

First Regular Session of the 123rd General Assembly (2023)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2022 Regular Session of the General Assembly.

## HOUSE ENROLLED ACT No. 1041

---

AN ACT to amend the Indiana Code concerning state and local administration.

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. IC 5-11-1-1, AS AMENDED BY P.L.38-2021, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 1. (a) There is established a state board of accounts. **The state board of accounts is designated as the independent external auditor of audited entities and is subject to applicable professional accounting standards.**

(b) The board is accountable to the legislative council and consists of the state examiner and two (2) deputy examiners, as provided in this section.

~~(b)~~ (c) The principal officer of the board is the state examiner. To hold the office of state examiner, an individual must:

- (1) be appointed by the governor;
- (2) have the individual's appointment accepted by the legislative council in conformity with subsection ~~(e)~~; (f); and
- (3) be a certified public accountant with at least five (5) years of accounting experience, including at least three (3) years of single audit experience in the public or private sector.

~~(e)~~ (d) The governor shall also appoint two (2) deputy examiners. To hold the office of deputy examiner, an individual must:

- (1) be appointed by the governor; and

**HEA 1041 — Concur**



(2) be a certified public accountant.

A deputy examiner is subordinate to the state examiner. ~~In the case of deputy examiners appointed after June 30, 2014,~~ At least one (1) of the deputy examiners must have at least three (3) years of experience with the state board of accounts at the time of appointment.

~~(d)~~ (e) Not more than two (2) of the three (3) individuals appointed to the state board of accounts may be members of the same political party. The term of a state examiner is four (4) years. ~~However, the term of the state examiner serving on January 1, 2014, ends December 31, 2017.~~ Notwithstanding the expiration of the term of a state examiner, the state examiner may continue to serve as acting state examiner until a state examiner is appointed or reappointed. The term of a deputy examiner is coterminous with the term of the state examiner.

~~(e)~~ (f) The governor shall submit to the executive director of the legislative services agency in an electronic format under IC 5-14-6 the name of an individual who the governor recommends for appointment under subsection ~~(b)~~ (c) along with any supporting information that the governor determines is appropriate. The executive director of the legislative services agency shall submit the governor's recommendation along with any submitted supporting information to the members of the legislative council and place the information on the ~~Internet web site~~ **website** maintained by the general assembly. At a meeting open to the public, the legislative council may adopt a resolution to accept or reject a recommendation of the governor. The legislative council may reject a recommendation with or without cause. If the legislative council fails to adopt a resolution accepting or rejecting a recommendation within forty-five (45) days after the recommendation is submitted to the executive director of the legislative services agency in an electronic format under IC 5-14-6, the recommendation shall be treated as accepted by the legislative council. ~~The state examiner serving on January 1, 2014, shall be treated as accepted by the legislative council to the same extent as if the legislative council had adopted a resolution that accepted the state examiner's appointment.~~

~~(f)~~ (g) IC 4-21.5 applies to an action under this subsection. The state examiner and the deputy examiners are subject to removal by the governor for incompetency (including failure to maintain the individual's status as a certified public accountant) or for misconduct of the office. If the governor seeks to remove the state examiner under this subsection, the governor shall notify the state examiner in writing of the governor's proposed action in conformity with IC 4-21.5-3-4 and submit a copy of the notice to the executive director of the legislative services agency in an electronic format under IC 5-14-6. The notice



must state the reasons for the proposed action and indicate that the state examiner has fifteen (15) days after being given notice to petition for review of the proposed action. The notice must specify that a petition for review of the proposed action must be made in writing and be submitted to the executive director of the legislative services agency in accordance with IC 4-21.5-3-7. The notice must also state that the state examiner may petition the legislative council under IC 4-21.5-3-4 for a stay of the proposed action pending final resolution of the matter. If a timely petition is filed with the executive director of the legislative services agency, the legislative council shall conduct a proceeding under IC 4-21.5 to review the petition. The determination by the legislative council is a final order. A state examiner removed from office under this subsection may petition for judicial review of a final action of the legislative council under IC 4-21.5-5 in the circuit or a superior court of Marion County. A deputy examiner removed from office under this subsection may petition for judicial review regarding the removal in the circuit or a superior court of Marion County.

~~(g)~~ **(h)** A vacancy in the office of state examiner or deputy examiner must be filled in the same manner provided under this section for the appointment of the vacating officer. An individual appointed to fill a vacancy serves for the remainder of the vacating individual's term.

SECTION 2. IC 5-11-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 3. **Separate In accordance with professional accounting standards, separate** accounts shall be kept for every appropriation or fund of the state or any municipality. Separate accounts shall also be kept for each department, undertaking, enterprise, institution, and public service industry.

SECTION 3. IC 5-11-1-4, AS AMENDED BY P.L.157-2020, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 4. (a) The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner ~~not later than sixty (60) days after the close of each fiscal year:~~ **as set forth in the uniform compliance guidelines.** The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7.

(b) The department of local government finance may not approve the budget of a political subdivision or a supplemental appropriation for a political subdivision until the political subdivision files an annual report under subsection (a) for the preceding calendar year.

(c) As used in this subsection, "bonds" means any bonds, notes, or other evidences of indebtedness, whether payable from property taxes,



other taxes, revenues, fees, or any other source. However, the term does not include notes, warrants, or other evidences of indebtedness that have a maturity of not more than five (5) years and that are made in anticipation of and to be paid from revenues of the political subdivision. Notwithstanding any other law, a county or municipality may not issue any bonds unless the county or municipality has filed an annual financial report with the state examiner for the preceding fiscal year. The requirements under this subsection for the issuance of bonds by a county or municipality are in addition to any other requirements imposed under any other law. This subsection applies to the issuance of bonds authorized under any statute, regardless of whether that statute specifically references this subsection or the requirements under this subsection.

SECTION 4. IC 5-11-1-8, AS AMENDED BY P.L.100-2012, SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 8. All appointments of field examiners shall be made solely upon the ground of fitness and ~~without regard to the political affiliation of the appointee.~~ **in accordance with professional accounting and auditing standards.** The state board of accounts is empowered to make and establish, and from time to time alter and amend, by-laws, rules, and regulations for the proper enforcement of the provisions of this article and other laws placing duties and responsibilities on the state board of accounts.

