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HAMILTON COUNTY, TENNESSEE

INTERNAL AUDIT OFFICE

To: Weston Wamp, County Mayor
Hamilton County Board of Commissioners
Audit Committee

From: Chris McCollough

Date: July 30, 2025

Subject: Audit Report of Commissioner Travel Discretionary Funds

AUDIT SCOPE

We audited the cash disbursements made from Commissioner Travel Discretionary Funds for the two fiscal years beginning July 1, 2022, and ending June 30, 2024. The purpose of this audit was to assess compliance with required guidelines and ensure proper use, accounting, and reporting of these disbursements in the county's financial records.

BACKGROUND

COMMISSIONER DISCRETIONARY SPENDING:

Since June 15, 2005 (Resolution No. 605-51), the Hamilton County Board of Commissioners is allowed to use any unused travel funds to spend at their discretion within the rules established for expenditure of county funds.

Each commissioner has the latitude to fund requests made from nonprofits and civic organizations, as defined under Internal Revenue Code section 501(c)(3) or 501(c)(4). To qualify for these funds, written procedures require submitting specific documentation, including an IRS tax exemption letter, current financial statements, a detailed description of the request, and the requested dollar amount. In addition, all expenditures of these funds require an approved resolution from the Hamilton County Board of Commissioners.

AUDIT RISKS

We considered the following risks:

- that funds donated may not be properly supported and in compliance with state law;
- that funds donated may not have been deposited into the payee's bank account;
- that funds donated may not have been used for the purpose intended; and
- that funds may not have been expended according to county commission policy.

AUDIT OBJECTIVES

The objectives of our audit procedures were:

- to ensure that monies disbursed to charitable, civic, and educational organizations of Hamilton County were properly approved, supported, documented, and in compliance with TCA Code 5-9-109 (**See Exhibit VIII - Page 16**);
- to determine that said funds were used by the named organizations in furtherance of their nonprofit purpose, benefiting the general welfare of the residents of the county;
- to determine that the disbursements were properly authorized by resolution, accounted for in the County General Fund, and reported on the county's website; and
- to verify that the disbursements are in compliance with county policy and IRS regulations.

AUDIT PROCEDURES

Our audit of travel funds included the following procedures:

- confirmation of the required budget request;
- IRS 501(c)3 or 501(c)4 Letter, as applicable;
- proper supporting documentation using Hamilton County's CentralSquare software and/or provided by the recipient;
- agreement to resolution;
- examination of the county's cancelled check;
- examination of the nonprofit's bank statement confirming deposits into their account;
- agreement to the county's financial records and website post of 'spending report'; and
- review of expenditures for compliance with policy.

Our test work included:

- Eighty-seven (87) disbursements made to fifty-eight (58) organizations totaling \$156,691.81 (**See Exhibit I – Pages 7-9**); and
- reviewing additional travel expenditures.

AUDITOR'S OPINION & FINDINGS

In our opinion:

- Donations made from commissioner discretionary funds were not completely verified as having been used by the organization for the purpose intended.
- Additionally, reimbursements for commission expenditures were not always made in accordance with county policy.

Our examination identified certain violations and areas that require improvement. These exceptions and our recommendations are as follows:

Documentation

Observation – Despite several requests, the Kingship Chess Group failed to provide us with the necessary information to verify that the donation complied with county and state guidelines. The Kingship Chess Group received a donation of \$1,250.00.

Recommendation – We recommend that no further donations be made to these organizations until we receive the requested documentation.

Unqualified Reimbursements

Finding 1 – Historically, the county provided each commissioner with an office to address the concerns and needs of their respective constituents. Presently, with limited space, commissioners have the option of leasing an office or using a home office to check emails and make calls. According to the county commission expense allowance policy, commissioners are reimbursed in accordance with the regulations published by the Internal Revenue Service (**See Exhibit II – Page 10**). We found five (5) commissioners who receive mileage reimbursement for driving to and from the weekly county commission meeting. The issue is whether commissioners are allowed to get reimbursement for travel from their homes to the weekly commission meeting on Wednesday.

After conducting research and engaging in extensive discussions with external CPAs, CTAS, other government agencies, and an IRS agent, we have compiled the following information as the basis for our recommendation.

IRS Publication 587, Business Use of Your Home, provides guidance on whether the home office qualifies for a deduction. The following information is found on page three(3) of the publication.

It states:

“To qualify to deduct expenses for business use of your home, you must use part of your home:

- Exclusively and regularly as your principal place of business;
- Exclusively and regularly as a place where you meet or deal with patients, clients, or customers in the normal course of your trade or business;
- In the case of a separate structure that is not attached to your home, in connection with your trade or business;
- On a regular basis for certain storage use;
- For rental use; or

- As a daycare facility

To determine whether your home is your principal place of business, you must consider:

