



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
PHIL BRYANT
AUDITOR

TO: Governmental Entities
FROM: Rodney D. Zeagler, Deputy State Auditor
SUBJECT: Financial Accounting Manuals
DATE: May 13, 2005

Sections 7-7-211 and 37-37-1, Mississippi Code Annotated (1972), require the Office of the State Auditor to prescribe systems of accounting, budgeting and reporting financial facts in conformity with legal requirements and with generally accepted accounting principles for county governments and public school districts of the state. In an effort to meet this responsibility, the Office of the State Auditor has issued financial accounting manuals. The last completely revised manuals were issued in July 2002, with various parts of the public school district manual being revised annually since July 2002.

Sections of the manuals identify various generally accepted accounting principles applicable to the entities. Other sections identify legal requirements applicable to the entities. The manuals also include sections on internal controls related to the entities' operations.


For audit periods beginning on or after January 1, 2003, new *Government Auditing Standards*, issued by Comptroller General of the United States, on auditor independence are effective. One aspect of the new independence standards deals with audit organizations providing nonaudit services to clients. Audit organizations should not provide nonaudit services that involve performing management functions or making management decisions. The new independence standards do allow auditors to advise entity management on issues related to the knowledge and skills of the auditor without impairing the auditor's independence. Auditors may also provide tools and methodologies, such as best practice guides, and internal control assessment methodologies that can be used by management without impairing the auditor's independence. **However, auditors should not make management decisions or perform management functions.**

For audit periods beginning after January 1, 2003, and until revised manuals can be issued, the Office of the State Auditor considers the prescribed financial accounting manuals for county governments and public school districts as providing information based on our technical skills and knowledge about accounting principles, best practices related to internal controls, and state laws that apply to each entity. The decision on how to implement these practices is the decision of the entity's management. While some sections of the manuals are phrased as requirements, the Office of the State Auditor considers these to be tools and best practices to assist the entity's management in developing policies and procedures appropriate for their entity since management is responsible for their adoption and implementation. **Reportable conditions and instances of noncompliance will not be reported for instances in which an entity demonstrates that it has implemented adequate alternative internal controls or acceptable generally accepted accounting principles other than those described in the manuals but, which produce similar acceptable levels of safeguards and reporting accuracy as those identified in the manuals.**



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR

PHIL BRYANT
AUDITOR

TO: Miss. Public School Districts and Other Financial Accounting Manual Users
FROM:  Brent Ballard, CPA, Director of Education Audits
DATE: February 18, 2004
SUBJECT: Update to the February 1, 2003, edition of *Financial Accounting Manual for Mississippi Public School Districts*; changes dated February 1, 2004

Please update your copy of the February 1, 2003, edition of the *Financial Accounting Manual for Mississippi Public School Districts* by inserting the attached updated pages and removing the old pages that are being replaced. You may want to file the old pages and this memorandum in the back of your manual for potential future reference.

Like the previous version, the attached updated pages are on two-sided sheets. These revised pages, with the exception of the Table of Contents, are marked in the upper right hand corner as "Revised 2/1/2004" which will distinguish them from pages of the previous version. The following pages should be included with this update:

<u>NEW PAGE</u>	<u>DESCRIPTION</u>
Table of Contents	missing from previous version
B-5	deleted requirement for payroll clearing and accounts payable clearing funds to be in a separate bank account
B-33	Accounting for Sixteenth Section Leases
B-34	deleted
G-2	moved Heavy Outdoor Equipment from Furniture and Equipment to Mobile Equipment
G-3	included "other heavy outdoor equipment" in Mobile equipment description
H-1	corrected wording to agree with 20 digit coding
H-5	corrected two digit operational code reference to three
J-4	added code 514 - Judgements Payable
J-9	added description for 514 - Judgements Payable

(continued)

NEW PAGE

DESCRIPTION

- K-3
 - expanded Other Student Activity Revenue range to 1741-1799
 - changed wording on function 1930
 - expanded Instructional Fees and Sales to Students revenue range to 1931-1949
 - expanded Miscellaneous revenue range to 1992-1999

- K-4
 - changed description of 3150 revenue code to MAEP and Per Capita (MAEP is now properly reflected in manual as Unrestricted Grant-in-Aid)
 - expanded Other Unrestricted Grants-in-aid range to 3190-3199
 - deleted code 3211
 - expanded Other Restricted Grants-in-aid range to 3290-3299

- K-5
 - expanded Federal Sources - Other unrestricted grants in aid codes to 4190-4199, 4290-4299, and 4390-4399

- K-6
 - changed title of function 4470 to Workforce Investment Act (WIA)

- K-7
 - added code 5335 - Sale of 16th Section Land

- K-8
 - added code 6350 - Premium on Debt Issuance

- K-12
 - changed revenue code range 1741-1799 in description
 - changed wording in code 1930 description
 - changed revenue code range 1931-1949 in description

- K-13
 - changed revenue code range 1992-1999 in description
 - changed wording in code 3150 description
 - changed revenue code range 3190-3199 in description

- K-14
 - deleted revenue code 3211
 - changed revenue code range 3290-3299 in description

- K-15
 - changed revenue code range 4190-4199 and 4290-4299 in description

- K-16
 - changed revenue code range 4390-4399 in description

- K-17
 - changed function 4470 description

- K-18
 - added description for revenue code 5335 - Sale of 16th Section Land

- K-20
 - added description for revenue code 6350 - Premium on Debt Issuance

- M-4
 - expanded Other Instructional Programs - Other codes to 1930-1990

- M-9
 - added code 3975 - Subsidies to other LEA's

- M-10
 - changed Debt Service description; deleted Interest on Debt codes 6210-6299; interest will now be tracked only through the 830 expenditure object code

(continued)

<u>NEW PAGE</u>	<u>DESCRIPTION</u>
M-14	changed description for expanded codes - Other Instructional Programs - Other
M-27	added description for code 3975
M-29 and 30	deleted Interest on debt descriptions
M-30	added description for 6500 and 6600 codes
M-31	added codes 171-199 User defined other employees; deleted Regular and Temporary employee headings
M-34	corrected codes 533-539
M-35	added (NOT TEXTBOOKS) to 652-659 description
M-38	- added code 848 - Discount on Debt - added code 849 - Debt Issuance Costs
M-39	added description for object 171-199
M-42	corrected object 652-659
M-43	changed capital asset descriptions
M-44	added descriptions for objects 848 and 849
M-45	new page due to overflow
N-2-2 and N-2-3	Statement of Net Assets - Accounting Code Template
N-2-5 and N-2-6	Statement of Activities - Accounting Code Template

The updated manual will be downloadable from our website in approximately two weeks. The location on our website will be <http://www.osa.state.ms.us/downloads>. Scroll down and you will see the Financial Accounting Manual for Mississippi Public School Districts. **Make sure you see the 2/1/2004 version clearly noted before you download.** If you have any questions, please contact our office.

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