Instructions for Completing the
GASB 96 SBITA Template Workbook

I. Background

Under Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs),* a government is required to recognize a subscription liability and an intangible asset representing the government's right to use the SBITA asset.

GASB 96 defines a SBITA as a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Since there are specific criteria under GASB 96 that must first be evaluated before a contract's information is entered into the workbook, the State Auditor's Office (SAO) strongly encourages agencies to gain an understanding of the GASB 96 accounting and reporting requirements for SBITAs.

For further guidance, we strongly encourage agencies to use the GASB 96 resources available on the SAO's website. These resources include a Summary, PowerPoint Training, Potential SBITA checklist, SBITA Accounting Decision Tree, and Calculation Tools, which includes how to calculate the subscription term, liability, asset, and stages of implementation.

The "GASB 96 SBITA Template" is an Excel workbook is a tool that will help agencies generate the information SAO needs to record journal entries and note disclosures required under GASB 96. This document outlines the steps an agency will need to take and information it will need to consider in order to complete the "GASB 96 SBITA Template."

II. Template Scope and Applicability

Contract type:

The template's use and application are limited to SBITAs other than short-term SBITAs. A short-term SBITA is a SBITA that has a maximum possible term of 12 months or less at the commencement of the subscription, including any options extend, regardless of their probability of being exercised. It is recommended agencies retain a copy of completed payment tables generated by the template alongside the contracts when they qualify as SBITAs. These tables may be required to submit to the external auditors if the SBITA is selected for an audit.

Threshold:

Agencies should complete templates for qualified SBITA contracts that exceed $100,000 or more in total upfront or future payments from July 1, 2022, through the end of the subscription term. To determine the subscription term, refer to the "Subscription Term Calculation" in the "GASB 96 Calculation Tools" published on the SAO's website.

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III. Template Worksheets

A. Example Worksheets

The yellow-tabbed worksheets in this file are example contracts to use as references while completing the "Contract" worksheets of this workbook. The examples make certain assumptions, such as an 8.00% annual interest rate, which may not apply to your contracts.

The "Ex. 1 Input" worksheet is a five-year contract from July 5, 2023, to June 30, 2028 (60 months) for the right to use Microsoft 365 with no options to extend or terminate. The fixed payments are $85,000 semi-annually at the beginning of the subscription term and an increase of $5,000 per payment, annually. The contract does not specify any interest rate; therefore, the borrowing rate of 8.00% (based on this contract's effective date) is used to calculate the present value. There were no payments made before or at the commencement of the subscription term, nor any initial implementation costs to calculate.

The "Ex. 2 Input" worksheet is a three-year contract from July 1, 2023, to June 30, 2026 (36 months) for the right to use Windows Azure with no options to extend or terminate. The fixed payment of $350,000 was fully paid on July 1, 2023. As the payment was fully paid at lease commencement, there will be a SBITA asset but no SBITA liability to be reported.

B. Contract Worksheets

The "GASB_96_SBITA_Template" Excel workbook should only be used for new SBITA contracts or existing SBITA contracts without modifications (changes in payment, payment term, or number of underlying IT assets).

For FY 2024 ONLY, AGENCIES DO NOT NEED TO COMPLETE THIS WORKSHEET FOR SBITAS RECORDED AS AN ASSET IN FY2023. AGENCIES DO NEED TO COMPLETE THIS WORKSHEET IF SAO INADVERTANTLY DETERMINED AN ITEM SHOULD NOT BE A SBITA IN FY2023, BUT YOUR AGENCY BELIEVES IT SHOULD HAVE BEEN RECORDED AS A SBITA. ADDITIONALLY, A WORKSHEET WILL NEED TO BE COMPLETED IF A SBITA WAS NOT REPORTED TO SAO IN FY2023 AND SHOULD HAVE BEEN. To know what was recorded, contact the State Auditor's Office's Accounting Division.

For each contract, populate the following tabs:

1. Contract (No.) Input tab

This tab serves as the input worksheet to capture all relevant information on the contract that is needed to calculate the present value of future payments and the amortization of the SBITA asset.

Red font with yellow highlighting in the "Contract Input" worksheet indicates cells where information is entered to yield results from the template. After completing the "Contract Input" tab in its entirety, it is recommended to print a copy (physically or electronically) to store along with the contract. This will be useful to the external auditors if the contract is pulled for audit.

Please do not attempt to make any changes to the cells that are not highlighted in yellow. These fields are automatically populated based on information entered in the yellow highlighted cells.

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a. Contract Information

Enter the following information related to the contract:

- **Asset Description**—provide a description identifying the type of SBITA asset in the contract.

