Discussion of Laws Applying to Local Governments

George B. Scott
Supervisor, State Board of Accounts
Indianapolis

Public Purchases

Chapter 99, Acts 1945, as amended by Chapter 32, Acts 1953, (Burns 53-501 et seq.) governs the purchase of materials, equipment, goods and supplies, except current utility bills, payment for which is to be made from any appropriation of public funds made under the provisions of the budget law.

Major provisions of this law are:

1. Where the total amount of any purchase does not exceed $1,000, the purchaser may buy in the open market without the giving of notice or receiving of bids; purchases under this proviso shall be on a unit basis and purchases of a value in excess of $1,000 on the open market under two or more contracts is prohibited.

2. If the total amount of any purchase exceeds $1,000, notice of time and place for receiving bids must be given by publication by two insertions, one week apart, and contract awarded to lowest and best bidder.

3. If purchaser advertises for bids and no bids are received, purchase may be made on open market without further advertisement for bids.

4. Purchases may be made from the United States Government, or any agency, division or instrumentality thereof, without the giving of notice or the receiving of bids.

5. Repair parts for machinery and/or equipment which can be procured only from the manufacturer of such machinery and/or equipment may be purchased without the giving of notice or receiving of bids.

6. This law does not govern the repairing of equipment under contract.
Public Works and Improvements

Chapter 306, Acts 1947, as amended by Chapter 136, Acts 1949 and Chapter 4, Acts 1953 (Burns Indiana Statutes Sec. 53-108 et seq.) governs the construction, erection, alteration or repairing of any public building or any other public work or improvement of any character whatsoever.

Civil cities, civil towns and public utilities owned or operated by any city or town, excepting a utility owned or operated by a first class city, are among the governmental unit affected by the provisions of this law.

The principal provisions of this law are:

1. If costs of such work or improvement will be $500 or more, plans and specifications must be adopted and contract awarded.

2. If cost of such public work or improvement is less than $2000, governmental unit may purchase materials in manner provided by law (Burns 53-501 et seq.) and perform such work by means of its own workmen and owned or leased equipment without awarding a construction contract.

3. On construction or alteration of any public building estimated to cost more than $500 work must be performed pursuant to and in compliance with plans and specifications approved by a licensed architect or engineer.

4. A municipal utility may maintain, extend and install services without adopting plans and specifications and without awarding a contract if such work is done by the employees of such utility.

5. If work or improvement is estimated to cost $2,000 or more, notice for receiving bids must be published twice, one week apart, in the two leading newspapers as provided by law (Burns 49-701 et seq.).

6. If work or improvement is estimated to cost less than $2,000 and a contract is to be awarded therefor, the governmental unit shall either publish a notice as provided under #5 or shall invite bids from not less than three persons, firms or corporations capable of doing the work.

7. Whenever the aggregate costs of any work or improvement will be $5,000 or more, each bidder must submit a completed Questionnaire for Bidders on General Form No. 96A with his bid.

Approved Use of Parking Meter Funds

Chap. 236, Acts of 1945, as amended by Chap. 303, Acts of 1951, for second, third, fourth class cities:
a. For the payment of the purchase price, rental fees and cost of installation of such parking mechanical devices.

b. For the payment of the cost of maintenance, operation, repair and all other incidental costs and expenses in the operation of said mechanical parking devices. Included in said incidental costs and expenses shall be the cost of clerk and bookkeeping expenses in the handling and keeping of records of all fees so collected and expended.

c. For the payment of the cost of traffic signal devices used in said cities and also repair and maintenance of any of the public streets and highways where said mechanical parking devices are in use, and all streets connected therewith in said city.

d. For the purpose of acquiring by lease or purchase suitable land for off-street parking purposes; for the improvement and maintenance of such land for parking purposes, and for the purchase, installation, and maintenance of mechanical parking devices on such land.

Chap. 23, Acts of 1949: applies to fifth class cities and towns, provisions are identical with above, except that item (d) does not apply and no provision is made for lease or purchase of land.

We find that in second, third, and fourth class cities an appropriation must be made by the council, and inasmuch as the regular budget procedure is not required, we believe the council could appropriate for an authorized expenditure at any such time funds become available. Such appropriation is to be made by ordinance. In fifth class cities and towns no appropriation for expenditures for authorized purposes is required. All that is necessary is that funds are available.

Approved Use of Motor Vehicle Highway Funds

The statute which provides for distribution of motor vehicle highway funds to cities and towns provides that such funds shall be used for the construction, reconstruction, repair and maintenance of streets, including curbs, and shall be budgeted according to law. Detail of such use includes:

1. Purchase, erection, operation and maintenance of traffic signs and signals and safety zones and devices.
2. Payment of any part of the cost of traffic policing and traffic safety.
3. Painting of structures, objects and surfaces in streets for purposes of safety and traffic regulation.
4. The oiling, sprinkling and cleaning of such highways.
5. The purchase, rental and repair of street equipment.
6. In some instances, the city's share of cost of grade separations.
7. The necessary labor and material for street maintenance and improvement.
8. Contract payments for maintenance and improvement where such work is performed by contract.

**Preparation of Budget**

Budget estimates should be based upon previous years' budget taking into consideration any additional appropriations made and any anticipated increases or decreases in requirements.

The budget estimates are submitted to the controller or clerk-treasurer on Budget Form No. 1 in triplicate and he submits same to mayor and the mayor presents the budget to the common council with his recommendations. Finance committee of the council studies budget and prepares an ordinance.

**Additional or Emergency Appropriations**

1. Requires advertising, public hearing, ordinance and approval by State Board of Tax Commissioners.
2. Governmental unit must show source of funds:
   (a) transfer from other appropriations;
   (b) borrowing money;
   (c) revenues in excess of those anticipated when current budget was originally prepared;
   (d) reduction of operating balance (if appropriation is an emergency);
   (e) inclusion on line 3 of Budget Form No. 3.