

# DEBT REPORTING GUIDELINES AND INSTRUCTIONS FOR FY 2016

Please note, for fiscal year 2016 debt reporting we have made the following changes:

1. There is only one form to fill out to list all types of debt, whether it is bond debt, lease purchase debt, or third party financing. All debt longer than 12 months in duration must be listed on the same form (not including copiers and such office items.)
2. The new form contains additional columns making it easier to track your debt reporting from year to year.
3. It is essential that you use the excel format as specified. Please do not use symbols, formulas, or delete any rows or columns in the Excel file you upload to our web page. Only enter whole numbers and do not use abbreviations such as \$1M, instead **enter 1000000 to represent one million. DO NOT ENTER TOTALS OR SUB-TOTALS IN THE FORM!**
4. If you are reporting for more than one entity, please contact our office at [debtreport@aztreasury.gov](mailto:debtreport@aztreasury.gov) **before** submitting any forms.
5. The deadline to submit your information is August 15, 2016. Email [debtreport@aztreasury.gov](mailto:debtreport@aztreasury.gov) if you need additional time.

The information you provide is used to compile the statewide Report of Bonded Indebtedness, as required by Arizona Revised Statutes (A.R.S.) §35-501. The information submitted should reflect all debt – bonds, lease purchases, third party financing - for terms greater than one year as of **June 30, 2016. This includes amounts retired or paid in full during the fiscal year.** The amounts retired or refunded should represent the total *through the life of the bond* and not just the amounts retired or refunded during the fiscal year.

**Note: "Any county, city, town, school district, irrigation district or other political subdivision of the state that fails to comply fully with the provisions of this article shall not issue any additional bonds or other securities" per A.R.S. §35-501. Furthermore, any person or member of any governing body knowingly omitting or refusing to comply with this request is guilty of a class 2 misdemeanor per A.R.S. §35-502.**

Complete each applicable field for all debts issued or financed. Submit information on all debt, including Revenue, Impact Aid Revenue, General Obligation, Special Assessment and Special District Bonds, Certificates of Participation, Municipal Property Corporation debt, Lease Purchases, Water Infrastructure Finance Authority or Greater Arizona Development Authority. The following instructions for numbered columns is included to help fill out the form correctly and completely.

- 1) **NAME OF POLITICAL SUBDIVISION INCURRING DEBT:** This is the County, City, Town, Special District, State Agency, University or Authority.
- 2) **DEBT TYPE:** Use the following abbreviation to list the type of debt for each issue.
  - RV     **Revenue Bonds** - secured primarily by the non-tax revenues generated from the rents or fees paid by the users of the funded project any may require voter approval. These can include WIFA or GADA loans.
  - IAR    **Impact Aid Revenue Bonds** - issued by school districts that receive federal Impact Aid revenues subject to voter approval.
  - GO     **General Obligation Bonds** - secured by the issuer's taxing authority, subject to constitutional debt limits (which you list under the appropriate columns 17-23), and require voter approval. If the bond is subject to more than one debt limit because it is a mixed purpose bond, provide the Amount of Outstanding Principal for each debt limit level on a separate line. For school districts, please identify the type of general obligation bond as Class A or Class B. GO bonds can include WIFA or GADA loans

- SA **Special Assessment and Special District Bonds** – issued when the resulting project benefits an isolated group, secured by assessments that are levied against property located within the district.
- COP **Certificates of Participation Bonds** - issued to show a proportionate interest in the ownership of debt.
- MPC **Municipal Property Corporations Bonds** - issued by cities, towns, counties, and schools as a financing tool to build or buy projects that are then leased back to the entity.
- LP **Lease Purchases** - issued to acquire or construct a building or equipment. The building and property usually serve as collateral for the benefit of the investors. The jurisdiction rents the property on a short-term, renewable basis. *Only report lease purchases if the terms of the lease extend more than one year, and if the property changes ownership at the end of the lease.*
- 3P **Third-Party Financing Contracts** - generally used to acquire equipment which serves as collateral for the contract. The difference between lease purchases and third-party financing contracts is that lease purchase financing is usually provided by the vendor. With third-party financing contracts, an outside party provides the financing. These contracts could include WIFA or GADA loans as well as bank loans or private placements.

