

GASB 94— Public-Private/Public-Public Partnerships and Availability Payment Arrangements Questionnaire — Preview

Introduction

Thank you for taking time to complete this questionnaire pertaining to the following Governmental Accounting Standards Board (GASB) statement:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

Agency management is responsible for ensuring proper accounting and reporting of [Public-Private and Public-Public Partnerships](#) (PPP) and/or [Availability Payment Arrangements](#) (ADA) under [GASB 94](#).

Submission of this questionnaire serves as an "Acknowledgment of Review" of the agency's operations for potential arrangements.

GASB 94 examines arrangements between the state (the transferor) and a governmental or non-governmental entity (the operator) to provide public services. This is accomplished by the transferor allowing the operator to have control of the right to operate or use a nonfinancial governmental asset (like infrastructure or any other capital asset) for a period of time in an exchange or exchange-like transaction.

Note: For reporting purposes, a public-public partnership is not between state agencies, between state universities, or between a state agency and a state university.

There are **three** scenarios under which a contract is recognized as a public-private partnership or a public-public partnership (PPP).

1. An underlying PPP asset is an existing asset of the transferor at the commencement of the PPP term and the operator makes improvements to the asset. See an [example](#) here.
2. An underlying PPP asset is a new asset purchased or constructed by the operator and the PPP meets the definition of a [Service Concession Arrangement](#) (SCA). See several [Types & Examples of PPP Contracts](#).
3. An underlying PPP asset is a new asset purchased or constructed by the operator and the PPP does not meet the definition of an SCA. See an [example](#) here.

Submit responses to this questionnaire by **Aug. 15, 20CY**.

If you have any questions, contact your agency's [financial reporting analyst](#).

Agency Information

Agency Name: _____ Agency Number: _____

Agency Contact Name: _____

Contact's Email: _____ Contact's Phone Number: _____

Section 1 — Determine if PPP Arrangements Exist

A public-private partnership and public-public partnership (PPP) is an arrangement in which the agency (the transferor) contracts with an operator (a governmental or non-governmental entity) to provide a public service by conveying control of the right to operate or use a nonfinancial asset of the agency (such as infrastructure or other capital asset [the underlying PPP asset]) for a period of time in an exchange or exchange-like transaction.

Public services are **services offered or controlled by a government**. These services are performed for the benefit of the public or its institutions. Providing public services is a higher threshold of involvement than the mere participation of a government in a transaction.

Example of a PPP arrangement – existing capital asset

The Texas Department of Transportation (TxDOT) (the transferor), enters an arrangement with the Metropolitan Tollway Authority (MTA) (the operator), involving the Layfield Tollway – a capital asset currently being reported by TxDOT in the tollway authority enterprise fund at a carrying amount of \$1 billion.

TxDOT receives an up-front payment of \$3 billion from MTA, in return for which MTA receives the right to operate the tollway and receive and retain toll revenues for a period of 75 years. MTA is not a component unit of TxDOT.

* = required

1. *Does your agency have a contract/agreement with an operator for the improvement of an existing capital asset or the purchase or construction of a new capital asset?
☐ Yes – continue to the next question.
☐ No – skip to question 8.
2. Is the operator in the agreement required to provide a public service?
☐ Yes – continue to the next question.
☐ No – skip to question 8.
3. Does the operator have the right to operate or use the agency's capital asset (including infrastructure)?
☐ Yes – continue to the next question.
☐ No – skip to question 8.
4. Is this an exchange or exchange-like transaction? See [Exchange Transactions](#) definition.
☐ Yes – continue to the next question.
☐ No – skip to question 8.
5. Is the contract for a specific period of time?
☐ Yes – continue to the next question.
☐ No – skip to question 8.
6. Did the agency disclose all existing PPP arrangements in the prior year AFR?
☐ Yes – skip to question 8.
☐ No – continue to the next question to disclose the PPP arrangements.
☐ N/A – skip to question 8.
7. Provide all new PPP arrangements/contracts. If there are more than five arrangements, email the list to: frs@cpa.texas.gov

