

# CITIES AND TOWNS BULLETIN

AND UNIFORM COMPLIANCE GUIDELINES  
ISSUED BY STATE BOARD OF ACCOUNTS

JUNE 2019

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## 2019 LAWS AFFECTING CITIES AND TOWNS

The following list of laws enacted by the General Assembly is related to cities, towns, and municipally-owned utilities. This is not intended to be an expression of a legal opinion nor is it intended to provide a complete summary of every addition or amendment contained in the public law. If you have any questions regarding legal interpretation, please consult your city or town attorney. We have listed the laws in public law order sequence.

Additional information regarding the 2019 public laws may be found on the General Assembly website at [www.iga.in.gov](http://www.iga.in.gov). The "Session" tab contains a Table of Citations for all Indiana Code citations affected by new legislation, a complete Digest of Enactments summarizing each new public law, an Enrolled Act Summary showing the effective dates of each public law section, and other cross references between public law number and bill number. The "Legislation" tab contains each new public law.

### Senate Enrolled Act (SEA) 2 – Public Law 144-2019 School Bus Safety

Provides that the court may assess a safe schools fee, of at least \$200 but not more than \$1,000, to an individual convicted of recklessly passing a school bus when the stop arm is extended. Provides that 25% of the safe schools fees collected by a city or town court shall be deposited in the city's or town's general fund. ICs 33-37-5-18(b) & 33-37-7-8(f) effective July 1, 2019

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### SEA 4 – Public Law 15-2019

#### Water and Wastewater Utilities and Runoff

Establishes a storm water management task force to study issues related to storm water management systems. Provides for the task force to consist of: (1) two members of the senate; (2) two members of the house; and (3) other members appointed by the governor. Requires the task force to issue a report setting forth its findings and recommendations not later than December 1, 2019. Provides that the Indiana finance authority (IFA) shall coordinate the executive branch activities related to the state's water programs. Prescribes the duties of the authority in serving in this role. Requires the IFA to divide Indiana into study areas and to hold annual meetings with the officers and employees of the water and wastewater utilities located in each study area. Authorizes the utilities within a study area to meet voluntarily to determine area water and wastewater priorities, promote cooperation among the utilities, and consider other matters. Requires biennial reports from the utilities of each study area and from the IFA on the cooperative activities of the utilities.

Provides that a utility applying to the IFA for a loan, a grant, or other financial assistance must demonstrate that its officers and employees have participated in study area activities. Requires every water utility, at least once in each calendar year, to perform an audit of its water distribution system to determine the causes of the water utility's "non-revenue water" (the difference between the amount of water entering the utility's distribution system and the amount of water received by the water utility's customers). In even-numbered years, requires the results of the annual audit to be verified by an independent evaluator and reported to the IFA and requires the IFA to issue a report concerning the audit results. Specifies that: (1) customer specific data, including information excluded from public access under Indiana's access to public records act; and (2) a required cybersecurity plan; submitted in connection with an application for a permit for a public water system or a wastewater treatment plant is exempt from the requirement that certain required analyses and plans must be made publicly available. Amends the definition of "customer lead service line improvement". Effective April 10, 2019

### SEA 7 – Public Law 109-2019

#### Marion County Capital Improvement Board

Provides for the expansion of the professional sports development area (tax area) in Marion County. Provides for the capture of covered taxes in the expanded tax area. Authorizes the city-county council to adopt a resolution that continues imposition of the increase to the county supplemental auto rental excise tax through December 31, 2040. Authorizes the city-county council to adopt a resolution that continues imposition of the increase to the county admissions tax through December 31, 2040. Authorizes the city-county council to adopt a resolution that continues the capture of local income taxes attributable to the tax area through December 31, 2040. Provides that revenues available for deposit in the sports and convention facilities operating fund may be pledged to secure and provide for the payment of bond or lease obligations of the board. Permits the Indianapolis metropolitan development commission or capital improvement board to adjust the equal opportunity percentages to reflect the results of a disparity study conducted by the City of Indianapolis. Provides that if restricted deposits are insufficient to fully repay the board's obligations, revenues collected by the board from certain taxes must be used.

Provides for the issuance of indebtedness to finance a multipurpose soccer stadium subject to budget committee review. Provides that the Indiana stadium and convention building authority, the Marion County capital improvement board, and the Marion County convention and recreational facilities authority may not require a contractor or a subcontractor to enter into a contract limitation and may not grant a public benefit relating to any project that is financed in whole or in part from funds derived from the establishment of a new tax area under the bill. Provides that any such provisions are void. Establishes the legacy project, which must be located at an Indianapolis parks and recreation department location located within a four mile radius of the Soldiers' and Sailors' Monument in Indianapolis. Effective April 29, 2019

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SEA 22 – Public Law 27-2019  
Pension Matters

Makes additional conforming changes with previous legislation for the purpose of allowing a retired member of PERF or TRF to make partial withdrawals from the member's annuity savings account. Rephrases provisions concerning the election to begin receiving PERF or TRF benefits while employed that applies to certain elected officials and other employees who have attained the age of 70. Rephrases the method for calculating service credit for leaves of absence taken by PERF members. Provides that money in the pension relief fund may be used for reasonable administrative expenses approved by the Indiana public retirement system. Rephrases certain provisions in the statutes governing the public employees' defined contribution plan and the teachers' defined contribution plan to remove references to the annuity savings accounts in PERF and TRF, which are no longer used to implement the two defined contribution plans.

Adds the public employees' defined contribution plan and the teachers' defined contribution plan to the list of public pension and retirement funds that comprise the Indiana public retirement system. Provides that assets of the judges' retirement system and the prosecuting attorneys retirement fund are exempt from legal process and that a member may assign benefit payments only for certain medical insurance premiums and association dues for certain associations. Specifies that any postretirement benefit increase to the PERF part of a prosecuting attorney's retirement benefit has no effect on the part of the retirement benefit that is paid from the prosecuting attorneys retirement fund. Makes clarifying additions to certain provisions of the 1977 police officers' and firefighters' pension and disability fund relating to the purchase of service credit by or on behalf of members. Effective July 1, 2019

SEA 79 – Public Law 271-2019  
Rights of Police Officers

Adds provisions establishing minimum due process and personnel rights of a full-time, paid, nonprobationary member of a police department (member) who is the subject of: (1) an internal investigation; or (2) an investigation of a complaint. Adds provisions regarding a member's (1) political activity; and (2) disclosure of property and assets. Effective July 1, 2019

SEA 80 – Public Law 211-2019  
Code Revision Corrections

Addresses problems in the Indiana Code not suitable for resolution in the annual Technical Corrections bill, including corresponding amendment to certain percentages and overly broad or ambiguous language. Resolves technical conflicts between various enrolled acts passed during the 2019 legislative session. Corrects technical errors in various enrolled acts passed during the 2019 legislative session. Effective July 1, 2019

SEA 85 – Public Law 146-2019  
1977 Fund Retirement & Surviving Spouse Benefits

Increases the basic monthly pension benefit payable to a member of the 1977 police officers' and firefighters' pension and disability fund (1977 fund) who retires after June 30, 2019, with 20 years of service from 50% to 52% of the monthly salary of a first class patrolman or firefighter in the year the member ended active service. Increases from 60% to 70% of the member's monthly benefit the monthly benefit paid to a surviving spouse of a 1977 fund member who dies after June 30, 2019, other than in the line of duty. Effective July, 1, 2019

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SEA 94 – Public Law 212-2019

Annexation – Interim Study Committee

Urges the legislative council to assign the topic of municipal annexation to the appropriate interim study committee during the 2019 interim.

SEA 142 – Public Law 3-2019

Building Permits

Prohibits a building commissioner, building code official, or inspector for a local unit of government (unit) from issuing a building permit when the building commissioner, building code official, or inspector has a direct or indirect financial interest in the issuance of the permit. Requires a unit to adopt an ordinance to establish a procedure to address instances where a building commissioner, building code official, or inspector has a direct or indirect financial interest in the issuance of a permit. Adds IC 36-1-27 effective July 1, 2019

SEA 172 – Public Law 111-2019

Survivor Health Coverage

Provides that, if the employer of a public safety officer who dies in the line of duty after June 30, 2019, offers health coverage for active employees, the employer shall offer to provide and pay for health coverage under the plan covering active employees for the surviving spouse and each natural child, stepchild, and adopted child of the public safety officer. Provides that health coverage for a surviving child continues: (1) until the child becomes 18 years of age; (2) until the child becomes 23 years of age, under certain circumstances; or (3) during the entire period of the child's physical or mental disability; whichever period is longest. Changes the application date from a death occurring after June 30, 2019, to a death occurring after December 31, 2017. Requires the department of local government finance to establish a state address confidentiality form to be used to restrict access to the home address of certain persons. Adds to the definition of "covered person" the surviving spouse of a covered person if the person is killed in the line of duty. Provides that the state address confidentiality form may be used when applying for address confidentiality. Effective July 1, 2019

