

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.