Association of Local Government Auditors

Mr. David R. Bean
Director of Research and Technical Activities
Government Accounting Standards Board (GASB)
Project No.30-1
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

Re: Exposure Draft – Public-Private and Public-Private Partnerships and Availability Payment Arrangements

Dear Mr. Bean,

The Association of Local Government Auditors (ALGA) appreciates the opportunity to respond to GASB’s Public-Private and Public-Private Partnerships and Availability Payment Arrangements (PPP) exposure draft. ALGA represents 272 audit organizations comprising more than 2,200 individuals. This topic is of interest to our members, and we encourage individual audit organizations and members to comment independently should they choose to do so.

We have reviewed the proposed Exposure Draft. Overall, we believe it provides useful guidance on the accounting and financial reporting for PPP arrangements and helps to define these complex agreements. The explanation of how this proposed statement interacts with Statements 67 and 87 should be helpful to financial statement preparers.

Because the draft covers PPPs that could be classified as Service Concession Arrangements (SCA), and Availability Payment Arrangements (APA), for both government owners and operators, the text of the proposed statement was difficult to read without any illustrations to help guide the reader. A table or flow chart may improve readability and help the reader focus on their specific type of arrangement.

Specific comments from our reviewers:

- **Paragraphs 1 – 7** – removes subjectivity and improves understanding of the definitions of the various types of PPPs and APAs. The recording of assets and liabilities supports the economic resources measurement focus.

- **Paragraph 10** – Clarifies the appropriate term to use in calculations; however, the definitions give preparers considerable discretion in determining if they are reasonably certain a particular circumstance exists.

- **Recording of Transferor assets** and deferred inflow of resources, matches the accounting treatment with the usefulness of the asset.

- **Paragraphs 19 – 30** – Receivables for installment payments and deferred inflows of resources – provides consistent treatment to both transferors and operators and is consistent with treatment of bond discounts and matching principles.
• **Paragraphs 31 – 46** – Operator measurements – is consistent with criteria for recording present obligations and intangible assets. Amortizing a right-to-use asset is a conservative approach.

• **Appendix C** - The illustrated examples should be very helpful to improve understanding of the proposed standard.

Respectfully submitted,

Vickie Classen  
Chair, Professional Issues Committee

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