

CITIES AND TOWNS BULLETIN

AND UNIFORM COMPLIANCE GUIDELINES ISSUED BY STATE BOARD OF ACCOUNTS

June 2011

2011 LAWS AFFECTING CITIES AND TOWNS

The following is a listing of laws enacted by the General Assembly that are related to cities, towns and municipally owned utilities. This is not intended to be an expression of a legal opinion. If you have any questions regarding legal interpretation, please consult your city or town attorney. We have listed the laws in public law number sequence and the references are to the Indiana Code.

PUBLIC LAW 1 – SENATE ENROLLED ACT 32 – EFFECTIVE DECEMBER 31, 2010 (RETROACTIVE) VOTE CENTERS – Adds IC 3-5-2-49.8, IC 3-11-8-10.3 and IC 3-11-18.1 – Allows the use of vote centers in all counties.

PUBLIC LAW 2 – HOUSE ENROLLED ACT 1450 – EFFECTIVE JULY 1, 2011
UNEMPLOYMENT INSURANCE – Adds IC 22-4-3-3 and IC 22-4-10-4.5 – Amends several sections of IC 22-4-11 and IC 22-4-12 – Makes several changes to eligibility requirements.

PUBLIC LAW 10 - HOUSE ENROLLED ACT 1405 – EFFECTIVE JULY 1, 2011
TOBACCO USAGE – SALE TO MINORS - Adds IC 35-46-1-1.3 – Amends other sections of IC 35-46-1 – Adds dissolvable tobacco products to the list of tobacco products which are prohibited from being sold to minors.

PUBLIC LAW 12 - SENATE ENROLLED ACT 86 – EFFECTIVE MARCH 1 AND JULY 1, 2011
EXTENDED UNEMPLOYMENT BENEFITS – Amends and adds to IC 22-4 – Provides that an individual is considered to have refused an offer for suitable work if he/she tests positive for drugs or refuses without good cause to submit to a drug test required by a prospective employer as a condition of an offer for employment.

PUBLIC LAW 13 – SENATE ENROLLED ACT 12 – EFFECTIVE JULY 1, 2011
PUBLIC EMPLOYEES' RETIREMENT FUND (PERF) – ANNUITY SAVINGS ACCOUNT
Amends IC 5-10.2-3-6.5 – Permits a member to withdraw the member's annuity savings account without applying for a retirement benefit if the member is eligible for an early retirement.

1977 POLICE AND FIRE PENSION PLAN – Amends several sections of IC 36-8-8 – Requires reports, contributions, and records to be transmitted through EFT. Reduces the age from 55 to 52 years when a disabled member is transferred from disability to regular retirement status. Makes certain changes to the laws dealing with the 180-day limit on the PERF Board's final order on a disability determination.

**CITIES AND TOWNS BULLETIN
AND UNIFORM COMPLIANCE GUIDELINES**

Page 2

June 2011

2011 LAWS AFFECTING CITIES AND TOWNS

PUBLIC LAW 16 – SENATE ENROLLED ACT 76 – EFFECTIVE JULY 1, 2011

1977 POLICE AND FIRE PENSION PLAN – Amends IC 36-8-8-8 – States that if a member ends employment by other than death or disability before completing twenty (20) years of service, the PERF Board shall return to the member in a lump sum the member's contributions plus interest at a rate specified by rule by the PERF Board.

PUBLIC LAW 17 - SENATE ENROLLED ACT 411 – EFFECTIVE JULY 1, 2011

DISCLOSURE OF FIREARM INFORMATION – Adds IC 34-28-8 - Amends IC 10-14-3-33.5 – Provides that a civil action may be brought against a public employer who requires disclosure of possession of a firearm or ammunition by an applicant for employment. Provides civil penalties for violations.

PUBLIC LAW 18 – SENATE ENROLLED ACT 418 – EFFECTIVE JULY 1, 2011

COMMON CONSTRUCTION WAGE - Amends IC 5-16-7-1, IC 5-16-7-4 and IC 5-30-8-6 Removes the requirement that the wage committee meet to set wages for each project. Requires the committee to set wage rates for all wage classifications at least once every three (3) months. States that if an awarding agency advertises for a contract that includes classifications that are not listed on the existing wage scale, the awarding agency shall form a new committee to determine the classifications and wages on the contract.

PUBLIC LAW 22 - SENATE ENROLLED ACT 524 – EFFECTIVE JULY 1, 2011

PUBLIC EMPLOYEES' DEFINED CONTRIBUTION PLAN – Adds IC 5-10.3-12 - Amends IC 5-10.2-2-6 – Establishes a public employees' defined contribution retirement plan for state employees. Urges the legislative council to assign to the pension management oversight commission the study of whether to create a defined contribution plan as an option for new employees of cities and towns.

PUBLIC LAW 23 - SENATE ENROLLED ACT 549 – EFFECTIVE JULY 1, 2011

PERF – 1977 POLICE AND FIRE PENSION PLAN – INDIANA PUBLIC RETIREMENT SYSTEM – Adds IC 5-10.5 and IC 2-3.5-2-2.7 – Amends several sections of IC 5-10-5.5, IC 5-10.2-2, IC 5-10.3 and IC 36-8-8 – Establishes the Indiana Public Retirement System to administer and manage the Public Employees' Retirement Fund (PERF), the 1977 Police and Fire Pension Fund, and the Special Death Benefit Fund as well as other PERF-managed funds.

PUBLIC LAW 25 - HOUSE ENROLLED ACT 1082 – EFFECTIVE JULY 1, 2011

OFF-ROAD VEHICLE REGISTRATION – Amends 14-16-1-8 – States that off-road vehicles or snowmobiles owned by a city or town or a volunteer fire department are not required to be registered with the DNR.

