CIRCULAR

STATE OF NEW JERSEY
DEPARTMENT OF THE TREASURY

NO.: 12-08-OMB	ORIGINATING AGENCY: OFFICE OF MANAGEMENT AND BUDGET (OMB)	
EFFECTIVE DATE: 03-09-12	EXPIRATION DATE: 12-31-12	SUPERSEDES: 11-17-OMB
SUBJECT: FISCAL YEAR-END CAPITAL ASSETS, IMPAIRMENTS, AND CERTIFICATION REQUIREMENTS		
ATTENTION: DIRECTORS OF ADMINISTRATION, FISCAL OFFICERS, FACILITIES DIRECTORS, AND CHIEF INFORMATION OFFICERS		
FOR INFORMATION CONTACT: STEVEN SAGNIP		PHONE: (609) 292-3175

This circular contains important year-end information and cutoff dates for reporting of capital assets in the New Jersey Statewide Land and Building Asset Management System (LBAM). All capital assets, infrastructure, equipment, and software inventory must be reported in the LBAM system.

Departments must enter fiscal year 2012 transactions no later than August 1, 2012. Any delay in entering fiscal year 2012 activity will affect the ability of the Office of Legislative Services' State Auditor's Office and OMB to complete the Comprehensive Annual Financial Report audit.

I. Annual Inventory Requirement and Reconciliation to LBAM

All agencies are required to maintain an internal inventory of all capital assets with an acquisition value of $1,000 or more as defined in Circular 11-19-OMB. Agencies must perform a physical inventory to verify the status and condition and update their internal inventory annually by June 30. Agencies should compare their inventory records with their internal purchasing records. Additionally, agencies must maintain the internal inventory by building and enter the total acquisition value of the inventory to the respective building record in LBAM. Agencies are responsible for reconciling LBAM to their internal records by August 1, 2012. Any differences should be recorded or removed from LBAM.

II. Capital Asset Reporting

Agencies are responsible for reporting to OMB the acquisition, lease, construction, ownership, retirement, or sale of any asset that satisfies the thresholds defined in Circular 11-18-OMB, and for which the agency maintains stewardship, responsibility, or is the main occupant of the building. In addition, software, land easements, infrastructure, and assets of historic, scientific, or artistic nature must be reported. All assets that have been received, accepted for delivery, and paid for prior to June 30, 2012, and all assets retired, sold, demolished, or scrapped prior to June 30, 2012 must be reported. Agencies responsible for construction or purchase of capital assets not already reported by the Department of the Treasury's Division of Property Management and Construction (DPMC) should report those transactions.

For fiscal year 2012, all purchases, leases, or sales of land, easements, buildings, improvements, infrastructure, and equipment are to be entered into LBAM. Additionally, all software that is purchased, developed, or under development that exceeds a cost of $100,000 must be reported in LBAM. This includes enterprise agreements, regardless of per unit cost. System purchases should be entered as a package and not as components. Expenditures for multi-year software application development projects must be reported annually [click here for a copy of the Software Reporting Guidelines].

Beginning with fiscal year 2012, personnel expenditures for internally developed or agency modified software applications must be reported using the "Employee Expenditure Reporting" worksheet found in the LBAM software module. System purchases should be entered as a package and not as components. [Click here for a copy of the Software Reporting Guidelines]. In addition, for fiscal year 2012, agencies must update their buildings with the geographical information of state plain coordinates (North American Datum 1983).

As per Circular 11-18-OMB, all supporting documentation for equipment, software, and non-Treasury managed land and building improvements entries in LBAM must be electronically uploaded to the respective LBAM record. The Department of Transportation Infrastructure (roads and bridges) are exempt from this requirement. Agencies utilizing a Department of State - Division of Archives and Records Management certified retention system may also be exempt from uploading non-Treasury managed land and building improvement projects providing access to the records system is granted to OMB-Financial Reporting and the Office of Legislative Services' State Auditor's Office.

All building construction, renovation, or demolition of buildings, or the purchase and/or sale of property that is not coordinated through the DPMC's Office of Design and Construction or Office of Property and Lease Management is the responsibility of the applicable agency and therefore must be reported by the agency. Entry into LBAM for projects managed by DPMC is Treasury's responsibility. However, the department Chief Fiscal Officer (CFO) is responsible for reconciling to department records the accuracy of the reported expenditures and entry of additional expenditures not handled by DPMC.

