

BOARD TRAVEL POLICIES

Board members shall only be entitled to KACo-paid travel expenses where the expense is associated with KACo. All board member travel should be recommended by the KACo Executive Director with approval by the KACo President or the President's designee, who shall be a member of the KACo Executive Committee. KACo may pay for and book board member spousal or companion (hereinafter 'spousal') airfare or registration fees with the board member required to reimburse KACo.

Reimbursement requests and supporting documentation shall be submitted to the Chief Financial Officer (CFO), no later than the 5th or 20th of each month for CFO review and processing. No reimbursement requests will be processed until the reimbursement amount exceeds \$25.00.

Lodging shall be at a reasonable cost. If the travel relates to a conference, convention, training session or similar event where the event is hosted at a hotel, the board member should stay at the hotel. Should the board member not be able to stay at the hotel due to the hotel being booked, the board member should stay at a hotel of similar class. Should the board member request to stay at a different hotel than the hotel where the event is being hosted for any other reason, the board member may stay elsewhere, but will be limited to the hotel rate at the event hotel. All KACo board member rooms should be booked by the appropriate KACo staff person assigned that task. Where KACo can 'direct-bill' the lodging or pre-pay the lodging, KACo shall 'utilize direct-bill' or pre-payment. Where the board member is required to pay for the lodging, the board member shall get a receipt upon checkout and submit the receipt to KACo for reimbursement. The board member may be reimbursed up to \$2/bag for bell person tips and \$2 for hailing a taxi.

Where a KACo board member has an overnight stay, all meals related to the overnight stay shall be eligible for reimbursement as set forth below. Where a board member does not have an overnight stay, but is in attendance at an event on behalf of KACo or which has been authorized by KACo, the board member shall be entitled to all meals incidental to the event. Tips should not exceed 20% and are inclusive of the reimbursement rates. Receipts or their equivalent are required for reimbursement.

In-State Travel

- Breakfast: Whenever possible, board members should select hotels whose base rates include breakfast in the rate. Breakfast reimbursement shall not exceed \$20.
- Lunch: Lunch reimbursement shall not exceed \$30.
- Dinner: Dinner reimbursement shall not exceed \$50.

Out-of-State Travel

Out-of-State meal reimbursement shall not exceed 1.5 times the in-state reimbursement rate.

Airfare for KACo board members shall be pre-approved upon the recommendation of the KACo Executive Director and the approval of the KACo President and should be booked by the appropriate KACo staff person. The board member may be reimbursed up to \$2/bag for baggage handlers. All out-of-state travel should be reported to the KACo Board of Directors at the next Board meeting subsequent to the travel and at the Executive Committee meeting prior to the travel, if possible. The reporting should include the board member's name and the trip purpose.

Personal mileage reimbursement by KACo board members shall be at the same rate as KACo employees and shall be determined by the current IRS Standard Mileage Rates for Business Miles. The mileage amount shall be calculated via an internet mapping program such as 'Expedia' or 'Travelocity' and shall be calculated from the point of origin to the destination location. Any mileage incurred at the event location which is business related shall be calculated at actual mileage. All mileage reimbursement requires a signed document listing the mileage, travel destination and business purpose.

Taxis are reimbursed at actual rate plus tip. The tip shall not exceed 20%. Parking and tolls associated with KACo travel are reimbursable at the actual rate and require a receipt or the equivalent for reimbursement.

While KACo appreciates the hard work that KACo board members put in when representing KACo at an event, KACo board members should understand that KACo cannot reimburse any expenses that are not incurred in accordance with this policy unless the KACo President, upon recommendation of the KACo Executive Director, grants an exception in unforeseen or extreme circumstances. Further, if a KACo board member cancels a reservation (i.e. a hotel reservation) after a deadline resulting in a charge to KACo or should a KACo board member not attend an event resulting in a charge to KACo (i.e. unused airfare, hotel charges, conference registration fees), the KACo board member shall be responsible for the charge or fee. Upon a written request detailing a valid reason, the KACo Executive Committee may waive the board member charge. The written request shall be submitted to the KACo Executive Director for submittal to the KACo Executive Committee no later than seven (7) days prior to the next scheduled Executive Committee Meeting or the written request shall be presented at the following Executive Committee Meeting.

