

RESOLUTION NO. 2006-013

A RESOLUTION DECLARING, ESTABLISHING, AND DEFINING THE CITY OF PAOLA, KANSAS TAXABLE FRINGE BENEFIT AND REIMBURSEMENT POLICY.

The City of Paola adopts the following plan regarding taxable fringe benefits and reimbursements:

Taxable Fringe Benefit and Reimbursement Policy

Uniforms. The City of Paola will provide uniforms for the Police Department, Fire Department, and Public Works Department employees as a condition of employment. These uniforms are not intended to be worn or be adaptable to general usage as ordinary clothing. The uniforms are specifically required as a condition of employment, they help to readily identify personnel as a city employee, and help them to perform their duties in a safer environment. The value of these uniforms are excludable as taxable compensation to these employees.

Non-Uniform Clothing. The City of Paola may provide non-uniform clothing, such as t-shirts, sweatshirts, and outerwear, to some employees to wear while working. These articles of clothing will clearly display the name and/or logo of the City of Paola and are not intended to be worn or be adaptable to general usage as ordinary clothing. This non-uniform clothing is specifically required as a condition of employment, helps to readily identify personnel as a city employee, and help them to perform their duties in a safer environment. This non-uniform clothing is excludable as taxable compensation to these employees.

Other Clothing and Cash Clothing Allowances: The City of Paola may provide other clothing or cash clothing allowances to some employees. This other clothing may be of a nature that it is impractical to display the name and/or logo of the City of Paola (such as footwear). Reimbursements for this type of clothing and cash clothing allowances are considered taxable compensation and will be paid through the payroll system.

Overnight Travel Expenses: The City of Paola has an accountable reimbursement policy for overnight travel expense. Any employee who travels overnight on City business, is required to submit an approved Travel Request Form showing the date, destination, and purpose of the trip (see attached). The employee must attach detailed receipts for transportation, lodging, meals, and other travel expenses to the Travel Request Form approved by the City Manager for reimbursement. The employee may pay cash or charge the expenses to a City credit card. However, cash expenses not documented with a detailed receipt will not be reimbursed, and credit card expenses not document with a detailed receipt must be paid by the employee. Reimbursement for overnight travel expenses are excludable as taxable compensation to these employees.

Other Meals: Meals reimbursed by the City of Paola to employees where overnight travel is not required is considered taxable compensation and will be paid through the payroll system.

Certain other meals such as those provided at City facilities that are furnished for the convenience of the City (Safety Committee lunches), meals that are provided under special circumstances (breakfast provided to snow plow crew after working all night), and other de minimus meals are excludable as taxable compensation to these employees.

Cell Phones: The City of Paola provides cell phones to some employees for the convenience of the City. Personal use of these cell phones is discouraged, however, the City recognizes that it is impractical to fully monitor personal use of these phones. Therefore, the monthly cost of providing a cell phone to an employee will be considered taxable compensation and will be paid through the payroll system. The current monthly contracted rate is \$15 per cell phone (12/01/06 – T-Mobile).

Mileage Reimbursement for Personal Vehicles: Whenever a personal vehicle is used by an employee for City business travel, the employee may request reimbursement using the Travel Request Form. Mileage will be reimbursed at the IRS approved rate and this reimbursement is excludable as taxable compensation to these employees.

Cash Vehicle Allowances: Some employees for the City of Paola are paid a cash vehicle allowance in lieu of being provided a City owned vehicle for use during the work day. A cash vehicle allowance is considered taxable compensation and will be paid through the payroll system.

City Provided Vehicles: Vehicles owned by the City of Paola are provided to employees for the convenience of the City and allow the employees to perform their duties in a safer environment. Personal use of City owned vehicles is not permitted (including commuting from home to work) unless approved, in advance, by the City Manager or designee. Any personal use of City owned vehicles is considered taxable compensation and will be paid through the payroll system. The City of Paola will determine the rule which will be used to value this benefit based on the IRS Regulations in effect for such personal use. Emergency vehicles are exempt from this requirement.

Gift Certificates: Gift Certificates that are provided to employees for recognition or as prizes which can be redeemed or considered to be cash or cash equivalent, will be considered taxable compensation to the employee.

Commercial Drivers License: The City of Paola requires some employees to obtain a commercial drivers license (CDL) as a condition of employment. The cost of obtaining a CDL may be reimbursed to the employee upon request. This reimbursement is excludable as taxable compensation to these employees.

Housing: The City of Paola requires some employees to reside in City owned residences to perform job duties that are required as a condition of employment. The housing is

provided at the convenience of the City of Paola and employees that occupy these residences pay a monthly rent to help offset the expenses associated with the housing. The value of the housing in excess of the rent paid is excludable as taxable compensation to these employees.

Computer Loans: The City of Paola offers qualified employees the opportunity to finance the purchase of a home computer system with no finance charges by payroll deduction over a maximum period of 24 months. The amount of the Computer Loan is limited to a maximum amount of \$1,250.00. By offering this program, the City of Paola recognizes the benefits of having well trained, computer literate employees. This program is provided for the convenience of the City of Paola and is excludable as taxable income to these employees.

Workout/Exercise Facility: The City of Paola offers the use of a workout facility to employees and their immediate family members. The facility is located on City property and is provided to promote the health and well being of our employees. This use of this facility is excluded as taxable income to employees.

This Policy shall be effective beginning January 1, 2007.

PASSED, APPROVED AND ADOPTED this 12th day of December, 2006.

Artie Stuteville, Mayor

ATTEST: (seal)

Daniel G. Droste, City Clerk