

# SPECIAL DISTRICTS BULLETIN

AND UNIFORM COMPLIANCE GUIDELINES  
ISSUED BY STATE BOARD OF ACCOUNTS

JUNE 2019

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## 2019 LAWS AFFECTING SPECIAL DISTRICTS

The following list of laws enacted by the General Assembly is related to special districts. 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 special district 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.

### 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.

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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. Establishes an additional professional sports development area in Marion County to capture state and local revenue for capital improvements.

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

#### 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

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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 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 156 – Public Law 4-2019 Fire Protection District Per Diems

Increases the maximum amount (from \$20 to \$100) that a member of the board of fire trustees of a fire protection district may receive for each day that the member devotes to the work of the district. 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

### SEA 375 – Public Law 19-2019 Collecting Solid Waste Management District Fees

Amends the solid waste management district law and the local government law to provide that, after June 30, 2019, a unit of local government may not enact an ordinance requiring a solid waste hauler or a hauler of

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recyclable materials to collect solid waste management fees and remit the fees to the board of a solid waste management district or a unit of local government. 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. 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

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#### 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

#### 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

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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

#### HEA 1001 – Public Law 108-2019 State Budget

Contains numerous provisions. Modifies the membership of the board of the northern Indiana commuter transportation district (board). Provides that board members are not entitled to a salary per diem. Permits the board to authorize the Indiana department of transportation (INDOT) to exercise all or a part of the powers of the board that are necessary or desirable to accomplish the purposes of the board subject to the agreement of INDOT, including carrying out a railroad project. Effective various dates.

#### HEA 1019 – Public Law 43-2019 Public Construction

Increases, from \$100,000 to \$150,000, the ceiling under which a board of aviation commissioners or an airport authority board may perform certain public construction projects with its own workforce. Effective July 1, 2019

#### 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 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.

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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.

Resolves conflicts with HEA 1019-2019 and HEA 1115-2019. 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 1266 – Public Law 248-2019 Sediment and Erosion Control in Construction

Provides that a review authority (an MS4 community or a soil and water conservation district) to which a construction plan is submitted must make a preliminary determination whether the construction plan is substantially complete: (1) before the end of the tenth working day after the day on which the construction plan is submitted in the case of a small construction activity site (one at which construction results in land disturbance of at least one but less than five acres) or very small construction activity site (one at which construction results in land disturbance of less than one acre); or (2) before the end of the fourteenth working day after the day on which the construction plan is submitted in the case of a large construction activity site (one at which construction activities result in land disturbance of at least five acres). Provides that if a review authority to which a construction plan is submitted does not notify the project site owner before the end of the tenth or fourteenth working day (whichever applies) of its preliminary determination whether the construction plan is substantially complete, the project site owner may submit a notice of intent letter and, 48 hours later, may begin the construction project. Provides that an MS4 community may require erosion and sediment control measures at a very small construction activity site but that the control measures may not be more stringent than the control measures required at a small construction activity site by administrative rules or the general permit that will be issued by the department of environmental management (IDEM). Establishes minimum qualifications for an individual who begins employment after July 1, 2019, reviewing and making conclusive determinations concerning construction plans submitted to an MS4 community. Provides that if an MS4 community has made a conclusive favorable determination concerning a construction plan and work on

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the construction project has begun, the MS4 community may not order work on the construction project to stop on the grounds that the erosion and sediment control measures are not adequate unless the project site owner is notified in writing of the inadequacies and the inadequacies are not resolved within 72 hours. Provides that the general permit that will be issued by the department of environmental management to establish erosion and sediment control requirements for construction sites, to the extent allowed under federal law, must recognize and be consistent with these provisions. Effective July 1, 2019

