

INDIANA LEAGUE OF MUNICIPAL CLERKS & TREASURERS

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Newly Enacted Legislation
and
Uniform Compliance Guidelines

Presenters:

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House Enrolled Act 1002 – P.L. 218-2017

Changes to Use of Motor Vehicle Highway Distributions

- What was added
- When is it effective
- How to account for it
- What's no longer applicable



What was added -

IC 8-14-1-5(c), which reads:

“For funds distributed to a city or town from the motor vehicle highway account after June 30, 2017, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and maintenance of the city's or town's highways.”

When is it effective -

IC 8-14-1-5(c), which reads:

“For **funds distributed to a city or town from the motor vehicle highway account after June 30, 2017**, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and maintenance of the city's or town's highways.”

How to account for it-

Cities/towns will have to document at least 50% of distributions received after June 30, 2017 were used for

- ✓ **Construction**
- ✓ **Reconstruction**
- ✓ **Maintenance**

Definitions of Construction, Reconstruction, and Maintenance – see IC 8-14-1-1

Construction: “The term ‘construction’ means the planning, supervising, inspecting, actual building, draining, and all expenses incidental to the construction of a highway.”

Reconstruction: “The term ‘reconstruction’ means a widening or a rebuilding of the highway or any portion thereof.”



Definitions of Construction, Reconstruction, and Maintenance - see IC 8-14-1-1

Maintenance: “The term ‘maintenance’ when used in reference to cities, towns, and counties as applied to that part of the highway other than bridges, means the constant making of needed repairs, to preserve a smooth surfaced highway, adequately drained, marked and guarded by protective structures for public safety and, as to bridges, means the constant making of needed repairs to preserve a smooth surfaced highway thereon and the safety and preservation of the bridge and its approaches, together with the substructure and superstructure thereof; and such term also means and includes the acquisition and use, in any manner, of all needed equipment, fuel, materials, and supplies essential and incident thereto.”

How to account for it-

To ensure that 50% of the MVH distribution is restricted and identifiable to the statutory uses of construction, reconstruction, and maintenance, a higher level of tracking will be necessary. Documentation must be available to support that at least 50% of MVH distributions are used for the restricted purposes set forth in IC 8-14-1.



How to account for it-

Use of prescribed forms – City and Town:

- Form No. 223 MVH Equipment Depreciation Ledger (accrual only)
- Form No. 224A MVH Perpetual Inventory Record (only if stockpile MVH materials & supplies)
- Form No. 224B MVH Receiving Report (only if MVH materials inventory)
- Form No. 224C MVH Materials & Supplies Issued (only if MVH materials inventory)

Illustrations and instructions for all forms will be in memo issued by the State Examiner.

What's no longer applicable-

Use of MVH for law enforcement – IC 8-14-1-5(b), which used to permit:

- Cities/towns with populations < 5,000: could use 15%
- Cities/towns with populations > 5,000: could use 10%

for law enforcement purposes

What's no longer applicable-

Use of MVH for law enforcement — ~~IC 8-14-1-5(b)~~, which used to permit:

- ~~Cities/towns with populations < 5,000: could use 15%~~
- ~~Cities/towns with populations > 5,000: could use 10%~~

for law enforcement purposes

This provision has been removed entirely

What's no longer applicable-

IC 8-14-1-5(a) used to read:

IC 8-14-1-5

Permissible use of funds; municipal allocations

Sec. 5. (a) All funds allocated to cities and towns from the motor vehicle highway account shall be used by the cities and towns for the construction, reconstruction, repair, maintenance, oiling, sprinkling, snow removal, weed and tree cutting and cleaning of their highways as herein defined, and including also any curbs, and the city's or town's share of the cost of the separation of the grades of crossing of public highways and railroads, the purchase or lease of highway construction and maintenance equipment, the purchase, erection, operation and maintenance of traffic signs and signals, and safety zones and devices; and the painting of structures, objects, surfaces in highways for purposes of safety and traffic regulation. All of such funds shall be budgeted as provided by law.

What's no longer applicable-

Effective July 1, 2017, it will read:

SECTION 64. IC 8-14-1-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2017]: Sec. 5. (a) **Subject to subsection (c)**, all funds allocated to cities and towns from the motor vehicle highway account shall be used by the cities and towns for the construction, reconstruction, repair, maintenance, oiling, sprinkling, snow removal, weed and tree cutting and cleaning of their highways as herein defined, and including also any curbs, and the city's or town's share of the cost of the separation of the grades of crossing of public highways and railroads, the purchase or lease of highway construction and maintenance equipment, the purchase, erection, operation and maintenance of traffic signs and signals, and safety zones and devices, and the painting of ~~structures; objects;~~ surfaces in highways for purposes of safety and traffic regulation. All of such funds shall be budgeted as provided by law.

What's no longer applicable-

The words "structures" and "objects" have been deleted.

This sentence now reads ". . . and the painting of surfaces in highways for purposes of safety and traffic regulation."

Questions on MVH changes??

Please submit in writing to the "Question Box". We've had several already and will gather them all and answer in a *Cities & Towns Bulletin*



Other changes to be aware of:

Road Funding Changes –

- Fuel tax increases effective July 1st
 - Should see increases in MVH and LRS revenue between 40-50%
- The distribution formula has been modified
- Municipal Wheel Tax-
 - Current statute is for populations of > 10,000
 - New provision reduces it to populations of at least 5,000

House Enrolled Act 1002 – P.L. 218-2017

Community Crossings Matching Grant

- What's new – Sources of Matching funds
- Amount of Local Match Required
- Commonly-Asked Questions



Community Crossings Matching Grant - Sources

The sources of matching funds for the Community Crossings Grant have changed.