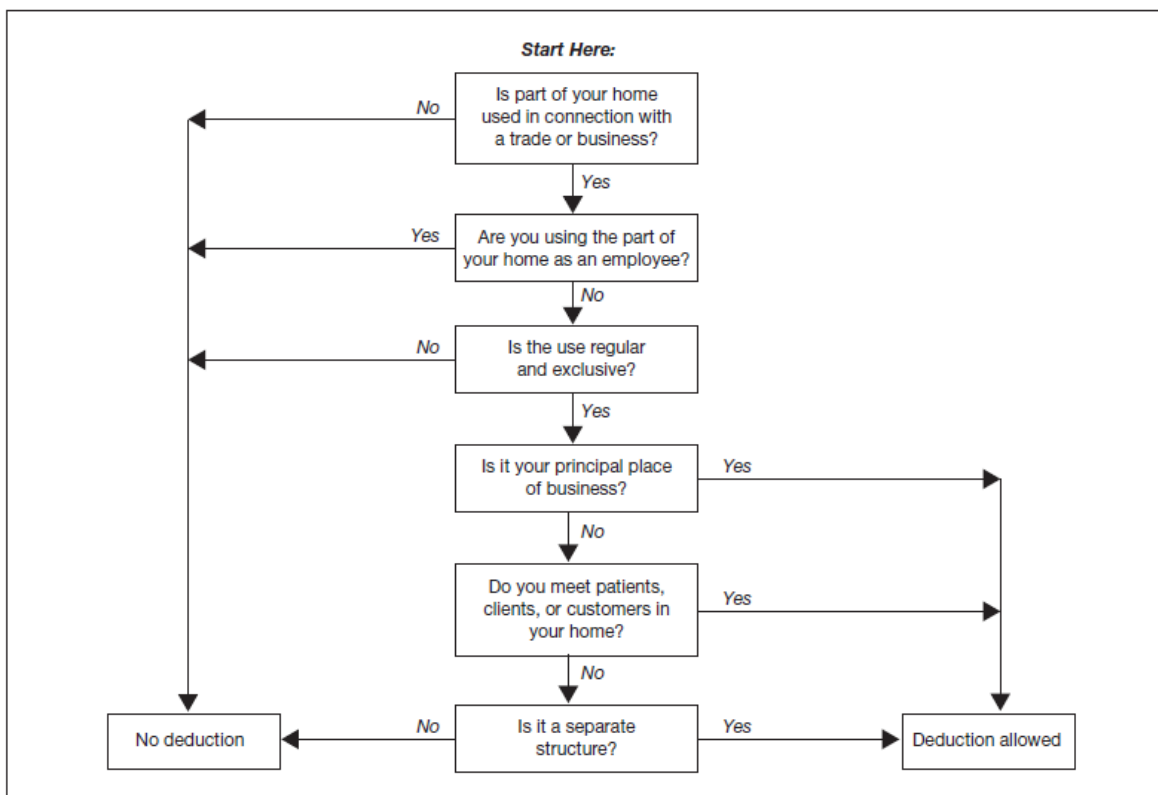
- The relative importance of the activities performed at each place where you conduct business, and
- The amount of time spent at each place where you conduct business.

Your home office will qualify as your principal place of business if you meet the following requirements.

- You use it exclusively and regularly for administrative or management activities of your trade or business.
- You have no other fixed location where you conduct substantial administrative or management activities of your trade or business.”

The following chart from page four(4) of publication 587 is used to determine if you can deduct business use of the home expenses.

Figure A. Can You Deduct Business Use of the Home Expenses? Do not use this chart if you use your home for the storage of inventory or product samples, or to operate a daycare facility. See *Exceptions to Exclusive Use*, earlier, and *Daycare Facility*, later.



In the above chart, the second box question asked, "Are you using the part of your home as an employee? The answer to that question is "yes." Therefore, no deduction is allowed as a home office expense.

The Hamilton County Government Employee Handbook, page 69, defines who constitutes an employee of Hamilton County. According to the handbook, the County Commissioners are employees of the County Government. Additionally, Internal Revenue Code section 3401(c) indicates that an “officer, employee, or elected official” of government is an employee for income tax withholding purposes.

Per IRS Publication 463 (2023) Chapter 4 (**See Exhibit III – Page 11**), transportation expenses include the ordinary and necessary costs of all of the following.

- Getting from one workplace to another in the course of your business or profession when you are traveling within the city or general area that is your tax home. *Tax home* is defined in Chapter 1 (**See Exhibit IV – Page 12**)
- Visiting clients or customers.
- Going to a business meeting away from your regular workplace.
- Getting from your home to a temporary workplace when you have one or more regular places of work. These temporary workplaces can be either within the area of your tax home or outside that area.

Additionally, if you have no regular place of work but ordinarily work in the metropolitan area where you live, you can deduct daily transportation costs between home and a temporary work site outside that metropolitan area. Generally, a metropolitan area includes areas within the city limits, and the suburbs are considered part of that area. You can't deduct daily transportation costs between your home and temporary work sites within your metropolitan area. These are non-deductible commuting expenses (**See Exhibit V – Page 13**).

At the courthouse, the 4th floor Commission office and Commission Room (main office station) are the primary locations where the commissioner's deliberations (whether in a commission meeting or a committee meeting) and decisions are made. The alternative workplace arrangements for the home office could be viewed as a designated work station, given the limited courthouse office space.

Therefore, travel reimbursement from the home office to the weekly Wednesday commission meeting, which is held at the main place of business of the commission, would not be deductible or reimbursed by the county. If a commissioner has a meeting with a constituent before the commission meeting at a location other than the county house, then mileage would be reimbursed from the home office to the meeting location.

Commissioners received \$3,173.68 in mileage reimbursements for driving from their homes to the weekly commission meeting at the courthouse in fiscal year 2023 and \$3,667.59 in fiscal year 2024.

Recommendation – We recommend that the commissioners repay the reimbursements they received for ineligible mileage deductions in calendar year 2025, or the total amount can be included in the commissioners' W-2 as taxable income. The accounting department must know if the commissioners want to pay back the ineligible mileage reimbursement or have it added to their W-2 as income, by August 31, 2025. Additionally, we recommend that the commission update the discretionary travel policy to incorporate the guidelines outlined in the State of Tennessee Department of Finance and Administration's Policy 8 – Comprehensive Travel Regulations, specifically sections 10 to 14. (**See Exhibit IX – Page 18-20**).

Finding 2 – Per commission policy, reimbursements are only qualified when the expense is directly related to a commissioner's work (**See Exhibit VI – Page 14**). Additionally, the commission policy states that the commission chair is responsible for approving each commissioner's expenses (**See Exhibit VII – Page 15**). During our audit, we discovered that a commissioner was reimbursed for several expenditures he made directly for a non-profit event totaling \$1,419.29. The commission chair did not approve these reimbursements and many other expenditures. Additionally, the accounting department processed the payment without questioning whether the expense was eligible for reimbursement.

Refer to the table below for a breakdown of expenditures made on behalf of the non-profit.

