STATE OF MISSISSIPPI
GOVERNOR TATE REEVES

DEPARTMENT OF FINANCE AND ADMINISTRATION
LIZ WELCH
EXECUTIVE DIRECTOR

MEMORANDUM

TO: Executive Directors

FROM: Liz Welch

DATE: June 10, 2022

SUBJECT: GAAP Reports for Fiscal Year 2022

The Office of Financial Reporting (OFR) within the Department of Finance and Administration (DFA) will distribute information for preparation of June 30, 2022 GAAP financial statements to the GAAP coordinator for your agency. All GAAP packets and related reports are due by August 15, 2022. Any requests for extensions must be submitted by the agency's executive director and approved by OFR.

The instructions for the preparation of the GAAP financial statements are contained in Section 27 of the Mississippi Agency Accounting Policies and Procedures (MAAPP) Manual. The link to the MAAPP manual is under "Direct Links" on DFA's homepage at http://www.dfa.ms.gov/.

Mississippi statutes define the duties and responsibilities of DFA, which include the responsibility to prepare an Annual Comprehensive Financial Report (ACFR) per Section 7-7-45(c). In addition, Mississippi law requires agency assistance in preparation of the ACFR in Section 27-104-4 by having each state agency prepare annual financial statements at the close of each fiscal year and at such other times as may be required. The financial statements shall be required by DFA and shall be in accordance with GAAP. DFA, in consultation with the State Auditor, shall prescribe rules and regulations to implement and specify the records, procedures and accounting systems necessary to carry out the provisions of this section.

Statutory (Section 27-104-4) and regulatory time constraints placed upon DFA to issue the ACFR by December 31, 2022, necessitate that all GAAP packets and related information be received on or before the deadlines established by OFR. Consequences of failure to submit the GAAP packets by the designated due dates are outlined below.

The penalty for failure to make required reports is detailed in Section 7-7-11 as follows:

> If any officer or employee of any state agency shall refuse or fail to make any report to the State Fiscal Officer or the Legislative Budget Office as required herein or in the manner prescribed by the said State Fiscal Officer, the State Fiscal Officer shall proceed to make, or cause to be made, the said report. The expense thereof shall be personally borne by said officer or employee, and he or she shall be responsible on his or her official bond for the expense so incurred.

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Section 7-7-3(7) contains language similar to Sections 7-7-11, but also states that a *negligently (incorrectly)* prepared report shall be considered a refusal or failure to make the required reports. In addition, the following assistance is available from the Attorney General's Office per Section 27-104-29 as it pertains to financial reporting:

(1) The Legislative Budget Office or the State Fiscal Officer may request, and the Attorney General is authorized, upon receipt of such request, to bring an injunctive action against any special-fund agency failing to comply with the terms of Sections 27-103-101 through 27-103-139 and 27-104-1 through 27-104-29.

(2) Such injunctive action by the Attorney General may be either a mandatory injunction to force the filing of the required budget or a prohibitory injunction to prevent the special-fund agency from engaging in further business or other activities until such time as the terms of Sections 27-103-101 through 27-103-139 and 27-104-1 through 27-104-29 have been complied with.

If you or your staff have any questions, please contact Shondra Barker at (601) 359-2678 or Shondra.Barker@dfa.ms.gov. I appreciate your staff's effort in preparing your agency's financial statements, without which the compilation of the ACFR would not be possible.

cc: GAAP Coordinators