WOODBURY COUNTY
ECONOMIC DEVELOPMENT ACTIVITIES POLICY

All County business for economic development activities to be discussed during a meal period and/or meal setting needs to be approved by the Board of Supervisors and will be reviewed monthly. All expenses incurred will be reviewed and approved by the Board of Supervisors before they are paid. This policy can be used by an employee and/or elected official that conducts business for Woodbury County by means of actively conducting business to gain economic development and/or any significant business for the County during a meal setting and/or during a meal period with expenses considered directly related to County business.

Reimbursement or allowances to employees for meals in the course of entertaining customers may be excludable if the expenses are ordinary and necessary and meet either a **Directly-Related Test** or an **Associated Entertainment Test.**

Directly-Related Test – Entertainment-related meal may be excludable from wages if:

- The main purpose of the combined business and meal is the active conduct of business
- Business is actually conducted during the meal period, and
- There is more than a general expectation of deriving income or other specific business benefit at some future time.

All of the facts must be considered, including the nature of the business transacted and the reasons for conducting business during the meal. If the meal takes place in a clear business setting and is for your business or work, the expenses are considered directly relate to your business or work.

Associated Entertainment Test – Entertainment-related meal reimbursements meet the associated test and are excludable if the entertainment is:

- Associated with the active conduct of the employer's business, and
- Directly before or after a substantial business discussion.

Generally, an expense is associated with the active conduct of a business, if there is a clear business reason for incurring it. The purpose may be to get a new business or to encourage the continuation of an existing relationship. These activities need not occur in a clear business setting.

Whether a business discussion is substantial depends on the fact of each case. A business discussion will not be considered substantial unless you can show that you actively engaged in the discussion, meeting, negotiation, or other business transaction to get income or some other specific business benefit. You must be able to show that the business discussion was substantial in relation to the meal.

Receipts must be attached to all requests for reimbursement of meal expenses. These receipts must be itemized detailed receipts and not summary credit card receipts. Requests for reimbursement including receipts shall be itemized on an expense report and signed by the employee and the department head and/or elected official. All expenses incurred will be reviewed and approved by the Board of Supervisors before they are paid.

Signature of Board Chairman

July 22, 2014
Date policy approved