SECTION 5. IC 5-11-1-9, AS AMENDED BY P.L.157-2020, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 9. (a) The state examiner, personally or through the deputy examiners, field examiners, or private examiners, shall examine all accounts and all financial affairs of every audited entity. However, an examination of an entity under this subsection shall be limited to matters relevant to the use of the public money received by the entity.

**(b) If an examination of an audited entity is unable to be performed because the audited entity's accounts, records, files, or reports are not properly maintained or reconciled, the audited entity may be declared to be unauditabile. An audited entity that is declared unauditabile shall bring its accounts, records, files, or reports into an auditable condition within ninety (90) days. The state board of accounts shall publish a list of audited entities declared unauditabile on the state board of accounts' website.**

~~(b)~~ (c) An examination of an entity that is organized as a not-for-profit corporation deriving:

- (1) less than fifty percent (50%); or



(2) subject to subsection ~~(j); (j)~~, at least fifty percent (50%) but less than seven hundred fifty thousand dollars (\$750,000); of its disbursements during the period subject to an examination from appropriations, public funds, taxes, and other sources of public expense shall be limited to matters relevant to the use of the public money received by the entity.

~~(c)~~ **(d)** The examination of an entity ~~described in subsection (b)~~ may be waived by the state examiner if the state examiner determines that, ~~(1) in consideration of the applicable risk based examination criteria described in and approved under section 25 of this chapter; and~~

~~(2) based on submitted information;~~ **available information,** there are no compelling reasons to conclude that disbursements of public money during the period subject to examination were inconsistent with the purposes for which the money was received. However, the state examiner may revoke a waiver granted under this subsection if the state examiner determines that revocation of the waiver is **necessary appropriate** in accordance with the risk based examination criteria set forth in section 25 of this chapter. The state examiner shall communicate the determination to grant or revoke a waiver under this subsection to the entity in writing.

~~(d)~~ **(e)** Notwithstanding any other law, the:

- (1) Indiana economic development corporation created by IC 5-28-3 and the corporation's funds, accounts, and financial affairs shall be examined by the state board of accounts unless the examination is waived under subsection ~~(j); (k)~~; and
- (2) department of financial institutions established by IC 28-11-1-1 and the department's funds, accounts, and financial affairs shall be examined by the state board of accounts.

~~(e)~~ **(f)** On every examination under this section, inquiry shall be made as to the following:

- (1) The financial condition and resources of each audited entity.
- (2) Whether the laws of the state and the uniform compliance guidelines of the state board of accounts established under section 24 of this chapter have been complied with.
- (3) The methods and accuracy of the accounts and reports of the person examined.

The examinations may be made without notice.

~~(f)~~ **(g)** If during an examination of a state office or a body corporate and politic under this chapter the examiner encounters an inefficiency in the operation of the state office or the body corporate and politic, the examiner may comment on the inefficiency in the examiner's report.



~~(g)~~ **(h)** The state examiner, deputy examiners, any field examiner, or any private examiner, when engaged in making any examination or when engaged in any official duty devolved upon them by the state examiner, is entitled to do the following:

- (1) Enter into any state, county, city, township, or other public office in this state, or any entity, agency, or instrumentality, and examine any books, papers, documents, or electronically stored information for the purpose of making an examination.
- (2) Have access, in the presence of the custodian or the custodian's deputy, to the cash drawers and cash in the custody of the officer.
- (3) During business hours, examine the public accounts in any depository that has public funds in its custody pursuant to the laws of this state.

~~(h)~~ **(i)** The state examiner, deputy examiner, or any field examiner, when engaged in making any examination authorized by law, may issue subpoenas for witnesses to appear before the examiner in person or to produce books, papers, or other records (including records stored in electronic data processing systems) for inspection and examination. The state examiner, deputy examiner, or any field examiner may issue a subpoena to enforce the filing of the annual financial report. The state examiner, deputy examiner, and any field examiner may administer oaths and examine witnesses under oath orally or by interrogatories concerning the matters under investigation and examination. Under the authority of the state examiner, the oral examinations may be transcribed with the reasonable expense paid by the examined person in the same manner as the compensation of the field examiner is paid. The subpoenas shall be served by any person authorized to serve civil process from any court in this state. If a witness or officer duly subpoenaed refuses to attend, refuses to produce information required in the subpoena, or attends and refuses to be sworn or affirmed, or to testify when called upon to do so, the examiner may apply to the circuit court having jurisdiction of the witness or officer for the enforcement of attendance and answers to questions as provided by the law governing the taking of depositions or to enforce the filing of any report referred to in this subsection.

~~(i)~~ **(j)** The definitions in IC 20-24-1 apply throughout this subsection. Appropriations, public funds, taxes, and other sources of public money received by a nonprofit corporation as a charter school or organizer of a charter school for the purposes of a charter school may not be counted for the purpose of applying subsection ~~(b)(2)~~. **(c)(2)**. Unless the nonprofit corporation receives other public money



that would qualify the nonprofit corporation for a full examination of all accounts and financial affairs of the entity under subsection ~~(b)(2)~~; **(c)(2)**, an examination of a charter school or organizer of a charter school must be limited to matters relevant to the use of the public money received for the charter school. This subsection does not prohibit the state examiner, personally or through the deputy examiners, field examiners, or private examiners, from examining the accounts in which appropriations, public funds, taxes, or other sources of public money are applied that are received by a nonprofit corporation as a charter school or organizer of a charter school relating to the operation of the charter school.

~~(j)~~ **(k)** The state examiner may waive the examination of the Indiana economic development corporation and a nonprofit subsidiary corporation established under IC 5-28-5-13 if:

(1) an independent certified public accounting firm conducts an examination under IC 5-28-3-2(c) of:

(A) the Indiana economic development corporation and the Indiana economic development corporation's funds, accounts, and financial affairs; and

(B) the nonprofit subsidiary corporation;

for the year;

(2) the Indiana economic development corporation submits the examination report to the state board of accounts; and

(3) the state board of accounts reviews the examination report and determines that the examination and examination report comply with the uniform compliance guidelines, directives, and standards established by the state board of accounts.

