



SUBJECT

TABLE OF CONTENTS**Section Page****I. GOVERNMENTAL ACCOUNTING AND FINANCIAL REPORTING PRINCIPLES**

A. Generally Accepted Accounting Principle

1) Introduction	I	A1
2) Fund Accounting	I	A1
3) Fund Types and Account Groups	I	A2
4) Measurement Focus – Basis of Accounting	I	A6

B. Single Audit

1) Introduction	I	B1
2) The Single Audit Act of 1984 (PL 98-502)	I	B2
3) Audit Requirements	I	B4
4) Audit Reports	I	B4

C. Financial Reporting

1) Introduction	I	C1
2) Objectives of Financial Reporting	I	C1
3) Comprehensive Annual Financial Report (CAFR)	I	C3
4) Annual Report	I	C19

II. GENERAL ACCOUNTING POLICIES AND PROCEDURES

A. General Internal Controls II A1

B. Appropriation and Allotments

1) General Policies	II	B1
2) General Appropriation Bill	II	B2
3) Capital Outlay Appropriates Bill	II	B2
4) Supplemental Appropriations Bill	II	B2
5) Quarterly Allotments	II	B3
6) Allotment Transfer/Adjustment	II	B3

C. Cash

1) General Cash Policies		
I. Authority	II-C-2	1
II. Definitions	II-C-2	1
III. Policies	II-C-2	2
IV. Procedure	II-C-2	3
V. Appendices	II-C-2	11

D. Travel

I. Introduction	II-D	2
II. Statutory Authority	II-D	2
III. Definitions	II-D	2
IV. Travel Policy	II-D	8
A. General Travel Policy	II-D	8
B. Travel Request and Travel Claim Authorization	II-D	11
C. Travel Request and Travel Claim Requirements	II-D	13
D. Transportation Expense	II-D	14
1. General Requirements	II-D	14



SUBJECT

TABLE OF CONTENTS

	Section	Page
2. State Fleet Motor Vehicles	II-D	16
3. Privately-owned Motor Vehicle	II-D	16
4. Motor Vehicle (Car) Rental	II-D	19
5. Commercial Airline Travel	II-D	20
6. Chartered, Privately-owned and Rental Aircraft	II-D	21
7. Railroads and Buses	II-D	21
8. Airport Parking and Transportation	II-D	22
E. Lodging and Meals	II-D	22
1. General Requirements	II-D	22
2. Lodging	II-D	23
3. Meal Expense	II-D	24
F. Mileage, Lodging, Meal Reimbursement Rates	II-D	25
G. Meal Reimbursements Included in Income	II-D	27
H. Long-term Travel (more than 30 days, but less than one year)	II-D	27
I. Long-term Travel (more than one year)	II-D	27
J. Conferences, Conventions and Meetings	II-D	28
K. Lost, Duplicate or Copies of Receipts/Bills	II-D	28
L. Travel Advance	II-D	29
M. State Travel Card Program	II-D	29
N. Travel Insurance	II-D	29
O. Other Travel Issues	II-D	30
V. Supplements		
Supplement I Maximum Mileage, Lodging and Meal Reimbursement Rates	II-D-I	1
Supplement II List of Statutory Authority	II-D-II	1
Supplement III Business versus Commuting Examples	II-D-III	1
Supplement IV HRIS Pay Codes and AFIS COBJs related to Travel	II-D-IV	1
Supplement V Airport Parking Fees	II-D-V	1
E. Receivables/Revenues		
1) General Policies		
a) Receivables	II	E1
b) Revenues	II	E1
2) Revenue Defined	II	E2
3) Revenue Recognition	II	E4
F. Inventories		
1) General Policies	II	F1
2) Types of Inventory	II	F1
3) Procedures	II	F2
4) Physical Inventory	II	F3
5) Year-end Cutoff	II	F5
G. Long-lived Resources: Capital Assets, etc.	II-G	
1) Long-lived Resources: Capital Assets, etc.	II-G-1	
I. Authority	II-G-1	1
II. Introduction	II-G-1	1
III. Definitions	II-G-1	2
IV. Policies and Procedures	II-G-1	11