#### HEA 1270 – Public Law 282-2019

##### Kankakee River Basin and Yellow River Basin Development

Abolishes the Kankakee River basin commission and repeals its statute. Establishes the Kankakee River basin and Yellow River basin development commission (commission) as a public body corporate and politic. Authorizes the commission to participate in the flood control program operated by the Indiana finance authority. Requires certain state agencies to assist each other in simplifying the permitting process with respect to the flood control activities of the commission. Provides that there is imposed in each calendar year beginning after December 31, 2020, an annual special assessment against each taxable parcel of real property that is located within any part of the basin within an Indiana county. Requires the default special assessments to be paid to be paid to the commission. Specifies the amount of the default special assessment by parcel category and the commission's permissible uses of the special assessments. Provides that a county fiscal body may adopt a resolution opting to implement one of the following methods of supporting the commission instead of collecting the default special assessments: (1) Paying direct support to the commission in lieu of the default special assessments. (2) Supplementing reduced special assessments with direct support payments. (3) Imposing special assessments that exceed the amount that could be raised through the default special assessments. Provides that direct support must equal at least 90% of the amount that could be raised through the default special assessments. Specifies the amounts that a county may retain in calendar years beginning after December 31, 2022, from special assessments imposed instead of the default special assessments. Establishes an advisory committee to the commission. Requires the commission to coordinate its flood control activities with other public agencies to ensure that undeveloped public land is used for providing flood storage to the greatest extent feasible before other lands are used. Authorizes an Indiana business preference if certain conditions are met. Establishes an Indiana employment goal with respect to contracts for public works awarded by the commission. Effective July 1, 2019

#### 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 corresponding changes. Effective July 1, 2019

#### 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.



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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.

Excludes political subdivisions that do not have the power to impose property taxes from the requirement to upload a digital copy of certain contracts on the Indiana transparency Internet web site.

Repeals the electronic digital signature act.

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

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 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 that Highland Township in Greene County may increase its maximum township property tax levy for 2020 and thereafter. Provides that Taylor Township in Greene County may increase its maximum

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township property tax levy and its maximum fire protection and emergency services property tax levy for 2020 and thereafter. Allows Green Township in Hancock County to increase its maximum levy for the township's general fund to offset the reduction in the maximum levy that occurred beginning in 2003 that was based on the township's actual levy (levy banked amount).

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.

Repeals the statute providing for a county board of tax adjustment. Repeals provisions related to the county board of tax adjustment and the local budgeting process.

Provides that the county executive (instead of the DLGF) may cancel any property taxes assessed against real property owned by a county, township, city, town, or body corporate and politic under certain circumstances.

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.

Removes the appointment of members to the Fort Harrison reuse authority by the Indianapolis mayor and by Marion County.

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.

Makes technical conforming changes. Effective various dates

#### 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.

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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

### 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, Libraries, and Special Districts.

# SPECIAL DISTRICTS BULLETIN

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## APRIL REGIONAL TRAINING

Thank you to all who attended the April Regional Training for special districts. The meeting materials are available on the special districts page under "Presentations and Training Materials."

## HOT TOPICS

Information regarding the 2019 Gateway Annual Financial Report (AFR) changes can be found on the special district page 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 special district page, 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 Special Districts Bulletin are considered part of the Uniform Compliance Guidelines issued by the State Board of Accounts.

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### METHODS OF PAYMENTS TO POLITICAL SUBDIVISIONS

Indiana Code 36-1-8-11 states:

"...(b) As used in this section, "credit card" means a:

- (1) credit card;
- (2) debit card;
- (3) charge card; or
- (4) stored value card.

(c) A payment to a political subdivision or a municipally owned utility for any purpose may be made by any of the following financial instruments that the fiscal body of the political subdivision or the board of the municipally owned utility authorizes for use:

- (1) Cash.
- (2) Check.
- (3) Bank draft.
- (4) Money order.
- (5) Bank card or credit card.
- (6) Electronic funds transfer.
- (7) Any other financial instrument authorized by the fiscal body.

(d) If there is a charge to the political subdivision or municipally owned utility for the use of a financial instrument, the political subdivision or municipally owned utility may collect a sum equal to the amount of the charge from the person who uses the financial instrument.

(e) If authorized by the fiscal body of the political subdivision or the board of the municipally owned utility, the political subdivision or municipally owned utility may accept payments under this section with a bank card or credit card under the procedures set forth in this section. However, the procedure authorized for a particular type of payment must be uniformly applied to all payments of the same type.