~~(k)~~ **(l)** Notwithstanding the waiver of an examination of the Indiana economic development corporation and its nonprofit subsidiary corporation by the state examiner, the state board of accounts may examine the Indiana economic development corporation and its nonprofit subsidiary corporation at any time.

SECTION 6. IC 5-11-1-9.5, AS AMENDED BY P.L.209-2019, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 9.5. (a) An individual may report suspected malfeasance, misfeasance, or nonfeasance by:

**(1) a public office;**

~~(1)~~ **(2)** a public officer; or

~~(2)~~ **(3)** an individual who **handles, administers, or** has responsibility for administering public funds on behalf of an **audited** entity;

to the state board of accounts. The individual's identity is confidential



unless a civil proceeding is pending under IC 5-11-5-1(a) and the court orders disclosure.

~~(b)~~ The state examiner may not undertake an examination of a public office, officer, entity, or institution based on the allegation of an individual, organization, entity, or institution that a violation of the law has occurred unless:

(1) the individual or representative of the organization, entity, or institution makes the allegation in the form of a sworn statement that the individual or representative believes the allegation to be true; or

(2) the state examiner has probable cause to believe that a violation of the law has occurred.

~~(c)~~ ~~(b)~~ A public office, officer, entity, or institution may not retaliate against an employee of the state or a political subdivision for making a report under subsection (a). or a sworn statement described in subsection ~~(b)~~:

~~(d)~~ ~~(c)~~ An individual who has been discharged, demoted, suspended, threatened, harassed, or otherwise discriminated against by the individual's employer in the terms and conditions of employment as a result of the individual's good faith reporting actions under this section is entitled to all relief necessary to make the individual whole.

~~(e)~~ ~~(d)~~ Relief under subsection ~~(d)~~ ~~(c)~~ for an individual bringing an action against a person who is not a state officer or state agency includes the following:

(1) Reinstatement with the same seniority status the individual would have but for the act described in subsection ~~(d)~~; ~~(c)~~.

(2) Two (2) times the amount of back pay that is owed to the individual.

(3) Interest on the back pay that is owed to the individual.

(4) Compensation for any special damages sustained by the individual as a result of the act described in subsection ~~(d)~~; ~~(c)~~, including costs and expenses of litigation and reasonable attorney's fees.

~~(f)~~ ~~(e)~~ An individual may bring an action against a person who is not a state officer or state agency for the relief provided in this section in a court with jurisdiction.

SECTION 7. IC 5-11-1-9.7 IS REPEALED [EFFECTIVE JULY 1, 2023]. Sec. 9.7: (a) The state examiner, personally or through the deputy examiners, field examiners, or private examiners, shall examine the division under IC 13-21-4-4 of the responsibility for legal obligations entered into by a joint solid waste management district upon the withdrawal or removal of a county from the district.





(b) Not later than one hundred twenty (120) days after the effective date of the withdrawal or removal, the state examiner shall issue a report of the examination under subsection (a) to:

- (1) the board of directors of the joint solid waste management district; and
- (2) the executive of the county that withdrew or was removed from the joint solid waste management district.

(c) A report under this section may be used as evidence in an action seeking to enforce the payment of legal obligations entered into by a joint solid waste management district.

SECTION 8. IC 5-11-1-15 IS REPEALED [EFFECTIVE JULY 1, 2023]. Sec. 15: (a) The state examiner, deputy examiners, and field examiners shall each give bond for the faithful performance of the examiner's duties in an amount determined by the audit committee and based on applicable risk considerations. However, field examiners may be covered by a blanket bond or crime insurance policy endorsed to include faithful performance under IC 5-4-1-15.1 subject to approval of the audit committee and state examiner.

(b) The commissioner of insurance shall prescribe the form of the bonds or crime policies required by this section.

SECTION 9. IC 5-11-1-24.4, AS AMENDED BY THE TECHNICAL CORRECTIONS BILL OF THE 2023 GENERAL ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 24.4. (a) This section applies only to an audited entity (excluding a college or university (as defined in IC 21-7-13-10)) that has:

- (1) an internal control officer; and
- (2) an internal control department;

established by the legislative body of the audited entity. However, the requirements of this section do not apply to a consolidated city that hires an internal auditor or an independent certified public accountant, or both, as authorized under IC 36-3-4-24 to examine the books and records of the consolidated city.

(b) An audited entity may request in writing that the state board of accounts authorize the audited entity to:

- (1) opt out of examinations by the state board of accounts; and
- (2) engage a certified public accountant to conduct the examinations.

The request must be approved by resolution adopted by the legislative body for the audited entity.

(c) The state board of accounts shall, not more than sixty (60) days after receiving a written request under subsection (b):

**HEA 1041 — Concur**



- (1) acknowledge receipt of the request; and
- (2) notify the requesting audited entity that the request is:
  - (A) approved; or
  - (B) disapproved.
- (d) The state board of accounts shall approve a request under subsection (b) by an audited entity if the state examiner determines that:
  - (1) within the last six (6) years, the state board of accounts has not issued an examination or special investigation report critical of the audited entity's internal controls and there have been no reports under section 9.5 of this chapter;**
  - ~~(1)~~ **(2)** the audited entity filed the written request under subsection (b) with the state board of accounts more than one hundred eighty (180) days before the beginning of the audited entity's fiscal year;
  - ~~(2)~~ **(3)** the audited entity selects the certified public accountant in accordance with the selection procedure under this section;
  - ~~(3)~~ **(4)** the certified public accountant selected by the audited entity is:
    - (A) licensed in Indiana; and
    - (B) qualified to conduct examinations in accordance with the government auditing standards adopted by the state board of accounts;
  - ~~(4)~~ **(5)** the certified public accountant's examination shall:
    - (A) be conducted in accordance with the guidelines established by the state board of accounts; and
    - (B) make findings regarding the audited entity's compliance with the uniform compliance guidelines established by the state board of accounts;
  - ~~(5)~~ **(6)** the certified public accountant's examination is paid for by the audited entity; and
  - ~~(6)~~ **(7)** the certified public accountant's examination of the audited entity includes:
    - (A) all associated component units;
    - (B) audits required or necessary for federal financial assistance;
    - (C) findings of noncompliance with state law and uniform compliance guidelines as required by IC 5-11-5-1; and
    - (D) a separate report in accordance with the guidelines established by the state board of accounts for any items of noncompliance identified.
- (e) The audited entity must use the following selection procedures:



(1) The legislative body of the audited entity shall establish an audit committee to facilitate the selection of a certified public accountant. The audit committee shall be composed of the following three (3) members:

(A) One (1) member of the legislative body appointed by the legislative body.

