
Technical Release 24: Implementation Guidance for Public-Private Partnerships

Status

Issued	August 4, 2026
Effective Date	Effective upon issuance.
Affects	SFFAS 49, par. 16-19, 20-21, and 22-24
Affected by	None.

Summary

This Technical Release (TR) provides implementation guidance regarding application of SFFAS 49:

- P3-related risk in an entity's arrangements or transactions
- P3-related entities that require disclosure pursuant to SFFAS 47, *Reporting Entity*
- P3-related leases pursuant to SFFAS 54, *Leases*
- P3-related standards requiring coordination with the SFFAS 49 disclosures

The guidance explains the interrelationships between SFFAS 49 and the standards that govern certain types of long-term arrangements/transactions. This helps to ensure that integrated information is provided through concise, meaningful, and transparent disclosures, disclosures are not duplicative, and financial reporting objectives are met while mitigating preparer burden.

Additionally, this TR may serve as an acceptable analogy for other Statements in addition to SFFAS 47 or SFFAS 54. Therefore, while this implementation guidance does not specifically address other types of federal activities, such as direct loans or loan guarantees, the Accounting Standards Implementation Committee concluded that reporting entities could consider this TR when applying SFFAS 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*, to other types of P3 arrangements or transactions.

Materiality

The provisions of this TR need not be applied to information if the effect of applying the provision(s) is immaterial.² A misstatement, including omission of information, is material if, in light of surrounding facts and circumstances, it could reasonably be expected that the judgment of a reasonable user relying on the information would change or be influenced by the correction

or inclusion of the information. Materiality should be evaluated in the context of the specific reporting entity. Determining materiality requires appropriate and reasonable judgment in considering the specific facts, circumstances, size, and nature of the misstatement. Consequently, after quantitative and qualitative factors are considered, materiality may vary by financial statement, line item, or group of line items within an entity. While a significant consideration in determining the materiality of a P3 is the contractual risk of loss to the reporting entity (see SFFAS 49, par. 24.d), other quantitative and qualitative considerations may also be relevant. If the reporting entity determines that the P3 is material, the P3 disclosures should clearly indicate the contractual risks of loss to the reporting entity in accordance with paragraph 24.d and may include a discussion of the nature, likelihood, and magnitude of the risks of loss. This would assist the user in understanding such risks of loss. Disclosure of remote risks of loss should be limited to those included in the terms of the contractual P3 arrangements or transactions. If remote risks of loss are disclosed, an explanation should be included that avoids the misleading inference that there is more than a remote chance of a loss.

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TECHNICAL GUIDANCE

SCOPE OF TECHNICAL GUIDANCE

1. Readers of this Federal Financial Accounting Technical Release (TR) should first refer to the hierarchy of accounting standards in Statement of Federal Financial Accounting Standards (SFFAS) 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*.
2. This TR complements the relevant accounting standards but is not a substitute for and does not take precedence over the standards.
3. Public-Private partnership (P3) risk reporting has been raised as a specific implementation challenge. This TR emphasizes that the conclusive and suggestive risk-based characteristics in SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*, are designed to assist preparers in identifying *entity* risks of loss. To that end, entity processes may include identification and consideration of all forms of contractual risks that might supersede or give rise to either conclusive or suggestive risk-based characteristics.
4. This TR partially addresses agencies' current implementation challenges. This guidance is a first step in the Federal Accounting Standard Advisory Board's (FASAB or "the Board") attempt to clarify the application of SFFAS 49.

GENERAL PRINCIPLES FOR DISCLOSURE REQUIREMENTS

5. This TR proposes general principles for coordinating the disclosure requirements in SFFAS 49. Paragraph 23 of SFFAS 49 requires that disclosures "be integrated so that concise, meaningful, and transparent information is provided and information is not repetitive." The coordination of SFFAS 49 and other disclosures requires professional judgment in determining where P3 disclosures are included in the notes. For example, some or all P3 disclosures may be in a separate P3 note, while some P3 disclosures may be incorporated into other notes. Because P3s may affect several notes, there will typically be a separate P3 note with appropriate cross-references to other notes.
6. In preparing SFFAS 49 disclosures, reporting entities should analyze related standards that may have disclosure requirements that overlap or interact with SFFAS 49 disclosures.

Examples of such related disclosure requirements could include the following:

- a. Private party entities with which the reporting entity has a P3 arrangement or transaction, including special purpose vehicles (SPVs) or other separate entities, that may meet the definitions of disclosure entities or related parties under SFFAS 47, *Reporting Entity*.
- b. P3 arrangements or transactions may result in recognizing balances or transactions (for example, assets, liabilities, revenues, and/or costs) in the reporting entity's financial statements, as well as disclosing information about them. P3 arrangements

or transactions may also result in disclosing other information (for example, commitments and unrecognized contingencies) based on other standards, such as SFFAS 54, *Leases*; SFFAS 2, *Accounting for Direct Loans and Loan Guarantees*; or SFFAS 5, *Accounting for Liabilities of the Federal Government*.

7. Based on an understanding of the P3 arrangement or transaction and other related standards, reporting entities should consider how to integrate disclosures to provide concise, meaningful, and transparent information that is not repetitive.
8. Possible considerations could include whether the disclosures of the other related standards provide disaggregated information that specifically identifies individual components (like balances or transactions). For example, the disclosures of the related standards may be aggregated such that individual components of specific P3-related amounts are not specifically identifiable. In such instances, a P3 note may complement other notes by indicating the line item where the asset, liability, revenue, or expense is recognized, disclosing the amounts related to the P3, and referring to the note where the aggregated data or other information is disclosed.
9. Moreover, where information in a related note is disaggregated, a P3-related asset, liability, revenue, expense, or other information may be specifically reported or disclosed as part of another note. For example, a note related to disclosure entities or related parties under SFFAS 47 may include information related to the nature of the P3 relationship and the entity's exposure to risks of loss.¹ In such instances, a P3 note may refer to the related note for more detailed information and not include details in the P3 note.

