

## SBITA Transactions for Proprietary Funds (Auxiliaries and Service Centers)

A new SBITA commences 7/1/2022 as a subscription to a cloud-based platform purchased in a Proprietary Fund.

There is a 3-year base term with \$225,000 annual payments and a 2.2% incremental borrowing rate.

There are two annual renewal options for one (1) year each that management assumes are likely to renew with a cost of \$250,000 and \$275,000, respectively.

On July 1, 2022, Business Affairs posts a JV recording the subscription asset and liability in the department index/fund.

Transaction	Date	Index	Acct code	Account Title	Debit	Credit	Description
JV	7/1/2022	Department Index	A8370	Subscription Asset-Software	1,146,848.78		Record new SBITA
		Department Index	B2767	Subscription Liab Current-Software		225,000.00	Record new SBITA
		Department Index	B2777	Subscription Liab LongTerm-Software		921,848.78	Record new SBITA

On July 1, 2022, the department/Accounts Payable pays the first subscription invoice to the vendor.

Transaction	Date	Index	Acct code	Account Title	Debit	Credit	Description
Invoice	7/1/2022	Department Index	24407	Subscription Asset Exp-Software	225,000.00		Subscription payment

On July 1, 2022, Business Affairs posts a JV to adjust the subscription payment to show a reduction in subscription liability; reclass a portion of the liability from long-term to current; accrue interest expense; and amortize the subscription asset.

Transaction	Date	Index	Acct code	Account Title	Debit	Credit	Description
JV	7/1/2022	Department Index	B2767	Subscription Liab Current-Software	225,000.00		Adjust subscription payment
		Department Index	24407	Subscription Asset Exp-Software		225,000.00	Adjust subscription payment
		Department Index	B2777	Subscription Liab LongTerm-Software	204,719.33		Reclass liability to current
		Department Index	B2767	Subscription Liab Current-Software		204,719.33	Reclass liability to current
		Department Index	28857	Interest Exp Subscr Asset-Software	1,722.47		Interest expense
		Department Index	B2780	Accrued Interest Payable		1,722.47	Interest accrual
		Department Index	80870	Amort Exp-Subscr Asset-Software	19,114.15		Asset amortization
		Department Index	A8870	Acc Amort-Subscr Asset-Software		19,114.15	Asset amortization

On August 1, 2022 (and each month thereafter), monthly interest and amortization are recorded by Business Affairs.

Transaction	Date	Index	Acct code	Account Title	Debit	Credit	Description
JV	8/1/2022	Department Index	28857	Interest Exp Subscr Asset-Software	1,722.47		Interest expense
		Department Index	B2780	Accrued Interest Payable		1,722.47	Interest accrual
		Department Index	80870	Amort Exp-Subscr Asset-Software	19,114.14		Asset amortization
		Department Index	A8870	Acc Amort-Subscr Asset-Software		19,114.14	Asset amortization

On July 1, 2023, the department/Accounts Payable pays the second annual subscription invoice to the vendor.

Transaction	Date	Index	Acct code	Account Title	Debit	Credit	Description
Invoice	7/1/2023	Department Index	24407	Subscription Asset Exp-Software	225,000.00		Subscription payment

On July 1, 2023, Business Affairs posts a JV to adjust the subscription payment to show a reduction in subscription liability; reclass a portion of the liability from long-term to current; accrue interest expense; and amortize the subscription asset.

Transaction	Date	Index	Acct code	Account Title	Debit	Credit	Description
JV	7/1/2023	Department Index	B2767	Subscription Liab Current-Software	204,719.33		Adjust subscription payment
		Department Index	B2780	Accrued Interest Payable	20,280.67		Adjust subscription payment
		Department Index	24407	Subscription Asset Exp-Software		225,000.00	Adjust subscription payment
		Department Index	B2777	Subscription Liab LongTerm-Software	209,223.15		Reclass liability to current
		Department Index	B2767	Subscription Liab Current-Software		209,223.15	Reclass liability to current
		Department Index	28857	Interest Exp Subscr Asset-Software	1,336.29		Interest expense
		Department Index	B2780	Accrued Interest Payable		1,336.29	Interest accrual
		Department Index	80870	Amort Exp-Subscr Asset-Software	19,114.14		Asset amortization
		Department Index	A8870	Acc Amort-Subscr Asset-Software		19,114.14	Asset amortization

## SBITA Transactions for Non-Proprietary Funds

A new SBITA commences 7/1/2022 as a subscription to a cloud-based platform purchased in a Non-Proprietary Fund.

There is a 3-year base term with \$225,000 annual payments and a 2.2% incremental borrowing rate.

There are two annual renewal options for one (1) year each that management assumes are likely to renew with a cost of \$250,000 and \$275,000, respectively.

On July 1, 2022, Business Affairs posts a JV recording the subscription asset and liability in Net Investment in Plant (fund 890000).