<u>Expenditure Date</u>	<u>Vendor</u>	<u>Purchase Description</u>	<u>Expenditure Amount</u>
<u>10/19/2023</u>	<u>Walgreens</u>	<u>Photofinishing</u>	<u>\$99.38</u>
<u>10/20/2023</u>	<u>Hobby Lobby</u>	<u>Custom frame</u>	<u>91.77</u>
<u>10/21/2023</u>	<u>Marriott</u>	<u>Two Rooms & Valet Parking</u>	<u>1,098.06</u>
<u>10/22/2023</u>	<u>Cracker Barrel</u>	<u>Breakfest</u>	<u>60.08</u>
<u>12/10/2023</u>	<u>Unknown</u>	<u>Event DvDs</u>	<u>70.00</u>
Total			<u><u>\$1,419.29</u></u>

Recommendation – We recommend that expenditures and reimbursements be made only in accordance with commission policy, and that the commission chair sign off on all expenses. The accounting department must verify whether expenses align with policy. On July 16, 2025, Resolution 725-13 was approved as a one-time deviation of the Travel Discretionary Expense Allow Policy for the transactions above.

If you have any questions regarding this report or would like further information, please call me at 209-6212 or Austin Durall at 209-6211.

Chris McCollough

Chris McCollough, County Auditor

Staff Assigned to Audit

J.C. Clonts, Staff Auditor

Austin Durall, Audit Manager

cc: Claire McVay, Chief of Staff
David Roddy - COO
Lee Brouner, CFO
Vonda Patrick, Deputy CFO
Patricia Mitchell, Legislative Administrator

Hamilton County, Tennessee

EXHIBIT I

Schedule of Commissioners' Discretionary Spending

Two fiscal years beginning July 1, 2022 and ending June 30, 2024

Organization	Funds To Be Used For	Date	Resolution	Amount
Soddy Daisy Food Bank Incorporated	Assist with operational expense	06/07/23	623-15	1,500
Middle Valley Youth Association	Assist with programming	06/21/23	623-44	1,500
Soddy Daisy Trojan Fund	Assist with scholarships	06/21/23	623-43	2,500
Mountain Education Foundation	Assist with programming	06/07/23	623-13	3,000
Mowbray Volunteer Fire Department	Assist with purchase of Swiftwater equipment	06/07/23	623-11	3,000
Walden's Ridge Emergency Service	Assist with equipment upgrades	06/07/23	623-12	3,000
Charles H. Coolidge National Medal of Honor Heritage	Purchase of a table for Celebration of Valor luncheon	06/21/23	623-64	1,500
Hixson High School	Assist with athletic programs	06/21/23	623-65	3,000
Prison Prevention Ministries, Inc.	Assist with InZone programming for underserved kids	06/21/23	623-66	2,250
Kingship Chess Group	Assist with programming	08/17/22	822-65	1,250
Placing Emphasis Around Kids dba PEAK	Assist with programming and services	08/17/22	822-67	1,250
Reach One Teach One	Assist with programming and services	08/17/22	822-68	1,000
Tyner High School	Defray the cost of Football Championship Rings	01/04/23	123-8	1,000
Brainerd High School	Assist with purchase of lawnmower	04/05/23	423-22	1,500
United Community Action Alliance	Defray the cost of materials for Seniors Night Out	04/05/23	423-4	3,000
Tyner High School	Defray the cost of Football Championship Rings	01/04/23	123-8	1,000
The Hamilton County Schools Foundation	Assist with programming	06/07/23	623-8	5,053
Charles H. Coolidge National Medal of Honor Heritage	Purchase of a table for Celebration of Valor luncheon	08/17/22	822-66	1,500
East Hamilton High School	Assist with purchase of sports equipment	06/21/23	623-41	3,961
City of East Ridge	Assist with Camp Jordan nature trail project	05/17/23	523-26	3,000
East Ridge Needy Child Fund	Assist with programming	06/07/23	623-6	2,500
Tyner High School	Defray the cost of Football Championship Rings	01/04/23	123-8	1,000
Harrison Bay Future Ready Center	Assist with scholarships for National Skills USA Contest	06/07/23	623-7	2,000
Snow Hill Recreation League	Assist with the Boys and Girls All Star Team	06/21/23	623-42	2,000
Harrison Bay Future Ready Center	Assist with scholarships for National Skills USA Contest	06/07/23	623-9	2,000
Snow Hill Recreation League	Assist with the Boys and Girls All Star Team	06/07/23	623-10	2,000
Ooltewah Youth Association	Assist with the Boys and Girls All Star Team	06/21/23	623-40	2,000
East Lake Neighborhood Association Inc.	Assist with community projects	06/21/23	623-63	1,355
Henry Bowles Athletic Fund	Assist with scholarships	06/21/23	623-58	1,355
Lookout Valley Lions Club Charity	Assist with community projects	06/21/23	623-61	1,355
Lookout Valley Neighborhood Association	To update IT equipment	06/21/23	623-60	1,355
Net Resource Foundation	Assist with community projects	06/21/23	623-62	1,355

