

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: All Political Subdivisions
FROM: Brian E. Bailey, Commissioner
RE: Debt Reporting
DATE: July 11, 2012

BEB

Introduction

On March 19, 2012, Governor Mitch Daniels signed into law House Enrolled Act 1072 ("HEA 1072"). Sections 4 through 7 respectively amend IC 5-1-18-6 through IC 5-1-18-9, effective July 1, 2012, to implement new debt reporting procedures.

Obligation to File a Debt Issuance Report

Pursuant to IC 5-1-18-6, as amended by Section 4 of HEA 1072, a political subdivision that issues bonds or enters into a lease after December 31, 2005, must supply the Department of Local Government Finance ("Department") with a debt issuance report not later than one month after the date on which the bonds are issued or the lease is executed.

Content and Submission of Report; Failure to File Report

Indiana Code 5-1-18-7, as amended by Section 5 of HEA 1072, provides that the debt issuance report must be submitted electronically, in the manner prescribed by the Department. The Department hereby prescribes that the report must be submitted through Gateway Debt Management and include the following information concerning bonds:

- 1) the par value of the bond issue;
- 2) a schedule of maturities and interest rates;
- 3) the purposes of the bond issue;
- 4) the itemized costs of issuance information, including fees for bond counsel, other legal counsel, underwriters, and financial advisors;
- 5) the type of bonds that are issued; and
- 6) other information as required by the Department.

A copy of the official statement and bond covenants, if any, must be supplied with this information and must be submitted through Gateway Debt Management, as well.

Similarly, IC 5-1-18-8, as amended by Section 6 of HEA 1072, provides that lease information required by IC 5-1-18-6 must be submitted on a form prescribed by the Department and include the following information concerning leases:

- 1) the term of the lease;
- 2) the annual and total amount of lease rental payments due under the lease;
- 3) the purposes of the lease;
- 4) the itemized costs incurred by the political subdivision with respect to the preparation and execution of the lease, including fees for legal counsel and other professional advisors;
- 5) if all or part of the lease rental payments are used by the lessor as debt service payments for bonds issued for the acquisition, construction, renovation, improvement, expansion, or use of a building, structure, or other public improvement for the political subdivision:
 - A) the name of the lessor;
 - B) the par value of the bond issue; and
 - C) the purposes of the bond issue; and
- 6) other information as required by the Department.

A political subdivision or a person acting on its behalf must submit the debt issuance report information to the Department electronically in the manner prescribed by the Department. The Department hereby prescribes that the report be submitted through Gateway Debt Management.

For taxes due and payable for an assessment date after January 15, 2012, the Department cannot approve an appropriation or a property tax levy that is associated with a debt unless the debt issuance report for the debt has been submitted to the Department. The Department may, for good cause, waive this obligation and approve an appropriation or a property tax levy, notwithstanding the political subdivision's failure to submit a required debt issuance report.

Debt Reporting before January 1, 2013; Indebtedness Verification

Under IC 5-1-18-9, as amended by Section 7 of HEA 1072, for debt reporting that occurs before January 1, 2013, each political subdivision that has any outstanding bonds or leases must submit a report to the Department each year that includes a summary of all the outstanding bonds of the political subdivision as of January 1 of that year. The report must:

- 1) distinguish the outstanding bond issues and leases on the basis of the type of bond or lease, as determined by the Department;
- 2) include a comparison of the political subdivision's outstanding indebtedness compared to any applicable statutory or constitutional limitations on indebtedness;
- 3) include other information as required by the Department; and
- 4) be submitted on a form prescribed by the Department or through the Internet or other electronic means as determined by the Department. The Department hereby prescribes that the report be submitted through Gateway Debt Management.

With regard to reporting that occurs after December 31, 2012, the Department may require each political subdivision to annually verify that the list of indebtedness and related details in the Department's database are current and accurate.

Contact Information

Questions may be directed to Staff Attorney Mike Duffy at 317-233-9219 or mduffy@dlgf.in.gov.