



TOWN OF KILL DEVIL HILLS

Land Where Flight Began

Resolution to Establish Materiality Threshold for Recognition of Subscription-Based Information Technology Arrangements (“SBITAs”) under GASB Statement No. 96

WHEREAS, General Accounting Standards Board (“GASB”) Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (“SBITAs”); and

WHEREAS, a SBITA is defined as a contract that conveys control of the right to use another party’s information technology (IT) software, alone or in combination with a tangible capital asset, as specified in the contract for a defined period of time (“subscription term”); and

WHEREAS, under GASB Statement No. 96, a government entity generally should recognize a right-to-use subscription *asset*, and a corresponding subscription *liability*; and

WHEREAS, for certain IT subscriptions, either the initial price or present value of future subscription payments will be immaterial to the total value of the Town’s SBITA assets and liabilities; and

WHEREAS, after review of the IT subscription contracts currently in place, Town Staff believes that a materiality threshold of \$3,000.00 is reasonable with respect to compliance with GASB Statement No. 96, and therefore recommends that the Board of Commissioners adopt that materiality threshold for GASB Statement No. 96 accounting purposes; therefore, be it

RESOLVED, that the Board of Commissioners for the Town of Kill Devil Hills does hereby adopt \$3,000.00 as the materiality threshold for subscription-based information technology arrangements (SBITAs) when determining whether to recognize such subscriptions as assets and the cost related to same as liabilities in compliance with GASB Statement No. 96. The Board of Commissioners reserves the right to adjust this materiality threshold from time to time as may be needed or recommended for audit purposes.

This _____ day of _____, 2023.

SEAL

Benjamin A. Sproul
Mayor

ATTEST:

James Michael O’Dell
Town Clerk