GUIDANCE ON APPLYING SFFAS 49 RISK-BASED CHARACTERISTICS

10. Paragraph 20 of SFFAS 49 describes certain risk-based characteristics that serve as conclusive evidence that a P3 possesses risk of loss, indicating that disclosures should be provided. If any of the conclusive risk-based characteristics are met, the P3 arrangement or transaction should be disclosed. Paragraph 21 describes certain suggestive risk-based characteristics considered in the aggregate that serve as evidence that P3s may possess risk of loss, and, if so, require disclosure. Each suggestive risk-based characteristic requires entity judgment, as each characteristic is analyzed in connection with the other suggestive risk characteristics.
11. **What specific risks might give rise to conclusive and suggestive risk characteristics described in paragraphs 20-21 in SFFAS 49 when considering the need for disclosures?**
12. By nature, P3s are a form of investment that may also contain debt and equity funding and transfer or share various forms of risk among the P3 partners. Reporting entity management should have an understanding of the structure of each arrangement or transaction, along with the risk/reward composition from each P3 relationship. The various forms of risks identified by entity management could give rise to conclusive and/or suggestive risk

¹ Conversely, a P3 note could include the disclosure entity or related party disclosures required by SFFAS 47.

characteristics requiring disclosure. In implementing paragraphs 20 and 21, practitioners have found the following risks helpful when assessing conclusive and suggestive risks:

- a. Risks the entity or federal government as a whole may have to absorb part or all of the project's private debt.
- b. Risks the entity will not achieve expected returns on its investments in limited partnerships.
- c. Risks from the transfer of government assets (including intellectual property) into private hands for extended periods of time.
- d. Risks that the financial costs of the public purpose or public value will not be fulfilled or achieved.
- e. Risks that accompany the benefits of a P3.
- f. Risks that may not be distributed equitably across generations.

13. Accordingly, entities should have an understanding of the risks in their P3 arrangements or transactions and their risk/reward composition when ascertaining contractual risks of loss.

GUIDANCE ON APPLYING SFFAS 49 TO SFFAS 47, *REPORTING ENTITY*

14. A component reporting entity may identify a P3 structural or transactional arrangement that meets both the definition and disclosure requirements of SFFAS 49 and involves entities meeting the reporting principles of SFFAS 47. This TR proposes disclosure guidance for P3 arrangements that may involve organizations outlined in SFFAS 47.
15. For example, paragraph 80 in SFFAS 47 acknowledges that federal entities can have related party relationships with organizations that should be disclosed, especially if those relationships are of such significance that it would be misleading to exclude. Where an entity involved in a P3 arrangement or transaction is determined to be a disclosure entity or a related party under SFFAS 47, the respective disclosure requirements of both SFFAS 47 and SFFAS 49 should be coordinated.²
16. Typical steps in coordinating P3 disclosures with disclosures required by SFFAS 47 include identifying the entities involved in the P3 arrangement or transaction (for example, private partners or SPVs) and determining for each identified entity in the P3 whether it is a consolidation entity, disclosure entity, or related party under SFFAS 47. For related parties, disclosures are required only where related party relationships are of such significance to the reporting entity that it would be misleading to exclude information about such relationships. For any disclosure entities or related parties, related disclosures should be coordinated with P3 disclosures.
- 17. If you have a P3 arrangement or transaction that involves organizations that meet the SFFAS 47 requirements as a consolidation entity, does SFFAS 49 apply?**

² Coordination in this context refers to efforts and additional actions needed to support, enhance, or complete adequate disclosures for all related disclosure requirements.

18. Yes. SFFAS 47 does not introduce new disclosure requirements for consolidated entities but affirms that existing standards already require such disclosures. Consequently, consolidation of an entity under SFFAS 47 does not eliminate the nature of any risk-sharing relationship between the government and the entity.

Therefore, when SFFAS 49 disclosures are applicable, supplemental information should be disclosed with cross-references to SFFAS 47 to ensure clarity, transparency, and to avoid duplication. Professional judgment is essential in coordinating disclosures under both standards.

For reference, Appendix B (page 25) provides a summary of disclosure requirements for SFFAS 47 and SFFAS 49.

19. **If a reporting entity has a P3 arrangement or transaction that involves organizations that meet the SFFAS 47 reporting requirements as either a disclosure entity or related party, how might SFFAS 49 and SFFAS 47 disclosures be coordinated?**

20. Professional judgment is required to determine how to coordinate SFFAS 49 and SFFAS 47 disclosures. These standards have similar disclosure objectives and requirements and are intended to be coordinated with each other. To the extent that the SFFAS 47 disclosures do not provide the information specific to SFFAS 49, the disclosures in paragraph 24 of SFFAS 49 should be provided so that concise, meaningful, and transparent information is provided and information is not duplicated.

For example, a note related to disclosure entities or related parties may include information related to the nature of the P3 relationship and the entity's exposure to risks of loss. In such instances, a P3 note may refer to the related note for more detailed information and not include details in the P3 note. On the other hand, a P3 note may include the disclosure entity or related party disclosures required by SFFAS 47.

Refer to appendix B for both SFFAS 47 and SFFAS 49 disclosures.

GUIDANCE ON APPLYING SFFAS 49 TO SFFAS 54, *LEASES*

21. A P3 arrangement or transaction may incorporate a lease as defined by SFFAS 54. For example, a P3 arrangement or transaction may incorporate a lease between the reporting entity and a P3 partner. As a result, this TR proposes disclosure guidance for P3 arrangements/transactions that meet criteria for disclosure under both SFFAS 49 and SFFAS 54.
22. **If a P3 arrangement or transaction includes a lease or lease component, do both the SFFAS 49 and SFFAS 54 disclosure requirements apply?**
23. Yes. Professional judgment is required to determine how to coordinate SFFAS 49 and SFFAS 54 disclosures. For P3s including lease arrangements or transactions, the lease should be disclosed under SFFAS 49 regardless of whether it is specifically disclosed under SFFAS 54. Consistent with paragraph 23 of SFFAS 49, if a P3 includes a lease or lease component, then the resultant disclosures under SFFAS 49 and SFFAS 54 reporting

requirements should be integrated so that concise, meaningful, and transparent information is provided and information is not repetitive.