SUBJECT

TABLE OF CONTENTS

	Section	Page
A. General Policies	II-G-1	11
B. General Capitalization Policies	II-G-1	13
C. Capitalization Policies for Specific Types of Assets	II-G-1	14
1. Land	II-G-1	14
2. Land Improvements	II-G-1	14
3. Infrastructure and the Modified Approach	II-G-1	14
4. Buildings and Their Improvements	II-G-1	15
5. Leasehold Improvements	II-G-1	15
6. Computer and Telecommunications Equipment	II-G-1	16
7. Software and Other Intangible Resources	II-G-1	17
8. Modular Furniture Systems	II-G-1	22
9. Works of Art and Historical Treasures	II-G-1	22
D. Determination of Cost	II-G-1	23
E. Computation of Depreciation or Amortization	II-G-1	24
F. Calculation of Salvage Value	II-G-1	25
G. Useful Lives and COBJs	II-G-1	25
H. Stewardship	II-G-1	26
I. Physical Inventory	II-G-1	28
J. Document Retention	II-G-1	29
K. Capital Leases	II-G-1	30
L. Groups of Assets or Resources	II-G-1	31
M. Gifts, Donations, Confiscated or Court Ordered Awarded Capital Assets	II-G-1	32
N. Betterments	II-G-1	32
O. Construction and Development in Progress	II-G-1	33
P. Disposals	II-G-1	34
Q. Transfers of Assets	II-G-1	34
R. Trade-Ins and Warranty Replacements of Capital Assets or Stewardship Resources	II-G-1	35
S. Lost, Stolen, or Destroyed Capital Assets	II-G-1	35
T. Cannibalization of Capital Assets	II-G-1	37
 2) Recording Capital Assets In the AFIS Fixed Asset System	 II-G-2	 1
I. Authority	II-G-2	1
II. Introduction	II-G-2	1
III. Definitions	II-G-2	1
IV. Capital Asset Entry	II-G-2	1
V. Capital Asset Claims	II-G-2	3
VI. Recording a Non-Capital Assets	II-G-2	14
VII. Recording a Betterment	II-G-2	15
VIII. Recording Gifts	II-G-2	17
IX. Disposal of an Asset	II-G-2	19
X. Tracking Disposal Authorization Number	II-G-2	20
XI. Transfers between Agencies	II-G-2	20
 3) Error Corrections Using FAS	 II-G-3	 1
I. Authority	II-G-3	1
II. Introduction	II-G-3	1
III. Definitions	II-G-3	1
IV. Procedures	II-G-3	1
V. Addenda	II-G-3	5



SUBJECT

TABLE OF CONTENTS

	Section	Page
Addendum A Data Field on Screen 'S072' and 'S083'	II-G-3	6
Addendum B Data Element Editing Rules for Screen 'S073'	II-G-3	7
Addendum C Instructions for Report DAFRFASR	II-G-3	7
4) Capital Leases	II-G-4	1
I. Authority	II-G-4	1
II. Introduction	II-G-4	1
III. Definitions	II-G-4	1
IV. Reconciliation	II-G-4	1
V. Recording Capital Lease Transactions	II-G-4	2
VI. Transaction Codes and Comptroller Objects	II-G-4	5
VII Addenda	II-G-4	6
Addendum A Reconciliation of Liabilities to Lease Payments for Capital Assets Acquired through Capital Leases and Financed by Proprietary Funding Sources	II-G-4	6
Addendum B Reconciliation of Liabilities to Lease Payments for Capital Assets Acquired through Capital Lease and Financed by Government Funding Sources	II-G-4	9
H. Cash Disbursements (Purchasing, Receiving and Accounts Payable)		
1) Disbursements (Purchasing, Receiving and Accounts Payable)	II-H-1	1
I. Authority	II-H-1	1
II. Introduction	II-H-1	1
III. Definitions	II-H-1	1
IV. Policies	II-H-1	3
V. Procedures	II-H-1	8
VI. Appendices	II-H-1	10
2) 1099-MISC Reporting	II-H-2	1
I. Authority	II-H-2	1
II. Definitions	II-H-2	1
III. Overview of 1099-MISC Process	II-H-2	2
IV. General Policies	II-H-2	2
V. Criteria for Issuing a 1099-MISC	II-H-2	2
VI. Reportable Payees	II-H-2	3
VII. Reportable Payments	II-H-2	3
VIII. Payees and Payments – Non-Reportable	II-H-2	5
IX. Statewide Reporting Procedures	II-H-2	6
X. Penalties	II-H-2	8
I. Personnel and Payroll		
1) General Policies	II	I-1
2) Payroll Procedures	II	I-1
J. Electronic Data Transmission		
1) General Policies	II	J-1
2) Financial Information Security	II	J-1
K. Applications Security		
I. Authority	II-K	1
II. Introduction	II-K	1