(B) One (1) certified public accountant appointed by the legislative body who is not the fiscal officer or an employee of the audited entity.

(C) One (1) person appointed by the executive of the audited entity who is qualified due to an involvement with financial matters, and who is not the fiscal officer or an employee of the audited entity.

Each member shall be appointed for a three (3) year term and shall serve without compensation. However, a member appointed under ~~subdivision (1)(A)~~ **clause (A)** who ceases to hold the office of legislative body member ceases to be a member of the audit committee. A member may not have a contractual relationship, financial interest, or political affiliation with the certified public accountant selected.

(2) The audit committee established under subdivision (1) shall do the following:

(A) Establish factors to evaluate the audit services provided by a certified public accountant, including:

- (i) experience;
- (ii) ability to perform the required services;
- (iii) capability to follow the guidelines and standards adopted by the state board of accounts;
- (iv) ability to timely complete all necessary components of the examination; and
- (v) any other factors considered necessary by the audit committee.

(B) Publish notice of a request for proposals under IC 5-3-1 that includes:

- (i) a brief description of the audit requirements;
- (ii) a time frame;
- (iii) application procedures;
- (iv) evaluation criteria; and
- (v) any other items considered necessary by the audit committee.

(C) Evaluate the proposals submitted by qualified certified public accountants. If compensation is a factor established



under clause (A), it may not be the sole factor used to evaluate proposals.

(D) Rank and recommend in order of preference not fewer than three (3) certified public accountants considered most highly qualified on the factors established under clause (A). If fewer than three (3) certified public accountants respond to the request for proposals, the audit committee shall recommend the remaining qualified certified public accountants in order of preference.

(3) The legislative body of the audited entity shall select a qualified certified public accountant from the list recommended by the audit committee and shall negotiate a contract with the certified public accountant using one (1) of the following methods:

(A) If compensation is a factor established under subdivision (2)(A), the legislative body shall:

- (i) select; or
- (ii) document the reason for not selecting;  
the highest ranked certified public accountant.

(B) If compensation is not a factor established under subdivision (2)(A), the legislative body shall negotiate a contract with the highest ranked qualified certified public accountant. If unable to negotiate a satisfactory contract with the highest ranked qualified certified public accountant, the legislative body shall:

- (i) formally terminate negotiations; and
- (ii) negotiate with the second highest ranked certified public accountant.

Negotiations with the other ranked certified public accountants shall be undertaken in the same manner. The legislative body may reopen formal negotiations with any of the top three (3) ranked certified public accountants but may not negotiate with more than one (1) certified public accountant at a time.

(C) The legislative body may select a certified public accountant recommended by the audit committee and negotiate a contract using an appropriate alternative negotiation method for which compensation is not the sole or predominant factor.

(D) In negotiations with a certified public accountant, the legislative body may allow a designee, who is not the fiscal officer of the audited entity, to conduct negotiations on its behalf.



(4) If the legislative body is unable to negotiate a satisfactory contract with any of the recommended certified public accountants, the audit committee shall recommend additional certified public accountants, and negotiations shall continue in accordance with this section until an agreement is reached.

(5) The procurement of audit services shall be evidenced by a written contract embodying all provisions and conditions. For purposes of this section, an engagement letter signed and executed by both parties shall constitute a written contract. The written contract shall include the following provisions:

(A) Specification of services to be provided and fees or other compensation for the services.

(B) Invoices for fees or other compensation shall be submitted in sufficient detail to demonstrate compliance with the terms of the contract.

(C) Specification of the contract period and conditions under which the contract may be terminated or renewed.

(D) The certified public accountant shall perform the examination in accordance with:

(i) the guidelines and standards adopted by the state board of accounts;

(ii) auditing standards generally accepted in the United States; and

(iii) if applicable, government auditing standards, Office of Management and Budget Circular A-133, 2 CFR 200, and any other guidelines required by the industry.

(E) If the certified public accountant discovers or suspects instances of fraud, abuse of public funds, or the commission of a crime, the certified public accountant shall notify the state board of accounts:

(i) immediately; and

(ii) before disclosing the discovery or suspicion to the audited entity.

(F) The certified public accountant shall deliver the completed examination report to the state board of accounts:

(i) at the same time as the audited entity; and

(ii) not later than thirty (30) days after completion of the examination.

The report shall be in a readable format prescribed by the state board of accounts.

(G) All work papers supporting the examination report shall be available for review by the state board of accounts.



(6) If a legislative body of an audited entity renews a written contract with a certified public accountant that was entered into in accordance with this section, the legislative body may renew the contract without complying with the selection procedures in this subsection.

(f) The certified public accountant must deliver the completed examination report to the state board of accounts not later than thirty (30) days after completion of the examination. The state board of accounts shall review the examination report and may:

- (1) ask questions of the certified public accountant;
- (2) review the examination work papers; and
- (3) take any other actions necessary to verify that the guidelines and standards adopted by the state board of accounts have been satisfied.

(g) If the certified public accountant's examination:

- (1) satisfies the guidelines and standards adopted by the state board of accounts, the state examiner shall publicly file the examination report under IC 5-11-5-1; or
- (2) fails to satisfy the guidelines and standards adopted by the state board of accounts:
  - (A) the state board of accounts shall perform the audit; and
  - (B) the audited entity shall reimburse the state board of accounts for the actual and direct cost of performing the examination.

(h) An audited entity that ~~engages~~ **requests** a certified public accountant under this section shall reimburse the state board of accounts for all direct and indirect costs incurred by the state board of accounts for any technical assistance and support requested by the audited entity.

(i) An audited entity may terminate the use of a certified public accountant engaged under this section if:

- (1) the termination is approved by resolution adopted by the legislative body of the audited entity; and
- (2) written notice of the termination is provided to the state board of accounts more than one hundred eighty (180) days before the beginning of the audited entity's fiscal year.

