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GASB Issues Guidance on Accounting for P3s.

Norwalk, CT, April 20, 2020 — The Governmental Accounting Standards Board (GASB) has issued new guidance to improve accounting and financial reporting for public-private and public-public partnership arrangements (commonly referred to as P3s) and availability payment arrangements (APAs).

[Statement No. 94](#), *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, provides guidance for P3 arrangements, including those that are outside of the scope of the GASB's existing literature for those transactions—namely Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, and Statement No. 87, Leases. The Statement also makes certain improvements to the guidance previously included in Statement 60 and provides accounting and financial reporting guidance for APAs.

P3s

Statement 94 defines a P3 as an arrangement in which a government transferor contracts with a governmental or nongovernmental operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset—the underlying P3 asset—for a period of time in an exchange or exchange-like transaction.

Some P3s meet the definition of a service concession arrangement (SCA). The Statement carries forward the financial reporting requirements for SCAs that were included in Statement 60, with modifications to apply the more extensive requirements related to recognition and measurement of leases to SCAs.

P3s that meet the definition of a lease should apply the guidance in Statement 87, if existing assets of the transferor that are not required to be improved by the operator as part of the P3 arrangement are the only underlying P3 assets and the P3s do not meet the definition of an SCA.

This Statement provides specific guidance for all other P3s from the perspective of both a government that transfers rights to another party and governmental operators that receive those rights.

APAs

Statement 94 defines an APA as an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying infrastructure or other nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The Statement requires governments to account for APAs related to those activities and in which ownership of the asset transfers by the end of the contract as a financed purchase of the underlying infrastructure or other nonfinancial asset. It also requires a government to report an APA that is related to operating or maintaining a nonfinancial asset as an outflow of resources (for example,

expense) in the period to which payments relate.

The Statement is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. In light of the ongoing COVID-19 pandemic and the Board's newly added project to consider postponing the effective dates of certain pronouncements, the Board extended the effective date for Statement 94 by one year from the date proposed in the Exposure Draft.

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