



Policy 10 - Reimbursement of Expenses

ADOPTION DATE: DECEMBER 7, 1994

Revision #1 Dated January 3, 2004

EFFECTIVE DATE: DECEMBER 7, 1994

RESPONSIBLE FOR ADMINISTERING POLICY:

Manager, Utility District Board of Commissioners

BACKGROUND AND PURPOSE

This policy was developed in accordance with state law relating to utility districts and the requirement for the adoption of a policy. The policy does not become effective until the district files a copy of the adopted policy with the office of the Comptroller of the Treasury of the State of Tennessee, Division of Municipal Audit at:

State of Tennessee, Comptroller of Treasury, Department of
Audit, Division of Municipal Audit, Suite 1600, James K. Polk State
Office Building, Nashville, Tennessee 37243-0271

State law permits the board of commissioners of a utility district to elect to reimburse the following individuals for expenses incurred in the conduct of district business:

1. Any member of the board of commissioners;
2. Any committee member duly elected or appointed by the board of commissioners;
3. Any employee of the district.

The board of commissioners has the power to establish the terms and conditions of the reimbursement of expenses incurred by employees in the conduct of district business.

LIMITATIONS

The utility is subject to various state and federal regulations and has no discretion to provide travel reimbursement in a manner which would violate these regulations.

POLICY STATEMENT

1 ... The board of commissioners has elected to reimburse expenses incurred by the following individuals for the purpose of conducting district business:

- a) Members of the board of commissioners;
- b) Committee members elected or appointed by the board;
- c) District employees.

2 ... Expenses incurred by a spouse, children, other relatives, friends or companions are not eligible for reimbursement.

3 ... Expenses eligible for reimbursement must be actual, ordinary and necessary in the conduct of district business. These include expenses for the following:

- a) Transportation;
- b) Lodging;
- c) Meals;
- d) Registration for conferences, conventions and seminars;
- e) tolls, taxicab fees and parking fees;
- f) Other actual, ordinary and necessary expenses deemed to be connected to the conduct of district business by the board of commissioners.

4 ... All mileage shall be computed based on Official State of Tennessee or Rand-McNally maps.

5 ... **District Vehicles.** The board of commissioners or manager may require that an employee drive a district vehicle to conduct district business.

6 ... **Personal Vehicles.** When a personal vehicle is used, the following limitations apply:

- a) Mileage shall be reimbursed at a rate no higher than established in *IRS Publication 1542*.
- b) Mileage shall be reimbursed only for the most efficient route (considering distance and time), plus reasonable vicinity mileage.
- c) If the trip is extended for personal use, personal mileage must be deducted.
- d) If two or more employees or officials travel together in one person's vehicle, only the person who owns or has custody of the vehicle will be reimbursed for mileage.
- e) Employees and officials will maintain adequate insurance to hold harmless the district for any liability from the use of the personal vehicle.

f) In no event shall mileage reimbursement, plus vicinity travel and associated automobile costs, exceed the lowest reasonable available airfare and associated travel costs.

g) Employees or officials shall not be reimbursed for automotive repair or breakdowns when using their personal vehicles.

7 ... **Airlines.** The following limitations apply:

a) Employees and officials should make full use of discounts and special rates for advance airline reservations.

b) Reimbursement will be made for tourist class airfare only.

c) Mileage credits for frequent flyer programs accrue to the traveler; however, there shall be no circuitous routing, scheduling of a particular carrier or other manipulations of air schedules to maximize travel credits.

8 ... Lodging rates shall not exceed the maximum rates authorized by *IRS Publication 1542*, except when authorized by the board of commissioners for such occasions as conventions and conferences.

9 ... If two or more persons share a room, each traveler shall claim one half of the double room rate and file expense forms at the same time.

10 ... If an authorized traveler shares a room with a non-district traveler, the actual cost will be allowed up to the maximum reimbursable amount.

11 ... Laundry expenses and other personal expenses will not be reimbursed.

12 ... Meal amounts include the cost of the meal, tax and tips.

13 ... Meal amounts shall not exceed the highest daily amount authorized by *IRS Publication 1542*.

14 ... At the discretion of the board or its designee, authorized travelers may request either a travel advance for the projected cost of authorized travel expected to exceed \$100 or advance billing directly to the district for registration fees, airfares, meals, lodging, conferences and similar expenses.

15 ... Travel advance requests are not considered documentation of travel expenses. If travel advances exceed documented expenses, the traveler must submit the difference to the district at the time the expense reimbursement form is submitted.

16 ... All expenses must be documented with the expense reimbursement form and applicable receipts. Meals accounted for in the meal section of the expense reimbursement form do not require a receipt.

17 ... Expense forms are to be submitted for payment as soon as is practical after completion of travel. If expenses are not submitted within 30 days, they will not be reimbursed.

18 ... All claims for expenses, with the exception of meals claimed in the meals section of the expense reimbursement form, must be supported by the original paid receipt for all reimbursable expenses where possible. If a receipt is lost or unavailable, the expense form should state that the receipt is lost or unavailable.

19 ... If a travel advance was used, a copy of the travel advance form must be submitted with the expense form, along with appropriate receipts.

20 ... If a refund is due the district from a travel advance, a check should be attached to the expense form, made payable to the district for the difference.

21 ... All expense reimbursement forms shall be examined and approved by the board of commissioners, manager or their designee before payment.

22... District credit card may be used for authorized expenses incurred during travel in accordance with this policy.

RECORD KEEPING DURATION

All records of expense reimbursements shall be kept for a minimum of three years.

OMISSIONS

In the absence of specific rules or policies, the disposition of expense reimbursements shall be made by the board of commissioners in accordance with its usual and customary practices.