

**Exercise #3**  
**SBITA - Partial Termination**

**Scenario:** Expanding on scenario #1, the agency amended the contract effective 3/1/2024 which reduced the subscription term by 12 months. Prior to the amendment and after the 2/1/2024 payment, the overall balance of the SBITA obligation was \$172,376.07 and accumulated amortization of the SBITA asset through February 2024 was \$56,799.16.

Prior to the 3/1/2024 payment, a revised amortization schedule incorporating the amendment updated the initial SBITA asset and obligation, **at commencement**, to be \$172,782.59, with the remaining SBITA obligation and accumulated amortization of the SBITA asset **through February 2024** to be \$116,533.68 and \$57,594.20, respectively.

**As a result of the amendment**, the historical cost of the SBITA asset decreased \$54,414.03 and the accumulated amortization increased by \$795.40, meaning the carrying value of the SBITA asset decreased by \$55,209.07, while the overall SBITA obligation outstanding decreased by \$55,842.39.

Use the following page to identify the entries needed to account for this amendment.

1.) Eliminate excess asset value, record gain/(loss)

Fund Type <u>GWRF</u>	T-Code <u>537</u>		
		<b>Amount</b>	
		<b>Debit</b>	<b>Credit</b>
	GL/Comp Object <u>GL 3200 / CO 2333</u>	\$ 55,209.07	
	GL/Comp Object <u>GL 0830</u>		\$ 55,209.07
	GL/Comp Object <u>GL 3018</u>	\$ 55,209.07	
	GL/Comp Object <u>GL 3074</u>		\$ 55,209.07

2.) To adjust accumulated amortization

Fund Type <u>GWRF</u>	T-Code <u>573R</u>		
		<b>Amount</b>	
		<b>Debit</b>	<b>Credit</b>
	GL or Comp Object <u>GL 2951</u>	\$ 795.40	
	GL or Comp Object <u>GL 0895</u>		\$ 795.40

3.) To adjust the asset value

Fund Type <u>GWRF</u>	T-Code <u>574R</u>		
		<b>Amount</b>	
		<b>Debit</b>	<b>Credit</b>
	GL or Comp Object <u>GL 0830</u>	\$ 795.40	
	GL or Comp Object <u>GL 2951</u>		\$ 795.40

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4.) To adjust the SBITA obligation

Note: Assume the entire SBITA obligation is recorded in the non-current GL.

Fund Type GWRF T-Code 462R

	<u>Amount</u>	
	<u>Debit</u>	<u>Credit</u>
GL or Comp Object <u>GL 1728</u>	<u>\$ 55,842.39</u>	
GL or Comp Object <u>GL 3200 / CO 2333</u>		<u>\$ 55,842.39</u>