Arrangement Name _____
Construction Status _____
PPP Term _____
FY PPP Dates (Begin and End) _____

Arrangement Name _____
Construction Status _____
PPP Term _____
FY PPP Dates (Begin and End) _____

Arrangement Name _____
Construction Status _____
PPP Term _____
FY PPP Dates (Begin and End) _____

Arrangement Name _____
Construction Status _____
PPP Term _____
FY PPP Dates (Begin and End) _____

Arrangement Name _____
Construction Status _____
PPP Term _____
FY PPP Dates (Begin and End) _____

Section 1.1 — Determine if a PPP Arrangement is an SCA

Service Concession Arrangement (SCA) is a public-private partnership and public-public partnership (PPP) if all the following criteria are met:

- The transferor conveys to the operator the right and related obligation to provide public services through the use and operating of the PPP asset in exchange for signification consideration (up-front or installment payments, new facility, improvements to existing facility).
- The operator collects and is compensated by fees from third parties.
- The transferor determines or has the ability to modify or approve the services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged.
- The transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

Example of a PPP Arrangement That is an SCA – No Existing Capital Asset

The Texas Department of Transportation (TxDOT) (the transferor) enters a public-public partnership arrangement with the Local Tunnel Authority (LTA) (the operator), in which LTA has agreed to design and build a tunnel (the Campbell Tunnel) for TxDOT and then operate the tunnel for 40 years.

During the term of the arrangement, LTA is entitled to collect and retain tolls generated by the tunnel. The arrangement meets all the criteria to qualify as a service concession arrangement. The cost to LTA to construct the tunnel is \$4 billion. The acquisition value of the tunnel when it is placed into service at the end of the current year is \$4.5 billion. LTA is not a component unit of TxDOT.

* = required

8. *Does your agency have a contract/agreement with an operator for the purchase or construction of a new capital asset that meets the definition of an SCA?
- ☐ Yes – continue to the next question.
- ☐ No – skip to question 11.
9. Did the agency disclose all existing SCA arrangements in the prior year AFR?
- ☐ Yes – skip to question 11.
- ☐ No – continue to the next question to disclose new SCA arrangements.
- ☐ N/A – skip to question 11.

10. List all SCA arrangements. If there are more than five arrangements, email the list to: frs@cpa.texas.gov

Arrangement Name _____
Construction Status _____
SCA Term _____
FY SCA Dates (*Begin and End*) _____ — _____

Arrangement Name _____
Construction Status _____
SCA Term _____
FY SCA Dates (*Begin and End*) _____ — _____

Arrangement Name _____
Construction Status _____
SCA Term _____
FY SCA Dates (*Begin and End*) _____ — _____

Arrangement Name _____
Construction Status _____
SCA Term _____
FY SCA Dates (*Begin and End*) _____ — _____

Arrangement Name _____
Construction Status _____
SCA Term _____
FY SCA Dates (*Begin and End*) _____ — _____

Arrangement Name _____
Construction Status _____
SCA Term _____
FY SCA Dates (*Begin and End*) _____ — _____

Section 1.2 — Determine if a PPP Arrangement is not an SCA

Example of a PPP Arrangement That is Not an SCA – No Existing Capital Asset

The Texas Department of Transportation (TxDOT) (the transferor) enters into an arrangement with the County Bridge Authority (CBA) (the operator), to design and build a bridge (the Burks Bridge) for TxDOT and then operate the bridge for 30 years by collecting and retaining toll revenue.

In return for the transfer of ownership of the bridge at the end of the 30 years, TxDOT gives CBA the right to operate the bridge and to set, collect and retain toll revenues. Construction of the bridge is 30 percent completed at the end of the current fiscal year and will be completed and placed into service at the end of fiscal 20XX. The cost of construction of the bridge for CBA is \$1.2 billion and the bridge's expected useful life is 40 years. CBA's estimated carrying value of the bridge at the end of the arrangement is \$300 million ($\$1.2 \text{ billion} \times 10 \text{ years of remaining service} / 40 \text{ years expected useful life}$).

