September 13, 2019

Director of Research and Technical Activities
Project Number 30-1
Governmental Accounting Standards Board
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

Submitted via email to director@gasb.org

To Whom it May Concern:

The State and Local Government Committee (the Committee) of the Florida Institute of Certified Public Accountants (FICPA) respectfully submits its comments on the proposed statement, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The Committee is a technical committee of the FICPA and has reviewed and discussed the proposed statement.

The FICPA has more than 19,500 members, with its membership comprised primarily of CPAs in public practice and industry. The Committee has the following comments related to the proposed statement.

Generally, the Committee believes the proposed statement will not improve financial reporting primarily because the proposed requirements are unduly complex and as such will likely result in diversity in practice upon implementation. The Committee believes the proposed statement looks too much at the form of public-private and public-public partnerships (PPPs) rather than the substance of these agreements. In addition, the Committee believes the proposed statement is complex because it attempts to provide accounting and reporting requirements for a number of types of PPPs and availability payment arrangements (APAs). As a result, the Committee believes the proposed statement will provide very little difference in the underlying accounting for these various types of arrangements. Based on the collective experience of the Committee, the Committee believes the cost of accumulating and reporting PPPs and APAs as outlined in the proposed statement will be significant and not offset what the Committee strongly believes will be minimal benefit to financial statement users.

Based on the collective knowledge of the Committee, PPPs are common among all types and sizes of local governments meaning the complexity in the proposed statement will be a challenge for both small and large governments to implement. The Committee also believes the users of the financial statements will be confused by the various levels of distinction for reporting PPPs and thus not provide any real “benefit” or improvement over current accounting for such transactions. Additionally, the Committee feels the proposed requirements will require significant assistant from the auditor of small and medium size governments which may affect the external auditor’s independence. Benefits of the proposed statement do not justify the expected costs in the opinion of the Committee.
Comments relating to the specifics of the proposed statement follow.

1. **Definitions** – As defined in the proposed statement, PPPs and APAs involve “… an infrastructure or other nonfinancial asset…” while Statement No. 87 defines a lease as involving only “…the right to use another entity’s nonfinancial asset…” The Committee does not understand the reason for including “infrastructure” in the PPP and APA definitions and believes the definitions should be consistent.

2. **PPPs Meeting the Definition of a Lease** – The Committee believes all PPPs would meet the definition of a lease because it is in essence the same as the definition of a PPP in the proposed statement. As defined in the proposed statement, a PPP is an “arrangement” whereby a government “contracts” with an operator to provide public services through conveyance of control of the right to operate/use the underlying PPP asset. The Committee strongly believes the only difference between using lease accounting for PPPs versus the requirements of the proposed statement are semantics. As such, the Committee believes financial statement users will not differentiate between PPPs and leases when making decisions.

3. **Governmental operators** – The Committee does not understand why it is necessary to use the term “governmental” as it relates to the proposed accounting and reporting requirements in paragraphs 31-49 for governmental operators. Since the Board establishes standards for state and local governments, all requirements are assumed to be applicable to these entities. Inclusion of “governmental” when referring to operators is redundant in the Committee’s opinion and should be removed.

4. **APAs** – The Committee believes there is no difference in the substance of an APA and a PPP. In addition, the Committee believes most users of government financial statements would not reach different conclusions by considering APAs as PPPs. Except for the requirements in paragraph 66, the accounting for APAs appears to be the same as that for PPPs. This supports the Committee’s position that there is no difference in the substance of PPPs and APAs. Therefore, the Committee believes the APA definition and guidance should be removed.

5. **Effective date** – Should GASB proceed to issuance with this guidance, the Committee believes the effective date should be no earlier than fiscal years beginning after June 15, 2022 to provide enough time for governments to effectively implement the final statement. Governments will only have implemented the requirements of Statement No. 87 the year prior to the proposed effective date. The Committee believes having only one year after implementing Statement No. 87 to implement the proposed statement will not allow adequate time for governments to effectively implement this proposed statement.

Your consideration of our comments in this letter would be greatly appreciated. Please contact me at justin@ficpa.org.
Sincerely,

Justin A. Thames  
Director of Governmental Affairs  
Florida Institute of Certified Public Accountants

cc: Deborah Curry, CPA, CGMA, FICPA President- CEO  
Corrine Ahrend, FICPA State and Local Government Committee Chair