

STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR

BETH A. WOOD, CPA



TOWN OF BELHAVEN

BELHAVEN, NORTH CAROLINA

INVESTIGATIVE REPORT
FEBRUARY 2016



NCOSA
The Taxpayers' Watchdog

EXECUTIVE SUMMARY

PURPOSE

The Office of the State Auditor received an allegation through its Hotline concerning possible violations of the Town of Belhaven's (Town) utility cut-off policy, and misappropriation of town funds through personal credit card purchases. During the investigation of the initial allegation, concerns about other expenditures and violations of town policies were identified.

BACKGROUND

Belhaven is an incorporated town in Beaufort County. The Town provides electricity, water, sewer, and garbage disposal to residents. The Town operates under a Council-Manager form of government with a Mayor and five Town Council members elected at-large on a non-partisan basis to four-year terms. The Town Manager is the chief administrator of the Town and serves at the pleasure of the Town Council.

KEY FINDINGS

- With awareness of the Mayor and Town Council, the former Town Manager chose not to follow the Town's utility cut-off policy resulting in large delinquent customer account balances
- The Town does not have a written travel policy resulting in the potential abuse of travel expenditures
- The former Town Manager and former Finance Director failed to follow standard accounting procedures for recording customer receivables

KEY RECOMMENDATIONS

- The Town Manager should enforce the Town's utility cut-off policy.
- The Town Council should provide proper oversight to ensure the Town's utility cut-off policy is followed.
- The Town Council should adopt and implement a travel policy specifying limits on travel expenses including, but not limited to, meals, hotel stays, mileage reimbursement, rental cars, etc.
- The Town's Finance Director and Town Manager should estimate an appropriate allowance for doubtful accounts to present revenues and receivables at their net realizable value.

Key findings and recommendations are not inclusive of all findings and recommendations in the report.

STATE OF NORTH CAROLINA
Office of the State Auditor



Beth A. Wood, CPA
State Auditor

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Raleigh, NC 27699-0601
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AUDITOR'S TRANSMITTAL

February 4, 2016

The Honorable Pat McCrory, Governor
Members of the North Carolina General Assembly
Belhaven Town Council
Mr. Woody Jarvis, Town Manager, Belhaven

Ladies and Gentlemen:

Pursuant to *North Carolina General Statute §147-64.6(c)(16)*, we have completed an investigation of allegations concerning the Town of Belhaven. The results of our investigation, along with recommendations for corrective action, are contained in this report.

Copies of this report have been provided to the Governor, the Attorney General and other appropriate officials in accordance with *G.S. §147-64.6(c)(12)*. We appreciate the cooperation received from the management and employees of the Town of Belhaven during our investigation.

Respectfully submitted,

A handwritten signature in cursive script that reads "Beth A. Wood".

Beth A. Wood, CPA
State Auditor



**Beth A. Wood, CPA
State Auditor**

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BACKGROUND

The Office of the State Auditor received an allegation through its Hotline concerning the possible violations of the Town of Belhaven's (Town) utility cut-off policy, and misappropriation of town funds through personal credit card purchases. During the investigation of the initial allegation, concerns about other expenditures and violations of town policies were identified.

Our investigation of these allegations included the following procedures:

- Review of applicable North Carolina General Statutes and town policies and procedures
- Interviews with town employees (including former Town Manager), members of the Town Council, and employees of North Carolina's Local Government Commission
- Examination and analysis of available documents and records related to the allegations

Belhaven is an incorporated town in Beaufort County. The Town provides electricity, water, sewer, and garbage disposal to residents. The Town operates under a Council-Manager form of government with a Mayor and five Town Council members elected at-large on a non-partisan basis to four-year terms. The Town Manager is the chief administrator of the Town and serves at the pleasure of the Town Council.

This report presents the results of the investigation. The investigation was conducted pursuant to *North Carolina General Statute § 147-64.6 (c) (16)*.



