

**STATE OF VERMONT  
ACFR-14 INSTRUCTIONS  
FOR  
PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS AND AVAILABILITY  
PAYMENT ARRANGEMENTS**

**OVERVIEW**

The ACFR-14 form is intended to gather basic information on any potential GASB Statement No. 94, Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements (APA) so these arrangements can be identified and accounted for properly.

If your agency/department has any contracts/agreements/arrangements that may meet the GASB-94 criteria for PPP's or APA's, the ACFR-14 form must be completed for each potential PPP and APA, and the contract should be sent to the financial reporting team for review.

**BACKGROUND FOR GASB-94**

Arrangements between governments and private entities or other governments have become more prevalent. Those arrangements, often referred to as public-private or public-public partnerships (collectively, PPPs), generally result in the government transferring the obligation to provide certain public services to an external entity. One type of PPP is a service concession arrangement (SCA), which has specific criteria and accounting requirements. GASB-94 also provides guidance for accounting and financial reporting for availability payment arrangements (APAs) in which the government compensates the other party based on availability of an asset rather than performance.

**DEFINITIONS AND EXAMPLES**

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

A service concession arrangement (SCA) is a type of PPP in which the following criteria must be met:

- a. The transferor conveys to the operator the right and related obligation to provide public services through the use and operation of an underlying PPP asset in exchange for significant consideration, such as an up-front payment, installment payments, a new facility, or improvements to an existing facility.
- b. The operator collects and is compensated by fees from third parties.

- c. The transferor determines or has the ability to modify or approve 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; and
- d. The transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

An APA is an arrangement in which a government 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 government based entirely on the asset's availability and not the actual performance of a public service.

#### **PPP EXAMPLE**

A government enters into an arrangement with a developer (operator) for a term of 50 years. The developer will finance the demolition of an existing structure and construction of a new facility on the government's property. The new structure includes housing and dining facilities which the developer will operate, including setting the rates, and the developer will be compensated by the customers that utilize the facilities. This meets the criteria of a PPP, but not of an SCA since the developer has control over the rates that may be charged (criteria "c" above is not met).

#### **SCA EXAMPLE**

A government agrees to allow a public or private entity (operator) to operate their toll-collecting function on the government's roadways. The operator provides an up-front payment of \$3 billion to the government in return for the right to operate the toll collection and to receive and retain toll revenues for a period of 50 years. Based on the facts in this example, this is a PPP that also meets the criteria for an SCA. It is possible that this type of arrangement could exist and not qualify as an SCA. For example, if the operator provides an up-front payment of \$3 billion to the government in return for the right to operate the tolls, and to set, collect and retain toll revenues, criteria "c" would not be met, and the PPP would not meet the definition of an SCA.

#### **APA EXAMPLE**

A government enters into 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 government. In exchange, the government 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 government will remit to the corporation \$200,000 per month for the length of the

agreement, for the collection of the tolls.

Note the differences in the APA example and the SCA example shown above. The government is compensating the corporation (the operator) for operating the toll function by paying \$200,000 per month; whereas, in the SCA example, revenues collected are kept by the operator in exchange for the payment made to the government.

### **MOST COMMON TYPES OF ASSETS UNDER GASB-94**

The types of assets that may be subject to PPP arrangements or APA arrangements include (but are not limited to):

- Infrastructure
- Hospitals
- Student services for colleges and universities
- Sports facilities
- Recreational facilities
- Jails/prisons
- Wastewater treatment plants
- Museums

### **ACFR-14 INSTRUCTIONS**

#### **On the GASB-94 - PPP and SCA Analysis Tab**

Enter the Agency/Department

Enter the Business Unit (BU) #

Enter the Name of the Contractor

Enter the Contract #

Enter a short description of the contract

Enter any relevant comments about the contract

Answer questions 1 through 8 with YES or NO, as applicable.

#	PPP and SCA Analysis Questions	If YES	If NO
1	Does your agency/department have a contract with an operator (governmental or non- governmental entity) to provide public services?	Continue to next question.	<b>STOP</b> , Go to GASB 94 - APA Analysis tab
2	Does the operator have the right to operate or use the agency's capital asset, including infrastructure?	Continue to next question.	<b>STOP</b>
3	Is the contract for a specific period of time?	Continue to next question.	<b>STOP</b>
4	Is there an exchange or exchange-like transaction? (i.e., Are both parties exchanging something of equal or almost equal values?)	<b>This is (likely) a PPP. Continue to determine if it is an SCA.</b>	<b>STOP</b>
5	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?	Continue to next question.	<b>STOP</b>
6	Does the operator receive compensation from fees collected from third parties?	Continue to next question.	<b>STOP</b>
7	Does the state have the ability to modify or approve (1) which services the operator is required to provide, <b>AND</b> (2) to whom the operator is required to provide the services, <b>AND</b> (3) the prices or rates that can be charged for the services?	Continue to next question.	<b>STOP</b>
8	Is the transferor entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement?	<b>This is (likely) an SCA.</b>	<b>STOP</b>

**On the GASB-94 - APA Analysis Tab**

Enter the Agency/Department

Enter the Business Unit (BU) #

Enter the Name of the Contractor

Enter the Contract #

Enter a short description of the contract

Enter any relevant comments about the contract

Answer questions 1 through 4 with YES or NO, as applicable

#	APA Analysis Questions	If YES	If NO
1	Is your agency/department procuring, or has procured, a capital asset or service by compensating an operator for activities that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset?	Continue to next question.	<b>STOP</b>
2	Is the agreement for a specific period of time?	Continue to next question.	<b>STOP</b>
3	Is there an exchange or exchange-like transaction? (i.e., Are both parties exchanging something of equal or almost equal values?)	Continue to next question.	<b>STOP</b>
4	Are the payments by the State based entirely on the asset's availability for use rather than on tolls, fees, or similar revenues? (Availability for use may be based on specified criteria such as the physical condition of the asset, construction milestones, or the achievement of certain availability measures.)	<b>This is (likely) an APA.</b>	<b>STOP</b>

Complete the **Certification Sheet**. By checking the box on the Certification sheet and submitting it electronically from your state email account, it is considered electronically signed and approved by the authorized individual. All forms must be approved by an authorized official (reference Certification tab for definition of “Authorized Official”

**Underlying Contracts:** Please submit copies of the underlying contract for all PPP’s and APA’s reported on the ACFR-14.

If you are unsure if your contract is a PPP’s or APA’s, please list the contract on the ACFR-14 and submit a copy of the contract for further review.

The ACFR-14 is part of F&M’s initial assessment; the assessment of the contract and terms under GASB 94 is complex. Following review of all contracts, F&M will reach out to departments/agencies for any additional information needed (such as invoices) to implement the standard.

Submit the completed ACFR-14 and copies of the contracts to [VISION.ACFR@vermont.gov](mailto:VISION.ACFR@vermont.gov)

An ACFR-14 shall be submitted no later than July 15<sup>th</sup>.

In addition, all agencies/departments shall submit an updated ACFR-14 for any changes to existing contracts, new contract or contract terminations that follow the initial submission through December 31st.

If you have questions, please send an email to [VISION.ACFR@vermont.gov](mailto:VISION.ACFR@vermont.gov)