Hamilton County, Tennessee

EXHIBIT I

Schedule of Commissioners' Discretionary Spending

Two fiscal years beginning July 1, 2022 and ending June 30, 2024

Organization	Funds To Be Used For	Date	Resolution	Amount
Keep Soddy Daisy Beautiful	Assist with a community project	09/20/23	923-24	1,200
Sale Creek High School	Assist with purchase of softball team's uniforms	09/20/23	923-23	1,500
Sale Creek High School	ROTC competitions	11/01/23	1123-6	1,000
Sale Creek High School	Purchase Girl's Volleyball Championship Rings	01/03/24	124-6	2,000
Harrison Recreational Booste Club	Assist with facility improvements	02/07/24	224-9	1,000
Sale Creek High School	Assist with purchase of calculators	05/15/24	524-21	1,000
Soddy Daisy High School	Assist with purchase of paint for bleachers	05/15/24	524-22	1,000
Soddy Daisy Vietnam Veterans Foundation	Assist with supplies for local veterans	05/15/24	524-24	1,000
The Soddy Daisy & Montlake Historical Association	Assist with building maintenance	05/15/24	524-23	1,000
Soddy Daisy Food Bank	Assist with operational expense	06/05/24	624-38	500
Mountain Education Foundation	Assist with programming	05/06/23	1223-5	5,000
Signal Mountain Middle-High School Sports Boosters	Assist with programming	06/05/24	624-3	6,000
Walden's Ridge Emergency Service	Assist with purchase of Thermal Imaging Cameras	06/05/24	624-35	3,000
Hixson High School	Hixson High School ROTC competitions	11/01/23	1123-6	1,000
Friends of Hixson	Assist with Tree Lighting	11/15/23	1123-12	1,000
United Community Action Alliance	Assist with senior programs	08/02/23	823-9	3,500
Sale Creek High School	Assist with purchase of Girl's Volleyball Championship Rings	01/03/24	124-6	1,000
Red Bank High School	Assist with purchase of athletic equipment	06/05/24	624-37	10,896
East Hamilton Middle School	Assist with Cheer program	09/20/23	923-22	1,000
East Hamilton High School	East Hamilton ROTC competitions	11/01/23	1123-6	1,000
Apison Elementary School	Assist with reading program	12/20/23	1223-18	1,000
Harrison Recreational Booste Club	Assist with facility improvements	02/07/24	224-7	1,000
East Hamilton Middle High School	Assist with programming and purchase of supplies	06/26/24	624-36	3,250
East Ridge Animal Shelter	Assist with purchase of supplies	06/26/24	624-39	2,000
East Ridge Needy Child Fund	Assist with community projects	06/26/24	624-40	1,000
East Ridge United Methodist Church	Assist with community projects	06/26/24	624-41	1,000
Ooltewah High School	ROTC competitions	11/01/23	1123-6	2,000
Central High School	ROTC competitions	11/01/23	1123-6	2,000
Sale Creek High School	Assist with purchase of Girl's Volleyball Championship Rings	01/03/24	124-6	1,000
Harrison Recreational Booste Club	Assist with facility improvements	02/07/24	224-8	1,000
Brown Middle School	Assist the Westling Team	06/26/24	624-59	800
Central High School	Assist with Westling Team	06/26/24	624-60	800

Hamilton County, Tennessee

Schedule of Commissioners' Discretionary Spending

Two fiscal years beginning July 1, 2022 and ending June 30, 2024

EXHIBIT I

Organization	Funds To Be Used For	Date	Resolution	Amount
S.T.A.R.S.	Assist with purchase of Sucuba Air Tanks	06/26/24	624-56	800
Harrison Elementary School	Assist with programming	06/26/24	624-57	800
Harrison Recreational Booste Club	Assist with facility improvements	06/26/24	624-65	800
Highway 58 Volunteer Fire Department	Assist with purchase of MSA Gas Monitor	06/26/24	624-55	800
Hunter Middle School	Assist Wrestling Team	06/26/24	624-58	800
Ooltewah High School	Assist Wrestling Team	06/26/24	624-61	800
Snow Hill Elementary School	Assist with programming	06/26/24	624-62	800
Snow Hill Recreation League, Inc.	Assist with programming	06/26/24	624-64	800
Wallace Smith Elementary School	Assist with programming	06/26/24	624-63	800
Highway 58 Volunteer Fire Department	Assist with bunk room and restroom at Station 2	06/26/24	624-43	2,000
Ooltewah High School	Assist with purchase of athletic supplies for Girl's Basketball	06/26/24	624-42	2,000
Ooltewah Youth Association	Assist with programming	06/26/24	624-45	1,000
Tri-Community Volunteer Fire Department	Assist with purchase of rescue four-wheeler	06/26/24	624-44	2,000
Alton Park Development Corp	Assist with building maintenance	06/21/23	623-59	1,355
Alton Park Development Corp	Assist with building maintenance	06/26/24	624-51	1,225
Chattanooga Charter School of Excellence High	Assist with sporting needs	06/26/24	624-50	1,000
East Lake Neighborhood Association	Assist with community outreach needs	06/26/24	624-47	1,000
La Paz De Dios	Assist with community needs	06/26/24	624-53	1,200
Lookout Valley Middle High School	Assist the Youth in Government Group	06/26/24	624-46	1,000
Lookout Valley Lions Club Charity	Assist with community sign maintenance	06/26/24	624-49	1,000
Lookout Valley Neighborhood Association	Assist with community outreach needs	06/26/24	624-48	1,000
Lookout Valley Elementary School	Assist the Green Prix Team	06/26/24	624-54	1,000
Net Resource Foundation	Assist with community projects	06/26/24	624-52	6,225

\$ 156,692

2. The County Commission shall maintain an office staff of the size and number deemed by the Commission to be sufficient to ensure that each commissioner can properly address the concerns and needs of his/her respective constituents (by the receipt of mail, telephone messages, and the scheduling of appointments). All Commission-related work required to be done by a commissioner shall be performed by the staff of the Commission Office, as coordinated by the Legislative Administrator for the County Commission, except where a commissioner has other non-County paid staff available. No commissioner shall have any additional support staff paid by County Government. All office personnel of the County Commission shall be afforded the same rights and privileges of employment as all other County employees and are not to be expected to give of their personal time, and/or assets, for the benefit of either individual commissioners or the Commission as a whole.

C. SUPPORTIVE EQUIPMENT

1. The Office of the County Commission will provide, as funding is available and approved, necessary and reasonable equipment for the Commission Office to assist the commissioners in the performance of their duties as elected officials, including cellular telephones, computer laptops/tablets, and copy machines. The County will not be responsible for providing such equipment for additional office space.
2. No County vehicle is to be used by individual commissioners.
3. From time to time, it will be necessary for individual commissioners to use their personal vehicle in the performance of County business. The County will reimburse such commissioner for the use of their personal vehicle on County business in accordance with regulations published by the Internal Revenue Service.
4. Each County commissioner shall be allowed a maximum of One Hundred Dollars (\$100) per month in cellular telephone expenses. The Chair and Vice-Chair shall be allowed One Hundred Twenty Five Dollars (\$125) per month during the year of their term. The cellular telephone expenses will be paid by the County through the operating budget of the Office of the County Commission and will not be charged against each respective commissioner's Expense Allowance.

