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TO: Agency Heads

FROM: L. Joe McDaniel, Controller

DATE: June 24, 2025

SUBJECT: GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The Governmental Accounting Standards Board (GASB) is the body responsible for setting accounting and financial reporting standards for governmental entities. GASB Statement No. 94 establishes accounting for public-private and public-public partnership arrangements (PPPs). A summary of Statement No. 94 can be found [here](#), and the full standard can be found [here](#).

The requirements of GASB 94 are in effect for the Commonwealth's Annual Comprehensive Financial Report. The Controller's Office Financial Reporting Branch is seeking your help in identifying potential PPPs. [Our webpage](#) has guidance available that should be reviewed by agency fiscal officers prior to completing the enclosed questionnaire for potential PPP arrangements.

Please complete the attached questionnaire for each potential PPP, SCA, or APA and return it by August 1, 2025.

Contact Phil Nally at Phil.Nally@ky.gov or at 502-564-2994. if you have any questions.

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

Agency Questionnaire

Name of Agency: _____ Dept No.: _____
Completed by: _____ Date: _____

Agency management is responsible for ensuring proper accounting and reporting of Public-Private and Public-Public Partnerships (PPP) and/or Availability Payment Arrangements (APA) under GASB 94. Submission of this questionnaire serves as an acknowledgment of review of the agency's operations for potential arrangements as of June 30, 2025.

Note: For reporting purposes, a Public-Public Partnership is NOT between state agencies or between a state agency and state university.

Instructions: Please answer the questions below as they apply to your agency for EACH potential PPP, SCA, or APA. Provide a copy of the arrangement and any pertinent supporting documentation for each PPP, SCA, or APA.

If you determine the arrangement does not meet the PPP/SCA or APA criteria or if you are unsure, explain why. For situations in which the arrangement does not meet the criteria, please explain which criterion is not met and the specifics about why it is not met. For example, if the criterion of an exchange or exchange-like transaction is not met, is the amount each party is receiving fixed? If so, provide those amounts. If not, explain it. This information will be useful as the Office of the Auditor of Public Accounts reviews all analyses to determine if the Commonwealth is appropriately accounting for various scenarios.

Does a PPP Arrangement Exist?

1. Is the operator in the agreement required to provide a public service?
☐ Yes – Continue to the next question.
☐ No – This is not a PPP. Continue to question 10.
2. Is this an exchange or exchange-like transaction?
☐ Yes – Continue to the next question.
☐ No – GASB 94 does not apply. Continue to question 10.
3. Is the contract for a specified period of time?
☐ Yes – Continue to the next question.
☐ No – GASB 94 does not apply. Continue to question 10.
4. Does the operator have the right to operate or use the agency's capital asset (including infrastructure)?
☐ Yes – This is likely a PPP. Continue to question 5 to determine if it is an SCA.
☐ No – This is not a PPP. Continue to question 10.

Is the PPP Arrangement a Service Concession Arrangement (SCA)?

5. Does the agreement meet the definition of a lease?
☐ Yes – If the arrangement meets the definition of a lease, and the transferor's existing asset is the only underlying asset, and the operator is not required to make improvements, treat it as a lease where GASB 87 applies. Continue to question 10.
☐ No – This is likely a PPP. Determine if it is an SCA by continuing to question 6.

6. Has the operator provided your agency with significant consideration such as an up-front payment, installment payments, a new facility, or improvements to an existing facility?
- ☐ Yes – Continue to the next question.
 - ☐ No – This is not an SCA. Treat as a PPP.** See next page for information required to be provided to OOC.
7. Does the operator receive compensation from fees collected from third parties?
- ☐ Yes – Continue to the next question.
 - ☐ No – This is not an SCA. Treat as a PPP.** See next page for information required to be provided to OOC.
8. Is the agency able to modify or approve ALL of the following: which 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 for the services?
- ☐ Yes – Continue to the next question.
 - ☐ No – This is not an SCA. Treat as a PPP.** See next page for information required to be provided to OOC.
9. Is the transferor entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement?
- ☐ Yes – This is likely an SCA.** See next page for information required to be provided to OOC.
 - ☐ No – This is a PPP.** See next page for information required to be provided to OOC.

Is the agreement an Availability Payment Arrangement (APA)?

10. 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 – This is not an APA. Stop questionnaire.* See next page for information required to be provided to OOC.
11. Is this an exchange or exchange-like transaction?
- ☐ Yes – Continue to the next question.
 - ☐ No – This is not an APA. Stop questionnaire.* See next page for information required to be provided to OOC.
12. Is the contract for a specified period of time?
- ☐ Yes – Continue to the next question.
 - ☐ No – This is not an APA. Stop questionnaire.* See next page for information required to be provided to OOC.
13. Are payments by the agency based entirely on the asset's availability for use rather than on tolls, fees, or similar revenues or other measures of demand? Availability for use may be based on specified criteria such as the physical condition of the asset, construction milestones, or the achievement of certain available measures.
- ☐ Yes – This is an APA. ** See next page for information required to be provided to OOC.
 - ☐ No – This is not an APA. Stop questionnaire.* See next page for information required to be provided to OOC.

***If it was determined that a criterion wasn't met (or if you are unsure), excluding the arrangement from being a PPP, SCA, or APA, please explain here:**

****Provide a copy of the agreement for the PPP / SCA / APA. Also, fill in the fields below for your arrangement:**

Arrangement Name:

Annual Agreement Amount (If there are multiple components, include all that are applicable):

Agreement Start Date:

Agreement End Date:

Transferor:

Operator:

Brief Description of Arrangement: