

AGENDA REQUEST FORM
Chattooga County Board of Education

Meeting Date September 21, 2023

Agenda Item Number C-2

TITLE:	New Board Exhibit DIB-E(1): SBITA Decision Tree and Footnotes
REQUESTED ACTION:	Board consideration of Superintendent's recommendation to approve new Board Exhibit DIB-E(1): SBITA Decision Tree and Footnotes. (exhibit will lay, with its corresponding Regulation, until the October board meeting, to allow for public input).
SUMMARY EXPLANATION AND BACKGROUND:	<div style="text-align: center; height: 150px;">See Attached</div>
MAJOR SYSTEM PRIORITY:	Establishing internationally competitive standards
FINANCIAL IMPACT:	N/A
EXHIBITS: (List)	See Attached
BOARD ACTION: (For Official School Board Records Only)	<div>SOURCE OF ADDITIONAL INFORMATION Erica Edmondson <u>Finance Director</u> <u>(706) 857-3447</u> Name Phone</div>

OFFICE OF THE SUPERINTENDENT OF SCHOOLS

Approved in Open Board Meeting on:

_____ Date

By:

_____ School Board Chairman

Exhibit DIB-E(1): Financial Reports - SBITA Decision Tree and Footnotes

Status: DRAFT

Original Adopted Date: Pending

See PDF on the next page.

Decision Tree for Subscription Based Information Technology Agreements

Agreement Name

Does SBITA contract extend past 6.30.23

See Accompanying Footnotes

YES

NO

Does District have control of Right to use SBITA asset? (1)

No further Analysis Needed
Record expense as payments are made

YES

NO

Is the Subscription Term greater than 12 months? (2)

Record Expense as payments are made (2)

Yes

NO

Does Contract have any fixed or fixed in substance payments? (3)

This is a short Term SBITA as determined above . Expense as payments are made. (2)

YES

N/A

Do contract payments meet the criteria for exchange/like transaction? (4)

This is a short Term SBITA as determined above . Expense as payments are made. (2)

YES

NO

Does contract have a present value greater than capitalization threshold. This question should be answered when combined with all other District SBITA's

Record expense in financial statements.

YES

NO

SBITAS should be Capitalized as an asset

SBITAS should not be Capitalized as an asset

Subscription-Based Information Technology Arrangements (SBITAs)
Accounting Decision Tree – Footnotes

1. A contract conveys control of the right to use the asset when the government is provided with both of the following:
The right to obtain service level capacity from use of the asset as specified in the contract, and
The right to determine the nature and manner of use of the asset.

In other words, the government must have the right to the benefits generated from the asset. For example, a government can login to use the subscribed software such as Microsoft Excel.

In addition, nature and manner address whether the government has the right to control how the asset is used. For example, the government can use the subscribed Microsoft Excel at specific time and duration.

2. Subscription term is the period a government has a noncancellable right to use the asset from July 1, 20xx, or the inception of the arrangement, whichever is later, plus a government's or SBITA vendor's option to:

Extend the SBITA if it is reasonably certain the option will be exercised or

Terminate the SBITA if it is reasonably certain that the option will not be exercised.

Caution: A noncancellable period is when one party has the right to terminate the subscription, but it is reasonably certain (more than probable) they will not. Periods where BOTH the government and the SBITA vendor have the option to terminate or extend without permission of other party are excluded from the subscription term.

Note: A short-term SBITA is a SBITA that has a maximum possible term of 12 months or less at the commencement of the subscription, including any options to extend, regardless of their probability of being exercised.

3. Fixed payments are specific dollar amounts in the SBITA contract that the government is obligated to pay. Fixed in substance payments are minimum guarantee amounts or portions of variable payments that can be reliably measured because they are not dependent upon events or transactions that have not occurred. For example, if a SBITA requires a payment of \$100 per licensee with a monthly minimum payment of \$10,000, the monthly minimum payment of \$10,000 is considered as a fixed in-substance payment.

Include both fixed payments and fixed in-substance payments in calculating the liability arising from the SBITA. Other factors that may be part of a fixed or fixed in substance payment stream, may include, but not limited to:

Variable payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate), initially measured using the index or rate as of the commencement of the SBITA term.

4. In an exchange transaction the government receives and gives up essentially equal values. In a nonexchange transaction, a government receives value (underlying IT asset) without directly giving equal value in return (e.g., nominal IT subscription payment of \$1 for a three-year contract).