



## Office of the State Auditor

# TECHNICALITIES

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### GENERAL

**Q** Has the reimbursement rate for mileage for official travel in a private automobile changed?

**A** Yes. Effective January 1, 2020 the rate for reimbursement of official travel in a private automobile is \$.575 per mile.

### COUNTIES

**Q** We have long operated as a dry county, but a review of county records has found no election on the issue. So is our county wet or dry?

**A** This determination must be made by the board of supervisors. If the minutes can be found reflecting an election on the matter and thereafter, if an order prohibiting the sale of beer and light wine was entered, then the county is dry. If no such evidence of an election and order pursuant to Section 67-3-7 is found, then the county is wet. (Attorney General's Opinion to Buffington, December 9, 2019)

### EDUCATION

**This is a special edition of Technicalities primarily devoted to school questions related to GASB pronouncements, because of the number of issues addressed lately.**

**Q** Can a school district administer scholarship funds?

**A** No, there is no authority for a school board to administer a scholarship fund (Attorney General's Opinion to Allen, October 8, 1980.)

**Q** Is there an authority for a school district to pay rotary club dues for school board members or other individuals?

**A** No, the payment of rotary or other civic club dues for a specific individual would be an impermissible donation. Article 4, Section 66 of the Mississippi Constitution prohibits donations without specific stated authority.

**Q** Are gifts to teachers permissible?

**A** No, Article 4, Section 96 of the Mississippi Constitution prohibits the legislature from granting, "extra compensation, fee or allowance, to any public officer... after service rendered or contract made..."

**Q** Can a school district conduct fund-raising activities?

**A** Yes, as long they follow the proper procedures set forth in Mississippi Code Ann. Section 37-7-301(gg) & (jj). These code sections specify that any fundraising must be approved by the School Board and must be on the behalf of or in connection with a tax-exempt charitable organization.

**Q** Does the school board have the authority to ratify the claims docket?

**A** Mississippi Code Section 37-7-301(o) provides that the local school board shall be authorized and empowered to promulgate rules and regulations that specify the types of claims and set limits of the dollar amount for payment of claims by the superintendent of schools to be ratified by the board at the next regularly scheduled meeting after payment has been made. These policies must be adopted by the Board and documented in its minutes. If a claim were not ratified by the board, the superintendent would be liable for the amount of the claim.

**Q** Are purchases out of activity funds subject to the Mississippi purchase law?

**A** Yes, all public funds are required to be spent in accordance with the purchasing laws of the state. This would include any “club funds” that are held in a bank account in the name of the school district, these funds are considered commingled and subject to the state’s procurement laws.

**Q** Would booster clubs be considered a fiduciary fund and have to be recognized under GASB 84?

**A** It depends on the way that the booster club is structured. If the assets are not held in a bank account of the school district and the school district cannot direct the use and spending of the assets, then the control criteria would not be met, so it would not be presented in the financial statements. If the assets were held in a bank account of the school district, then management would need to look at GASB 84, paragraph 11 to see if the criteria to qualify as fiduciary has been met.

**Q** What actions of a faculty advisor qualify as “Administrative Involvement” as referred to in paragraph 11c (2) of GASB 84?

**A** If the faculty advisor is strictly making sure that the club is prohibiting spending for illegal activities (i.e. The advisor would not allow the club to run a gambling casino as a fundraiser), that would not be considered administrative involvement. If the faculty advisor has any other control other than prohibiting illegal activity or does any of the following, then that would be considered administrative involvement:

- Monitors compliance
- Determines eligible expenditures
- Has discretion on how assets are allocated
- Monitors compliance with spending guidelines established by the state through state law

If a school board establishes a policy related to how funds raised by clubs and organizations can be spent that is also administrative involvement.

**Q** If it is determined that the school district does have control of the assets but the fiduciary criteria is not met how do you determine whether to recognize the activity as a governmental or business type activity?