D. TRAVEL

1. All out-of-town travel by individual commissioners, for which the County is either to reimburse the commissioner or advance the expenses thereof, shall be approved by the Commission Chair, or Chair Pro Tempore in the absence of the Chair, at least ten (10) days prior to the requested trip. In the event a requested trip is disapproved by the Chair or Chair Pro Tempore, a written explanation of said disapproval shall be given, and the requesting commissioner may submit his/her request by resolution to the full Commission for a decision. The Legislative Administrator for the Commission, or other

\$25 limit. You can deduct no more than \$25 for business gifts you give directly or indirectly to each person during your tax year. A gift to a company that is intended for the eventual personal use or benefit of a particular person or a limited class of people will be considered an indirect gift to that particular person or to the individuals within that class of people who receive the gift.

If you give a gift to a member of a customer's family, the gift is generally considered to be an indirect gift to the customer. This rule doesn't apply if you have a bona fide, independent business connection with that family member and the gift isn't intended for the customer's eventual use.

If you and your spouse both give gifts, both of you are treated as one taxpayer. It doesn't matter whether you have separate businesses, are separately employed, or whether each of you has an independent connection with the recipient. If a partnership gives gifts, the partnership and the partners are treated as one taxpayer.

Example. You sell products to a local company. You and your spouse gave the local company three gourmet gift baskets to thank them for their business. You and your spouse paid \$80 for each gift basket, or \$240 total. Three of the local company's executives took the gift baskets home for their families' use. You and your spouse have no independent business relationship with any of the executives' other family members. You and your spouse can deduct a total of \$75 (\$25 limit × 3) for the gift baskets.

Incidental costs. Incidental costs, such as engraving on jewelry, or packaging, insuring, and mailing, are generally not included in determining the cost of a gift for purposes of the \$25 limit.

A cost is incidental only if it doesn't add substantial value to the gift. For example, the cost of gift wrapping is an incidental cost. However, the purchase of an ornamental basket for packaging fruit isn't an incidental cost if the value of the basket is substantial compared to the value of the fruit.

Exceptions. The following items aren't considered gifts for purposes of the \$25 limit.

1. An item that costs \$4 or less and:
 - a. Has your name clearly and permanently imprinted on the gift, and
 - b. Is one of a number of identical items you widely distribute. Examples include pens, desk sets, and plastic bags and cases.
2. Signs, display racks, or other promotional material to be used on the business premises of the recipient.

Gift or entertainment. Any item that might be considered either a gift or entertainment will generally be considered entertainment. However, if you give a customer packaged food or beverages you intend the customer to use at a later date, treat it as a gift.



If you are entitled to a reimbursement from your employer but you don't claim it, you can't claim a deduction for the expenses to which that unclaimed reimbursement applies. This type of deduction is considered a miscellaneous deduction that is no longer allowable due to the suspension of miscellaneous itemized deductions subject to the 2% floor under section 67(a).

4.

Transportation

This chapter discusses expenses you can deduct for business transportation when you aren't [traveling away from home](#), as defined in chapter 1. These expenses include the cost of transportation by air, rail, bus, taxi, etc., and the cost of driving and maintaining your car.

Transportation expenses include the ordinary and necessary costs of all of the following.

- Getting from one workplace to another in the course of your business or profession when you are traveling within the city or general area that is your tax home. [Tax home](#) is defined in chapter 1.
- Visiting clients or customers.
- Going to a business meeting away from your regular workplace.
- Getting from your home to a temporary workplace when you have one or more regular places of work. These temporary workplaces can be either within the area of your tax home or outside that area.

Transportation expenses don't include expenses you have while traveling away from home overnight. Those expenses are travel expenses discussed in [chapter 1](#). However, if you use your car while traveling away from home overnight, use the rules in this chapter to figure your car expense deduction. See [Car Expenses](#), later.

Daily transportation expenses you incur while traveling from home to one or more regular places of business are generally nondeductible commuting expenses. However, there may be exceptions to this general rule. You can deduct daily transportation expenses incurred going between your residence and a temporary work station outside the metropolitan area where you live. Also, daily transportation expenses can be deducted if (1) you have one or more regular work locations away from your residence; or (2) your residence is your principal place of business and you incur expenses going between the residence and another work location in the same trade or business, regardless of whether the work is temporary or permanent and regardless of the distance.

a whole day or from dusk to dawn as long as your relief from duty is long enough to get necessary sleep or rest.

Example 1. You are a railroad conductor. You leave your home terminal on a regularly scheduled round-trip run between two cities and return home 16 hours later. During the run, you have 6 hours off at your turnaround point where you eat two meals and rent a hotel room to get necessary sleep before starting the return trip. You are considered to be away from home.

Example 2. You are a truck driver. You leave your terminal and return to it later the same day. You get an hour off at your turnaround point to eat. Because you aren't off to get necessary sleep and the brief time off isn't an adequate rest period, you aren't traveling away from home.

Members of the Armed Forces. If you are a member of the U.S. Armed Forces on a permanent duty assignment overseas, you aren't traveling away from home. You can't deduct your expenses for meals and lodging. You can't deduct these expenses even if you have to maintain a home in the United States for your family members who aren't allowed to accompany you overseas. If you are transferred from one permanent duty station to another, you may have deductible moving expenses, which are explained in Pub. 3, Armed Forces' Tax Guide.

A naval officer assigned to permanent duty aboard a ship that has regular eating and living facilities has a tax home (explained next) aboard the ship for travel expense purposes.

Tax Home

To determine whether you are traveling away from home, you must first determine the location of your tax home.

Generally, your tax home is your regular place of business or post of duty, regardless of where you maintain your family home. It includes the entire city or general area in which your business or work is located.

If you have more than one regular place of business, your tax home is your main place of business. See [Main place of business or work](#), later.

If you don't have a regular or a main place of business because of the nature of your work, then your tax home may be the place where you regularly live. See [No main place of business or work](#), later.

If you don't have a regular or main place of business or post of duty and there is no place where you regularly live, you are considered an itinerant (a transient) and your tax home is wherever you work. As an itinerant, you can't claim a travel expense deduction because you are never considered to be traveling away from home.

Main place of business or work. If you have more than one place of work, consider the following when determining which one is your main place of business or work.