FINDINGS AND RECOMMENDATIONS

1. WITH AWARENESS OF THE MAYOR AND TOWN COUNCIL, THE FORMER TOWN MANAGER CHOSE NOT TO FOLLOW THE TOWN'S UTILITY CUT-OFF POLICY RESULTING IN LARGE DELINQUENT CUSTOMER ACCOUNT BALANCES

With awareness of the Mayor and Town Council, the former Town Manager chose not to follow the Town of Belhaven's (Town) utility cut-off policy and allowed many customers to continue receiving utilities without paying their bills, resulting in large delinquent account balances.

As of June 12, 2015, the Town's utility accounts receivable balance was \$601,257 from 1,728 accounts. In violation of town policy, the former Town Manager did not cut off utilities for 629 delinquent accounts (\$429,888).¹

The Town classifies its utility customers as either active (currently receiving service) or inactive (no longer receiving service with an outstanding account balance).

Of the 1,294 active accounts, 235:

- were past due yet still receiving utility services.
- represented 37% of the total receivable balance.
- included 136 accounts that were delinquent by more than 90 days.²
- included 77 past due accounts with balances greater than \$1,000.

Of the 434 inactive accounts with outstanding balances, 394:

- were more than 60 days past due.
- represented 63% of the total receivable balance.
- included 391 accounts that were delinquent by more than 90 days.
- included 73 past due accounts with balances greater than \$1,000.³

If the Town Manager does not follow the cut-off policy, delinquent balances will continue to increase, and the Town's utility fund may experience cash shortages and not be able to pay its obligations. Also, the Town Council may have to increase utility rates to cover lost revenue, which negatively affects local business owners and residents.

The Mayor and Town Council were aware of the large delinquent customer account balances, and failed to inquire or intervene when the former Town Manager did not follow Town policy. The former Town Manager had the authority to manage the daily business activities of the Town, which included responsibility for whether to abide by Town policy. The Mayor and Town Council had the authority to oversee the former Town Manager and require adherence to Town policy.

¹ See Appendix.

² The Town's accounting software could not detail the aging of accounts receivable beyond 90 days.

³ One residential customer's account had an outstanding balance of nearly \$16,000.

The former Town Manager provided several reasons why the Town's utility cut-off policy was not always followed. According to the former Town Manager:

- Residents threatened with a cut-off would disrupt town business by arriving in person to speak with town management and staff, which forced them to neglect other duties.
- Some residents were financially depressed, and management tried to work with them and not disrupt utility service until the local economy rebounded.
- Some residents had health issues, and the Town should show compassion by providing those with large health care bills more time to pay utility bills.

The Town has a delinquent accounts policy established by the Town Council. According to Town policy, "...if payment is not received by the 5th of the following month service will be interrupted. Both the current and previous bills must be paid." In addition, account holders should not have a past due amount that is greater than 60 days.

RECOMMENDATIONS

- The Town Manager should enforce the Town's utility cut-off policy.
- The Town Council should provide proper oversight to ensure the Town's utility cut-off policy is followed.
- The Town Council should seek legal counsel to evaluate the viability of collection proceedings on delinquent accounts.

2. THE TOWN DOES NOT HAVE A WRITTEN TRAVEL POLICY RESULTING IN THE POTENTIAL ABUSE OF TRAVEL EXPENDITURES

The Town of Belhaven (Town) does not have a written travel policy resulting in the potential for excessive spending on meals and hotels by town employees. Employees were not required to obtain approval for travel. Employees were also not bound by State per diem travel guidelines or any internal regulations. Employees who traveled overnight for town business used a town credit card to purchase meals and hotel accommodations. Employees' credit card purchases lacked supporting documentation, while other supporting documentation did not include an itemized receipt to determine appropriateness of meals and hotel stays.

If the Town Council does not develop a travel policy, people with access to Town credit cards may waste Town funds on travel expenditures. A total of \$26,587 in travel expenses for fiscal years 2014 and 2015 was exposed to a risk of potential abuse due to the absence of a policy. The 2014 Association of Certified Fraud Examiners' "Report to the Nations on Occupational Fraud and Abuse" reported that expense reimbursement fraud accounted for 13.8% of all asset misappropriation fraud.