In addition to those items reported as capital assets, all agencies are required to report any assets classified as infrastructure that have been acquired or constructed. Infrastructure may include: dams, airport runways, roads, bridges, canals, docks, sewer, water, and electric or fiber optic distribution systems. Major improvements to infrastructure assets must also be reported. Land purchased for the express purpose of supporting infrastructure must be reported into LBAM as a land asset. DOT infrastructure, excluding land, is to be submitted to OMB directly via a spreadsheet listing cost, category, and year of acquisition.

III. Impairments

Departments are required to report asset impairments. Asset impairment is when events or changes in circumstance suggest that the usable capacity of the capital asset may have significantly and unexpectedly declined. Both significant and unexpected declines must be present for an asset to be considered impaired. Common indicators of impairment include:

- Evidence of physical damage such that restoration efforts are needed to restore usable capacity.

- Enactment or approval of laws, regulations, court orders, or other changes in environmental factors.
- Technological development or evidence of obsolescence.
- Change in the manner or expected duration of use of a capital asset.
- Construction stoppage due to lack of funding.

Asset impairment shall be reported using the Capital Asset Impairment Questionnaire [click here for attachment]. OMB Financial Reporting will contact the agency directly concerning any reported capital asset impairment.

IV. Certification

OMB requires only one certification by the agency Chief Financial Officer (CFO). The CFO must certify that an annual inventory has occurred, all qualifying assets have been reconciled and entered into LBAM, and all infrastructure assets have been submitted to OMB. Agencies must reproduce the following wording on department letterhead.

Pursuant to Circular 11-18-OMB, Capital Assets, and in accordance with generally accepted accounting principles and Governmental Accounting Standards Board statements, the Department/Agency of [Department Name/Agency] certifies the following representations:

A. In accordance with Circular 11-19-OMB and Department of [Insert Name] inventory policies, at least one physical inventory of all Departmental/Agency assets has occurred in fiscal year 2012 (July 1, 2011 through June 30, 2012), and the content cost for each building has been entered into LBAM.

B. In accordance with Circular 11-18-OMB and Circular 12-08-OMB, all qualified capital asset and infrastructure purchases and/or retirements, procured during fiscal year 2012 have been entered into LBAM, or in the case of DOT, have been reported to OMB.

C. In accordance with Circular 12-08-OMB, all capital asset impairments have been identified and reported in the attached Capital Asset Impairment Questionnaire.

D. In accordance with Circular 11-18-OMB, the Department of [Insert Name] buildings has been coded with New Jersey state plain coordinates (North American Datum 1983).

The CFO should submit the certification and Capital Asset Impairment Questionnaire no later than August 17, 2012 to:

James Kelly, Manager of Financial Reporting
Office of Management and Budget
P. O. Box 221 – 4th Floor
Trenton, NJ 08625-0221

Charlene M. Holzbaur
Director

Office of Management & Budget
Financial Reporting

Guidelines for Capitalizing Intangible Assets (Software) According to Government Accounting Standards Board (GASB) Statement Numbers 34 and 51

GASB Statement Numbers 34 and 51 require New Jersey Government to capitalize and report all intangible assets. GASB defines an intangible asset as an asset that:

- Lacks physical substance. An asset may be contained in or on an item with physical substance, for example, a compact disc in the case of computer software. An asset also may be closely associated with another item that has physical substance, for example, the underlying land in the case of a right-of-way easement. These modes of containment and associated items should not be considered when determining whether or not an asset lacks physical substance.
- Non-financial in nature. In the context of this section, an asset with a non-financial nature is one that is not in a monetary form similar to cash and investment securities, and it represents neither a claim or right to assets in a monetary form similar to receivables, nor a prepayment for goods or services.
- Initial useful life extending beyond a single reporting period.

GASB Statement No. 34 requires New Jersey Government to capitalize and report all purchased and internally developed software in the annual financial statements. New Jersey's threshold for reporting software expenditures is $100,000. Departments' software costs have been capitalized and amortized prospectively beginning in Fiscal Year 2006. Any project completed prior to Fiscal Year 2006 does not need to be capitalized; however, all costs for any project that was in the development stage in Fiscal Year 2006 should be capitalized and reported as Development/Work-in- Progress (DIP).

