



CIRCULAR

STATE OF NEW JERSEY DEPARTMENT OF THE TREASURY

NO.: 26-12-OMB	ORIGINATING AGENCY: OFFICE OF MANAGEMENT AND BUDGET	PAGE 1 OF 6
EFFECTIVE DATE: IMMEDIATE	EXPIRATION DATE: 6/30/26	SUPERSEDES: 25-11-OMB
SUBJECT: FISCAL YEAR END REPORTING 2026 – INVENTORY, CAPITAL ASSETS, SOFTWARE REPORTING, IMPAIRMENTS, LEASES, LBAM TRAINING, CAPITAL ASSETS HELD FOR SALE, AND CERTIFICATION REQUIREMENTS		
ATTENTION: DIRECTORS OF ADMINISTRATION, FISCAL OFFICERS, FACILITIES DIRECTORS, AND CHIEF INFORMATION OFFICERS		
FOR INFORMATION CONTACT: CHRISTOPHER.J.BEITZ@TREAS.NJ.GOV		

This Circular contains important year-end information and submission dates for Capital Assets as defined by The Department of the Treasury, Office of Management and Budget (OMB) Circulars 24-19-OMB and 19-12-OMB for software reporting, leases, Land and Building Asset Management System (LBAM) training, and reporting of Capital Assets in LBAM. All questions pertaining to this Circular and training should be directed to Chris Beitz, OMB Financial Reporting, Christopher.J.Beitz@treas.nj.gov.

Summary of Changes:

- The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 104 *Disclosure of Certain Capital Assets*. GASB Statement No. 104 requires governments to provide detailed reporting on capital assets held for sale. GASB 104 became effective for Fiscal Year 2026 reporting and further details are provided below.
- The capital asset reporting threshold for non-vehicle equipment has changed for Fiscal Year 2026 reporting. Previously, the threshold for reporting non-vehicle equipment was \$5,000. Effective for Fiscal Year 2026, the reporting threshold is \$10,000. Further details regarding this change are provided below.
- Capital Assets Circular 24-19-OMB became effective July 1, 2023 for Fiscal Year 2024 to reflect the minimum requirements regarding the reporting of leases and Subscription-Based Information Technology Arrangements (SBITAs).
- The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 87, *Leases*. GASB Statement No. 87 requires governments to report all leases above asset thresholds, regardless of classification. Additionally, financing arrangements not previously reported as leases will now be required to be classified as such. GASB Statement No. 87 became effective for Fiscal Year 2022 reporting, please see below for further details.
- The Governmental Accounting Standards Board (GASB) has issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 requires governments to report all Subscription Based Information Technology Arrangements (SBITAs) above

software asset reporting thresholds, and to do so in a manner similar to how GASB 87 requires for leases. GASB 96 became effective for Fiscal Year 2023 reporting, further details are provided below.

- The statewide solution for inventory tracking (WASP AssetCloud) is the required inventory tracking application for all agencies. Further details regarding WASP AssetCloud can be found in Circular 19-12-OMB.
- Training sessions for LBAM can now be conducted through Microsoft Teams. Newly designated users, or regular users who require additional training for a particular aspect of the LBAM System are encouraged to contact Chris Beitz, OMB Financial Reporting to schedule a class session.

I. Policies

Departments must enter Fiscal Year 2026 capital acquisitions no later than August 14, 2026. Any delay in entering Fiscal Year 2026 activity will affect the ability of the Office of Legislative Services, Office of the State Auditor and OMB to complete the Annual Comprehensive Financial Report.

A. Fiscal Year 2026 Reporting Threshold Change for Non-Vehicle Equipment

The reporting threshold for capital asset non-vehicle equipment has increased to \$10,000 for Fiscal Year 2026, reflecting changes made to guidance issued at the federal level. Please refer to Circular 24-19-OMB, which has been updated to reflect this change in addition to providing details regarding all other capital asset reporting thresholds.

B. Circular Letters 24-19-OMB and 19-12-OMB

Circular Letter 24-19-OMB (Capital Assets) went into effect July 1, 2023 (FY2024) to reflect new minimum capital asset reporting regarding leases and Subscription-Based Information Technology Arrangements (SBITAs) for financial reporting purposes. Circular Letters [22-02-OMB](#) (Leases) and [23-05-OMB](#) (SBITAs) contain important information regarding the guidelines on the recognition and accounting for leases and Subscription-Based Information Technology Arrangements respectively. Circular Letter [19-12-OMB](#) (Asset Inventory Requirements) went into effect on July 1, 2019 (FY2020) to reflect asset inventory requirements.