According to Town officials, there has never been a need for a travel policy. The former Finance Director stated he did not personally see the need for a written travel policy because he was not aware of any instance of an employee spending excessive amounts on travel.

The former Finance Director further stated that the Town has historically operated without a travel policy with no evidence of abuse, and the former Town Manager never raised the issue.

Best practices identified by the “North Carolina Department of State Treasurer Policy Manual for Local Governments” address the need for a written travel policy. The policy manual states there should be a definite, written policy for requesting travel advances, reporting travel expenses, and reimbursing the unit for unexpended advances.

RECOMMENDATIONS

- The Town Council should adopt and implement a travel policy specifying limits on travel expenses including, but not limited to, meals, hotel stays, mileage reimbursement, rental cars, etc.
- The Town Manager should implement procedures to ensure the travel policies are followed.

3. THE FORMER TOWN MANAGER AND FORMER FINANCE DIRECTOR FAILED TO FOLLOW STANDARD ACCOUNTING PROCEDURES FOR RECORDING CUSTOMER RECEIVABLES

The former Town Manager and former Finance Director incorrectly reported accounts receivable on the Town's 2014 financial statements. The Town of Belhaven's (Town) 2014 financial statements included the following wording: “All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.” However, the former Finance Director stated the Town has not recorded the receivables at their net realizable amount since his arrival in June 2010.

A review of the aging of the accounts receivable indicated the likely possibility of the Town being unable to collect all outstanding receivables. As of June 12, 2015, the Town had an accounts receivable balance for utility service of \$601,257. Approximately \$411,968 of the receivable balance was more than 90 days past due, with 63% of that owed by inactive account holders.

The Town's financial statements overstated revenues and receivables by not reducing them by an estimated allowance for doubtful accounts. The overstatement is misleading to potential users of the Town's financial statements. Users of the Town's financial statements rely on reported information that is presented accurately for decision making purposes and assessment of the financial health of the Town. Inaccurate presentations of financial statements can lead to erroneous decisions that negatively impact the Town.

The Town's former Finance Director and former Town Manager stated the Town has not recorded receivables at their net realizable value due to potential negative publicity. They explained that another town in the area had a large uncollectible account write-off to show receivables at their net realizable value, and the town received negative publicity that led to unnecessary concerns on behalf of the residents regarding management's abilities.

The Town's financial statements are required to follow Governmental Accounting Standards as set forth by the Governmental Accounting Standards Board (GASB). According to Governmental Accounting Standards, revenues should be reported net of allowances with the allowance parenthetically disclosed on the face of the statement or in a note to the financial statements.⁴

RECOMMENDATION

The Town's Finance Director and Town Manager should estimate an appropriate allowance for doubtful accounts to present revenues and receivables at their net realizable value.

⁴ GASB 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," Footnote 41.

| SUMMARY OF DELINQUENT ACCOUNTS | | | |
|--|-----------|------------|-----------|
| Description | Active* | Inactive** | Total |
| Number of Accounts in Violation of Town Policy | 235 | 394 | 629 |
| Total Dollar Amount in Violation of Town Policy | \$174,444 | \$ 255,444 | \$429,888 |
| Number of Accounts in Violation Over 90 days past due | 136 | 391 | 527 |
| Total Dollar Amount in Violation Over 90 days past due | \$156,826 | \$ 255,141 | \$411,967 |
| Number of Accounts in Violation with Outstanding Balance Over \$1,000 | 77 | 73 | 150 |
| Total Dollar amount in Violation with Outstanding Balance Over \$1,000 | \$136,203 | \$ 157,911 | \$294,114 |

*Active accounts receive utility service

** Inactive accounts do not receive utility service but owe Town for outstanding balances

The Office of the State Auditor (OSA) strives to provide the Governor, the General Assembly, and the citizens of North Carolina with complete and accurate information in our reports.