Each Department will enter software expenditures, purchased or internally developed, directly into the Statewide Land and Building Asset Management System (LBAM). Purchased software will require the posting of the NJCFS transaction number associated with the expenditure record. Software acquired through Lease/Master purchase arrangements or Certificates of Participation will not require the NJCFS transaction number. Application development costs will be aggregately reported by the following categories; payroll, consultants, OIT services (payroll and consultant), department (non-payroll expenses), and other. LBAM will calculate the indirect payroll cost using the annual "Employee Benefit" Reimbursement Rate Circular Letter (less unused sick time).

This document provides guidelines for capitalizing software. All questions should be directed to Steve Sagnip, OMB Financial Reporting at 609-292-3175.

Purchased Software

Software purchases with a unit cost $100,000 or greater must be capitalized. Software upgrades and enhancements should also be capitalized only to the extent that they increase the functionality of the product or the upgrade extends the life of the software by more than five years. Expenditures associated with licensing renewals or technical support are not capitalized.

Examples

A. Software purchases include multiple services

An agency purchases a program from a vendor that includes additional expenditures for support, installation, and training. The acquisition cost consists of $100,000 for the program, $20,000 for a consultant for report customization, and an additional $25,000 for technical support and training. Total cost is $145,000.

Reporting Requirements
Department capitalizes the program and consultant's cost - $120,000. The remaining $25,000 is expensed in the current fiscal year (not reported in LBAM).

B. Bulk/multiple software purchases

An agency purchases a software program to be installed on eleven computers at a total cost of $1 million. The software independently operates on local machines.

Reporting Requirements:
The department will need to calculate a per unit cost ($1,000,000/11 = $90,909). Since $90,909 is below the reporting $100,000 threshold, the department will not report the software purchase as an asset; instead it will be expensed in the current Fiscal Year. (Note: The per-unit cost does not apply to enterprise agreements or licensed software)

Note: If the software is installed on a central server with eleven licenses and is incapable of serving its intended use on a stand alone computer, then the $1,000,000 should be capitalized.

Software Upgrades/Enhancements

All upgrades/enhancements over the $100,000 threshold should be capitalized if the upgrade/enhancement adds functionality not previously offered in the original package or if the upgrade/enhancement extends the useful life of the original software by at least five (5) years or the upgrade defers obsolescence of the application. Upgrades and enhancements that are included in annual maintenance contract fees are not capitalized.

Examples

A. Upgrade adds functionality and extends useful life.

In 1999, an agency purchased a software package Version 1.0. In Fiscal Year 2006 the agency spends $100,000 to upgrade the software to version 2.0. Version 2.0 includes new features and extends the useful life of the application by five years.

Reporting Requirements
The department should capitalize the purchase (Version 2.0).

B. Upgrade extends useful life, but no additional functionality included.

In 1999, an agency purchased a software package Version 1.0. In Fiscal Year 2006 the agency spends $100,000 to upgrade the software to version 2.0. Version 2.0 does not include any new features, but extends the useful life of the application by five (5) years.

Reporting Requirements
The department should capitalize the purchase (version 2.0).

C. Upgrade/Enhancement included in maintenance agreements.

In Fiscal Year 2002, an agency purchased a software package Version 1.0 and annually expensed $100,000 for maintenance and support. The maintenance contract includes upgrades that may alter the functionality of the program. In Fiscal Year 2006, the vendor upgrades the software to Version 2.0 as part of the maintenance agreement.

Reporting Requirements
The upgrade should be expensed as maintenance.

Leased Software

Software acquired through a lease agreement, with a unit cost of $100,000 or greater must be entered into LBAM.

Lease agreements are reported as either operating or capital. The lease module for reporting software in LBAM includes functionality to assist the agency in determining if the software should be capitalized. The agency will be required to enter the lease payment schedule and the retail purchase price. Contact Steve Sagnip for technical support.

Lease agreements are capitalized if any of the following four criteria are satisfied:

1. The lease transfers ownership of the property to the lessee by the end of the lease term.
2. The lease contains a bargain purchase option. A bargain purchase option exists when the lessee can exercise a provision in the lease and buy the property sometime during the term of the lease at an amount substantially less than the estimated fair value of the property.
3. The lease term is equal to 75% or more of the estimated economic life of the leased property
4. The present value of the minimum lease payments at the inception of the lease, excluding exclusory cost, equals at least 90% of the fair value of the lease property.

