:

- P3-related risk in an entity's arrangements or transactions
- P3-related entities that require disclosure pursuant to SFFAS 47, *Reporting Entity*
- P3-related leases pursuant to SFFAS 54, *Leases*
- P3-related standards requiring coordination with the SFFAS 49 disclosures

The guidance explains the interrelationships between SFFAS 49 and the standards that govern certain types of long-term arrangements/transactions. This helps to ensure that integrated information is provided through concise, meaningful, and transparent disclosures, disclosures are not duplicative, and financial reporting objectives are met while mitigating preparer burden.

Additionally, this TR may serve as an acceptable analogy for other Statements in addition to SFFAS 47 or SFFAS 54. Therefore, while this implementation guidance would not specifically address other types of federal activities, such as direct loans or loan guarantees, the Committee believes that reporting entities could consider this TR when applying SFFAS 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*, to other types of P3 arrangements or transactions.

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<sup>1</sup> Complementing in this context refers to coordinated efforts and additional actions needed to support, enhance, or complete adequate disclosures for all related disclosure requirements which may be contained in other standards.

## MATERIALITY

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The provisions of this TR need not be applied to information if the effect of applying the provision(s) is immaterial.<sup>2</sup> A misstatement, including omission of information, is material if, in light of surrounding facts and circumstances, it could reasonably be expected that the judgment of a reasonable user relying on the information would change or be influenced by the correction or inclusion of the information. Materiality should be evaluated in the context of the specific reporting entity. Determining materiality requires appropriate and reasonable judgment in considering the specific facts, circumstances, size, and nature of the misstatement. Consequently, after quantitative and qualitative factors are considered, materiality may vary by financial statement, line item, or group of line items within an entity.

While a significant consideration in determining the materiality of a P3 is the contractual risks of loss to the reporting entity (see SFFAS 49, par. 24.d), other quantitative and qualitative considerations may also be relevant. If the reporting entity determines that the P3 is material, the P3 disclosures should clearly indicate the contractual risks of loss to the reporting entity in accordance with paragraph 24.d and may include a discussion of the nature, likelihood, and magnitude of the risks of loss. This would assist the user in understanding such risks of loss. Disclosure of remote risks of loss should be limited to those included in the terms of the contractual P3 arrangements or transactions. If remote risks of loss are disclosed, an explanation should be included that avoids the misleading inference that there is more than a remote chance of a loss.

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<sup>2</sup> Refer to Statement of Federal Financial Accounting Concepts 1, *Objectives of Federal Financial Reporting*, chapter 7, titled *Materiality*, for a detailed discussion of the materiality concepts.

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## TECHNICAL GUIDANCE

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### SCOPE OF TECHNICAL GUIDANCE

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1. Readers of this Federal Financial Accounting Technical Release (TR) should first refer to the hierarchy of accounting standards in Statement of Federal Financial Accounting Standards (SFFAS) 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*.
2. This TR complements the relevant accounting standards but is not a substitute for and does not take precedence over the standards.
3. Public-Private partnership (P3) risk reporting has been raised as a specific implementation challenge. This TR emphasizes that the conclusive and suggestive risk-based characteristics in SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*, are designed to assist preparers in identifying entity risks of loss. To that end, entity processes may include identification and consideration of all forms of contractual risks that might supersede or give rise to either conclusive or suggestive risk-based characteristics.
4. This TR addresses agencies' current implementation challenges. This guidance is a first step in the Federal Accounting Standard Advisory Board's (FASAB or "the Board") attempt to clarify the application of SFFAS 49.

### GENERAL PRINCIPLES FOR DISCLOSURE REQUIREMENTS

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5. This TR proposes general principles for coordinating the disclosure requirements in SFFAS 49. Paragraph 23 of SFFAS 49 requires that disclosures "be integrated so that concise, meaningful, and transparent information is provided and information is not repetitive." The coordination of SFFAS 49 and other disclosures requires professional judgment in determining where P3 disclosures are included in the notes. For example, some or all P3 disclosures may be in a separate P3 note, while some P3 disclosures may be incorporated into other notes. Because P3s may affect several notes, there will typically be a separate P3 note with appropriate cross-references to other notes.
6. In preparing SFFAS 49 disclosures, reporting entities should analyze related standards that may have disclosure requirements that overlap or interact with SFFAS 49 disclosures.

Examples of such related disclosure requirements could include the following:

- a. Private party entities with which the reporting entity has a P3 arrangement or transaction, including special purpose vehicles (SPVs) or other separate entities, that may meet the definitions of disclosure entities or related parties under SFFAS 47, *Reporting Entity*.
- b. P3 arrangements or transactions may result in recognizing balances or transactions (for example, assets, liabilities, revenues, and/or costs) in the reporting entity's financial statements, as well as disclosing information about them. P3 arrangements

or transactions may also result in disclosing other information (for example, commitments and unrecognized contingencies) based on other standards, such as SFFAS 54, *Leases*; SFFAS 2, *Accounting for Direct Loans and Loan Guarantees*; or SFFAS 5, *Accounting for Liabilities of the Federal Goverment*.

7. Based on an understanding of the P3 arrangement or transaction and other related standards, reporting entities should consider how to integrate disclosures to provide concise, meaningful, and transparent information that is not repetitive.
8. Possible considerations could include whether the disclosures of the other related standards provide disaggregated information that specifically identifies individual components (for example, balances or transactions). For example, the disclosures of the related standards may be aggregated such that individual components of specific P3-related amounts are not specifically identifiable. In such instances, a P3 note may complement other notes by indicating the line item where the asset, liability, revenue, or expense is recognized, disclosing the amounts related to the P3, and referring to the note where the aggregated data or other information is disclosed.
9. Moreover, where information in a related note is disaggregated, a P3-related asset, liability, revenue, expense, or other information may be specifically reported or disclosed as part of another note. For example, a note related to disclosure entities or related parties under SFFAS 47 may include information related to the nature of the P3 relationship and the entity's exposure to risks of loss.<sup>3</sup> In such instances, a P3 note may refer to the related note for more detailed information and not include details in the P3 note.