Refer to appendix B for both SFFAS 49 and SFFAS 54 disclosures.

24. How might SFFAS 49 and SFFAS 54 disclosures be coordinated?

25. Lease disclosures under SFFAS 54 may aggregate information about a lease portfolio and may not sufficiently include the required related P3 disclosures. In such instances, a P3 note may discuss the specific related P3 lease disclosures. 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 include the lease-related required P3 disclosures in the lease note that is cross-referenced to the P3 note such that the lease note clearly delineates amounts related to P3 arrangements/transactions.

26. How can a lease or lease component that meets SFFAS 49 be differentiated from another type of contract or arrangement that permits use of an asset like a lease?

27. Preparers should review the terms of the P3 arrangement or transaction against the criteria for a lease, including paragraphs 2-4 in SFFAS 54 and paragraphs 4-19 in TR 20, *Implementation Guidance for Leases*.

28. What helps distinguish an SFFAS 49 P3 from a contract or agreement with multiple components, including one or more lease components that are not subject to SFFAS 49 reporting requirements?

29. A reportable P3 will (1) meet the definition of a federal P3 as defined in paragraphs 16-19 of SFFAS 49 and (2) possess risk of loss based on meeting any of the conclusive risk-based characteristics in paragraph 20 of SFFAS 49 or considering, in the aggregate, the suggestive risk-based characteristics in paragraph 21 of SFFAS 49.

30. Are energy savings performance contracts (ESPCs) and utility energy service contracts (UESCs) considered P3s?

31. Such contracts are alternative financing arrangements and may be subject to SFFAS 49. For example, when ESPCs and UESCs meet either the conclusive or suggestive risk-based characteristics of a P3, they are required to meet the SFFAS 49 disclosure requirements.

GUIDANCE ON COORDINATING DISCLOSURES

32. As entities apply the disclosure requirements of SFFAS 49, questions have arisen as to which disclosures apply when other standards covering such long-standing arrangements/transactions also apply. This TR coordinates SFFAS 49 disclosures with disclosure requirements from other standards.

- 33. Does coordinating disclosures between SFFAS 49 and other related standards mean that entities should change or alter existing disclosures required by other standards, such as SFFAS 47?**
34. No. In meeting the SFFAS 49 disclosure requirements, entities are encouraged to coordinate the disclosure requirements of all standards involved without duplicating information in multiple places within their financial report. As noted in paragraph 23 of SFFAS 49, “Disclosures should generally accompany the related asset and/or liability display contained within the financial statements.” P3 disclosures are intended to complement existing reporting by exclusively describing the risks of loss to the federal government and assisting users in understanding the nature of P3s. The Board did not intend for the P3 disclosures required by SFFAS 49 to affect existing disclosures required by SFFAS 47 or any other standards.
35. According to paragraph 23 of SFFAS 49, “The resultant disclosures should be integrated so that concise, meaningful, and transparent information is provided and information is not repetitive.” As such, entities may include references to existing information across their financial report, where appropriate, to ensure disclosures are integrated. For example, the summary of significant accounting policies note may serve to guide users to the appropriate references within the financial report.
- 36. Is it appropriate to disclose specific P3-related assets, liabilities, revenues, expenses, or other information in a related note, considering materiality and the level of aggregation of the other note?**
37. Yes. In a P3 note, a specific reference may be made to the note where more detailed information is disclosed. Also, the other note may refer to the P3 note.

EFFECTIVE DATE

38. This TR is effective upon issuance.

The provisions of this Technical Release need not be applied to information if the effect of applying the provision(s) is immaterial. Refer to Statement of Federal Financial Accounting Concepts 1, <i>Objectives of Federal Financial Reporting</i>, chapter 7, titled Materiality, for a detailed discussion of the materiality concepts.

APPENDIX A: BASIS FOR CONCLUSIONS

This appendix discusses factors considered significant by Committee members in reaching the conclusions in this guidance. It includes the reasons for accepting certain approaches and rejecting others. Individual members gave greater weight to some factors than to others. The guidance enunciated in this Technical Release (TR)—not the material in this appendix—should govern the accounting for specific transactions, events, or conditions.

This TR may be affected by subsequent TRs. The FASAB Handbook is updated annually and includes a status section directing the reader to any subsequent TRs that amend this TR. The authoritative sections of the TR are updated for changes. However, this appendix will not be updated to reflect subsequent changes. The reader can review the basis for conclusions of the amending TR for the rationale for each amendment.

Since its issuance on April 27, 2016, practitioners have identified implementation challenges concerning SFFAS 49.

Questions and answers in the TR are intended to provide guidance for applying the accounting and financial reporting requirements for P3s in accordance with SFFAS 49.

PROJECT HISTORY

- A1. At the August 2021 Board meeting, members reviewed the results of staff's analysis concerning the fiscal year (FY) 2020 note disclosures pursuant to SFFAS 49. Staff analyzed the FY 2020 disclosures of all 24 Chief Financial Officers (CFO) Act agencies and the 16 significant entities. As a result, the majority of the members agreed not to proceed with the second phase of the project on measurement and recognition until the Board gained additional insight regarding how the P3 definition, exclusions, risk-based characteristics, and materiality guidance contributed to the disclosures or lack thereof in the FY 2020 reporting cycle. As a result, the Board directed staff to conduct additional research with a task force to determine why P3 reporting varies, why cash flows are not disclosed in some instances, and potential broad measurement and recognition options for future consideration. Specifically, the Board tasked staff to recommend any changes, improvements, or additional guidance that could address implementation challenges prior to commencing the second phase of the project.
- A2. During the last quarter of 2021, staff began (1) researching potential SFFAS 49 implementation issues by initiating training and outreach, (2) identifying potential measurement and recognition approaches, and (3) coordinating, as appropriate, with the Department of the Treasury and the Office of Management and Budget (OMB) to disclose P3 information more consistently among entities. To that end, staff scheduled separate one-on-one meetings with preparers, auditors, and policy experts and conducted SFFAS 49 training with federal entities.
- A3. Potential Implementation Challenges

As a result of training and outreach, staff identified 15 implementation challenges. The Board reviewed these at its October 2022 meeting and recommended staff take the following steps:

- a. Coordinate implementation challenges with the CFO Council.
- b. Validate and prioritize implementation challenges.
- c. Communicate technical guidance via questions and answers.
- d. Be mindful of the task force composition.
- e. Assess how auditors apply materiality.

