

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF
COUNTY COUNCIL
LAKE COUNTY, INDIANA
January 1, 2011 to December 31, 2011



FILED
09/21/2012

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the County Council	Ted Bilski	01-01-11 to 12-31-12
	Jerome A. Prince	01-01-12 to 12-31-12
President of the Board of County Commissioners	Roosevelt Allen Jr.	01-01-11 to 12-31-11
	Gerry J. Scheub	01-01-12 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF LAKE COUNTY

We have audited the records of the County Council for the period from January 1, 2011 to December 31, 2011, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Annual Report of Lake County for the year 2011.

STATE BOARD OF ACCOUNTS

August 15, 2012

COUNTY COUNCIL
LAKE COUNTY
AUDIT RESULTS AND COMMENTS

COMMISSIONER TAX SALE DISTRIBUTION

Proceeds from the sale of property at the Commissioner's Tax Sale, were recorded in the Commissioner's Tax Sale Fund (385). The expenses related to the Commissioners' Tax Sale, i.e., professional services, advertising, appraisals, redemption of property, and any other related expenses were paid from this fund. In addition to the expenses paid from this fund, the County Auditor transferred funds from the Commissioner Tax Sale Fund (385) to various incentive funds during 2011 as follows:

Auditor's Incentive Fund	\$	236,000
Commissioner's Incentive Fund		250,000
Recorder's Incentive Fund		100,000
Treasurer's Incentive Fund		240,000

According to Indiana Code Indiana Code 6-1.1-25-9, identified costs relating to the tax sale can be paid from the proceeds from the sale of property. Ordinance 1333A established amounts to be transferred to the Incentive Funds from the Commissioner Tax Sale Fund. The Incentive Funds were established to cover payroll costs associated with the commissioner tax sale. After the tax sale expenses paid from the Commissioner Tax Sale Fund, the County Auditor transferred a portion of the surplus to the Incentive funds. The County Auditor did not distribute any of the remaining money to the appropriate taxing units. The balances of the Commissioner Tax Sale Fund and the Incentive Funds as of December 31, 2011 are as follows:

Fund	Amount
Commissioner Tax Sale (385)	\$ 2,628,681.77
Auditor's Incentive (193)	391,336.25
Commissioner's Incentive (242)	256,161.46
Recorder's Incentive (260)	275,766.73
Treasurer's Incentive (427)	333,172.97

In 2012, funds were transferred from the Commissioner Tax Sale Fund to the General Fund totaling \$2,049,593. The reason for the transfer was so the County could pay for the 27th payroll expense that was going to occur in 2012 but the County failed to include in the budget. We informed the County Auditor and the County Attorney that we could not find any statutory authority for the County to make such a transfer. The funds were returned to the Commissioner Tax Sale fund. We advised officials to distribute the appropriate amount to taxing units as required by statute.

The County Attorney determined that additional expenses of an estimated 3 percent of the total revenue collected (\$10,380,458.97) or \$311,413.77 were incurred during the period of 2009 through 2012 and the County was entitled to be reimbursed those expenses. On July 17, 2012, the County transferred \$311,413.77 to the Collection Expense Reimbursement fund (386).

Indiana Code 6-1.1-25-9, Sale of property acquired by county; application of proceeds; report; actions by county executive, states in part:

"(a) When a county acquires title to real property under IC 6-1.1-24 and this chapter, the county executive may dispose of the real property under IC 36-1-11 or subsection (e). The proceeds of any sale under IC 36-1-11 shall be applied as follows:

- (1) First, to the cost of the sale or offering for sale of the real property, including the cost of:

COUNTY COUNCIL
LAKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

- (A) maintenance;
 - (B) preservation;
 - (C) administration of the property before the sale or offering for sale of the property;
 - (D) unpaid costs of the sale or offering for sale of the property;
 - (E) preparation of the property for sale;
 - (F) advertising; and
 - (G) appraisal.
- (2) Second, to any unrecovered cost of the sale or offering for sale of other real property in the same taxing district acquired by the county under IC 6-1.1-24 and this chapter, including the cost of:
- (A) maintenance;
 - (B) preservation;
 - (C) administration of the property before the sale or offering for sale of the property;
 - (D) unpaid costs of the sale or offering for sale of the property;
 - (E) preparation of the property for sale;
 - (F) advertising; and
 - (G) appraisal.
- (3) Third, to the payment of the taxes on the real property that were removed from the tax duplicate under section 4(c) of this chapter.
- (4) Fourth, any surplus remaining into the county general fund. . . ."

