

**MURRAY STATE UNIVERSITY FOUNDATION, INC.
POLICY**

SUBJECT: Purchased, Leased or Donated Vehicles

DATE: January 1, 1991

1. GENERAL

In certain circumstances, vehicles may be purchased or leased by the Murray State University Foundation, Inc. (Foundation) or donated to Murray State University. Individual faculty or staff members may not accept donations of the use of vehicles, or contract for the lease of vehicles in the name of the University or the Foundation. The President of the University or Foundation are the only officials authorized to accept these donations or sign these contracts on behalf of the Foundation.

2. RESPONSIBILITY FOR ASSIGNMENT OF VEHICLES

- A. President of Foundation assigns vehicles to Vice Presidential area or Department.
- B. Vice President, Department Head, or Director assigns vehicles within area or Department.
- C. Athletic Department
 - 1. Athletic Director assigns vehicles to sports
 - 2. Head Coach assigns vehicles to individual coaches

3. FRINGE BENEFIT VALUATION AND WITHHOLDING

- A. General - The value of the use or the availability of a vehicle to an employee is generally a taxable fringe benefit and must be included in the employee's income as compensation.

The amount to be included as compensation will be calculated using the "lease valuation" rule. Any exceptions to this method must be reviewed and approved in advance by the Director of Accounting and Financial Services.

- B. Withholding - This compensation is subject to Federal and State income tax and FICA (Social Security) withholding.

C. Lease Valuation Rule

- Under this method, the total value of use will be included in compensation. Annual lease value will be determined from IRS tables, based on the estimated fair market value of the vehicle on the date of first availability to the employee.
- Estimated fair market value is not redetermined once a vehicle has been made available to the employee.
- Estimated fair market value will be based on dealer's written statement (which should include description of vehicle, date of valuation and value) of the estimated selling price to an unrelated third party. These estimates will be compared to NADA book or other standards. The department will be responsible for justifying any significant discrepancy.
- Amount to be included as compensation will be determined based on continuous days the vehicle is available for use as follows:

Less than 30 days - Annual lease value, times 4, times number of days available, divided by 365.

30 or more days - Annual lease value, times number of days available, divided by 365.

4. TRAVEL VOUCHERS, REIMBURSEMENT, AND OTHER COSTS

A. Lease Valuation Rule - For individuals using vehicles valued under the lease valuation rule, the maximum reimbursement for travel will be at the rate established in the general University travel policy (currently ~~30~~ 48 cents per mile).

B. Other Costs - Insurance and normal operating maintenance will be paid by either the Foundation or the donor/lessor, depending on the agreement with the donor/lessor. The employee will be responsible for repair and payment of any damage to the car (including the deductible amount on collision insurance in the event that repair costs exceed the deductible amount) which occurs during personal use of the car outside of Calloway County, Kentucky.

5. PAYROLL REPORTING

A. Leased or Donated Vehicle (**Exhibit 1**) - This form must be completed and a copy filed with the Foundation accounting staff within

one week after vehicle is acquired or within one week after vehicle is reassigned to a department, or turned in.

B. Leased or Donated Vehicle Assignment (**Exhibit 2**) - This form must be completed and filed with the University Payroll office for each employee to whom a vehicle was assigned during the previous month; it must be filed with Payroll no later than two weeks prior to the next scheduled pay date (generally the 15th, except when the scheduled University pay date is prior to month-end).

For example, use for March should be reported to Payroll no later than April 15. Because, under IRS regulations, use for December can properly be reported in the next tax year, this will not necessitate any year-end adjustment in the reporting cycle.

When an employee is terminated, this form (reflecting final use) must be filed with Payroll no later than two weeks prior to the employee's last scheduled pay date.

**MURRAY STATE UNIVERSITY FOUNDATION, INC.
LEASED OR DONATED VEHICLE ASSIGNMENT**

Assigned to: _____ Department
Original use _____, reassignment _____, or returned _____.

Lessor/Donor: _____
(delete one) (If leased, attach a copy of lease, if donated, attach a signed copy of acceptance.)

If donated, consideration given by Foundation:

Amount: \$ _____ Description: _____

Date first available: _____ Mileage when first available: _____

Make, model & description: _____

Estimated fair market value as of _____ \$ _____
(Date)

Source of fair market value estimate: _____
(If dealer, attach statement)

Maintenance paid by: _____
(Lessor, Donor, Employee, Foundation)

Fuel paid by: _____
(Lessor, Donor, Employee, Foundation)

Insurance paid by: _____
(Lessor, Donor, Employee, Foundation)

If insurance paid by Foundation:

Coverage: _____ Insurer: _____

Policy Period: _____ Premium: \$ _____ per _____

Date Returned: _____ Mileage when returned: _____

Signed: _____
(President, Vice President, or Department Head)

MURRAY STATE UNIVERSITY FOUNDATION, INC.

**_____ DEPARTMENT
LEASED OR DONATED VEHICLE USE REPORT**

Period of Report: _____

Employee Name: _____

1. Make, model & description: _____

Dates assigned: FROM _____ TO _____

Ending Mileage: _____ Beginning Mileage:

Total Miles: _____

2. Make, model & description: _____

Dates assigned: FROM _____ TO _____

Ending Mileage: _____ Beginning Mileage:

Total Miles: _____

3. Make, model & description: _____

Dates assigned: FROM _____ TO _____

Ending Mileage: _____ Beginning Mileage:

Total Miles: _____

Total Miles (1,2,3) for report period: _____

USE ONLY FOR CENTS-PER-MILE RULE:
Less mileage for report period per travel voucher: (_____)

Personal miles for report period: _____

Signed: _____
(Employee)

(Department Head)