A4. Task Force Review and Validation of Implementation Challenges

The implementation challenges, in order of importance, were the interrelationships between SFFAS 49, SFFAS 47, *Reporting Entity* and SFFAS 54, *Leases*; the differences between uncertainty and risk and how to identify the two within the context of materiality; the relationship between cash flow estimates and risks (and how they are not uncertainties); the clarification that private partner risks of loss are required disclosures; and examples on how to aggregate disclosures.

The task force further agreed to combine the remaining implementation challenges with a higher-ranked implementation challenge where appropriate. Some implementation challenges are more operationally or administratively oriented and better suited for Treasury or OMB to address.

A5. Training Sessions

During calendar year 2022, the following federal entities participated in an SFFAS 49 training: Department of Justice; Department of Energy (DOE); National Geospatial-Intelligence Agency; Treasury; Department of Agriculture; Department of Defense (DOD); National Aeronautics and Space Administration (NASA); Defense Logistics Agency (DLA); Health and Human Services; Department of Commerce (DOC); Department of Housing and Urban Development-Inspector General; and Department of Homeland Security.

Staff trained 974 attendees, including discussing SFFAS 49 implementation challenges. Course evaluations documented challenges other than those identified through the one-on-one sessions, and staff shared these with the Board at the October 2022 meeting.

- A6. The P3 implementation task force met between December 2022 and April 2024. Staff structured the meetings to ensure a complete review of implementation challenges as well as potential FASAB action. The task force prioritized implementation challenges along with proposed FASAB action. In doing this, the task force generally agreed that FASAB could address several of the challenges concurrently whereas others were not under FASAB's purview. The task force separated into subgroups to address these highest priority challenges and recommend discrete actions. This included possible amendments to SFFAS 49, draft case studies, and note illustrations.

The P3 implementation task force included industry representatives from several public accounting and consulting firms, as well as representatives from federal agencies:

- a. Mr. Bob Helwig, JD, PhD
- b. Checco Communications
- c. DLA
- d. DOC
- e. DOD
- f. DOD-Office of the Inspector General

- g. DOE
- h. Department of Interior
- i. Department of Veterans Affairs
- j. First Net
- k. General Services Administration
- l. Department of Housing and Urban Development
- m. Maximus
- n. NASA

- A7. The subgroups recommended the guidance in this TR to the Accounting Standards Implementation Committee (ASIC or “the Committee”). In reaching their conclusions, the subgroups recognized the necessity to develop implementation guidance to best address the implementation challenges and concerns raised by the Board. Correspondingly, this TR also recognizes that the financial management information needs of stakeholders, both internal and external, varies by entity (given the highly complex nature of some P3s and entity-specific risk tolerances). As a result, the implementation guidance does not provide a universal solution; instead, it is designed to give management a tool on which to base stakeholder financial management information needs.
- A8. The Committee concluded that for SFFAS 49 to be implemented effectively, reporting entities benefit from formalized policies and procedures. In reaching this conclusion, members emphasized that maintaining adequate documentation of data sources and methodologies helps ensure reporting consistency.
- A9. During deliberations, the Committee recognized that P3 arrangements or transactions may often span multiple operational areas. Consequently, the guidance reflects the Committee's view that intra-agency, cross-functional collaboration (for example, involving CFOs, legal, procurement, and logistics teams) can be a critical factor in successfully identifying and reporting the complex risks inherent in P3 relationships.

ASIC DELIBERATIONS

- A10. The ASIC began working on the project in November 2023, with project acceptance and scope concurrence at that time.
- Committee members raised several points:
- a. Review P3 disclosures to determine if they meet the intent of SFFAS 49.
 - b. Assess materiality in connection with cost/benefit considerations.
 - c. Ensure that decisions concerning materiality are not predicated on non-representative P3 reporting.
 - d. Parse the implementation guidance between authoritative and non-authoritative.
 - e. Consider highlighting and linking the risk-based characteristics to overall risk of loss considerations.
- A11. At the May 2024 ASIC meeting, members reviewed draft guidance and project next steps. Several task force members were present and offered their views concerning implementation challenges and the proposed guidance. The Committee then directed

staff to further develop and explain the flowchart instructions; add questions and answers about what is meant by harmonization of disclosures; and incorporate a question for respondents concerning contingent liabilities guidance and its relationship to SFFAS 49.

The ASIC addressed the following areas at the May meeting:

- a. The ASIC chair determined that incorporating a question for respondents concerning contingent liabilities guidance and its relationship to SFFAS 49 is outside the ASIC's scope. This falls within the Board's scope to address and deliberate.
- b. The ASIC added questions, answers, and commentary concerning what is meant by coordination of disclosures.
- c. The ASIC further developed the flowchart instructions and added instructions not to restrict application of the flowchart to the illustrated waterfall approach.

- A12. The Committee met again in August and November 2024 to review a revised draft exposure draft.

The ASIC addressed the following areas at the August meeting:

- a. Provide a broad principle for dealing with the overlap of P3 disclosure requirements with reporting and disclosure requirements of other standards.
- b. Enhance the guidance related to the coordination of disclosures due to other requirements.
- c. Propose that, under consolidation accounting, the reporting entity is treated as a single economic entity and, thus, SFFAS 49 disclosures would not apply.
- d. Add an appendix that includes the side-by-side disclosure requirements for SFFAS 49, 47, and 54.

At the November meeting the members were generally supportive of the revised draft document primarily noting that staff consider certain edits to clarify guidance related to leases.