EMPLOYEE BUSINESS EXPENSE REIMBURSEMENT

KACo will, with proper receipts, reimburse employees for all reasonable and necessary expenses incurred by an employee in connection with the performance of his or her duties for the Association in accordance with the policies set forth below. For example, KACo will reimburse employees for travel expenses such as airfare, meals, lodging and other expenses incurred during approved business travel and where KACo has not pre-paid the expense.

Reimbursement requests with supporting documentation, if any, shall be submitted to the Chief Financial Officer (CFO) in an electronic format no later than the 5th or 20th of each month for CFO review and processing. No reimbursement requests will be processed until the reimbursement amount exceeds \$25.00. Executive Management* reimbursements shall be reviewed by the Audit Committee on a quarterly basis.

Meals

Except as provided below, employees are only entitled to meal reimbursements associated with overnight stays. If the employee is not staying overnight while traveling, the employee will not be entitled to breakfast or lunch reimbursement. Employees are entitled to dinner reimbursement without an overnight stay where the employee is traveling outside of their principal office location, or their home county, and the employee is out after 7:00 pm. Employees should be prudent in selecting restaurants and incurring expenses for meals. It is reasonable to select dining places equal in quality to establishments you typically frequent on your time. If the employee is attending a conference, and the conference provides any meals, the employee will not be eligible for reimbursement for that meal(s). Tips should not exceed 20% and are inclusive of the reimbursement amount. Alcohol should not be consumed during the business day (8:00 a.m-4:30 p.m.) meals.

In-State Travel

- Breakfast: Whenever possible, employees should select hotels whose base rates include breakfast in the rate. Breakfast reimbursement shall not exceed \$20.
- Lunch: Lunch reimbursement shall not exceed \$30.
- Dinner: Dinner reimbursement shall not exceed \$50.

Out-of-State Travel

Out-of-State meal reimbursement shall not exceed 1.5 times the In-State Travel reimbursement rate.

Lodging & Airfare

Lodging and airfare should be booked by the KACo employee assigned that task, unless authorization has been given to that employee allowing that employee to book reservations or flights. Except in special circumstances, lodging requests should be made at least one week in advance. Lodging costs shall be reasonable. If the travel relates to a conference, convention, training session or other similar event, where the event is hosted at a hotel, the employee should stay at the event hotel. Should the employee not be able to stay at the hotel due to the hotel being booked, the employee may stay at another hotel. Should the employee request to stay at a different hotel than the hotel where the event is being hosted, where the hotel is not booked full, the employee may stay elsewhere but will be limited to the hotel rate at the event hotel. Tips associated with lodging (i.e. bellmen) should not exceed \$2/bag or \$2/hailing a cab. The bellmen may be tipped a reasonable amount when the tip is associated with a KACo function such as a the KACo booth. The Valet may be tipped \$2.

Airfare requests should be made to the designated KACo travel employee as soon as the employee travel has been approved by the Executive Director. Airfare should be reasonable in expense. Employees may utilize personal frequent flier mileage to upgrade travel class. KACo will pay for the 1st bag checked, but the employee will be responsible for additional bags checked. Employees may tip baggage handlers no more than \$2/bag. KACo may pay for and book employee spousal or companion (hereinafter 'spousal') airfare or registration fees with the employee required to reimburse KACo.

Rental Vehicles

Rental cars should be booked by the KACo employee assigned that task, unless authorization has been given to that employee allowing that employee to book their rental vehicle. Standard, full-size, mid-size, compact or economy models must be rented unless more than two people are traveling together. Higher upgrades are allowed if transporting materials and cargo space is a factor or if more than two people are traveling.

The refueling option should be taken if extensive driving is planned. If the refueling option is declined, the car must be returned with a full tank of gas.

Rental cars should be returned to the original rental location, except in extraordinary circumstances, in order to avoid costly drop-off charges.

Upgrades not authorized by this policy are not reimbursable.

Mileage

KACo employees are eligible for mileage reimbursement for the use of their personal vehicle at the current 'IRS Standard Mileage Rates for Business Miles' subject to the following restrictions:

KACo employees shall not be reimbursed for mileage if a KACo vehicle was available for travel and the employee chose to utilize their own vehicle for personal convenience or preference.

