

2020 GAAP Packet Preparation Notes

What's New?

- Form 27.30.55 Due To/From other funds was reintroduced to assist Office of Financial Reporting (OFR) with reconciling interagency transactions. The only transactions that should be recorded on this form are Due to other funds, Due from other funds, Due to component units, and Due from component units.
 - The following entities are considered component units: MS Institutions of Higher Learning (IHL), Alcorn State University, Delta State University, Jackson State University, Mississippi State University, Mississippi University for Women, Mississippi Valley State University, the University of Mississippi, the University of Southern Mississippi, Mississippi Business Finance Corporation, Mississippi Development Bank, Mississippi Prison Industries Corporation, Pat Harrison Waterway District, Pearl River Valley Water Supply District, Tombigbee River Water Management District, and MS Lottery Commission.
- Forms 27.30.40 Accounts Payable recorded by the agency and 27.30.10 Account Receivable recorded by the agency have been updated to remove Due To/From Other funds from the list. The form was also updated to allow for reconciliations.
- Form 27.30.75 Transfers between Funds has been updated to allow for reconciliations.

Reminders

- Please pay close attention to the general ledger accounts on all forms especially accounts payable, accounts receivables, and due to/from accounts on all forms. They have been updated to assist OFR with needed reconciliations.
- Some transactions should be recorded on more than one form. For example: If the following GAAP entry is posted to record transfers in from another state agency:
Debit Due From Other Funds
Credit Transfer In
The transaction should be recorded on both Form 27.30.75 Transfers between Funds **and** Form 27.30.55 Due To/From Other Funds
- Agencies **must** use the most recent revisions of GAAP Forms. All forms are accessible on OFR's webpage under GAAP Forms.
- Balances in general ledger accounts associated with petty cash, cafeteria plans, cash on hand, customer deposits, and funds held for others **must** be reviewed annually and adjusted if needed.
- OFR will post accruals for revenue and expense transactions recorded in MAGIC through July 31, 2020 for fiscal year 2021, budget year 2020 **except** Federal Revenue. In order to meet the GAAP Packet due date of August 17th, the use of material estimates for August activity is necessary. The threshold for recording estimates is \$100,000 per fund. If the estimate for the fund is below the threshold, a GAAP accrual entry is not required. **DO NOT ESTIMATE** accruals for transfers. Acceptable methods for

estimating accruals include:

- Averages (e.g. 3 year running)
 - Percentages (e.g. lapse as a percentage of periods 1-12)
 - Professional judgement
 - Adjustments to include known events
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- If there is a balance in general ledger account **13510000** or **21210000 (Due from/Due to other funds)** on your GAAP Trial Balance, those transactions must be listed on Form 27.30.55 Due To/From Other Funds.
 - If a due to or due from other funds or transfer in or transfer out is recorded on a fund, a matching due from or due to other funds or transfer out or transfer in **must** be recorded on another fund. If both funds belong to your agency, make sure both sides are recorded. If the other fund belongs to another agency, **confirm** with the other agency the amount being reported.
 - Revenue reported in general ledger account **49100000 - Sub Grants Transferred in from Other Funds** must be reported on Form 27.30.65 Schedule of Federal Grant Activity Transferred In from Another State Agency.
 - Expenditures reported in general ledger account **68505000 - Sub Grants Transferred out from Other Funds** must be reported on Form 27.30.66 Schedule of Federal Grant Activity Transferred Out from Another State Agency.
 - All columns on Form 27.30.60 Schedule of Federal Grant Activity are required **except** "ARRA", "Loans", and "R&D." Those columns are only required if applicable. "Indirect Cost Rate", "DUNS Number", "EIN", and "Amount Passed to Sub recipients" are often overlooked and **must** be completed.
 - Any grant funds passed to sub recipients **must** be reported on Form 27.30.60 Schedule of Federal Grant Activity **AND** Form 27.30.70. Federal Sub Grant Activity. Both forms should agree.
 - If you record any of the following Long-Term Obligations on a governmental fund, Form 27.40.20 **must** be completed:
 - Accrued Compensated Absences
 - General Obligations Bonds and Notes
 - Capital Lease Obligations
 - Notes Payable
 - Pollution Remediation
 - Asset Retirement Obligation
 - Agency funds **should not** record a due to or due from another fund.
 - All parked Yo and Y1 documents **must** be deleted before **Monday, August 17, 2020**.
 - The cutoff to post GAAP Entries is **August 17th at 5:00 pm**.

- **GAAP Packets are due August 17th.**
- During the month of September, OFR will review GAAP Packets. We may contact you if we have questions, require additional information, or adjustments to GAAP forms are needed.