**A** Paragraph 30 of GASB 54 discusses special revenue funds. It states, “Special revenue funds should not be used to account for resources held in trust for individuals, private organizations, or other governments.” Since the school is holding these funds for the clubs and organizations, the funds do not meet the criteria of a special revenue fund. As GASB gives the option of recognizing the activity as either governmental or business type, we recommend providing sufficient documentation for where you feel that the activity should be recognized and discussing that with your auditor.

**Q** Would payroll clearing accounts be fiduciary under GASB 84?

**A** Paragraph 11.b. of GASB 84 states that the assets cannot be derived solely from the government’s own-source revenue as defined in paragraph 13 of GASB 84. Since payroll funds would be derived from the school district’s revenue, it would be reported with the governmental or business type activities.

**Q** How do you record a lease where the only lease payment was made years ago and the school district is not collecting any annual payments on the lease?

**A** The beginning date of implementation for school districts is July 1, 2020 for the year ended June 30, 2021. Paragraph 94 of GASB 87 states that leases should be recognized and measured using the facts and circumstances that existed at the beginning of the period of implementation, which would be July 1, 2020. For existing leases, you would act as though the day of implementation was the first day of the lease and calculate it going forward.

## **Resources**

For further assistance, copies of these GASB statements can be found on the GASB website using the following links:

### **GASB 84**

[https://www.gasb.org/jsp/GASB/Document\\_C/DocumentPage?cid=1176168786182&acceptedDisclaimer=true](https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176168786182&acceptedDisclaimer=true)

### **GASB 84 Implementation Guide**

[https://www.gasb.org/jsp/GASB/Document\\_C/DocumentPage?cid=1176172846170&acceptedDisclaimer=true](https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176172846170&acceptedDisclaimer=true) GA

### **SB 87**

[https://www.gasb.org/jsp/GASB/Document\\_C/DocumentPage?cid=1176169170145&acceptedDisclaimer=true](https://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176169170145&acceptedDisclaimer=true)

## **MUNICIPALITIES**

**Q** To what extent should we follow Robert's Rules of Order in board of aldermen meetings? In a code charter municipality, does the mayor have veto power over the setting of the final agenda from the meeting? Can the mayor refuse to list an item submitted by a member of the board? In addition, is it standard procedure to list the aldermen's names on the town's letterhead?

**A** We are aware of no statutory law nor case law, which dictates the procedure a municipality must follow when conducting a meeting. Most public bodies follow very simple rules with the head of the public body ruling on any issue, with a vote taken if the full body object and the ruling should follow the majority vote. If you have adopted procedures, you should follow them. As to the agenda, both the mayor and aldermen have the authority to place items on the agenda, with the board having ultimate control over the agenda by majority vote. Once the agenda has been set in accordance with municipal policies, a majority vote of the board is required to remove an item. As to the authority of the mayor to veto a measure of the board, any affirmative action of the board is subject to veto. We know of no statutory procedure, which dictates the content of municipal letterhead, so we cannot answer your last question. (Attorney General's Opinion to McLemore, December 20, 2019)

**Q** Can our municipal police department enforce and write tickets for violation of the window tint law?

**A** Section 63-7-7 states that it is a misdemeanor to move any vehicle on any highway without proper equipment, or in any manner that violates any sections of Title 62, Chapter 7 (which includes the window tint law). Therefore, municipal officers have the authority to enforce the provisions regarding window tint. Additionally, the Mississippi Court of Appeals held that probable cause for a traffic stop may arise from an officer's reasonable belief that windows of the vehicle are excessively tinted in violation of law. (Attorney General's Opinion to Brown, December 9, 2019)

*Technicalities is a monthly publication of the Office of the State Auditor, Division of Technical Assistance. The purpose of this bulletin is to communicate information concerning inquiries directed to the Office of the State Auditor and other relevant information. The interpretations herein are those of the Division of Technical Assistance.*

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