For travel from or to Franklin County, employees shall utilize the 'ACCEPTED MILEAGE FROM FRANKFORT TO KENTUCKY CITIES' mileage chart located on the KACo Intranet. For travel within Franklin County, if a KACo vehicle is unavailable, mileage is reimbursable and should be determined by a mapping website such as Mapquest or Expedia.

KACo staff may utilize their personal vehicle, and charge mileage from home to travel destination or travel destination to home, when they are traveling directly from or to home and when the mileage, as determined by a mapping website such as MapQuest or Expedia, is less than from Franklin County to or from the destination.

KACo staff whose principal office is located outside of Franklin County shall utilize a mapping website such as MapQuest or Expedia for determining mileage between locations when using a personal vehicle and where one of the locations is not Franklin County or when having to travel to destinations within Franklin County.

All Other Business Expenses

To be eligible to be reimbursed, all other business expenses must be pre-approved by the Executive Director/CEO in accordance with the Association's purchase order policy.

Business Expense Cancellations/Fees Imposed

KACo employees who cancel reservations (i.e. hotel reservations) after a deadline resulting in a charge to KACo or should a KACo employee not attend an event resulting in a charge to KACo (i.e. unused airfare, hotel charges, conference registration fees), the KACo employee shall be responsible for the charge or fee. Upon a written request detailing a valid reason, the KACo Executive Committee may waive the employee charge. The written request shall be submitted to the KACo Executive Director for submittal to the KACo Executive Committee no later than seven (7) days prior to the next scheduled Executive Committee Meeting or the written request shall be presented at the following Executive Committee Meeting.

*Executive Management includes:

Executive Director, Deputy Director, Chief Financial Officer, General Counsel, Directors.

KACO CREDIT CARD POLICY

The Kentucky Association of Counties Executive Committee authorizes corporate credit cards to be issued to the Executive Director/CEO and any other staff members recommended by the Executive Director/CEO, with approval by the Executive Committee, for use in making operational business purchases or meeting-related purchases as set forth below. The Executive Committee will review the policy regarding credit card usage and credit card limits on an as-needed basis, but no less than every three (3) years.

Operational expenses include, but are not limited to, airfare, hotel accommodations, business car rental, conference registrations, other meeting-related expenses, office-related expenses, and any other non-travel related expenses. Examples include, but are not limited to, computer supplies, office equipment, etc.

Meeting-related expenses include, but are not limited to, group meals, hotel meeting rooms, unanticipated event or travel needs.

These examples are not meant to limit the credit card use for other legitimate business expenses.

Staff members issued a corporate credit card for operational or meeting-related expenses will be subject to the following conditions:

1. Only legitimate business and operational-related purchases may be charged on a corporate credit card.
2. KACo credit cards will not be used for personal expenses of any kind. In the event that an expense is determined to be personal in nature, the expense must be reimbursed immediately.
3. All monthly credit card statements will be reviewed by the Chief Financial Officer and the person named on the card. A copy will then be submitted to the Audit Committee members monthly.
4. Receipts detailing the business purpose, date, location, amount and persons covered by the purchase must be submitted promptly to the Chief Financial Officer for approval.

CFO and Audit Committee Budget Review

The CFO and Audit Committee shall, at a minimum, independently review budget to actual expenditures on a quarterly basis.

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Board and Executive Committee Meetings

Executive Committee meetings shall be held at monthly intervals, or more often, if called by the Executive Director or a majority of the Executive Committee. These Executive Committee meetings may be held via teleconference, video teleconference or other appropriate means in order to allow for greater participation and in recognition of the mileage that Executive Committee members would be required to incur in travel to and from the Executive Committee meetings.

Board meetings shall be held at quarterly intervals.

Status Reports shall be given by the respective Program Director or respective Assistant Director or someone so designated by the Program Director. Reports relating to KACo as a whole shall be given by the Executive Director or Deputy Director or someone so designated by the Executive Director or Deputy Director. Financial Reports may be given by the CFO or a person so designated by the CFO. Any designee should have a strong understanding of the material being presented.

Personnel Action Reports shall be given by the Executive Director, Deputy Director, a Program Director or Assistant Director.

