



STATE OF ARIZONA CLOSING PACKAGE E - INVENTORY Overview

Purpose and Objectives

Inventory includes materials, items for resale, supplies, and other short-lived assets held for future use or sale. Agencies normally use or sell inventory items within one year. For supply inventories, an agency should report inventory it holds for future use only if it plans to issue those items to other sections within the agency. Land, buildings, equipment, and similar long-lived assets (fixed assets) are **not** inventory.

Agency Action Required

- **If your agency has all inventory recorded on AFIS, NO action is required.**
- Take a physical count of inventories on hand at the end of the fiscal year. Complete the count as close to the end of the day on June 30 as possible. For procedures, see Arizona State Accounting Manual, Topic 20, Section 40.
- If circumstances require the above step to occur at any time other than close of business on June 30, adjust the amounts for items received or sold/used between the taking of inventory and close of business on June 30.
- Complete the Inventory Form and return the Form to the Division of Business and Finance (DBF) **no later than the date shown in Section A.3 - Due Dates.**

Accounting Principles and Policies

GAAP requires the State to report on its financial statements the value of its inventory on hand at June 30. Therefore, every agency with inventory having an estimated cost of \$1,000,000 or more should complete the Summary Form in this section.

Working Papers

All working papers may be subject to audit. The agency should keep a copy of the completed Form. In addition, the agency should keep any working papers that support data on the Form, including:

- The source(s) of data for each amount.
- The method(s) used to estimate amounts.

General Instructions

- Carefully read the instructions and definitions that apply to this closing package.
- Be sure to include all inventory items that meet the definitions in **Section X - Glossary.**
- Prepare and complete an Inventory Summary Form for your agency.
- Please send questions regarding the closing package to ACFR@azdoa.gov.



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Instructions - Form 26

Inventory - Form 26

- Enter your agency ID Code (three-character) and agency name.
- Complete all information regarding the preparation and approval of this Form. If the DBF should contact someone other than the preparer about questions that may arise, please enter that person's name, title, and contact information. Keep a copy of the Form.
- Enter the date the physical count was conducted. This should be as close to June 30 as possible.
- Indicate whether your agency uses a periodic or perpetual inventory system.
- Enter the inventory valuation method (see Arizona State Accounting Manual, Topic 20, Section 40, 1.2.3 for methods) your agency used for each AFIS fund.
- Enter the six-character AFIS fund number and the object that applies to the inventory.
- Enter the values of the fund supply inventory items and merchandise inventory items on hand at the time of the physical count. The Fund Total should automatically calculate.
 - If your agency uses a perpetual inventory system and the count date was not June 30, indicate the June 30 balance according to perpetual inventory records.
- Enter the amounts from the prior fiscal year end inventory count. If amounts vary from previously reported amounts, attach a memo to the Inventory Summary Form explaining this variance.
- Round all dollar amounts to the nearest whole dollar.



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Summary - At June 30, 2022

Agency:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
	ID Code	Agency Name			
Prepared:	<input type="text"/>	By:	<input type="text"/>	<input type="text"/>	<input type="text"/>
	Date	Employee Name	Title		
		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
		Phone	Email		
Approved:	<input type="text"/>	By:	<input type="text"/>	<input type="text"/>	<input type="text"/>
	Date	Name/Title	Email		

Date of Physical Count: <input type="text"/>	Type of System: <input type="text"/>	Valuation Method: <input type="text"/>
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Fund Number	Object	Description	Dollar Amount At Current FY End Count	Dollar Amount At Prior FY End Count
<input type="text"/>	<input type="text"/>	Supply Inventory	<input type="text"/>	<input type="text"/>
		Merchandise Inventory	<input type="text"/>	<input type="text"/>
		FUND TOTAL	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	Supply Inventory	<input type="text"/>	<input type="text"/>
		Merchandise Inventory	<input type="text"/>	<input type="text"/>
		FUND TOTAL	<input type="text"/>	<input type="text"/>
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	Date	Employee Name	Title		
		<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
		Phone	Email		
Approved:	<input type="text"/>	By:	<input type="text"/>	<input type="text"/>	<input type="text"/>
	Date	Name/Title	Email		

Date of Physical Count: <input type="text"/>	Type of System: <input type="text"/>	Valuation Method: <input type="text"/>
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