**CITIES AND TOWNS BULLETIN
AND UNIFORM COMPLIANCE GUIDELINES**

Page 3

June 2011

2011 LAWS AFFECTING CITIES AND TOWNS

- PUBLIC LAW 35 - SENATE ENROLLED ACT 154 – EFFECTIVE JULY 1, 2011
FIREARMS – OFF-ROAD VEHICLES AND SNOWMOBILES - Amends IC 14-16-1-23
Permits a person to carry a loaded and operational firearm while operating an off-road vehicle or snowmobile under certain circumstances.
- PUBLIC LAW 42 - SENATE ENROLLED ACT 295 – EFFECTIVE APRIL 20, 2011
TECHNICAL CORRECTIONS – Makes technical corrections to several sections of the Indiana Code.
- PUBLIC LAW 43 - SENATE ENROLLED ACT 337 – EFFECTIVE JULY 1, 2011
TRAFFIC CONTROL SIGNALS – Adds IC 9-13-2-123.3 and IC 9-21-3-0.5 – Amends IC 9-21-3-7, IC 9-21-3-8, and IC 9-21-8-36 – Provides that: (1) a person operating a vehicle entering an intersection or crosswalk facing a pedestrian hybrid beacon (beacon) may proceed without stopping if no indication is displayed on the beacon; and (2) in that instance the operator is not required to yield the right-of-way to a pedestrian crossing that intersection within a crosswalk. Provides that when a yellow lens with an arrow illuminated with rapid intermittent flashes is used in a traffic signal, a person who operates a vehicle may turn only after yielding to oncoming traffic.
- PUBLIC LAW 50 - HOUSE ENROLLED ACT 1124 – EFFECTIVE JULY 1, 2011
TRAIN SPEED – Repeals several sections of IC 8-3-1, IC 8-3-19, IC 8-3-20 and IC 8-9-2 – Repeals the laws on local ordinances that regulate train speed.
- PUBLIC LAW 51 - HOUSE ENROLLED ACT 1131 – EFFECTIVE APRIL 20, 2011
VIDEO SERVICE FRANCHISE FEES – NONCODE – Requires the Regulatory Flexibility Committee to study franchise fees paid to cities and towns by video service providers.
- PUBLIC LAW 52 – HOUSE ENROLLED ACT 1224 – EFFECTIVE JULY 1, 2011
SCHOOL SPEED ZONES – Amends IC 9-21-5-6 – States that if a school speed zone has been established for a school that operates twelve (12) months a year, the school zone sign must indicate it is an all-year school, effective June 30, 2012.
- PUBLIC LAW 53 – HOUSE ENROLLED ACT 1275 – EFFECTIVE JULY 1, 2011
TRANSFERS OF FUNDS – CREDIT FUNDS - Adds IC 6-3.5-7-12.7 – Allows a city or town to permanently transfer, by ordinance or resolution, money in its CREDIT fund to the general fund or any other appropriated city or town fund.
- TRANSFERS OF FUNDS – RAINY DAY FUND – Amends IC 36-1-8-5.1 – Allows a city or town to permanently transfer, by ordinance or resolution money in its Rainy Day fund to any other appropriated city or town fund.

**CITIES AND TOWNS BULLETIN
AND UNIFORM COMPLIANCE GUIDELINES**

Page 4

June 2011

2011 LAWS AFFECTING CITIES AND TOWNS

PUBLIC LAW 56 – HOUSE ENROLLED ACT 1393 – EFFECTIVE APRIL 20, 2011

FIREFIGHTER CERTIFICATION TESTS – Adds IC 36-8-10.5-10 - Prohibits the Board of Firefighting Personnel Standards and Education from requiring firefighters to take certain certification tests by computer, the Internet, or other online arrangement before January 2, 2012.

PUBLIC LAW 58 – SENATE ENROLLED ACT 26 – EFFECTIVE JULY 1, 2011

LOCAL GOVERNMENT REORGANIZATION/MERGER – Adds IC 36-1-7-16 and IC 36-1-8-17 – Amends IC 36-1.5-3-5 and IC 36-6-1.5-12 – Requires the DLGF to develop criteria for making an adjustment to allow a political subdivision to retain a part of its levy and budget that would have been otherwise reduced because of savings from a reorganization, merger, or combination with another political subdivision.

PUBLIC LAW 59 – SENATE ENROLLED ACT 54 – EFFECTIVE JULY 1, 2011

REGULATION OF VIDEO SERVICE FRANCHISES – Amends IC 8-1-34-16 – Prohibits a city or town from: (1) regulating a holder of a certificate to provide video service, or (2) establishing or funding an entity to regulate such providers.

PUBLIC LAW 64 – SENATE ENROLLED ACT 255 – EFFECTIVE JULY 1, 2011

CITY MARKETS – SALE OF ALCOHOL – Amends IC 7.1-3-20-25 – Permits the holder of a three-way permit issued for a premises within a city market to sell beer and wine for carryout.

PUBLIC LAW 66 – SENATE ENROLLED ACT 338 – EFFECTIVE JULY 1, 2011

HIGHWAY WORK ZONES – Amends IC 9-21-5-11 and IC 9-21-8-56 – Requires the speed limit in a worksite zone to be at least ten (10) miles per hour below the maximum established speed limit for the location on the road on which the worksite is located. States that a driver who engages in certain acts of aggressive driving in a worksite zone commits a Class B Infraction.

PUBLIC LAW 71 – HOUSE ENROLLED ACT 1098 – EFFECTIVE JULY 1, 2011

ELECTRONIC FUNDS TRANSFER (EFT) – REGIONAL WATER, SEWER AND SOLID WASTE DISTRICTS - Amends IC 13-26-5-9 – Allows regional water, sewer and solid waste districts to pay claims and receive payments through EFT.

SEWER LIENS – REGIONAL WATER, SEWER AND SOLID WASTE DISTRICTS – EFFECTIVE JULY 1, 2011 - Amends IC 13-26-14-4 – States that district liens for nonpayment are to be processed in the same manner as municipal sewer liens under IC 36-9-23.

PUBLIC LAW 77 – SENATE ENROLLED ACT 62 – EFFECTIVE APRIL 28, 2011

LOCAL OPTION INCOME TAXES – ADOPTION DATES – Amends several chapters and sections in IC 6-3.5 – Corrects ordinance adoption dates in local income tax laws.

