MEMORANDUM

TO: County Auditors, City Controllers, and Clerk-Treasurers

FROM: Paul D. Joyce, CPA
State Examiner

RE: Stay of the Implementation of MVH Forms and Procedures pursuant to Public Law 218-2017
(HEA 1002)

DATE: June 29, 2017

The implementation of HEA 1002 has raised many questions regarding the uses of MVH distributions as well as the accounting and reporting of the fund. Until these issues can be resolved properly, the State Board of Accounts is staying the implementation of the forms and procedures outlined in the memorandum dated June 12, 2017 regarding "Use of MVH Fund pursuant to Public Law 218-2017 (HEA 1002)."

Statutory Definitions
Many questions revolve around the types of expenditures which may be considered as construction, reconstruction, and maintenance. For example, we have been asked whether snow removal, street lighting, street sweeping, painting curbs, utility costs, supervisor salaries, sidewalks, and tree trimming fall into these categories. Further research is needed so that these questions may be uniformly addressed among all units.

Annual Operational Report and Prescribed Forms
Concerns have been stated with the information required in the Annual Operational Report in light of HEA 1002. This report is required of all counties and of all cities and towns with a population of greater than 20,000. We will be working with INDOT, LTAP and the various associations to revise and update the report for information required by HEA 1002. Once the Annual Operational Report has been updated, all MVH prescribed forms will be revised to directly support the information required in the report.

Accounting for the 50% Restricted Portion of MVH
It has come to our attention that some cities and towns have established a separate Home Rule fund to account for the 50% restricted portion of the MVH Fund. Each unit should maintain all of the MVH distributions in the MVH Fund at this time. If, in the future, the statutory definitions are clarified and a separate fund is necessary, the established fund will be a statutory fund with an assigned number on the chart of accounts. No separate fund is necessary at this time.

Cost Allocation and Supporting Documentation
We do encourage all units to allocate costs to various projects and by various type within their established system. Supporting documentation for all costs from the MVH fund is required.

Conclusion
Until the statutory definitions can be clarified and the Annual Operational Report and prescribed forms are updated, the State Board of Accounts is staying the implementation of the MVH forms and procedures outlined in the memorandum dated June 12, 2017. The State Board of Accounts cannot delay the effective date of a statute. House Enrolled Act 1002 with the 50% limitation on MVH uses to construction, reconstruction, and maintenance is still effective on July 1, 2017. During this stay, we will not take audit exception to a properly authorized and documented disbursement from the MVH fund that is for an allowable use of the fund.