DELINQUENT COLLECTION FEES FUND

In 2002, the County Commissioners' entered into a contract with Tax Management Associates (TMA) to identify undervalued or omitted personal property not properly recorded in the County's tax system. Once identified by TMA, the County pursued collection of the delinquent taxes through outside attorneys. When collection from these properties occurred, the delinquent tax and the attorney fees paid by the property owner were receipted into the Delinquent Collection Fees Fund (235). TMA and the outside attorneys were paid from this fund with the remaining balance as of July 17, 2012 totaling \$2,783,808.52 that should be available for distribution to the appropriate taxing districts.

COUNTY COUNCIL
LAKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

The County Attorney determined that additional expenses of an estimated 20% of the total revenue collected (\$6,313,080.46) or \$1,262,616.09 were incurred over several years and that the County was entitled to be reimbursed those expenses. On July 17, 2012, the County Auditor on the advice of the County Attorney transferred \$1,262,616.09 to the Collection Expense Reimbursement Fund (386) and the remaining \$1,521,192.43 was transferred into the Undervalued and Omitted Property Fund (a new fund established by Ordinance 1350A).

We could not determine that the 20 percent expenses above totaling \$1,262,616.09 were allowed to be transferred. Additionally, officials have not documented these expenses over the years, therefore, we could not determine if the estimated amount was accurate and reasonable. According to the statute cited below, the County Auditor is obligated to distribute the entire balance of \$2,783,808.52 to the appropriate taxing districts.

Indiana Code 6-1.1-23-7, Collection expenses; payment; fees; disposition, states:

"(a) With respect to the collection of delinquent personal property taxes, the county treasurer shall charge the following collection expenses to each delinquent taxpayer:

- (1) For making a demand by:
 - (A) registered or certified mail, eight dollars (\$8); or
 - (B) any other manner permitted by section 1 of this chapter, five dollars (\$5).
- (2) For making a levy, ten dollars (\$10).
- (3) For selling personal property, ten percent (10%) of the sale price.
- (4) For advertising a sale, the legal rates for advertising.
- (5) For transfer and storage of personal property, the actual expense incurred.
- (6) Other reasonable expenses of collection, including:
 - (A) title search expenses;
 - (B) uniform commercial code search expenses; and
 - (C) reasonable attorney's fees or court costs incurred:
 - (i) in the collection process;
 - (ii) due to a court order; or
 - (iii) due to an order of the treasurer; under IC 6-1.1-23-10.

(b) The fees collected under this section are the property of the county and shall be deposited in the county general fund. The collection expenses incurred in connection with the levy upon and sale of personal property shall be paid from the county general fund without prior appropriation."

COUNTY COUNCIL
LAKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 6-1.1-36-12, Contracts for discovery of omitted property; fund for additional receipts; use of fund, states:

"(a) A board of county commissioners, a county assessor, or a township assessor (if any) may enter into a contract for the discovery of property that has been undervalued or omitted from assessment. The contract must prohibit payment to the contractor for discovery of undervaluation or omission with respect to a parcel or personal property return before all appeals of the assessment of the parcel or the assessment under the return have been finalized. The contract may require the contractor to:

- (1) examine and verify the accuracy of personal property returns filed by taxpayers with the county assessor or a township assessor of a township in the county; and
- (2) compare a return with the books of the taxpayer and with personal property owned, held, possessed, controlled, or occupied by the taxpayer.

(b) This subsection applies if funds are not appropriated for payment of services performed under a contract described in subsection (a). The county auditor may create a special non-reverting fund in which the county treasurer shall deposit the amount of taxes, including penalties and interest, that result from additional assessments on undervalued or omitted property collected from all taxing jurisdictions in the county after deducting the amount of any property tax credits that reduce the owner's property tax liability for the undervalued or omitted property. The fund remains in existence during the term of the contract. Distributions shall be made from the fund without appropriation only for the following purposes:

- (1) All contract fees and other costs related to the contract.
- (2) After the payments required by subdivision (1) have been made and the contract has expired, the county auditor shall distribute all money remaining in the fund to the appropriate taxing units in the county using the property tax rates of each taxing unit in effect at the time of the distribution.

(c) A board of county commissioners, a county assessor, or a township assessor may not contract for services under subsection (a) on a percentage basis."

COLLECTION EXPENSES WITHHELD FROM SETTLEMENT DISTRIBUTION

The County Auditor distributed property tax collections in June, 2012. Litigation expenses associated with two large property tax cases were withheld from the June 2012 settlement involving the following taxing units:

Taxing Unit	Amount
Calumet	\$ 889,138.27
Hammond	22,541.65
East Chicago	130,490.68
Whiting	161,232.20

COUNTY COUNCIL
LAKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

The County attorney directed the County Auditor to deduct these amounts from the tax settlement of the units described above and credit them to the County's Collection Expense Reimbursement Fund.

We are unaware of any statutory authority to withhold these amounts from these respective taxing units.

