MVH AUDIT GUIDANCE
2021 Auditors Fall Conference

STATE EXAMINER DIRECTIVE
2018-2
Did the county establish an MVH Restricted sub-fund?

Did the County establish the MVH fund (1176) and the MVHRestricted sub-fund (1173) using the fund numbers provided by the Chart of Accounts?

Did the County report the MVH fund and MVH Restricted sub-fund separately on the Annual Financial Report?
Did the county appropriately allocate 50% of the distribution to the MVH Restricted sub-fund 1173?

If greater than 50% was allocated, was an ordinance adopted for the excess and appropriately followed?

Did any transfers out of MVH Restricted occur?

If yes, did the transfer only consist of funds in excess of the 50% requirement?

Were these transfers of the excess approved by the council?
Were the expenditures from the MVH Restricted Fund (1173) used for Construction, Reconstruction, and Preservation of the county’s highways?
Definitions per IC 8-14-1-1

(4) The term "construction" means the planning, supervising, inspecting, actual building, draining, and all expenses incidental to the construction of a highway.

(5) The term "reconstruction" means a widening or a rebuilding of the highway or any portion thereof.

Definitions per IC 8-14-1-1

(6) 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.
Definitions per IC 8-14-1-1

(7) The term "preservation" means the preventative treatment, nonstructural treatment, rehabilitation, or structural repairs made to transportation infrastructure and related drainage that are included in an asset management plan approved by the Indiana department of transportation in collaboration with the local technical assistance program at Purdue University.
Can MVH Restricted funds be used for........

Q Highway Department mows and does the landscaping for all county buildings?

A No. Mowing and landscaping the county buildings does not meet the definitions of Construction, Reconstruction, & Preservation
Can MVH Restricted funds be used for........

Q Highway Department plows the parking lots of all county buildings?

A No. Snow plowing and related costs are “winter operations” and considered a maintenance activity.

Can MVH Restricted funds be used for........

Q Highway Department makes signs for some of the parks in the county?

A Depends on the sign...
A sign for trucks to enter slowly is different than a Welcome to Pleasant Park sign.
Can MVH Restricted funds be used for........

Q  Highway Department purchasing 4 tri-axles of stone to be used in upcoming road construction, reconstruction, and preservation projects through the summer?

A  Yes. Document the use of the stone for each project. However, if the stone gets used for anything else the cost would need to be allocated properly.

Can MVH Restricted funds be used for........

Q  Costs of the Highway Department moving supplies to job site for reconstruction of a road?

A  Yes. Document the allocated costs including all calculations and determinations.
Can MVH Restricted funds be used for........

Q Highway Department removes vegetation along a right of way?

A Yes. This would be considered preservation per the definition memo.

Can MVH Restricted funds be used for........

Q Grant matches (in its entirety)?

A It would depend on the grant and if it met the definitions for constructions, reconstruction and preservation. Community crossing grant for example would.
Q Can Right of Way permit fees be receipted into MVH or do they need a separate fund? Also, what can these permit fees be used for?

A Right of Way permit fees are a local determination. County ordinance is needed to collect fee and determine if it needs to be accounted for in a separate fund for certain uses. We would not take audit exception to putting them in MVH (1176).
Q Can Highway Departments do jobs not related to roadways or road right of ways?

A Yes. Though time should be allocated properly. Example: If a highway worker is mowing the Park every week, then the park should be allocated the cost of the highway worker mowing.

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