

ACCOUNTABLE REIMBURSEMENT POLICY

The following resolution was duly adopted by the District Board of the South Texas District UPC at a regularly called meeting held on December 2-3, 2002, a quorum being present:

Whereas income tax regulations 1.162-17 and 1.274-5(e) provide that an employee “need not report on his tax return” expenses paid or incurred by him or her solely for the benefit of his/her employer for which he/she is required to account and does account to the employer and which are charged directly or indirectly to the employer; and

Whereas income tax regulation 1.274-5(e) further provides that “an adequate accounting means the submission to the employer of a ... statement of expense or similar record maintained by the employee in which the information as to each element of expenditure (amount, time and place, business purpose, and business relationship) is recorded at or near the time of the expenditure, together with supporting documentary evidence, in a manner which conforms to the 'adequate records' requirements” set forth in the regulation; and

Whereas the South Texas District UPC desires to establish a reimbursement policy pursuant to regulations 1.162-17 and 1.274-5(e); therefore,

Be it Resolved, that the South Texas District UPC hereby adopts a reimbursement policy pursuant to income tax regulations 1.162-17 and 1.274-5(e), upon the following terms and conditions:

1. Any district official or other individual employed now or hereafter employed by the South Texas District UPC shall be reimbursed for any ordinary and necessary business and professional expense incurred on behalf of the district, if the following conditions are satisfied: (1) the expenses are reasonable in amount; (2) the person incurring the expense documents the amount, time and place, business purpose, and business relationship of each such expense with the same kinds of documentary evidence as would be required to support a deduction of the expense on the person's federal income tax return; and (3) the person documents such expenses by providing the District Secretary with an accounting of such expenses no less frequently than monthly. In no event will an expense be reimbursed if substantiated more than 60 days after the expense is paid or incurred by an official or an employee.
2. The district shall not include in an official's or employee's W-2 form the amount of any business or professional expense properly substantiated and reimbursed according to the preceding paragraph, and these persons should not report the amount of and such reimbursement on his or her FORM 1040.
3. Any district reimbursement that exceeds the amount of business or professional expenses properly accounted for pursuant to this reimbursement policy must be returned to the district within 120 days after the associated expenses are paid or incurred and shall not be retained by the official or employee.
4. If, for any reason, the district's reimbursements are less than the amount of business and professional expenses properly substantiated by an official or employee, the district will report no part of the reimbursements on the person's W-2, and the official or employee may deduct the unreimbursed expenses as allowed by law.
5. Under no circumstances will the district reimburse an official or other employee for business or professional expenses incurred on behalf of the district that are not properly substantiated according to this policy. The entire district, its officials and employees understand that this requirement is necessary to prevent our reimbursement plan from being classified as a “non-accountable” plan.
6. All receipts and other documentary evidence used by an official or other employee to substantiate the business nature and amount of business expenses incurred on behalf of the district shall be retained by the district. The official or employee may, at his or her election, make copies of such evidence.