SEA 193 – Public Law 150-2019

Sewer & Water Connections through Rights-of-Way

Provides that a unit may not prohibit a property owner from installing a sewer line or other sewage works: (1) in or through a public right-of-way owned or controlled by the unit; and (2) for the purpose of connecting the owner's property to a sewer system owned or operated by another unit or entity; if the owner provides to the unit a written determination from a specified authority that the owner's existing sewage disposal system is failing, and if certain other conditions are met. Provides that in the case of a connection to a sewer system made under these provisions, a municipality (or a board of sanitary commissioners for the department of sanitation in certain municipalities) that owns or operates the sewer system to which the connection is made may waive the requirement that the property owner must release the property owner's right to remonstrate against pending or future annexations of the property owner's property by the municipality. Provides that a unit may not prohibit a property owner from installing a water service line or other water utility service infrastructure: (1) in or through a public right-of-way owned or controlled by the unit; and (2) for the purpose of connecting the owner's property to a waterworks owned or operated by a water utility other than a water utility owned or operated by the unit; if the property owner's property is served by a private water well, and if certain other conditions are met. Effective May 1, 2019

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SEA 233 – Public Law 273-2019  
Business Personal Property Tax Exemption

Provides that not later than 30 days prior to the filing date, the appropriate assessor shall provide notification to each person whose personal property is subject to assessment. Increases, from \$20,000 to \$40,000, the acquisition cost threshold for the business personal property tax exemption. Specifies that a taxpayer who is eligible for a personal property tax exemption must include on the taxpayer's personal property tax return: (1) information concerning whether the taxpayer's business personal property within the county is in one location or multiple locations; and (2) an address for the location of the property. Provides that the appropriate county officer designated by the county executive (rather than the assessor, under current law) is responsible for: (1) maintaining data files of the geographic information system characteristics of each parcel in the county as of each assessment date; and (2) submitting those files to the geographic information office of the office of technology. Repeals provisions in current law that allow a county council to impose a local service fee on each person that has exempt business personal property because the business personal property does not exceed the acquisition threshold. Removes outdated provisions. Effective July 1, 2019

SEA 460 – Public Law 189-2019  
Broadband Development - Utilities

Establishes the rural broadband fund for the purpose of awarding grants: (1) before August 1, 2019, under the existing statute governing grants for qualified broadband projects for unserved areas in Indiana; and (2) after July 31, 2019, under new procedures governing grants for eligible broadband projects for rural areas in Indiana. Requires the office of community and rural affairs (office) to establish procedures for the awarding of grants from the fund after July 31, 2019, by state agencies to eligible broadband service providers for eligible broadband projects in rural areas of Indiana. Provides that the procedures established by the office must establish specified priorities for the awarding of grants, based on the available Internet speeds in a particular area. Provides that the procedures established by the office may not permit the awarding of a grant from the fund for any proposed broadband project in an area in which eligible broadband service is available. Provides that the procedures established by the office may not permit the office to award a grant from the fund for any project in a rural area for which funding has been allocated from certain federal funding programs. Provides that the procedures established by the office must establish a system of priorities for awarding grants, weighted as determined by the office in guidelines adopted by the office that gives preference to eligible broadband projects that meet certain specified criteria. Requires an eligible broadband service provider awarded a grant to sign with the office a grant agreement that: (1) outlines a start date and an end date for completion of the project; and (2) conditions the release of any grant funds on the progressive completion of the project. Beginning in 2020, requires the office to submit to the general assembly an annual report on the awarding of grants under these procedures during the most recent state fiscal year.

Provides that every three years, beginning in 2021, the state board of accounts shall conduct an audit of the awarding of grants from the fund during the most recent three state fiscal years. Provides that a communications service provider that holds a certificate of territorial authority shall be designated as a public utility solely as that term is used in federal law that allows a state to exempt a public utility from the federal law's requirement that the state must charge fair market value for the use of real property acquired by the state using federal transportation funding. Provides that the department of transportation (INDOT) may not charge an access rate or any other recurring charge or recurring fee for communications infrastructure that is located before May 1, 2019, in any rights-of-way that are owned or controlled by INDOT. Specifies that INDOT may charge routine right-of-way permit fees to enter INDOT's rights-of-way for the maintenance of existing facilities. Provides that the department may create a broadband corridor program to manage communications infrastructure along or within limited access highway rights-of-way. Specifies that for purposes of the broadband corridor program, "communications infrastructure" does not include privately owned vertical structures used primarily for providing wireless communications service.

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SEA 460 – Public Law 189-2019  
Broadband Development – Utilities - Continued

Provides that: (1) INDOT may not unreasonably discriminate among entities requesting access to broadband corridors or other INDOT controlled rights-of-way; and (2) the bill's provisions prohibiting INDOT from discriminating among such entities do not abrogate or limit INDOT's statutory authority to safely and efficiently manage and operate the state highway system and associated highway rights-of-way. Provides that, before July 1, 2020, INDOT shall adopt rules to provide that, as used throughout the department's administrative code regarding utility facility relocation for purposes of construction contracts, "utility" has the meaning set forth in federal law concerning utility relocations, adjustments, and reimbursement. Effective July 1, 2019

SEA 472 – Public Law 229-2019  
Utility Matters

Provides that an order affecting rates of service may be entered by the utility regulatory commission (IURC) without a formal public hearing in the case of any public or municipally owned utility that either: (1) serves less than 8,000 customers; or (2) has initiated a rate case on behalf of a single division of the utility and that division: (A) serves less than 5,000 customers; and (B) has an IURC-approved schedule of rates and charges that is separate and independent from that of any other division of the utility. (Current law permits the IURC to enter a service rate order without a public hearing only in the case of a utility that itself serves less than 5,000 customers.) Changes the term "distressed utility" to "offered utility" for purposes of statutory provisions regarding the acquisition of water or wastewater utilities.

Makes the following changes for purposes of the statutory provisions under which a utility that acquires property from another utility at a cost differential may petition the IURC to include the cost differential in the acquiring utility's rate base:

- (1) Provides conditions for applicability of the rebuttable presumption that the cost differential is reasonable.
- (2) Amends the findings the IURC must make in order to approve the petition.
- (3) Provides that notice of the filing of the petition may be provided to customers of the acquiring utility company in a billing insert.
- (4) Requires the acquiring utility company to submit with its petition to the IURC a written description of how the acquiring utility will identify and make reasonable and prudent improvements necessary to provide safe and reliable service to customers of the offered utility.

Provides, for purposes of the requirement that a municipality that plans to sell or dispose of nonsurplus municipally owned utility property must appoint appraisers in a writing that is a public record, that a written contract with the appraisers or the appraisers' firms satisfies this requirement. Provides that the municipality must hold a public hearing regarding the appraisal and proposed sale not later than 180 days (rather than 90 days, under current law) after the appraisal is complete. Amends the factors the IURC must consider in deciding whether the sale or disposition is in the public interest. Provides that if, within a county containing a consolidated city: (1) a main sewer line is extended for the purpose of connecting one or more residential or commercial properties to a sanitary sewer system; and (2) the extension, when completed, will be located within a certain distance of the property line of a residential property served by a septic system; the Health and Hospital Corporation of Marion County (corporation) or its board may not order that the residential property served by a septic system be connected to the extension. Provides, however, that the connection of a residential property served by a septic system to such an extension may be ordered if: (1) the state department of health; or (2) the corporation or its board; determines that the septic system serving the residential property is failing. Specifies that these provisions do not affect a septic tank elimination program approved by the IURC. Urges the legislative council to assign to an appropriate interim study committee the task of studying, on a statewide basis, the connection of unserved properties to sanitary sewer systems owned or operated by various public and private entities. Effective May 5, 2019

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SEA 529 – Public Law 193-2019  
Agriculture Matters

Provides that a county, city, town, or township may not adopt or continue in effect any ordinance, rule, regulation, or resolution prohibiting the establishment or maintenance of beekeeping on property that the person owns, rents, or leases. Specifies that a county, city, town, or township may adopt an ordinance, rule, regulation, or resolution that regulates certain aspects of beekeeping. Effective July 1, 2019

SEA 535 – Public Law 277-2019  
Extraterritorial Powers of Municipalities

Repeals the general authority of a city or town (municipality) to regulate conduct or property use endangering public health, safety, and welfare within four miles outside of its municipal boundaries and provides that the repeal: (1) does not void such an ordinance or resolution adopted before January 1, 2019, or prevent the validity of such an ordinance or resolution from being challenged in a legal proceeding; and (2) voids such an ordinance or resolution adopted after December 31, 2018. Repeals the general authority of a municipality to: (1) impose restrictions upon persons or animals in order to prevent injury or disease; and (2) capture and destroy animals; within four miles outside its boundaries. Voids any such ordinances or resolutions adopted by a municipality before July 1, 2019. Provides that a municipality may only exercise eminent domain within the municipality unless a statute expressly provides otherwise. Eliminates the express authority of a municipal park board to acquire property outside its boundaries by eminent domain.