## **GUIDANCE ON APPLYING SFFAS 49 RISK-BASED CHARACTERISTICS**

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10. Paragraph 20 of SFFAS 49 describes certain risk-based characteristics that serve as conclusive evidence that a P3 possesses risk of loss, indicating that disclosures should be provided. If any of the conclusive risk-based characteristics are met, the P3 arrangement or transaction should be disclosed. Paragraph 21 describes certain suggestive risk-based characteristics considered in the aggregate that serve as evidence that P3s may possess risk of loss, and, if so, require disclosure. Each suggestive risk-based characteristic requires entity judgment, as each characteristic is analyzed in connection with the other suggestive risk characteristics.
11. **What specific risks might give rise to conclusive and suggestive risk characteristics described in paragraphs 20-21 in SFFAS 49 when considering the need for disclosures?**
12. By nature, P3s are a form of investment that may also contain debt and equity funding and transfer or share various forms of risk among the P3 partners. Reporting entity management should have an understanding of the structure of each arrangement or transaction, along with the risk/reward composition from each P3 relationship. The various forms of risks identified by entity management could give rise to conclusive and/or suggestive risk

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<sup>3</sup> Conversely, a P3 note could include the disclosure entity or related party disclosures required by SFFAS 47.

characteristics requiring disclosure. In implementing paragraphs 20 and 21, practitioners have found the following risks helpful when assessing conclusive and suggestive risks:

- a. Risks the entity or federal government as a whole may have to absorb part or all of the project's private debt.
- b. Risks the entity will not achieve expected returns on its investments in limited partnerships.
- c. Risks from the transfer of government assets (including intellectual property) into private hands for extended periods of time.
- d. Risks that the financial costs of the public purpose or public value will not be fulfilled or achieved.
- e. Risks that accompany the benefits of a P3.
- f. Risks that may not be distributed equitably across generations.

13. Accordingly, entities should have an understanding of the risks in their P3 arrangements or transactions and their risk/reward composition when ascertaining contractual risks of loss.

#### **GUIDANCE ON APPLYING SFFAS 49 TO SFFAS 47, REPORTING ENTITY**

14. A component reporting entity may identify a P3 structural or transactional arrangement that meets both the definition and disclosure requirements of SFFAS 49 and involves entities meeting the reporting principles of SFFAS 47. This TR proposes disclosure guidance for P3 arrangements that may involve organizations outlined in SFFAS 47.
15. For example, paragraph 80 in SFFAS 47 acknowledges that federal entities can have related party relationships with organizations that should be disclosed, especially if those relationships are of such significance that it would be misleading to exclude. Where an entity involved in a P3 arrangement or transaction is determined to be a disclosure entity or a related party under SFFAS 47, the respective disclosure requirements of both SFFAS 47 and SFFAS 49 should be coordinated.<sup>4</sup>
16. Typical steps in coordinating P3 disclosures with disclosures required by SFFAS 47 include identifying the entities involved in the P3 arrangement or transaction (for example, private partners or SPVs) and determining for each identified entity in the P3 whether it is a consolidation entity, disclosure entity, or related party under SFFAS 47. For related parties, disclosures are required only where related party relationships are of such significance to the reporting entity that it would be misleading to exclude information about such relationships. For any disclosure entities or related parties, related disclosures should be coordinated with P3 disclosures.
17. **If a private entity is consolidated and thus treated as being part of the overall reporting entity's general purpose federal financial reports, does SFFAS 49 apply?**

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<sup>4</sup> Coordination in this context refers to efforts and additional actions needed to support, enhance, or complete adequate disclosures for all related disclosure requirements.

18. **Yes.** As noted in paragraph 67 of SFFAS 47, that standard does not introduce new disclosure requirements for consolidated entities but affirms that existing standards already require such disclosures. Consequently, consolidation of a private entity under SFFAS 47 does not eliminate the nature of any risk-sharing relationship between the government and the private entity.

Therefore, when SFFAS 49 disclosures are applicable, supplemental information should be disclosed with cross-references to SFFAS 47 to ensure clarity, transparency, and to avoid duplication. Professional judgment is essential in coordinating disclosures under both standards.

For reference, Appendix B ([page 23](#)) provides a summary of disclosure requirements for SFFAS 47 and SFFAS 49.

19. **If you have a P3 arrangement or transaction that involves organizations that meet the SFFAS 47 reporting requirements as either a disclosure entity or related party, how might SFFAS 49 and SFFAS 47 disclosures be coordinated?**

20. Professional judgment is required to determine how to coordinate SFFAS 49 and SFFAS 47 disclosures. These standards have similar disclosure objectives and requirements and are intended to be coordinated with each other. To the extent that the SFFAS 47 disclosures do not provide the information specific to SFFAS 49, the disclosures in paragraph 24 of SFFAS 49 should be provided so that concise, meaningful, and transparent information is provided and information is not duplicated.

For example, a note related to disclosure entities or related parties may include information related to the nature of the P3 relationship and the entity's exposure to risks of loss. In such instances, a P3 note may refer to the related note for more detailed information and not include details in the P3 note. On the other hand, a P3 note may include the disclosure entity or related party disclosures required by SFFAS 47.

Refer to appendix B for both SFFAS 47 and SFFAS 49 disclosures.

## **GUIDANCE ON APPLYING SFFAS 49 TO SFFAS 54, LEASES**

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21. A P3 arrangement or transaction may incorporate a lease as defined by SFFAS 54. For example, a P3 arrangement or transaction may incorporate a lease between the reporting entity and a P3 partner. As a result, this TR proposes disclosure guidance for P3 arrangements/transactions that meet criteria for disclosure under both SFFAS 49 and SFFAS 54.