If none of the criteria are satisfied, then the acquisition will be reported as an operating lease.

Internally Developed Software

For internally developed software, only costs associated with the application development phase should be capitalized. Costs associated with the Preliminary Project and the Post-Implementation/Operating stages should be expensed as incurred.

The reporting of internally developed software occurs only after the Preliminary Project stage is completed and if:

1. Management has authorized and committed to funding the project;
2. It is considered probable that the project will be completed,
3. It is implemented to the intended use; and,
4. The cost of application is estimated to exceed the reporting threshold.

Capitalized Costs

Direct cost includes cost of materials and services consumed in developing or obtaining internal-use software, payroll, and payroll related costs devoted directly to the project. Indirect payroll costs will be calculated by OMB using the "Employee Benefit" Reimbursement Rates Circular Letter. Additional examples of costs include expenditures associated with the design of the chosen path, including software configuration and software interfaces, coding, installation to hardware, and testing.

Non-Capitalized Costs

The following costs should not be capitalized:

1. All research and development costs (R&D) - R&D activities include the conceptual formulation of alternatives, evaluation of alternatives, determination of the existence of needed technology, and the final selection of alternatives.
2. Maintenance costs including ongoing support, annual maintenance agreements. training costs, even if upgrades and enhancements are included in the agreements
3. General and administrative costs and overhead costs.

Below is a table that illustrates the various stages and related processes of computer software development. The Preliminary Project and Post Implementation/Operation stage expenditures should be expensed as incurred. Only the Application Development Stage should be reported as an intangible asset.

Preliminary Project Stage	Application Development Stage	Post Implementation/ Operation Stage
Conceptual formation of alternatives	Design of chosen path including software configuration and software interfaces	Application Training
Evaluation of alternatives	Coding	Application Maintenance
Determination of existence of needed technology	Installation to hardware	Ongoing support
Final selection of alternatives	Testing	

Multi-Year Development Applications

In the case of multi-year projects, annual expenses are booked and reported in the operating year the expense was incurred as a Development-in-Progress. The application is not reported as a depreciable asset until the agency implements the application. The agency will need to estimate project cost and report annual expenditures until completion, at which point the agency will close the record and capitalization will begin.

Examples

A. The Department of Treasury has authorized and committed funding to the development of a software application. Preliminary cost estimates project it will take two years to implement with an estimated cost of $100,000.

Recording Requirements
In year one, the Department will report expenditures as a Development-in-Progress (DIP). In year two, the department will add the current year expenditures. If the application has been implemented, the lead agency will close the project, and the total expenditure for both years will be recorded as a capital asset.

B. The Department of Treasury has authorized and committed funding to the development of a software application. Preliminary cost estimates project it will take two years to implement with total cost of $100,000. However, at the conclusion of the second year, the agency realizes the cost of the application is under the $100,000 threshold.

Reporting Requirements
The agency is still responsible for recording the expenditures as they are incurred. At the end of the project, if total expenditures do not exceed the threshold, the agency will close the project. The application will not be reported as a capital asset and will be removed from the development-in-progress reports.

Enterprise Applications (Not Enterprise Agreements)

An Enterprise application is software that is developed or shared by more than one agency. According to State policy, the Office of Information and Technology (OIT) is the lead agency when developing enterprise applications; and therefore, responsible for reporting the asset. However, there are instances when OIT either does not participate in the development or only provides services in a supporting role. In these situations, the lead agency is responsible for reporting the asset.

The following examples provide guidance for the reporting responsibilities.

Examples

A. OIT and an agency develop a Web-based application.

The Department of Labor researches, designs, and develops a web-based tracking system designed to be accessed by citizens and field offices. Development of the application requires OIT services.

Reporting Requirements
OIT will provide Labor with OIT's expenditures for services provided directly for the application. Labor is responsible for entering both Labor and OIT expenditures.

B. Multi-Department Application Development (Enterprise)

The Departments of Transportation, Military and Veterans' Affairs, and Environmental Protection agree to create a geographic information system application.

Reporting Requirements
Generally, OIT is the lead agency for applications developed for use by more than one department. OIT is responsible for reporting the asset, and each participating department shall report to OIT their respective costs. If OIT is participating in a support role, then the responsibility for reporting expenditures falls to the agency.