Provides that a municipal airport board may exercise eminent domain: (1) within four miles outside its municipal boundaries; and (2) more than four miles outside its municipal boundaries in order to acquire land contiguous to an airport that existed on January 1, 2019. Repeals the general authority of a municipality to do the following with regard to watercourses located within 10 miles outside the municipal boundaries: (1) Change the channel of, dam, dredge, remove an obstruction in, straighten, and widen a watercourse. (2) Regulate the taking of water, or causing or permitting water to escape, from a watercourse. (3) Regulate conduct that might alter the temperature of water, or affect the flow of water, in a watercourse. (4) Regulate the introduction of any substance into a watercourse or onto its banks. (5) Purify the water in a watercourse. Provides that the repeal of the powers in (1) through (5) regarding watercourses: (1) voids any municipal ordinances or resolutions adopted before July 1, 2019, that exercise those powers; (2) does not affect a municipality's ability to take water from a watercourse within the 10 mile area outside its boundaries; and (3) does not affect a municipality's authority under these sections with regard to a municipal park existing on June 30, 2019, that is located within 10 miles outside the municipal boundaries.

Allows a municipality to continue to exercise eminent domain to acquire property outside its boundaries, if it has reached a specified point in the eminent domain proceedings on January 1, 2019. Provides that for comprehensive plans that were initially adopted before July 1, 2019, if the municipal plan commission provided in its comprehensive plan for the development of a contiguous unincorporated area, the municipal plan commission may continue to exercise territorial jurisdiction over that area unless the jurisdiction of the municipal plan commission is terminated as provided by law. Provides that for comprehensive plans that are initially adopted after June 30, 2019: (1) If the municipality is located in a county that has not adopted a comprehensive plan covering the contiguous unincorporated area and the municipality is providing municipal services to the contiguous unincorporated area, the municipal plan commission may exercise territorial jurisdiction over that area by filing certain notices. (2) If the municipality is located in a county that has adopted a comprehensive plan and ordinance covering the contiguous unincorporated area, the municipal plan commission may exercise territorial jurisdiction over that area only if it obtains the approval of the county legislative body of each affected county. Provides that the power to aid, maintain, and operate public parks, playgrounds, and recreation facilities and programs may be exercised by a municipality with regard to a municipal park located within 10 miles outside the boundaries of the municipality that exists on June 30, 2019. Effective July 1, 2019

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SEA 549 – Public Law 101-2019  
School Financial Matters

Urges the legislative council to assign to the appropriate interim study committee the task of identifying and studying best practices in: (1) the governance structure and oversight of tax increment financing to promote transparency and economic development in Indiana; and (2) reporting mechanisms between local government units to facilitate better collaboration and decision making. Effective July 1, 2019

SEA 566 – Public Law 235-2019  
Residential Tax Increment Financing

Permits a redevelopment commission to establish a program for residential housing development and a tax increment funding allocation area for the program if the average of new, residential houses constructed in the county or municipality in the preceding three years is less than 1% of the total number of residential houses in the county or municipality. Requires the department of local government finance, in cooperation with appropriate county and municipal agencies, to determine eligibility for the program. Provides that a program may not take effect until the governing body of each school corporation affected by the program passes a resolution approving the program. Defines "residential housing" as housing or workforce housing that consists of single family dwelling units sufficient to secure quality housing in reasonable proximity to employment. Effective July 1, 2019

SEA 582 – Public Law 195-2019  
Claims Concerning User Fees

Defines the term "user fee" as a fee, rate, or charge imposed by a political subdivision: (1) that represents a just, reasonable, and proportionate approximation of the use or privilege for use of a service, the benefit conferred by the use or privilege for use of a service, and the costs incurred by a political subdivision for providing the service or availability of the service; and (2) that is not excessive in relation to the costs incurred for providing the service. Provides that, in a taxpayer's appeal of a property tax assessment, a taxpayer may not raise any claim related to the legality or constitutionality of: (1) a user fee; (2) any other charge, fee, or rate imposed by a political subdivision; or (3) any tax imposed by a political subdivision other than a property tax. Provides that: (1) all circuit courts; (2) all standard superior courts; and (3) all superior courts that are not standard superior courts; have original and concurrent jurisdiction over claims concerning user fees. Makes a technical correction. Effective various dates

SEA 603 – Public Law 236-2019  
Annexation

Provides that property added to a fire protection district (district) is considered part of the district as of the date that the district was originally established. Provides that provisions of the existing law regarding the following apply to districts established after July 1, 1987 (instead of after June 14, 1987): (1) The effective date of an annexation of property within a district and the date that an annexed area ceases to be a part of the district. (2) A municipality's liability for indebtedness of a district that is annexed. Provides that if property is annexed within a fire district (including a district established after July 1, 1987) that has a total net assessed value of more than \$1,000,000,000 on the date the annexation ordinance is adopted, the annexed property: (1) remains a part of the district after the annexation; (2) continues to receive its fire protection services from the district; and (3) shall not be taxed by the municipality for fire protection services. Provides that a special fire fund shall be created for all fire protection services provided by the municipality to property within the boundaries of the municipality that is not within the district. Effective July 1, 2019



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### House Enrolled Act (HEA) 1059 – Public Law 199-2019 Survivor Benefits

Provides that a surviving spouse or a surviving dependent of a member of the public employees' retirement fund (PERF) or the Indiana state teachers' retirement fund (TRF) who dies after June 30, 2018, and before the member retires from PERF or TRF is entitled to a survivor benefit, regardless of whether the member dies in service in a position covered by PERF or TRF or out of service, if: (1) the member has at least 10 years of creditable service; and (2) the surviving spouse or surviving dependent otherwise qualifies for the benefit. Makes conforming changes. Effective July 1, 2019

### HEA 1086 – Public Law 123-2019 Local Licensing & Permitting

Provides that if a political subdivision requires a person to post a surety bond as a condition that the political subdivision issue a license or permit to the person, a surety bond posted by the person is considered sufficient if the following are satisfied:

- (1) The bond is written by a surety company authorized to transact business in Indiana.
- (2) The obligation on the bond is for an amount that is at least the amount required by the political subdivision for the issuance of the particular license or permit.
- (3) The obligee or obligees named on the bond are any of the following:
  - (A) The political subdivision that requires the bond.
  - (B) Specifically named political subdivisions in the county that include the name of the political subdivision that requires the bond.
  - (C) All political subdivisions in the county in which the political subdivision that requires the bond is located.
  - (D) All political subdivisions of the same kind as the political subdivision that requires the bond located in the county.
- (4) The conditions of the bond otherwise comply with the requirements of the ordinance that imposes the bond condition. Provides that a political subdivision may not require the obligation on a license bond to be more than \$15,000.

Provides that a person required to post a bond satisfies the posting requirement if the person files a copy of the bond with the political subdivision or appropriate agency of the political subdivision that requires the bond. Provides that a political subdivision may not require that the person record the license bond. Effective July 1, 2019

### HEA 1087 – Public Law 77-2019 Payment of Court Fee

Allows a court to reduce some or all of the court costs owed by a person who performs community service or approved uncompensated volunteer work by: (1) determining the number of hours of community service or volunteer work performed by the person; (2) multiplying the number of hours worked by the Indiana minimum wage; and (3) deducting that figure from the amount owed. Excludes from the calculation community service hours required to be performed under a plea agreement. Effective July 1, 2019

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HEA 1116 – Public Law 164-2019  
Various Local Government Matters

Allows the governing body of a state or local government agency to discuss in an executive session strategy regarding a real estate transaction by the governing body.

Allows the fiscal officer of a political subdivision to appropriate funds received from any private entity or individual for the purpose of repairing or replacing damaged property. (Current law allows only appropriation of funds from an insurance company.)

Eliminates political party affiliation requirements for members of a utility service board or storm water management board.

Allows a political subdivision to receive electronic bids for public work projects that exceed a certain amount, if the bid solicitation states the procedure for transmitting the electronic bid and the means of transmission protects the bid contents. Requires a political subdivision that receives electronic bids to provide electronic access to the notice of the bid solicitation through the computer gateway administered by the state office of technology in addition to newspaper publication.

Provides that a hazardous tract of land containing a building that is not an unsafe building constitutes an unsafe premises and is subject to the unsafe building law. Specifies the procedure for notice by publication under the unsafe building law.

Eliminates the requirement that a negotiable note for a public work project or eligible efficiency project be repaid by a political subdivision on January 1 and July 1 of each year of the note's term.