The county auditor is authorized to make distributions of funds due the State of Indiana and local governmental units within the county without allowance or approval of the board of county commissioners. Distributions of property taxes, bank, building and loan taxes, license excise taxes and any other distribution which includes two (2) or more funds or sources shall be accompanied by a Certificate of Tax Distribution, Form 22 (Rev. 1985). If a distribution (other than property tax settlement) includes only one fund or source and the fund or source is shown on the warrant, it is not necessary to furnish a certificate of tax distribution.

Warrants for all distributions should be made payable to the fiscal officer or treasurer of the governmental unit by title, for example: Trustee, Washington Township; Clerk-Treasurer, Town of Rockville, Treasurer, North Putnam Community School Corporation. The personal name of a public official should not be shown on any warrant payable to a state agency or local governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 7)

DORMANT FUNDS

The County is reporting cash balances for several funds that have had no activity for three years. These funds and their corresponding balances as of December 31, 2011, are Economic Development FMHA, \$45,238; Environmental Task Force, \$36,402; and US Research Consultant, \$3,473.

Most counties have funds that have been inactive or dormant for a number of years. A sufficient fund balance should be retained to pay any outstanding obligations, such as bonds and interest coupons not surrendered for payment. However, to the extent of any balance not needed to cover outstanding obligations, every effort should be made by county auditors to eliminate such funds from the records. The following statutory authorities will be found governing the closing out of the above listed funds.

Indiana Code 5-1-13-2 provides that when bonds have been issued for any lawful purpose, and the purpose for which the debt was incurred has been accomplished or abandoned, the surplus or balance in such bond fund shall be transferred to the bond and interest redemption fund by the disbursing officer upon order of the legislative body. The funds so transferred are to be used for the payment of interest bearing indebtedness.

Indiana Code 36-1-8-5 is a general law which provides that unused and unencumbered balances in county funds which have been raised by levy on all of the taxable property of the county be transferred to the county general fund or rainy day fund, upon authority given by the county council. This section also provides that unused and unencumbered balances in funds for the redemption of poor relief bonds or like obligations for poor relief purposes by levy on all of the taxable property of a civil township be transferred to the poor relief fund of such township.

County auditors should examine any dormant funds carried on their ledgers with the view toward closing out such funds before December 31. (The County Bulletin and Uniform Compliance Guidelines, Vol. No. 353, October 2005)

COUNTY COUNCIL
LAKE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

TRAVEL POLICY, PER DIEM

The County Travel Policy, Ordinance 1339G, addresses only per diem rates; it does not specify when an employee is in travel status and, therefore, eligible for per diem payments. A formal policy defining travel status and eligibility for per diem is necessary to ensure consistency between departments when paying travel expenditures. This has been a comment in prior reports.

In addition, the detail ledger of disbursements "LC 500, Expenditure Account Activity" has misclassified compensation for services as per diem. For example, the County used account number 001 2100 41333, entitled "Election Worker - Per Diem" to record compensation for election workers. Account number 001 2100 41329, entitled "Board Member Per Diem" was used to record salaries paid to election board members. Neither of these account numbers accurately reflects per diem expenses.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

COUNTY COUNCIL
LAKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 15, 2012, with Jerome A. Prince, President of the County Council; Peggy Holinga Katona, Auditor; and John Dull, Attorney for the Board of County Commissioners. The Official Response has been made a part of this report and may be found on pages 11 through 24.



**OFFICE OF THE ATTORNEY
TO THE BOARD OF COMMISSIONERS**

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August 16, 2012

Bruce Hartman
State Examiner
State Board of Accounts
302 W. Washington, 4th Floor-Rm. 418
Indianapolis, IN 46402

RE -- Audit Comments
2011 Audit of County Commissioners, County Council, County Auditor

Dear Mr. Hartman:

These comments are submitted in regard to the following sections in the audit comments prepared by the State Board of Accounts. The following four (4) comments are submitted on behalf of the Board of Commissioners, County Council, Auditor, Treasurer and Lake County, Indiana.

1. Commissioner Tax Sale Distribution

The money in this Fund 385 is from the sale of Commissioner Tax Sale Certificates. These sales were initiated as a result of a law passed in 2003. As Public Law 170-2003 and codified as IC 6-1.1-24-6.1. The County Council has since that time enacted ordinances giving money from that fund to the Auditor, Treasurer, Recorder and Commissioners for the services they provide to the fund. However, no allowance was ever made for the expenses of the County Attorney's office.

The sales have occurred for 11 years and the money in the fund net of the distribution as incentive payments should have been distributed to the units of government but never was. This year the money will be distributed, but it was necessary to reimburse the County Attorney's office for its expenses. The County Attorney is involved in two ways with the sale. First and foremost is the involvement with the Treasurer's tax sale from which if there is no bid on the property the Commissioners receive a tax sale certificate. Second, the tax sale certificates are sold at a separate auction. The involvement in these two areas consumes approximately 20 percent of the time of the County Attorney and his secretary on an annual basis. This percentage varies by week but bulks large just before a Treasurer's tax sale and a Commissioner certificate sale. Then, there are the innumerable questions after each sale from buyers and elected officials.

