



# **From Leases to Licenses: How to Navigate GASB 87 & GASB 96 Without Losing Control**

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A practical guide to improving compliance, gaining financial visibility, and unlocking cost savings

## Introduction

### Two Standards, One Clear Message

Government agencies are under increasing pressure to modernize how they manage long-term financial commitments. GASB 87 and GASB 96, while distinct, are part of a broader shift toward greater transparency and accountability in public sector accounting.

GASB 87 redefined how leases are reported, while GASB 96 extends similar reporting and control requirements to subscription-based IT arrangements. These standards aim to bring off-balance-sheet liabilities into full view, allowing agencies, auditors, and taxpayers alike to understand the financial obligations tied to leases and software.

If your organization already implemented GASB 87, you may think you're done. But GASB 96 adds a new layer of complexity—affecting a different set of stakeholders and requiring fresh coordination across departments. This guide is designed to help you navigate both with confidence.



*“These statements will improve the relevance and reliability of a government’s financial statements by requiring reporting of certain lease liabilities and subscription-based IT arrangements previously kept off the balance sheet.”*

**GASB** GOVERNMENTAL  
ACCOUNTING  
STANDARDS BOARD

## What is GASB 87? – Leases as Assets

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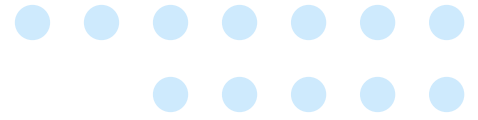
GASB 87 changes how agencies recognize and report lease agreements. Historically, many leases were classified as “operating” and kept off the balance sheet. Now, the standard requires most leases to be treated as capital assets.

### That means:

- ✓ A lease asset and a lease liability must be recognized on the balance sheet
- ✓ Agencies must amortize these assets and track them over time
- ✓ Comprehensive footnote disclosures are required

The change helps stakeholders understand long-term liabilities and improves comparability across entities. In practice, however, GASB 87 exposed just how disorganized lease data really was. Many organizations found leases scattered across departments, tracked in spreadsheets or filing cabinets, and missing key terms like start dates, payment schedules, or renewal options.





## What is GASB 96? – Subscriptions in the Spotlight

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GASB 96 builds on the framework established by GASB 87 but applies it to subscription-based IT arrangements (SBITAs). These include contracts for cloud software, SaaS platforms, data storage, and other tools where agencies pay to access software over time rather than own it outright.

If your organization subscribes to software like Microsoft 365, Salesforce, or Zoom—and that contract grants you control over the software for longer than 12 months—it likely qualifies under GASB 96. Just like GASB 87, agencies must:

- ✓ Record a right-to-use intangible asset
- ✓ Report a corresponding liability
- ✓ Recognize amortization over the subscription term

The challenge is that many of these contracts aren't handled by finance teams—they're owned by IT, procurement, or even individual departments. That makes discovery and compliance more difficult.



## Why GASB 87 and 96 Are Linked

Although they apply to different types of agreements—tangible vs. intangible assets—GASB 87 and 96 share a common goal: helping public sector organizations bring hidden liabilities into view.



### Both standards:

- ✓ Require a right-of-use asset and liability
- ✓ Shift accounting away from cash basis toward full accrual
- ✓ Involve contract discovery, classification, and amortization

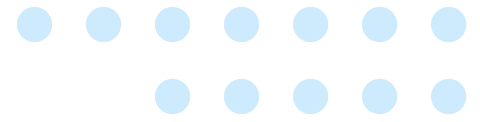


### They also expose similar pain points:

- ! Disconnected tracking systems
- ! Siloed contract ownership
- ! Manual processes that can't scale

Organizations that invested in strong lease management practices for GASB 87 will find themselves better positioned for GASB 96—but only if they engage IT and procurement early.

*“The implementation of GASB 87 exposed the need for improved internal controls and systems to manage leased assets. GASB 96 builds on those same requirements but brings a new set of stakeholders to the table.”*



## Where Agencies Get Stuck

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Even experienced finance teams can stumble when tackling GASB 96. The standard affects contracts that were never treated as financial obligations before. Many of these agreements—like SaaS renewals or software bundles—are small on their own but add up quickly.

### Common pitfalls include:

- ❗ Incomplete or inconsistent contract data
- ❗ Overlapping tools or vendors that complicate discovery
- ❗ Auto-renewals that continue unnoticed
- ❗ Lack of clarity around what constitutes “control” under the standard

Finance teams must now collaborate with IT and department leads to gather data, assess scope, and ensure ongoing accuracy. Without structured systems and processes, even well-intentioned teams risk falling behind.

