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MEMORANDUM

DATE: June 24, 2016

TO: All State Agencies
ATTN: Accounting Managers

FROM: D. Clark Partridge *D.C.P.*
State Comptroller

RE: Fiscal Year (FY) 2016 Closing Package and Lease Information Requirements

Once again it is time to prepare the State's Comprehensive Annual Financial Report (CAFR). We appreciate your continued cooperation as we meet the State's reporting requirements. This report is due annually to the Governor by December 31st.

The CAFR provides information to the bond rating agencies to determine the State's credit ratings. Favorable credit ratings result in lower interest rates, which are crucial to our programs and fiscally prudent for the taxpayers. The CAFR is also required for Federal reporting.

Two of the integral parts of the CAFR are the inclusion of information relating to the Closing Packages and Capital Leases and Installment Purchases by the State. In order to assist in the timely completion of the CAFR, please complete these two parts as indicated below:

- ◆ **CLOSING PACKAGES** (found at <https://gao.az.gov/financials/cafr/closing-package-information>) are on-line interactive and the information can be entered directly into the form, and then submitted electronically by clicking on the "Submit by Email" button located on the bottom of the last page of the form. Please note that the entire closing package will be attached to the email; therefore, if there are multiple forms, only submit once. **Reminder, all agencies must complete and submit the General Survey and Checklist (Form 60) by July 22, 2016** (see the closing package Due Dates section). State agencies that submit audited financial statements to the GAO do not need to complete any part of the closing package. A separate letter will be sent to those agencies.
- ◆ **CAPITAL LEASES AND INSTALLMENT PURCHASES – Only capital leases/installment purchases of \$100,000 or more are required to be reported.** Enclosed is your agency's list of capital leases/installment purchases on record at the GAO that meet this threshold. Refer to the **Notes** section of the attached Explanations of Requested Information for guidelines that should be used to evaluate whether a contract meets the \$100,000 or more criteria. Please review the listing, making any necessary changes or corrections to existing information. Also, include any new contracts entered into during any part of FY 2016. Upon completing this task, we ask that you sign and return the list to the GAO (**even if no changes or corrections were made**) by **August 5, 2016**, along with a copy of the new contracts listed. If you have the ability to scan documents into pdf files, email the list and copies of new contracts to CAFR@azdoa.gov.

Again, thank you for your cooperation and contributions to the preparation of the CAFR; your efforts are greatly appreciated. If you have any questions, contact Tami Schuler at (602) 542-6248.

DCP:ts

Attachment

Explanation of Requested Information (FY 2016)

DEFINITIONS:

Contract Ref.: X in Contract Reference column denotes lease contract on file from the previous year

Agency: Indicate the AFIS agency identification code.

Type: Indicate the contract type:

CAP Capital Lease

INST Installment Purchase – purchase of item, title transfer at beginning of contract

AFIS Fund: Indicate the AFIS agency fund in which the item is accounted for.

Description of Leased Item: Give a brief description of the item.

Capital Cost: Indicate the total amount financed, Principal ONLY.

Term: Indicate the length of the contract in months (M), quarters (Q), years (Y), etc.

Payment: Indicate the payment per month, quarter, or year as indicated in the Term column.
Include both Principal AND Interest.

Interest Rate: Indicate the annual interest rate per the lease agreement.

First Payment Date: Indicate the first payment date of the current contract.

Last Payment Date: Indicate the last payment date of the current contract.

Change/Termination: Indicate the date any change occurred or the date of termination.

NOTES:

1. This compilation is for NON-Interagency capital leases or installment purchases outstanding or entered into during any part of FY 2016 or previous leases not reported to GAO that are outstanding during FY 2016. Leases beginning on or after 7-1-16 should be reported for FY 2017. Only contracts with a capital cost of \$100,000 or more are required to be reported in this listing. The capital cost amount 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.
2. Please complete the forms in their entirety and fill in any missing information for leases previously reported. In addition, please do not use "Varies" when information differs over the lease term. Detailed figures are necessary to properly report capital lease and installment purchase information in the CAFR. For example, differing monthly payments over the lease term should be reported as such. Use available spaces or additional pages, if necessary.
3. Capital Cost, Term, Payment, Interest Rate, First Payment Date, and Last Payment Date information come directly from the lease contract.
4. For new lease agreements, please include a copy of the contract and amortization schedule (if applicable).