

Instructions for Completing the GASB 96 Annual Reporting Submission 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 SCO strongly encourages departments to gain an understanding of the GASB 96 accounting and reporting requirements for SBITAs.

For further guidance, we strongly encourage departments to use the "GASB 96 SBITA Implementation - Part I GASB 96 Overview" and "GASB 96 SBITA Implementation - Part II Business Process" documents published on the SCO website: https://sco.ca.gov/sard_gasb_96_reporting_instructions.html before completing this annual submission workbook. Also, utilize the [GASB 96 Accounting Decision Tree](#) document to determine the correct treatment for each SBITA contract.

II. Annual Reporting Submission Workbook

Departments must complete the Annual Reporting Submission Workbook for all qualified SBITAs. Refer to the instructions below to complete each worksheet.

A. SBITA Worksheets

1. Fund ##### Journal Entries - *Compile and submit one copy for each fund.*

This worksheet is used to summarize all qualified SBITA contracts for one fund. Fill out all yellow cells, using the directions below. Rename the tab, replacing "#####" with the 4-digit fund number.

- a. **Fiscal Year** – select the reporting fiscal year from the drop down menu.
- b. **Organization Name** – type the organization name.
- c. **Organization Code (Business Unit)** – type the 4-digit organization code.
- d. **Fund Number** – type the 4-digit fund number.
- e. **Fund Type** – select if the fund is "governmental", "proprietary – internal service fund", or "proprietary – enterprise fund" from the drop down menu.
- f. **Entry #0** – Record the beginning balance restatement of SBITA contracts commenced on or before July 1, 2022. The amount entered for the right-to-use SBITA- amortizable (Acct 0480) must match the "Beginning Balance" column of the Report 18 – Statement of Changes in Capital Assets Group of Accounts and Differential Report.
- g. **Entry #1** – Record the SBITA contracts commenced on or after July 2, 2022, for *governmental funds* only in accordance with fund-based accounting.

Instructions for Completing the GASB 96 Annual Reporting Submission Workbook

- h. **Entry #2** – Record the SBITA contracts commenced on or after July 2, 2022, for *proprietary funds* and reverse the fund-based entry in Entry #1 above, if any. The amount entered for the right-to-use SBITA- amortizable (Acct 0480) must match the “Addition” column of the Report 18 – Statement of Changes in Capital Assets Group of Accounts and Differential Report.
- i. **Entry #3** – Record the amortization of the SBITA asset for the year.
- j. **Entry #4** – Reclassify information technology subscription expenditure/expense to debt service principal and interest accounts.
- k. **Entry #5** – Record the reduction of the SBITA contracts liability for total current year principal payments.
- l. **Entry #6** – Reclassify the principal amount due in the next fiscal year to the current liability.

NOTE: Gather all contract output worksheets from the GASB 96 SBITA template and separate by fund. Aggregate the totals for each fund’s entries to complete this workbook. Ensure all entries are balanced.

2. Department Note Disclosure - *Compile and submit only one copy, it encompasses all funds.*

This worksheet summarizes the note disclosures from all qualified SBITA contracts for the entire department/organization. The worksheet is split into three sections – Governmental Funds, Proprietary – Internal Service Funds, and Proprietary – Enterprise Funds. Fill out all yellow cells, using the directions below.

- a. **Fiscal Year** – select the reporting fiscal year from the drop down menu.
- b. **Organization Code** – type the 4-digit organization code.
- c. **Organization Name** – type the organization’s name.
- d. **Principal Payments** – summarize the future principal payments from all SBITA contracts. Ensure that principal payments are entered into the correct table - Governmental, Proprietary ISF, or Proprietary EF.
- e. **Interest Payments** – summarize the future interest payments from all SBITA contracts. Ensure that interest payments are entered into the correct table - Governmental, Proprietary ISF, or Proprietary EF.
- f. **Questions in Column D** – consolidate the answers for all SBITA contracts and enter your answer accordingly based on the fund type (Governmental, Proprietary ISF, or Proprietary EF).

3. SBITA Liabilities - *Compile and submit only one copy, it encompasses all funds.*

This worksheet summarizes the changes in SBITA liability during the fiscal year ended, as required for disclosure in the State ACFR. The table is split between Governmental Funds, Proprietary ISF, and Proprietary EF. If your department only has one fund with SBITA contracts (and thus only one copy of the worksheet “Fund ##### Journal Entries”), the yellow cells will automatically populate.

If your department has multiple funds with SBITA contracts (and thus multiple copies of worksheet “Fund ##### Journal Entries”), manually update the yellow cells by taking the sum of “Acct 0674 – Right-To-Use SBITA Liability” for each journal entry presented. Enter all numbers, including deductions, as positive values.

Instructions for Completing the GASB 96 Annual Reporting Submission Workbook

4. Check Figures

The purpose of this worksheet is to ensure that all information presented is accurate by confirming through tic and tie the balances before submitting to the SCO. If your department only has one fund with SBITA contracts (and thus only one copy of worksheet “Fund ##### Journal Entries”) the yellow cells will automatically populate. Ensure that all ‘variances’ are zero, or make adjustments as needed.

If your department has multiple funds with SBITA contracts (and thus multiple copies of worksheet “Fund ##### Journal Entries”, manually update the yellow cells to total “Acct 0674 – Right-To-Use SBITA Liability” for each journal entry indicated. Be sure to separate the sums based on Governmental Funds, Proprietary ISF, and Proprietary EF. Ensure that all ‘variances’ are zero or make adjustments as needed.

IV. Closing

Now that you’ve completed the GASB 96 Annual Reporting Submission Workbook and ensured that there are no variances in the check figures tab, use the information to verify or complete Report 18 for the right-to-use SBITA asset. Worksheet “Fund ##### Journal Entries” indicates, in red, the amounts that should be included on Report 18 as beginning balance and additions. If Report 18 needs to be updated after completing the GASB 96 Annual Reporting Submission Workbook or if changes were made to the right-to-use SBITA on Report 18 after initial submission to SCO (as part of capital assets), resubmit Report 18 with updated amounts for the right-to-use SBITA along with the GASB 96 Annual Reporting Submission Workbook.