22. **If a P3 arrangement or transaction includes a lease or lease component, do both the SFFAS 49 and SFFAS 54 disclosure requirements apply?**

23. Yes. Professional judgment is required to determine how to coordinate SFFAS 49 and SFFAS 54 disclosures. For P3s including lease arrangements or transactions, the lease should be disclosed under SFFAS 49 regardless of whether it is specifically disclosed under SFFAS 54. Consistent with paragraph 23 of SFFAS 49, if a P3 includes a lease or lease component, then the resultant disclosures under SFFAS 49 and SFFAS 54 reporting

requirements should be integrated so that concise, meaningful, and transparent information is provided and information is not repetitive.

Refer to appendix B for both SFFAS 49 and SFFAS 54 disclosures.

**24. How might SFFAS 49 and SFFAS 54 disclosures be coordinated?**

25. Lease disclosures under SFFAS 54 may aggregate information about a lease portfolio and may not sufficiently include the required related P3 disclosures. In such instances, a P3 note may discuss the specific related P3 lease disclosures. For example, the P3 note may disclose that the lease is recognized as a lease asset and liability, disclose the amounts specifically related to the P3, and reference the related lease note. Alternatively, the reporting entity may include the lease-related required P3 disclosures in the lease note that is cross-referenced to the P3 note such that the lease note clearly delineate amounts related to P3 arrangements/transactions.

**26. How can a lease or lease component that meets SFFAS 49 be differentiated from another type of contract or arrangement that permits use of an asset like a lease?**

27. Preparers should review the terms of the P3 arrangement or transaction against the criteria for a lease, including paragraphs 2-4 in SFFAS 54 and paragraphs 4-19 in TR 20, *Implementation Guidance for Leases*.

**28. What helps distinguish an SFFAS 49 P3 from a contract or agreement with multiple components, including one or more lease components that are not subject to SFFAS 49 reporting requirements?**

29. A reportable P3 will (1) meet the definition of a federal P3 as defined in paragraphs 16-19 of SFFAS 49 and (2) possess risk of loss based on meeting any of the conclusive risk-based characteristics in paragraph 20 of SFFAS 49 or considering, in the aggregate, the suggestive risk-based characteristics in paragraph 21 of SFFAS 49.

**30. Are energy savings performance contracts and utility energy service contracts considered P3s?**

31. Such contracts are alternative financing arrangements and generally would be subject to SFFAS 49. For example, when energy savings performance contracts and utility energy service contracts meet either the conclusive or suggestive risk-based characteristics of a P3, they are required to meet the SFFAS 49 disclosure requirements.

## **GUIDANCE ON COORDINATING DISCLOSURES**

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32. As entities apply the disclosure requirements of SFFAS 49, questions have arisen as to which disclosures apply when other standards covering such long-standing arrangements/transactions also apply. This TR proposes guidance on how to coordinate SFFAS 49 disclosures with disclosure requirements from other standards.

**33. Does coordinating disclosures between SFFAS 49 and other related standards mean that entities should change or alter existing disclosures required by other standards, such as SFFAS 47?**

34. No. In meeting the SFFAS 49 disclosure requirements, entities are encouraged to coordinate the disclosure requirements of all standards involved without duplicating information in multiple places within their financial report. As noted in paragraph 23 of SFFAS 49, “Disclosures should generally accompany the related asset and/or liability display contained within the financial statements.” P3 disclosures are intended to complement existing reporting by exclusively describing the risks of loss to the federal government and assisting users in understanding the nature of P3s. The Board did not intend for the P3 disclosures required by SFFAS 49 to affect existing disclosures required by SFFAS 47 or any other standards.

35. According to paragraph 23 of SFFAS 49, “The resultant disclosures should be integrated so that concise, meaningful, and transparent information is provided and information is not repetitive.” As such, entities may include references to existing information across their financial report, where appropriate, to ensure disclosures are integrated. For example, the summary of significant accounting policies note may serve to guide users to the appropriate references within the financial report.

**36. Is it appropriate to disclose specific P3-related assets, liabilities, revenues, expenses, or other information in a related note, considering materiality and the level of aggregation of the other note?**

37. Yes. In a P3 note, a specific reference may be made to the note where more detailed information is disclosed. Also, the other note may refer to the P3 note.

## EFFECTIVE DATE

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38. This TR is effective upon issuance.

The provisions of this Technical Release need not be applied to information if the effect of applying the provision(s) is immaterial. Refer to Statement of Federal Financial Accounting Concepts 1, *Objectives of Federal Financial Reporting*, chapter 7, titled Materiality, for a detailed discussion of the materiality concepts.

## APPENDIX A: BASIS FOR CONCLUSIONS

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This appendix discusses factors considered significant by Committee members in reaching the conclusions in this guidance. It includes the reasons for accepting certain approaches and rejecting others. Individual members gave greater weight to some factors than to others. The guidance enunciated in this Technical Release (TR)—not the material in this appendix—should govern the accounting for specific transactions, events, or conditions.

This TR may be affected by subsequent TRs. The FASAB Handbook is updated annually and includes a status section directing the reader to any subsequent TRs that amend this TR. The authoritative sections of the TR are updated for changes. However, this appendix will not be updated to reflect subsequent changes. The reader can review the basis for conclusions of the amending TR for the rationale for each amendment.

Since its issuance on April 27, 2016, practitioners have identified implementation challenges concerning Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*.

Questions and answers in the TR are intended to provide guidance for applying the accounting and financial reporting requirements for public-private partnerships (P3s) in accordance with SFFAS 49.