Allows a drainage board to send written invitations for bids for construction work by electronic means. Effective July 1, 2019

HEA 1125 – Public Law 124-2019  
Cumulative Capital Improvement Fund

Permits a local government unit to establish a cumulative capital improvement fund to provide money to purchase, lease, or pay all or part of the cost of electronic monitoring equipment used by a state or local community corrections program. Effective July 1, 2019

HEA 1128 – Public Law 125-2019  
Construction Permits

Provides that a local unit may not require, as a condition precedent to granting, issuing, or approving certain permits for any Class 1 or Class 2 structures, completion of work upon which the performance bond or other surety was obtained prior to recording the secondary plat. Provides that a local unit may not require, as a condition precedent to granting, issuing, or approving a certificate of occupancy for any Class 1 or Class 2 structure, the completion of work upon which the performance bond or other surety was obtained prior to recording the secondary plat, unless required under certain state building laws or another law to meet a local unit's basic needs for public health and safety. Requires a local governmental agency to issue certain permits to a person not later than 12 business days after the person has filed a completed application and meets all required conditions, in certain instances. Effective July 1, 2019

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HEA 1141 – Public Law 202-2019  
Traffic Amnesty Program

Establishes a temporary traffic amnesty program to permit certain persons owing unpaid traffic fines, or who may be required to pay a fee for reinstatement of driving privileges, to obtain a reduction in the amount owed or amount payable. Specifies that a person seeking a reduction in fees owed is not required to pay a court filing fee. Provides that as part of the traffic amnesty program a person must:

- (1) pay the driving privileges reinstatement fee to the bureau of motor vehicles (bureau);
- (2) provide proof of financial responsibility to the court; and
- (3) not be ineligible to have the person's driving privileges reinstated.

Provides that the court must transmit a copy of its order to the bureau in a manner prescribed by the bureau. Specifies that a petition for traffic amnesty is not an admission of guilt, and requires a court to include in its order granting amnesty that the order is not a conviction, finding of guilt, or finding of liability. Effective July 1, 2019

HEA 1170 – Public Law 126-2019  
Public Safety Officer Contract Negotiations

Requires a city or town, (unit) that does not have a procedure for resolution of an impasse in contract negotiations through alternative dispute resolution with an employee organization for the unit's police or fire department employees, to include in a written agreement entered into with the employee organization after June 30, 2019 that:

- (1) the parties to submit to nonbinding mediation if they fail to agree to a new agreement within one year after the existing agreement expires.
- (2) the agreement continue without any change in its terms and conditions until the earlier of the following:
  - (A) The parties fail to reach an agreement after mediating the dispute, at which time the written agreement no longer binds the parties.
  - (B) The date the parties execute a new written agreement.

HEA 1182 – Public Law 167-2019  
State Use Program

Provides that, for worker's compensation purposes, an employee who leaves work to serve as a volunteer firefighter or member of a volunteer emergency medical services association (volunteer member) is considered an employee of the firefighting unit while in the performance of duties as a volunteer firefighter or volunteer member. Increases the maximum amount of burial expenses that an employer must pay under the worker's compensation act for the burial expenses of a covered employee who dies from an injury by an accident arising out of the employee's employment from \$7,500 to \$10,000. Increases the maximum amount of burial expenses that an employer must pay under the worker's occupational diseases compensation act for the burial expenses of an employee who dies from an occupational disease arising out of the employee's employment from \$7,500 to \$10,000. Effective July 1, 2019

# CITIES AND TOWNS BULLETIN

## AND UNIFORM COMPLIANCE GUIDELINES ISSUED BY STATE BOARD OF ACCOUNTS

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HEA 1183 – Public Law 281-2019  
Towing Services

Amends the statute concerning the release of an abandoned motor vehicle that has been towed to a storage yard or towing facility as follows: (1) Provides that a towing service or storage yard may charge an inspection fee for inspections or retrievals from a vehicle. (2) Requires a towing service or storage yard to: (A) provide an itemized receipt upon payment; and (B) meet certain requirements as to: (i) hours of operation; and (ii) receiving and returning telephone calls. Provides that not later than three business days after towing a vehicle a towing company or storage facility must comply with certain statutes relating to abandoned vehicles for giving notice. Requires a towing company to charge reasonable fees. Requires a towing company to provide the owner or operator of a motor vehicle that is about to be towed a written and itemized estimate of all charges and services to be performed by the towing company. Requires a towing company to document and itemize certain fees related to a tow and certain towing services. Specifies certain record keeping requirements for itemized estimates issued by a towing company. Creates a new article in the Indiana Code to establish certain requirements for towing companies that engage in, or offer to engage in, the business of providing towing service in Indiana, including provisions concerning the following: (1) Emergency towing. (2) Private property towing. (3) Releasing towed motor vehicles. (4) Prohibited acts by towing companies and storage facilities. Provides that a person who violates these new provisions commits a deceptive act that is: (1) actionable under; and (2) subject to the penalties and remedies set forth in; the statute governing deceptive consumer sales. Provides that the attorney general: (1) shall receive, and may investigate, complaints alleging violations of the new provisions; and (2) after finding that a violation has occurred, may take appropriate action under the statute governing deceptive consumer sales. Authorizes the attorney general to adopt rules to implement the new provisions. Effective July 1, 2019

HEA 1192 – Public Law 203-2019  
Theft by Public Servants

Added to various statutes regarding the 1925 Police, 1937 Fire, 1953 Police, and 1977 Police and Fire pension funds. Specifies that in the case of a public servant who criminally exerts unauthorized control over public funds of the public servant's employer, the employer may be reimbursed from the public servant's public pension fund contributions and benefits.

Provides that the employer may withhold payment of the public servant's contributions and interest during the pendency of the criminal case, but may not withhold the: (1) monthly pension portion of a retired public servant; or (2) disability benefits of a public servant who becomes disabled; during that time for PERF, 1925 Police, 1937 Fire, 1953 Police, and 1977 Police and Fire members.

Provides that assets of the judges' retirement system and the prosecuting attorneys retirement fund are exempt from levy, sale, garnishment, attachment, or other legal process. (Current law provides similar exemptions for certain funds administered by the Indiana public retirement system.) Effective May 2, 2019

HEA 1236 – Public Law 206-2019  
Electric Bicycles

Defines the term "electric bicycle" as a bicycle equipped with: (1) operable pedals; and (2) an electric motor with a power output not greater than 750 watts. Provides that an electric bicycle is not a motor vehicle.

Provides that the operator of an electric bicycle is: (1) subject to all of the duties; and (2) entitled to all of the rights and privileges; of a bicycle operator. Provides that an electric bicycle shall be regulated as a bicycle. Provides certain exceptions.

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HEA 1236 – Public Law 206-2019  
Electric Bicycles – Continued

Exempts the operator of an electric bicycle from motor vehicle statutes concerning: (1) driver's licenses; and (2) financial responsibility. Exempts electric bicycles from motor vehicle statutes concerning: (1) certificates of title; (2) registration; and (3) off-road vehicles.

Requires manufacturers and distributors of electric bicycles to affix and prominently display a label with the following information on each electric bicycle:

- (1) The class level of the electric bicycle.
- (2) The top assisted speed of the electric bicycle.
- (3) The total power output of the electric bicycle's electric motor. Requires all electric bicycles to comply with certain requirements adopted by the United States Consumer Product Safety Commission.

Requires all electric bicycles to be equipped with an electric motor that disengages or ceases to function when the operator: (1) stops pedaling; or (2) applies brakes.

Specifies where electric bicycles may be operated. Allows a local authority or state agency with jurisdiction over a trail, bicycle path, or multipurpose path to regulate the use of electric bicycles on a trail, bicycle path, or multipurpose path subject to the local authority's or state agency's jurisdiction.

Prohibits a person less than 15 years of age from operating certain electric bicycles. Allows a person less than 15 years of age to ride as a passenger on certain electric bicycles. Requires a properly fitted and fastened helmet capable of meeting certain safety standards to be worn by certain individuals when operating or riding on certain electric bicycles. Requires the operator of a motor vehicle to provide at least 3 feet of clearance when passing or overtaking an electric bicycle in certain instances. Defines certain terms. Makes conforming amendments. Effective July 1, 2019

HEA 1258 – Public Law 171-2019  
Department of Homeland Security

Allows members of police and fire departments to reside within a county that is noncontiguous to the county where the police or fire department is located but is not more than 50 miles from the closest boundary of the city, town, or township where the police or fire department is located. Includes an emergency management worker and a division fire investigator in the definition of "public safety officer" to qualify the person for the special death benefit for a public safety officer who dies in the line of duty.

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### HEA 1284 – Public Law 107-2019

#### Self-defense, defense of others, and firearms matters

Designates the following as voter registration offices: (1) Each office affiliated with the Indiana state police. (2) Each office affiliated with the sheriff of a county. (3) Each office affiliated with a municipal law enforcement agency. Provides immunity for a justified use of force in certain instances. Requires a court to award, in certain instances, reasonable attorney's fees and costs to a defendant when the justified use of force immunity is successfully raised. Permits a person who may legally possess a firearm to possess a firearm on school property if the person possesses the firearm: (1) as an employee or volunteer of a house of worship located on the school property; or (2) while attending a worship service or religious ceremony conducted at a house of worship. Increases the duration of a four year handgun license to five years. Provides that an individual may simultaneously hold both a five year license and a lifetime license. Requires a law enforcement officer to whom an application for a handgun license is made to consult available local, state, and federal criminal history data banks, including the National Instant Criminal Background Check System (NICS), when determining whether possession of a firearm by an applicant would be a violation of state or federal law. Modifies the fees for five year licenses beginning July 1, 2020. Makes conforming amendments. Effective various dates

### HEA 1342 – Public Law 54-2019

#### Telephone CPR Instruction Training

After July 1, 2020, requires an individual to complete a telephone cardiopulmonary resuscitation (T-CPR) training program (program) approved by the division of fire and building safety (division) if the individual:

- (1) answers 911 emergency medical telephone calls for a state or local law enforcement agency or fire protection agency, including a volunteer fire department (agency); and
- (2) is authorized by the agency's protocols to provide T-CPR instructions to a caller.