C. GASB Statement No. 87, *Leases*

GASB updated lease accounting standards that became effective for Fiscal Year 2022 reporting. GASB Statement No.87 requires the State to report all leases above asset thresholds, both as lease and lessor, and eliminates the classification of capital and operating leases. Additionally, GASB Statement No. 87 expands the definition of leases for financial reporting purposes to include all financing arrangements where one party conveys control of the right to use an underlying asset. Lease reporting criteria required in order to comply with GASB Statement No. 87 include lease terms, potential renewals, lease options, payment information, and all parties involved in the lease. OMB and DORES have modified LBAM to comply with GASB Statement No. 87 reporting requirements. Circular Letter [22-02-OMB](#) contains important information regarding the agencies' reporting responsibilities related to GASB Statement No. 87.

D. Capital Asset Software Reporting & GASB Statement No. 96

All software that is purchased, developed, or under development that exceeds a cost of \$100,000, acquired since Fiscal Year 2006 and is still in use must be reported in LBAM, even if the cost is distributed across fiscal years. This includes enterprise agreements regardless of per-unit cost. Expenditures for multi-year software application development projects must be reported annually. Personnel expenditures for internally developed or agency modified 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 by components. For a copy of the Software Reporting Guidelines, contact Chris Beitz at CHRISTOPHER.J.BEITZ@TREAS.NJ.GOV.

Effective beginning in Fiscal Year 2023, GASB has issued [Statement No. 96](#), *Subscription-Based Information Technology Arrangements (SBITAs)*. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor) information technology software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB 96 requires agencies to account for subscription-based software licenses in a manner similar to how leases are now currently under GASB Statement No. 87. Please note, perpetual software licenses purchased in Fiscal Year 2026 should be reported in LBAM's software module in the same manner as in previous fiscal years. A perpetual software license authorizes an agency to use the software program(s) indefinitely.

OMB and DORES have taken steps to modify LBAM in anticipation of this implementation regarding SBITAs. Agencies were advised in prior year-end circulars to develop procedures to properly document all SBITAs including SBITA terms, potential renewals, payment information, and vendors involved. In order to advise agencies on how to comply with GASB Statement No. 96, OMB released Circular Letter [23-05-OMB](#). This circular contains important information regarding the agencies' reporting responsibilities related to GASB 96. Please contact Chris Beitz, OMB Financial Reporting for more information or questions.

The Chief Information Officer/Information Technology Director (CIO/IT Director) of each agency is responsible for ensuring the capture and accurate reporting of software procurement and development and certifying the accuracy to the agency CFO. Each agency should have a policy for reporting software based on the OMB Software Reporting Guidelines. The policy shall identify and include the unit and individual(s) responsible for entering the information in LBAM. In accordance with this Circular, the CIO/IT-Director will certify the accuracy of qualified software procurement, development in progress, and software developed and/or completed for Fiscal Year 2026. The certification and policy are submitted to the legislative auditors during the Fiscal Year 2026 Annual Comprehensive Financial Report audit.

The CIO shall reproduce the following on department letterhead:

In accordance with Generally Accepted Accounting Principles and the Governmental Accounting Standards Board, the Department/Agency of [Department Name/Agency] certifies the following representations:

1. In accordance with Circular 26-12-OMB and the Department of [Insert Name] software reporting policy [insert policy number], all qualified software expenditures occurred in Fiscal Year 2026 {July 1, 2025, through June 30, 2026), have been entered into LBAM.
2. In accordance with Circular 26-12-OMB and the Department of [Insert Name] software reporting policy [insert policy number], the CIO/IT-Director has reviewed Fiscal Year 2026 software entries in LBAM and certifies the accuracy of the departments entries.
3. In accordance with Circular 26-12-OMB all supporting documentation has been uploaded to LBAM.

The CIO/IT Director shall submit a copy of the software policy to OMB, Attn: Chris Beitz, no later than July 31, 2026.

The CIO/IT Director shall submit a copy of the policy with the certification of compliance to the agency CFO no later than August 14, 2026.

E. Replacement Cost

All agencies are required to enter the aggregate replacement cost for all non-capital assets by location on the corresponding LBAM building record under the financial section. The information is for insurance purposes, so agencies may use acceptable cost estimation techniques, such as using a cost index inflator applied against the previous year's entries, adjusting accordingly for acquisitions in the current year. Do not include capital assets in the replacement cost as LBAM automatically transfers capital asset information from the equipment and software modules.

F. GASB Statement No. 104. *Disclosure of Certain Capital Assets (Capital Assets Held for Sale)*

GASB provided guidance for the reporting of capital assets held for sale that is effective for the Fiscal Year 2026 reporting period and beyond. Capital assets held for sale are defined as such when a State agency has committed to selling a capital asset, and that transaction is determined likely to occur within the span of one year of that determination. Additionally, to meet the criteria of an asset held for sale, the capital asset itself must be available for immediate sale, no regulatory barriers for the sale exist, and an agency has identified a buyer.

