

Exercise #1
SBITA - Establishment, Payment, and Year-end Adjustments

Scenario: The state agency contracted with Box for cloud storage. The contract commenced on 3/1/2023. The contract specified a total of 48 monthly payments of \$5,000, with the first payment due after commencement. The interest rate charged in the contract was not determinable so the incremental borrowing rate for 10 year State of Oregon bonds per the Oregon Bond Index as of 3/2/2023 was used, which was 2.83%. There are no variable payments or payments made prior to commencement. SBITA payments will be made out of the agency's special revenue fund.

Based on the above information, the following SBITA amortization schedule was generated:

FYE	Payment	Interest	Principal	Balance
6/30/2023	\$ 20,000.00	\$ 1,540.35	\$ 18,459.65	\$ 208,736.97
6/30/2024	60,000.00	5,200.08	54,799.92	153,937.05
6/30/2025	60,000.00	3,628.97	56,371.03	97,566.02
6/30/2026	60,000.00	2,012.80	57,987.20	39,578.82
6/30/2027	40,000.00	421.18	39,578.82	-
	<u>\$ 240,000.00</u>	<u>\$ 12,803.38</u>	<u>\$ 227,196.62</u>	

Use the following pages to identify the entries needed to record this arrangement and adjust for year-end.

1.) To record the SBITA contract proceeds

Fund Type <u>Special revenue fund</u>	T-Code <u>908R</u>	
		Amount
		Debit Credit
	GL / Comp Object <u>GL 1551</u>	227,196.62
	GL / Comp Object <u>GL 3200 / CO 1701</u>	227,196.62

2.) To recognize the acquisition of the asset

Fund Type <u>Special revenue fund</u>	T-Code <u>909R</u>	
		Amount
		Debit Credit
	GL / Comp Object <u>GL 3600 / CO 5356</u>	227,196.62
	GL / Comp Object <u>GL 1551</u>	227,196.62

3.) To establish the SBITA liability

Fund Type <u>GWRF</u>	T-Code <u>462</u>	
		Amount
		Debit Credit
	GL / Comp Object <u>GL 3200 / CO 1701</u>	227,196.62
	GL / Comp Object <u>GL 1728</u>	227,196.62

Exercise #1
SBITA - Establishment, Payment, and Year-end Adjustments

4.) To establish the SBITA asset

Fund Type <u>GWRF</u>	T-Code <u>545</u>	Amount	
		Debit	Credit
	GL / Comp Object <u>GL 0830</u>	227,196.62	
	GL / Comp Object <u>GL 3600 / CO 5356</u>		227,196.62
	GL / Comp Object <u>GL 3074</u>	227,196.62	
	GL / Comp Object <u>GL 3018</u>		227,196.62

5.) To record amortization expense for the SBITA

Fund Type <u>GWRF</u>	T-Code <u>542</u>	Amount	
		Debit	Credit
227,196.62/48 months * 4 months	GL / Comp Object <u>GL 3600 / CO 7489</u>	18,933.05	
	GL / Comp Object <u>GL 0895</u>		18,933.05
	GL / Comp Object <u>GL 3018</u>	18,933.05	
	GL / Comp Object <u>GL 3074</u>		18,933.05

6.) To adjust the SBITA payments for principal and interest

Note: Assume agency make all payments to principal throughout the year, and this entry is a year-end reclass.

Fund Type <u>Special revenue fund</u>	T-Code <u>416</u>	Amount	
		Debit	Credit
	GL / Comp Object <u>GL 0070</u>	1,540.35	
	GL / Comp Object <u>GL 3500 / CO 7009</u>		1,540.35

Fund Type <u>Special revenue fund</u>	T-Code <u>415</u>	Amount	
		Debit	Credit
	GL / Comp Object <u>GL 3500 / CO 7402</u>	1,540.35	
	GL / Comp Object <u>GL 0070</u>		1,540.35

7.) To reduce the SBITA liability by the principal payments

Fund Type <u>GWRF</u>	T-Code <u>459</u>	Amount	
		Debit	Credit
	GL / Comp Object <u>GL 1728</u>	18,459.65	
	GL / Comp Object <u>GL 3600 / CO 7009</u>		18,459.65

Exercise #1
SBITA - Establishment, Payment, and Year-end Adjustments

8.) Reclass the current portion of the SBITA liability

Fund Type GWRF T-Code 475R

GL / Comp Object GL 1728
 GL / Comp Object GL 2951

Amount	
Debit	Credit
54,799.92	
	54,799.92

Fund Type GWRF T-Code 475

GL / Comp Object GL 2951
 GL / Comp Object GL 1282

Amount	
Debit	Credit
54,799.92	
	54,799.92