- The total time you ordinarily spend in each place.
- The level of your business activity in each place.

- Whether your income from each place is significant or insignificant.

Example. You live in Cincinnati where you have a seasonal job for 8 months each year and earn \$40,000. You work the other 4 months in Miami, also at a seasonal job, and earn \$15,000. Cincinnati is your main place of work because you spend most of your time there and earn most of your income there.

No main place of business or work. You may have a tax home even if you don't have a regular or main place of work. Your tax home may be the home where you regularly live.

Factors used to determine tax home. If you don't have a regular or main place of business or work, use the following three factors to determine where your tax home is.

1. You perform part of your business in the area of your main home and use that home for lodging while doing business in the area.
2. You have living expenses at your main home that you duplicate because your business requires you to be away from that home.
3. You haven't abandoned the area in which both your historical place of lodging and your claimed main home are located; you have a member or members of your family living at your main home; or you often use that home for lodging.

If you satisfy all three factors, your tax home is the home where you regularly live. If you satisfy only two factors, you may have a tax home depending on all the facts and circumstances. If you satisfy only one factor, you are an itinerant; your tax home is wherever you work and you can't deduct travel expenses.

Example 1. You are single and live in Boston in an apartment you rent. You have worked for your employer in Boston for a number of years. Your employer enrolls you in a 12-month executive training program. You don't expect to return to work in Boston after you complete your training.

During your training, you don't do any work in Boston. Instead, you receive classroom and on-the-job training throughout the United States. You keep your apartment in Boston and return to it frequently. You use your apartment to conduct your personal business. You also keep up your community contacts in Boston. When you complete your training, you are transferred to Los Angeles.

You don't satisfy factor (1) because you didn't work in Boston. You satisfy factor (2) because you had duplicate living expenses. You also satisfy factor (3) because you didn't abandon your apartment in Boston as your main home, you kept your community contacts, and you frequently returned to live in your apartment. Therefore, you have a tax home in Boston.

Example 2. You are an outside salesperson with a sales territory covering several states. Your employer's

1 year, that employment will be treated as temporary (unless there are facts and circumstances that would indicate otherwise) until your expectation changes. It won't be treated as temporary after the date you determine it will last more than 1 year.

If the temporary work location is beyond the general area of your regular place of work and you stay overnight, you are traveling away from home. You may have deductible travel expenses, as discussed in [chapter 1](#).

No regular place of work. If you have no regular place of work but ordinarily work in the metropolitan area where you live, you can deduct daily transportation costs between home and a temporary work site outside that metropolitan area.

Generally, a metropolitan area includes the area within the city limits and the suburbs that are considered part of that metropolitan area.

You can't deduct daily transportation costs between your home and temporary work sites within your metropolitan area. These are nondeductible commuting expenses.

Two places of work. If you work at two places in 1 day, whether or not for the same employer, you can deduct the expense of getting from one workplace to the other. However, if for some personal reason you don't go directly from one location to the other, you can't deduct more than the amount it would have cost you to go directly from the first location to the second.

Transportation expenses you have in going between home and a part-time job on a day off from your main job are commuting expenses. You can't deduct them.

Armed Forces reservists. A meeting of an Armed Forces reserve unit is a second place of business if the meeting is held on a day on which you work at your regular job. You can deduct the expense of getting from one workplace to the other as just discussed under [Two places of work](#).

You usually can't deduct the expense if the reserve meeting is held on a day on which you don't work at your regular job. In this case, your transportation is generally a nondeductible commuting expense. However, you can deduct your transportation expenses if the location of the meeting is temporary and you have one or more regular places of work.

If you ordinarily work in a particular metropolitan area but not at any specific location and the reserve meeting is held at a temporary location outside that metropolitan area, you can deduct your transportation expenses.

If you travel away from home overnight to attend a guard or reserve meeting, you can deduct your travel expenses. These expenses are discussed in [chapter 1](#).

If you travel more than 100 miles away from home in connection with your performance of services as a member of the reserves, you may be able to deduct some of your reserve-related travel costs as an adjustment to gross income rather than as an itemized deduction. For more information, see [Armed Forces Reservists Traveling More Than 100 Miles From Home](#) under *Special Rules* in chapter 6.

Commuting expenses. You can't deduct the costs of taking a bus, trolley, subway, or taxi, or of driving a car between your home and your main or regular place of work. These costs are personal commuting expenses. You can't deduct commuting expenses no matter how far your home is from your regular place of work. You can't deduct commuting expenses even if you work during the commuting trip.

Example. You sometimes use your cell phone to make business calls while commuting to and from work. Sometimes business associates ride with you to and from work, and you have a business discussion in the car. These activities don't change the trip from personal to business. You can't deduct your commuting expenses.

Parking fees. Fees you pay to park your car at your place of business are nondeductible commuting expenses. You can, however, deduct business-related parking fees when visiting a customer or client.

Advertising display on car. Putting display material that advertises your business on your car doesn't change the use of your car from personal use to business use. If you use this car for commuting or other personal uses, you still can't deduct your expenses for those uses.

Car pools. You can't deduct the cost of using your car in a nonprofit car pool. Don't include payments you receive from the passengers in your income. These payments are considered reimbursements of your expenses. However, if you operate a car pool for a profit, you must include payments from passengers in your income. You can then deduct your car expenses (using the rules in this publication).

Hauling tools or instruments. Hauling tools or instruments in your car while commuting to and from work doesn't make your car expenses deductible. However, you can deduct any additional costs you have for hauling tools or instruments (such as for renting a trailer you tow with your car).

Union members' trips from a union hall. If you get your work assignments at a union hall and then go to your place of work, the costs of getting from the union hall to your place of work are nondeductible commuting expenses. Although you need the union to get your work assignments, you are employed where you work, not where the union hall is located.

Office in the home. If you have an office in your home that qualifies as a principal place of business, you can deduct your daily transportation costs between your home and another work location in the same trade or business. (See Pub. 587, *Business Use of Your Home*, for information on determining if your home office qualifies as a principal place of business.)