- 3) **PURPOSE OF ISSUE OR LEASE:** Complete the Purpose of Issue field by listing the use of the revenue. **For example:** sewer improvements, highway, lighting, parks, computers, equipment, etc.
- 4) **DATE OF ISSUE OR CONTRACT:** Enter the original issue date of the bond, lease or contract.
- 5) **INTEREST RATE:** The rate of interest being paid on the debt, lease or contract over the life of the debt.
- 6) **ORIGINAL DATE OF MATURITY:** Enter the original maturity date of the issue, lease or contract.
- 7) **ORIGINAL PRINCIPAL AMOUNT:** The original principal amount of the bonds issued or lease or contract. *There should be no premium or discount included in this amount or no interest or pre-payment penalty included if it's a lease purchase. See A.R.S. §35-503(A).*
- 8) **PRIOR YEAR OUTSTANDING PRINCIPAL:** This is the amount of principal outstanding at the close of the previous fiscal year, June 30, 2015.
- 9) **NEW DEBT OF CONTRACT in FY 2016:** This is the amount of new borrowings incurred during the fiscal year.
- 10) **PRINCIPAL PAYMENTS IN FY 2016:** List all principal payments made only in FY 2016.
- 11) **AMOUNT REFUNDED IN 2016:** If all or part of a bond, lease or contract was refunded during the year, enter the principal amount refunded in this column. If only a portion of the bond has been refunded, leaving some outstanding principal, continue to list the issue until the outstanding principal has been paid in full. *There should be no premium or discount included in this amount.*
- 12) **AMOUNT REFUNDED THROUGH 6/30/2016:** List the total amount of principal refunded through the life of the bond, lease or contract. *There should be no premium or discount included in this amount.*
- 13) **PRINCIPAL AMOUNT RETIRED:** The total amount of principal paid off *through the life of the bond*, lease or contract, **including the July 1, 2016 payment** due if the payment amount has been deposited into a dedicated fund for the payment of the principal. *There should be no premium or discount included in this amount.*
- 14) **OUTSTANDING PRINCIPAL:** Enter the amount still owed on the original principal. The outstanding balance **should be reduced by any July 1, 2016 payment** if the payment amount has been deposited into a dedicated fund for the payment of the principal. *There should be no premium or discount included in this amount.*
- 15) **INTEREST PAID IN FY 2016:** List all interest payments made only in FY 2016.

- 16) **INTEREST PAID TO DATE:** List total interest paid through June 30, 2016 for the life of the debt, lease or contract, including the July 1, 2016 payment if the amount has been deposited into a dedicated fund for the payment of interest.

**Note:** The sum of the *Amount Refunded* (column 12) plus the *Principal Amount Retired* (column 13) plus the *Outstanding Principal* (column 14) must equal the *Original Principal Amount* (column 7). Check your math to make certain that columns 12 + 13 + 14 = 7. Remember, the amount retired or refunded should be the principal amount through the life of the bond, not just the amount retired or refunded during the fiscal year.