**CITIES AND TOWNS BULLETIN
AND UNIFORM COMPLIANCE GUIDELINES**

Page 5

June 2011

2011 LAWS AFFECTING CITIES AND TOWNS

- PUBLIC LAW 81 - SENATE ENROLLED ACT 200 – EFFECTIVE JULY 1, 2011
NPDES PERMITS – Amends IC 13-18 – Allows IDEM to develop and issue NPDES general permits under federal law.
- PUBLIC LAW 82 - SENATE ENROLLED ACT 325 - EFFECTIVE APRIL 28, 2011
ADMINISTRATION OF LOCAL DEVELOPMENT AGREEMENTS – Adds IC 4-33-23 – Requires the Indiana Gaming Commission to regulate local development agreements between a city or a town and gaming operators.
- PUBLIC LAW 86 - SENATE ENROLLED ACT 525 – EFFECTIVE JULY 1, 2011
BAIL AGENT EDUCATION AND REPORTING – Amends IC 27-10-2-14, IC 27-10-3-7.1, and IC 27-10-3-14 – Changes filing date requirements for license renewals.
- PUBLIC LAW 94 – SENATE ENROLLED ACT 6 – EFFECTIVE MAY 9, 2011
INTERSTATE MUTUAL AID AGREEMENTS - Adds IC 10-14-6.5 – Authorizes the State and cities and towns to enter into agreements to provide interstate mutual aid for emergency responses that do not rise to the level requiring a state or local declaration of a state of emergency or disaster. Requires such agreements to be approved in the same manner as an interlocal cooperation agreement.
- PUBLIC LAW 95 – SENATE ENROLLED ACT 39 – EFFECTIVE MAY 9, 2011
TAX STRUCTURE STUDY – Requires the Commission on State Tax and Financing Policy to study: (1) the influence of the income tax structure on a senior's decision to reside in Indiana after retirement; (2) how local income taxes affect the ability of political subdivisions to provide services to facilities that employ individuals residing outside the county in which the facility is located and to the individuals commuting from outside the county to these facilities; (3) whether cities and towns should be provided additional financing options for providing services to facilities and individuals described in (2); and how local option income taxes should be distributed to local units of government.
- PUBLIC LAW 102 – SENATE ENROLLED ACT 217 – EFFECTIVE JULY 1, 2011
OFFICIAL MISCONDUCT – CONFLICT OF INTEREST – Amends IC 35-44-1-2 – States that a public servant commits official misconduct if the public servant knowingly or intentionally commits a crime in the performance of the public servant's official duties.
- PUBLIC LAW 104 - SENATE ENROLLED ACT 340 - EFFECTIVE JULY 1, 2011
CHARITY GAMING – Adds IC 2-5-31.9 – Creates a Charity Gaming Study Committee for the 2011 interim.
- PUBLIC LAW 105 – SENATE ENROLLED ACT 347 – EFFECTIVE MAY – JULY 1, 2011
UNDERGROUND STORAGE TANK (UST) OPERATORS – Adds IC 13-23-1-3 – Amends IC 13-23-7-1 – Requires IDEM to establish a training program on an internet website that complies with the requirement of the Federal Energy Policy Act of 2005 (P.L. 109-58).

**CITIES AND TOWNS BULLETIN
AND UNIFORM COMPLIANCE GUIDELINES**

Page 6

June 2011

2011 LAWS AFFECTING CITIES AND TOWNS

PUBLIC LAW 107 - SENATE ENROLLED ACT 464 – EFFECTIVE JULY 1, 2011

DEPOSITORY RULE – Adds IC 5-13-4-21.3 – Amends IC 5-13-4-3 and IC 5-13-4-4 - States that a public servant who knowingly or intentionally: (1) fails to deposit public funds; or (2) deposits or draws any check or negotiable order of withdrawal against the funds; except in the manner prescribed in IC 5-13, commits a Class A misdemeanor. However, the offense is a Class D felony if the amount involved is at least seven hundred fifty dollars (\$750), and a Class C felony if the amount involved is at least fifty thousand dollars (\$50,000). The public servant also is liable upon the public servant's official bond for any loss or damage that may accrue. Provides that a public servant who knowingly or intentionally fails to perform any duty imposed upon the public servant by IC 5-13, other than a duty for which a penalty is imposed by IC 5-13-14-3, commits a Class B misdemeanor.

PUBLIC LAW 110 - SENATE ENROLLED ACT 559 – EFFECTIVE JULY 1, 2011

CONFLICT OF INTEREST – Amends IC 35-44-1-3 and IC 35-44-1-7 – Sets out definitions and defenses that apply to the conflict of interest law.

PUBLIC LAW 113 – HOUSE ENROLLED ACT 1005 – EFFECTIVE JANUARY, 2011 (Retroactive) INDUSTRIAL RECOVERY TAX CREDIT - Amends IC 6-3.1-11-1 and IC 6-3.1-11-15 – Reduces the number of years a facility must be vacant in order to qualify for the credit.

PUBLIC LAW 117 – HOUSE ENROLLED ACT 1025 – EFFECTIVE JULY 1, 2011

OFFICIAL BONDS – Amends IC 5-4-1-18 – Removes the annual coverage requirements from bonds required under IC 5-4-1-18.

CRIME INSURANCE POLICIES - Adds IC 5-4-1-18(k) – States that: (1) unless the bond or policy is cancelled, the bond or policy must continue in force for the term of office of the individual who files the bond or policy, and (2) the aggregate liability of the surety or insurer is the amount specified in the bond or policy.

INTERNAL CONTROL STANDARDS AND PROCEDURES – Adds IC 5-11-1-27 – States that in the compliance guidelines authorized under IC 5-11-1-24, the state board of accounts shall define the acceptable minimum level of: (1) internal control standards; and (2) internal control procedures; for internal control systems of local governments. The internal control standards and procedures shall be developed to promote government accountability and transparency.

All erroneous or irregular variances, losses, shortages, or thefts of local government funds or property shall be reported immediately to the state board of accounts.

**CITIES AND TOWNS BULLETIN
AND UNIFORM COMPLIANCE GUIDELINES**

Page 7

June 2011

2011 LAWS AFFECTING CITIES AND TOWNS

PUBLIC LAW 117 – HOUSE ENROLLED ACT 1025 – EFFECTIVE JULY 1, 2011 (Continued)

The state board of accounts shall: (1) determine the amount of funds involved and report the amount to the appropriate government and law enforcement officials; (2) determine the internal control weakness that contributed to or caused the condition; and (3) make written recommendations to the appropriate legislative body or appropriate official overseeing the internal control system addressing: (A) the method of correcting the condition; and (B) the necessary internal control policies and internal control procedures that must be modified to prevent a recurrence of the condition.

The legislative body or the appropriate official overseeing the internal control system shall immediately implement the policies and procedures recommended by the state board of accounts under IC 5-11-1-27(c)(3)(B).

1937 FIRE PENSION PLAN SECRETARY – OFFICIAL BOND - Amends IC 36-8-7-7 – Requires the Fire Pension Secretary to execute a bond conditioned on the faithful discharge of the secretary's duties in accordance with IC 5-4-1. The minimum bond amount for the secretary is fifteen thousand dollars (\$15,000).

PUBLIC LAW 120 - HOUSE ENROLLED ACT 1137 EFFECTIVE MAY 9, 2011

EXTRA HEAVY DUTY HIGHWAYS - Amends IC 9-20-5 – Provides that certain sections of Highway 912 in East Chicago are designated as extra heavy duty highways.