The number of 3 percent was arrived at by costing out the actual salaries, retirement payments, social security payments, workman's comp/unemployment compensation, and health benefit costs for the two aforementioned positions. The cost averages about \$27,000.00 per year to which was added \$1,310.00 to cover the estimated cost of supplies, telephone and similar items. The total is \$28,310.00 which over 11 years amounts to 3 percent of the total revenue of \$10,380,458.97 collected as identified in the audit report.

2. Delinquent Collection Fees Fund

Lake County contracted with TMA in 2002 for personal property audits to identify undervalued or omitted personal property. TMA only made the valuation determination. The County itself had to do the collections.

After paying TMA, the balance in the fund was almost \$2.8 million. The program activity extended over 10 years from 2002 into 2011. The monies in the fund should have been distributed to the units net of expenses during the period of time that it was collected. The County made a decision to distribute the money in 2012.

Starting in 2002, one person in the Assessor's office worked with personal property audits entirely. This person devoted 100 percent of their time to TMA and personal property. In addition, the County Attorney's office spent approximately 10 percent of the time of the County Attorney and its secretary on this collection effort. This TMA program was one of the major programs instituted by the previous Assessor who devoted a very significant amount of time to this project over the period 2002-2009. In addition, the office manager of the former and current Assessor over an 11 year period was actively involved in the collection. Since the new Assessor took office in 2010, his chief deputy has been actively involved in this program. At the Treasurer's Office, one employee

devoted a very significant amount of time over the 10 year period to identify and recording the monies received and then paid out. Lastly, the Lake County Auditor recorded the transactions.

The reason for the substantial size of the estimate is that in addition to the actual salaries, county's social security contributions, retirement contributions, and unemployment contributions on an actual basis, there was a substantial amount of money paid out for and on behalf of one or more of the people involved as health care benefits. Thus, the size of the estimate reflects actual health costs on behalf of at least one (1) employee and these costs have been validated. Due to HIPPA confidentiality restrictions, those costs cannot be revealed in this response. For that reason they are noted, but no documentation is provided. If the State Board of Accounts and State Examiner would like to review the documentation without the County identifying the employee, that may be possible.

3. Collection Expenses Withheld from Settlement Distribution

At the June, 2012 settlement monies were withheld from Calumet Township and the cities of Hammond, East Chicago, and Whiting based upon the direction of the County Attorney. The Assessor's office has to defend assessment appeals for property tax cases. These decisions originate with local assessors and date back to at least 2004 and the recent cases filed by Majestic Star in Calumet Township and BP in North Township. The county out of its self insurance liability fund incurred substantial expense in their defense. In the case of Majestic Star, that included monies paid to a major out of state firm to defend the cases along with substantial payments to local counsel who is not an employee. The same two parties along with appraisers and experts were involved in the defense of various proceedings involving the two companies. The monies the County Attorney directed to be withheld represent the litigation expenses that were not reimbursed in any fashion by either BP or Majestic Star.

In IC 36-1-4-17 a unit has the authority to collect any money owed to the unit and to compromise the amount of money due the unit. The defense of assessment reductions is the reverse side of collecting money. Since a successful defense will yield a greater tax bill owed by the property owner under IC 36-1-4-17 a unit can determine the costs of its action and seek collection. In this case, there is a negative collection in that the costs are incurred on behalf of units other than the county. The only statutory way to recoup the money spent in defense of these appeals is to withhold it from the unit. This is analogous to the situation where the county makes a tax refund and then charges the unit its pro rata share of that refund. In the instance of the withholding from the June, 2012 settlement distribution the pro rata share of the bills was withheld from the appropriate units.

4. Dormant Accounts

The County should cancel out the funds and distribute the monies in dormant to either the named fund recipient or the grantor of the funds. In the current audit, there are three that had no activity in three years and should be eliminated.

The County Council should for the Lake County Auditor establish a schedule for eliminating dormant fund accounts. From the standpoint of the State Board of Accounts, if this were established at two years there apparently would be no write up. This guideline would be less than the three years which gave rise to the audit notation. The Lake County Council will consider adopting an ordinance instructing the Lake County Auditor to eliminate dormant accounts after there has been no activity for two audit years.