When an agency's response potentially obscures an issue, misleads a reader, or inappropriately minimizes the importance of our findings and recommendations, OSA provides clarifications regarding the agency's response.

Mayor's and Town Council's Awareness of Delinquent Accounts

The Town of Belhaven's response to this report includes the statement; "We contend that the Mayor and Town Council were not aware of the large delinquent account balances in the Town of Belhaven Utility enterprises."

However, there is clear evidence the Mayor and Town Council had knowledge of large delinquent account balances. In a December 2014 letter to the Mayor of the Town of Belhaven, the North Carolina Local Government Commission (LGC) explained that the Town's Water and Sewer Fund 2013 net loss was a result of the Town's failure to follow its utility cut-off policy resulting in past due balances. The Town's Water and Sewer Fund also operated at a loss in fiscal years 2011 and 2012. The letter from the LGC included the following language:⁵

"The Town has a cut-off policy but ***it is not being strictly enforced***. We strongly encourage the Town to enforce its policy as a means of improving collections, and we ***encourage the Board to periodically review the policy and update as needed... For customers that are behind several bills***, we encourage the Town to utilize a repayment plan by which the customer has to keep the current bill up-to-date and pay an agreed upon amount each month towards the past due balance [emphasis added]."

The LGC letter was presented at the February 9, 2015, Town Council meeting. The meeting minutes revealed the letter was an attachment to support the approval of travel expenses. There was only one member of the Town Council absent from the February 9, 2015, Town Council meeting.

Thus, the Town Manager's statement "We contend that the Mayor and Town Council were not aware of large delinquent account balances in the Town of Belhaven Utility enterprises," is inconsistent with evidence obtained during our investigation.

⁵ See referenced letter at page 8.



JANET COWELL
TREASURER

NORTH CAROLINA
DEPARTMENT OF STATE TREASURER
STATE AND LOCAL GOVERNMENT FINANCE DIVISION
AND THE LOCAL GOVERNMENT COMMISSION

T. VANCE HOLLOMAN
DEPUTY TREASURER

December 18, 2014

The Honorable Adam W. O'Neal, Mayor
Town of Belhaven
P O Box 220
Belhaven, North Carolina 27810

Dear Mayor O'Neal:

Thank you for inviting us to meet with Finance Officer Steve Nobles on November 10, 2014. We enjoyed speaking with him and believe it was a productive meeting for all concerned.

You had requested that we review the financial transactions related to the Town's efforts to keep its only hospital operating. In addition to discussing the hospital issue, we reviewed with Steve several items of concern from the Town's 2013 audited financial report. The purpose of this letter is to summarize what we discussed including our recommendations for certain items.

Hospital-related transactions

Steve gave us a brief history of the hospital issue and reviewed with us what the Town has spent to date and what it has received in donations to offset the expenditures. The donations primarily covered the expenditures made in fiscal 2014. For fiscal 2015, the expenditures so far have not been covered by donations. Steve noted that any expenditure for the hospital campaign is approved by the Board before it is paid. The total expenditures paid to date in fiscal 2014 total \$97,742.51, with additional anticipated expenditures of \$148,266.56 in 2014-2015, including \$60,000 in estimated utility bills for the hospital building.

Several concerns came to light during our discussion. One was that none of the expenditures in the 2015 fiscal year had been budgeted. The Board did adopt an amendment at its regular meeting held later that same day that covers everything expended through November 7, 2014 plus the amount estimated to be spent for the remainder of the year. While we are pleased that the Board approved the amendment, the Town is still in violation of the pre-audit requirements of the Local Government Budget and Fiscal Control Act (LGBFCA) for any of the funds expended or obligated before the amendment was adopted. The LGBFCA requires that the budget be in place before the Town obligates itself to expend funds.

