MML Small Town Conference 2025

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I. Annual Report Levels

II. Local Government Travel

III. Avoiding Liability

IV. Donations

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Annual Report Options/Levels

There are three reports that municipal authorities may contract for that will be acceptable in accordance with Section 21-35-31. The requirements of each are based on total revenues or expenditures. The three reports are as follows:

1. **Perform a financial audit for all funds of the municipality under either: => $5,000,000**

   General Purpose Financial Reporting Framework (GAAP) or Special Purpose Financial Reporting Framework (Cash Basis – OCBOA)

Annual Report Options/Levels

2. Compilation report using OCBOA (Cash Basis) and Agreed-Upon Procedures < $5,000,000

3. Exemption from audit. <$100,000

The criteria to determine which report to use is based on total revenues or expenditures, whichever is lower. We suggest the auditor use current year amounts if available to determine which report is applicable.

LOCAL GOVERNMENTAL TRAVEL

Travel Reimbursement Limits (Section 25-3-41, Mississippi Code of 1972, Ann., Effective July 1, 2006) (Applicable to officers and employees only.

A. Mileage (in personal vehicles)

1. **Local entities - mileage reimbursement set at minimum $.20 per mile.**
2. **Local Governing Authority may, in its discretion increase the mileage rate no to exceed the rate allowed for state employees, currently $.70 per mile.**
3. **If two or more public officers or employees travel in the same private vehicle, only the one whose vehicle is used is due the mileage reimbursement.**
4. **No mileage reimbursement is due for travel in government vehicles.**

LOCAL GOVERNMENTAL TRAVEL

B. Meals, lodging and other necessary expense limits - Set by the Department of Finance and Administration, or www.dfa.state.ms.us. Governing Authorities may adopt lower rates by policy.

1. Local governments are not subject to limitations on lodging. Reimbursement for meals, when the officer or employee does not stay out of town overnight, are generally taxable for income tax reporting purposes. (Attorney General's Opinion to Triggs dated May 3, 1995)

2. Meal reimbursements - actual expenses not to exceed:
   a. All areas except high-cost areas - $68.00 per day
   b. High-cost areas - $68.00 per day as determined by the Federal Register maximum per diem rate.

   There are no separate in-state or out-of-state rates. The governing authority may set individual meal limitations by policy, but total reimbursement should not exceed the above per day rates. (Attorney General's Opinion to Mabus dated December 13, 1984)

LOCAL GOVERNMENTAL TRAVEL

C. Airline travel - shall be at the tourist rate unless space is unavailable.

D. Rental vehicles - When travel is to a location where a private or government vehicle is not available and rental vehicle has been previously arranged, the officer or employee may be reimbursed for vehicle rental expense (Attorney General's Opinion to Ranck dated November 3, 1993).

E. Recommended that all requests for travel reimbursement should be submitted on the voucher form prescribed by the Department of Finance and Administration. (See www.dfa.state.ms.us/Purchasing/Travel/TravelForms/html for example.)

F. All requested reimbursements except meals and mileage should be accompanied by receipts.

G. A local entity may require receipts for meals by policy.

LOCAL GOVERNMENTAL TRAVEL

Travel Advances

A. Office of the State Auditor has statutory authority to adopt rules and regulations regarding advance payment of travel expenses and submission of receipts. Refer to OSA Circular No. 15 for details.

B. Caution should be exercised for advance payment of travel expenses.

LOCAL GOVERNMENTAL TRAVEL

Approval for Travel

A. Section 25-3-41 uses the language after first having been duly authorized.

B. In a local government, the board or council must authorize travel or delegate that authority. The board or council should adopt a travel policy including who is authorized to approve travel.

C. Board members must be specifically authorized by the board to travel; the board minutes must contain at a minimum the name of the board member, travel destination, mode of transportation, expenditure limitations and the purpose of the travel. (Attorney General's Opinion to Chamberlin dated December 20, 2002)

D. Special Provisions for members of the municipal board or council - may not be paid mileage for attending luncheons, banquets, special events or for travel to and from board or council meetings. (Attorney General's Opinion to Halat dated March 1, 1990)

E. Travel outside the continental limits of the United States must be approved by the Governor and the Department of Finance and Administration.

LOCAL GOVERNMENTAL TRAVEL

A. Credit Cards: Section 31-7-9 gives the Department of Finance and Administration the authority to regulate the use of credit cards by local governments, but they have not authorized credit cards for travel purposes except where there is specific statutory authority such as for municipalities (21-39-27.)