- **Annual Interest Rate**—If the implicit interest rate on the SBITA is unknown (not provided by the SBITA vendor or not explicitly stated in the SBITA contract), use the "GASB 96 Monthly Borrowing Rates" for the applicable month published on the SAO's website on a quarterly basis. Use the contract's effective date to determine the appropriate month's interest rate.

- **Agency Name**—enter the agency's name.

- **Agency Number**—enter the agency number.

- **Fund(s) Paying Contract**—enter the fund number paying the contract (e.g., 001). If multiple funds pay for the contract, enter all the funds (e.g., 001, FED).

- **Effective Date of Contract**— enter the date the contract became effective.

- **Date - Commencement (i.e., start) of Subscription Term** —enter the commencement date of the SBITA. For this cell, enter the true commencement date, even if it is before the GASB 96 implementation date of July 1, 2022. This cell is to assist in your tracking of the SBITA.

- **Is the payment at the beginning or the end of the month?** — Select "beginning" for payments made in the first half of the month or "end" for payments made in the latter half of the month.

- **Payments recorded as a prepaid asset in prior fiscal year** — Payments made before the commencement of the subscription term to the SBITA vendor, payments made during the capitalizable initial implementation stage (see stages of implementation table below), and costs before the commencement of the subscription term, reduced by any incentives received, should be reported as a prepayment. The prepayment should be reclassified as an addition to the subscription asset's initial measurement at term commencement.

- **Payments before or at the commencement of the subscription term** —enter the payments made to the SBITA vendor before commencement or upfront payments at commencement of the subscription term to obtain the right to use the asset. A prepayment to a SBITA vendor should be reduced by any cash incentives received from the same SBITA vendor before the commencement of the subscription term**.**

- **Capitalizable initial implementation costs**—enter any capitalizable initial implementation costs (e.g., configuration, coding, testing, installation, and all other ancillary charges necessary to place the asset into service) that are paid to the SBITA vendor at the beginning of the subscription term to obtain the right to use the SBITA asset. Training costs are never included in the capitalized. Contact the SAO Accounting Divisions with any questions.

b. Contract Monthly Payment Information

Enter the payments for the entire subscription term of the contract. To determine the length of the subscription term and the types of payments to include, refer to the "Subscription Term Calculation" and the "SBITA Liability Calculation" in the "GASB 96 Calculation Tools" published on the SAO's website. If the first payment was made in July 2023, for the SBITA that commenced in July 2023, record the payment in July 2023. Record any subscription payments made before July 2023 in the "payments before or at the commencement of the subscription term" under the contract information.

During the subscription term, enter in zeros for any months without payments. After the subscription term ends, leave the payment amounts blank. Do NOT enter zeros after the subscription term ends or before the subscription term begins.

2. Contract (No.) Output tab

Enter the following information related to the contract, using its related contract information:

- **Fiscal Reporting Year**—select the fiscal year for which you intend to report.

- **Was this SBITA reported to the SAO in the prior year?**—this question is asking if the contract was reported to SAO in the prior fiscal year. Select "N/A" if this is a new contract which did not exist in the prior year. Select "Yes" if the contract did exist last year and was recorded as a SBITA Asset in the prior year. Select "No" if the contract did exist last year, but the contract was accidentally/erroneously excluded from reporting last year. If unsure of the status, contact the SAO Accounting Division.

3. Contract (No.) Note Disclosure tab

Review contract terms and select "Yes" or "No" for each question as appropriate.

Enter dollar amounts as needed.

The schedule of future interest and principal payments will populate in the worksheet with information calculated from the "Contract (No.) Input" tab according to the year selected in "Contract (No.) Output" tab.

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IMPORTANT NOTE: This template has tabs for only Contract 1, and Contract 2. However, your agency may have more than two contracts. The Input, Output, and Note Disclosure tabs have formulas linked to one another. To copy the tabs, you must first select all three tabs which include: Contract (No.) Input, Contract (No.) Output, and Contract (No.) Note Disclosure. Right click on the mouse and select Move or Copy from the context menu. This will open the Move or Copy dialog box. Keep the copy in the same workbook, GASB 96 SBITA Template. Put a checkmark in the Create a copy box and click OK. Rename all the copied tabs as appropriate; for example, Contract 3 Input, Contract 3 Output, and Contract 3 Note Disclosure.

After you have completed the SBITA template workbook, complete the Checklist, then email the excel workbook to SAOAccounting@wyo.gov.

Remember to retain copies of the template and SBITA contracts in case the SBITA is pulled in the external audit.