



STATE CONTROLLER'S OFFICE – BULLETIN 02/15/2024

Wisconsin Department of Administration – Division of Executive Budget and Finance

BULLETIN 02/15/2024

Target Audience:

- Agency Financial Managers
- Agency Fiscal Staff

GASB 96 Subscription-Based IT Arrangement (SBITA) Payment Account

Background

With the implementation of *GASB Statement No. 96, Subscription-Based IT Arrangements* (SBITAs) in fiscal year 2023, the State Controller's Office (SCO) decided to set up a centralized expenditure account in the Actuals ledger for agencies to code subscription payments that qualify as SBITAs. Therefore, account 7436000 - GASB 96 Subscriptions - SBITAs was set up for this purpose.

Statement No. 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 key here is that in order for a contract to meet the definition of a SBITA it must contain a subscription component and be for a finite period of time.

Examples of potential SBITAs include cloud computing arrangements, cloud-based Enterprise Resource Planning (ERP) systems, training software, online conferencing, and online payment tools.

Agency Responsibilities

Agency GAAP accountants should work with their procurement/fiscal staff to identify subscription-based software purchase orders in the early stages of procurement. Agencies should then review the associated contract/agreement to determine if they meet the criteria to be capitalizable under GASB 96. For more detail, agencies may refer to Section V, Sub-section 10 of the [GAAP Manual](#) or the semi-annual SBITA survey SCO-FRS sends to agency GAAP accountants. For those contracts that meet the definition of a SBITA, agencies should ensure only payments related to these subscriptions are coded to the new 7436000 account in the Actuals ledger.

If a contract contains both a subscription component and a nonsubscription component, the agency should code the nonsubscription component to a more appropriate account.

If agencies have questions on how to code/identify SBITA purchases/payments, please contact Aaron Stoltenberg in SCO-FRS (aaron.stoltenberg@wisconsin.gov, 608-266-3052).