Sincerely,
ATTORNEY TO THE BOARD OF COMMISSIONERS

John S. Dull
JSD/rmk

CC. Board of Commissioners
Lake County Field Office, State Board of Accounts

2063
APR 13 2000

**ORDINANCE ESTABLISHING TRAVEL POLICIES
AND PROCEDURES FOR LAKE COUNTY, INDIANA**

WHEREAS, the State Board of Accounts of the State of Indiana requires Lake County to establish travel policies and procedures; and

WHEREAS, establishing County Travel Policies and Procedures shall protect the funds of the County and allow the County to be more fiscally responsible thereby furthering the interests of County Taxpayers.

NOW, THEREFORE, LET IT BE ORDAINED AS FOLLOWS:

That the preamble for this Ordinance heretofore mentioned be incorporated by reference to this ordinance.

A. COUNTY TRAVEL AUTHORIZATION AND PROCEDURE.

1. Authorized County Travel Generally.

A County Employee shall only be authorized to engage in County-related business travel in accordance with Subsections 2 through 5 of this Section of this Ordinance. "County Employee" shall exclude County Elected Officials ("County Official"). Hereinafter, "Travel" shall mean County-Related Business Travel.

2. Authorized Travel by a County Employee.

(a) The Employee's Travel must be approved in advance and in writing by the County Official the employee reports to, if the travel is outside the County and if the travel:

- (1) Is in excess of one hundred seventy-five (175) miles one way from the person's home or station;
- (2) Is travel where the lodging selected by the employee includes or offers resort accommodations (i.e., golf, spa, gambling);
- (3) Involves three (3) or more people from the same Department to the same location and includes an overnight stay; or
- (4) Is estimated to cost in excess of One Thousand Two Hundred Fifty (\$1,250.00) Dollars for total trip per person.

(b) Travel not covered under Section 2.A. shall be approved by the County official the employee reports to. Travel of a routine nature necessary for employees to fulfill their normal responsibilities may be approved through use of a written policy of the County official. The written policy shall describe in sufficient detail the travel being approved.

- (c) At the discretion of the County official, additional approvals may be requested.

3. Authorized County Travel Form.

The County form "Authorization for Travel" shall be written by the Board of Commissioners and used to document the approval of the travel taken under paragraph 2(a). When required by Section 2 above, County employees shall attach to their expense reimbursement requests the County form "Authorization for Travel". It shall be the duty of the employee's county official and subsequently the County Commissioner's Office to verify the County form "Authorization for Travel" is attached to the employee's expense reimbursement requests.

4. Criteria for Approval of Travel.

- (a) Travel is designed to reimburse the expenses of an employee on County business and allowing up to one (1) day of travel time the day before and one (1) day of travel time the day after the meeting, depending on the actual circumstances, as approved by the County official.
- (b) Travel status should not start prior to, or end after, the normally required periods of time necessary to complete the official County business.
- (c) The primary purpose for travel must be County business, but occasionally a person may be approved to take a trip that includes both personal (vacation leave or time off) time and business travel. The County form "Authorization for Travel" must indicate the complete period of time the person will be approved if it encompasses personal leave both before and after the official County business. A County employee shall exercise special care not to seek reimbursement for expenses that could be construed to be personal. If personal time is combined with any trip, the lodging and subsistence for the extra days of travel time are not eligible for reimbursement.
- (d) County employees traveling to locations within four (4) hours drive time are generally expected to travel by automobile.
- (e) Normally "side-trips" are not allowed in conjunction with County travel. A "side-trip" is defined as when a County employee needs to travel from City "A" to City "B" for County business and the County employees travel to City "C" either before or after going to city "B". However, if the "side-trip" is previously approved in accordance with the requirements of this Ordinance, the costs associated with the "side-trip" shall not be reimbursed. If travel is by air, the allowable reimbursement would be the lower of the commercial carrier fare one-way between cities "A" and "B" times two (2) or the round-trip fare between cities "A" and "B" determined based on the same date and time the County employee departed City "A". Such reimbursable air fare shall be established and documented on the County form "Authorization for Travel" prior to approval of the form. If driving a personal vehicle, the County employee shall be reimbursed the round-trip map mileage between cities "A" and "B". If driving a county-owned leased vehicle,

the County employee shall declare the mileage in excess of the round-trip mileage as personal mileage. Additional time spent by the employee in traveling to City "C" shall be considered personal leave.

5. Travel Arrangements.

- (a) When two (2) or more County employees are traveling the same general route (using either a County-owned leased vehicle or a privately owned vehicle only one (1) vehicle shall be driven if it is administratively feasible.
- (b) Prior to submitting the County form "Authorization for Travel", the authorized County Travel Agency shall be contacted regarding reservations for lodging accommodations and airfare, or other travel arrangements.

B. REIMBURSEMENT FOR COUNTY TRAVEL.

1. Reimbursement for County Travel.

The County shall only make payment for, or reimburse for travel to or on behalf of a County employee who is entitled to it under this Ordinance and in compliance with the terms and provisions of this Ordinance.