### PROJECT HISTORY

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- A1. At the August 2021 Board meeting, members reviewed the results of staff's analysis concerning the fiscal year (FY) 2020 note disclosures pursuant to SFFAS 49. Staff analyzed the FY 2020 disclosures of all 24 Chief Financial Officers (CFO) Act agencies and the 16 significant entities. As a result, the majority of the members agreed not to proceed with the second phase of the project on measurement and recognition until the Board gained additional insight regarding how the P3 definition, exclusions, risk-based characteristics, and materiality guidance contributed to the disclosures or lack thereof in the FY 2020 reporting cycle. As a result, the Board directed staff to conduct additional research with a task force to determine why P3 reporting varies, why cash flows are not disclosed in some instances, and potential broad measurement and recognition options for future consideration. Specifically, the Board tasked staff to recommend any changes, improvements, or additional guidance that could address implementation challenges prior to commencing the second phase of the project.
- A2. During the last quarter of 2021, staff began (1) researching potential SFFAS 49 implementation issues by initiating training and outreach, (2) identifying potential measurement and recognition approaches, and (3) coordinating, as appropriate, with the Department of the Treasury and the Office of Management and Budget (OMB) to disclose P3 information more consistently among entities. To that end, staff scheduled separate one-on-one meetings with preparers, auditors, and policy experts and conducted SFFAS 49 training with federal entities.
- A3. Potential Implementation Challenges

As a result of training and outreach, staff identified 15 implementation challenges. The Board reviewed these at its October 2022 meeting and recommended staff take the following steps:

- a. Coordinate implementation challenges with the CFO Council.
- b. Validate and prioritize implementation challenges.
- c. Communicate technical guidance via questions and answers.
- d. Be mindful of the task force composition.
- e. Assess how auditors apply materiality.

**A4. Task Force Review and Validation of Implementation Challenges**

The implementation challenges, in order of importance, were the interrelationships between SFFAS 49, SFFAS 47, *Reporting Entity* and SFFAS 54, *Leases*; the differences between uncertainty and risk and how to identify the two within the context of materiality; the relationship between cash flow estimates and risks (and how they are not uncertainties); the clarification that private partner risks of loss are required disclosures; and examples on how to aggregate disclosures.

The task force further agreed to combine the remaining implementation challenges with a higher-ranked implementation challenge where appropriate. Some implementation challenges are more operationally or administratively oriented and better suited for Treasury or OMB to address.

**A5. Training Sessions**

During calendar year 2022, the following federal entities participated in an SFFAS 49 training: Department of Justice; Department of Energy (DOE); National Geospatial-Intelligence Agency; Treasury; Department of Agriculture, Department of Defense (DOD); National Aeronautics and Space Administration (NASA); Defense Logistics Agency (DLA); Health and Human Services; Department of Commerce (DOC); Department of Housing and Urban Development-Inspector General; and Department of Homeland Security.

Staff trained 974 attendees, including discussing SFFAS 49 implementation challenges. Course evaluations documented challenges other than those identified through the one-on-one sessions, and staff shared these with the Board at the October 2022 meeting.

**A6. The P3 implementation task force met between December 2022 and April 2024. Staff structured the meetings to ensure a complete review of implementation challenges as well as potential FASAB action. The task force prioritized implementation challenges along with proposed FASAB action. In doing this, the task force generally agreed that FASAB could address several of the challenges concurrently whereas others were not under FASAB's purview. The task force separated into subgroups to address these highest priority challenges and recommend discrete actions. This included possible amendments to SFFAS 49, draft case studies, and note illustrations.**

The P3 implementation task force included industry representatives from several public accounting and consulting firms, as well as representatives from federal agencies:

- a. Mr. Bob Helwig, JD, PhD
- b. Checco Communications

- c. DLA
- d. DOC
- e. DOD
- f. Department of Defense, Office of the Inspector General
- g. DOE
- h. Department of Interior
- i. Department of Veterans Affairs
- j. First Net
- k. General Services Administration
- l. Housing and Urban Development
- m. Maximus
- n. NASA

A7. The subgroups recommended the guidance in this TR to the Accounting Standards Implementation Committee (ASIC or “the Committee”). In reaching their conclusions, the subgroups recognized the necessity to develop implementation guidance to best address the implementation challenges and concerns raised by the Board. Correspondingly, this TR also recognizes that the financial management information needs of stakeholders, both internal and external, varies by entity (given the highly complex nature of some P3s and entity-specific risk tolerances). As a result, the implementation guidance does not provide a universal solution; instead, it is designed to give management a tool on which to base stakeholder financial management information needs.

A8. When applying the principles in SFFAS 49, management can develop formalized policies and procedures documenting its decisions. Management is responsible for maintaining adequate documentation on the sources of data and the application of methodologies used when identifying SFFAS 49 P3s for disclosure.

A9. The CFO, leaders of other functional groups (for example, legal, procurement, leasing, facilities, and logistics), and the various operational business areas can also collaborate to implement SFFAS 49 and this guidance.

## ASIC DELIBERATIONS

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A10. The ASIC began working on the project in November 2023, with project acceptance and scope concurrence at that time.

Committee members raised several points:

- a. Review P3 disclosures to determine if they meet the intent of SFFAS 49.
- b. Assess materiality in connection with cost/benefit considerations.
- c. Ensure that decisions concerning materiality are not predicated on non-representative P3 reporting.
- d. Parse the implementation guidance between authoritative and non-authoritative.
- e. Consider highlighting and linking the risk-based characteristics to overall risk of loss considerations.

A11. At the May 2024 ASIC meeting, members reviewed draft guidance and project next steps. Several task force members were present and offered their views concerning implementation challenges and the proposed guidance. The Committee then directed staff to further develop and explain the flowchart instructions; add questions and answers about what is meant by harmonization of disclosures; and incorporate a question for respondents concerning contingent liabilities guidance and its relationship to SFFAS 49.

The ASIC addressed the following areas at the May meeting:

- a. The ASIC chair determined that incorporating a question for respondents concerning contingent liabilities guidance and its relationship to SFFAS 49 is outside the ASIC's scope. This falls within the Board's scope to address and deliberate.
- b. The ASIC added questions, answers, and commentary concerning what is meant by coordination of disclosures.
- c. The ASIC further developed the flowchart instructions and added instructions not to restrict application of the flowchart to the illustrated waterfall approach.