SUBJECT

TABLE OF CONTENTS

	Section	Page
III. Definitions	II-K	1
IV. Policies and Procedures	II-K	2
V. Policies and Procedures for Security Requests	II-K	8
VI. Appendices	II-K	11
 L. Prior Period Payments		
I. Authority	II-L	1
II. Introduction	II-L	1
III. Definitions	II-L	1
IV. Policies	II-L	1
V. Procedures for 13 th Month Adjustment	II-L	3
VI. Procedures for Administration Adjustments	II-L	4
VII. Procedure for General Relief Bill	II-L	5
 M. Federal Financial Assistance		
I. Authority	II-M	1
II. General	II-M	1
III. Definitions	II-M	1
IV. Policies	II-M	4
V. Procedures	II-M	8
 N. Inter-fund Transactions	II-N	
 O. Warrants		
1) Handwritten Warrants	II	O1
2) Lost or Forged Warrants	II	O1
3) Canceled Warrants	II	O1
 P. Leases		
1) General Policies	II	P1
2) Procedures	II	P1
 Q. Cash Receipts		
I. Authority	II-Q	1
II. Introduction	II-Q	1
III. Definitions	II-Q	1
IV. Policies	II-Q	1
V. Cash Receipts Procedures	II-Q	3
VI. State treasure's Deposit Procedures	II-Q	5
VII. Deposit Adjustment Procedures	II-Q	7
VIII. Adjustment for NSF Checks Procedure	II-Q	8
IX. Appendices	II-Q	9
 R. Retiree Accumulated Sick Leave Program		
I. Authority	II-R	1
II. Introduction	II-R	1
III. Definitions	II-R	1
IV. Policies and Procedures	II-R	4
V. Forms and Checklists	II-R	11



SUBJECT

TABLE OF CONTENTS

	Section	Page
S. Reimbursement of Employee Relocations		
I. Authority	II-S	1
II. Introduction	II-S	1
III. Definitions	II-S	1
IV. Policies and Procedures	II-S	2
A. Limit of Reimbursement	II-S	2
B. Eligibility	II-S	3
C. General Exclusion	II-S	3
D. Qualifying Moving Expenses	II-S	4
1. Transportation of household goods	II-S	4
2. Packing, up-packing and packing materials	II-S	6
3. Insurance of household goods in transit	II-S	6
4. Travel	II-S	7
5. Lodging	II-S	7
6. Moving expenses not qualifying for reimbursement	II-S	8
7. Certain articles and items	II-S	8
8. Storage	II-S	8
9. Meals	II-S	8
10. Certain expenses ancillary to the move	II-S	9
11. Expenses related o the sale of the former Residence	II-S	9
12. Lease breakage fees and related expenses	II-S	10
13. Professional and miscellaneous fees related to the move	II-S	10
14. Losses on the sale of property	II-S	10
15. Market Adjustments and rate changes	II-S	10
16. House hunting	II-S	10
17. Expenses related to the acquisition of the new Residence	II-S	10
18. Actual costs in excess of estimates	II-S	11
19. Actual costs in excess of the limit of reimbursement	II-S	11
20. Employee taxes	II-S	11
E. Employee Time	II-S	11
F. Approval of Estimates	II-S	11
G. Accounting and Reporting	II-S	12
H. Other	II-S	12

III. STATE OF ARIZONA ACCOUNTING SYSTEM

A. General Ledger System

B. Claims (Accounts) Payable System

C. Payroll System

1) Cancelled Payroll Warrants	III	C1
2) Claim for personal Services	III	C9
3) Deferred Compensation	III	C12
4) Direct Deposit	III	C14



SUBJECT

TABLE OF CONTENTS

	Section	Page
5) Employee Leave Data Adjustments	III	C20
6) Labor Distribution	III	C22
7) Payroll Change Sheet	III	C25
8) Payroll Schedule	III	C32
9) Supplement Payments	III	C33
10) Uniform Allowance	III	C36
11) U.S. Saving Bond Deduction From	III	C38
12) Voluntary Deductions Request	III	C40
13) Request for "Handwrite" Pay Warrant	III	C42
14) Direct Deposit Reversals	III	C45
15) Paying Employees in More than One Agency	III	C47

IV. CHART OF ACCOUNTS

A. General Ledger Accounts	IV
B. Revenue Accounts	IV
C. Expenditure Accounts	IV

V. APPENDICES

A. List of Agencies		
1) List of Agencies Sorted by Agency Code	VA	1
2) List of Agencies Sorted by Function of Government	VB	1
B. Fund List	V	B1
C. List of Transaction Codes	V	C1
D. Records Retention and Disposition Schedule	VE	1
E. Glossary	V	E1