Provides that the division may provide programs or third parties may provide programs that are approved by the division. Requires the division to:

- (1) adopt minimum standards for programs that meet or exceed evidence based nationally recognized emergency cardiovascular care guidelines; and
- (2) establish continuing education requirements.

Allows the division to collect reasonable fees for providing programs and certifications that are deposited in the fire and building services fund. Sets forth certain requirements for a public safety answering point if a public safety answering point transfers a telephone caller to a public safety telecommunicator. Provides that a public safety telecommunicator who has completed a certified training program in emergency medical dispatch call handling is exempt from completing a TCPR training program. Provides civil immunity for damages relating to the provision of T-CPR instruction. Makes a technical correction. Effective July 1, 2019

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HEA 1345 – Public Law 85-2019  
Property Tax Matters

Provides that if a for-profit land developer acquires land in inventory from a local unit of government, the land in inventory shall be assessed as agricultural land at the agricultural land base rate on the first assessment date immediately following the date on which the land developer acquires title to the land in inventory, and thereafter the land in inventory is subject to the usual provisions for reassessment of a land developer's land in inventory.

Restores the property tax exemption for certain real property that is acquired for the purpose of erecting, renovating, or improving a single family residential structure that is to be given away or sold: (1) in a charitable manner; (2) by a nonprofit organization; and (3) to low income individuals who will use the land as a family residence.

Provides a property tax exemption for assessment dates occurring after December 31, 2016, for certain property owned by an Indiana nonprofit public benefit corporation exempt from taxation under Section 501(c)(3) of the Internal Revenue Code if: (1) the property is used in the operation of a nonprofit health, fitness, aquatics, and community center; and (2) the acquisition and development of the property are provided in part under the regional cities initiative of the Indiana economic development corporation. Allows a refund for any property taxes paid in 2018 and 2019 for property that qualifies for the exemption.

Effective January 1, 2020

HEA 1347 – Public Law 105-2019  
Municipally Owned Utilities

Provides that all rates, charges, and other fees for services rendered by a municipally owned utility (other than services rendered by a municipally owned sewer utility [emphasis added] or by a department of public utilities for a consolidated city) to property occupied by someone other than the owner are payable by the person occupying the property if the account or other customer or billing records maintained by the utility for the property indicate that:

- (1) the property is occupied by someone other than the owner; and
- (2) the person occupying the property is responsible for paying the rates, charges, and fees.

Provides that upon applying for utility service from a municipally owned utility, the person occupying the property shall provide the utility with the name and contact information of the owner or manager of the property.

Provides that rates, charges, and fees assessed by a municipally owned utility with respect to property occupied by someone other than the owner do not constitute a lien against the property. [Emphasis added]

Specifies that these provisions do not:

- (1) prohibit a municipal legislative body from imposing any requirement to:
  - (A) ensure payment by; or
  - (B) the creditworthiness of; the person occupying the property; or
- (2) abrogate or limit the authority of the owner of a multi-unit building to engage in electrical submetering.

Effective April 25, 2019

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HEA 1375 – Public Law 209-2019  
State Board of Accounts

Makes various changes to statutes concerning the state board of accounts (board). Provides that an individual may confidentially report suspected malfeasance, misfeasance, or nonfeasance that involves an individual who has responsibility for administering public funds on behalf of an entity. Expands the list of individuals to whom the board may disclose examination workpapers and investigation records.

Makes changes to the procedure governing the payment of delinquent property taxes and specifies how delinquent property tax payments are to be applied.

Defines "compensation" for purposes of statutes concerning compensation paid to elected city and town officials (local elected officials).

Provides that certain information must be included in an ordinance establishing compensation for local elected officials.

Makes corresponding changes. Effective July 1, 2019

HEA 1398 – Public Law 255-2019  
Information Concerning Threats to School Safety

Permits a law enforcement agency or private university police department to share private investigatory records with a school corporation, charter school, or nonpublic school for the purpose of enhancing the safety of a student or school facility, without losing the discretion to keep the records confidential from other records requesters. Provides that a school corporation or other entity to which the education records privacy provisions of the federal Family Educational Rights and Privacy Act apply may disclose or report on the education records of a child, including personally identifiable information contained in the education records, without the consent of the child's parent to appropriate officials in cases of health and safety emergencies as determined by school officials. Provides immunity from civil liability concerning the disclosure or report of education records of a student. Provides that in the case of a health or safety emergency, a law enforcement officer shall disclose or report a child's personally identifiable information contained in law enforcement records to a school corporation or an appropriate official. Provides that information concerning any suspicious activity or potential criminal activity related to a child that is shared between a law enforcement officer and a school corporation or an appropriate official shall not be stored or maintained in any type of data base. Effective July 1, 2019

HEA 1402 – 290-2019  
Innkeeper's Tax and Other Local Taxes

Several new items regarding Innkeeper's Tax and how they are accounted for.

Authorizes the city of Attica to impose a food and beverage tax. Authorizes the town of Danville to impose a food and beverage tax. Authorizes the city of Greenwood to impose a food and beverage tax. Authorizes the town of Whitestown to impose a food and beverage tax.

Effective July 1, 2019



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HEA 1406 – Public Law 56-2019  
Water Infrastructure Assistance Fund

Provides that money from certain sources in the water infrastructure assistance fund (fund) is continuously appropriated for the purposes of the law concerning the water infrastructure assistance program. Authorizes the authority to establish: (1) the interest rate; or (2) parameters for establishing the interest rate; on each loan made from the fund. Provides that a participant, to receive a loan, grant, or other financial assistance from the fund: (1) must have an asset management program; and (2) must demonstrate to the authority that it has a plan to participate with one or more other participants in cooperative activities. Provides that a participant, after receiving a loan or grant from the fund, must maintain its asset management program: (1) as long as the loan remains unpaid; or (2) during the useful life of the asset financed with the loan or grant.

Requires a participant, if appropriate, to conduct or participate in efforts to determine and eliminate the causes of non-revenue water in its water distribution system. Requires the authority to establish a project prioritization system and project priority list for the purposes of awarding loans and grants from the fund.

Requires the authority to set aside 40% of the fund for purposes of providing grants, loans, and other financial assistance to or for the benefit of utilities serving less than 3,200 customers. Authorizes the authority to provide advisory services to participants in connection with loans from the fund. Provides that, if appropriate, the authority shall require a participant receiving a loan or other financial assistance from the fund to establish and maintain sufficient user charges, fees, taxes, special assessments, or revenues to: (1) operate and maintain; and (2) pay the obligations of; its water or wastewater collection and treatment system. Authorizes the authority to make loans or provide other financial assistance from the fund to or for the benefit of a participant to establish guaranties, reserves, or sinking funds or for other purposes. Authorizes the authority, as an alternative to making loans or providing other financial assistance to participants, to use the money in the fund to provide a leveraged loan program and other financial assistance programs to or for the benefit of participants. Effective July 1, 2019

HEA 1427 – Public Law 257-2019  
Local Government Matters

Provides that, if a political subdivision publishes or submits to the department of local government finance's (DLGF) computer gateway a notice that contains an error or omission that inaccurately reflects the tax rate, tax levy, or budget actually proposed or fixed by the political subdivision by an amount that is less than 0.1%, the notice is a valid notice and the DLGF shall correct the error or omission.

Provides that the state board of accounts, instead of the budget agency, is to approve audits for regional development authorities and allows for private examiners to perform audits.

Repeals the electronic digital signature act.

Specifies the calculation of the acquisition cost of depreciable personal property acquired in like kind exchange for personal property tax purposes.

Eliminates the permissive written demand to a county resident who is delinquent in the payment of personal property taxes during the period from May 10 to October 31.

Makes changes to the time frame for the board of tax review to conduct a hearing and issue a determination.

# CITIES AND TOWNS BULLETIN

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HEA 1427 – Public Law 257-2019  
Local Government Matters - Continued

Requires that the budget notice that political subdivisions must publish on the DLGF's computer gateway must also include information concerning the percentage change between the current and proposed tax levies of each fund. Specifies that a political subdivision shall file the budget adopted by the political subdivision with the DLGF not later than five business days [*emphasis added*] after the budget is adopted. Authorizes the DLGF to adopt rules for procedures related to local government budgeting. Specifies that the adoption, amendment, or repeal of such a rule by the DLGF may not take effect before March 1 or after July 31 of a particular year.

