Indiana State Board of Accounts

Funds: Sources & Uses

Indiana League of Municipal Clerks & Treasurers Annual Conference
Michigan City
June 2022

Uses of Certain Funds

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

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
MVH Restricted (Sub-fund)

- IC 8-14-1-5(c)
- Created by State Examiner Directive 2018-2
- Fund 2203 on your ledgers
- Is a sub-fund of MVH
- www.in.gov/sboa/4488.htm

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 (#2203)

Used for:
- Construction
- Reconstruction
- Preservation
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 (#2203)

Used for:
  ✓ Construction
  ✓ Reconstruction
  ✓ Preservation

Can’t be used for:
  ✓ Snow removal

Local Roads & Streets (LRS)

• Authorized under IC 8-14-2
  o Primary purpose – account for state gasoline tax distributions

• Specific Uses in IC 8-14-2-5
  1. 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
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**
  - 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

Rainy Day

- **Authorized under IC 36-1-8-5 and IC 36-1-8-5.1**
  - Primary purpose – account for transfers of unused and unencumbered funds
  - Amount transferred may not exceed 15% of annual budget for that fiscal year
    - (through 12/31/24; then 10% going forward)
  - Fund 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
Riverboat

• Authorized under IC 36-1-8-9
  o Primary purpose – account for tax revenue received under
    o IC 4-33-12-6 – Riverboat admission taxes
    o IC 4-33-13 – Wagering taxes

• Specific Uses
  o “Money in the fund may be used for any legal . . . purpose of
    the unit.”

Law Enforcement Continuing Education

• Authorized under IC 5-2-8-2
  o Primary purpose – account for revenue from the following sources:
    o Law Enforcement Continuing Ed fees – IC 33-37-5-8
    o Inspection of Motor Vehicles – IC 9-17-2-12
    o Accident Report fees – IC 9-26-9-3
    o Proceeds from sale of confiscated weapons – IC 35-47-3-2
    o ICJI distributions for gun permit fees (ICJI memo 2/17/22)

• Specific Uses
  o For training law enforcement officers employed by a city/town and for
    equipment and supplies for law enforcement purposes. [IC 5-2-8-6]
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*

[www.in.gov/sboa/files/CHAPTER%204.pdf](http://www.in.gov/sboa/files/CHAPTER%204.pdf)