The arrangement does not meet the criteria of an SCA because CBA has the authority to set the prices for tolls. CBA is not a component unit of TxDOT.

11. *Does your agency have a contract/agreement with an operator for the purchase or construction of a new capital asset that does not meet the definition of an SCA?
- ☐ Yes – continue to the next question.
- ☐ No – skip to question 14.
12. Did the agency disclose all existing PPP arrangements in the prior year AFR?
- ☐ Yes – skip to question 14.
- ☐ No – continue to the next question to disclose new PPP arrangements.
- ☐ N/A – skip to question 14.
13. Provide all new PPP arrangements/contracts. If there are more than five arrangements, email the list to: frs@cpa.texas.gov

Arrangement Name	_____
Construction Status	_____
PPP Term	_____
FY PPP Dates (<i>Begin and End</i>)	_____ — _____
Arrangement Name	_____
Construction Status	_____
PPP Term	_____
FY PPP Dates (<i>Begin and End</i>)	_____ — _____
Arrangement Name	_____
Construction Status	_____
PPP Term	_____
FY PPP Dates (<i>Begin and End</i>)	_____ — _____
Arrangement Name	_____
Construction Status	_____
PPP Term	_____
FY PPP Dates (<i>Begin and End</i>)	_____ — _____
Arrangement Name	_____
Construction Status	_____
PPP Term	_____
FY PPP Dates (<i>Begin and End</i>)	_____ — _____

Section 2 — Determine if an APA Exists

[Availability Payment Arrangements](#) (APA) are arrangements in which an agency procures a capital asset or service by compensating an operator for activities that may include designing, constructing, financing, maintaining and operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. In contrast to a PPP, the other party to an APA is receiving compensation from the state based entirely on the asset's availability and not the actual performance of a public service.

Example of an APA

The state enters an arrangement with a private corporation to design, build and finance the construction of a bridge. As part of the arrangement, the corporation will collect all tolls for the bridge for 40 years and remit the collections to the state. In exchange, the state will remit to the corporation \$20 million at the start of the project, \$20 million on the date the bridge is placed into service, and \$5 million annually for the length of the agreement (40 years), as compensation for designing, building and financing the bridge. In addition, the state will remit to the corporation \$200,000 per month for the length of the agreement, for the collection of the tolls.

Note: The state is compensating the corporation (the operator) for operating the toll function by paying \$200,000 per month — whereas, for an SCA, revenues collected are kept by the operator in exchange for the payment made to the state.

14. *Is your agency procuring a capital asset or service by compensating an operator for activities that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset?
- ☐ Yes – continue to the next question.
- ☐ No – end of survey.
15. Does your agency have a contract/agreement with an operator that meets the definition of an APA?
- ☐ Yes – continue to the next question.
- ☐ No – end of survey.
16. Did the agency disclose all existing APA arrangements in the prior year AFR?
- ☐ Yes – end of survey.
- ☐ No – continue to the next question to disclose new APA arrangements.
- ☐ N/A – end of survey.
17. List all APA arrangements/contracts. If there are more than five arrangements, email the list to: frs@cpa.texas.gov

Arrangement Name _____

Construction Status _____

APA Term _____

FY APA Dates (Begin and End) _____ — _____

Arrangement Name _____

Construction Status _____

APA Term _____

FY APA Dates (Begin and End) _____ — _____

Arrangement Name _____

Construction Status _____

APA Term _____

FY APA Dates (Begin and End) _____ — _____

Arrangement Name _____

Construction Status _____

APA Term _____

FY APA Dates (Begin and End) _____ — _____

Arrangement Name _____

Construction Status _____

APA Term _____

FY APA Dates (*Begin and End*) _____ — _____

Thank you for your time.

This questionnaire is not marked complete unless you click the **Done** button below.

Preview Only