(f) The political subdivision or municipally owned utility may contract with a bank card or credit card vendor for acceptance of bank cards or credit cards. However, if there is a vendor transaction charge or discount fee, whether billed to the political subdivision or municipally owned utility or charged directly to the political subdivision's or municipally owned utility's account, the political subdivision or municipally owned utility may collect from the person using the card either or both of the following:

(1) An official fee that may not exceed the transaction charge or discount fee charged to the political subdivision or municipally owned utility by bank or credit card vendors.

(2) A reasonable convenience fee: (A) that may not exceed three dollars (\$3); and (B) that must be uniform regardless of the bank card or credit card used.

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### METHODS OF PAYMENTS TO POLITICAL SUBDIVISIONS - Continued

The fees described in subdivisions (1) and (2) may be collected regardless of retail merchant agreements between the bank and credit card vendors that may prohibit such fees. These fees are permitted additional charges under IC 24-4.5-3-202.

(g) The political subdivision or municipally owned utility may pay any applicable bank card or credit card service charge associated with the use of a bank card or credit card under this subsection.

(h) The authorization of the fiscal body of the political subdivision is not required by the bureau of motor vehicles or the bureau of motor vehicles commission to use electronic funds transfer or other financial instruments to transfer funds to the political subdivision.”

### Credit Cards

The SBOA will not take exception to the use of credit cards by a unit provided the following criteria are observed:

1. The governing body must authorize credit card use through an ordinance /resolution, which has been approved in a meeting and documented in the minutes.
2. Issuance and use must be handled by an official or employee designated by the governing body.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance/resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card must be returned to the custody of the responsible person.
5. The designated responsible official or employee must maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned.
6. Credit cards must not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing body and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment cannot be made on the basis of a statement or a credit card slip only. Procedures for payments must be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee may be the personal obligation of the responsible officer or employee.

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## Credit Cards - Continued

8. If authorized, an annual fee may be paid.

For additional suggestions regarding the use of credits, please see this our Best Practices document on the Special Districts page of our website at [www.in.gov/sboa](http://www.in.gov/sboa).

## 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 Index – 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	1991	.54	1964	.12	1937	.06
2017	.98	1990	.52	1963	.12	1936	.06
2016	.96	1989	.49	1962	.12	1935	.05
2015	.94	1988	.47	1961	.12	1934	.05
2014	.94	1987	.45	1960	.12	1933	.05
2013	.93	1986	.44	1959	.12	1932	.05
2012	.91	1985	.43	1958	.12	1931	.06
2011	.90	1984	.41	1957	.11	1930	.07
2010	.87	1983	.40	1956	.11	1929	.07
2009	.85	1982	.38	1955	.11	1928	.07
2008	.86	1981	.36	1954	.11	1927	.07
2007	.83	1980	.33	1953	.11	1926	.07
2006	.80	1979	.29	1952	.11	1925	.07
2005	.78	1978	.26	1951	.10	1924	.07
2004	.75	1977	.24	1950	.10	1923	.07
2003	.73	1976	.23	1949	.09	1922	.07
2002	.72	1975	.21	1948	.10	1921	.07
2001	.71	1974	.20	1947	.09	1920	.08
2000	.69	1973	.18	1946	.08	1919	.07
1999	.66	1972	.17	1945	.07	1918	.06
1998	.65	1971	.16	1944	.07	1917	.05
1997	.64	1970	.15	1943	.07	1916	.04
1996	.63	1969	.15	1942	.06	1915	.04
1995	.61	1968	.14	1941	.06	1914	.04
1994	.59	1967	.13	1940	.06	1913	.04
1993	.58	1966	.13	1939	.06		
1992	.56	1965	.13	1938	.06		



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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Fax: (317) 232-4711

Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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)

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

[Schools.Townships@sboa.in.gov](mailto:Schools.Townships@sboa.in.gov)

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

Sincerely,

Debbie Gibson CPA, CFE  
Director of Audit Services