

GASB Statement 87 Scope

Purpose: To help determine whether a contract is within the scope of GASB Statement No. 87, see the GASB 87 – Lessee Accounting Decision Tree and the GASB 87 – Lessor Accounting Decision Tree.

Type of Contract	Included?	GASB 87 Reference/Explanation
Agricultural Leases (crops, orchards, etc.)	Yes	
Air space	No	Excluded paragraph 8(a)
Biological assets (living plants, timber, animals)	No	Specifically excluded paragraph 8(b)
Buildings & Structures	Yes	
Cell Towers	Yes	
Computer Software	No	Specifically excluded paragraph 8(a)
Computers	Yes	
Contracts that transfer ownership	Yes	Report as a financed purchase per paragraph 19
Copy Machines	Yes	
Equipment (postage, medical, etc.)	Yes	
Grazing leases	Maybe	Follow decision tree. Many of these leases may not meet the "conveys control of the right to use" criterion. See Implementation Guide No. 2019-3, Leases paragraph 4.2 and 4.4 regarding limited right-of-use.
Hunting permits	Maybe	Follow decision tree. Many of these leases may not meet the "conveys control of the right to use" criterion. See Implementation Guide No. 2019-3, Leases paragraph 4.2 regarding limited right-of-use. Also see paragraph 4.3 regarding hunting.
Inventory	No	Specifically excluded paragraph 8(c)
Land used by a single entity	Yes	
Land used by multiple entities	Maybe	Follow decision tree. Many of these leases may not meet the "conveys control of the right to use" criterion. See Implementation Guide No. 2019-3, Leases paragraph 4.3 and Implementation Guide No. 2020-1, paragraph 4.6 regarding limited right-of-use.
Land Easements	Maybe	Follow decision tree. Many of these leases may not meet the "period of time" or "exchange or exchange-like transaction" criteria. See Implementation Guide No. 2019-3, Leases paragraph 4.5 regarding easements.
Machinery	Yes	
Mining (rights to explore for or to exploit natural resources such as oil, gas, and minerals)	No	Specifically excluded paragraph 8(a)
Patents and Copyrights	No	Specifically excluded paragraph 8(a)
Right-of-Way	Maybe	Follow decision tree. Many of these leases may not meet the "conveys control of the right to use" criterion. See Implementation Guide No. 2019-3, Leases paragraph 4.2 regarding limited right-of-use.

Type of Contract	Included?	GASB 87 Reference/Explanation
Road Use Permits	Maybe	Follow decision tree. Many of these leases may not meet the "conveys control of the right to use" criterion. See Implementation Guide No.2019-3, Leases paragraph 4.2 regarding limited right-of-use.
Service Concession Arrangements	No	Specifically excluded paragraph 8(d), account for under GASB No. 60
Supply contracts (power purchase agreements)	No	Specifically excluded paragraph 8(f)
Vehicles	Yes	Follow decision tree.

Note: This only applies to assets contracted to or from non-state agencies. Contracts between state agencies should be recorded as an expense or revenue when the payment is made or received.

If you have a contract that is not listed in the types of contract above, you *must* contact SCO with details concerning the contract. The above table is meant to capture as many types of contracts as possible, but a contract that is not listed above may still potentially qualify for GASB 87 treatment.