PUBLIC LAW 123 – HOUSE ENROLLED ACT 1197 – EFFECTIVE MAY 9, 2011

REGIONAL WATER, SEWER AND SOLID WASTE DISTRICTS – Adds IC 13-26-8-4 – Amends IC 13-26-5 and IC 13-26-11-13 – Allows certain property owners who install new septic systems to be exempt from connecting to a regional sewer district's sewer system for ten (10) years. Adds laws on territory expansion requirements. Requires regional sewer districts to notify users by mail of any increases in rates over five percent (5%).

PUBLIC LAW 124 – HOUSE ENROLLED ACT 1288 – EFFECTIVE JULY 1, 2011

MAXIMUM LEVIES – Amends IC 6-1.1-18.5-1 – Provides that a city or town's maximum tax levy may not be reduced if the city or town does not use its entire maximum levy authority in the preceding year.

PUBLIC LAW 125 – HOUSE ENROLLED ACT 1291 – EFFECTIVE JULY 1, 2011

STORM WATER NUISANCES – Adds IC 36-9-28.7 – Amends IC 34-13-3-3 and IC 36-9-27-69.5 – States that a city or town is not liable for the investigation, assessment, or opinion offered by a city board of works, town council, or designee in connection to storm water nuisances. Allows a city or town to assess the problem and adopt an ordinance to charge a fee to recover the costs associated with the process.

PUBLIC LAW 126 – HOUSE ENROLLED ACT 1311 – EFFECTIVE JULY 1, 2011

PLANNING AND ZONING - Amends several sections of the planning and zoning laws in IC 36-7 – Changes laws concerning vacation requests, waivers and appointment of board members.

**CITIES AND TOWNS BULLETIN
AND UNIFORM COMPLIANCE GUIDELINES**

Page 8

June 2011

2011 LAWS AFFECTING CITIES AND TOWNS

PUBLIC LAW 129 – HOUSE ENROLLED ACT 1348 – EFFECTIVE JULY 1, 2011

CONSERVANCY DISTRICTS – CLAIM PAYMENTS – Adds IC 14-33-5-20.5 – Allows the financial clerk to pay claims between board meetings.

PUBLIC LAW 139 – SENATE ENROLLED ACT 60 – EFFECTIVE JULY 1, 2011 AND JANUARY 1, 2012

BOARD OF AVIATION COMMISSIONERS – AIRPORT AUTHORITIES – OPEN DOOR LAW - Amends IC 5-14-1.5-6.1 – States that a board of aviation commissioners, and an airport authority board may hold one executive session per year to train with an outside consultant about the performance of the role of the members as public officials.

BOARD OF AVIATION COMMISSIONERS – AIRPORT AUTHORITIES – PUBLIC WORKS PROJECTS – AVIATION SERVICES – Amends IC 8-22-2-6, IC 8-22-3-12, and IC 8-22-3-11 – States that the statutes governing public works projects apply to the boards of aviation commissioners and airport authority boards. Allows airport authorities to provide aviation services to public use airports within or outside Indiana either directly or through an affiliate entity established by the board.

PUBLIC WORKS PROJECTS – Amends IC 36-1-12-4 – Allows bids to be opened after the time designated if: (1) the city or town makes a written determination that it is in the best interest of the city or town to delay the opening; and (2) the day, time, and place of the rescheduled opening are announced at the originally scheduled opening.

PUBLIC LAW 147 - SENATE ENROLLED ACT 205 – EFFECTIVE MAY 10, 2011

PUBLIC DEPOSITORIES – CAPITAL RATIO REQUIREMENT – Amends IC 5-13-9.5-1 States that a financial institution does not have to maintain a capital ratio in excess of the minimum required by the governmental supervisory body, if the institution has fully collateralized the institution's public funds on deposit by delivering and pledging acceptable collateral to the Board for Depositories.

PUBLIC DEPOSITORIES – SERVICES CHARGES – Amends IC 5-13-9-8 and IC 5-13-11-3 – Provides that bank service charges may be paid: (1) by direct charge to the deposit or other account; or (2) in a manner that subtracts the service charge from interest earned on the funds in the deposit or other account. States that such requirement applies to investment cash management system accounts.

PUBLIC LAW 152 – SENATE ENROLLED ACT 292 – EFFECTIVE JULY 1, 2011

LOCAL FIREARM REGULATION – Adds IC 35-47-1-2.5, IC 35-47-1-5.1 and IC 35-47-11.1, Amends IC 14-22-31.5-5 – Repeals IC 35-47-11 – Prohibits, with certain exceptions, cities and towns from regulating ownership, sales, and transfers of firearms, ammunition, and firearm accessories. Permits a person who is adversely affected by an ordinance, rule, or policy of a city or a town that violates the law to recover damages, court costs, and reasonable attorney fees from the city or town.

**CITIES AND TOWNS BULLETIN
AND UNIFORM COMPLIANCE GUIDELINES**

Page 9

June 2011

2011 LAWS AFFECTING CITIES AND TOWNS

PUBLIC LAW 154 – SENATE ENROLLED ACT 346 – EFFECTIVE MAY 10, 2011

ENVIRONMENTAL LEGAL ACTION – STATUTE OF LIMITATIONS – Adds IC 13-23-13-7.5, IC 13-30-9-2.5, and IC 34-11-2-11.5 – Amends IC 34-6-2-103 – Sets a statute of limitations for environmental legal actions and actions for a contribution to pay for corrective actions on releases of underground storage tanks.

PUBLIC LAW 159 - SENATE ENROLLED ACT 433 – EFFECTIVE MAY 10 AND JULY 1, 2011

SOLID WASTE MANAGEMENT DISTRICTS – Adds IC 13-20.5-7-10 – Amends IC 13-21-3-12 – Requires solid waste management districts to conduct educational programs on the reuse and recycling of electronic waste and the collection programs available to the public for the disposal of electronic waste and proper disposal of electronic waste.

SOLID WASTE LANDFILL – Amends IC 13-11-2-208 – Redefines “sanitary landfill” as a “solid waste landfill”.

SEPTAGE – Adds IC 13-11-2-199.2 and IC 13-11-2-199.3 – Defines the terms “septage” and “septage management”.