A second concern regards the electricity at the hospital building. The Town has elected to keep the power on and the HVAC system operating in the hospital building. The owner of the building, Pantego Creek LLC, has stated in writing that it is not responsible for any utility bills as a result,

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Physical Address: 4505 Fair Meadow Lane, Blue Ridge Plaza, Suite 102, Raleigh, NC 27607
Website: www.nctreasurer.com

The Honorable Adam W. O'Neal, Mayor
Town of Belhaven
December 18, 2014
Page 2

and Vidant, the company that operated the hospital prior to its closing, has requested that the power be turned off and stated it will not be responsible for any subsequent bills. The Town estimates that keeping the power on is costing the Town approximately \$19,000- \$20,000 per month in power purchase costs. Because of statutory limitations on how electric funds may be spent, the Town cannot simply absorb this cost into its electric operations. The General Fund will have to pay the Electric Fund for the cost of keeping the power on at the hospital.

Finally, we have some concerns about the nature of the expenditures and whether or not they are appropriate for a Town. We strongly encourage the Town to consult with its attorney on the nature of the expenditures.

Items noted in 2013 audit

We also spent some time reviewing the Town's overall financial condition and items noted in the 2013 audit. We have since received the 2014 audit, the results of which will be discussed in a separate letter to the Board. Issues from 2013 include the large transfer from the Electric Fund to the General Fund, the low tax collection rate, and the overall condition of the Town's Water and Sewer Fund. The transfer from the Electric Fund far exceeded the amount allowed by the Town's adopted transfer policy. We understand that the Board approved the transfer and amended its policy. However the policy change was not approved by the Local Government Commission staff.

We discussed with Steve the tax collection rate and different approaches the Town might take to improve collections. Steve indicated that the County was making strides with some properties. The Town believes that once property owners see that the County is stepping up its efforts to collect, others will begin paying their past due bills. There was a slight improvement in the collection rate in 2014, from 86.76 in 2013 to 90.16 in 2014.

Finally we discussed the financial condition of the Water and Sewer Fund. The operation reported a net loss in 2013, not enough liquid assets to cover current liabilities, and insufficient cash flow from operations to cover debt service costs. The Town did increase rates in 2014 and Steve believed the fund to be in better financial condition than in previous years. However, the 2014 audit indicates the Fund has declined even further. We discussed some of the challenges the Town faces in operating particularly the sewer system as the Town has out of town sewer customers for which the County provides water. Steve acknowledged it is difficult to enforce payment on sewer only customers. We discussed the possibility of working with the county to get water and sewer on one bill for those customers. The Town has a cut-off policy but it is not being strictly enforced. We strongly encourage the Town to enforce its policy as a means of improving collections, and we encourage the Board to periodically review the policy and update as needed. The Town also should be collecting deposits from customers equal to or exceeding an average billed amount that would cover the period up to the point that the water is cut off. For customers that are behind several bills, we encourage the Town to utilize a repayment plan by which the customer has to keep the current bill up-to-date and pay an agreed upon amount each month towards the past due balance. The key to this arrangement is keeping the current bill paid and enforcing cut-offs if it is not paid.

Again, we appreciate the opportunity to meet with your staff and trust that this information is helpful to you. Please see our letter dated December 18, 2014, for our analysis of the 2014 financial

The Honorable Adam W. O'Neal, Mayor
Town of Belhaven
December 18, 2014
Page 3

report and the Town's overall financial condition. If you have any questions or concerns please contact me at (919) 807-2380.

Sincerely,

A handwritten signature in black ink that reads "Sharon Edmundson". The signature is written in a cursive style with a large, stylized 'S' and 'E'.

Sharon G. Edmundson, CPA
Director, Fiscal Management Section

cc: Guinn Leverett, Town Manager
Steven Nobles, Finance Director
Thompson, Price, Scott, Adams & Co., PA Wilmington

Town of Belhaven



Mayor

Adam W. O'Neal

Town Manager

Dr. Guinn Leberett

Town Clerk

Jeanie Budge

Town Council

Greg Satterthwaite, Mayor Pro-Tem

Julian B. Goff

Robert L. Stanley

Samuel A. Williams

Victor L. Cox

January 11, 2016

Ms. Beth Wood CPA
State Auditor
2 S Salisbury Street
20601 Mail Service Center
Raleigh, NC 27699-0601

Dear Ms. Wood,

Thank you for your letter dated January 6, 2016 and for the work of your staff regarding the investigation of allegations concerning the Town of Belhaven.