IC 8-23-30-3, as amended, states:

“A local unit may apply to the department for a grant from the fund for an eligible project if the local unit: (1) uses a transportation asset management plan approved by the department; and (2) commits to a local match by using one (1) or more of the following:

- (A) Any money the unit is authorized to use for a local road or bridge project.
- (B) Money received by the local unit as a special distribution of local income taxes under IC 6-3.6-9-17.
- (C) Money in the local unit's rainy day fund under IC 36-1-8-5.1.

The application must be in the form and manner prescribed by the department.”

Community Crossings Matching Grant

Fund 257

The restricted portion of the special distribution of local income taxes under IC 6-3.6-9-17 should be accounted for in Fund Number 257.

State Matching Grant Fund

The grant itself should be treated as any other grant by setting up a separate state grant fund entitled Local Road and Bridge Matching Grant Fund. Any matches to the grant should be transferred to this fund.

Community Crossings Matching Grant – Amount of Local Match

Effective July 1, 2017, Indiana Code 8-23-30-6 is amended to read as follows:

“If the department approves a grant to a local unit under this chapter, the required local matching amount by the local unit is equal to the following applicable percentage of the total cost of the eligible project: . . .

- (2) For a city or town applicant, the following:
 - (A) Fifty percent (50%), if the city or town has a population greater than or equal to ten thousand (10,000).
 - (B) Twenty-five percent (25%), if the city or town has a population of less than ten thousand (10,000).”

Community Crossings Matching Grant – Common Questions

Question: Is it still necessary to transfer funds to the Rainy Day Fund or a Restricted Rainy Day Fund in order for those funds to be considered as match for the Community Crossings Grant?

It is the position of the SBOA that it is no longer necessary to transfer committed match money into the Rainy Day Fund or a Rainy Day Restricted fund. Committed match may be transferred directly into the Local Road and Bridge Matching Grant Fund.

Community Crossings Matching Grant – Common Questions

Question: What happens to the balances in the Restricted Rainy Day Funds established as a result of the June 9, 2016 memorandum?

Any balance remaining in a Restricted Rainy Day Fund should be

- Transferred to the Local Road and Bridge Matching Grant Fund for use as match; or
- Returned to the originating fund.

Community Crossings Matching Grant – Common Questions

Question: Is it still necessary to transfer committed match funds to the Local Road and Bridge Matching Fund?

Yes, the grant from INDOT should be treated as any other grant by setting up a separate state grant fund entitled Local Road and Bridge Matching Grant Fund. Any matches to the grant should be transferred to this fund.

Community Crossings Matching Grant – Common Questions

Question: Can the Rainy Day Fund provide a temporary loan to the Wheel and Surtax Fund (or any other fund) to provide match for the Community Crossings Grant?

The SBOA will not take audit exception to a temporary loan from the Rainy Day Fund to the Wheel and Surtax Fund (or any other applicable fund) as long as the requirements of IC 36-1-8-4 are followed.

Community Crossings Matching Grant – Common Questions

Question: If the project costs exceed the total amount of the grant award plus committed match, may the additional costs be paid from other funds of the unit?

It is the audit position of the SBOA that costs incurred which exceed the grant award plus committed match may be paid from other appropriated funds of the unit that may be used for local roads and bridges.

Community Crossings Matching Grant – Common Questions

Question: Can a local unit of government borrow money from outside sources to provide a match?

The SBOA will not take audit exception to the use of borrowed funds as match as long as the funds were borrowed in accordance with applicable statutory requirements and are appropriated for such a purpose.

Community Crossings Matching Grant – Common Questions

Question: Can Cumulative Bridge Fund money be used as match and transferred to the Local Road and Bridge Matching Fund?

To ensure that these monies remain restricted and identifiable to the statutory uses of the cumulative bridge fund, a higher level of tracking will be necessary. Documentation must be available to support that the cumulative bridge funds were used for the purposes set forth in IC 8-16-3 or returned to the cumulative bridge fund.

Community Crossings Matching Grant – Common Questions

Question: Must the entire amount of committed match be transferred to the Local Road and Bridge Matching Grant Fund at the time the award is received from INDOT, or may the committed match be transferred to the Local Road and Bridge Matching Fund as invoices become due?

The SBOA will not take audit exception to the timing of the transfer of committed match to the Local Road and Bridge Matching Grant Fund as long as the requirements of the grant are satisfied.

Community Crossings Matching Grant – Common Questions

Question: When is an appropriation required?

An appropriation is required for all disbursements from the Local Road and Bridge Matching Grant Fund. This appropriation must be approved by DLGF. The SBOA will not take audit exception to a transfer of funds to the Local Road and Bridge Matching Grant Fund without appropriation. Contact DLGF for the required appropriation procedures.

Community Crossings Matching Grant – Common Questions

Question: Is an ordinance or resolution required to make a transfer to the Local Road and Bridge Matching Fund?

Any transfer of funds to the Local Road and Bridge Matching Fund should be made after the passage of an ordinance or a resolution by the legislative body specifying the amount of the transfer, the funds involved, the date of the transfer, and the purpose of the transfer.