“*We had a solid process for physical leases but didn't realize how many software contracts we had floating under the radar.*”

– Procurement Manager, State Agency

## What High-Performing Agencies Are Doing Differently

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Some agencies have already turned these challenges into opportunities. Rather than viewing GASB 87 and 96 as accounting burdens, they've used them to modernize how they manage contracts, budgets, and vendor relationships.

### Successful organizations:

- ✓ Build cross-functional working groups to oversee leases and SBITAs
- ✓ Use software to centralize terms and alerts
- ✓ Conduct regular audits to identify redundancy and underutilized tools
- ✓ Embed compliance into procurement and budgeting processes

“*The most successful organizations are those that view GASB standards not as accounting-only issues but as opportunities to modernize financial operations.*”

– Center for Digital Government



## Compliance is Just the Beginning

Initial compliance with GASB 87 and 96 is only the start. Many agencies focus on the first reporting cycle, but real compliance is ongoing. Leases and subscription agreements frequently change—through renewals, terminations, modifications, or reassessments—and each change has accounting implications. This is where many organizations struggle, as the processes and tools that worked for implementation may not support long-term maintenance.

Once the systems are in place, GASB 87 and 96 open the door to smarter operations. The same data used for amortization and disclosures can also:

- ✓ Improve forecasting accuracy
- ✓ Inform negotiations with software and lease vendors
- ✓ Identify cost savings

By managing leases and subscriptions together in a unified system, agencies reduce duplication, streamline renewals, and gain more control over spending. What begins as a compliance exercise can evolve into a strategic asset.

“Compliance becomes a strategic tool when agencies take a lifecycle view of their contracts—from onboarding to renewal to retirement.”

– GFOA Best Practices Commentary



## How Visual Lease Helps You Manage Both Standards

Visual Lease was built to help public sector organizations meet the requirements of GASB 87 and 96—without getting bogged down in manual processes or fragmented data.

### With Visual Lease, agencies can:

- ✔ Centralize all lease and subscription contracts in a single, searchable platform
- ✔ Track disclosures with confidence and ensure audit readiness
- ✔ Automate amortization schedules, renewals, and journal entries
- ✔ Monitor usage and trends to identify savings opportunities



We've helped more than 1,500 organizations streamline compliance and unlock new levels of financial insight.



## Your Roadmap – Where to Start

Whether you're preparing for your first audit under GASB 96 or refining your lease reporting process under GASB 87, it's never too late to improve. But trying to manage compliance manually—across siloed departments and dozens of spreadsheets—can create more risk than results. Fortunately, there are ways to simplify the process using tools that provide structure, automation, and visibility along the way. Visual Lease is one such solution that can support agencies through each phase of their compliance journey.



### Step 1: Inventory

Start by identifying all relevant leases and subscription-based contracts. This often requires pulling data from multiple departments—finance, IT, and procurement. A centralized system like Visual Lease can help streamline this discovery process and give stakeholders a shared view of what exists today.



### Step 2: Centralize

Once you've completed your inventory, centralizing that data is key. Bringing lease and SBITA information into one location—accessible to all relevant stakeholders—reduces the risk of oversights and conflicting records. Tools like Visual Lease can support this effort with structured workflows and built-in controls.



### Step 3: Automate

With your data centralized, automation helps reduce human error and administrative burden. From setting reminders for renewals to generating amortization schedules, automation can keep your compliance efforts on track. Visual Lease can support these tasks, freeing your team to focus on higher-level strategy.



### Step 4: Optimize

Once your process is in place, the real value comes from using the data you've collected to make smarter decisions. Look for patterns in contract usage, identify overlap, and re-negotiate where appropriate. Visual Lease and similar platforms provide dashboards and reports that help surface these insights and make them actionable.

## Resources & Next Steps

Want to go deeper? Explore these tools to accelerate your journey:



### Watch our on-demand webinar

on how agencies are reducing inefficiencies and waste through better lease and subscription management.

[Learn More >](#)



### Read our blog post

for more in-depth analysis on GASB 96 and how it can save your agency money.

[Learn More >](#)



### Schedule a 30-minute consultation

to see how our solution can help streamline your GASB 87/96 compliance process and uncover savings.

[Learn More >](#)

## Let's Talk

If you're navigating GASB 87, preparing for GASB 96—or both—Visual Lease can help. Let's simplify your compliance process and uncover the hidden value in your contracts.