Requires a political subdivision to adopt the needed changes to its budget, tax levy, or rate in a public meeting if the political subdivision's tax levy is increased by the DLGF to an amount that exceeds the amount originally advertised or adopted by the political subdivision. Provides for an extension of time to submit a city's budget in the case of a veto after October 1.

Requires the DLGF to increase the North Harrison fire protection territory provider unit's maximum permissible ad valorem property tax levy for purposes of IC 36-8-19 for property taxes due and payable in 2020 if a petition requesting an increase is filed.

Provides that a civil taxing unit may not request permission to impose a property tax on account of revenue shortfalls, if the revenue shortfall preceded the most recent certified budget for the civil taxing unit by more than five years.

Extends the maximum time period from 20 to 22 years for the allocation of local income taxes for correctional and rehabilitation facilities. Limits to 20% the amount of revenue that may be used for operating expenses for correctional facilities and rehabilitation facilities in the county if the ordinance to impose the tax rate is adopted after June 30, 2019.

Changes the timeline for providing local income tax distribution numbers to local units.

Allows the board governing a:

- (1) municipal water or sewer provider;
- (2) municipal department of sanitation; or
- (3) sewage disposal plant service provider;

to fix the time within which service charges become delinquent and service may be discontinued due to nonpayment of charges. (Currently these time periods are provided by statute.)

Provides that certain statutes relating to the lease of real property by a political subdivision do not apply to a lease if the total annual cost of the lease is less than \$250,000. Validates a lease entered into by a political subdivision before January 1, 2019, with an annual cost of less than \$250,000 if the political subdivision's leasing agent did not comply with these statutes when the lease was entered into.

Specifies that all members or employees of a volunteer fire department who also serve on the fiscal body of a local government unit must abstain from voting on the unit's budget.

Requires the clerk and fiscal officer of all cities and towns to complete at least: (1) 14 hours of training courses within one year; and (2) 36 hours of training courses within three years. Provides that a training course that an individual completes after being elected or appointed as clerk or fiscal officer of a city or town and before the individual begins serving in office applies toward the training requirements. Requires all city and town clerks and fiscal officers to fulfill the training requirements for each term the clerk or fiscal officer serves in office. Provides, in the case of a city or town that reorganizes, that the individual who performs the functions of clerk or fiscal officer for the reorganizing city or town shall comply with the training requirements for the reorganized political subdivision.

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HEA 1427 – Public Law 257-2019  
Local Government Matters - Continued

Provides that a redevelopment commission may issue bonds or enter into leases with a term of up to 35 years to finance a project that includes, as part of the project, the use and repurposing of two or more buildings and structures that are:

- (1) at least 75 years old; and
- (2) located at a site at which manufacturing previously occurred over a period of at least 75 years.

Specifies that in the case of an allocation area for such a project, the expiration date of the allocation provision may not be more than 35 years after the date on which the allocation provision is established.

Provides that a redevelopment commission or other entity that creates a tax increment financing area shall file the resolution and supporting documents that create the tax increment financing area with both the county auditor in which the tax increment financing area is located and the DLGF within 30 days after the redevelopment commission or other entity takes final action on the resolution. Provides that if a redevelopment commission or other entity that creates a tax increment financing area files the resolution and supporting documents with either the county auditor and the DLGF after the first anniversary of the effective date of the tax increment financing area, the county auditor shall compute the base assessed value of the tax increment financing area using the assessment date immediately preceding the later of the date on which the documents were filed with the county auditor or the date on which the documents were filed with the DLGF.

Provides that a city or town may contract for fire protection services and requires that a contract for fire protection services be in writing and for a fixed term. [*Emphasis added*]

voids an annexation remonstrance waiver (waiver) executed before July 1, 2003. voids a waiver executed after June 30, 2003, and before July 1, 2019, unless the waiver was recorded in the county where the property is located before January 1, 2020. voids a waiver executed after June 30, 2019, unless the waiver was recorded in the county where the property is located within 30 business days after the date the waiver was executed. Provides that a waiver executed after June 30, 2003, that was properly recorded expires 15 years after the date the waiver was executed. Provides that waivers voided under the bill do not invalidate annexations that were effective before July 1, 2019.

Urges the legislative council to assign to an appropriate interim study committee, for study during the 2019 interim of the general assembly, the topic of local income taxes, including revenue allocations and uses. Urges the study of the advisability of eliminating the mortgage property tax deduction and the advisability of increasing the homestead standard deduction.

Urges the study of automatic enrollment of employees in a political subdivision's deferred compensation plan.

Urges the study of allowing municipalities to make deposits of a certain amount to a vendor or service provider for certain transactions.

Effective various dates

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HEA 1470 – Public Law 89-2019  
Utility Transmission Improvements & Costs

Amends the statute concerning transmission, distribution, and storage system improvements charges (TDSIC) for electric and gas utilities to provide that for purposes of the statute, "eligible transmission, distribution, and storage system improvements" include: (1) projects that do not include specific locations or exact numbers; and (2) advanced technology investments.

Provides that a public utility's required plan under the statute (defined under the new provisions as a "TDSIC plan") must cover a period of: (1) at least five years; and (2) not more than seven years. Requires a utility to update its TDSIC plan at least annually. Provides that an update to a TDSIC plan may include new projects or improvements.

Specifies that a targeted economic development project may include a project related to the provision of electric service. Provides that a utility may: (1) terminate a TDSIC plan upon 60 days notice to the utility regulatory commission (IURC); and (2) petition the IURC for approval of a new TDSIC plan. Provides that a utility that terminates a TDSIC plan must petition the IURC for review and approval of the public utility's basic rates and charges with respect to the same type of utility service before the original expiration date of the terminated plan. Provides that eligible transmission, distribution, and storage improvements receiving TDSIC treatment before termination of the plan shall continue to receive TDSIC treatment after termination of the plan until a final order in the public utility's next general rate case is issued. Provides that for purposes of the provision prohibiting the IURC from approving a TDSIC that would result in an average aggregate increase in a public utility's total retail revenues of more than 2% in a 12 month period, the IURC shall consider the combined 12 month revenue impact of the TDSIC approved under the terminated plan and the TDSIC approved under any new TDSIC plan.

Changes the amount of time in which the IURC must hold a hearing and issue an order on a public utility's petition for a TDSIC from 90 days to 120 days. Sets forth required findings of the IURC in an order concerning new: (1) projects or improvements; or (2) targeted economic development projects; included in a utility's updated TDSIC plan. Effective April 24, 2019

HEA 1552 – Public Law 59-2019  
Reserve Police Officer Continuing Education

Allows a city or town law enforcement agency to provide continuing education to appointed police reserve officers. Effective July 1, 2019

# CITIES AND TOWNS BULLETIN

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## EXPRESSIONS OF SYMPATHY

All of us at the State Board of Accounts sincerely appreciate the many expressions of sympathy received at the passing of our dear friend and fellow public servant, Charlie Pride, Sr.

Charlie Pride Sr. passed away May 21, 2019 at the age of 68.

He was born on April 30, 1951 in Washington, Indiana and is survived by his wife Cheryl, sons Charlie Jr. and Nicholas, daughter Bridget, and their families, which includes 4 grandchildren.

Charlie was a graduate of Vincennes University (business administration), Indiana State University (marketing), and Indiana State University again in 1977 (accounting). He became a CPA in 1981.

In 2013, Charlie received the Governor's Long Term Service Award. He was awarded the Russell C. Lloyd Distinguished Service Award from the Indiana Association of Cities and Towns in 2014. After retirement, Charlie was awarded the Sagamore of the Wabash by Governor Pence – which is the highest distinction awarded by the Governor to a citizen in Indiana.

Charlie started his career with the State Board of Accounts in 1978 and retired in 2014. During that time, he was a Field Examiner, County Office Supervisor for 7 years, and the Office Supervisor for 23 years for Cities, Towns, and Libraries.

## JUNE TRAINING SCHOOL

The State Board of Accounts would like to thank the officers and committees of the Indiana League of Municipal Clerks and Treasurers (League) for once again making the State Board of Accounts June Training School part of the Annual Conference. We also appreciate the work of Accelerate Indiana Municipalities (AIM) for handling the registrations and providing space for our Resource Center at the recent school in Fort Wayne. Please reserve the dates of June 8-11, 2020 for the next Annual Conference in Evansville.

The presentation and training materials are available on the cities and towns pages of our website at [www.in.gov/sboa](http://www.in.gov/sboa).

## UPCOMING STATE-CALLED MEETINGS

The League's Fall District meetings will again qualify as State-called meeting days. This year's meetings will be in Middlebury on October 17 and Bloomington on October 23. Registration information will be sent out by the League for the District meetings.

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### HOT TOPICS

Information regarding the 2019 Gateway Annual Financial Report (AFR) changes can be found on the cities and towns pages of our website at [www.in.gov/sboa](http://www.in.gov/sboa). A complete Schedule of Regulatory Changes for 2019 and 2020 is available, as well as an example regulatory report for 2019.

