



February 17, 2023

Mr. Alan Skelton  
Director of Research and Technical Activities  
Project No. 24-16g-s  
Governmental Accounting Standards Board  
801 Main Avenue  
P.O. Box 5116  
Norwalk, CT 06856-5116

Dear Mr. Skelton:

Members of the American Institute of Certified Public Accountants (AICPA) State and Local Government Expert Panel have reviewed the Governmental Accounting Standards Board (GASB) Exposure Draft (ED), *Additional Proposal for Implementation Guidance Update—2023*, and are pleased to offer our comments.

Overall, we appreciate the Board's efforts to provide clarification on the application of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* to cloud computing arrangements. However, we believe several small clarifications are necessary for the question and answer to be clearly understood and to have the intended purpose. The following marked changes are the clarifications we recommend for the Board's consideration:

A—A cloud computing arrangement may or may not meet the definition of a SBITA in paragraph 6 of Statement 96. Cloud computing arrangements have three common deployment models: Software as a Service, Platform as a Service, and Infrastructure as a Service. **As discussed in paragraph 14 of the Basis for Conclusions of Statement 96, A**all three deployment models provide the customer with the right to use a combination of another party's IT software and tangible capital assets. The definition of a SBITA requires, in part, that a contract convey *control* of the right to use another party's ~~IT software, alone or in combination with tangible capital assets (the underlying~~ IT assets). Therefore, as part of its determination of whether a cloud computing arrangement meets the definition of a SBITA, a government should evaluate whether the contract conveys control of the right to use the underlying IT assets in accordance with paragraph 7 of Statement 96. **(See paragraph 24 of the Basis for Conclusions of Statement 96).**

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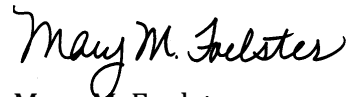
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The AICPA appreciates the opportunity to comment on the ED. As the nature of this ED is to further clarify and illustrate existing GASB Statements, this comment letter was prepared by members of the AICPA's State and Local Government Expert Panel and was not reviewed by the AICPA's Financial Reporting Executive Committee. Therefore, this response represents only the views of individual members of the State and Local Government Expert Panel and is not an official position of the AICPA.

Sincerely,



Michelle Watterworth  
Chair  
AICPA State and Local Government  
Expert Panel



Mary M. Foelster  
Senior Director  
AICPA Governmental Auditing and  
Accounting

cc: State and Local Government Expert Panel  
Dan Noll