

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

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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

*Exposure Draft Technical Release:
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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 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.

*Exposure Draft Technical Release:
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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.