August 22, 2019

Director of Research and Technical Activities  
Project No. 38  
Governmental Accounting Standards Board  
401 Merritt 7, PO Box 5116  
Norwalk, CT 06856-5116

Re: Subscription-Based Information Technology Arrangements Exposure Draft

Dear Mr. Bean:

Thank you for the opportunity to respond to the Governmental Accounting Standards Board’s Exposure Draft (ED), Subscription-Based Information Technology Arrangements (SBITAs). The views and opinions expressed in this response are my own and not representative of any group. I understand the need for more guidance around these arrangements to improve consistency in financial reporting and I appreciate the work on this effort by the Board.

Here are my specific comments related to the SBITA ED.

1. Paragraph 16. Research completed for my organization’s SBITA contracts indicates that an interest rate is not included in any of them. Interest rates determined by preparers where many SBITAs don’t include interest rates could lead to inconsistency in application.

2. Note Disclosures. I disagree with requiring more than a general disclosure around variable payments described in paragraph 57a. It appears to me that the footnote would be more concise and meaningful to the reader if the preparer exercises professional judgement when the actual payment stream varies materially from the initial projected liability due to variable payments. The preparer’s response would include disclosing the impact of the variable payments for the year and re-calculating future payments as applicable.

I interpret paragraph 57b. to allow subscription assets to be added as a line in the same table where capital assets are presented, before or after the subtotal of capital assets. If that is not the intent, then clarification and an example of presentation should be included in the final statement to promote consistency.

3. The inclusion of examples, illustrations, and flowcharts when applicable makes exposure drafts and final statements easier for the preparer to understand, communicates the level of detail expected, and

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promotes consistency in financial reporting. It would be very helpful for the final statement to include an Appendix with examples.

4. Consider changing the implementation date by one year into the future. This allows preparers time to evaluate lessons learned from the implementation of GASB 87 Leases and to identify improvements in processes and the quality of disclosures instead of immediately moving to implement similar requirements for SBITA. Governments continuously work to have efficient financial reporting processes due to resource constraints.

I appreciate the opportunity to provide comments. If you need any additional information or clarification of this response do not hesitate to contact me.

Sincerely,

Patsy Brown

Patsy Brown