

University of Kentucky GASB 96 SBITA Decision Tree
For periods starting 7/1/2022 and later

This questionnaire is designed to gather information about Subscription-Based Information Technology Arrangements (SBITA) that may fall under GASB 96. For each new SBITA, a copy of this completed form should be included as documentation and attached to the SAP shopping cart/requisition before the purchase order is created or should be sent to AFRS at afsrcontracts@uky.edu with a copy of the contract prior to the PRD or Procard software subscription charges being posted. Accounting and Financial Reporting Services (AFRS) or Hospital Accounting will review the documentation and contract as appropriate and let Purchasing know when the PO can be set up in SAP and will let the unit know when charges on the PRD or Procard can be posted. Use the **red** numbers in parentheses to match to the Exhibit A Accounting Key on the last page of this form.

Contact Information

Department number

Department contact email/phone

General information for all SBITAs:

Start date of SBITA

Commencement date of the asset – if not in the contract, include email or other documentation

Renewal period end date (if expect to exercise option)

Term of the SBITA

Decision Tree to determine if the agreement is included in GASB 96 SBITA reporting:

1. Is the contract **only** for an IT component such as *IT hardware, IT support services, or software/hardware maintenance*, and **does not** include a software subscription component?
Yes – excluded from GASB 96 SBITA. Determine the GL account for the IT component and do not continue. **(1)**
No – continue to next question
2. Does this contract provide for the use of another party's software, **along with** *IT hardware, IT support services, or software/hardware maintenance*?
Yes – send a copy of the contract to afsrcontracts@uky.edu for assistance as the contract may or may not be considered applicable to GASB 96. Include a copy of the AFRS response with this decision tree and the contract as documentation.
 - i. Determination made that contract will not be recorded **(1)**. Determine the GL account and do not continue.
 - ii. Determination made that contract will be recorded **(2)**. Determine the GL account and do not continue.No – continue to next question
3. Can this contract be canceled by either party without cause at any time?
Yes - it will not be recorded as GASB 96 SBITA. Record as an expense GL and do not continue. **(1)**
No - continue to next question
4. Does UK have access to the software and the vendor does not place limitations on what can be done with the subscription?
No – will not be recorded as GASB 96 SBITA. Record as an expense GL and do not continue. **(1)**
Yes – continue to next question
5. Per the contract, will the contract extend greater than 12 months?
No – will not be recorded as GASB 96 SBITA. Record as an expense GL and do not continue. **(1)**
Yes – continue to next question after answering the following:
After the first year is there an option to renew?
At the beginning of the contract, is it likely that the unit will exercise the option to renew?
What is the end date of the renewal periods expected to be used?

6. Is the contract for a perpetual IT license arrangement (will UK own the software at the end of the term, or will UK continue to use the software after the subscription term is over)?

Yes – Excluded from GASB 96 SBITA. Record as intangible asset – determine the GL account and do not continue.

- i. Software value less than \$400,000 (1)
- ii. Software value greater than \$400,000 (3)

No – continue to next question

7. Does the total amount to be paid throughout the subscription term meet or exceed the UK materiality threshold for GASB 96 SBITAs?

Thresholds by business area (BA):

- UK (BA 0101 and other BAs not listed below) - \$100,000
- UKHC (BA 0111, 0112) - \$100,000
- KDHS (BA 0117) - \$50,000
- UKRF (BA 0201) - \$15,000
- WUKY (BA 0105) - \$0
- Other affiliate business areas (BA 0400, 0600, 0700) - \$0
- Contact afrcscontracts@uky.edu or 859-257-3355 for any questions

No – will not be recorded as GASB 96 SBITA. Do not continue. Record as expense. (1)

Yes – record as GASB 96 SBITA (2)

Specific information for GASB 96 SBITAs:

- Frequency of payments (ie. monthly, quarterly, annually)
- Amount of each payment

Does the payment stay the same over the contract period?

Yes – payment remains the same

No

Payments constantly vary (payment escalates annually at the same frequency on the same day from the first payment date until the contract ends)

Payment is not constant (no preset changes or annual changes, not the same from the first payment date until the contract ends)

- Total amount to be paid over term of the contract (including renewal periods expected to be used)
 - Does the contract contain incentives for free subscription periods, price concessions, cost reimbursements, etc.?

Yes - amounts should be included in the initial measurement by reducing the amount of the subscription asset.

No – use the amount of the total payments

Exhibit A: GASB 96 Accounting Key (GLs and categories based on the determination above)

IT Types	Expense Type	(1) Expense or not material, non-GASB 96	(2) (3) Long-term	
			Material, GASB 96	Material Financed
Software Subscription SBITA	Software subscription	535210	534077	550160
	Interest	N/A	534078	534071
	Maintenance	535207	535207	535207
	Admin costs	534055	534055	534055
IT Hardware Equipment Lease	Principal	535202	See GASB 87 Decision Tree	551140
	Interest	N/A	See GASB 87 Decision Tree	534071
	Maintenance	535200	See GASB 87 Decision Tree	535200
	Admin costs	534055	See GASB 87 Decision Tree	534055
Other IT Costs	Maintenance (Hardware)	535200	N/A	N/A
	Maintenance (Software)	535207	N/A	N/A
	Support Services (Hardware)	535200	N/A	N/A
	Support Services (Software)	535210	N/A	N/A
	Software License Fee	535201	N/A	550160