- A13. At the February 2025 meeting, the ASIC suggested additional improvements and refinements to several areas, most notably to the leases guidance. As a result, the ASIC chair agreed that staff would begin moving towards a draft pre-ballot to be shared with the Committee once all remaining edits and revisions had been addressed by staff. At the April 2025 meeting, staff requested the Board's approval to expose the proposed ASIC Technical Release exposure draft (ED) titled *Implementation Guidance for SFFAS 49, Public-Private Partnerships*. Members provided some non-substantive edits to improve the ED and agreed to the ASIC releasing the ED. As a result, the ASIC subsequently released for public comment the ED on implementation guidance for P3s. The ASIC requested comments on the ED by June 30, 2025.

RISK AND MATERIALITY

MATERIALITY, RISK AND PUBLIC-PRIVATE PARTNERSHIPS

- A14. Given that users have noted materiality and risk reporting as implementation challenges, this TR emphasizes that SFFAS 49 contains conclusive and suggestive risk-based

characteristics designed to help preparers identify risks of loss that may be material and warrant further consideration for disclosure. These risk-based characteristics are designed to assist preparers in identifying and evaluating how much risk is in an arrangement or transaction. These characteristics should also elucidate how much of that risk has been (1) transferred to the private partner, (2) shared with the private partner, and (3) retained by the entity. Such an understanding relies on a thorough analysis of the underlying contractual agreements, guarantees, insurance, indemnification strategies, and the existence and nature of any underlying private party capital buffer that might exist. Users can then assess the extent of any debt (for example, bonds, loans and notes) and equity participation (for example, stocks and other securities representing an ownership interest).

Preparers should consider applying materiality cumulatively or in the aggregate, demonstrating entity accountability to the public, and meeting user needs.

User needs include the following:

- a. Assess the costs and related risks of entering into such long-term agreements.
- b. Assess the efficiency and effectiveness of these risk-sharing agreements, as well as the government's management of its assets and liabilities.
- c. Determine how financial resources, budgetary or otherwise, have been obtained and used and whether their acquisition and use were in accordance with the entity's legal authorization.

While remote risks of loss deemed material should be limited to those that are included in the contractual terms of the P3 arrangements or transactions, they nonetheless should be disclosed. Materiality assessments require both qualitative and quantitative judgments; specific guidance limiting preparer and auditor considerations is not appropriate.

SUMMARY OF OUTREACH AND RESPONSES

A15. On May 16, 2025, the ASIC released for public comment the exposure draft of a proposed TR titled, *Implementation Guidance for SFFAS 49, Public-Private Partnerships*. Since its issuance on April 27, 2016, practitioners have identified implementation challenges concerning SFFAS 49. The proposed TR was released for public comment to assist reporting entities in implementing SFFAS 49.

A16. The ASIC received 21 comment letters in response to the ED. Respondents overwhelmingly agreed with the general provisions of the proposed TR and expressed strong support and appreciation for the following:

- a. Clarification of disclosure requirements under SFFAS 49
- b. Integration with related standards (SFFAS 47 and SFFAS 54)
- c. Use of flowchart and Q&A format to improve usability
- d. Emphasis on transparency, risk assessment, and non-duplicative reporting

There was broad agreement that the guidance helps clarify (1) risk-of-loss triggers and the distinction between conclusive vs. suggestive characteristics; (2) how P3 disclosures interact with SFFAS 47 and (3) coordination of disclosures across standards.

A17. In general, respondents noted the following areas of concern:

- a. The TR creating a level A GAAP (SFFAS 49) exemption for consolidated entities.
- b. Ambiguity in applying professional judgment may lead to inconsistent disclosures.
- c. Requests for illustrative examples or matrices to guide risk assessment.
- d. Clarifying guidance for ESPCs and UESCs.
- e. Examples of how to handle overlapping disclosures in practice.

Specific respondent concerns include: (1) citizens warned against allowing exclusions for non-federal partner funding, fearing erosion of transparency (2) whether SFFAS 49 disclosures should apply to SFFAS 47 consolidated entities, (3) questions about how to assess materiality when no monetary exchange occurs, especially for in-kind arrangements, (4) hidden ownership structures (for example, LLCs, trusts) and their implications for risk and accountability, (5) examples of simple to complex P3 arrangements.

A18. Staff conducted follow-up meetings with respondents and formed two working groups to address their shared comments. Based on consultations with them, and subsequent guidance from the Board at the October 2025 meeting, staff adjusted the proposed TR accordingly. Changes were made to address the following concerns:

1. Level A GAAP: Consolidation Accounting

Consolidation under SFFAS 47 does not eliminate or alter the underlying risk sharing relationship that gives rise to the disclosure objectives in SFFAS 49. The working group agreed that consolidated entities should not be exempt from SFFAS 49 reporting. Consistent with the P3 task force's position, consolidation provides entity-level presentation but does not convey the specific terms, conditions, and risk exposures inherent in P3 arrangements or transactions. Exempting consolidated entities would reduce transparency, create inconsistent reporting outcomes across agencies, and undermine the comparability that SFFAS 49 was designed to achieve.

2. Applying the Risk-Based Characteristics

Entities are not expected to evaluate the structure of each P3 arrangement/transaction but, instead, possess an understanding of the structure of its P3 arrangements/transactions.

3. ESPCs and UESCs

Concerns over whether all ESPCs/UESCs in fact meet the conclusive characteristics were addressed by modifying the answer to allow for instances when such contracts may not meet any of the risk-based characteristics.

Respondents who raised specific concerns over ambiguity in applying professional judgment, overlapping disclosures, and adoption of illustrative examples generally agreed that these matters are best handled through education and outreach and, where applicable, possible SFFAS 49 amendments.

A19. At its December 2025 meeting, the Board agreed with the P3 task force and respondent working group recommendation that requires SFFAS 49 reporting for consolidated entities. The Board agreed that the SFFAS 49 reporting for consolidated entities appropriately balances clarity with burden reduction. Several members emphasized the need for agencies to apply SFFAS 47 using substance over form and supported timely issuance of the TR by ASIC. The Board approved forwarding the SFFAS 49 TR to the ASIC for finalization and timely issuance.

A20. At its February 2026 meeting, the ASIC approved moving to a ballot, pending a final review of an updated pre-ballot draft that incorporates meeting edits.

ASIC AND BOARD APPROVAL

A21. The TR was approved by the ASIC for release to FASAB for issuance. ASIC member Mr. Joseph P. O'Neill dissented to the issuance of this TR. His dissent is presented below.