The Town of Belhaven accepts the findings and recommendations of the audit with one exception. We contend that the Mayor and Town Council were not aware of the large delinquent account balances in the Town of Belhaven Utility enterprises. Attached you will find response to all three findings as well as our plans for corrective actions, a proposed timeline and designated responsible parties.

Finding number 1.) The former town manager chose not to follow the town's cut-off policy resulting in large delinquent account balances.

Delinquent accounts with large balances are currently being aggressively addressed by town personnel. The Town Manager, Finance Director, Electric Supervisor and Utility Clerk are contacting all active delinquent accounts and demanding payment for utility services including current bill and at least a portion of each account's arrears balance. The town has established a Utility Hardship Committee which consists of the Town Manager, Finance Director, one Town Councilman, and two "at large" citizens. The Hardship Committee meets every Wednesday at 3:00 pm. The Town Manager and Finance Officer prepare written payment plans for the larger delinquent balances. Through payment plans, efforts of the Hardship Committee, and 4 months of intense communication with the delinquent accounts. We anticipate having the town close to compliance with our cut-off policy by May of 2016.

"Birthplace of the Intracoastal Waterway"

Post Office Box 220, Belhaven, North Carolina 27810 • (252) 943-3055 • Fax (252) 943-2357
www.belhavennc.us

Finding number 2.) The Town Does not have a written travel policy resulting in the potential abuse of travel expenditures.

The Belhaven Town Council adopted an official travel policy at our January 11, 2016 Town Council Meeting. The policy is modeled to emulate State of North Carolina GASB policies. All travel will be approved by the Town Manager or Finance Director and follow established per diem rates for meals, mileage and lodging. A copy of the policy is attached to this letter.

Finding number 3.) The former Town Manager and Finance Director failed to follow standard accounting procedures for recording customer receivables.


The Belhaven Town Manager and Finance Director will analyze and estimate an appropriate allowance for doubtful accounts prior to the new fiscal budget year beginning July 1, 2016. Doubtful collections will include delinquent balances from deceased accounts, other inactive accounts, and some accounts over 90 days old. This should more accurately portray present receivables and revenues at their net realizable value.

From the Town Council purview, it is odd that independent audits of town finances that are done each year did not bring this to light. The town intentionally changes audit firms to ensure impartiality. The town audits reflect the amount of receivables, but the hired auditors did not raise issue with how doubtful accounts have been previously represented.

Belhaven will follow GASB guidelines for discussion, analysis and display of receivables from the present forward.

Thank you for your attention to these matters. The Town of Belhaven takes the audit findings seriously and will strive to improve our processes related to all town business in order to better conform to accepted state and local government guidelines.

Sincerely,



Woody Jarvis
Town Manager
Belhaven

Attachments:
Hardship Committee notice
January Utility mailing
Belhaven Travel Policy

Town of Belhaven



Mayor

Adam W. O'Neal

Town Manager

Dr. Quinn Leberett

Town Clerk

Jeanie Budge

Town Council

Greg Satterthwaite, Mayor Pro-Tem

Julian D. Goff

Robert L. Stanley

Samuel A. Williams

Victor L. Cox

Utility Hardship **Committee**

Meetings

Every Wednesday 3:00 pm

Beginning 11/18/2015

"Birthplace of the Intracoastal Waterway"

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Town of Belhaven



Mayor

Adam W. O'Neal

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Town Clerk

Jeanie Budge

Town Council

Greg Satterthwaite, Mayor Pro-Tem

Julian P. Goff

Robert L. Stanley

Samuel A. Williams

Victor L. Cox

ATTENTION!

