



NEW FOR FYE 2023

GASB 96

**Subscription-based Information
Technology Arrangements (SBITAs)**

**CLOSING INSTRUCTIONS &
REQUIREMENTS**

Issued by Financial Operations 2/01/2023

Inventory Log for SBITAs – (Form ACFR-13)

The Governmental Accounting Standards Board (GASB) Statement No. 96, SBITAs is effective for fiscal year 2023. GASB 96 applies to all contracts that conveys control of the right to use another party's IT assets. The ACFR-13 Form requires agencies/departments to report all expenditures/expenses where the State has the right to use IT asset through a contract.

A thorough review of all contracts will be required by departments and agencies to meet the new reporting standard for SBITAs. Departments/agencies are responsible for identifying a complete population and documenting why they believe the steps performed are sufficient. Records and supporting documentation should be kept and maintained for review by external auditors.

Departments/agencies are also responsible for performing timely reporting to F&M on any changes to existing agreements, new agreements or terminations that follow the annual inventory log. The FIN-ACFR13LOG should be updated and submitted to F&M as changes in contracts are executed. [See VISION Month End Closing Instructions.](#)

Finance & Management's Reporting Group will review the agreements submitted and if they meet the criteria of a SBITA under GASB 96 will then make the calculation required to complete the journal entries in VISION. F&M will be available to provide guidance to departments in meeting these new requirements.

A SBITA under GASB 96 is defined as follows:

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

The term "SBITA agreement" is synonymous with the term "contract" under GASB 96.

- Contract refers to any contractual obligation which may or may not contain the use of "SBITA agreement" within the contract but meet the definition of a SBITA (conveys control of the right to use).
- Control in the SBITA standard applies to the right-to-use the IT asset; the contract should convey both of the following:
 - a. The right to obtain the present service capacity from use of the underlying IT assets as specified in the contract.
 - b. The right to determine the nature and manner of use of the underlying IT assets as specified in the contract.

- Period-of-time is the subscription term during which a government has a noncancellable right to use the underlying IT assets. The SBITA term must be greater than 12 months, including any options to extend, regardless of their probability of being exercised.
- Exchange or exchange-like occurs when the transaction gives things of similar value to the parties. Contracts that transfer the right to use IT asset for only \$1 per year would be a consider a donation not an exchange-like transaction.

Contracts with Multiple Components and Contract Combinations: If a SBITA contract contains multiple components such as both a subscription component and a non-subscription component, or multiple underlying hardware or software components, a government accounts for each component as a separate SBITA component and allocates the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some of all components in the contract, a government account for those components as a single SBITA unit. An example of a non-subscription component would be services included in the contract.

The supplier on an expense contract cannot be a state agency or department. Do not include these contracts on the SBITA Inventory ACFR-13 worksheet(s).

Provide an inventory of the GASB 96 SBITAs on Form ACFR-13 that are both in effect during the current fiscal year and will continue into the subsequent year(s). The form should be e-mailed to VISION.ACFR@vermont.gov, by **April 15, 2023**.

All departments must submit a signed Certification Form even if there are no SBITAs to report.

Please refer to the ACFR-13 instructions document for more detailed information on SBITAs, SBITA reporting, and completing the ACFR-13 form.

The ACFR-13 form, and instructions are available on the Finance and Management website: <https://finance.vermont.gov/forms/YE>