A22. Mr. O'Neill dissents on the issuance of this Technical Release (TR) for the reasons discussed below. Mr. O'Neill appreciates the work of the P3 task force, FASAB staff and ASIC to improve financial reporting of P3s.

The proposed TR, in para. 17-18, states that consolidation of an entity under SFFAS 47 does not eliminate the nature of any risk-sharing relationship between the government and the entity. Mr. O'Neill believes that this would apply SFFAS 49 to situations where a federal entity and a private entity consolidated within a federal entity (consolidation entity) are the parties to a P3 arrangement.

Mr. O'Neill believes that SFFAS 49 does not apply to a situation where the private entity is a consolidation entity. Mr. O'Neill believes that, based on footnote 6 of SFFAS 49, SFFAS 49 does not apply to private sector entities operating within the "authority and control" of the federal government.

Mr. O'Neill also believes that a private sector entity that is a consolidation entity is under the control of the federal government and therefore cannot be a private entity under SFFAS 49. He notes that, based on SFFAS 47, the governance structure of consolidation entities "is vertically integrated, such that the chain of command and manner of decision-making leads directly to elected officials" [para. 41] and that "Consolidation entities as defined herein are considered federal reporting entities and should apply GAAP as defined in SFFAS 34..." [SFFAS 47, para. 67]

Further, Mr. O'Neill has concerns that applying the P3 disclosures to intragovernmental consolidation entities that are consolidated into the same component reporting entity would not provide meaningful information and may mislead and confuse users, as they would essentially be transactions with itself. If there were such arrangements between a federal and private sector consolidation entity, there is a reasonable chance that a component reporting entity would be accountable for both, resulting in consolidation into the same component reporting

entity. Relationships or transactions between the component reporting entity (which includes a consolidated private entity) and a non-consolidation entity that meet the P3 reporting requirements would be subject to P3 disclosures. Mr. O'Neill believes there is no risk of loss to the federal government and no net effect to the federal government solely as a result of transactions or activity between two consolidation entities. In addition, footnote 39 of SFFAS 47 states that "Consolidation is a method of accounting that combines the accounts of those entities line by line on a uniform basis of accounting and eliminates balances and transactions among the entities." Also, in such arrangements, any corresponding borrowing or investment, as well as other activity, with non-federal entities (e.g., leases), would be reflected in the consolidated financial statements and note disclosures under FASAB GAAP.

In addition, the TR, in para. 11-13, includes a list of risks that practitioners have found helpful when assessing conclusive and suggestive risks characteristics. Mr. O'Neill believes that any risks discussed in 12.a-f should provide a clearer linkage to conclusive and suggestive risk characteristics and contractual risk of loss to assist practitioners in understanding the possible linkage. Mr. O'Neill believes that insufficient or unclear linkage could lead to inappropriate conclusions and unnecessary burden.

A23. The ASIC provided FASAB with a draft of the TR at the April 29, 2026 meeting, including the staff's suggested edits to paragraphs 17 and 18 and Mr. O'Neill's dissent. A majority of the Board did not object to staff's recommended edits. Some members noted that while certain entities are consolidated for financial reporting, they remain legally separate and that this distinction is critical for understanding the risks and rewards of a partnership.

A majority of the Board did not object to ASIC's conclusion that SFFAS 49 applies to arrangements involving consolidated entities and determined that footnote 6 functions as a scoping filter intended to exclude non-federal governments and does not establish SFFAS 47 reporting boundaries. A majority of the Board also did not object with the ASIC's position that consolidation under SFFAS 47 does not alter the legal characteristics of the counterparty nor eliminate the risks - such as those inherent in complex, long-term partnerships - that SFFAS 49 was designed to reveal. The ASIC observed that a strict reading of the footnote could lead to unintended consequences, potentially excluding P3s that are passively owned or lack a predominant control feature. Based on the concerns raised in Mr. O'Neill's dissent, the "private" modifier was removed from the Technical Release to align with SFFAS 47 illustrations. A majority of the Board members did not object to the draft TR.

ASIC also concluded that paragraphs 11-13 of the TR, regarding risk-characteristic linkage, were sufficiently clear and proposed no changes to those paragraphs.

A24. The TR was approved by the ASIC for release to FASAB for issuance. The Board reviewed this TR and a majority of its members do not object to its issuance.

APPENDIX B: ILLUSTRATIONS

This appendix includes a flowchart that illustrates the application of the provisions of this TR. Although the following flowchart is outlined as steps, the reviews are typically concurrent and based upon a reporting entity's policies and procedures used during preparation of its financial statements. Applying the provisions of this TR may require assessing facts and circumstances other than those discussed herein and referencing other applicable TRs.

Practitioners are not constrained by the illustration contained herein and may, based on facts and circumstances, evaluate arrangements or transactions for SFFAS 49 applicability using alternate approaches.

Moreover, the flowchart is not intended to provide guidance on determining the application of materiality. Applying the provisions of this TR requires assessing facts and circumstances specific to the P3 arrangements or transactions and the interrelationship with SFFAS 47 or SFFAS 54 and their related TRs. Lastly, although the flowchart is laid out as a step process, preparers can view it as more of a concurrent or "waterfall" process beginning first with SFFAS 47 and then proceeding to SFFAS 54, if applicable, prior to aligning disclosures. The suggested steps do not imply that reporting entities develop practices in strict accordance with the flowchart.

FLOWCHART STEPS

- 1. Identify arrangements or transactions that might be P3s and then determine if they are material to the financial statements.**
- 2. Determine if SFFAS 47 applies.** Identify the entities in the P3 arrangement or transaction (for example, private partners or SPVs). Determine if any of the identified entities are consolidation entities, disclosure entities, or related parties under SFFAS 47. For related parties, disclosures are required only where related party relationships are of such significance to the reporting entity that it would be misleading to exclude information about such relationships. For any disclosure entities or related parties, related disclosures should be coordinated with P3 disclosures.
- 3. Determine if SFFAS 54 applies.** Identify balances or types of transactions (for example, assets, liabilities, revenues, costs) or other disclosures (for example, commitments and unrecognized contingencies) in the entity's financial statements that are a result the P3 arrangement or transaction. As part of the identification, specifically consider TR guidance for leases. For each P3 related balance, type of transaction, or other information, identify required or voluntary disclosures related to such balance, type of transaction, or other information.
- 4. Coordinate disclosures appropriately.** Professional judgment is required in determining the extent of information to include in a P3 note and/or in a note related to disclosure entities or related parties.

