

TOPIC	GAAP REPORTING	SUB-SECTION 27.10.20
SECTION	OVERVIEW	ISSUANCE DATE June 25, 2009
SUB-SECTION	CAFR OVERVIEW	REVISED - 2019

### CAFR OVERVIEW

#### PURPOSE

The State issues a Comprehensive Annual Financial Report (CAFR) for the June 30 fiscal year end. The first published CAFR was for the fiscal year ended June 30, 1986. The State has received the Certificate for Excellence in Financial Reporting, awarded by the Government Finance Officers' Association, every year since June 30, 1987. The CAFR is prepared and published by DFA as required in Section 7-7-45 (c), Miss. Code Ann. (1972), which states:

The State Fiscal Officer shall prepare the comprehensive annual financial report as provided for in Section 27-104-4.

DFA Office of Financial Reporting (OFR) prepares the CAFR by combining state agency fund information and other information. State agencies contribute to the CAFR preparation by reviewing their fund financial statements, making adjustments, and supplying supplemental information. The information provided by the agencies will be referred to as GAAP packets.

#### STATUTE REQUIREMENTS

All Sections referenced below refer to Miss. Code Ann. (1972). Agency participation is required in Section 27-104-4 (1) which states:

Each state agency shall prepare annual financial statements at such times as required by the State Fiscal Officer. The statements shall be in accordance with generally accepted accounting principles. The State Fiscal Officer, 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.

DFA is required to prepare the CAFR in Section 27-104-4 (2) which states:

The State Fiscal Officer shall combine the financial statements of the various state agencies into a comprehensive annual financial report for the State of Mississippi and shall provide it to the State Auditor by September 30 of each year for post auditing. This report, together with the State Auditor's opinion on the financial statements, shall be published as the official financial statement of the state in accordance with Section 115 of the Mississippi constitution, and shall be distributed to the Governor, other state officials, members of the Legislature and other interested persons. The comprehensive annual financial report shall be prepared in accordance with generally accepted accounting principles, shall be audited by the State Auditor's office in accordance with generally accepted auditing standards, and shall be published within six (6) months after the June 30 close of each fiscal year.

OFR sets deadlines for the completion and submission of GAAP packets to DFA. The agency will receive a notification informing them of the due date. In order for the CAFR to be completed as required in Section 27-104-4 (2), the required due dates must be met by all agencies.

Agency participation is so critical to the CAFR preparation that the statute provides penalties for failing to comply with DFA requirements. Sections 7-7-11, provide for penalties for failing to comply. It states:

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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Further penalty may be assessed against a special fund agency per Section 27-104-29 which states:

(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 Section 27-103-101 through 27-103-139 and 27-104-1 through 27-104-29 have been complied with.

#### USERS OF FINANCIAL REPORTS

The CAFR is used by the following:

- Citizens - taxpayers, voters, public interest groups, the media;
- Legislature and oversight bodies - state legislatures, county boards, city councils, school boards, boards of trustees; and
- Investors and creditors - individual and institutional investors, securities underwriters, bond rating agencies, bond insurers.

#### USES OF FINANCIAL REPORTS

The CAFR is used in assessing accountability and making social and economic decisions in:

- Assessing financial condition and results of operations;
- Comparing actual financial results with the legally adopted budget;
- Assisting in determining compliance with finance related laws, rules and regulations; and
- Assisting in evaluating efficiency and effectiveness.