Transaction	Date	Index	Acct code	Account Title	Debit	Credit	Description
JV	7/1/2022	Net Investment in Plant	A8370	Subscription Asset-Software	1,146,848.78		Record new SBITA
		Net Investment in Plant	B2767	Subscription Liab Current-Software		225,000.00	Record new SBITA
		Net Investment in Plant	B2777	Subscription Liab LongTerm-Software		921,848.78	Record new SBITA

On July 1, 2022, the department/Accounts Payable pays the first subscription invoice to the vendor.

Transaction	Date	Index	Acct code	Account Title	Debit	Credit	Description
Invoice	7/1/2022	Department Index	24407	Subscription Asset Exp-Software	225,000.00		Subscription payment

On July 1, 2022, Business Affairs posts a JV to adjust the subscription payment to show a reduction in subscription liability; reclass a portion of the liability from long-term to current; accrue interest expense; and amortize the subscription asset.

Transaction	Date	Index	Acct code	Account Title	Debit	Credit	Description
JV	7/1/2022	Net Investment in Plant	B2767	Subscription Liab Current-Software	225,000.00		Adjust subscription payment
		Net Investment in Plant	24407	Subscription Asset Exp-Software		225,000.00	Adjust subscription payment
		Net Investment in Plant	B2777	Subscription Liab LongTerm-Software	204,719.33		Reclass liability to current
		Net Investment in Plant	B2767	Subscription Liab Current-Software		204,719.33	Reclass liability to current
		Net Investment in Plant	28857	Interest Exp Subscr Asset-Software	1,722.47		Interest expense
		Net Investment in Plant	B2780	Accrued Interest Payable		1,722.47	Interest accrual
		Net Investment in Plant	80870	Amort Exp-Subscr Asset-Software	19,114.15		Asset amortization
		Net Investment in Plant	A8870	Acc Amort-Subscr Asset-Software		19,114.15	Asset amortization

On August 1, 2022 (and each month thereafter), monthly interest and amortization are recorded by Business Affairs.

Transaction	Date	Index	Acct code	Account Title	Debit	Credit	Description
JV	8/1/2022	Net Investment in Plant	28857	Interest Exp Subscr Asset-Software	1,722.47		Interest expense
		Net Investment in Plant	B2780	Accrued Interest Payable		1,722.47	Interest accrual
		Net Investment in Plant	80870	Amort Exp-Subscr Asset-Software	19,114.14		Asset amortization
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On July 1, 2023, the department/Accounts Payable pays the second annual subscription invoice to the vendor.

Transaction	Date	Index	Acct code	Account Title	Debit	Credit	Description
Invoice	7/1/2023	Department Index	24407	Subscription Asset Exp-Software	225,000.00		Subscription payment

On July 1, 2023, Business Affairs posts a JV to adjust the subscription payment to show a reduction in subscription liability; reclass a portion of the liability from long-term to current; accrue interest expense; and amortize the subscription asset.

Transaction	Date	Index	Acct code	Account Title	Debit	Credit	Description
JV	7/1/2023	Net Investment in Plant	B2767	Subscription Liab Current-Software	204,719.33		Adjust subscription payment
		Net Investment in Plant	B2780	Accrued Interest Payable	20,280.67		Adjust subscription payment
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		Net Investment in Plant	B2777	Subscription Liab LongTerm-Software	209,223.15		Reclass liability to current
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		Net Investment in Plant	28857	Interest Exp Subscr Asset-Software	1,336.29		Interest expense
		Net Investment in Plant	B2780	Accrued Interest Payable		1,336.29	Interest accrual
		Net Investment in Plant	80870	Amort Exp-Subscr Asset-Software	19,114.14		Asset amortization
		Net Investment in Plant	A8870	Acc Amort-Subscr Asset-Software		19,114.14	Asset amortization

## SBITA Amortization Example

Access to software begins	7/1/2022
Subscription base term	7/1/2022 - 6/30/2025
Options	Two annual one (1) year subscription extensions, per department this is likely
Full term	7/1/2022 - 6/30/2027
Incremental borrowing rate	2.20%

