



Tips for a Smoother Year-end & GASB

FMC – October 2022



SAO Policies

- As a reminder SAO has various policies (<https://sao.georgia.gov/policies-and-procedures>)
 - **Accounting Policy Manual** includes high-level policies and procedures to ensure that financial activity is recorded accurately and consistently across organizations, so that government-wide financial statements will comply with authoritative Governmental Accounting Standards Board (GASB) and legislative standards. Basic guidance on accounting requirements, including journal entry examples, is included in these documents. Accounting manual topics apply to all State of Georgia accounting organizations regardless of their accounting systems.
 - **Business Process Policies and Procedures** contains Georgia specific guidance to assist users with managing various accounting operational processes such as budget, cash, disbursements, payroll, and receivables, etc.
- SAO is actively updating these policies and will send emails as these updated policies are posted to the website.
 - Recently updated:
 - Accounting policies relating to General Guidelines (such as Fiscal Management Objectives, Management Responsibilities, etc.)
 - Lease – Lessee Accounting policy and Capital Assets – General policy
- **Draft Disbursements Business Process policy**
 - **Significant changes, so requesting Agencies to review and provide input to SAO by **October 14, 2022**.**
- Research GAAP / SAO accounting policies when new issues arise (SAO here to assist but should not be the lead in this)

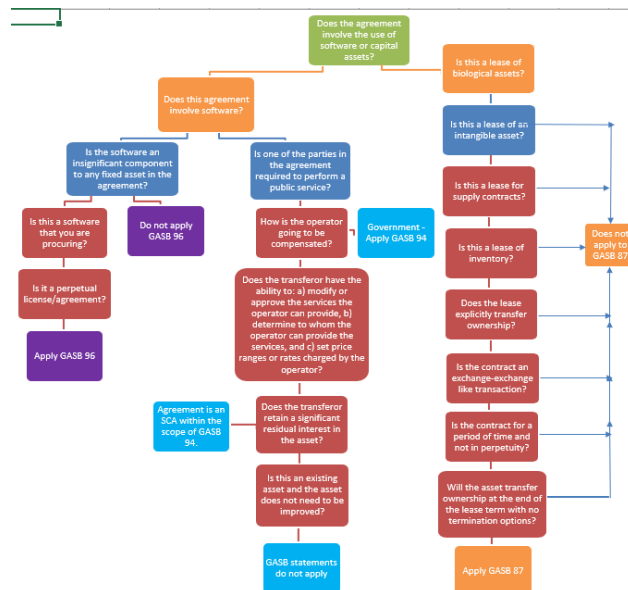
SAO Year-end reminders

- 998 period and close
 - To adjust your financials so they are final at year-end
 - Avoid Post-Closing Adjustments (PCAs)
 - SWAR sends out draft BCRs during 998 to assist with year-end
 - Suggest quarter-end closing to prepare for year-end
 - Clearing accounts – still not zero by FUND TYPE
 - Example – Capital Projects Funds (5xxxxx) and Budget Fund (10100) are considered different fund types
 - SAO is considering suspending governance process as items are adjusted late in process
- Statistics on late forms and agency issues
 - Still having a lot of challenges with incorrect forms, data and agencies needing significant assistance
 - Tracking data to prepare reporting to agencies
 - Looking at date that final data received, not just date of original submission.
- WDESK forms
 - If form is Not Applicable – DO NOT submit excel form as N/A
 - Only want completed forms where agency has applicable data to report
 - If do not have applicable data to report, just mark form as N/A in question
 - Possible changes to Wdesk/forms process coming for next year
- Communication
 - Be patient – working on a lot of agencies and trial balances and give us a chance to get back to you
 - Flip side – if we are asking you for data, please keep us updated on your progress to respond
 - Communicate with other agencies on inter-agency issues (transfers, due to/from, etc.)

