



WASCO COUNTY FINANCIAL POLICIES

#4. EXPENDITURES

Adopted: 12/18/2019

GENERAL EXPENDITURE GUIDELINES

All department heads share in the responsibility of reviewing the County's long-term financial viability, its general spending trends, its projected incomes, and educating themselves and employees on the necessary short and long-term balance between revenues and expenditures. Department heads are responsible for administering his/her departmental budget.

Expenditures are controlled through appropriate internal controls and procedures. All County employees share in the responsibility for compliance with the legally adopted budget, with guidance from the Finance Department.

High priority is given to expenditures that will reduce future operating costs, such as increased utilization of technology and equipment.

FRINGE BENEFITS

All expenses are reviewed by the finance department for evaluation of taxability, in accordance with current tax code and/or IRS Publication 15-B.

General Expense Categories and Taxability:

Awards, Prizes, and Gifts. Cash awards and cash gifts to employees, of any amount, are taxable and must be paid through Payroll. Non-cash awards/prizes/gifts greater than \$50 or cash equivalent (i.e., gift certificates) of any amount are also taxable. Most awards to employees are considered to be wages to the employee and are subject to tax. The \$50 limit is cumulative within each calendar year, per IRS regulations.

Clothing. Clothing that is not marked and is not safety related and is generally adaptable to usage as ordinary clothing is taxable. Clothing that is required for the employee's position such as steel toe boots and hard hats, or clothing provided by the County that is distinguishably marked with a County logo and prescribed as a uniform are non-taxable.

Discounts Greater than 20 Percent. Discounts to employees for County events, products, or services that exceed 20 percent of the prices offered to the general public are taxable. However, these discounts are not taxable if the County can demonstrate that these discounts do not result in an increased cost to the County.

Housing Allowance. Direct payments to employees to cover housing or utility costs are considered taxable income to the employee and paid through Payroll. Housing paid by the County directly to an apartment complex or mortgage company or otherwise provided by the County may be excluded from the employee's income if all three conditions are met: Housing is on or in close proximity to the County's business premises; Housing is furnished for the convenience of the County and for a substantial non-compensatory business reason, such as the employee must be available on a 24-hour basis; and housing is furnished as a condition of employment necessitated by the proper performance of duties. There is no exclusion if the employee may choose between free housing or a housing allowance.

Moving Expenses. Treatment of moving expenses is described below:

- House Hunting: Reimbursements for travel costs associated with a new employee and family members looking for a house or apartment in the vicinity of a new place of employment are fully taxable to the employee. House hunting reimbursements are limited to one trip of no more than seven days.
- Reimbursement of expenses associated with transporting the employee and family members to the new home are generally taxable to the employee, except that reimbursement for airfare, mileage and lodging (but not meals) are non-taxable if the following requirements are met:
 - The employee's new job location is at least 40 miles farther from the employee's former home than the former job location was;
 - The employee works at least 39 weeks during the first 12 months after the move;
 - The non-taxable reimbursement for mileage does not exceed IRS limits.
- Temporary Storage of Household Items Greater than 30 Days After Leaving the Previous Home: Reimbursement of expenses for the storage of items during the first 30 days after leaving the previous home is non-taxable, provided that the move satisfies the 50-mile and 39-week requirements described above. Reimbursements of expenses for storage and related insurance costs incurred after 30 days, is fully taxable to the employee.
- The cost of transporting household items from the previous home (or storage) to the new home (or storage) is non-taxable, provided that the move satisfies the 50-mile and 39-mile week requirements described above. If this expense is reimbursed directly to an employee, the IRS requires that this be noted on the employee's Form W-2 as a non-taxable reimbursement.

Non-Overnight meals. Meal expenses incurred while traveling for only one day, without staying overnight, are generally considered taxable. Meal expenses for same day travel are not normally appropriate unless the reason for travel does not allow time for the employee to get a meal. Generally speaking, coffee or snacks on the way to a business meeting would not be appropriate expenditures of the County.

This list is not exhaustive, and fringe benefits offered to employees may fluctuate and change over time at the discretion of the Board of County Commissioners and the Administrative

Officer. Questions or issues concerning applicable tax laws or withholding agent responsibilities are to be directed to the Finance Department.

BUSINESS EXPENSES

Use of County funds shall be restricted to occasions that can be demonstrated as a business necessity and provides benefit to the County. Authority to approve business expenses is delegated to the Department Directors and verified by the Finance Department.

Business expenditures must be documented to show the following:

- 1) Identification by name(s) of the persons or group attending.
- 2) A statement as to the reason for such activity, indicating how the expense benefited the County and clarifying the relationship of the persons in attendance (titles, committee name, reason for meeting, etc.).
- 3) An itemized receipt for the purchase.

Expenses may only be charged to contracts or grants with the County if such expense is not prohibited by the terms of the contract or grant and provides a specific, documented benefit to the contract or grant.

Other Business Expenses:

In-House Meetings: Meetings for staff or visitors that occur from time to time where the provision of a meal is reasonable are appropriate.

Prospective Employees: Travel and other reasonable expenses for visits to the County by prospective employees are appropriate.

Official Guests of the County: Reasonable expenses for official guests, such as visitors from other government entities, individuals interested in County programs, and business and community leaders from the region and state, who are invited to visit the County are acceptable.

Expenses for alcoholic beverages may not be paid for with County funds.

TRAVEL EXPENSES

Employee purchasing cards should be leveraged during travel. If a purchasing card is not available at the time of travel, employees should submit an Employee Reimbursement Request to the Finance Department with the same documentation as would be with use of a card.

Travel meals and lodging expenses for business should be approved in advance by the Department Director and should be in alignment with then current GSA rates (www.gsa.gov). If expenses are found to be in excess of current GSA rates, the employee may be responsible for reimbursing the County if it was purchased on their P-Card. Employees should use government rates when available.

Valid travel expenses are only for Wasco County employees, not spouses or other accompanying family members.

Mileage reimbursement will be paid at the Federal mileage rate. To receive reimbursement, employees should submit an Expense Reimbursement Form to the Finance Department. County owned vehicles should be used for travel if they are available.

Reasonable effort should be made to ensure airfare purchased for business travel is purchased at the lowest price available, with the lowest priced airline, and should include the option to be cancelled, refunded or transferable.

Hourly employees will be paid for their shift in accordance with OAR 839-020-0045.


The Finance Department will validate approval and ensure appropriate documentation is submitted for each transaction.

APPROVED this 18th day of December, 2019.

WASCO COUNTY BOARD OF COMMISSIONERS



Steve D. Kramer, Commission Chair




Scott C. Hege, Vice-Chair



Kathleen B. Schwartz, County Commissioner

APPROVED AS TO FORM:



Bradley V. Timmons
Wasco County Counsel