KACo board meetings shall be conducted in a manner that leads to openness and transparency.

Minutes shall be taken by the Secretary of the Board of Directors, who shall be a KACo employee and appointed by the President. The Secretary shall accurately document the actions of the Board of Directors.

MEETING AND GROUP FUNCTIONS WITH KACO GUESTS

Executive Management and certain other employees* or employees receiving prior written approval from Executive Management will be reimbursed for reasonable business expenses incurred in meetings with business associates, clients or potential clients of KACo.

Reimbursement will be for official business expenses incurred in association with the meeting. It is the responsibility of each employee to use good judgment to ensure that meeting expenses are budgetarily sound and are compatible with the goodwill of KACo. Receipts detailing the business purpose, date, location, amount and persons present and covered by the purchase must be submitted to the Chief Financial Officer (CFO). This information should be written on the front or back of the receipt itself or upon a separate document attached to the receipt. The submittal to the CFO may be in an electronic format.

*Executive Management and certain other employees include:

Executive Director, Deputy Director, Chief Financial Officer, Directors, Assistant Directors and In-House Legal Counsel.

GIFTS

Board members and employees may accept unsolicited gifts of goods or entertainment of nominal value if it does not influence, or have the appearance of influencing objective decision-making; occurs infrequently; arises out of the ordinary course of business; involves reasonable, not lavish, expenditures; does not violate the other party's company's policies; and takes place in settings that are reasonably appropriate and fitting to you, your hosts or guests, and the business at hand. You may not accept any gift of goods or entertainment with a value of more than \$100 from any person or entity that does business with or seeks to do business with KACo unless: (1) it is a gift of food or beverage consumed on the premises in connection with a meeting or other business event or (2) it is a gift of entertainment at an event (i.e. a sporting event or golf outing) at which the host is also in attendance.

It is acceptable policy for KACo to make expenditures for members or non-members for purposes like the President's service, bereavement or retirement. A listing of all expenditures made under the provisions of this paragraph shall be submitted to the Audit Committee on a quarterly basis.

PROGRAM MARKETING GOALS

Specific marketing goals shall be established by each Program Director.

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KACO BOARD ORIENTATION MANUAL & CERTIFICATE OF RECEIPT

KACo shall supply each board member with an orientation manual to ensure an understanding of their purposes and responsibilities with respect to their position on the Board. Each board member shall be required to sign a certificate indicating that they will read the manual within 30 days of receipt. Should the board member have questions relating to their duties to KACo, they may submit them in writing to KACo legal counsel for clarification. Legal counsel shall prepare and send a response within 14 days of the date of the board member's letter.

KACo will hold an orientation(s) for all board members. It is anticipated that this orientation will occur at the KACo Conference each year. However, that date is flexible, subject to the mandate that there be an annual orientation. While attendance is not mandatory, it is recommended.

Orientation shall include information regarding the Board's structure, operations and responsibilities. A Budget shall be presented with explanations regarding revenues and expenditures.

Additionally, each board member shall sign a Conflict of Interest Statement and provide the Board with a copy of the KACo Financial Disclosure form no later than January 1 following the date of appointment or reappointment.

KACo ORIENTATION MANUAL
Certificate of Receipt

I have received a copy of the KACo Board Member Orientation Manual.

I understand that it is my obligation to read the KACo Board Member Orientation Manual and agree to follow all policies and procedures that are set forth therein. Should I have any questions relating to the KACo Board Member Orientation Manual, it is my obligation to seek assistance from KACo legal counsel.

Furthermore, I understand that the KACo Board Member Orientation Manual may be amended at anytime.

Signature

Date

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WHISTLEBLOWER POLICY

It is the intent of KACo to adhere to all laws and regulations that apply to the organization and the underlying purpose of this policy is to support the organization's goal of legal compliance. The support of all employees is necessary to achieving compliance with various laws and regulations. If any employee reasonably believes that some policy, practice, or activity of KACo is in violation of law, the employee should report that belief to the Executive Director or President. KACo will not retaliate against an employee who in good faith, has made a protest or raised a complaint pursuant to this policy. My signature below indicates my receipt and understanding of this policy. I also verify that I have been provided with an opportunity to ask questions about the policy.

