### **Indiana State Board of Accounts**

## Funds: Sources & Uses

Webinar - Newly Elected or Appointed City & Town Fiscal Officer Training

August 2020

#### Uses of Certain Funds



- Motor Vehicle Highway (MVH & MVH Restricted)
- Local Road & Street (LRS)
- Cumulative Capital Improvement (CCI)
- Rainy Day
- Riverboat
- Public Safety

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#### Motor Vehicle Highway (MVH)



- Authorized under IC 8-14-1
  - Primary purpose account for state motor vehicle highway distributions
- Specific Uses in IC 8-14-1-5
  - Principally used for construction and maintenance of streets and alleys
     construction, reconstruction, repair, maintenance, oiling, sprinkling, snow
     removal, weed and tree cutting and cleaning of highways

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#### Motor Vehicle Highway (MVH)



#### **Uses of MVH include:**

- **✓ Curbs**
- ✓ Unit's share of cost of separation of grades railroad crossings
- ✓ Purchase/lease of highway construction & maintenance equipment
- √ Traffic signs and signals
- √ Safety zones and devices
- ✓ Painting of structures, objects, surfaces in highways for purposes of safety and traffic regulation

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MVH Restricted (Sub-fund)

- IC 8-14-1-5(c)
- **Created by State Examiner Directive 2018-2**
- **Fund 203 on your ledgers**
- Is a sub-fund of MVH
- www.in.gov/sboa/4488.htm

Directive 2018-2, Motor Vehicle Highway Account



#### MVH Restricted (Sub-fund)

#### Source of Funds: MVH distributions from the State MVH Account

• (does not include local tax levy if you have one)

"At least" 50% of State MVH distributions into MVH Restricted (#203)

#### **Used for:**

- ✓ Construction
- ✓ Reconstruction
- ✓ Preservation



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#### Local Roads & Streets (LRS)



- Authorized under IC 8-14-2
  - Primary purpose account for state gasoline tax distributions
- Specific Uses in IC 8-14-2-5
  - Engineering, land acquisition, construction, resurfacing, maintenance, restoration, or rehabilitation of both local and arterial road & street systems
  - 2. Payment of principal & interest on bonds sold to finance road projects
  - 3. Local costs required to undertake a recreational or reservoir road project
  - 4. Purchase, rental, or repair of highway equipment

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#### **Cumulative Capital Improvement**



- Authorized under IC 6-7-1
  - Primary purpose account for state cigarette tax distributions
- Specific Uses in IC 6-7-1-31.1
  - $\circ$  Principally used for capital improvement several uses detailed in this statute
  - Most notably 6-7-1-31-1(a)(9) "for any other governmental purpose for which money is appropriated by the fiscal body of the city or town."
  - IC 6-7-1-31.1(c) can be transferred at any time by ordinance or resolution to General

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#### Rainy Day



- Authorized under IC 36-1-8-5 and IC 36-1-8-5.1
  - **OPrimary purpose account for transfers of unused and unencumbered funds**
  - OAmount transferred may not exceed 10% of annual budget for that fiscal year
  - **oFund created by ordinance in cities and towns**
- Specific Sources and Uses
  - The ordinance creating the Rainy Day fund should specifically state the source of receipts to the fund, and
  - Specifically state what the fund can be used for



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#### Riverboat



- Authorized under IC 36-1-8-9
  - Primary purpose account for tax revenue received under
    - **○IC 4-33-12-6 Riverboat admission taxes**
    - oIC 4-33-13 Wagering taxes
- Specific Uses
  - o "Money in the fund may be used for any legal . . . purpose of the unit."



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#### Law Enforcement Continuing Education



- Authorized under IC 5-2-8-2
  - **OPrimary purpose account for revenue from the following sources:** 
    - **OLAW Enforcement Continuing Ed fees IC 33-37-5-8**
    - ○Inspection of Motor Vehicles IC 9-17-2-12
    - ○Accident Report fees IC 9-26-9-3
    - **Oun permits IC 35-47-2-3**
    - Proceeds from sale of confiscated weapons IC 35-47-3-2
- Specific Uses
  - For training law enforcement officers employed by a city/town and for equipment and supplies for law enforcement purposes. [IC 5-2-8-6]

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#### **Public Safety**



- Authorized under IC 6-3.6-6; 6-3.6-7; 6-3.6-9; 6-3.6-11
  - Primary purpose account for additional tax rate imposed for public safety adopted by county's adopting body.
- Specific Uses
  - For "Public Safety" as defined in IC 6-3.6-2-14:
    - (1) A police and law enforcement system to preserve public peace and order.
    - (2) A firefighting and fire prevention system.
    - (3) Emergency ambulance services (as defined in IC 16-18-2-107).
    - (4) Emergency medical services (as defined in IC 16-18-2-110).
    - (5) Emergency action (as defined in IC 13-11-2-65).
    - - -
    - (13) Pension payments for police and fire
    - (14) Law enforcement training.

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#### References

# Accounting and Uniform Compliance Guidelines for Cities and Towns, Chapter 4 <a href="https://www.in.gov/sboa/files/CHAPTER%204.pdf">www.in.gov/sboa/files/CHAPTER%204.pdf</a>

CHAPTER 4 - FUNDS

SECTION A - DEFINITIONS

Funds are defined in Chapter 2, Section C, to mean "cash" or a group of accounts set aside for the purpose of accounting for monies or other resources of general functions or specific activities, such as utilities, construction projects, or other activities of a city or town in accordance with the system of accounts prescribed by the State Board of Accounts or as required by statute.

Funds prescribed for use by cities and towns are the General Fund, special revenue funds, debt service funds, capital projects funds, permanent funds, projectary funds-entered funds, and agency funds, fluciairy funds, pension trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Fund types and account groups are defined in more detail in Chapter 3, Section B. A listing of funds presently in use by cities and towns are classified in the proper fund type and may be found in Chapter 3, Section B.

In order to conserve space, detail accounts are not listed for all fund revenue and expenditure categories, For further detail information relating to revenue and expenditure categories, For further detail information relating to revenue and expenditure categories, For further detail information relating to revenue and expenditure categories, please refer to the Chart of Accounts in Chapter 3, Section F.

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