Also, under the Uniform Compliance Guidelines - Manuals section on the cities and towns pages, you will find an updated Accounting and Financial Regulatory Reporting Manual for 2019.

### CISCO WEBEX MEETINGS

The State Board of Accounts is implementing new technology tools to assist with communication and trainings in the near future. This new technology will allow for video conferencing and file sharing to enhance communication. We recommend downloading the Cisco Webex Meetings Desktop Application from <https://www.webex.com/downloads.html>.

You will still be able to attend the Webex Meetings by clicking a link that you will receive once you are invited to join a future meeting without the application. However, we have found that there are less technical issues when using the application rather than a web browser. Once the application is installed, you will not need to enter your email or enter any URL. You will not have to login at all. The purpose of installing the desktop app is for when you're invited into a Webex meeting and you click a link to join, it will open in the desktop application.

### COMMUNICATIONS

Attached at the end of this document is the State Board of Accounts letter dated June 5, 2019 regarding significant changes in what you report on your annual financial report (AFR), the structural audit process we will follow when an audit of federal funds is required, and what your financial statement report will look like. Please read this document carefully.

Additional SBOA email communications for this quarter are listed below.

#### Phishing Emails

The following email notification was sent by the State Board of Accounts on April 24, 2019: "Please be aware that periodically phishing emails requesting payment for unpaid audit costs are sent out impersonating various SBOA staff. It is not a normal practice for the State Board of Accounts to send requests for unpaid audit costs via email. Any invoices or bills regarding your audit costs will come via the US Postal Service, unless there is communication from SBOA to you by phone seeking an alternative method. We stress that In the case where we do plan to send you a billing statement via email, you will have been contacted directly by one of our SBOA personnel by phone call prior to receiving the email. If you ever have any questions regarding audit cost requests, please do not hesitate to contact us."

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### COMMUNICATIONS – Continued

#### Audit Forms

The following email notification was sent by the State Board of Accounts on April 18, 2019: "Beginning this week, once your unit has been assigned an engagement, the State Board of Accounts will send planning forms along with your Financial Statements, Schedule of Federal Expenditures (SEFA), if applicable, and Notes to Financial Statement(s) to you prior to the arrival of the engagement team.

Please note that the Audit Manager and Lead Examiner assigned to your engagement will both be copied on the e-mail so that you may contact that appropriate individuals regarding any questions or concerns involving the completion of the forms or compilation of documents.

Additionally, this communication will include a Unit Request List in order to provide you with the opportunity to start locating and compiling the appropriate documentation prior to arrival of the engagement team."

#### Glossary of Accounting and Auditing Terms

The following email notification was sent by the State Board of Accounts on April 10, 2019: "The Indiana State Board of Account's mission is to provide its citizens with complete confidence in the integrity and financial accountability of state and local government. In our continuance to provide the highest level of professional service to governmental units and the public, we have created a glossary of accounting and auditing terms that are relevant to the audit work conducted within the State of Indiana and our agency.

The glossary contains definitions of accounting, reporting, and auditing terms that are commonly used in the course of conducting our engagements and often appear in the reports issued by our agency.

We have provided sources for these definitions for further reference. The most authoritative source is provided but additional sources maybe available. There are terms listed within this glossary that are not explicitly defined in authoritative guidance. In these instances, the State Board of Accounts has compiled definitions based on research and our staffs' knowledge and experience.

Our reports are intended to provide objective information about the financial condition and compliance with the laws and regulations governing the units and entities we examine. It is our hope that the glossary is a beneficial resource in reviewing our reports and gives a proper perspective of the findings contained within our reports. An online version of this glossary is also available on our website at the following web address. <https://www.in.gov/sboa/5291.htm>

The letters, memorandums, and other communications incorporated into the Cities and Towns Bulletin are considered part of the Uniform Compliance Guidelines issued by the State Board of Accounts."

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## APPROVED DEPOSITORIES

Depositories used by cities and towns must be approved as depositories for State funds. [IC 5-13-6-1(d)]. The Indiana Board for Depositories' website contains the most recent listing of approved depositories. The list can be accessed at [www.in.gov/tos/deposit/](http://www.in.gov/tos/deposit/).

## CHANGE IN CITY STATUS

A third class city remains a third class city even though the city attains a population of 35,000 at a federal decennial census, unless the city adopts an ordinance to adopt second class city status. (IC 36-4-1-1.1)

The powers, duties, functions and office of the clerk-treasurer shall remain unchanged until the expiration of the term of the clerk-treasurer, despite a change in city classification for any reason. (IC 36-4-1-8)

## COPY FEES

The fee for copying documents may not exceed the greater of: (1) ten cents per page for copies that are not color copies and twenty-five cents per page for color copies; or (2) the actual cost of copying the document. Actual cost means the cost of paper and the per page cost for use of copying or facsimile equipment and does not include labor costs or overhead costs. A fee established under this subsection must be uniform to all purchasers. (IC 5-14-3-8) These provisions do not apply to copies of accident reports under IC 9-26-9.



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### TOWN OFFICIAL'S DUTIES

A number of inquiries have been made regarding the statutory powers of the Town Council and the Town Clerk Treasurer. The following is a listing of some of the applicable statutes. The list does not include IC 36-1-3, the Home Rule provisions.

IC 36-5-2-8	Town Clerk-Treasurer as clerk; ex-officio member for casting tie breaking vote
IC 36-5-2-9	Powers of legislative body
IC 36-5-2-10.2	Recording of adopted ordinance; presumptive evidence
IC 36-5-2-11 and IC 36-5-2-12	Bonds, issuance; purpose; payments; procedures; loans; requirements
IC 36-5-3-2	Compensation for officers and employees
IC 36-5-3-3	Formulation of budget estimate
IC 36-5-3-4	Report of budget estimates; ordinances fixing tax rate and appropriations
IC 36-5-4	Miscellaneous town fiscal and administrative provisions
IC 36-5-6	Town Clerk-Treasurer
IC 8-1.5-3	Municipally-owned utilities

### MONEY MARKET MUTUAL FUNDS

An officer designated in IC 5-13-9-1 may invest or reinvest funds that are held by the officer and available for investment in investments commonly known as money market mutual funds that are in the form of securities of or interests in an open-end, no-load, management-type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, as amended (15 U.S.C. 80a et seq.).

The investments described in subsection (a) shall be made through depositories designated by the state board of finance as depositories for state deposits under [IC 5-13-9.5](#).

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### MONEY MARKET MUTUAL FUNDS - Continued

The portfolio of an investment company or investment trust described in subsection (a) must be limited to the following:

- (1) Direct obligations of the United States.
- (2) Obligations issued by any of the following:
  - (A) A federal agency.
  - (B) A federal instrumentality.
  - (C) A federal government sponsored enterprise.
- (3) Repurchase agreements fully collateralized by obligations described in subdivision (1) or (2).

The form of securities of or interests in an investment company or investment trust described in subsection (a) must be rated as one (1) of the following:

- (1) AAAm, or its equivalent, by Standard and Poor's Corporation or its successor.
- (2) Aaa, or its equivalent, by Moody's Investors Service, Inc. or its successor.

The form of securities in an investment company or investment trust described in subsection (a) is considered to have a stated final maturity of one (1) day.

The State Board of Accounts may rely on transaction confirmations evidencing ownership of the form of securities of or interests in an investment company or investment trust described in subsection IC 5-13-9-2.5(a). (IC 5-13-9-2.5)

### TOWN EMPLOYEES

IC 36-5-2-13 requires the town executive to have the approval of a majority of the town council before the executive may discharge, reduce in grade under IC 36-8-3-4, or remove a town employee.

IC 36-5-7-6 requires the town legislative body to fix the number of deputy town marshals by ordinance.

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### PUBLIC PURCHASES CONTRACTS – RENEWAL

A contract that contains a provision for escalation of the price of the contract may be renewed if the escalation is computed using:

- (1) a commonly accepted index in the contract; or
- (2) a formula set forth in the contract.

Subject to funds being appropriated and available under IC 5-22-17-5 and with the agreement of the contractor and the purchasing agency, a contract may be renewed any number times. However, the term of the new contract may not be longer than the term of the original contract. (IC 5-22-17-4)

When the fiscal body of the governmental body makes a determination that funds are not appropriated or otherwise available to support continuation of performance of a contract, the contract is considered canceled. (IC 5-22-17-5)

### ESTABLISHING THE ESTIMATED COST OF CAPITAL ASSETS

When it is not possible to determine the historical cost of capital assets owned by a governmental unit, the following procedure should be followed.

Develop an inventory of all capital assets which are significant for which records of the historical costs are not available. Obtain an estimate of the replacement costs of these assets. Through inquiry determine the year or approximate year of acquisition. Then multiply the estimated replacement cost by the factor for the year of acquisition from the Table of Cost Indexes. The resulting amount will be the estimated cost of the asset.

In some cases estimated replacement cost can be obtained from insurance policies; however, if estimated replacement costs are not available from insurance policies, you should obtain or make an estimate of the replacement costs.