**(j) The state board of accounts may terminate its approval of the use of a certified public accountant engaged under this section if any requirement under this article is no longer met.**

~~(j)~~ **(k)** Conducting an examination of an audited entity by a certified public accountant does not prohibit the state board of accounts from conducting a compliance review of the audited entity or an examination



under section 9.5 of this chapter on the schedule determined by the state board of accounts.

SECTION 10. IC 5-11-1-26 IS REPEALED [EFFECTIVE JULY 1, 2023]. Sec. 26: (a) If a state office, municipality, or other entity has authority to contract for the construction, reconstruction, alteration, repair, improvement, or maintenance of a public work, the state board of accounts shall include in each examination report concerning the state office, municipality, or entity:

- (1) an opinion concerning whether the state office, municipality, or entity has complied with IC 5-16-8; and
- (2) a brief description of each instance in which the state office, municipality, or entity has exercised its authority under IC 5-16-8-2(b) or IC 5-16-8-4.

(b) If a municipality or a county 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 municipality or county:

- (1) An opinion concerning whether the municipality or county has complied with IC 36-1-12-3 for each public work performed by the entity's own workforce.
- (2) A brief description of each public work that the municipality or county has performed with its own workforce under IC 36-1-12-3, including a calculation of the actual cost of each public work under IC 36-1-12-3.
- (3) An opinion concerning whether the municipality or county has complied with IC 36-1-12-19 in calculating the actual costs of a public work project performed under IC 36-1-12-3.

(c) If a state agency performs a public work by means of its own workforce under IC 4-13.6-5-4, the state board of accounts shall include the following in each examination report concerning the agency:

- (1) An opinion concerning whether the agency has complied with IC 4-13.6-5-4 for each public work performed by the agency's own workforce.
- (2) A brief description of each public work that the agency has performed with its own workforce under IC 4-13.6-5-4, including a calculation of the actual cost of each public work under IC 4-13.6-5-4.
- (3) An opinion concerning whether the agency has complied with IC 4-13.6-5-4(c) in calculating the actual costs of a public work project performed under IC 4-13.6-5-4.

(d) If a state educational institution performs a public work by



means of its own workforce under IC 5-16-1-1.5, the state board of accounts shall include the following in each examination report concerning the state educational institution:

- (1) An opinion concerning whether the state educational institution has complied with IC 5-16-1-1.5 for each public work performed by the state educational institution's own workforce.
- (2) A brief description of each public work that the state educational institution has performed with its own workforce under IC 5-16-1-1.5, including a calculation of the actual cost of each public work under IC 5-16-1-1.5.
- (3) An opinion concerning whether the state educational institution has complied with IC 5-16-1-1.5 in calculating the actual costs of a public work project performed under IC 5-16-1-1.5.

(e) The state board of accounts may exercise any of its powers under this chapter concerning public accounts to carry out this section, including the power to require a uniform system of accounting or the use of forms prescribed by the state board of accounts.

SECTION 11. IC 5-11-4-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 2. Traveling expenses of field examiners shall be allowed and paid on the same basis as provided by law for other state officers and employees when engaged on assignments outside the county of their actual residence during the full period of such assignment: Provided, That examiners working outside of the county of their actual residence and returning to their homes daily shall be allowed transportation expense at the rate established by the budget committee for other state officers and employees: Provided, further, That the same transportation expense may be allowed examiners when required to travel within the county of their actual residence while engaged in two (2) or more separate assignments: Claims for such compensation and traveling expense, when approved by the state examiner, shall be filed with the auditor of state monthly, who shall draw his warrant in payment of same.

SECTION 12. IC 5-11-5-1, AS AMENDED BY P.L.157-2020, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 1. (a) Whenever an examination is made under this article, a report of the examination shall be made. The report must include a list of findings and shall be signed and verified by the examiner making the examination. A finding that is critical of an examined entity must be based upon one (1) of the following:

- (1) Failure of the entity to observe a uniform compliance guideline established under IC 5-11-1-24(a).

**HEA 1041 — Concur**





## (2) Failure of the entity to comply with a specific law.

A report that includes a finding that is critical of an examined entity must designate the uniform compliance guideline or the specific law upon which the finding is based. Except as provided in subsection (g), the state board of accounts may ~~also~~ issue confidential management letters, based on professional auditing standards, to an audited entity (as defined in section 1.5(a) of this chapter) in a situation involving noncompliance that does not result in the establishment of a corrective action plan but that must be brought to the attention of the audited entity's governing body. If issues addressed in the confidential management letter become part of a finding in the subsequent audit period, it shall be noted in the public report. ~~The reports shall immediately be filed with the state examiner, and, after inspection of the report, the state examiner shall immediately file one (1) copy of the report with the officer or person entity examined, one (1) copy with the auditing department of the municipality examined and reported upon (if the subject of the report is a municipality), in an electronic format on a public website, and one (1) copy in an electronic format under IC 5-14-6 with the legislative services agency, as staff to the audit committee and the general assembly. Upon filing, the report becomes a part of the public records of the office of the state examiner, of the office or the person examined, of the auditing department of the municipality examined and reported upon, and of the legislative services agency, as staff to the audit committee and the general assembly.~~ A report is open to public inspection at all reasonable times after it is filed. If an examination discloses malfeasance, misfeasance, or nonfeasance in office or of any officer or employee, a copy of the report, signed and verified, shall be placed by the state examiner with the attorney general and the inspector general. The attorney general shall diligently institute and prosecute civil proceedings against the ~~delinquent officer or employee,~~ **persons or entities charged in such report**, or upon the officer's or employee's official bond, or both, and against any other proper person that will secure to the state or to the proper municipality the recovery of any funds misappropriated, diverted, or unaccounted for.