PUBLIC LAW 164 – SENATE ENROLLED ACT 506 – EFFECTIVE JULY 1, 2011

HANDGUN POSSESSION – Amends IC 35-47-2-1 and IC 35-47-2-2 – Permits a person to carry a handgun without being licensed if the person is on property or in a vehicle that is owned, leased, or rented by the person. Prohibits persons convicted of domestic battery from possessing or carrying a handgun.

PUBLIC LAW 166 - SENATE ENROLLED ACT 533 – EFFECTIVE JULY 1, 2011

DESIGN – BUILD PUBLIC WORKS PROJECTS - Adds IC 5-30-6-5.5 – Amends IC 5-30-1-11, IC 5-30-1-12, IC 5-30-2-1, IC 5-30-4-3, IC 5-30-4-4, IC 5-30-5-1, IC 5-30-6-1, IC 5-30-7-1, and IC 5-30-7-3 – Repeals IC 5-30-2-2 – Requires a city or town that is proposing a public works project for which a referendum is to be held to wait until after the referendum is completed to issue a request for proposals. States that technical review committee meetings for a project comprised entirely of city and town employees undertaking the project are not open to the public. Requires a technical review committee to give a written comprehensive score for each proposal. Adds sewer and drainage projects to the list of projects that can be constructed under the design-build law.

PUBLIC LAW 168 - SENATE ENROLLED ACT 576 – EFFECTIVE JULY 1, 2011

WORKERS COMPENSATION – Adds and makes several amendments to IC 22-3 – Makes several changes to the worker’s compensation laws. Increases civil penalties for failure to post notices, file certain records, and failure to provide proof of coverage. Increases criminal penalties for an employer’s failure to insure or provide adequate security for the employer’s worker’s compensation and occupational disease liabilities.

**CITIES AND TOWNS BULLETIN
AND UNIFORM COMPLIANCE GUIDELINES**

2011 LAWS AFFECTING CITIES AND TOWNS

PUBLIC LAW 171 - SENATE ENROLLED ACT 590 – EFFECTIVE JULY 1, 2011

IMMIGRATION MATTERS – Adds IC 12-32, IC 22-4-39.5, IC 22-5-1.7, IC 22-5-6, IC 34-28-8.2 and IC 35-33-8-4.5 – Makes numerous changes to the laws governing immigration. Requires employers to use the Federal E-Verify Program to verify the work eligibility status of employees hired after June 30, 2011. Requires employees hired with no employment agreement, where the term of employment is to be more than three (3) days, to sign a form, under penalty of perjury, that states they are legally authorized to work. Requires subcontractors to certify they are using the E-Verify Program. Requires contracts entered into after June 30, 2011, to contain provisions that the contractor has verified the eligibility of its newly hired workers and requires such contractors to sign an affidavit stating they have not hired unauthorized aliens. Sets out similar requirements on grants awarded by cities and towns over \$1, 000.

PUBLIC LAW 172 – HOUSE ENROLLED ACT 1004 – EFFECTIVE VARIOUS DATES

INTERIM STUDY COMMITTEE ON ECONOMIC DEVELOPMENT – Adds IC 2-5-31.8 – Establishes an interim study committee to study local economic development policies and activities.

BUDGET APPROVAL – DLGF – Amends IC 5-11-1-4 and IC 5-11-13-1 – States that the Department of Local Government Finance (DLGF) may not approve the budget of a city or town or a supplemental appropriation for a city or town until the city or town files a CTAR and Form 100-R for the preceding calendar year.

PUBLIC WORKS PROJECTS – BID THRESHOLDS – Amends IC 36-1-12-4 and IC 36-1-12-4.7 – Raises the bid threshold for public works projects to \$150,000. For projects of \$50,000 to \$150,000, a city or town must obtain at least three (3) quotes by mail.

PUBLIC WORKS PROJECTS – USE OF OWN WORKFORCE – Amends IC 5-11-1-26 and IC 36-1-12-3 – Raises the amount of a project which may be constructed by means of a city or town's own workforce to \$150,000. States that if a city or town performs a public work by means of its own workforce under IC 36-1-12-3, The state board of accounts shall include the following in each examination report concerning the city or town: (1) opinion concerning compliance with IC 36-1-12-3, (2) a brief description of the project including a calculation of actual cost of the public work, and (3) an opinion concerning whether the city or town has complied with IC 36-1-12-19 in calculating the actual costs of the project. For projects where a city or town uses its own work force which are greater than \$100,000 but less than \$150,000, a public hearing is required.

LOCAL INDIANA BUSINESS PRICE PREFERENCE – Adds IC 5-22-15-20.9 – Provides for a price preference to local Indiana businesses.

LOIT – PUBLIC SAFETY – Amends IC 6-3.5-1.1-25 – Allows a fire department, volunteer fire department, or emergency medical service provider to apply for a distribution of LOIT - Public Safety money from the County. States that a city or town may not receive a LOIT – Public Safety distribution if it does not provide public safety services.

**CITIES AND TOWNS BULLETIN
AND UNIFORM COMPLIANCE GUIDELINES**

2011 LAWS AFFECTING CITIES AND TOWNS

FIRE TERRITORIES – Amends IC 36-8-19-6.3 and IC 36-8-19-7 – Makes changes to laws dealing with tax levies and rates of a Territory. Prohibits a member of the legislative body of a city or town from voting on a proposed ordinance or resolution to join or establish a territory if the member is also an employee of a participating unit or of another unit proposing to become a participating unit.

NONPROFIT CORPORATIONS – LIMITED AUDITS – Amends IC 5-11-1-9 – Raises the amount of public funds a nonprofit corporation may spend and be subject to a limited audit from \$100,000 to \$200,000.

PUBLIC LAW 173 - HOUSE ENROLLED ACT 1007 – EFFECTIVE VARIOUS DATES

PROPERTY TAXES – EXEMPTIONS – ABATEMENTS - Adds and amends several chapters and sections of IC 6.1.1 – Extends the time period in which a city or town may provide a tax exemption for enterprise information technology equipment to January 1, 2017. Creates a local option hiring incentive in IC 6-3.5-9 to be paid from local option income taxes. Changes exemption laws for fraternity and sorority property. Allows cities and towns to raise property tax abatement schedules to allow up to 100% abatement up to three (3) years if a business meets certain criteria. Provides that a PSAP operated by an excluded city in Marion County does not count against the limit on the number of PSAP's in the county as set out in IC 36-8-16.5-51.