Specified Multiple License Software Purchases

Software packages that are licensed (which include acquisition through an installment contract) will be capitalized if the total cost is $100,000 or more. The per unit method of capitalization will be used only if the software is contracted for a specified number of independent, local machines.

Example

A. The Department of Treasury orders 12 boxed copies of Adobe to be installed on 12 computers within the department at a cost of $960,000. The cost-per-unit equals $80,000 ($960,000/12) which is under the $100,000 threshold.

Reporting Requirements
The agency should not report the asset in LBAM.

Enterprise Agreement Applications

The State of New Jersey also participates in Enterprise Agreements. An Enterprise Agreement relates to a department or agency-wide application, the software is installed on a central sever. All Enterprise Agreements will be recorded at the lump-sum amount and depreciated over the full life of the contract. This type of agreement will be capitalized if the aggregate cost exceeds the $100,000 threshold. The per unit cost does not apply to enterprise agreements.

Example

A. A department engages in an agreement with Microsoft for a set of products to be installed on an unspecified number of computers.

Reporting Requirements
In this situation, the agreement is considered an Enterprise Agreement. The agency should capitalize the asset if the total cost incurred is over the threshold, regardless of per unit cost.

Note: If a contract agreement is not five years, the agency should contact OMB. Software agreements whose contract terms are two (2) years or less will not be capitalize, but expensed. Any costs labeled Maintenance, IT Equipment Refresh, and/or Technical Support will not be capitalized. Upgrades and Enhancements to licensed software are only capitalized if they increase functionality or increase the life of the asset by five years. Software provided by the Federal Government will not be capitalized, assuming that the federal government provides all technical support and upgrades.

Consulting Contracts

Departments often engage consultants for highly specialized projects or applications. The "Body Shop Consultant" contracts should be entered into LBAM under "Consulting" (See Software Cost Breakdown) for its particular application.

Vendor Contracts/System Packages Purchases

Departments often contract with vendors for "a full package" service. These contracts may include computers, technical support, software development, management, and maintenance. If the contracts exceeds the $100,000 dollar threshold, then the contract should be entered into LBAM as a system package. The agency does not have to enter each individual pieces of equipment.

Examples:

A. An agency has contracted with an outside vendor to provide the statewide testing services of all high school students. The vendor provides test materials and develops or alters a proprietary software application for the agency. The contract is for $10 million annually for a five year period. ($50 million total cost)

Reporting Requirements
The agency must enter the contract information into LBAM.

B. The State contracts with an outside agency to operate the lottery program. The vendor provides computers at various locations, software, and support at a lump sum price.

Reporting Requirements
The agency must enter the contract information into LBAM.

Note: The primary function/cost of the agreement will determine if the package should be entered as equipment or as a software asset.

The following table lists the information required to make an entry into LBAM:

LBAM Data Entry Matrix

Software Description	Software Details	NJCFS Transaction	Payment Series	Lease Payments (lease document required)	Software Cost Breakdown (employee costs)
Purchase	x	x			
Purchase / Agency Modified	x	x			x
Lease	x			x	
Internally Developed	x				x
Enterprise Agreements	x	x	x		
License	x	x	x		
License / Agency Modified	x	x	x		x

GASB Statement No. 34 Software Reporting Guidelines
Question and Answers (Q&A)

OMB has received inquiries regarding the implementation of GASB Statements No. 34 and 51 regarding software reporting requirements. The Q&A section should assist the agencies in reporting software as required by OMB. If assistance is still required, please contact Steve Sagnip, Financial Reporting at 609-292-3175.

Maintenance Contracts & Upgrades

Question: Should an agency capitalize upgrades performed under maintenance agreements?

Issue:
Our agency has routinely purchased annual software maintenance and support. As specified by the agreement, the vendor performs routine upgrades. Upgrades include modifications performed for other clients who paid for the enhancement, but under the support agreement we receive the enhancement at no charge.

OMB Response:
GASB Statement No. 34 requires the capitalization of software upgrades when the functionality of the program has been affected. The Statement specifically states that maintenance agreements should be expensed in the current fiscal year. The American Institute of Certified Public Accountants Statement of Position (SOP) 98:1.25 "Internal costs incurred for maintenance should be expensed as incurred." Entities that cannot separate internal costs on a reasonably cost-effective basis between maintenance and relatively minor upgrades and enhancements should expense such costs as incurred. Since upgrades and other modifications are included in the annual maintenance contract agreements, enhancements obtained through annual maintenance contracts should not be capitalized.