A12. The Committee met again in August and November 2024 to review a revised draft exposure draft.

The ASIC addressed the following areas at the August meeting:

- a. Provide a broad principle for dealing with the overlap of P3 disclosure requirements with reporting and disclosure requirements of other standards.
- b. Enhance the guidance related to the coordination of disclosures due to other requirements.
- c. Propose that, under consolidation accounting, the reporting entity is treated as a single economic entity and, thus, SFFAS 49 disclosures would not apply.
- d. Add an appendix that includes the side-by-side disclosure requirements for SFFAS 49, 47, and 54.

At the November meeting the members were generally supportive of the revised draft document primarily noting that staff consider certain edits to clarify guidance related to leases.

A13. At the February 2025 meeting, the ASIC suggested additional improvements and refinements to several areas, most notably to the leases guidance. As a result, the ASIC chair agreed that staff would begin moving towards a draft pre-ballot to be shared with the Committee once all remaining edits and revisions had been addressed by staff. At the April 2025 meeting, staff requested the Board's approval to expose the proposed ASIC Technical Release exposure draft (ED) titled Implementation Guidance for SFFAS 49, Public-Private Partnerships. Members provided some non-substantive edits to improve the ED and agreed to the ASIC releasing the ED. As a result, the ASIC subsequently released for public comment the ED on implementation guidance for Public-Private partnerships. The ASIC requested comments on the ED by June 30, 2025.

## RISK AND MATERIALITY

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### MATERIALITY, RISK AND PUBLIC-PRIVATE PARTNERSHIPS

A14. Given that users have noted materiality and risk reporting as implementation challenges, this TR emphasizes that SFFAS 49 contains conclusive and suggestive risk-based characteristics designed to help preparers identify risks of loss that may be material and warrant further consideration for disclosure. These risk-based characteristics are designed to assist preparers in identifying and evaluating how much risk is in an arrangement or transaction. These characteristics should also elucidate how much of that risk has been (1) transferred to the private partner, (2) shared with the private partner, and (3) retained by the entity. Such an understanding relies on a thorough analysis of the underlying contractual agreements, guarantees, insurance, indemnification strategies, and the existence and nature of any underlying private party capital buffer that might exist. Users can then assess the extent of any debt (for example, bonds, loans and notes) and equity participation (for example, stocks and other securities representing an ownership interest).

Preparers should consider applying materiality cumulatively or in the aggregate, demonstrating entity accountability to the public, and meeting user needs.

User needs include the following:

- a. Assess the costs and related risks of entering into such long-term agreements.
- b. Assess the efficiency and effectiveness of these risk-sharing agreements, as well as the government's management of its assets and liabilities.
- c. Determine how financial resources, budgetary or otherwise, have been obtained and used and whether their acquisition and use were in accordance with the entity's legal authorization.

While remote risks of loss deemed material should be limited to those that are included in the contractual terms of the P3 arrangements or transactions, they nonetheless should be disclosed. Materiality assessments require both qualitative and quantitative judgments; specific guidance limiting preparer and auditor considerations is not appropriate.

## SUMMARY OF OUTREACH AND RESPONSES

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A15. On May 16, 2015, the ASIC released for public comment the exposure draft of a proposed TR titled, *Implementation Guidance for SFFAS 49, Public-Private Partnerships*. Since its issuance on April 27, 2016, practitioners have identified implementation challenges concerning SFFAS 49. The proposed TR was issued to assist reporting entities in implementing SFFAS 49.

A16. ASIC received 21 comment letters in response to the ED. Respondents overwhelmingly agreed with the general provisions of the proposed TR and expressed strong support and appreciation for the following:

- Clarification of disclosure requirements under SFFAS 49
- Integration with related standards (SFFAS 47 and SFFAS 54)
- Use of flowchart and Q&A format to improve usability

- Emphasis on transparency, risk assessment, and non-duplicative reporting

There was broad agreement that the guidance helps clarify (1) risk-of-loss triggers and the distinction between conclusive vs. suggestive characteristics; (2) how P3 disclosures interact with SFFAS 47 and (3) coordination of disclosures across standards.

A17. In general, respondents noted the following areas of concern:

- Ambiguity in applying professional judgment may lead to inconsistent disclosures.
- Requests for illustrative examples or matrices to guide risk assessment.
- Clarifying guidance for Energy Savings Performance Contracts (ESPCs) and Utility Energy Service Contracts (UESCs).
- Examples of how to handle overlapping disclosures in practice.

Specific respondent concerns include: (1) citizens warned against allowing exclusions for non-federal partner funding, fearing erosion of transparency (2) whether SFFAS 49 disclosures should apply to SFFAS 47 consolidated entities, (3) questions about how to assess materiality when no monetary exchange occurs, especially for in-kind arrangements, (4) hidden ownership structures (e.g., LLCs, trusts) and their implications for risk and accountability, (5) examples for simple to complex P3 arrangements.

A18. Staff conducted follow-up meetings with respondents and formed two working groups to address their shared comments. Based on consultations with them, and subsequent guidance from the Board at the October 2025 meeting, staff adjusted the proposed TR accordingly. Changes were made to address the following concerns:

1. **Applying the Risk Based Characteristics**

Entities are not expected to evaluate the structure of each P3 arrangement/transaction but instead, possess an understanding of the structure of its P3 arrangements/transactions. Re: Paragraphs 12 and 13.

2. **ESPCs and UESCs**

Concerns over whether all ESPCs/UESCs in fact meet the Conclusive characteristics were addressed by modifying the answer to allow for instances when such contracts may not meet any of the risk-based characteristics. Re: Paragraph 31.

Respondents who raised specific concerns over ambiguity in applying professional judgment, overlapping disclosures and adoption of illustrative examples generally agreed that these matters are best handled through education and outreach and where applicable, possible SFFAS 49 amendments.