2. Reimbursement Terms and Conditions.

The County may pay a travel expense to or on behalf of a County employee under the following terms and conditions:

- (a) Payment of the travel expense is approved in writing by any person whose approval is required for authorization or ratification of the County employee under Section A.2.;
- (b) The travel giving rise to the travel expense has been authorized or ratified in accordance with this Ordinance;
- (c) With respect to a travel expense, the County employee submits an original receipt for the County travel expense along with such supporting documentation as is required by Section E;
- (d) Paying the travel expense does not violate any law, statute, ordinance or regulation, or court order; and
- (e) The travel expense was incurred in compliance with this Ordinance.

3. Travel Expense Limitations.

- (a) The County shall not pay a travel expense where another person or entity, other than the authorized County employee pays the expense.
- (b) If a travel expense has been approved in advance by the appropriate County

official, the actual travel expense incurred by the County employee is payable only to the extent it is less than or equal to the approved travel expense. This requirement may be waived by the County official if its enforcement, under the circumstances, would be unfair, inequitable, impractical, unreasonable, or otherwise not consistent with the policies and principles underlying this Ordinance.

4. Conference Expenses.

A County employee may be reimbursed for the cost of registration fees associated with attendance at conferences. Only the County employee's portion of the registration fee, and not fees for any other individual accompanying the County employee, shall be paid.

5. Allowable Reimbursements-Legal Required.

- (a) A Department or County employee may not receive, accept, or retain travel expense, lodging, transportation, meal, or any other good or service with respect to travel that is provided by another person or entity who is not legally obligated to do so unless such receipt, acceptance, or retention is legal, ethical, and does not raise the appearance of impropriety. Any such expense, allowance, good, or service that has been improperly paid or accepted shall forthwith be refunded or otherwise paid for by the County employee.
- (b) Each person requesting reimbursement for travel expenses shall submit a claim covering only the person's own expenses. No reimbursement may be made for the expenses of another person. However, a person may receive reimbursement for the travel expenses of pupils, wards, patients, or offenders of County facilities, schools, agencies or institutions. The request for reimbursement for these expenses must be separately itemized and justified in the request for reimbursement.

6. Rates of Reimbursement.

- (a) The rates of reimbursement for travel allowances shall be those established, in accordance with law and adopted by the County Council.
- (b) Reimbursement rates for travel allowances, and/or maximum rates, are provided in Appendix A.
- (c) The rates of reimbursement for actual expenditure items shall be the amounts actually expended subject to any limits per the provisions of Section B,7.b).
- (d) All amounts claimed must be converted to United States currency. Proof of conversion rate(s) at the time the expense was incurred must be submitted for expenses paid in any other currency.
- (e) A County employee traveling outside of the continental United States may be reimbursed for the reasonable expenses associated with the travel:
 - (1) Visas, passports and other travel documents;

- (2) Photographs for travel documents;
- (3) Inoculations;
- (4) Currency exchange; or
- (5) Airport taxes.

7. Travel Bonuses.

- (a) It is the policy of the County that any premium, bonus or compensation acquired by any County employee as a result of the travel either paid for or reimbursed by the County under this Ordinance is the property of the County. This includes but not limited to bonuses, premiums and compensation for the following:
 - (1) Airline travel;
 - (2) Other common carrier;
 - (3) Hotel or motel; and
 - (4) Rental vehicles;
- (b) An County employee who earns any compensation, premium or bonus while the County employee is traveling for the County and is governed by this Ordinance shall turn in the compensation, premium or bonus to the County. All such travel bonuses, promotions and the like shall be reported to the County official when they are being redeemed. Each Department shall establish procedures to implement this policy and submit a copy of the procedures to the Lake County Board of Commissioners and Lake County Council.

8. Recovery of Expenses Erroneously Paid.

The County may recover any expenses of allowance paid to any person or entity:

- (a) Which was erroneously paid for any reason;
- (b) Which was paid because of illegality or fraud on the part of any person or entity; or
- (c) Which was paid under the mistaken belief, at the time payment was made, that such payment was in accordance with this Ordinance.

9. Preferred Travel Expense Method.

The County shall make payment when travel is by the preferred traveling method. The preferred traveling method is the least expensive or most cost effective means of travel which is also:

- (a) Available at the time and place where it is needed;
- (b) Necessary for the County travel involved;
- (c) Appropriate, sufficient, and timely for the County travel involved;
- (d) Reasonably safe; and
- (e) Reasonably comfortable.

1. Preferred Transportation

- (a) When the County travel is within the County or two hundred fifty (250) miles of the County employee's station, the preferred traveling method is first by County owned/leased vehicle, and second by personal vehicle.
- (b) When the County travel is greater than two hundred fifty (250) miles from the County employee's station, the preferred traveling methods rank as follows:
 - (1) By commercial air;
 - (2) By other commercial transportation;
 - (3) By state owned/leased vehicle; or
 - (4) By personal vehicle.