Training

Question: Should training costs for the programmers associated with application development be capitalized or expensed?

Issue:
Application development may include the acquisition of software that is new to the agency and requires additional training for staff programmers. For example, the purchase of an inventory program is currently under consideration by an agency. After consideration, the agency decides to internally develop the application using new software, which requires additional training of staff.

OMB Response:
GASB guidelines specify that training expenses associated with user training should be expensed. However, training costs specifically dedicated to the application development should be included in the development cost. These costs should only be reported until the initial application is developed. If the acquisition of the software is greater than $100,000 and includes training, then training should be reported as part of the software purchase and not the application development.

Payroll and Payroll-related costs

Question: What is the definition of payroll-related costs?

Issue:
According to the OMB Software Reporting Guidelines, payroll and payroll-related costs must be reported annually. What constitutes payroll-related costs, and what method should the department use to calculate the indirect cost? Should an agency report management or overhead expenses?

OMB Response:

GASB requires that payroll and payroll related cost directly related to the application development be capitalized. Payroll related costs include pension, health benefits, workers compensation, unemployment insurance, and temporary disability insurance Departments will only enter an aggregate salary for all employees directly involved in the development of the application. LBAM will automatically calculate payroll related costs. General and administrative costs and overhead costs are not capitalized.

Question: Salaries change due to promotions, increments, and cost of living adjustments. What salary basis should be reported?

OMB Response:
When calculating the cost of payroll, an agency should use the employees salary as of June 30 for the reporting fiscal year.

Question: May agencies develop and use a shop rate?

OMB Response:
The agency may develop and use a "shop" rate provided the rate is justifiable and updated annually. The rate should only include the programmers and the project manager's salaries.

General Questions

Question: How is an application development cost reported if additional users wish to participate in the project?

Issue:
OIT is currently developing the Enhanced Cost Allocation Tracking program for four agencies. Prior to implementation, five additional agencies decide to join the program. Should OIT continue to report the application under development or close the project when it has been implemented in the original four agencies?

OMB Response:
Capitalization of software begins when the three criteria mentioned in the guidelines are satisfied. Under the criteria, it is implied that user specifications, design, and intent are documented. If during the project additional participants express interest in adopting the program and no additional functionality is added, OIT should close the project based upon the original criteria. However, if the additional participants require modifications to the program that changes the functionality and intent from the original plan, then OIT should continue to report the application as an ongoing project until implemented.

Question: How do you report a project that was originally estimated to be under the threshold and then expands so that it now exceeds the threshold?

Issue:
In Fiscal Year 2005, OTT estimates the development of a project to be under the threshold and therefore does not report it. At the conclusion of the project in Fiscal Year 2006, OTT determines that the threshold was exceeded. How should the agency report this?

OMB Response:
The agency should make the appropriate entry into LBAM. Since LBAM works within a fiscal year constraint, the agency should first contact OMB for the fiscal year 2005 Fringe Benefit rate and enter the total Fiscal Year 2005 expenditures as a single entry in the "other" bucket with the details in the comment field.

Question: How do I add additional expenditures after the project has been closed?

Issue:
In Fiscal Year 2005 an agency records the year's activities and closes the project. In Fiscal Year 2006, it becomes apparent that the expenditures were stated incorrectly. Is the agency capable of performing an adjustment?

OMB Response:
No. Only OMB is allowed to make financial adjustments on prior year reported assets. The agency should contact the LBAM project manager. (If the error was detected prior to the fiscal year, then the department should correct the values using the modify function.)

Question: Should subscription services be reported?

Issue:
A number of departments subscribe to various software/online services such as Google Earth, RealQuest, Tax Records, GARS, Westlaw, etc... Under GASB regulations, should these services be capitalized?

OMB Response:
Subscription services provide information. The end user does not own or lease the software code or the data provided; therefore, the expenditures are expensed in the year incurred. However, if the subscription provider modifies the application for the express need of the agency, then the agency should contact the LBAM project manager for clarification.

Question: What if an agency developed and implemented an application in FY2005 that exceeded $1 million dollars? Should this be reported in LBAM?

OMB Response:
Contact OMB. In certain cases, OMB will make exceptions and record software from a previous fiscal year. As a general rule, OMB will not require an entry for an application developed prior Fiscal Year 2003.