## APPENDIX B: ILLUSTRATIONS

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This appendix includes a flowchart that illustrates the application of the provisions of this TR. Although the following flowchart is outlined as steps, the reviews are typically concurrent and based upon a reporting entity's policies and procedures used during preparation of its financial statements. Applying the provisions of this TR may require assessing facts and circumstances other than those discussed herein and referencing other applicable TRs.

Practitioners are not constrained by the illustration contained herein and may, based on facts and circumstances, evaluate arrangements or transactions for SFFAS 49 applicability using alternate approaches.

Moreover, the flowchart is not intended to provide guidance on determining the application of materiality. Applying the provisions of this TR requires assessing facts and circumstances specific to the P3 arrangements or transactions and the interrelationship with SFFAS 47 or SFFAS 54 and their related TRs. Lastly, although the flowchart is laid out as a step process, preparers can view it as more of a concurrent or "waterfall" process beginning first with SFFAS 47 and then proceeding to SFFAS 54, if applicable, prior to aligning disclosures. The suggested steps do not imply that reporting entities develop practices in strict accordance with the flowchart.

### **FLOWCHART STEPS**

- 1. Identify arrangements or transactions that might be P3s and then determine if they are material to the financial statements.**
- 2. Determine if SFFAS 47 applies.** Identify the entities in the P3 arrangement or transaction (for example, private partners or SPVs). Determine if any of the identified entities are consolidation entities, disclosure entities, or related parties under SFFAS 47. For related parties, disclosures are required only where related party relationships are of such significance to the reporting entity that it would be misleading to exclude information about such relationships. For any disclosure entities or related parties, related disclosures should be coordinated with P3 disclosures.
- 3. Determine if SFFAS 54 applies.** Identify balances or types of transactions (for example, assets, liabilities, revenues, costs) or other disclosures (for example, commitments and unrecognized contingencies) in the entity's financial statements that are a result of the P3 arrangement or transaction. As part of the identification, specifically consider TR guidance for leases. For each P3 related balance, type of transaction, or other information, identify required or voluntary disclosures related to such balance, type of transaction, or other information.
- 4. Coordinate disclosures appropriately.** Professional judgment is required in determining the extent of information to include in a P3 note and/or in a note related to disclosure entities or related parties.

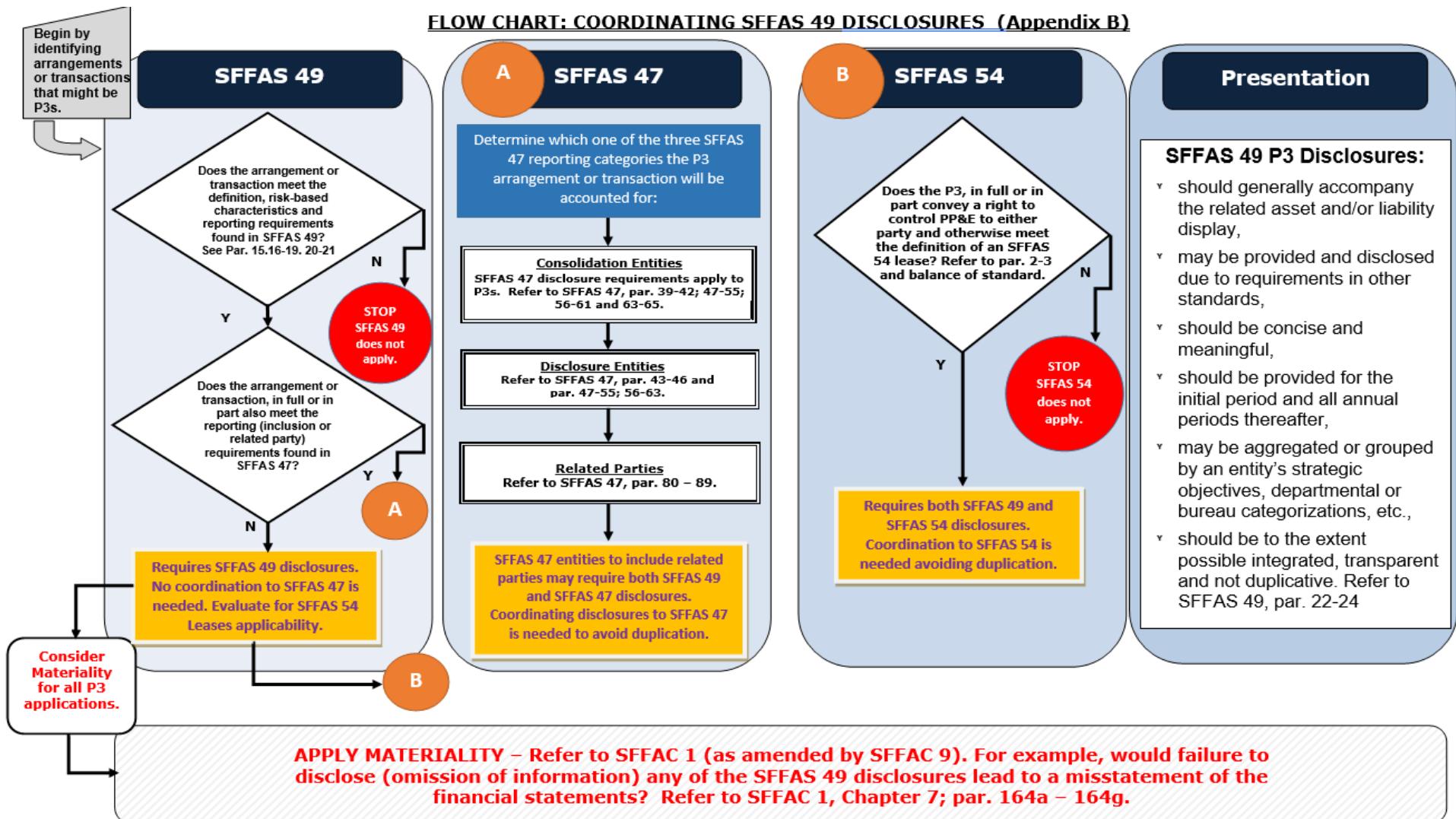
For example, if in the entity's financial statements there are related P3 disclosures (for example, narratives, balances, or transactions like assets, liabilities, revenues, or costs)

required by other standards (for example, commitments and unrecognized contingencies), the reporting entity should coordinate information so that it is concise, meaningful, transparent, and not repetitive.

