

June 30, 2025

Monica R. Valentine
Executive Director & ASIC Chair
Federal Accounting Standards Advisory Board
441 G Street, NW
Washington, D.C. 20548

Sent via email to P3s@fasab.gov

RE: *Implementation Guidance for SFFAS 49, Public-Private Partnerships*

Dear Ms. Valentine:

The Virginia Society of CPAs (VSCPA) Accounting & Auditing Advisory Committee has reviewed the Technical Release (TR) — *Implementation Guidance for SFFAS 49, Public-Private Partnerships*, issued by the Accounting Standards Implementation Committee (ASIC or “the Committee”). The VSCPA is the leading professional association in Virginia dedicated to enhancing the success of all CPAs and their profession by communicating information and vision, promoting professionalism, and advocating members’ interests. The VSCPA membership consists of nearly 12,000 individual members who actively work in public accounting, private industry, government, and education.

The ASIC has invited comments on its TR, which would assist reporting entities in implementing Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*. This guidance would assist in explaining the interrelationships between SFFAS 49 and the standards that govern certain types of long-term transactions. The VSCPA broadly agrees with the TR as stated currently. Please see below for our responses to the questions within the TR.

- **Question 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.

Response 1: The VSCPA agrees with the proposed additional guidance, including the general principles contained in the TR. However, we recommend that the Committee consider clarifying paragraph 9 regarding whether a separate P3 disclosure note is required if all P3 arrangements are disaggregated and appropriately disclosed within other notes. Further clarification in this area would help ensure consistent application across reporting entities.

- **Question 2:** Do you generally support the proposed guidance related to applying the risk-based characteristics in Statement of Federal Financial Accounting Standards (SFFAS) 49, *Public-Private Partnerships: Disclosure Requirements*? 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 10-13, the proposed questions and answers, and paragraph A10 in the basis for conclusions.

Response 2: The VSCPA supports the proposed guidance related to applying the conclusive and suggestive risk-based characteristics in SFFAS 49, as outlined in paragraphs 10–13. We agree that it is helpful to clarify the types of contractual elements reporting entities should review—guarantees, insurance provisions, and debt or equity involvement—in determining whether a P3 contains characteristics requiring disclosure.

However, we believe that the role of paragraphs 12 and 13 requires further clarification. These paragraphs introduce “inherent risks” that are different from the conclusive and suggestive risk-based characteristics defined in SFFAS 49, paragraphs 20–21. It is not clear whether these inherent risks are intended to supplement the risk-based characteristics or whether they are considerations to help evaluate whether paragraph 24(d)’s disclosure requirement for risk of loss applies.

To avoid inconsistent application across agencies, we recommend that the Committee clarify how the inherent risks relate to the determination of disclosure under paragraphs 20–21 and 24(d) of SFFAS 49.

- Question 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.

Response 3: The VSCPA supports the proposed guidance clarifying disclosure requirements for SFFAS 49 and SFFAS 47, as described in paragraphs 14–20 and Appendix B. We support the emphasis on professional judgment in coordinating disclosures under both standards and ensuring that users are provided with concise, meaningful, and non-duplicative information.

In addition, we believe that the illustrative examples provided in Appendix B serve as helpful reference points for preparers in evaluating the appropriate classification and disclosure treatment of P3-related entities. We encourage the Committee to consider adding additional examples in the future to promote consistent implementation across the federal reporting community. We have no additional alternatives to recommend.

- Question 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.

Response 4: The VSCPA supports the proposed guidance clarifying the interrelationship between SFFAS 49 and SFFAS 54, as outlined in paragraphs 21–31. We agree that the discussion acknowledges the complexity of multi-component

agreements, where lease terms may be embedded within broader public-private partnership (P3) arrangements.

We believe that the inclusion of questions and answers provides support for preparers and auditors in determining whether both SFFAS 49 and SFFAS 54 apply, and in coordinating related disclosures to ensure that information is concise, meaningful, and not duplicative.

We also find the examples and flowchart in Appendix B to be useful tools for promoting consistent application of both standards. We encourage the Committee to consider including additional examples in the future guidance to cover additional SFFAS 49-SFFAS 54 scenarios. We have no alternative solutions to propose.

- Question 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.

Response 5: The VSCPA supports the proposed coordination guidance provided in paragraphs 32–36 and the basis for conclusions in A11–A12. As noted in our response to Question 1, we agree that integrating SFFAS 49 disclosures with those required by other applicable standards—such as SFFAS 47 and SFFAS 54—is useful for producing concise, meaningful, and non-duplicative reporting.

We recommend that the Committee consider consolidating the guidance in paragraphs 5–9 and 32–36 into a single section in the final TR. Both sections address how to integrate SFFAS 49 disclosures with other standards, emphasize cross-referencing to avoid duplication, and outline the role of professional judgment in coordinating disclosure placement.

- Question 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.

Response 6: The VSCPA supports the inclusion of both the proposed process flowchart and the summary of disclosure requirements, as presented in Appendix B. These tools are effective in helping preparers of SFFAS 49 disclosures in relation to SFFAS 47 and SFFAS 54. We have no alternative solutions to propose.

- Question 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.

Response 7: The VSCPA does not have additional comments beyond those expressed above.

The VSCPA appreciates the opportunity to respond to this TR. Please direct any questions or concerns to VSCPA Vice President, Advocacy & Pipeline Emily Walker, CAE, at ewalker@vscpa.com or (804) 612- 9428.

Sincerely,

Daniel Martin, CPA
Chair 2025-2026
VSCPA Accounting & Auditing Advisory Committee

VSCPA Accounting & Auditing Advisory Committee 2025-2026

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