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AUDIT COMMITTEE

The Board shall establish a 3 member Audit Committee, comprised of persons with experience/knowledge relating to accepted accounting practices. The objective of the Auditing Committee is to assist management, the KACo Executive Committee and the Board of Directors in the effective discharge of their responsibilities by providing analyses, recommendations, counsel, and information concerning the activities reviewed.

The Auditing Committee shall not assume operating responsibilities. The Auditing Committee shall have full access to all records, facilities, properties, and personnel relevant to the subject under review.

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KACO EQUIPMENT & INFORMATION SYSTEM POLICY

Business equipment should only be used for business purposes. Should any major item of equipment become missing, notification should be made to the Executive Committee at the next regularly scheduled Executive Committee meeting.

All computers and the data stored on them are and remain at all times the property of KACo. As such, all messages created, sent or retrieved over the Internet or the Association's electronic mail system is the property of the Association, and should be considered public information. KACo reserves the right to retrieve and read any message composed, sent, or received on the Association's computer equipment and electronic mail system. Board Members are advised that, even when a message is deleted or erased, it is still possible to recreate the message; therefore, ultimate privacy of a message is not, and cannot be, ensured to anyone. Internet and electronic mail messages are public communication and should not be considered private. Furthermore, KACo may disclose all communications including text and images to law enforcement or other third parties without prior consent of the sender or receiver.

An information system policy shall be maintained defining user responsibilities as they relate to information system resources and applications. These policies shall include:

- a) Securing of user ID and password;
- b) Protection against computer virus or mal-ware infection;
- c) Legal notice at login indicating that system is to be used for authorize3d purposes only;
- d) Securing unattended work stations; and
- e) Securing portable devices such as laptops, Blackberries, cell phones, etc.

EXECUTIVE COMMITTEE REVIEW OF MEMBERSHIP FEES

The Executive Committee shall annually review all membership fees to organizations and associations to insure that they provide a reasonable business benefit. Mandatory memberships in professional organizations as a requisite of professional licensure shall be deemed to have a reasonable business benefit and shall not require an annual review.

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EMPLOYEE LEAVE POLICY

The Board of Directors shall review KACo employee sick and vacation leave policies annually. The Executive Committee may make recommendations to the Board of Directors regarding leave change policies at any time for Board of Directors approval.

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BOARD ASSESSMENT OF SALARIES AND EMPLOYEE EVALUATION SYSTEMS

The Executive Committee may request an independent assessment of KACo employee salaries once each decennial with comparison salaries from insurance and financial sector industries.

The Executive Committee shall review employee salaries on an annual basis.

The current KACo employee evaluation system, contained in the KACo Employee Handbook, shall continue to be used in an efficient and productive manner.

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KACO BOARD OF DIRECTORS CODE OF ETHICS POLICY

1. No board member ("board member") shall have a financial interest that substantially conflicts with his/her duties as a director.
2. In performing their duties as KACo board members, each board member shall act solely in the interest of the organization and not in his/her own interest or in the interest of a third party.
3. Whenever discussing or voting on matters relating to non-member entities with which a board member has a relationship, the board member shall disclose the nature of the relationship to the board. The board may ask the board member disclosing the relationship to refrain from voting in any matters relating to the organization and the non-member entity. The board shall have final authority to determine if a conflict exists.
4. No board member shall solicit anything of substantial monetary value solely for personal use from any entity or individual who is seeking to obtain or has obtained a business or financial relationship with KACo.
5. Board members shall avoid situations where it is clear that their own interests are brought into conflict with that of KACo.
6. Every board member shall sign a "Conflict of Interest Affidavit" annually certifying that the member:
 - (a) Has received a copy of the Ethics Policy,
 - (b) Will read the policy, and
 - (c) Has agreed to comply with the policy.
7. Failure of any board member to comply with the provisions of this Ethics Policy may constitute grounds for removal from the Board.

