



State of Arizona Accounting Manual

Topic 45 Expenditures, Expenses and Disbursements
Section 46 Fiscal Year End Contracting

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INTRODUCTION

The State's fiscal year begins on July 1 and ends on the following June 30 each year. The following policies should be taken into account when contracting for goods or services near the end of the fiscal year.

POLICY

1. In accordance with A.R.S. § 35-190 (and except as provided in A.R.S. § 35-191), no obligation shall be incurred or expenditure be made under any appropriation that has expired at the time the obligation was incurred.
2. In the case of lapsing appropriations, agencies are to contract and purchase goods and services with the intent to take delivery before the end of the fiscal year to which an appropriation relates.
3. If the goods and/or services and the related invoice are received by June 30 and the claim can be processed by the 12th month processing end date as identified in the year-end memo, then the invoice will be paid as a routine 12th month transaction.
4. Generally, goods and/or services ordered by June 30, but received on or after July 1, may be paid out of the prior year appropriation if all four of the following conditions are met:
 - 4.1. The expenditure is valid for the prior year appropriation; and
 - 4.2. The contractual liability relating to the claim was created on or before June 30. This means the goods and/or services must have been ordered and an encumbrance recorded on or before June 30; and
 - 4.3. When the invoice arrives, there are sufficient funds remaining in the appropriation from which the payment is to be made; and
 - 4.4. Approval has been obtained from the State Comptroller before the obligation is incurred when it is known that the goods and/or services will not be received by June 30. The written request for approval to incur the obligation should specify:
 - 4.4.1. When the goods and/or services were or will be ordered;

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- 4.4.2. If and when the encumbrance was or will be entered into the State's automated accounting system;
 - 4.4.3. When the goods and/or services are expected to be provided;
 - 4.4.4. Why the goods and/or services could not have been provided by June 30;
 - 4.4.5. References to any legislative intent; and
 - 4.4.6. Any other information supporting the written request.
5. When it is anticipated that the goods and/or services will not be received on or before June 30 and a claim cannot be processed until after close of the Thirteenth Month, the claim may be processed as an administrative adjustment and paid out of the prior year appropriation if both of the following provisions are met:
 - 5.1. Provided that:
 - 5.1.1. The expenditure is valid for the prior year appropriation; and
 - 5.1.2. The contractual liability relating to the claim was created on or before June 30. This means the goods and/or services must have been ordered and an encumbrance recorded on or before June 30; and
 - 5.1.3. When the invoice arrives, there are sufficient funds remaining in the appropriation from which the payment is to be made; and
 - 5.1.4. Approval has been obtained from the State Comptroller before the obligation is incurred when it is known that the goods and/or services will not be received by June 30. The written request for approval to incur the obligation should specify:
 - 5.1.4.1. When the goods and/or services were ordered;
 - 5.1.4.2. If and when encumbered in AFIS;
 - 5.1.4.3. When the goods and/or services are expected to be provided;
 - 5.1.4.4. Why the goods and/or services could not have been provided by June 30;
 - 5.1.4.5. References to Legislative intent; and
 - 5.1.4.6. Any other information supporting the written request.
 - 5.2. Since these expenditures are to be paid as administrative adjustments:
 - 5.2.1. The contemplated payment be must encumbered, regardless of its amount; and
 - 5.2.2. The encumbrance must be entered and processed by June 30.

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6. If there are facts or circumstances that make the application of this policy impracticable, they should be communicated to the GAO.