Date	Base Subscription Payment	Payment Reductions or Additions	Total Subscription Payment	Interest Expense	Liability Increase (Reduction)	Liability Balance	Asset Amortization Amount	Subscription Asset Balance
Period 0	-	-	-	-	-	1,146,848.78	-	1,146,848.78
7/1/2022	225,000.00	-	225,000.00	-	(225,000.00)	921,848.78	19,114.15	1,127,734.63
8/1/2022	-	-	-	1,690.06	1,690.06	923,538.84	19,114.15	1,108,620.49
9/1/2022	-	-	-	1,690.06	1,690.06	925,228.89	19,114.15	1,089,506.34
10/1/2022	-	-	-	1,690.06	1,690.06	926,918.95	19,114.15	1,070,392.19
11/1/2022	-	-	-	1,690.06	1,690.06	928,609.00	19,114.15	1,051,278.05
12/1/2022	-	-	-	1,690.06	1,690.06	930,299.06	19,114.15	1,032,163.90
1/1/2023	-	-	-	1,690.06	1,690.06	931,989.12	19,114.15	1,013,049.76
2/1/2023	-	-	-	1,690.06	1,690.06	933,679.17	19,114.15	993,935.61
3/1/2023	-	-	-	1,690.06	1,690.06	935,369.23	19,114.15	974,821.46
4/1/2023	-	-	-	1,690.06	1,690.06	937,059.28	19,114.15	955,707.32
5/1/2023	-	-	-	1,690.06	1,690.06	938,749.34	19,114.15	936,593.17
6/1/2023	-	-	-	1,690.06	1,690.06	940,439.40	19,114.15	917,479.02
7/1/2023	225,000.00	-	225,000.00	1,690.06	(223,309.94)	717,129.45	19,114.15	898,364.88
8/1/2023	-	-	-	1,314.74	1,314.74	718,444.19	19,114.15	879,250.73
9/1/2023	-	-	-	1,314.74	1,314.74	719,758.93	19,114.15	860,136.59
10/1/2023	-	-	-	1,314.74	1,314.74	721,073.67	19,114.15	841,022.44
11/1/2023	-	-	-	1,314.74	1,314.74	722,388.40	19,114.15	821,908.29
12/1/2023	-	-	-	1,314.74	1,314.74	723,703.14	19,114.15	802,794.15
1/1/2024	-	-	-	1,314.74	1,314.74	725,017.88	19,114.15	783,680.00
2/1/2024	-	-	-	1,314.74	1,314.74	726,332.61	19,114.15	764,565.85
3/1/2024	-	-	-	1,314.74	1,314.74	727,647.35	19,114.15	745,451.71
4/1/2024	-	-	-	1,314.74	1,314.74	728,962.09	19,114.15	726,337.56
5/1/2024	-	-	-	1,314.74	1,314.74	730,276.83	19,114.15	707,223.41
6/1/2024	-	-	-	1,314.74	1,314.74	731,591.56	19,114.15	688,109.27
7/1/2024	225,000.00	-	225,000.00	1,314.74	(223,685.26)	507,906.30	19,114.15	668,995.12
8/1/2024	-	-	-	931.16	931.16	508,837.46	19,114.15	649,880.98
9/1/2024	-	-	-	931.16	931.16	509,768.62	19,114.15	630,766.83
10/1/2024	-	-	-	931.16	931.16	510,699.79	19,114.15	611,652.68
11/1/2024	-	-	-	931.16	931.16	511,630.95	19,114.15	592,538.54
12/1/2024	-	-	-	931.16	931.16	512,562.11	19,114.15	573,424.39
1/1/2025	-	-	-	931.16	931.16	513,493.27	19,114.15	554,310.24
2/1/2025	-	-	-	931.16	931.16	514,424.43	19,114.15	535,196.10
3/1/2025	-	-	-	931.16	931.16	515,355.59	19,114.15	516,081.95
4/1/2025	-	-	-	931.16	931.16	516,286.76	19,114.15	496,967.80
5/1/2025	-	-	-	931.16	931.16	517,217.92	19,114.15	477,853.66
6/1/2025	-	-	-	931.16	931.16	518,149.08	19,114.15	458,739.51
7/1/2025	250,000.00	-	250,000.00	931.16	(249,068.84)	269,080.24	19,114.15	439,625.37
8/1/2025	-	-	-	493.31	493.31	269,573.55	19,114.15	420,511.22
9/1/2025	-	-	-	493.31	493.31	270,066.87	19,114.15	401,397.07
10/1/2025	-	-	-	493.31	493.31	270,560.18	19,114.15	382,282.93
11/1/2025	-	-	-	493.31	493.31	271,053.49	19,114.15	363,168.78
12/1/2025	-	-	-	493.31	493.31	271,546.81	19,114.15	344,054.63
1/1/2026	-	-	-	493.31	493.31	272,040.12	19,114.15	324,940.49
2/1/2026	-	-	-	493.31	493.31	272,533.44	19,114.15	305,826.34
3/1/2026	-	-	-	493.31	493.31	273,026.75	19,114.15	286,712.20
4/1/2026	-	-	-	493.31	493.31	273,520.06	19,114.15	267,598.05
5/1/2026	-	-	-	493.31	493.31	274,013.38	19,114.15	248,483.90
6/1/2026	-	-	-	493.31	493.31	274,506.69	19,114.15	229,369.76
7/1/2026	275,000.00	-	275,000.00	493.31	(274,506.69)	-	19,114.15	210,255.61
8/1/2026	-	-	-	-	-	-	19,114.15	191,141.46
9/1/2026	-	-	-	-	-	-	19,114.15	172,027.32
10/1/2026	-	-	-	-	-	-	19,114.15	152,913.17
11/1/2026	-	-	-	-	-	-	19,114.15	133,799.02
12/1/2026	-	-	-	-	-	-	19,114.15	114,684.88
1/1/2027	-	-	-	-	-	-	19,114.15	95,570.73
2/1/2027	-	-	-	-	-	-	19,114.15	76,456.59
3/1/2027	-	-	-	-	-	-	19,114.15	57,342.44
4/1/2027	-	-	-	-	-	-	19,114.15	38,228.29
5/1/2027	-	-	-	-	-	-	19,114.15	19,114.15
6/1/2027	-	-	-	-	-	-	19,114.15	-
	1,200,000.00			53,151.23			1,146,848.78	