It is appropriate to disclose specific P3-related assets, liabilities, revenues, expenses, or other information in a related note when considering materiality and the level of aggregation of the other note. For example, a P3 note may specifically reference another note where more detailed information is disclosed. Conversely, another note may refer to the P3 note.

If material to the P3, the P3 note may discuss the specific P3-related balance, transaction or other information; disclose the specific amounts related to the P3; and refer to the note where related information is incorporated.

This summary of disclosure requirements is meant to be a ready-reference, horizontal display of the disclosures required by the standards addressed in this guidance. Practitioners should not make any inference as to order of precedence, significance, or materiality. Refer to the general principles regarding disclosure requirements.



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## Summary Of Disclosure Requirements

### SFFAS 49

24. Disclosures should be provided for the initial period and all annual periods thereafter where an entity is party to a P3 arrangement/transaction. The following information should be disclosed:

- The purpose, objective, and rationale for the P3 arrangement or transaction and the relative benefits/revenues being received in exchange for the government's consideration, monetary and non-monetary; and the entity's statutory authority for entering into the P3.
- A description of federal and non-federal funding of the P3 over its expected life, including the estimated mix of federal and non-federal funding, and the estimated amounts of such funding.
- The operational and financial structure of the P3 including the reporting entity's rights and responsibilities, including:
  - A description of the contractual terms governing payments to and from the government over the expected life of the P3 arrangement or transaction to include:
    - explanation of how the expected life was determined
    - the time periods payments are expected to occur
    - whether payments are made directly to each partner or indirectly through a third-party, such as, military housing allowances
    - in-kind contributions/services and donations

This summary of disclosure requirements is meant to be a ready-reference, horizontal display of the disclosures required by the standards addressed in this guidance. Practitioners should not make any inference as to order of precedence, significance, or materiality. Refer to the general principles regarding disclosure requirements.

## SFFAS 49

- ii. The amounts received and paid by the government during the reporting period(s) and the amounts estimated to be received and paid in aggregate over the expected life of the P3
- d. Identification of the contractual risks of loss the P3 partners are undertaking
  - i. Identification of such contractual risks of loss should include a description of (1) the contractual risk and (2) the potential effect on cash flows if the risks were realized (for example, early termination requirements including related exit amounts and other responsibilities such as asset condition (hand-back) requirements, minimum payment guarantees, escalation clauses, contingent payments, or renewal options).
  - ii. Disclosure of remote risks of loss should be limited to those included in the terms of the contractual P3 arrangements or transactions. If remote risks of loss are disclosed, an explanation should be included that avoids the misleading inference that there is more than a remote chance of a loss.
- e. As applicable:
  - i. Associated amounts recognized in the financial statements such as gains or losses and capitalized items
  - ii. Significant instances of non-compliances with legal and contractual provisions governing the P3 arrangement or transaction
  - iii. Whether the private partner(s), including any Special Purpose Vehicle (SPV), have borrowed or invested capital contingent upon the reporting entity's promise to pay whether implied or explicit
  - iv. Description of events of termination or default

This summary of disclosure requirements is meant to be a ready-reference, horizontal display of the disclosures required by the standards addressed in this guidance. Practitioners should not make any inference as to order of precedence, significance, or materiality. Refer to the general principles regarding disclosure requirements.

|                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>SFFAS 47</b> | <p>74. For each significant disclosure entity and aggregation of disclosure entities, information should be disclosed to meet the following objectives:</p> <ol style="list-style-type: none"><li>Relationship and Organization: The nature of the federal government's relationship with the disclosure entity or entities.</li><li>Relevant Activity: Nature and magnitude of relevant activity during the period and balances at the end of the period.</li><li>Future exposures: A description of financial and non-financial risks, potential benefits and, if possible, the amount of the federal government's exposure to gains and losses from the past or future operations of the disclosure entity or entities.</li></ol> <p>(Par. 75 provides examples of information that may meet the objectives in paragraph 74.)</p> <p>89. For related party relationships of such significance to the reporting entity that it would be misleading to exclude information about such relationships, the following should be disclosed:</p> <ol style="list-style-type: none"><li>Nature of the federal government's relationship with the party, including the name of the party or if aggregated, a description of the related parties. Such information also would include, as appropriate, the percentage of ownership interest.</li><li>Other information that would provide an understanding of the relationship and potential financial reporting impact, including financial-related exposures to risk of loss or potential gain to the reporting entity resulting from the relationship.</li></ol> |
| <b>SFFAS 54</b> | <p>Component Reporting Entity Disclosure Requirements for Lessees</p> <p>54. Lessees should disclose the following regarding lease activities (which may be grouped for purposes of disclosure), other than short-term leases, contracts or agreements that transfer ownership, and intragovernmental leases:</p> <ol style="list-style-type: none"><li>A general description of its leasing arrangements, including the basis, terms, and conditions on which variable lease payments not included in the lease liability are determined</li></ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

This summary of disclosure requirements is meant to be a ready-reference, horizontal display of the disclosures required by the standards addressed in this guidance. Practitioners should not make any inference as to order of precedence, significance, or materiality. Refer to the general principles regarding disclosure requirements.

