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INTRODUCTION

The fiscal resources of the State of Mississippi are organized and recorded in numerous accounting entities known as funds, which are established by law or administrative action for either general or specific purposes. Funds do not imply the physical segregation of cash and/or investments. Funds are groups of accounts that record and control the transactions of state government agencies established for carrying out programs in the public interest. The names and assigned numbers of Mississippi funds are set forth in section 4 of this manual.

INTERRELATION OF FUNDS AND AGENCIES

As accounting entities, funds record the fiscal activity generated by state agencies. An agency may account for its resources and activities in one or more funds. State agencies administer funds pursuant to the statutory or administrative authority that established the funds.

INTERGOVERNMENTAL RELATIONS

The State of Mississippi maintains fiscal relations with the United States government and with general and special purpose units of local government within the state.

Hundreds of grants and contracts exist between the State and agencies of the federal government. Most of these agreements require the sharing of costs for joint programs within Mississippi. The State must make an accounting periodically to the federal government demonstrating the proper use and administration of the funds.

Local governmental units within Mississippi derive their powers and authority from the State. Fiscal relationships are created through distribution of state resources to local government. Federal funds are frequently passed through by the State to units of local government. School districts utilize state resources to construct new facilities and to provide a minimum foundation program of education. Furthermore, local governmental units often function as agents of the State in various fiscal roles.

This section presents the principles of accounting which underlie the Mississippi agency accounting policies and procedures relative to presentation of statewide financial statements prepared in accordance with GAAP. Each principle is stated, followed by appropriate discussion of the rationale, applicability and possible trends relevant to each particular area of governmental accounting.