




GASB 96 *Subscription- Based IT Arrangements (SBITAs)*

Management Council

May 2, 2023



Governmental Accounting Standards Board (GASB)

- Establishes accounting and financial reporting standards for U.S. state and local governments, including California CCDs.
 - District's audited financial statements must be in accordance with accounting principles generally accepted in the United States and set by the Governmental Accounting Standards Board (GASB).
 - GASB issues new accounting standards periodically to increase financial reporting transparency.
 - New accounting standard was issued by GASB in 2020 requiring financial reporting on Subscription Based IT Arrangements (SBITAs). Implementation is required for Fiscal Year 2022-2023.
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SBITA Definition

- Executed contract
- Conveys control of the right to use another party's IT software (alone or in combination with tangible capital assets)
 - Right to obtain the present service capacity from use of the underlying IT asset
 - Right to determine the nature and manner of use of the underlying IT asset
- Over a specified period of time
- Must be in an exchange or exchange-like transaction

Out of Scope

- Short-term software contract (maximum possible term of 12 months or less, including options to extend regardless of their probability of being exercised)
 - Perpetual licensing (GASB 51)
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GASB 96 – Requirements



IDENTIFY SOFTWARE
LICENSES &
SUBSCRIPTIONS



COMPILE A COMPLETE
INVENTORY OF
POTENTIAL SBITAS
FOR THE AUDITORS



REVIEW AGREEMENTS
AND DETERMINE
WHICH CONTRACTS
MEET THE DEFINITION
OF A SBITA



CALCULATE THE
VALUE OF THE RIGHT-
TO-USE
SUBSCRIPTION ASSET



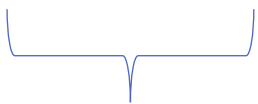
CALCULATE THE
VALUE OF THE
SUBSCRIPTION
LIABILITY



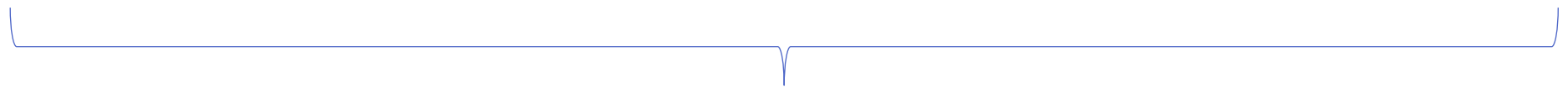
PREPARE
AMORTIZATION
SCHEDULES FOR THE
AUDITORS



COMPLIANCE WITH
THIS ACCOUNTING
STANDARD WILL BE
AUDITED DURING THE
FISCAL YEAR 2022-
2023 AUDIT.



Districtwide



Business Services

GASB 96 - Status

Fiscal Year 2022-2023

- Inform administrators and classified staff
- Compile a complete inventory of potential SBITAs
 - Purchasing, SBOs, ITS (117)
 - Reviewing the GL expenditure detail for missing SBITAs
- Review agreements and determine which contracts meet the definition of a SBITA
- Calculate the value of the right-to-use subscription asset
- Calculate the value of the subscription liability
- Prepare amortization schedules for the auditors

Fiscal Year 2023-2024 & Forward

- Develop a process to maintain a current inventory of SBITAs and key contract information needed for financial reporting purposes
 - The initial inventory listing (2022-2023) will be developed by Accounting & Internal Audit.

Recommendation #1: Object Code Changes

Submit 23/24 budget changes
between 06/13/23 & 08/03/23 for
23/24 Adopted Budget.

Object code 5950

- Changing object description from “Software License and Fees” to “Software License & Subscription”.
- Use this object code for software licenses or subscriptions, including cloud-based software as a service. These will have a service term.
- If software maintenance is priced separately, software maintenance should be coded to Object 5665/5660.
- Examples:
 - 1st year of subscription.
 - subscription renewals.
 - subscription renewals bundled with maintenance where maintenance is not priced separately.

Object Code 5665

- Changing object description from “Software Support Service-Fixed” to “SW/HW Maint & Support-Fixed”.
- Use this object code for services listed below where cost is a reoccurring fixed cost:
 - Maintenance for software or hardware.
 - Services of \$1,000 or less that modify, customize, or upgrade existing software coded to 6XXX.

Object Code 5660

- Changing object description from “Software Support Service” to “SW/HW Maint & Support”.
- Use this object code for services listed below where cost is not a reoccurring fixed cost:
 - One-time maintenance for software or hardware.
 - One-time service of \$1,000 or less that modifies, customizes, or upgrades existing software coded to 6XXX.



Recommendation #2: Maintaining Inventory of SBITAs

- Maintain a spreadsheet to track inventory of SBITAs. Spreadsheet will be requested by external auditors for review.
 - Proposed Task Owner: Business Services (Purchasing & Contract Management)
 - Effective for FY 2023-2024, new Software License & Subscription Form to help gather the info needed to maintain inventory of SBITAs.
 - Form should be completed by individual requesting the software who is responsible for the contract and most knowledgeable about the contract terms.
 - Form should be reviewed for accuracy and completeness prior to submitting with purchase requisition.
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Proposed Process Flow



* Steps in gray may be phased-in at a later date after Director of Contract Management position is filled and further notice is provided.

Next Steps

- Software License & Subscription Form is available on the Fiscal Services webpage and Purchasing Services Intranet page.
- Future communication regarding the new form and process will be sent through District Announcements.
- Training to be offered to management and classified staff on the new form and process changes on May 24, 2023 at 9:00A.

