



Douglas A. Ducey
Governor

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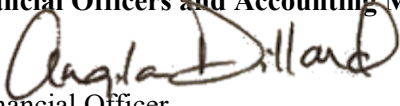
ARIZONA DEPARTMENT OF ADMINISTRATION

GENERAL ACCOUNTING OFFICE
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MEMORANDUM

DATE: January 26, 2022

TO: All State Agencies
ATTN: Chief Financial Officers and Accounting Managers

FROM: Angela Dillard 
Statewide Chief Financial Officer

RE: GASB Statement No. 87, *Leases* – Fiscal Year 2022 Conversion Requirements

GASB Statement No. 87, *Leases* (GASB 87), must be implemented for the preparation of the State of Arizona's Annual Comprehensive Finance Report (ACFR) for the fiscal year ended June 30, 2022. Therefore, we will need to establish beginning balances for leases as of 7/1/2021.

There are four forms to be completed by each agency: two forms where the State is the Lessee and two forms where the State is the Lessor. These forms are for Conversion and will establish beginning balances for fiscal year 2022 only. A separate set of forms will be sent out with the Closing Packages after year-end to gather the current year's activity. The two Decision Forms are required to be completed by all agencies, except those who prepare accrual based audited financial statements which are submitted to the ACFR group, and the two Lease Collection Templates may or may not need to be completed depending on the Decision Form responses.

These four forms can be found at <https://gao.az.gov/resources/leases>. All four forms are Excel documents, and the information can be entered directly into the forms. There are two training videos also provided at the above link (one for the State as Lessee and one for the State as Lessor) to help guide you in the process of filling out these forms. You will need to send a copy of your completed forms via email to GAOGASB87@azdoa.gov. Please note the due date for these forms is Friday, April 1, 2022.

Although the materiality threshold for reporting GASB 87 Leases has been set at \$500,000, please be aware that when filling out the Decision Forms we are asking you to include all leases with remaining payments totaling \$100,000 as of 7/1/2021 to verify that all leases that qualify for GASB 87 purposes are being tracked. The Decision Forms will assist you in calculating whether they meet the materiality threshold for reporting or not.

State agencies which are not required to complete Decision Forms because they prepare accrual based audited financial statements which are submitted to the ACFR group may nevertheless find the forms useful to review.

Thank you for your cooperation and contributions to the preparation of the ACFR. Your efforts in the timely submission of these forms for conversion are greatly appreciated.

Please email ACFR@azdoa.gov with any questions.