Examples of deductible transportation. The following examples show when you can deduct transportation expenses based on the location of your work and your home.



Hamilton County Board of Commissioners

RESOLUTION

No. 320-4

A RESOLUTION AMENDING THE PROTOCOL (EXPENSE ALLOWANCE POLICY) FOR THE MEMBERS OF THE HAMILTON COUNTY BOARD OF COMMISSIONERS AS PREVIOUSLY AMENDED BY RESOLUTION 220-4.

WHEREAS, the County Board of Commissioners amended the protocol (Expense Allowance Policy) for members of the Board of Commissioners via Resolution 220-4 by modifying Section A (3); and

WHEREAS, this amendment discontinued the carryover to the following fiscal year of each Commissioner's unspent annual expense allowance funds (currently \$12,500) resulting in the discontinuance of using said carryover funds for discretionary purposes; and

WHEREAS, as amended, the current policy in Section A (1) does not allow Commissioner expense allowance funds to be used for discretionary purposes; and

WHEREAS, it is now the opinion of this legislative body that to broaden the use of Commissioner expense allowance funds to include discretionary purposes is in the best interest of the citizens of Hamilton County.

NOW, THEREFORE, BE IT RESOLVED BY THIS COUNTY LEGISLATIVE BODY IN SESSION ASSEMBLED:

That Section A (1) of such Commissioner Expense Allowance Policy be deleted in its entirety and replace with: 'Each commissioner shall annually be allotted an amount (currently \$12,500) to be used for business expenses to include travel (local and out-of-town), additional office space, utilities on additional office space, supplies, any other business expenses incurred in the furtherance of their duties as a member of the County Commission, and/or other uses by such commissioner as discretionary funds to be spent at his/her direction within the guidelines established for the expenditure of Commissioner Discretionary Funds'.

office personnel, shall assist in the accumulation of the paperwork required by the appropriate office of the County Finance Division to comply with the travel policy established for County General Government. Each commissioner is to notify the Office of the County Commission of any out-of-town travel which he/she plans to take.

2. Any travel by individual commissioners paid for, in whole or in part, by a non-governmental entity shall be considered personal travel; and, without approval of the Commission Chair or Chair Pro Tempore, no County funds shall be applied thereto.
3. No commissioner shall be approved for out-of-town travel expenses if said commissioner has failed to submit the appropriate paperwork for any prior out-of-town trips which were paid for, either wholly or in part, by County funds, until said deficiency has been corrected.

E. PURCHASES

All other purchases and financial obligations and/or charges by the County Commission as well as individual commissioners shall be submitted to the Legislative Administrator and approved by the Commission Chair to be processed through the Purchasing Rules and Regulations of Hamilton County.

Any deviation from this Policy shall require prior approval of the Commission Chair.

Document: Tenn. Code Ann. § 5-9-109

Tenn. Code Ann. § 5-9-109**Copy Citation**

Current through the 2024 Regular Session.

Tennessee Code Table of Contents PAW- ET TABLE OF CONTENTS Title 5 Counties
Chapter 9 Appropriation and Disbursement of Funds Part 1 Authorized Appropriations
Generally

5-9-109. Charitable and civic organizations.

(a)

(1) The county legislative body or governing body of each county may appropriate funds for the financial aid of any nonprofit charitable organization, any chamber of commerce, exempt from taxation pursuant to the Internal Revenue Code of 1954, § 501(c)(6) (26 U.S.C. § 501(c)(6)), or any nonprofit civic organization in accordance with the guidelines required by subsection (b).

(2) For the purposes of this section:

(A) A nonprofit charitable organization is one in which no part of the net earnings inures or may lawfully inure to the benefit of any private shareholder or individual and that provides services benefiting the general welfare of the residents of the county; and

(B) A nonprofit civic organization means a civic organization exempt from taxation pursuant to § 501(c)(4) of the Internal Revenue Code (26 U.S.C. § 501(c)(4)), that operates primarily in the county for the purpose of bringing about civic betterments and social improvements through efforts to maintain and increase employment opportunities in the county by promoting industry, trade, commerce, tourism and recreation by inducing manufacturing, industrial, governmental, educational, financial, service, commercial, recreational and agricultural enterprises to locate in or remain in the county.

(3) The statement of public policy set forth in Acts 1955, chapter 209, § 3 is hereby incorporated into and made a part of this section, and it is hereby determined and declared that appropriations authorized by this section are needed to relieve the emergency created by the continuing migration from Tennessee and its counties of a large number of its citizens in order to find employment elsewhere, and to enable

the counties of the state to assist nonprofit organizations in furthering the economic development, social welfare and common good of its residents.

(b) Each county legislative body shall devise guidelines directing for what purposes the appropriated money may be spent. These guidelines shall provide generally that any funds appropriated shall be used to promote the general welfare of the residents of the county. Any funds appropriated under this section shall be used and expended under the direction and control of the county legislative bodies.

(c)

(1) Any nonprofit organization that desires financial assistance from the county legislative body or the governing body of the county shall file with the county clerk a copy of an annual report of its business affairs and transactions, which includes, but is not limited to, a copy of an annual audit, a description of the program that serves the residents of the county, and the proposed use of the county assistance.

(2) Such report will be open for public inspection during the regular business hours of the county clerk's office.

(3) Any nonprofit organization that desires such financial assistance may file, in lieu of the annual audit, an annual report detailing all receipts and expenditures in a form prescribed by the comptroller of the treasury.

(4) Such report shall be prepared and certified by the chief financial officer of such nonprofit organization.

(5) Financial reports shall be available to fiscal officers of the county and shall be subject to audit under § 4-3-304.

(d) Appropriations to nonprofit organizations other than charitable organizations may be made only when notices have been published in a newspaper of general circulation in the county of the intent to make an appropriation to a nonprofit but not charitable organization, specifying the intended amount of the appropriation and the purposes for which the appropriation will be spent.

