STATE OF ARIZONA
CLOSING PACKAGE
M - FINANCED PURCHASES OF UNDERLYING ASSETS
Overview

Purpose and Objectives

Generally Accepted Accounting Principles (GAAP) require the State to record financed purchases of underlying assets (financed purchases) for State agencies. This does not include inter-agency purchases. GAAP also requires the State disclosure of certain information about financed purchases in the notes to the financial statements. This closing package will gather information from State agencies regarding financed purchases where the State is the purchaser. The information will allow the State to record financed purchases properly in its financial statements and notes.

Agency Action Required

- Complete the Financed Purchases of Underlying Assets Form 70 only if your agency has non-interagency financed purchases with an outstanding principal balance owed by the State of at least $500,000 as of the end of the fiscal year. The outstanding principal is contained in the **Specific Terms** section of the agreement, or can be calculated by the total of all required principal payments (should not include interest) in the amortization schedule.

- Complete the Form in its entirety. In addition, please do not use "Varies" when information differs over the lease term. Detailed figures are necessary to properly report financed purchases information in the financial statements and notes. For example, differing monthly payments over the contract term should be reported as such. Use the Additional Information section, if needed.

- Complete Form 70 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

GASB 87 - Leases, paragraph 19 defines contracts that transfer ownership.

Working Papers

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

General Instructions

- Carefully read the instructions and definitions that apply to this closing package.
- Be sure to include all financed purchase items that meet the definitions in **Section X - Glossary**.
- Prepare and complete a Financed Purchases of Underlying Assets Summary Form for your agency.
- Please send questions regarding the closing package to ACFR@azdoa.gov.

M - FINANCED PURCHASES OF UNDERLYING ASSETS
Instructions - Form 70

Financed Purchases of Underlying Assets - **Form 70**

- 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 contract reference number.
- Enter the AFIS Fund where the financed purchase payments for the current fiscal year were posted. Use the Additional Information section if you need to report more than one AFIS fund.
- Enter the AFIS Object Code where the financed purchase payments for the current fiscal year were posted. Use the Additional Information section if you need to report more than one Object Code.
- Enter a description of the financed purchase.
- Enter the total amount of outstanding principal owed as of the end of the fiscal year.
- Enter the length of the contract in months (M), quarters (Q), or years (Y).
- Enter the payment per month, quarter, or year as indicated in the Term field. **Payment amount should include both principal and interest.**
- Enter the annual interest rate per the contract in decimal form. For example, 5% would be keyed as 0.05.
- Select the first payment date of the current contract.
- Select the last payment date of the current contract.
- Select the date of the termination (early payoff) if applicable.
- Enter the AFIS Fixed Asset number(s) of the underlying asset(s).
- Enter any other additional information as necessary.

STATE OF ARIZONA
CLOSING PACKAGE
M - FINANCED PURCHASES OF UNDERLYING ASSETS
Summary - At June 30, 2022

Agency: ID Code | Agency Name

Prepared: Date | By: Employee Name | Title | Phone | Email

Approved: Date | By: Name/Title | Email

Include ONLY contracts where the outstanding principal balance owed by the State is at least $500,000 at June 30 and that transfers ownership of the underlying asset by the end of the contract term. Please EXCLUDE inter-agency contracts.
Submit a copy of the contract and amortization schedule for all new contracts or changes to a previously reported contract.

Contract Reference	AFIS Fund	AFIS Object Code	Description of Asset		Outstanding Principal as of the End of the Fiscal Year
		0.00%			
Term Length	Payment	Interest Rate	First Payment Date	Last Payment Date	Termination Date

Fixed Asset number(s) identified in AFIS

Additional Information

Contract Reference	AFIS Fund	AFIS Object Code	Description of Asset		Outstanding Principal as of the End of the Fiscal Year
		0.00%			
Term Length	Payment	Interest Rate	First Payment Date	Last Payment Date	Termination Date

Fixed Asset number(s) identified in AFIS

Additional Information