2. Reimbursement for Vehicle Use.

- (a) If the travel of a County employee will be by vehicle, County owned/leased vehicles shall be used when available and practical.
- (b) A county employee in a personal vehicle will be paid mileage allowance for the lesser of the distance actually traveled or the distance between the destination and the County employee's station, and as provided by Section C.,3.

3. Mileage.

Payment of mileage with respect to County travel shall be made in compliance with this mileage section. A County employee is entitled to payment of mileage under the following terms and conditions:

- (a) The mileage is incurred through the use of a private vehicle in accordance with this Ordinance;
- (b) The route or routes taken to and from the destination are the shortest and most cost effective and use the appropriate points of departure and return;
- (c) Additional mileage, not to exceed ten percent (10%) of the "Shortest Route" mileage may be claimed when the usually traveled route entails the use of an interstate highway which is not the "Shortest Route".
 - (1) The ten percent (10%) additional mileage is a maximum deviation and not an automatic additional charge.
 - (2) In no case shall the allowable mileage exceed the actual map mileage.
- (d) For in-state travel, the mileage is computed from the current official State of Indiana Highway Map, but adjusted where appropriate.
- (e) For out-of-state travel, the mileage is computed from a current reliable atlas;

- (f) Additional travel within a city or town must be listed separately from travel between cities and towns.

4. Parking and Tolls.

A County employee in travel status may be reimbursed for the cost of parking and tolls when using either a personal vehicle or a County owned/leased vehicle. Valet parking will only be reimbursed if "self-parking" is not available. Receipts satisfying the requirements of Section C.1., must be included with the claim for reimbursement. (For parking at public transportation terminals see Section C.8.).

5. Travel by Air.

- (a) The coach class cost of travel by commercial air carrier will be reimbursed. "Super Saver" or other airfares carrying cancellation penalties shall be used in extreme caution. The penalty fee may be reimbursable only if legitimate County business prohibits the County employee from traveling.
- (b) Occasionally, it may be cost effective for a County employee to travel on a weekend to obtain a less expensive airline fare. Lodging and meals for the weekend travel will be reimbursed to the employee if the net savings to the County exceeds One Hundred (\$100.00) Dollars.
- (c) Departments are encouraged to make all out-of-state travel arrangements through the County's Travel Agent and are encouraged to arrange in-state-travel also through the County's Travel Agent to help reduce costs.
- (d) The Board of Commissioners have the authority to adopt and enforce specific policies for air travel. For example, County employees could be required to travel to a particular airport or on a particular airline to avail the County of a reduced group airfare.

6. Non-Commercial Air Transportation.

Written approval from the Board of Commissioners is required before making arrangements for non-commercial or charter air transportation.

7. Other Main Travel Modes.

The cost of travel by railroad or bus may be reimbursed. To be reimbursed, a County employee must submit acceptable receipts with the travel claim. The costs of sleeping cars are not allowable for reimbursement. The travel time provisions of Section A.5., apply to railroad or bus travel.

8. Transportation to Terminal.

- (a) The cost of tax and other public transportation between a County employee's

- ... of taxi fare between the station and the terminal.
- (b) The cost of transportation between the terminal, the place of loading and other places of business may be reimbursed. The County employee must either itemize such trips on the travel voucher or submit a log of such trips with the travel voucher stating the nature of each of the trips.
 - (c) The cost of parking at a terminal may be reimbursed at long-term rates. A County employee may use a personal vehicle for transportation to a terminal instead of using public transportation and may be reimbursed for the cost of round-trip mileage between the station and the terminal.
 - (d) Reimbursement for a second round-trip instead of reimbursement for parking at the terminal is allowable; however, reimbursement for a second round-trip may not exceed the avoided long-term parking fees.

9. Vehicle Rental.

- (a) Vehicle rental expense is reimbursable for Out-of State travel when it is efficient and cost effective and when approved in advance by the County official. The least expensive practical vehicle shall be rented.
- (b) The cost of renting a vehicle, in connection with travel by other modes of transportation, may be reimbursed if suitable local public transportation is not available or when rental is considered more advantageous to the County than the use of public transportation due to routing or scheduling considerations.
- (c) The Department requesting the rental of a vehicle must submit a written request to the County official justifying the need for rental of a vehicle prior to making arrangements for renting the vehicle. If the County official approves the request, the County Travel Agent or County employee shall make reservations for the most economical vehicle.
- (d) Collision Damage Waiver (CDW), or Liability Damage Waiver (LDW), insurance covering use of the vehicle is a reimbursable expense. The cost of any other insurance will not be reimbursed and such costs must be deducted from the claim for reimbursement.
- (e) Initial payment of the cost of renting a vehicle is the responsibility of the County employee. The County employee may be reimbursed for:
 - (1) The cost of renting the vehicle;
 - (2) The cost of additional fuel;
 - (3) The cost of Collision, or Liability Damage Waiver (CDW) or (LDW) Insurance; and
 - (4) Parking tolls.
- (f) Each item of cost must be supported by receipts as required by Section E.1. The claim for reimbursement must itemize the business usage of the vehicle, showing point-to-point travel, the same as for a personal vehicle. The County employee may be reimbursed for vehicle rental, excluding any personal