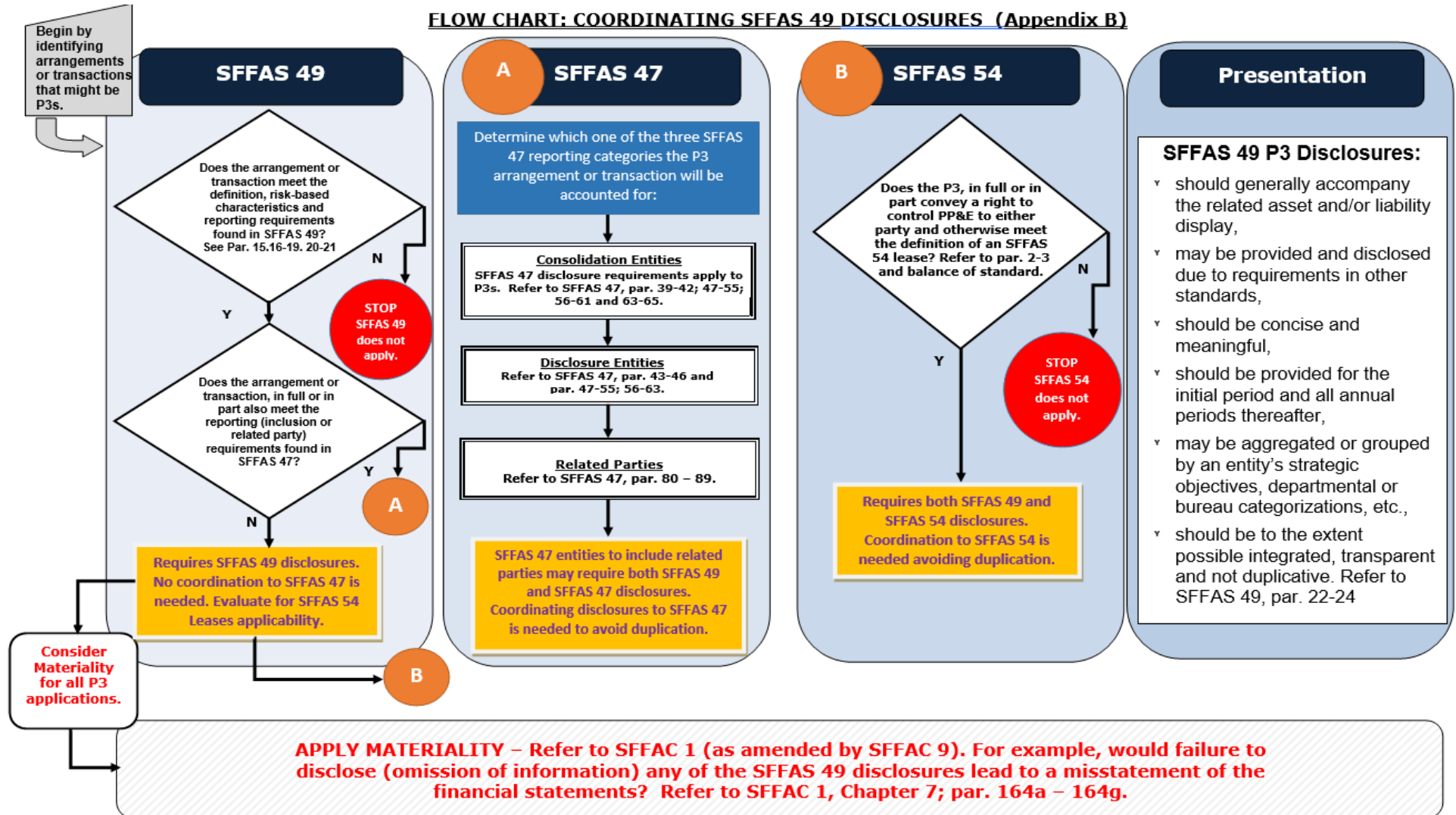
For example, if in the entity's financial statements there are related P3 disclosures (for example, narratives, balances, or transactions like assets, liabilities, revenues, or costs)

required by other standards (for example, commitments and unrecognized contingencies), the reporting entity should coordinate information so that it is concise, meaningful, transparent, and not repetitive.

It is appropriate to disclose specific P3-related assets, liabilities, revenues, expenses, or other information in a related note when considering materiality and the level of aggregation of the other note. For example, a P3 note may specifically reference another note where more detailed information is disclosed. Conversely, another note may refer to the P3 note.

If material to the P3, the P3 note may discuss the specific P3-related balance, transaction or other information; disclose the specific amounts related to the P3; and refer to the note where related information is incorporated.

This summary of disclosure requirements is meant to be a ready-reference, horizontal display of the disclosures required by the standards addressed in this guidance. Practitioners should not make any inference as to order of precedence, significance, or materiality. Refer to the general principles regarding disclosure requirements.



This summary of disclosure requirements is meant to be a ready-reference, horizontal display of the disclosures required by the standards addressed in this guidance. Practitioners should not make any inference as to order of precedence, significance, or materiality. Refer to the general principles regarding disclosure requirements.