(b) Before an examination report is signed, verified, and filed as required by subsection (a), the officer or the chief executive officer of the state office, municipality, or entity examined must have an opportunity to review the report and to file with the state examiner a written response to that report. If a written response is filed, it becomes a part of the examination report that is signed, verified, and filed as required by subsection (a). As part of the review of the examination



report, the state examiner shall hold a gathering of the officer or chief executive officer of the state office, municipality, or entity examined, any employees or agents of the state office, municipality, or entity examined who are requested to attend by the officer or chief executive officer of the state office, municipality, or entity examined, and the members of the legislative and fiscal bodies of the municipality or entity examined. Such a gathering is referred to as an "exit conference" for purposes of this subsection. The following apply to an exit conference:

- (1) All information discussed and materials presented or delivered by any person during an exit conference are confidential and may not be discussed or shared publicly until the earliest of the occurrences set forth in subsection (g). However, the information discussed and materials presented or delivered during an exit conference may be shared with an officer, employee, consultant, adviser, or attorney of the officer or chief executive officer of the state office, municipality, or entity examined who was not present at the exit conference. An individual with whom information and materials are shared must maintain the confidentiality of the information and materials as provided in this subdivision until the earliest of the occurrences set forth in subsection (g).
- (2) An individual attending an exit conference may not electronically record the exit conference.
- (3) If a majority of a governing body (as defined in IC 5-14-1.5-2(b)) is present during an exit conference, the governing body shall be considered in an executive session under IC 5-14-1.5. However, the governing body has no obligation to give notice as prescribed by IC 5-14-1.5-5 when it participates in the exit conference.
- (4) If the state examiner determines after the exit conference that additional actions must be undertaken by a deputy examiner, field examiner, or private examiner with respect to information discussed or materials presented at the exit conference, the state examiner may call for an additional exit conference to be held.
- (5) ~~Not more than thirty (30) days after the initial exit conference is held under this subsection, the legislative body of the municipality or entity examined and reported upon may adopt a resolution, approved by at least a two-thirds (2/3) vote of the legislative body, requesting that an additional exit conference be held. The legislative body shall notify the state board of accounts if the legislative body adopts a resolution under this subdivision.~~ If a legislative body adopts a resolution under this subdivision, the



state board of accounts shall conduct an additional exit conference not more than sixty (60) days after the state board of accounts receives notice of the adoption of the resolution. The municipality or entity examined must pay the travel and staff costs incurred by the state board of accounts in conducting an additional exit conference under this subdivision.

(6) Except as provided in subdivision (7), a final report under subsection (a) may not be issued earlier than forty-five (45) days after the initial exit conference is held under this subsection.

(7) If:

(A) the state examiner does not call for an additional exit conference to be held as described in subdivision (4); and

(B) the:

(i) legislative body of the municipality or entity examined and reported upon provides written notice to the state examiner that the legislative body waives an additional exit conference described in subdivision (5); or

(ii) state examiner determines that a final report under subsection (a) must be issued as soon as possible;

the final report may be issued earlier than forty-five (45) days after the initial exit conference is held under this subsection.

(c) Except as provided by subsections (b), (d), and (e), it is unlawful for any person, before an examination report is made public as provided by this section, to make any disclosure of the result of any examination of any public account, except:

(1) to the state examiner;

(2) if directed to give publicity to the examination report by the state examiner or by any court;

(3) to another deputy examiner, field examiner, or private examiner engaged in conducting the examination; or

(4) if directed by the state examiner, to the chair of the audit committee or the members of the audit committee acting in executive session; or both.

If an examination report shows or discloses the commission of a crime by any person, it is the duty of the state examiner to transmit and present the examination report to the prosecuting attorney of the county in which the crime was committed. The state examiner shall furnish to the prosecuting attorney all evidence at the state examiner's command necessary in the investigation and prosecution of the crime.

(d) If, during an examination under this article, a deputy examiner, field examiner, or private examiner acting as an agent of the state examiner determines that the following conditions are satisfied, the



examiner shall report the determination to the state examiner:

(1) A substantial amount of public funds has been misappropriated or diverted.

(2) The deputy examiner, field examiner, or private examiner acting as an agent of the state examiner has a reasonable belief that the malfeasance or misfeasance that resulted in the misappropriation or diversion of the public funds was committed by the officer or an employee of the office or entity.

(e) After receiving a preliminary report under subsection (d), the state examiner may provide a copy of the report to the attorney general. The attorney general may institute and prosecute civil proceedings against the ~~delinquent officer or employee~~, **persons or entities charged in such report**, or upon the officer's or employee's official bond, or both, and against any other proper person that will secure to the state or to the proper municipality the recovery of any funds misappropriated, diverted, or unaccounted for.

(f) In an action under subsection (e), the attorney general may attach the defendant's property under IC 34-25-2.

(g) Except as permitted in this section, the information and materials that are part of an exit conference under subsection (b), **and** the results of an examination **or investigation**, including a preliminary report under subsection (d), are confidential until the occurrence of the earliest of the following:

(1) The final report is made public under subsection (a).

~~(2) The results of the examination are publicized under subsection (c)(2).~~

~~(2)~~ **(2)** The attorney general institutes an action under subsection (e) on the basis of the preliminary report.

**(3) The results of an examination or investigation are published by direction of the state examiner or any court.**

(h) Except as permitted in this section, an individual, a public agency (as defined in IC 5-14-3-2), a public employee, a public official, or an employee or officer of a contractor or subcontractor of a public agency that knowingly or intentionally discloses information in violation of subsection (b) or (g), regardless of whether the information is received orally or by any other means, is subject to the following:

(1) A public agency (as defined in IC 5-14-3-2), a public employee, a public official, or an employee or officer of a contractor or subcontractor of a public agency commits a Class A infraction under IC 5-14-3-10.

(2) If the disclosure is by a person who is not described in subdivision (1), the person commits a Class A infraction.



(i) Unless in accordance with a judicial order or as otherwise provided in this section, the state board of accounts or its employees, former employees, counsel, or agents, or any other person may not divulge the examination workpapers and investigation records of a deputy examiner, a field examiner, or a private examiner acting as an agent of the state examiner, except to:

- (1) employees and members of the state board of accounts;
- (2) the audit committee;
- (3) law enforcement officers, the attorney general, a prosecuting attorney, or any other legal representative of the state in any action with respect to the misappropriation or diversion of public funds;
- (4) an authorized representative of the United States;
- (5) a successor examiner or auditor, in accordance with applicable professional auditing standards; or
- (6) another individual for any other factor that constitutes good cause as set forth in criteria established by the state examiner and approved by the audit committee.