PUBLIC LAW 177 - HOUSE ENROLLED ACT 1048 – EFFECTIVE MAY 10 AND JULY 1, 2011

1977 POLICE AND FIRE PENSION FUND – DROP PROGRAM – Adds IC 36-8-8-13.4 Amends IC 36-8-8-24.8 – Permits a member of the fund (or a survivor) who applied for disability prior to 1990 and is receiving a disability benefit to apply to a local board for a recommendation as to whether the member's disability occurred in the line of duty. Requires a local board to report its findings to 1977 Fund Advisory Committee. Allows an active member who has entered the DROP program before July 1, 2011 to elect to exit the program and receive a partial lump sum distribution.

PUBLIC LAW 185 – HOUSE ENROLLED ACT 1129 – EFFECTIVE JULY 1, 2011

TEXT MESSAGING WHILE DRIVING – Adds IC 9-21-8-59, IC 9-13-2-177.4 and IC 9-21-8-0.5 – Amends IC 9-13-2-177.3 – Makes it a Class C infraction to type, transmit or read a text message or email message while operating a motor vehicle.

PUBLIC LAW 187 - HOUSE ENROLLED ACT 1153 – EFFECTIVE JULY 1, 2011

PROBLEM SOLVING COURTS – Adds IC 33-23-16-14.5 – Amends IC 33-23-16-14 – Establishes procedures to be used by a problem solving court to terminate an individual's participation in the program.

ALCOHOL AND DRUG SERVICES PROGRAMS - Amends IC 12-7-2-12 – Expands the program to those people arrested for alcohol and drug violations referred to a program under IC 12-23-14-5.

**CITIES AND TOWNS BULLETIN
AND UNIFORM COMPLIANCE GUIDELINES**

2011 LAWS AFFECTING CITIES AND TOWNS

PUBLIC LAW 188 – HOUSE ENROLLED ACT 1174 – EFFECTIVE JULY 1, 2011

SALE OF REAL ESTATE – APPRAISALS – HIRING A BROKER – Amends IC 36-1-11-4, IC 36-1-11-4.2 and IC 36-1-11-5 – Adds IC 36-1-11-4.3 – Removes the requirement that two (2) appraisers appointed to appraise the property make a joint appraisal. States that a disposing agent may sell property for less than ninety percent (90%) of the average of the two (2) appraisals of the tracts only after an additional notice stating the amount of the bid to be accepted is published in accordance with IC 5-3-1. The disposing agent may reject all bids. If the disposing agent rejects all bids, the disposing agent must make a written determination to reject all bids explaining why all bids were rejected.

If the disposing agent determines that, in the exercise of good business judgment, the disposing agent should hire a broker or auctioneer to sell the property, the disposing agent may do so and pay the broker or auctioneer a reasonable compensation out of the gross proceeds of the sale. A disposing agent may hire a broker to sell real property directly rather than using the bid process under IC 36-1-11-4 (c) through (f) if: (1) the disposing agent publishes a notice of the determination to hire the broker in accordance with IC 5-3-1; and (2) the property has been up for bid for at least sixty (60) days before the broker is hired, and either no bids were received or the disposing agent has rejected all bids that were received.

The disposing agent may hire one (1) of the appraisers as the broker or auctioneer.

The following apply if a broker is hired: (1) The property may not be sold to a person who is ineligible under IC 36-1-11-16. (2) If the property is sold to a trust (as defined in IC 30-4-1-1(a)), the following information must be placed in the public record relating to the sale: (A) Each beneficiary of the trust. (B) Each settlor empowered to revoke or modify the trust.

SALE OF REAL ESTATE FOR PURPOSES OF ECONOMIC DEVELOPMENT OR COMPATIBLE LAND USE PLANNING - Amends IC 36-1-11-4.2 – The disposing agent may: (1) negotiate a sale or transfer; and (2) dispose of the real property; at a value that is not less than the average of the two (2) appraisals under IC 36-1-11-4.2(b).

The disposing agent may dispose of the real property for a value that is not less than the average of the two (2) appraisals only after publishing a notice in accordance with IC 5-3-1 stating the amount of the offer to be accepted. The disposing agent may reject all offers. If the disposing agent rejects all offers, the disposing agent must make a written determination to reject all offers explaining why all offers were rejected.

SALE OR TRANSFER OF REAL ESTATE – PUBLIC EASEMENT OR RIGHT OF WAY PROPERTY - Adds IC 36-1-11-4.3 – States that a sale or transfer of property constituting a public easement or right of way does not deprive a public utility of the use of all or part of the public easement or right of way that is sold or transferred if, at the time of the sale or transfer, the public utility is occupying and using all or part of that public easement or right of way for the location and operation of its facilities.

**CITIES AND TOWNS BULLETIN
AND UNIFORM COMPLIANCE GUIDELINES**

2011 LAWS AFFECTING CITIES AND TOWNS

PUBLIC LAW 188 – HOUSE ENROLLED ACT 1174 – EFFECTIVE JULY 1, 2011 (Continued)
SALE TO ABUTTING LANDOWNER – Amends IC 36-1-11-5 – States that the procedures to sell property to an abutting landowner also apply to property that has not been assessed and was previously part of a public right-of-way.

LEASE OF PROPERTY – APPRAISALS - Amends IC 36-1-11-10 – States that the disposing agent shall receive bids in the manner prescribed in IC 36-1-11-4 and lease the property to the highest and best bidder. The disposing agent may reject all bids. If the disposing agent rejects all bids, the disposing agency must make a written determination to reject all bids explaining why all bids were rejected.

The disposing agent may lease the real property for a value that is less than ninety percent (90%) of the appraised fair market rental value as determined by the average of the two (2) appraisals under IC 36-1-11-4(b) only after publishing an additional notice in accordance with IC 5-3-1, stating the amount of the bid to be accepted. If the disposing agent rejects all bids, the disposing agent must make a written determination to reject all bids explaining why all bids were rejected.

PUBLIC LAW 190 – HOUSE ENROLLED ACT 1190 – EFFECTIVE JULY 1, 2011
VOTING – LOCAL PUBLIC QUESTIONS – Amends IC 3-10-1-19, IC 3-10-1-19.5 and several sections of IC 3-11-2 – Requires local public questions to be placed on the ballot after the voting instructions and before the offices with candidates.

PUBLIC LAW 194 – HOUSE ENROLLED ACT 1211 – EFFECTIVE JULY 1, 2011
ARREST RECORDS – Adds IC 35-38-5-5.5 and IC 35-38-8 – Allows a person charged with a crime to petition a court to restrict disclosure of arrest records if the person is not prosecuted, is acquitted or is convicted and the conviction is subsequently vacated.