History

Acts 1976, ch. 696, § 1; 1977, ch. 120, § 1; impl. am. Acts 1978, ch. 934, §§ 7, 22, 36; Acts 1979, ch. 132, § 1; T.C.A., § 5-932; Acts 1984, ch. 820, §§ 1, 3; 1989, ch. 62, § 1; 1992, ch. 545, §§ 1, 2; 1995, ch. 106, § 1; 1999, ch. 38, § 1; 2010, ch. 740, § 1; 2017, ch. 123, § 1.

Department of Finance and Administration
Policy 8 - Comprehensive Travel Regulations
(Revised January 2022)

Introduction

1. It is the intent of these regulations that employees do not suffer additional cost as a result of travel incurred to carry out assigned duties. Employees shall be reimbursed for such expenses subject to the limitations provided in this travel policy and the accompanying Reimbursement Rate Schedule.
2. When traveling, state employees should be as conservative as circumstances permit. The lower cost should be selected whenever practical. Reimbursement for travel will be based upon the most direct or expeditious route possible. Employees traveling by an indirect route must assume any extra expense incurred. It is the responsibility of the employee to be familiar with and adhere to established state travel policies. Deliberate disregard of these regulations while traveling on state business or the filing of an intentionally misleading or fraudulent travel claim is grounds for disciplinary action including termination of employment.
3. The Commissioner of Finance & Administration will establish and maintain the maximum rates of reimbursement.

Travel Authorization

4. Travel may not be undertaken unless it is authorized in advance by proper authority. Approved state travel is the basis for reimbursement in accordance with these provisions. The employee is considered to be on official travel status, and eligible for reimbursement, at the time of departure from his/her official station or residence, whichever is applicable. When completing an Edison travel authorization, the destination should always be entered under "default location," to ensure appropriate workflow for the authorization form.
5. The department head is authorized to approve all travel for state business, including meeting expenses, registration fees for conferences or seminars, etc. The Department head is responsible for determining the most cost-effective means of meeting the State's business objective considering the use of state meeting rooms, park convention centers, video conferencing, etc. The use of virtual meetings as an alternative to holding a conference or meeting in real life should be actively encouraged as a cost-savings tool. Video conferencing is a green technology, allowing departments to mitigate energy use by dramatically reducing the need to travel.

6. The Commissioner of Finance and Administration, through the Division of Accounts, shall approve exceptions to the travel policy. Department heads are authorized to approve any necessary travel by a non-state employee. Such travel should be conducted and reimbursed in accordance with these Travel Regulations. Department heads are authorized to approve occasional exceptions to lodging and meal rates when necessity requires, and reasonable alternatives are not available (i.e. lodging unavailable at CONUS rates).

7. Approval for out-of-state employee travel is processed through the Edison Travel Authorization workflow. Once approved by the department head, Executive Level Travel Authorizations for out-of-state travel will be routed to the Department of Finance and Administration for review and approval. During periods of extreme budget stress, additional executive level review may occur.

8. The Commissioner of Finance and Administration retains the authority to change the approval process as circumstances require.

9. If an employee travels into another state and back in the same day and such travel is less than fifty (50) miles one way, such travel will be considered in-state for approval and reimbursement purposes.

Official Station

10. The official station is designated by the department head of the employing agency, and the designation must be in the best interests of the State. The official station shall be a location where the employee regularly works, and the work activities of the employee's position are based. The employee's home shall not be designated as the official station without documentation establishing that the employee's home office is the employee's principal place of business within the meaning of 26 USC § 280A (c)(1)(A). The department head should consider IRS regulations on the deductibility of travel expenses as well as wage and hour laws when designating an official station for employees, particularly in mobile work situations, and may want to consult with legal counsel.

11. An important purpose of an official station is to establish when the employee is in travel status and eligible for reimbursement of travel expenses. Travel between the employee's home (place of residence) and official station is considered commuting and is not reimbursable.

12. Employees who are authorized to participate in the alternative workplace arrangement may be assigned their residence (or alternative approved location) as their official designated reporting station for the days he or she works away from their regularly assigned State government office location. The employee's official station will be designated by their department head pursuant to paragraph 10, and the employee will not receive reimbursement for travel incurred between his or her official designated reporting station and official station.

13. In the event that an employee is reassigned to a temporary work location, which is generally defined as a place where the work assignment is realistically expected to last (and does in fact last) one year or less, the employee will not be eligible for reimbursement unless he/she can demonstrate that by commuting to the temporary location he/she has incurred additional expense over the cost of the commute to his/her official station. However, an employee shall be eligible for reimbursement of mileage for travel to a temporary work location for travel at times other than the employee's normal working hours (i.e. nights or weekends).

14. If an employee does not have an official station due to a mobile work arrangement, the employee will not be entitled to reimbursement for mileage between the employee's home and temporary work locations within the metropolitan area where the employee lives, even if the travel occurs at times other than the employee's normal working hours. Generally, a metropolitan area includes the area within the city limits and the suburbs that are considered part of that metropolitan area.

Reimbursement Procedures

15. Submission of an expense report by an employee or his proxy initiates the travel reimbursement process with approvals handled electronically through the Edison role-mapping structure. Employees must authorize the set-up of a proxy in Edison prior to the submission of an initial expense claim by a proxy. Proxy-submitted travel claims must include the attached paper version of the travel claim, signed, and dated by the employee, along with appropriate receipts.

16. Employees should submit claims for reimbursement through the Edison system as soon as possible following completion of travel. Employees on regular travel status should consider filing an expense report weekly or biweekly. Departments and agencies should review expense reports as rapidly as possible to ensure prompt payment to their employees. In accordance with Internal Revenue Service guidance (IRS Publication 463), reimbursement paid sixty (60) days after the date of travel may be considered as taxable income.

17. Expense reports prepared to request reimbursement of business-related expenses incurred while on official travel must include the actual amount of all state paid expenses associated with the trip, even though the employee will not be reimbursed for these amounts (i.e. airfare and registration fees). State paid expenses include amounts that are initially paid by the state and subsequently reimbursed or funded through federal, local, or private sources.

Travel Advances

18. Travel advances are available only under extraordinary circumstances. Advances are subject to the approval of the Division of Accounts and will be allowed (a) only if the employee can justify extraordinary circumstances that warrant an advance, and (b) the