



UNIVERSITY OF GEORGIA

GASB Statement 87 Scope

Purpose: To provide assistance in determining if an asset being rented/leased falls within the scope of GASB Statement No. 87.

Assumptions:

1. UGA will not own the asset at the end of the lease. (UGA is not buying the asset)
2. The lease term is greater than 12 months. This includes all options to renew that may be included in the contract.

Materiality Threshold Assumption

Cash purchase price OR Present Value of Future Minimum Lease payments must exceed the Asset Capitalization Threshold for the specific type of asset.

Use the capitalization descriptions for the following:

- Buildings - entire buildings and office space
- Equipment - any type of equipment

Type of Nonfinancial Asset	EXCLUDED in GASB 87?	GASB 87 Reference/Explanation
Agricultural Leases (crops, orchards, etc.)	No	
Air Space	Yes	Excluded paragraph 8(a), Intangible Asset
Billboards/Advertising Space	Maybe	A billboard is commercially designed to be contracted to customers for displaying advertisements. If shared by other advertisers, the "conveys control" requirement would not be met and the present service capacity is not met because we are not using all of the space.
Biological assets (living plants, animals)	Yes	Excluded paragraph 8(b)
Buildings & Structures (includes office space in a building, housing/dorms)	No	
Cell Phones (actual phone and not the service)	Yes	use cost of individual asset to determine if capitalization threshold is exceeded
Cell Towers	No	
Classroom Projection Systems	Maybe	If installed, these would become part of the building and could qualify as a purchased asset.
Computer Software	Yes	Excluded paragraph 8(a), GASB Statement No. 96 to be implemented in FY2022.
Computer equipment (servers, routers, etc.)	No	
Contracts that transfer ownership (UGA is buying the asset)	Yes	Report as a financed purchase per paragraph 19
Copy Machines (copiers, printers, scanners or combos)	No	
Cylinder Rentals (deliver full, return empty) Cylinder being used to hold a liquid or gas type commodity.	Yes	Excluded paragraph 8(f), considered a supply contract
Equipment (any equipment that belongs to another entity that UGA leases)	No	
Equipment on location at a separate site	No	
Event/Conference Space rental	Yes	Usually "events and conferences" do not extend for 12+ months in duration. These short term space rentals would be excluded in paragraph 16-17.
Farm Equipment (tractors, harvesters, attachments)	Maybe	use cost of individual asset to determine if capitalization threshold is exceeded
Film	Yes	Excluded paragraph 8(f), considered a supply contract
Furniture	Maybe	use cost of individual assets to determine if capitalization threshold is exceeded
Golf Carts	No	
Grazing Leases (See Land "used" below)	Maybe	
Heavy Equipment (bulldozers, backhoes, trenchers, etc.)	No	
Hunting Permits (Lessee has "control of the right to use"	No	
Hunting Permits (Lessee does not have "control of the right to use"	Yes	Lessee does not have "control of the right to use".
Inventory	Yes	Excluded paragraph 8 ©
Lab/Research Equipment	No	
Land used by a single entity	No	



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Land used by multiple entities	Maybe	Does Lessee have complete "control of the right to use" when using the land. If not, this is not a lease.
Land Easements	Maybe	Many of these leases may not meet the "conveys control of the right to use" criteria. In addition, many easements are in perpetuity, which would not meet the period of time criterion. Many of these contracts are also for \$1 and would not meet the exchange or exchange-like criterion.
Licensing contracts for motion picture films, video recordings, plays, and manuscripts.	Yes	Excluded paragraph 8(a)
Linen rental	Yes	Excluded paragraph 8(f), considered a supply contract
Machinery	No	
Medical Equipment	No	
Mineral Rights (oil, gas, minerals and similar nonregerative resources).	Yes	Excluded paragraph 8(a)
Movie/Film Equipment	No	
Office Equipment (postage meters, fax machines, mail machines, water coolers, etc.)	No	
Patents and Copyrights	Yes	Excluded paragraph 8(a)
Right-of-Way	Maybe	Many of these leases may not meet the "conveys control of the right to use" criteria. In addition, many easements are in perpetuity, which would not meet the period of time criterion. Many of these contracts are also for \$1 and would not meet the exchange or exchange-like criterion.
Service Concession Arrangements	Yes	Excluded paragraph 8(d), GASB Statement No. 60, Paragraph 4
Small Dollar Leases (Annual leases for \$1 or some other small dollar amount)	Yes	Appendix B (B9) Considered "non-exchange".
Short term leases (contract term is less than 12 months with NO options to extend past 12 months)	Yes	Report as expense in year of lease payments, excluded paragraph 16-17
Radio Station Towers	No	
Storage Units/Coolers	No	
Supply Contracts (power purchase agreements)	Yes	Excluded paragraph 8(f)
Timber	Yes	Excluded paragraph 8(b)
Uniform Rental	Yes	Excluded paragraph 8(f), considered a supply contract
Vehicles (ownership does not transfer to UGA)	No	
Water Filtration System	No	

Note: Leases between UGA departments would not meet GASB 87 criteria because UGA owns the asset that is being used. Leases between UGA Departments should be recorded as an expense (lessee department) and revenue (lessor department) when the payment is recorded (usually through a GL Journal Entry.

If two UGA Departments share the cost of a leased asset, owned by another entity, this lease would qualify under GASB 87. There is no exclusion because the expense of the lease is split between chartstrings for payment of the lease.