PUBLIC LAW 195 – HOUSE ENROLLED ACT 1216 – EFFECTIVE JULY 1, 2011
COMMON CONSTRUCTION WAGE – Adds IC 5-16-7-6 - Amends IC 5-16-7-1 and IC 5-16-7-4 – Raises the thresholds for public works projects being subject to common construction wage rates from \$150,000 to \$250,000 effective January 1, 2012 and from \$250,000 to \$350,000 effective January 1, 2013.

PUBLIC LAW 198 – HOUSE ENROLLED ACT 1238 – EFFECTIVE MAY 10 AND JULY 1, 2011 – PETITION AND REMONSTRANCE – Amends IC 6-1.1-20-3.1 and IC 6-1.1-20-3.6 – States that a city or town may not artificially divide a capital project into multiple capital projects in order to avoid the requirements of the petition and remonstrance process. Requires the DLGF to approve the ballot language for a capital project referendum.

PUBLIC LAW 202 – HOUSE ENROLLED ACT 1297 – EFFECTIVE MAY 10, 2011
PUBLIC DEPOSITORIES – See Public Law 147 for similar provisions.

**CITIES AND TOWNS BULLETIN
AND UNIFORM COMPLIANCE GUIDELINES**

Page 14

June 2011

2011 LAWS AFFECTING CITIES AND TOWNS

PUBLIC LAW 203 – HOUSE ENROLLED ACT 1313 – EFFECTIVE VARIOUS DATES

TAX INCREMENT FINANCING (TIF) – Amends several sections of IC 36-7-14 and IC 36-7-15.1 – Provides that tax increment revenues for a TIF area do not include property taxes that are imposed after being approved by the voters in a referendum or local public question.

PUBLIC LAW 208 – HOUSE ENROLLED ACT 1365 – EFFECTIVE JULY 1, 2011

VOLUNTEER FIRE DEPARTMENTS – RECOVERY OF COSTS - Amends IC 36-8-12-13, IC 36-8-12-16 and IC 36-8-12-17 – Provides for first responding volunteer fire departments to recover attorney's fees and costs in certain instances in hazardous material cleanups.

PUBLIC LAW 211 – HOUSE ENROLLED ACT 1538 – EFFECTIVE JULY 1, 2011

MINIMUM WAGE REQUIREMENTS - Adds IC 22-2-2-10.5 – Prohibits a city or town from establishing, mandating or otherwise requiring a minimum wage that exceeds the Federal minimum wage rate.

PUBLIC LAW 212 – HOUSE ENROLLED ACT 1543 – EFFECTIVE MAY 10, 2011

RESIDENTIAL LEASE REGULATION - Adds IC 36-1-20 - States that the owner of a rental unit assessed any inspection, registration, or other fee by a city or town pertaining to the rental unit may: (1) notify the tenants of the rental unit of the assessment of the fee; and (2) require the tenants of the rental unit to reimburse the owner for the payment of the fee.

Tenants of a rental unit may not be required to reimburse the owner of a rental unit for fees assessed by a city or town relating to the construction of the rental unit, such as building permit fees.

Any inspection, registration or other fee assessed and collected by a city or town must be maintained in a special fund dedicated solely to reimbursing the costs reasonably related to services actually performed by the city or town that justified the imposition and amount of the fee. Each fund shall be maintained as a separate line item in the city or town's budget. Money in the fund may not at any time revert to the general fund or any other fund of the city or town.

PUBLIC LAW 216 – SENATE ENROLLED ACT 78 – EFFECTIVE JULY 1, 2011

SALE OF ALCOHOL – Amends IC 7.1-3-20-8.6, IC 7.1-5-7-16, and IC 7.1-5-10-23 Requires persons purchasing alcohol who appear less than forty (40) years of age to produce identification. Prohibits city or town law enforcement agencies from making unannounced inspections of locations that sell alcoholic beverages.

**CITIES AND TOWNS BULLETIN
AND UNIFORM COMPLIANCE GUIDELINES**

Page 15

June 2011

2011 LAWS AFFECTING CITIES AND TOWNS

PUBLIC LAW 218 - SENATE ENROLLED ACT 388 – EFFECTIVE JULY 1, 2011

SWAP AGREEMENTS – Adds IC 5-1-14-17.2 – Amends IC 5-1-14-1.3 – Provides that a swap agreement may be used only in connection with the financing activities of an issuing body and may not be used as an investment by an issuing body. Provides that a swap agreement may be entered into only under the following conditions: (1) The swap agreement would not cause the aggregate outstanding notional amounts of all of the issuing body's outstanding swap agreements on obligations payable from tax revenues to exceed 20% of the sum of all aggregate outstanding obligations of the issuing body payable from tax revenues plus obligations payable from tax revenues not yet issued but for which one or more swap agreements have been entered into by the issuing body. (2) The issuing body has adopted a comprehensive swap agreement policy at a public meeting that is not less restrictive than the swap agreement policy governing the adoption of swap agreements that is in place for the Indiana Transportation Finance Authority. (3) The swap agreement is approved by the issuing body at a public meeting and the resolution includes a thorough analysis of the risk the issuing body is assuming by entering into the swap agreement. Requires reports by the issuing body to its governing board regarding swap agreements. DUE TO LANGUAGE CONTAINED IN IC 5-1-14-17.2(c), IT IS DOUBTFUL A CITY OR TOWN COULD ENTER INTO SUCH AGREEMENTS.

PUBLIC LAW 219 – SENATE ENROLLED ACT 480 – EFFECTIVE JULY 1, 2011

VIDEO SERVICE PROVIDERS – IURC JURISDICTION - Adds IC 8-1-2.6-17 – Amends IC 8-1-17.5-25, IC 8-1-32.5-6, IC 8-1-34-16, and IC 8-1-34-27 – States that the IURC may not require a video service provider to disclose information concerning areas where such service is to be provided.

PUBLIC LAW 225 – HOUSE ENROLLED ACT 1242 – EFFECTIVE VARIOUS DATES

ELECTIONS - Amends several sections of the Indiana Code dealing with elections – Provides that a town political party convention must be held not later than August 21. Makes numerous changes to the laws governing voter registration, precinct boundaries, candidate vacancies and other voting requirements.

PUBLIC LAW 229 – HOUSE ENROLLED ACT 1001 – EFFECTIVE JULY 1, 2011

STATE BUDGET BILL – Sets the State Budget for the next two (2) fiscal years.

STATE CIVIL SERVICE SYSTEM - Adds IC 4-15-2.2 – Creates a State Civil Service System for most State employees.

