

TOPIC	GAAP REPORTING	SUB-SECTION 27.20.20
SECTION	FUND FINANCIAL STATEMENTS	ISSUANCE DATE June 30, 2011
SUB-SECTION	GAAP ADJUSTMENTS	REVISED - 2019

GAAP ADJUSTMENTS

GENERAL

GAAP adjustments are necessary to properly reflect the fiscal year account balances. GAAP adjustments include accrual of revenue and expenditures/expenses posted in the subsequent fiscal year, prior year correction entries, current year adjustments, and reclassification entries. Each agency is responsible for identifying and preparing the GAAP adjustments necessary to complete its financial statements.

TYPES OF GAAP ADJUSTMENTS

The following are the types of GAAP adjustments identified by the document type:

- Y0 - Non-reversing adjustments made by agencies or OFR in GAAP packet preparation and review.
- Y1 - Reversing adjustments made by agencies or OFR in GAAP packet preparation and review.
- Y2 - Non-reversing adjustments made by OFR during the compilation process.
- Y3 - Reversing adjustments made by OFR during the compilation process.
- Y4 - Non-reversing adjustments made by the State Auditor's Office.
- Y5 - Reversing adjustments made by the State Auditor's Office.

USE OF SPECIAL PERIODS

MAGIC allows for use of special periods to record entries for end of the year activity. Period 13 is used to record year-end GAAP adjustments and accruals for reporting purposes. Period 14 is used to record compilation entries and audit adjustments needed to compile the CAFR.

ACCRUALS POSTED BY OFR

To assist agencies in GAAP Packet preparation, OFR may decide to post revenue and expenditure accruals for activity posted during a specified time during the lapse period (See Section 02.10.30 for discussion on basis of accounting). Each year OFR decide to assist agencies in posting the entries, the Financial Reporting webpage will be updated to include instructions on how to run a report on what was accrued. As part of the GAAP packet submission, each agency will be required to submit an acknowledgement that the entries posted by OFR have been reviewed and accepted by the agency. Agency may either print, sign and submit the detailed list of transactions (MAGIC or Excel version) or submit a signed statement acknowledging that the detailed report has been reviewed and the agency accepts responsibility for the accruals. If you have questions about any items included or excluded from the accruals, please contact OFR.

ACCOUNTS NOT TO ADJUST

GAAP entries are non-cash transactions. Balances in the following cash related account groups are the result of transactions in the State Treasury and should **not** be adjusted with GAAP entries:

- Equity in Internal Investment Pool
 - 10020000 State Treasury Main Account
 - 10021000 Regions Main Account
 - 10022000 Trustmark Main Account
 - 10023000 Paymode Main Account
 - 10024000 Dept of Revenue Main Account
 - 10025000 Inter-agency Cash Main Account
 - 10025009 Inter-agency - Other Items
 - 10026000 Cash Adjustments
 - 10050000 Cash - Automatic Posting
 - 10060000 Cash - Direct Postings

**STATE OF MISSISSIPPI
DEPARTMENT OF FINANCE AND ADMINISTRATION**

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- Warrants Payable
 - 10020006 State Treasury - Outgoing Warrants
 - 10024006 Dept of Revenue - Outgoing Warrants
 - 10040000 SPAHRS Clearing

Balances in the accounts below are the results of customer invoices, vendor invoices, or goods/invoice receipts and **cannot** be directly adjusted:

- 12000000 - Accounts Receivable – Current
- 13010000 - Due from Other Governments – Current
- 13500000 - Due from Other Funds
- 13700000 - Due from Component Units
- 20200000 - Accounts Payable
- 20201000 - GR/IR Clearing
- 21000000 - Due to Other Governments – Current
- 21200000 - Due to Other Funds
- 21300000 - Due to Component Units
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Balances in the accounts below are asset related transaction to include asset additions, deletions, and transfers generating from the Fixed Asset sub-ledger and **cannot** be directly adjusted:

- 16000000 - Land
- 16050000 - Construction in Progress
- 16100000 - Buildings
- 16110000 - Accumulated Depreciation - Buildings
- 16200000 - Land Improvements
- 16210000 - Accumulated Depreciation - Land Improvements
- 16300000 - Furniture and Equipment
- 16301000 - Vehicles
- 16302000 - Wireless Communication Devices
- 16310000 - Accumulated Depreciation - Furniture and Equipment
- 16400000 - Infrastructure
- 16410000 - Accumulated Depreciation - Infrastructure
- 16500000 - Software
- 16510000 - Accumulated Amortization - Software

Only post GAAP entries to the following expenditure general ledger accounts:

- 60000000 - Salaries and Wages - GAAP
- 60300000 - Travel - GAAP
- 61000000 - Contractual Services - GAAP
- 62000000 - Commodities - GAAP
- 67000000 - Subsidies, Loans and Grants - GAAP
- 68500000 - Transfers Out - GAAP
- 68750001 - Cost of Goods Sold - GAAP
- 70030003 - Claims & Benefits Accrual - GAAP
- 68300001 - Interest and other Fiscal Charges - GAAP
- 63100102 - Capital Outlay - Building - GAAP

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- 63200002 - Capital Outlay - Equipment - GAAP
- 63300102 - Capital Outlay - Vehicles - GAAP
- 63400104 - Capital Outlay - Wireless Communication Devices - GAAP

Fund Balance/Net Position should not be adjusted, however, it may be necessary to make a reclassification entry between fund balance (i.e. nonspendable inventory, nonspendable principal, restricted for debt service) or net position (i.e. net investment in capital assets) accounts.

GAAP ENTRY REVERSAL

Year end accruals are based on lapse period transactions, estimates, and expected transactions. An accrual is recorded in one accounting period and fiscal year and reversed by OFR in a future accounting period and fiscal year. Document types Y1, Y3, and Y5 are used to record activity that should be reversed. If a GAAP entry is not properly reversed, a correcting entry must be made the next time GAAP packets are prepared.

The following types of adjustments are normally set up to reverse:

- Recording of revenue and expenditure accruals
- Recording of receipts in transit

The following types of adjustments are normally not set up to reverse:

- Recording of current year revenues and expenditures on checking accounts
- Adjusting investment accounts to the current balance
- Adjusting only the revenue statement or only the balance sheet (i.e. reclassification entries)