## SFFAS 54

- b. The total amount of lease assets and the related accumulated amortization, to be disclosed separately from PP&E assets
- c. The amount of lease expense recognized for the reporting period for variable lease payments not previously included in the lease liability
- d. Principal and interest requirements to the end of the lease term, presented separately, for the lease liability for each of the five subsequent years and in five-year increments thereafter
- e. The amount of the annual lease expense and the discount rate used to calculate the lease liability

### Component Reporting Entity Disclosures for Lessors

67. Lessors should disclose the following regarding lease activities (which may be grouped for purposes of disclosure), other than short-term leases, contracts or agreements that transfer ownership, and intragovernmental leases:

- a. A general description of its leasing arrangements, including the basis, terms, and conditions on which any variable lease payments not included in the lease receivable are determined
- b. The carrying amount of assets on lease by major classes of assets, and the amount of related accumulated depreciation
- c. The total amount of revenue (for example, lease revenue, interest revenue, and any other lease-related revenue) recognized in the reporting period from leases
- d. The amount of revenue recognized in the reporting period for variable lease payments and other payments not previously included in the lease receivable, including revenue related to residual value guarantees and termination penalties

This summary of disclosure requirements is meant to be a ready-reference, horizontal display of the disclosures required by the standards addressed in this guidance. Practitioners should not make any inference as to order of precedence, significance, or materiality. Refer to the general principles regarding disclosure requirements.

## SFFAS 54

68. In addition to the disclosures in paragraph 67, if a federal entity's principal ongoing operations consist of leasing assets through the use of non-intragovernmental leases, the federal entity should disclose a schedule of future lease payments that are included in the lease receivable, showing principal and interest, for each of the five subsequent years and in five-year increments thereafter.

## APPENDIX C: ABBREVIATIONS

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|       |                                                     |
|-------|-----------------------------------------------------|
| ASIC  | Accounting Standards Implementation Committee       |
| CFO   | Chief Financial Officer                             |
| DLA   | Defense Logistics Agency                            |
| DOC   | Department of Commerce                              |
| DOD   | Department of Defense                               |
| DOE   | Department of Energy                                |
| ESPC  | Energy Savings Performance Contracts                |
| FASAB | Federal Accounting Standards Advisory Board         |
| FY    | Fiscal Year                                         |
| NASA  | National Aeronautics and Space Administration       |
| OMB   | Office of Management and Budget                     |
| P3    | Public-Private Partnership                          |
| SFFAS | Statement of Federal Financial Accounting Standards |
| SPV   | Special Purpose Vehicle                             |
| TR    | Technical Release                                   |
| UESC  | Utility Energy Service Contracts                    |

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# ATTACHMENT E

## December 2025 FASAB P3

### Meeting Materials

<https://fasab.gov/board-activities/briefing-materials/>

# APPENDIX A

## Level A GAAP Matter -

### Consolidation

### Accounting: Board

### Adjudicated Matter

## Level A GAAP Matter - Consolidation Accounting: Board Adjudicated

### Background

Pursuant to GAO's request during the ASIC review process, the Exposure Draft for the P3 implementation guidance was changed from the Task Force recommendation to propose that consolidated entities are not required to provide SFFAS 49 disclosures. The P3 Task Force's Reporting Entity team had proposed the opposite, in that, consolidated entities would be wholly subject to SFFAS 49 reporting. The P3 Reporting Entity team acquiesced contingent upon respondent comments and as a result, the ASIC agreed to expose the TR with the GAO exemption.

Respondent 4 (EY) has questioned the ED's proposed position in this regard predicated on two points<sup>10</sup>. First, SFFAS 49 exclusions do not exempt consolidated entities from P3 reporting (that is, a Level C GAAP TR cannot amend a Level A GAAP SFFAS) and second, consistent with the intent of SFFAS 49, risk of loss to the public is a matter for disclosure.

Respondent 4's position is consistent with the P3 Task Force's draft position initially presented to the ASIC that P3s, regardless of whether they are consolidated, should provide the SFFAS 49 disclosure requirements. This position was subsequently upheld by a respondent working group comprised of federal preparers and a citizen representative. Given that the issue to exempt consolidated entities from SFFAS 49 is a Level A GAAP matter, this issue was deliberated and adjudicated by the Board at its December 2025 meeting.

### Board Decision

Members addressed whether consolidated entities should be exempt from SFFAS 49 reporting. The Board concluded that consolidation under SFFAS 47 does not eliminate or alter the underlying risk sharing relationship that gives rise to the disclosure objectives in SFFAS 49. As such, members agreed that consolidated entities should not be exempt from SFFAS 49 reporting.

Consistent with the P3 Task Force's initial recommendation to ASIC and subsequent Respondent Work Group recommendation, the Board concluded that consolidation provides entity level presentation but does not convey the specific terms, conditions, and risk exposures inherent in public private partnership arrangements. Exempting consolidated entities would reduce transparency, create inconsistent reporting outcomes across agencies, and undermine the comparability that SFFAS 49 was designed to achieve. The Board affirmed that SFFAS 47 and SFFAS 49 must be applied in a coordinated manner, and consolidation alone is not a basis for omitting the disclosures required by SFFAS 49.

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<sup>10</sup> Respondent # 4 extracted comments: "The exclusions listed in paragraph 15 of SFFAS 49 do not include consolidation entities. We believe the intent of SFFAS 49 is to require disclosure of all arrangements with expected lives greater than five years between a financial reporting entity and any private entity that result in a risk of loss to the public entity in accordance with SFFAS 49. This may include the arrangement that created the consolidation entity itself, as well as all arrangements that the consolidation entity may have that meet the criteria for P3 disclosure."

**ASIC MEMBER COMMENT FORM**  
**Topic A - Public-Private-Partnerships**  
**February 2026**

Please include your name and provide your comments below.

**Member Name:**

**Question for the Committee #1:**

Do members approve the Pre-Ballot Technical Release, *Implementation Guidance for Public-Private Partnerships* for Ballot (refer to Attachments C and D)? If not, please explain your rationale.

**Comment:**

**Question for the Committee #2:**

Do members agree that Training and Outreach should be used to help identify and study additional areas for potential ASIC consideration? What other venues would ASIC advise staff consider? If not, please explain your rationale.

**Comment:**