- 17) **CITY OR TOWN GO 6% DEBT LIMIT:** For each general obligation bond, the appropriate debt limit percentages must be recorded. In a mixed-use general obligation bond, the total principal amount outstanding should be apportioned to show amounts outstanding for each debt limit level (example: 6% or 20%). It is particularly important to do this for general obligation bonds because only then can the appropriate portion be applied to the calculation of the remaining debt limits. Place the amount subject to the 6% limit in this column.
- 18) **CITY OR TOWN GO 20% DEBT LIMIT:** For each general obligation bond, the appropriate debt limit percentages must be recorded. In a mixed-use general obligation bond, the total principal amount outstanding should be apportioned to show amounts outstanding for each debt limit level (example: 6% or 20%). It is particularly important to do this for general obligation bonds because only then can the appropriate portion be applied to the calculation of the remaining debt limits. Place the amount subject to the 20% limit in this column.
- 19) **COUNTY OR COMMUNITY COLLEGES 15% GO DEBT LIMIT:** Counties and community colleges can have a debt limit percentage of 15%. For each general obligation bond, the appropriate debt limit percentages must be recorded.
- 20) **SCHOOL DISTRICT CLASS A:** If the debt issued is a Class A bond, place the amount in this column.
- 21) **SCHOOL DISTRICT CLASS B:** If the debt issued is a Class B bond, place the amount in this column.
- 22) **SPECIAL DISTRICT DEBT LIMIT:** Various special districts may have a debt limit. Please place the amount subject to debt limit and the type of limit in the notes section in column 24.
- 23) **OTHER DEBT LIMIT:** For any other type of debt limit not listed place the amount subject to a debt limit in this column and the type of limit in the notes section in column 24.
- 24) **NOTES:** Please use this column to explain any of the amounts listed in columns 1 through 23.

\*\*\***INTEREST REPORTING REQUIREMENTS**\*\*\* State government and all local governments are required to report interest paid in the latest fiscal year and interest paid to date pursuant to A.R.S. §§41-4601 and 41-4604. State government consists of any department, commission, board, institution or other agency of the State receiving, expending or disbursing state funds or incurring obligations against the State. Local governments consist of a county, city or town with a population of more than 2,500 persons; any community college district and school district with a student count of more than 600 pupils; and a state university.

This year we are again using an online system for reporting. An Excel template is available for download from our website at <http://www.aztreasury.gov/bid-2016-form/>. Only use this template for reporting your data. Completed forms must be submitted via our website at <http://www.aztreasury.gov/bid-2016-file-upload/>.

Submission instructions along with user IDs and passwords will be emailed the week of June, 27, 2016.

If you have any questions, email us at [DEBTREPORT@AZTREASURY.GOV](mailto:DEBTREPORT@AZTREASURY.GOV) or contact Mark Swenson at 602 542-7877 or Sean Dollman at (602) 542-7880.

## ADDITIONAL PERTINENT STATUTORY REQUIREMENTS

**Report of Bond and Security Issuance:** Pursuant to A.R.S. §35-501(B), these forms need only be filed if your jurisdiction issues new bonds or securities. Although the Governing Board of the jurisdiction is ultimately responsible for compliance with these requirements, a similar letter has been sent to all known Municipal Bond Attorneys and Municipal Underwriters in Arizona. If you are using the services of Arizona Attorneys or Underwriters, please be certain that you know which of you will be filling out and submitting these forms. If you are not using their services, you must fill out and submit the forms. Forms are available at [www.AZTREASURY.gov](http://www.AZTREASURY.gov) under the “Bonded Indebtedness” link under “Forms” or call Sean Dollman (602) 542-7800.

**Notification of retirement of bonds or upon payment of interest:** A.R.S. §35-502 requires that the Arizona State Treasurer’s Office receive notification immediately upon retirement of a bond or upon payment of interest. In order to promote efficient compliance with this provision, we have asked that a Debt Service Schedule is sent upon issue, and notification of any variation from that schedule is sent to us immediately.

**Industrial Development Corporation Exemption:** A.R.S. §35-505 exempts industrial development corporations formed pursuant to Chapters 5 and 6 of Title 35 from this annual reporting requirement.

**Publicity Pamphlets:** A.R.S. §35-454 dealing with Bond Election Informational pamphlets requires that the governing board of a political subdivision shall “*submit a copy of the informational pamphlet to the Arizona State Treasurer within thirty days after the bond election.*” The Department of Revenue no longer oversees debt reporting please send a copy to The Office of the Treasurer. Please indicate if the election was successful.

The Arizona State Treasurer’s Office, Office of Policy and Research, June 2016.