If the replacement cost is estimated to be \$76,000.00 and the asset was constructed about 1930, then the estimated cost of the asset should be reported as \$5,320.00.

$$\$76,000.00 \times .07 = \$5,320.00$$

(See Table of Cost Indexes – next page)

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## ESTABLISHING THE ESTIMATED COST OF CAPITAL ASSETS - Continued

<u>Year</u>	<u>Index</u>	<u>Year</u>	<u>Index</u>	<u>Year</u>	<u>Index</u>	<u>Year</u>	<u>Index</u>
2018	1.00	1994	0.59	1970	0.15	1946	0.08
2017	0.98	1993	0.58	1969	0.15	1945	0.07
2016	0.96	1992	0.56	1968	0.14	1944	0.07
2015	0.94	1991	0.54	1967	0.13	1943	0.07
2014	0.94	1990	0.52	1966	0.13	1942	0.06
2013	0.93	1989	0.49	1965	0.13	1941	0.06
2012	0.91	1988	0.47	1964	0.12	1940	0.06
2011	0.90	1987	0.45	1963	0.12	1939	0.06
2010	0.87	1986	0.44	1962	0.12	1938	0.06
2009	0.85	1985	0.43	1961	0.12	1937	0.06
2008	0.86	1984	0.41	1960	0.12	1936	0.06
2007	0.83	1983	0.40	1959	0.12	1935	0.05
2006	0.80	1982	0.38	1958	0.12	1934	0.05
2005	0.78	1981	0.36	1957	0.11	1933	0.05
2004	0.75	1980	0.33	1956	0.11	1932	0.05
2003	0.73	1979	0.29	1955	0.11	1931	0.06
2002	0.72	1978	0.26	1954	0.11	1930	0.07
2001	0.71	1977	0.24	1953	0.11	1929	0.07
2000	0.69	1976	0.23	1952	0.11	1928	0.07
1999	0.66	1975	0.21	1951	0.10	1927	0.07
1998	0.65	1974	0.20	1950	0.10	1926	0.07
1997	0.64	1973	0.18	1949	0.09	1925	0.07
1996	0.63	1972	0.17	1948	0.10	1924	0.07
1995	0.61	1971	0.16	1947	0.09	1923	0.07

## QUESTIONS and ANSWERS FROM THE JUNE SCHOOL

**Q Can training required be paid from unappropriated funds?**

A It depends on the training. IC 5-11-14-4(i) provides mileage and lodging costs associated with State Called meetings shall be paid from the general fund from any money not otherwise appropriated and without any previous appropriation being made therefor – or what is commonly referred to as “unappropriated”. We would expect costs associated with training for non-State Called meetings to be paid from an applicable appropriation (travel, lodging, conferences, training, etc.).

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## QUESTIONS and ANSWERS FROM THE JUNE SCHOOL – Continued

**Q Who is going to track training hours when SBOA has a State Called meeting?**

A Per IC 36-4-10-8(g) for cities and IC 36-5-6-10(g) for towns, the individual who holds the office of city clerk, city controller, or city/town clerk-treasurer shall maintain written documentation of the training courses that the individual completes toward the training requirements.

For each State Called meeting, the SBOA plans on providing to attendees the number of hours that would count toward the training requirements in IC 36-4-10-8 and IC 36-5-6-10.

**Q Longevity – I didn't think Clerk-Treasurers could be paid longevity. I have not included Clerk-Treasurer on the Salary Ordinance because I think we could receive it?**

A We have not taken audit exception to the payment of longevity pay to elected officials as long as it is specifically allowed in the salary ordinance and the longevity pay does not result in a change in the year for which the salary has already been fixed.

For example, if the council were to decide to grant longevity pay to an elected official and it had not been provided previously, it would need to be stated/allowed in the salary ordinance for 2020 and paid in 2020. Longevity pay for an elected official would not be an option for 2019 if the current salary ordinance did not provide for it; to do so would change the compensation in the year for which it was fixed.

**Q HB 1347 – Do land contract count as renters too?**

A With a legal contract being involved in this question, we would recommend consulting an attorney as to how property under a land contract would be handled under the provisions in House Bill 1347.

**Q If our community is utilizing the WEX Fleet Card for our police and public works vehicles, are we required to collect the receipts from the pump or is the detailed report sufficient for a claim and auditing purposes?**

A Fleet Card use, similar to the use of a credit card by a city/town, would require adequate supporting documentation prior to paying the bill. Our audit position is receipts from the pump would be required as support for the detailed report and invoice/billing statement that you would pay the claim from.

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## QUESTIONS and ANSWERS FROM THE JUNE SCHOOL – Continued

- Q** Are lease rental bonds shown as a lease or as debt, for example the city pays lease payments to a building corporation; the building corporation issued the bond; the building corporation makes the bond payments.
- A** In this situation, it is our audit position that the payments made by the city would be shown as a lease on the financial statements of the city; the building corporation would show the bond as a debt of the building corporation.
- Q** For the Annual Financial Report lease schedule, do we report capital leases only or do we also report operating leases?
- A** All leases should be reported on the Annual Financial Report (AFR) lease schedule.
- Q** The actuarial information from INPRS is on a State fiscal year but the AFR is on a calendar year – how will this timing difference be addressed?
- A** The actuarial information provided by INPRS is within the timeframe allowed under GASB 68.



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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June 5, 2019

Dear Officials,

State Board of Accounts is making significant changes in what you report on your annual financial report (AFR) to us through gateway, the structural audit process we will follow when an audit of federal funds is required, and what your financial statement report will look like, so please read carefully.

These changes are a result of recognizing that your financial statement users' needs have changed and will continue to change. We all must recognize and acknowledge the importance of how financial statements and financial statement opinions are utilized and make sure to provide the needed information in such a way that is immediately identifiable and useful.

## **Annual Financial Report Submitted Through Gateway**

The users' needs of your financial reporting have been changing. These changes are being reflected in recent statutory changes as well as requirements by those who issue debt and those that provide bond credit ratings that impact your unit. Transparency, accountability and comparability are among the factors sought for proper evaluations. The trend is toward the established concepts inherent in Generally Accepted Accounting Principles (GAAP) financial statements.

To be good stewards of our statutory responsibilities, State Board of Accounts has reevaluated reporting requirements that we require of you. Currently, the financial activity reported by you through Gateway for your AFR is on a regulatory basis that SBOA has formulated.

Starting with calendar year 2019 financial activity that is reported in 2020, we are implementing enhancements to these regulatory reporting requirements. These enhancements will provide common GAAP disclosures utilized for evaluation purposes by many users of financial statements. This will have the immediate impact of providing the information that users are requiring. This will also position all units with a basic framework for any further trends in GAAP disclosures.

The current reporting changes may be found on our website under hot topics for your particular unit type webpage at [www.in.gov/sboa](http://www.in.gov/sboa). You will find a schedule that identifies the specific financial information that you will need to have available for input. Please review carefully. Some of the items will take planned effort to accumulate and/or identify.

We have already begun training on these new requirements and will continue to do so at our conferences as well as on our website.

## **Audit of Federal Funds**

Many of you receive federal funds that require a single audit under the requirements of the Federal Office of Management and Budget. These single audit requirements are commonly called Uniform Guidance. The provision for the performance of this type of audit has not changed and we will continue to perform this audit service for you.

What has changed is how our audit teams are structured and how your audit reports will be formatted as a deliverable.

In the past there would be one audit team assigned to perform all aspects of the audit. The same team would audit financial statement related activity, general compliance requirements, and the federal uniform guidance requirements.

It has been determined that performing all aspects of the audit at one time, with one team is not the most efficient. Both the financial statement related activities and the federal uniform guidance requirements have unique auditing components that are more efficient when performed by persons that have become experts in these respective areas.

To this end, starting with all audits commenced after July 1, 2019, SBOA will have two audit teams assigned when a unit is required to have a federal audit performed in addition to the audit of a unit's financial statement activity.

We will strive to have these two teams' arrival and departure run concurrently, however, there may be some scheduling variation. If this occurs you will be informed of what to expect.

There will also be a separate billing process in place for both stages of the audit. This will enable you to identify the actual costs associated with the federal portion of your audit in order to better assess the total cost of receiving federal grant dollars.

Finally, there will be two separate reports issued. There will be one for financial statements that will include the associated opinion and one for the federal single audit with those associated opinions. This is not a new format for SBOA as we have successfully split and reported these elements separately at the State, Universities, and for certain other audited entities.

Supplemental reports for significant and impactful compliance issues will still be issued separately in the form with which you are currently familiar.

More details regarding the changes and what these changes will mean to you will be forthcoming in the near future.

If you have any questions or concerns please do not hesitate contact us at:

[Counties@sboa.in.gov](mailto:Counties@sboa.in.gov)

[Cities.Towns@sboa.in.gov](mailto:Cities.Towns@sboa.in.gov)

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Sincerely,

Debbie Gibson CPA, CFE  
Director of Audit Services