AUTOMATED RECORD KEEPING FEE – Amends IC 33-37-5-21 – Reduces the automated record keeping fee collected on all civil, criminal, infractions, and ordinance violation cases from seven dollars (\$7) to five dollars (\$5) effective July 1, 2011.

PUBLIC DEFENSE ADMINISTRATION FEE - Amends IC 33-37-5-21.2 – Raises the public defense administration fee in each action in which a person is (1) convicted of an offense; (2) required to pay a pretrial diversion fee; (3) found to have committed an infraction; or (4) found to have violated an ordinance from three dollars (\$3) to five dollars (\$5).

CITIES AND TOWNS BULLETIN AND UNIFORM COMPLIANCE GUIDELINES

2011 LAWS AFFECTING CITIES AND TOWNS

CITY AND TOWN USER FEE FUND – DEFERRAL AND PRETRAIL DIVERSION PROGRAMS - Amends IC 33-37-8-4 – Requires funds derived from deferral or pretrial diversion program be appropriated by the adoption of an ordinance appropriating the funds for one (1) or more of the purposes listed in IC 33-37-8-4(b).

Requires the Indiana Criminal Justice Institute to study the use of diversion and deferral programs and the use of plea bargaining and report its findings to the State Budget Committee before December 1, 2011.

PUBLIC PURCHASES – USE OF ANOTHER GOVERNMENT’S BID

IC 36-1-7-12 authorizes governmental entities to make a purchase from any other governmental entity or under another governmental entity’s referenced written contract if there is compliance with the state purchasing law by the original purchasing unit. Two (2) or more governmental entities may procure together or with a nonprofit entity if the requirements of the public purchasing statutes are met.

LOCAL OPTION INCOME TAX (LOIT) – PUBLIC SAFETY

IC 6-3.5-1.1 allows for the adoption of local option income taxes to offset the effects of the circuit breaker caps. A LOIT tax of up to .25% may be adopted for public safety costs. IC 6-3.5-1.1-25 states that tax revenue distributed to a city or town must be deposited in a separate account or fund and may be appropriated by a city or town only for public safety costs. Those cities and towns that deposit such distribution in a separate fund would deposit the money into Fund No. 249, LOIT – Public Safety. Appropriation of money in the LOIT – Public Safety fund would not require DLGF approval.

RECORD OF HOURS WORKED

An employee who works for more than one (1) governmental unit should not be paid by more than one (1) governmental unit for the same period of time worked. Such employee should use his/her accumulated leave time from one (1) governmental unit while serving the other governmental unit when there is an overlap in a work schedule. For example, a city police officer, who is also a member of a school board, attends a school board meeting during his/her normal police work shift. The police officer would be expected to use his/her leave time accumulated at the city while attending such meeting. IC 5-11-9-4 requires such officers and employees to maintain records showing which hours were worked each day.

In cities and towns where time cards are not used, this requirement can be met by preparing an endorsement on the payroll claim form showing the general work schedule and listing the specific affected employees who worked hours different from that general work schedule. Each elected office or head of each department would be responsible for preparing such endorsement on the payroll claim for their office or department.

In cities and towns where time cards are used, each elected office or head of each department should be approving the time cards of each of the employees that they are responsible for.

CITIES AND TOWNS BULLETIN AND UNIFORM COMPLIANCE GUIDELINES

TRUST ITEMS – CITY AND TOWN COURTS

All items that can be legally disbursed should be paid immediately to the person or persons entitled thereto. All fees and funds five (5) or more years old, including old outstanding checks, should be scheduled on forms provided by the Attorney General and paid over to the Attorney General as required by IC 32-34-1-2(c)(7). They should not be allowed to accumulate beyond the five (5) year anniversary date of issue.

OLD OUTSTANDING CHECKS NOT RETURNED – CITY AND TOWN COURTS

In order to eliminate old outstanding checks from the records, the court should perform the following:

1. Issue a formal stop payment order to the bank upon which each check is drawn.
2. Enter the amount of each check as a receipt in the cash book. Post the respective amounts to the trust column of the cash book and enter each amount in the name of the payee in the register of trust funds.
3. Since the checks have never cleared the bank, the amount is still on deposit. Therefore when all such checks are charged to the records and reinstated in the trust register, the original check numbers will be eliminated as outstanding in the next reconciliation with the bank.
4. If, at the time such checks are restored to the records, the original dates indicate the checks have been outstanding for five (5) or more years, they should be paid over to the Attorney General immediately. The original date should be shown in the register of trust. If the checks are not five (5) years old they should be held until the five (5) year period has elapsed.

The entry in the cash book should be:

“Old Outstanding Check No. _____ issued _____ (date) _____, to _____ (Name) _____”, and extend the amounts to the total and trust fund columns.

Since outstanding checks of a city or town court are not included within the meaning of IC 5-11-10.5, city and town courts are to follow the preceding steps in handling old outstanding checks.

AID TO COMMUNITY PROGRAMS

IC 36-10-2-4 allows a city or town to establish, aid, maintain and operate libraries and museums, cultural, historical and scientific facilities and programs and community service facilities and programs.

Further, IC 36-10-2-5 allows a city or town to establish, aid, maintain and operate neighborhood centers, community centers, civic centers, convention centers, auditoriums, arenas and stadiums.

If a city or town desires to fund one of the aforementioned programs or activities, a contract should be entered into setting out what services are to be provided to the city or town.

CITIES AND TOWNS BULLETIN AND UNIFORM COMPLIANCE GUIDELINES

DESTRUCTION OF CANCELLED BONDS AND COUPONS

Statutory authorization and procedures to be followed in the destruction of public records may be found at IC 5-15-6. While we find no authorization for use of cremation certificates, we will not take audit exception to the destruction of such bonds and coupons if the Trustee provides a properly executed cremation certificate to the issuer clearly listing the individual bonds and coupons destroyed, the date of destruction and a proviso indemnifying the issuer if the listed bonds and coupons are ever presented a second time for redemption.

EXPENDITURES OF UTILITY FUNDS

Expenses paid from utility funds should be directly related to the operation of the municipally owned utility. Expenditures for city and town operating costs should not be paid from utility funds. Furthermore, utility funds should not be used to pay for personal items. The cost of shared employees and equipment between a city or town and its utilities or between utilities should be prorated in a rational manner.

Establishment of a Cash Reserve Fund permits transfer of surplus utility funds to the city or town general fund. After appropriation, such transferred funds may then be used for any legal general fund purpose.