Section 21-39-27 credit card for travel – municipalities:

- Can acquire one or more credit cards to pay travel expenses incurred by members of the governing authority and municipal employees. Not for Commodities, Repairs or Services.
- Municipal clerk shall maintain complete records of all credit cards and all receipts and other documents relating to their use and shall submit a written report monthly to the governing authority which includes an itemized list of all expenditures.
- Does not authorize any expenditures that are not otherwise authorized by law.
- User personally liable for expenditure not approved for payment by the governing authority.

AVOIDING LIABILITY

Adopt Policies [Polices Are Necessary To Direct Your Authority (Day To Day Procedures), and To Assure You Have The Information Necessary To Make Legal Decisions (Motions and Votes).]

1. Board Meeting Procedures(How are motions made, how are votes taken, may the public speak, what is recorded in the minute, who approves the minutes, etc.?)
2. Purchasing and Contracting Procedures [Who may contract/purchase, how is the contract (purchase order, etc.) documented, who may declare emergency purchases?]
3. Employee Personnel Policies (Is leave earned, are holidays allowed, how is hourly pay documented, And how are employees hired and fired, etc.?)
4. Claim Verification Procedure [biggest liability exposure](Does the city owe this bill? Who contracted obligation, who received the service, was the service received as specified, were purchase laws followed, is the payment within the budget, etc.?)
5. Budget Procedure. Who verifies that procedures follow state law (Municipal Audit and Accounting Guide, etc.),who prepares a proposed budget, do departments heads know what information to provide and to who, who works out a timing schedule for publications and hearing, who calculates proposed tax levy, etc.?]
6. New Laws and Obligations. Who develops proposals for legally required changes and updates procedures.

AVOIDING LIABILITY

Have Good Internal Control Policies (examples)

Cash: Be sure that Cash Collections are deposited on a Daily Basis, and that you maintain Separate Cash Drawers For Each Person.

Personnel Policies: Define Duties Of Employees and separate employee duties that create theft opportunities.

Computer Security: Make sure your computer system has individual passwords for each user that remain confidential and that any information entered is evidenced by the password of the individual entering the information.

Insurance: Surety Bonds for Employees, Errors and Omissions Coverage. [MCA §21-15-6], Real and Personal Property, Liability [MCA §11-46-17]

Board/Council members Should Vote Decisively. Majority voters are liable for actions taken. Vote no or leave the meeting to avoid liability. Remember abstentions go with the majority.

HOW TO TELL WHEN DONATIONS CAN BE MADE

Donations Require Specific Authority

- Donations - Section 66 Miss. Constitution prohibits donations without specific statutory authority from the legislature. Section 96 Miss. Constitution prohibits compensation to an employee other than what is earned. Section 100 Miss. Constitution prohibits the release obligations to the state, county or city. Home rule laws (Section 19-3-41 counties and 21-17-5 cities) make clear they do not allow donations.

- Donations must be supported by specific legal authority or they are illegal. Care should be taken to support that all expenditures are legal donations or a legal obligation. Put simply, if you don't owe it, it's a donation that requires legal authorization.

EXAMPLES OF DONATION AUTHORITIES:

- Municipal school program and building support (Sec. 21-17-1 & 21-19-49)
- County/municipal equipment loans to each other (Sec. 17-5-15)
- County/municipal support of arts (Sec. 39-15-1)
- County/municipal libraries (Sec. 39-3-5 & 7)
- County/municipal planning and development districts (Sec. 17-19-1)
- Domestic violence Shelters [Sec. 19-5-93 (0) & 93-21-115]
- Various municipal donation authorities (Bands, Fairs, Red Cross, Social and Community Service Programs, etc.) may be found from Sec. 21-19-41 to 21- 19-65.
- Various county donation authorities are found under Sec. 19-5-93.
- (Note: In kind services may be used to meet dollar for dollar donation matching requirements, see A. G. opinion to Frank G. Power 9-18-98)

EXAMPLES OF WHERE CONTRACT OBLIGATIONS ARE REQUIRED:

- **Volunteer Fire Departments - There is no authority to donate to a volunteer fire department, therefore a contract for their services is required to give them money or allow them to use public property.**

- **Recreational Associations - There is no authority to give money or allow exclusive use of public property to recreational associations. A contract for their services to the public must be entered; otherwise, they have no more rights than any other group or citizen.**

MUNICIPAL COMPLIANCE QUESTIONNAIRE

MUNICIPAL AUDIT AND ACCOUNTING GUIDE (PAGE IV – B5) ISSUED BY THE STATE AUDITOR SECTION 21-35-31

As part of the municipality's audit, the governing authorities of the municipality must make certain assertions with regard to legal compliance. The municipal compliance questionnaire was developed for this purpose. This questionnaire can be found in the Municipal Audit and Accounting Guide and may be found on the State Auditor's Website at:

www.osa.ms.gov then Resources then Local Governments

Municipal Audit and Accounting Guide