(j) An individual described in subsection (i)(3) or (i)(4) who receives examination workpapers and investigation records described in subsection (i) may divulge the workpapers and records in any action with respect to the misappropriation or diversion of public funds.

SECTION 13. IC 5-11-5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 4. Any action brought by the attorney general, as provided in this article, may be brought in the name, as plaintiff, of the state of Indiana, or such municipality or subdivision of the state of Indiana as it may appear is entitled to recover moneys or to secure other relief under such action. If the action is brought on an official bond or official bonds, the cause may be brought in the name of the state of Indiana on the relation of such plaintiff. In an action against a township trustee, or ex-township trustee, or upon his official bond, both the civil and school corporations may be named as plaintiff or relator in the same action, and recovery may be had for the aggregate amount due both corporations, but the court or jury trying the case shall, in the finding or verdict, state the amount due each corporation. In an action where a board of commissioners is plaintiff or relator, the plaintiff shall be entitled to recover against the delinquent officer or ex-officer, or upon his official bond or bonds, all such amounts as would be recoverable under all the laws of this state, including this chapter, in any or all actions by or upon the relation of the board of commissioners, or by or upon the relation of any county officer or other person authorized to sue for whatever funds, or for any



funds of which it is the custodian and with which it is chargeable; and in case any of the funds so recovered are school funds, the court or jury trying the case shall find and state the amount thereof. In any action brought under this article, the plaintiff shall be entitled to recover, in addition to the amount misappropriated, diverted, or unaccounted for, all such **examination costs and** penalties and interest as might be recoverable under laws other than this chapter.

The term *municipality*, as used in this article, shall be construed to extend to, include and mean any county; township; city; town; school corporation; special taxing district or other political subdivision of Indiana.

SECTION 14. IC 5-11-5-8 IS REPEALED [EFFECTIVE JULY 1, 2023]. Sec. 8: (a) Upon request of a public library, the state examiner shall file with the library (without cost to the library) a copy of each report of an examination concerning a municipality; state agency; public hospital; license branch, or other entity that is located in the same county as the library. The request must be in writing:

(b) This section does not require the state examiner to:

(1) file copies of reports completed before the receipt of a request;

or

(2) file a copy of any report with more than one (1) public library located in the same county.

(c) Copies of reports filed under this section are open to public inspection during hours that the library is open to the public.

(d) After a library has been granted a request to receive copies of reports under this section, the library may continue as the repository for those reports if it files an annual renewal of its request in writing with the state board of accounts before January 15 of each year.

SECTION 15. IC 5-11-6-1, AS AMENDED BY P.L.136-2012, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 1. (a) The state examiner, personally or through the deputy examiners, field examiners, or private examiners, upon the petition of twenty-five (25) interested taxpayers showing that effective local relief has not and cannot be obtained after due effort, shall make the inquiries, tests, examinations, and investigations that may be necessary to determine whether:

(1) any public contract has been regularly and lawfully executed and performed; or

(2) any public work, building, or structure has been or is being performed, built, or constructed in accordance with the terms and provisions of the contract, and in compliance with the plans and specifications, if any.



Upon a written petition of twenty-five (25) taxpayers, the state examiner may also require all plans, specifications, and estimates to be submitted to the state examiner for corrections and approval before a contract is awarded.

(b) The state examiner, deputy examiner, and any field examiner, when engaged in making an inquiry, test, examination, or investigation under subsection (a), is entitled to examine and inspect any public records, documents, data, contracts, plans, and specifications contained or found in any public office or other place pertaining or relating to the public contract or public work, building, or structure. In addition, subpoenas may be issued to witnesses to appear before the examiner in person or to produce books and papers for inspection and examination. The state examiner, deputy, field, and private examiner may administer oaths and examine witnesses under oath either orally or by interrogatories on all matters under examination and investigation. Under order of the state examiner, the examination may be transcribed, with the reasonable expense paid by the municipality in the same manner as the compensation of the field examiner is paid.

(c) The state examiner, the deputy examiner, and a field examiner may enforce attendance and answers to questions and interrogatories, as provided by law, with respect to examinations and investigations made by the state examiner, deputy examiner, field examiner, or private examiner of public offices.

(d) The state examiner, deputy examiner, any field examiner, and any private examiner, when making an examination or investigation under subsection (a), shall examine, inspect, and test the public works, buildings, or structures in the manner that the examiner sees fit to determine whether it is being performed, built, or constructed according to the contract and plans and specifications.

(e) The state examiner shall file a report covering any examination or investigation that discloses:

- (1) fraud, collusion, misconduct, or negligence in the letting or the execution of any public contract or in the performance of any of the terms and conditions of any public contract; or
- (2) any failure to comply with the terms or conditions of any public contract in the construction of any public work, building, or structure or to perform, build, or construct it according to the plans and specifications, if any, provided in the contract; that causes loss, injury, waste, or damage to the state, the municipality, taxing or assessment district, other public entity, or to its citizens, if it is enforceable by assessment or taxation.

(f) The report must meet the following requirements:

**HEA 1041 — Concur**



(1) The report must be made, signed, and verified in quadruplicate by the examiner making the examination.

(2) The report shall be filed promptly with the state examiner.

After inspection of the report, the state examiner shall file a copy of the report promptly with the attorney general and the inspector general.

(g) The attorney general shall diligently institute and prosecute civil proceedings against any or all officers, individuals, and persons in the form and manner that the attorney general determines will secure a proper recovery to the state, municipality, taxing or assessment district, or other public entity injured, defrauded, or damaged by the matters in the report. These prosecutions may be made by the attorney general and the recovery may be had, either upon public official bonds, contractors' bonds, surety or other bonds, or upon individual liability, either upon contract or in tort, as the attorney general determines is wise. No action or recovery in any form or manner, or against any party or parties, precludes further or additional action or recovery in any other form or manner or against another party, either concurrently with or later found necessary, to secure complete recovery and restitution with respect to all matters exhibited, set out, or described in the report. The suits may be brought in the name of the state on the relation of the attorney general for the benefit of the state, or the municipality, taxing or assessment district, or other public entity that may be proper. The actions brought against any defendants may be joined, as to parties, form, and causes of action, in the manner that the attorney general decides.