Number of PCAs	
2018	101
2019	168
2020	131
2021	127

SBITA (subscription based IT arrangements) and Leases

- Leases
 - SPC Leases – REMINDER – SPC only reports true multi-year leases, other leases are to be on the agency form
- Sublease – need to report on both Lessee and Lessor form (treat as separate transactions)
- **FY22 SBITA (for FY23 beginning balances) and FY22 Lessor form are due 10/14/22**
- Flowcharts – included in the wdesk survey “Leases, SBITAs, APAs & P3s” that was due back to us 6/3/22



GASB 96 - SBITA Determination Flowchart

Instructions:

1. Enter Vendor Name in cell B7 (please see note regarding multiple components in red below)
2. Answer each applicable question in order by selecting "Yes" or "No" from the dropdown (cells B12:B26). See footnote.
3. Rationale - provide a brief explanation for answer (cells L12:L26)
4. Complete "Prepared By" & "Reviewed By" fields on lines 77 & 78

Vendor Name (enter above)

Note: if subscription contains multiple components please list which component you are completing the chart for. Each individual component requires it's own flowchart.

Answer Yes or No	Rationale for Yes or No
Q1 Does the agreement involve the use of software or capital asset	
Q2 Is the transaction an exchange or exchange-like transaction? ¹	
Q3 Does both party (the State or IT Vendor) have the right to cancel the subscription at any time without permission from the	
Q4 Is the subscription term, including any renewal options, 12 month	
Q5 Is there a fiscal funding clause that is reasonably certain to be	
Q6 Is there a cancellation clause that is reasonably certain to be ex	
Q7 If no termination clause is present, does the asset transfer ownership at the end of the subscription? (If termination clause is present then the contract is not a subscription & is considered a	
Q8 Does the subscription/agreement include any variable payments	
Q9 Are any component of those variable payments fixed in substance? ² (Fixed payments should be included in the	
Q10 Are the variable payments based on usage or performance? ⁴	
Q11 Are the variable payments based on an index rate such as the C	

If agreement meets definition of a SBITA, please answer the following additional questions.

Does the asset contain both hardware & software?	
If agreement contains hardware, are you able to break out the hardware cost from the software cost? If no, be sure to provide rationale.	

Q1 As the lessee do you have control over the nonfinancial asset?

NO → Not a subscription

YES → Q2 Is the transaction an exchange or exchange-like transaction?

NO → Not a subscription

SBITA and Leases – Chart of Account updates

- New Accounts added for SBITA and Description changes for Leases

request type	account	account description	request type	account	account description
new account	825000	IT SOFTWARE BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITA) GREATER THAN 12 MONTHS			
new account	825001	SBITA greater than 12 months	description change	476000	OTHER FINANCING SOURCES - LEASES/INSTALLMENT PURCHASES
new account	825002	SBITA greater than 12 months - Initial Implementation	description change	476001	Other Financing Sources - Leases/Installment Purchases
new account	825003	SBITA greater than 12 months -Maintenance, Support & Additional Implementation Costs	description change	713000	DO NOT USE - CAPITAL LEASE/INSTALLMENT PURCHASE - PRINCIPAL PAYMENTS
new account	825004	SBITA greater than 12 months - Variable Payments - CPI	description change	713001	DO NOT USE - Capital Lease - Principal Payments
new account	825005	SBITA greater than 12 months - Variable Payments - USAGE	description change	713100	DO NOT USE - Installment Purchases - Principal Payments
new account	825006	SBITA - Preliminary Phase	description change	716000	LEASE/INSTALLMENT PURCHASE - INTEREST PAYMENTS
new account	826000	IT SOFTWARE BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITA) LESS THAN 12 MONTHS	description change	716001	Lease - Interest Payments
new account	826001	SBITA less than 12 months	description change	716100	Installment Purchase - Interest Payments

SBITA and Leases

Reminders

- Review agreements to see if any meet the definition of a lease or a SBITA (even if not labeled a lease)
- If number of periods (including renewals) is less than 12 months, then does not meet the definition.
- Must be an exchange transaction to qualify (example: do not include \$1 transactions)
- Variable payments – payments that are variable will be collected as required to include in the notes to the ACFR
- SBITA – there are a lot of agreements out there that may meet the definition – communicate with appropriate staff at agency to ensure reporting all SBITAs to SAO