



FLORIDA GOVERNMENT FINANCE OFFICERS ASSOCIATION, INC.

Since 1937

P.O. Box 10270 • 301 South Bronough Street, Suite 300 • Tallahassee, Florida 32302-2270
Telephone: (850) 222-9684 • Fax: (850) 222-3806 • Web Page: www.fgfoa.org

2019-2020
OFFICERS

President

KEN BURKE, CPA

Clerk of the Circuit Court and Comptroller
Pinellas County – CCC
(727) 464-3341
kburke@pinellascounty.org

President - Elect

JAMIE ROBERSON, CGFO

Director of Finance
City of Apopka
(407) 703-1725
jroberson@apopka.net

Secretary – Treasurer

SHANNON RAMSEY-CHESSMAN, CPA, CGFO

Chief Operating Officer
Clerk & Comptroller – Palm Beach County
(561) 355-4277
slramsey@mypalmbeachclerk.com

DIRECTORS

MELISSA BURNS

Director of Finance
City of Atlantic Beach
(904) 247-5807
mburns@coab.us

ALTON “RIP” COLVIN, CPA, CGFO, CPM

Executive Director
Justice Administrative Commission
(850) 488-2415
rip.colvin@justiceadmin.org

FRANK DIPAOLLO, CPA, CGMA

Finance Director
City of Lighthouse Point
(954) 784-3432
fdipaolo@lighthousepoint.com

NICOLE GASPARRI, CGFO

Organizational Program Manager
City of Boca Raton
(561) 789-8236
ngasparri@myboca.us

MIKE GOMEZ, CPA

Audit Manager
Florida Auditor General - Tallahassee
(850) 412-2895
mikegomez@aud.state.fl.us

JONATHAN C. MCKINNEY, CGFO

Finance Director
City of New Smyrna Beach
(386) 410-2651
jmckinney@cityofnsb.com

WILLIAM SPINELLI, CPA

Controller
City of Orlando
(407) 246-2165
william.spinelli@cityoforlando.net

KELLY STRICKLAND, CPA, CGFO

Director of Financial Administration
City of Sarasota
(941) 954-4124
kelly.strickland@sarasotagov.com

PAUL SHAMOUN

Executive Director

September 1, 2019

David Bean, Director of Research and Technical Activities
Governmental Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

Via email: director@gasb.org

RE: Project No. 30-1: Exposure Draft on Public-Private and Public-Public Partnerships and Availability Payment Arrangements

Dear Mr. Bean,

On behalf of the Florida Government Finance Officers Association (FGFOA), we are pleased to respond to the Government Accounting Standard Board's (GASB) Exposure Draft (ED) related to Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs). These comments were prepared based on a review by the FGFOA members, its Technical Resources Committee, and the Board of Directors.

We concur with the basis of the proposed new standard on PPPs and APAs, but with a few requested clarifications and explanations to be included in the final pronouncement. First, the definition between a PPP that is a service concession arrangement (SCA), and one that should be accounted for as a lease, should be more clear. A PPP related asset is defined as an infrastructure or other nonfinancial asset, whereas an asset related to a lease is defined as a non-financial asset only. Clarification is needed on the differentiation between an infrastructure asset and a nonfinancial asset, and which nonfinancial assets fall under the purview of this exposure draft, and which fall under the GASB 87 standard for leases.

We believe there should also be further clarification of the terms *transfer of ownership* (paragraph 16a and Illustration 3), *owning* (paragraph B9), and *if title...passes* (paragraph B10) as it relates to the accounting for PPPs that are not leases or SCAs. We feel the criteria that should be used in the final pronouncement should be *transfer of control*. This term is consistent with infrastructure and other nonfinancial assets, such as a college dormitory or bridge, which may be constructed and controlled by an operator, but the structures are legally *owned* by the transferor. Paragraph 16a requires the underlying PPP asset to be recognized and measured on the books of the transferor based on the operator's estimated carrying value. This requirement may present challenges for the transferor if the operator's estimated carrying value is not provided as part of the contract between the transferor and the operator. Further, for a constructed asset, the ED does not address remeasurement of the receivable if the construction extends across multiple reporting periods, i.e., the estimated carrying value of the asset changes after the initial year of the contract.

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We request that clarification be made as to why paragraph 15 applies to *an existing asset of the transferor that has been approved*, but paragraph 16 does not. While it is possible that the assumption is being made that an operator cannot own an improvement to the transferor's asset, we believe the standard should still address how such an improvement would be treated.

There may subsequently be some confusion amongst both financial statement readers and preparers, in having a clear definition of APAs. The definition in Appendix B, paragraph B6, appears to bring a better understanding of APAs, and should be brought forward into paragraph 7 to ensure a better understanding of this arrangement.

We would like to thank the GASB for its efforts in preparing the exposure draft, and for the opportunity to respond. Please feel free to contact me at (727) 464-3341, or kburke@mypinellasclerk.org regarding the comments above.

Sincerely,



Ken Burke, CPA
President