(h) Any report described in this ~~section~~ **article** or a copy duly certified by the state examiner shall be taken and received in any and all courts of this state as prima facie evidence of the facts stated and contained in the reports.

(i) If an examination, investigation, or test is made without a petition being first filed and the examination, investigation, or test shows that the terms of the contract are being complied with, then the expense of the examination, investigation, or test shall be paid by the state upon vouchers approved by the state examiner from funds available for contractual service of the state board of accounts. If such a report shows misfeasance, malfeasance, or nonfeasance in public office or shows that the terms of the plans and specifications under which a contract has been awarded are not being complied with, it is unlawful to make the report public until the report has been certified to the attorney general.

~~(j) If, during an examination under this article, a deputy examiner, field examiner, or private examiner acting as an agent of the state~~





examiner determines that all of the following conditions are satisfied; the examiner shall report the determination to the state examiner:

(1) A substantial amount of public funds has been misappropriated or diverted.

(2) The deputy examiner, field examiner, or private examiner acting as an agent of the state examiner has a reasonable belief that the malfeasance or misfeasance that resulted in the misappropriation or diversion of public funds was committed by the officer or an employee of the office.

(k) After receiving a preliminary report under subsection (j); the state examiner may provide a copy of the report to the attorney general. The attorney general may institute and prosecute civil proceedings against the delinquent officer or employee, or upon the officer's or employee's official bond, or both, and against any other proper person that will secure to the state or to the proper municipality the recovery of any funds misappropriated, diverted, or unaccounted for.

(l) In an action under subsection (k); the attorney general may attach the defendant's property under IC 34-25-2.

(m) A preliminary report under subsection (j) is confidential until the final report under subsection (e) is issued; unless the attorney general institutes an action under subsection (k) on the basis of the preliminary report.

SECTION 16. IC 5-11-7-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 1. When, under the provisions of this article, any report or reports are certified to the attorney general by the state examiner of the state board of accounts charging any public official, any former public official, and/or any other **person party** named in such report with having **illegally improperly** received, and/or having **illegally improperly** retained, and/or failed to account for and pay over any money so received, and/or having **illegally improperly** expended public moneys or any moneys placed in custody of such public official, **or** former public official, **employee, or other party, by authority of law**; and the attorney general brings an action for the recovery of such moneys, such action shall be brought in the name of the state of Indiana upon the relation of the attorney general as plaintiff. **If the attorney general brings an action against an official bond, official bonds, or crime insurance policy, the cause may be brought in the name of the state of Indiana upon the relation of the attorney general as plaintiff.**

SECTION 17. IC 5-28-3-2, AS AMENDED BY P.L.209-2019, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 2. (a) The corporation is a body politic and



corporate, not a state agency but an independent instrumentality exercising essential public functions.

(b) Except as provided in ~~IC 5-11-1-9(j)~~, **IC 5-11-1-9(k)**, the corporation and the corporation's funds, accounts, and financial affairs shall be examined by the state board of accounts.

(c) The board may engage an independent certified public accounting firm to conduct an examination of:

- (1) the corporation and the corporation's funds, accounts, and financial affairs; and
- (2) a nonprofit subsidiary corporation established under IC 5-28-5-13.

The examination must comply with the uniform compliance guidelines, directives, and standards established by the state board of accounts. If an independent certified public accounting firm conducts an examination, the corporation shall submit a copy of the examination report to the state board of accounts not later than the next date on which the corporation is required to file its financial reports under IC 5-11-1-4.

SECTION 18. IC 5-28-5-13, AS AMENDED BY P.L.209-2019, SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 13. (a) Notwithstanding section 12 of this chapter, the board may establish a nonprofit subsidiary corporation to solicit and accept private sector funding, gifts, donations, bequests, devises, and contributions.

(b) A subsidiary corporation established under this section:

- (1) must use money received under subsection (a) to carry out in any manner the purposes and programs under this article;
- (2) must report to the budget committee each year concerning:
  - (A) the use of money received under subsection (a); and
  - (B) the balances in any accounts or funds established by the subsidiary corporation; and
- (3) may deposit money received under subsection (a) in an account or fund that is:
  - (A) administered by the subsidiary corporation; and
  - (B) not part of the state treasury.

(c) Except as provided in ~~IC 5-11-1-9(j)~~, **IC 5-11-1-9(k)**, the state board of accounts shall audit a subsidiary corporation established under this section.

SECTION 19. IC 13-21-4-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2023]: Sec. 4. (a) Except as provided in subsection (c), if a county withdraws from or is removed from a joint district that consists of more than two (2) counties, the



county is responsible for its share of the legal obligations:

- (1) entered into by the joint district before the September 20 that last precedes the date the identical resolutions adopted under section 2 of this chapter for the county's withdrawal or removal from the joint district take effect; and
- (2) payable before the second January 1 that succeeds the September 20 referred to in subdivision (1).

(b) The legal obligations referred to in subsection (a) include the following:

- (1) Contracts entered into by the joint district.
- (2) Repayment of loan agreements entered into by the joint district.
- (3) Payment of bonds issued by the joint district.
- (4) Any other legal obligation entered into by the joint district.

(c) If a joint district consists of more than two (2) counties, the county executive of the county that withdraws or is removed from the joint district and the board of the joint district shall ~~not more than sixty (60) days after the date the state examiner issues a report under IC 5-11-1-9.7(b) with respect to the withdrawal or removal;~~ enter into a written agreement that specifies the legal obligations of the county and the joint district after the date the identical resolutions adopted under section 2 of this chapter for the withdrawal or removal of the county take effect. A copy of the agreement shall be submitted to the commissioner.

(d) If a joint district consists of only two (2) counties:

- (1) each county is responsible for its share of the legal obligations entered into by the joint district before the date the joint district is dissolved; and
- (2) the county executive of each county shall enter into a written agreement concerning the division of the joint district's assets.

A copy of the agreement shall be submitted to the commissioner.



---

Speaker of the House of Representatives

---

President of the Senate

---

President Pro Tempore

---

Governor of the State of Indiana

Date: \_\_\_\_\_ Time: \_\_\_\_\_

**HEA 1041 — Concur**