usage, according to the following formula:

$$\text{Reimbursement} = E \times \frac{M_s}{M_t}$$

where: M_s is the mileage traveled on County business;
 M_t is the total mileage traveled; and
 E is the total expense for rental of the vehicle.

- (g) It is the responsibility of the County employee to make sure both the beginning and ending mileage are on the receipt.

D. LODGING.

1. Preferred Lodging.

- (a) Lodging arrangements with respect to travel shall be made in compliance with this Preferred Lodging Section.
- (b) Reimbursement for In-State lodging is limited to the In-State Lodging Rate as set in Section D.5., without the prior written approval of the County official.
- (c) Reservations for Out-of-State lodging shall be made by the County official or the County's Travel Agent, if available.

2. Reimbursement for Lodging.

A County employee in travel status may claim reimbursement for actual lodging expenses not exceeding the single occupancy room charge, including taxes, for overnight stays only. It is the County employee's responsibility to check out of the accommodations in sufficient time to not be required to pay additional expenses for late check out.

3. Shared Accommodations.

- (a) If accommodations are shared by County employees:
- (1) The total room charge cannot be claimed by either traveler.
 - (2) Each traveler shall request a hotel bill issued in the traveler's name.
 - (3) Each traveler shall claim a pro-rata share of the total room charge as listed on the traveler's individual bill.
- (b) If accommodations are shared by non-County employees:
- (1) A separate bill need not be issued if the expense of lodging is being shared with another person:
 - (A) The County employee can claim the total bill divided by the number of occupants, if applicable, or

(B) County employee can claim the single occupancy room rate.

(2) The County employee shall request the Room Clerk to record the payments and/or the single occupancy room rate on the hotel bill.

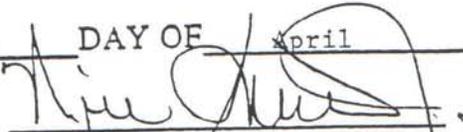
4. Lodging Provider-Limitation.

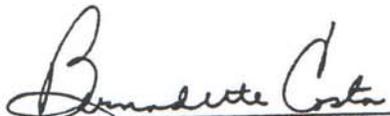
A County employee may not claim reimbursement for lodging when the lodging was provided by another individual who is not in the business of providing lodging.

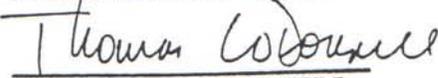
5. Lodging Rates-Limitation.

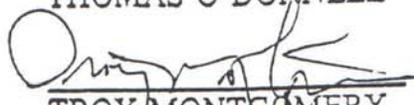
All individuals, including County employees and County officials, are urged to stay in hotels/motels offering reasonable government rates. These reduced rates usually must be requested of the hotel/motel in advance. To receive reasonable government rates, lodging establishments may require government identification. County employees who prefer accommodations at unreasonable rates will not receive full reimbursement. County employee should pay special heed to this Ordinance when selecting anything other than modest accommodations. Staying in the "conference hotel/motel" is not necessarily required by this Ordinance; conference hotels/motels should not be utilized if lower cost accommodations are available and practical.

SO ORDAINED THIS 11th DAY OF April, 2000.

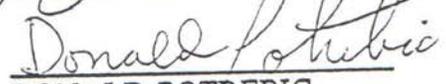

WILLIAM SMITH, President

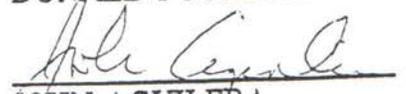

BERNADETTE COSTA


THOMAS O'DONNELL


TROY MONTGOMERY

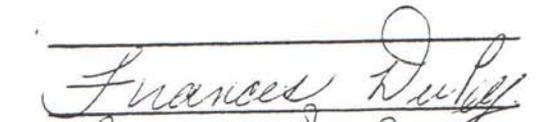

LARRY BLANCHARD


DONALD POTREBIC


JOHN AGUILERA

Members of the Lake County Council

BOARD OF COMMISSIONERS OF THE COUNTY OF LAKE



APPROVED THIS 11th DAY OF April 2000