Your Utility Account Is Past Due!

The Town of Belhaven has been considerate in the past, but you must immediately make arrangements to pay your account in full.

In order for the Town to continue to provide you with electricity and other utility services you must do the following:

1. Pay your current bill in full by the 15th.
2. Make arrangements to begin paying the amount in arrears.
3. You are expected to contact the Town of Belhaven to begin this process immediately.
4. Your cooperation will be greatly appreciated.

To be fair with all the citizens of Belhaven, strict compliance with payment regulation is necessary.

"Birthplace of the Intracoastal Waterway"

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www.belhavennc.us

TOWN OF BELHAVEN TRAVEL POLICY

(Employee travel will be approved by the Town Manager or Finance Director.)

A. Meals:

| | In-State | Out-of-State |
|------------------|-----------------|---------------------|
| Breakfast | \$ 8.20 | \$ 8.20 |
| Lunch | \$ 10.70 | \$ 10.70 |
| Dinner | \$ 18.40 | \$ 20.90 |

Meals during Overnight Travel: A town employee may be reimbursed for meals (including lunches), while on official town business when the employee is in overnight travel status. To qualify, travel must involve a destination located at least 35 miles from the employee's regularly assigned duty station.

Meals during Daily Travel: Employees may be reimbursed for meals for partial days of travel, when in overnight travel status, and the partial day is the day of departure or the day of return. The following applies:

- Breakfast: depart duty station prior to 6:00 a.m. and extend the workday by 2 hours.
- Lunch: depart duty station prior to 12:00 noon (day of departure) or return to duty station after 2:00 p.m. (day of return).
- Dinner: depart duty station prior to 5:00 p.m. (day of departure) or return to duty station after 8:00 p.m. (day of return) and extend the workday by 3 hours.
- The travel must involve a destination located at least 35 miles from the employee's regularly assigned duty station or home.

Allowances cannot be paid to employees for lunches if travel does not involve an overnight stay. However, employees can be eligible for allowances for the breakfast and evening meals when the following applies:

- Breakfast: depart duty station prior to 6:00 a.m., and extend the workday by 2 hours.
- Dinner: return to duty station after 8:00 p.m., and extend the workday by 3 hours.
- To be eligible for both meal allowances the employee must have worked five (5) hours longer than the normal workday.
- The travel must involve a destination located at least 35 miles from the employee's regularly assigned duty station or home.
- Allowances for the breakfast and evening meals for employees working nontraditional shifts must have prior approval.

B. Lodging: Effective date: 1-1-16

| | In-State | Out of State |
|-----------------------|-----------------|---------------------|
| Standard Rates | \$65.90 | \$77.90 |

These rates are guidelines. It is understood that in some instances, the best available rates may be higher than the set standards. Lodging rates may be reviewed and approved by the Town Manager and/or the Finance Director and adjusted as needed to ensure reasonable accommodations are acquired at the best available price.

C. Mileage:

Town employees may use their private cars at the statutory reimbursement rate of **\$0.54 per mile** under the following circumstances:

- Round trips not exceeding one hundred (100) miles.
- Round trips exceeding one hundred (100) miles when there is no town vehicle available.
- When the employee has a physical handicap which requires specialized equipment for operation of a motor vehicle.
- When such use is to the town's advantage, due to particular requirements of the employee's duties, or when alternate transportation is more expensive or not feasible.
- -The statutory rate may change periodically to stay aligned with the IRS standard rate for mileage.

D. Other Miscellaneous Trip Expense Reimbursements:

- For public transportation without a receipt: \$5.00 each way.
- For parking without a receipt: \$4.00 per day
- For baggage tips-not to exceed: \$2.00 per bag
- Taxi tips are not to exceed 15%

ORDERING INFORMATION

COPIES OF THIS REPORT MAY BE OBTAINED BY CONTACTING:

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For additional information contact:
Bill Holmes
Director of External Affairs
919-807-7513

