



UNIVERSITY OF South Carolina

Office of the Controller

GASB Statement 96 – Exclusions

Purpose: To provide assistance in determining if an IT software/asset falls within the scope of GASB Statement No. 96.

Assumptions:

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

Materiality Threshold Assumption			
Cash purchase OR Present Value of Future Minimum subscription payments exceeds \$100,000.			
✓	Type of Non-Financial Asset	Included in GASB 96?	GASB 96 Reference/Explanation
	Subscription-based Software	YES	
	Subscription-based cloud data Storage	YES	
	Discounts on Subscription-based software and cloud data storage	YES	Separately identifiable discounts on items excluded from GASB 96 are excluded (for example, a discount on maintenance services).
	Purchased Software	NO	
	Purchased IT Equipment	NO	
	Separately identifiable service/maintenance costs	NO	Excluded paragraph 8
	Separately identifiable warranty costs	NO	
	Training costs	NO	Excluded paragraph 39
	Contracts that convey control of right to use IT software and tangible assets that meet the definition of a lease in GASB Statement 87	NO	Excluded paragraph 4(a) Where the software component is insignificant compared to the cost of the underlying tangible capital asset (for example, a computer with operating software or a smart copier that is connected to an IT system).
	Contracts that meet the definition of a public-private and public-public partnership and availability payment arrangements in GASB Statement 94	NO	Excluded paragraph 4(c)
	Licensing arrangements that provide a perpetual license to governments to use a vendor's computer software, which are subject to GASB Statement 51	NO	Excluded paragraph 4(d) A perpetual agreement gives the buyer the right to use the software for an indefinite amount of time (in perpetuity). An example would be a one-time set up fee up front.
	Governments that provide the right to use their IT software and associated tangible capital assets to other entities through SBITAs	NO	Excluded paragraph 4(b) This would apply when USC or another State Agency is the Lessor.
<p>This listing is not all inclusive. If you are leasing an IT Software/ asset that is not specifically mentioned on this document, please contact the Capital Asset Team at Lease@mailbox.sc.edu for assistance in determining if asset should be included as a GASB 96.</p>			

GASB 96 EXCLUSIONS - WHAT TYPES OF SBITA ITEMS ARE NOT INCLUDED?

- Stand-alone IT **Support/ Maintenance service contracts** that do not include the right to use an underlying IT asset.
- Contracts that convey control of right to use IT software and tangible assets that meet the definition of a **lease** in GASB Statement 87, where the software component is insignificant compared to the cost of the underlying tangible capital asset (for example, a computer with operating software or a smart copier that is connected to an IT system).
- Contracts that meet the definition of a public-private and public-public partnership and availability payment arrangements in GASB Statement 94.
- Licensing arrangements that provide a **perpetual license** to governments to use a vendor's computer software, which are subject to GASB Statement 51. A perpetual agreement gives the buyer the right to use the software for an indefinite amount of time (in perpetuity).
- **Short-term** SBITA contracts, under 12 months including exercised renewal periods.
- Governments that provide the right to use their IT software and associated tangible capital assets to other entities through SBITAs.