

Resolution No. 24-04

Ida County Subscription Based Information Technology Agreements

GASB Statement No. 96, "Subscription Based Information Technology Agreements", is effective beginning July 1, 2022. (FY2023). GASB 96 requires a right-to-use asset and liability to be recorded.

For counties reporting on the accrual basis of accounting, the cumulative effect, if any, may require a restatement of beginning net position, fund balance, or fund net position (as applicable). This means SBITA in existence on June 30, 2023 will need to be reported as the beginning balance (July 1, 2023) for SBITA of FY2024.

A Subscription Based Information Technology Agreements is an intangible capital asset. The asset represents the right to use an underlying asset identified in a SBITA, as specified for a period of time. The County will recognize the intangible Subscription Based Information Technology Agreements when:

- (a) The contract conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction.
(b) The minimum noncancelable contract term is greater than twelve months.
(c) The contract does not transfer ownership of the underlying asset.
(d) The underlying asset is used to conduct county business. (This will not apply to custodial funds.)

Threshold for Capitalization of Subscription Based Information Technology Agreements

The establishment of a Subscription Based Information Technology Agreements capitalization threshold policy has been recommended. The policy should be approved by the Board of Supervisors. The threshold is to be consistently applied by all departments and offices of the County for financial reporting purposes and should overall capture most SBITA. All Subscription Based Information Technology Agreements at or above \$5,000 must be reported.

As a general rule, the threshold should be applied to individual SBITA.

Measurement and amortization:

Measurement: A SBITA should initially measure the asset as the sum of the following:

- (a) The amount of the initial measurement of the SBITA. (An agreement should measure the liability and right-to-use asset at the present value of payments expected to be made during the agreement term. (For the year of implementation, the liability and right-to-use asset should be measured as of July 1, 2022.)
(b) payments made at or before the commencement of the agreement, less any incentives received from the entity at or before the commencement of the term
(c) Initial direct costs that are ancillary charges necessary to place the asset into service.

Amortization: A asset should be amortized using the straight-line method over the shorter of the term or the useful life of the underlying asset

At a minimum, amortization should be calculated on a monthly basis.

Motion by Drey 2nd by Schubert to approve Resolution No. 24-04.

Ayes: Austin Schubert, Raymond Drey
Nays:

Resolution Passed this 13th day of February, 2024.

Austin Schubert
Board Chair

Charlynd L. Folk
Attest: Auditor