Once a capital asset has been deemed to meet the criteria as held for sale, agencies should contact OMB at this email address: lbam.assetsale@treas.nj.gov. Assets that agencies deem held for sale during Fiscal Year 2026 should be reported to OMB by September 4, 2026. The email should include the capital asset's LBAM identification number, and the likely date of the sale. OMB will separately disclose assets identified as held for sale in the Annual Comprehensive Financial Report (ACFR) to comply with GASB Statement No. 104. Please note, equipment assets held for sale by a State agency should only be reported to the email above if the projected aggregate revenue of the sale exceeds \$500,000. All land and building assets held for sale should be reported to the email provided. Inventory assets held for sale do not need to be reported. Once the sale of the capital asset occurs, the asset record should be retired in LBAM as per the usual retirement process.

G. Capital Asset Reporting

Agencies are responsible for reporting in LBAM the acquisition, lease, license, construction, ownership, retirement, or sale of any asset that satisfies the thresholds defined in Circular 24-19-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, 2026, and all assets retired, sold, demolished, or scrapped prior to June 30, 2026, must be reported.

The Department of the Treasury's Central Motor Pool (CMP) shall enter all capital asset vehicles in LBAM under the using agency. Agencies that procure a vehicle through the CMP and perform additional upgrades to the vehicle are responsible for adding the additional upgrade expenditures in LBAM. If the CMP transfers the vehicle to another agency, the CMP must notify OMB of the transfer.

Department of the Treasury, Division of Property Management and Construction (DPMC) is responsible for maintaining project construction detail and electronically transferring expenditures for DPMC managed projects in LBAM. Agencies with delegated authority or performing improvements under the DPMC managed threshold or under State contract must enter the project details and expenditures in LBAM. All building construction, renovation, or demolition of buildings, or the purchase and/or sale of property that is not managed by DPMC is the responsibility of the applicable agency and, therefore, must be reported by the agency. The department's CFO is responsible for reconciling the department records to DPMC expenditures and entry of additional expenditures not handled by DPMC. The agency is responsible for closing projects in LBAM once the asset is in use.

Projects constructed in phases and placed in service as each phase is completed should be entered into LBAM accordingly and closed as each phase is placed in service.

Infrastructure is a capital asset. Therefore, 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, certain IT hardware and software, 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. The Department of Transportation (DOT) created an online data source that OMB will access for reporting information. DOT should have the data source updated with Fiscal Year 2026 activity no later than July 31, 2026.

As per Circular 19-12-OMB, historic and artistic holdings should be submitted in "classification format" along with a written department policy stating that historic and/or artistic holdings are held for reasons other than financial gain; the collection is protected, kept unencumbered, is cared for and preserved; and all proceeds from sales of collection items are used to acquire other items for collections. The policy must be submitted with the annual certification (see Section F below). Departments without a written policy must enter all historic and artistic holdings, including a monetary value at time of acquisition, into LBAM.

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. Agencies using a Department of the Treasury, Division of Revenue and Enterprise Services certified records management system are exempt from uploading non-Treasury managed land and building improvement projects, provided that access to the records system is granted to OMB Financial Reporting and the Office of Legislative Services, Office of the State Auditor.

H. CFO Certification

OMB requires the department CFO to certify on agency letterhead the following:

In accordance with Generally Accepted Accounting Principles and Governmental Accounting Standards Board standards, the Department/Agency of [Department Name/Agency] certifies the following representations:

1. In accordance with Circular 19-12-OMB and Department of [Insert Name] inventory policies, at least one physical inventory of all Department/Agency assets has occurred in Fiscal Year 2026 (July 1, 2025, through June 30, 2026), and the content cost for each building has been updated in LBAM.
2. In accordance with Circular 24-19-OMB and 26-12-OMB, all qualified capital asset and infrastructure purchases and/or retirements, procured during Fiscal Year 2026 have been entered into LBAM, or in the case of DOT, have been reported to OMB.
3. In accordance with the Year-End Circular 26-12-OMB, all capital asset impairments have been identified and entered into LBAM.
4. In accordance with Year-End Circular 26-12-OMB, the department has reviewed and verified that all qualifying software acquisitions, as defined by OMB Circular 19-12-OMB have been identified and entered into LBAM and that the agency has performed a review, and if necessary, updated Fiscal Year 2026 entries.
5. In accordance with Year-End Circular 26-12-OMB, the Department/Agency CIO of [Insert Name] has certified to OIT all infrastructure assets and provided an LBAM report of all E.O. 225

infrastructure assets by June 30, 2026.

The CFO should submit the certification with the CIO/IT Director's software certification and software reporting policy no later than September 4, 2026 to:

Jeffrey DeCicco, Assistant Director of Financial Reporting
Office of Management and Budget
P.O. Box 221
Trenton, NJ 08625-0221
Jeffrey.DeCicco@treas.nj.gov



Tariq Shabazz
Acting Director