KACO BOARD OF DIRECTORS CONFLICT OF INTEREST AFFIDAVIT

I, _____, board member of the Kentucky Association of Counties (KACo), state as follows:

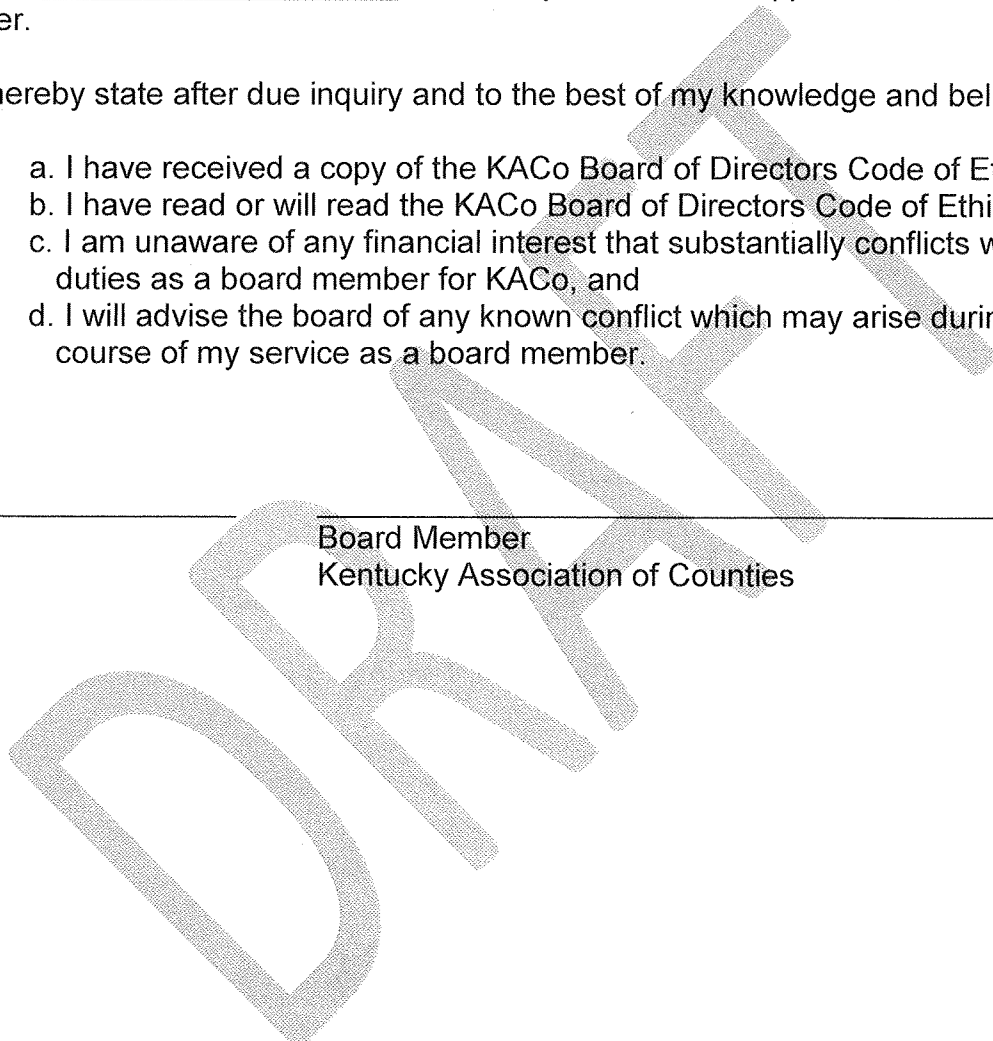
1. I am a board member for KACo. My term began on _____ and will end on _____ or until my successor is appointed, whichever period is longer.

2. I hereby state after due inquiry and to the best of my knowledge and belief that:

- a. I have received a copy of the KACo Board of Directors Code of Ethics,
- b. I have read or will read the KACo Board of Directors Code of Ethics,
- c. I am unaware of any financial interest that substantially conflicts with my duties as a board member for KACo, and
- d. I will advise the board of any known conflict which may arise during the course of my service as a board member.

_____ Date

_____ Board Member
Kentucky Association of Counties



Fixed Asset Policy

KACo shall maintain a fixed asset inventory policy to be reviewed annually by an audit firm. The inventory listing shall include the following identifying information related to each piece of equipment:

- a) Description of equipment
- b) Vendor name;
- c) Model number;
- d) Serial number;
- e) Acquisition date; and
- f) Cost.

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