



GASB 96 Scoping Questionnaire

Assumes SBITA meets **control**¹ criteria and is for **exchange or exchange-like**² transaction.

*Note if subscription is immaterial as related to other assets/services in the agreement, this is not in scope for GASB 96

	Yes	No	
1	<input type="checkbox"/>	<input type="checkbox"/>	Does the contract (master agreement or purchase order) extend past earliest date of adoption? If Yes, go to # 2, if No, the SBITA is not subject to GASB 96, expense as payments are made.
2	<input type="checkbox"/>	<input type="checkbox"/>	Does the contract combine the use of IT software and tangible capital assets that meet the definition of a lease under GASB 87 ³ , and if so, is the software component insignificant when compared to the cost of the underlying tangible lease? If No, go to # 3, if Yes, the SBITA is not subject to GASB 96, expense as payments are made.
3	<input type="checkbox"/>	<input type="checkbox"/>	Is the SBITA an arrangement that allows the UC to extend use of their own internal IT software and associated IT assets to other entities? If No, go to # 4, if Yes, the SBITA is not subject to GASB 96
4	<input type="checkbox"/>	<input type="checkbox"/>	Does the agreement solely provide IT support services? If No, go to # 5, if Yes, the SBITA is not subject to GASB 96, expense as payments are made.
5	<input type="checkbox"/>	<input type="checkbox"/>	Does the arrangement provide a perpetual license ⁴ to use a vendor's software? If No, go to # 6, if Yes, the SBITA is not subject to GASB 96, expense as payments are made.
6	<input type="checkbox"/>	<input type="checkbox"/>	Is the non-cancellable subscription term ⁵ at earliest date of adoption, or at subscription date if subscription date is after the earliest date of adoption, 12 months or greater including any renewal options whether reasonably certain ⁶ to exercise or not? If Yes, go to # 7, if No, the SBITA is not subject to GASB 96, expense as payments are made.
7	<input type="checkbox"/>	<input type="checkbox"/>	Does the agreement have a cancellation clause that terminates the agreement without cause? If yes, does the cancellation clause require a notification period that is less than 12 months? If No, go to #8, if Yes, the SBITA is not subject to GASB 96, expense as payments are made.
8	<input type="checkbox"/>	<input type="checkbox"/>	Does the SBITA have any fixed, or fixed in-substance ⁷ payments? If Yes, go to # 9, if No, the SBITA is not subject to GASB 96, expense as payments are made.
9	<input type="checkbox"/>	<input type="checkbox"/>	Is the SBITA part of a system-wide agreement? If No, go to # 10 if Yes go to #11 the SBITA qualifies for GASB 96 accounting treatment, add to SBITA tracker
10	<input type="checkbox"/>	<input type="checkbox"/>	Does the SBITA have total undiscounted future payments of \$[xx,xxx] ⁸ or more? If Yes, go to # 11, if No, the SBITA is not subject to GASB 96, expense as payments are made.
11			This SBITA qualifies for GASB 96 accounting treatment, add to SBITA tracker

¹ A contract conveys control of the right to use subscription when the entity is provided with both of the following:

- a. The right to obtain service level capacity from use of the subscription as specified in the contract
- b. The right to determine the nature and manner of use of the asset

² In an exchange transaction the government receives and gives up essentially equal values. In a nonexchange transaction, a government receives value (underlying IT asset) without directly giving equal value in return (e.g., nominal IT subscription payment).

³ A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. This includes "embedded leases", leases included in non-standard lease agreements such as service contracts, or purchase contracts with minimum purchase/usage guarantees.

⁴ A perpetual license has a one-time fee which allows the software to be used after the agreement expiration date, but there are no maintenance or security patches and updates provided. Subscription based software generally has a yearly or monthly fee, the right to use the software expires after a certain amount of time, and after expiration the software cannot be used until it is renewed.

⁵ Cancellable terms are periods for which the Entity and the SBITA vendor have an option to termination the SBITA without permission from the other party. The subscription term is the period during which an entity has a noncancellable right to use an underlying intangible IT asset Plus the following periods (if applicable)

- a. Periods covered by an option to extend the subscription if it is reasonably certain, based on all relevant factors, that the Entity will exercise the option. lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction.
- b. Periods covered by an option to terminate the subscription if it is reasonably certain, based on all relevant factors that the Entity will not exercise the option.
- c. Periods covered by a vendor's option to extend the subscription if it is reasonably certain, based on all relevant factors that the vendor will exercise that option.
- d. Periods covered by a vendor's option to terminate the subscription if it is reasonably certain, based on all relevant factors that the vendor will not exercise that option.

⁶ Reasonably certain is a term used in the standard which determines whether an option to extend/terminate a SBITA should be considered in as part of the subscription term. At the commencement of the subscription term, the entity should assess all factors relevant to the likelihood that the entity or SBITA vendor will exercise the options identified, whether those factors are contract based, underlying IT asset-based, market-based, or entity specific. Fixed optional extensions for subscriptions should generally be included when determining the term if one or more of the following criteria exist:

- A significant economic incentive, such as contractual terms and conditions for the optional periods that are favorable compared with current market rates
- A potential change in technological development that significantly affects the technology used by the underlying IT assets
- A potential significant change in the Entity's demand for the SBITA vendor's IT assets
- A significant economic disincentive, such as costs to terminate the SBITA and sign a new SBITA (i.e., negotiation costs, implementation costs, or a substantial cancellation penalty)
- The history of exercising options to extend or terminate
- The extent to which the underlying IT assets in the SBITA are essential to the provision of Entity services

⁷ Fixed payments are specific dollar amounts in the SBITA contract that the government is obligated to pay. Fixed in substance payments are minimum guarantee amounts or portions of variable payments that can be reliably measured because they are not dependent upon events or transactions that have not occurred.

⁸ Materiality – revise as necessary.