Summary Of Disclosure Requirements

SFFAS 49

24. Disclosures should be provided for the initial period and all annual periods thereafter where an entity is party to a P3 arrangement/transaction. The following information should be disclosed:
- a. The purpose, objective, and rationale for the P3 arrangement or transaction and the relative benefits/revenues being received in exchange for the government's consideration, monetary and non-monetary; and the entity's statutory authority for entering into the P3.
 - b. A description of federal and non-federal funding of the P3 over its expected life, including the estimated mix of federal and non-federal funding, and the estimated amounts of such funding.
 - c. The operational and financial structure of the P3 including the reporting entity's rights and responsibilities, including:
 - i. A description of the contractual terms governing payments to and from the government over the expected life of the P3 arrangement or transaction to include:
 - 1. explanation of how the expected life was determined
 - 2. the time periods payments are expected to occur
 - 3. whether payments are made directly to each partner or indirectly through a third-party, such as, military housing allowances
 - 4. in-kind contributions/services and donations

This summary of disclosure requirements is meant to be a ready-reference, horizontal display of the disclosures required by the standards addressed in this guidance. Practitioners should not make any inference as to order of precedence, significance, or materiality. Refer to the general principles regarding disclosure requirements.

SFFAS 49

- ii. The amounts received and paid by the government during the reporting period(s) and the amounts estimated to be received and paid in aggregate over the expected life of the P3
- d. Identification of the contractual risks of loss the P3 partners are undertaking
 - i. Identification of such contractual risks of loss should include a description of (1) the contractual risk and (2) the potential effect on cash flows if the risks were realized (for example, early termination requirements including related exit amounts and other responsibilities such as asset condition (hand-back) requirements, minimum payment guarantees, escalation clauses, contingent payments, or renewal options).
 - ii. Disclosure of remote risks of loss should be limited to those included in the terms of the contractual P3 arrangements or transactions. If remote risks of loss are disclosed, an explanation should be included that avoids the misleading inference that there is more than a remote chance of a loss.
- e. As applicable:
 - i. Associated amounts recognized in the financial statements such as gains or losses and capitalized items
 - ii. Significant instances of non-compliances with legal and contractual provisions governing the P3 arrangement or transaction
 - iii. Whether the private partner(s), including any Special Purpose Vehicle (SPV), have borrowed or invested capital contingent upon the reporting entity's promise to pay whether implied or explicit
- iv. Description of events of termination or default

This summary of disclosure requirements is meant to be a ready-reference, horizontal display of the disclosures required by the standards addressed in this guidance. Practitioners should not make any inference as to order of precedence, significance, or materiality. Refer to the general principles regarding disclosure requirements.

SFFAS 47	74. For each significant disclosure entity and aggregation of disclosure entities, information should be disclosed to meet the following objectives: a. Relationship and Organization: The nature of the federal government's relationship with the disclosure entity or entities. b. Relevant Activity: Nature and magnitude of relevant activity during the period and balances at the end of the period. c. Future exposures: A description of financial and non-financial risks, potential benefits and, if possible, the amount of the federal government's exposure to gains and losses from the past or future operations of the disclosure entity or entities. (Par. 75 provides examples of information that may meet the objectives in paragraph 74.) 89. For related party relationships of such significance to the reporting entity that it would be misleading to exclude information about such relationships, the following should be disclosed: a. Nature of the federal government's relationship with the party, including the name of the party or if aggregated, a description of the related parties. Such information also would include, as appropriate, the percentage of ownership interest. b. Other information that would provide an understanding of the relationship and potential financial reporting impact, including financial-related exposures to risk of loss or potential gain to the reporting entity resulting from the relationship.
SFFAS 54	Component Reporting Entity Disclosure Requirements for Lessees 54. Lessees should disclose the following regarding lease activities (which may be grouped for purposes of disclosure), other than short-term leases, contracts or agreements that transfer ownership, and intragovernmental leases: a. A general description of its leasing arrangements, including the basis, terms, and conditions on which variable lease payments not included in the lease liability are determined

This summary of disclosure requirements is meant to be a ready-reference, horizontal display of the disclosures required by the standards addressed in this guidance. Practitioners should not make any inference as to order of precedence, significance, or materiality. Refer to the general principles regarding disclosure requirements.

SFFAS 54

- b. The total amount of lease assets and the related accumulated amortization, to be disclosed separately from PP&E assets
- c. The amount of lease expense recognized for the reporting period for variable lease payments not previously included in the lease liability
- d. Principal and interest requirements to the end of the lease term, presented separately, for the lease liability for each of the five subsequent years and in five-year increments thereafter
- e. The amount of the annual lease expense and the discount rate used to calculate the lease liability

Component Reporting Entity Disclosures for Lessors

67. Lessors should disclose the following regarding lease activities (which may be grouped for purposes of disclosure), other than short-term leases, contracts or agreements that transfer ownership, and intragovernmental leases:

- a. A general description of its leasing arrangements, including the basis, terms, and conditions on which any variable lease payments not included in the lease receivable are determined
- b. The carrying amount of assets on lease by major classes of assets, and the amount of related accumulated depreciation
- c. The total amount of revenue (for example, lease revenue, interest revenue, and any other lease-related revenue) recognized in the reporting period from leases
- d. The amount of revenue recognized in the reporting period for variable lease payments and other payments not previously included in the lease receivable, including revenue related to residual value guarantees and termination penalties

This summary of disclosure requirements is meant to be a ready-reference, horizontal display of the disclosures required by the standards addressed in this guidance. Practitioners should not make any inference as to order of precedence, significance, or materiality. Refer to the general principles regarding disclosure requirements.

SFFAS 54	68. In addition to the disclosures in paragraph 67, if a federal entity's principal ongoing operations consist of leasing assets through the use of non-intragovernmental leases, the federal entity should disclose a schedule of future lease payments that are included in the lease receivable, showing principal and interest, for each of the five subsequent years and in five-year increments thereafter.
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APPENDIX C: ABBREVIATIONS

ASIC	Accounting Standards Implementation Committee
CFO	Chief Financial Officer
DLA	Defense Logistics Agency
DOC	Department of Commerce
DOD	Department of Defense
DOE	Department of Energy
ED	Exposure Draft
ESPC	Energy Savings Performance Contract
FASAB	Federal Accounting Standards Advisory Board
FY	Fiscal Year
NASA	National Aeronautics and Space Administration
OMB	Office of Management and Budget
P3	Public-Private Partnership
SFFAS	Statement of Federal Financial Accounting Standards
SPV	Special Purpose Vehicle
TR	Technical Release
UESC	Utility Energy Service Contracts