

TOWN FUNDS

There are a few basic funds that each Indiana city and town have. Let's examine each one.

1. General Fund is the most common fund in a city or town government. It is used for general operations of a city or town. Cash disbursements examples for operations are as follows: salaries & wages for mayors, council, clerk-treasurers, police, street and fire departments etc., office and operating supplies, professional services and utility services such as water, gas and electric service. A complete list of cash disbursements can be found in the State Board of Account – Town Uniform Guidelines Manual Chapter 4 pages 4-5.

The General Fund is funded by various revenue sources. Here are few common examples: general property tax, financial institutional tax, auto and aircraft tax, liquor excise tax, liquor gallonage tax, cigarette tax, cable tv franchise fees. A complete list of revenue sources can be found in the State Board of Accounts – Town Uniform Guidelines Manual Chapter 4 pages 2-3.

2. Motor Vehicle Highway Fund or MVH. This fund is used primarily for maintaining, constructing a city or towns roads and alleys. Common cash disbursements examples are as follows: salaries and wages for street department personnel, office and operating supplies, professional services, capital outlay to purchase street equipment. Remember the common cash disbursement examples must be used for maintaining or construction on roads and alleys. Also at least 50% of a city or towns gasoline tax to the Motor Vehicle Fund must be spent on the maintenance or construction of a city or towns roads. The cash disbursements categories are the same as the General Fund. Please refer to the State Board of Accounts – Town Uniform Guidelines Manual Chapter 4, Section B. However, only the categories in the General Fund that are related to the construction and maintenance of streets and alleys can be used.

The Motor Highway Highway Fund or MVH is funded by various revenue sources. Here are a few common examples: Gasoline Tax – Motor Vehicle Highway Fund, Wheel and Sur Tax, Commercial Vehicle Excise Tax. A complete list of revenue sources can be found in the State Board of Accounts – Town Uniform Guidelines Manual Chapter 4 pages 6-7.

3. Local Road and Street Fund. This fund is used for engineering, land acquisition, construction, resurfacing and maintenance of local road and arterial street systems. The other purposes of Local Road & Street Expenditures can be found in IC 8-14-2-5. Please note no administrative or indirect costs can be paid from the Local Road and Street Fund.

The Local Road and Street Fund is funded primarily by Gasoline Tax – Local Road and Street.

4. The Riverboat Fund is a fund that can be used for any legal purpose of the city or town.

The Riverboat Fund is primarily funded by State Wagering Tax Distributions.

5. The Park & Recreation Fund is used to collect operating receipts and disbursements to operate city and town recreational parks and programs. The following revenue sources are commonly used: state sales collected, general property taxes, federal and state operating grants and donations.

The Park & Recreation Fund disbursements categories are followed the same as in the General Fund. Please refer to the State Board of Accounts – Town Uniform Guidelines Manual Chapter 4 Section B.

6. The Rainy Day Fund is a fund set up to account for transfers of unused funds or supplemental funds. The fund should be established by ordinance. The ordinance should state the purposes and the revenue sources transferred to the fund. There can be no greater than 10% of a city or town's budget transferred into the Rainy Day Fund for that fiscal year. For further reference on the Rainy Day Fund is IC 36-1-8-5.1
7. Cumulative Capital Improvement Fund or CCI is a capital improvement fund set up to account for the receipt and disbursement of the state cigarette tax. A city or town by ordinance or resolution transfer from the CCI to the General Fund. For a list of all approved expenditures of the CCI go to IC 6-7-1-31.1(b).
8. Cumulative Capital Development Fund or CCD is a capital projects fund used to account for receipts and disbursements of taxes levied for capital projects. The complete list of approved uses of the CCD Fund can be found in IC 36-7-15.5.2. There should be an ordinance adopted for the CCD Fund and list one of the approved uses.

Cumulative Capital Development Fund common revenue sources are: general property tax, financial institutions tax, auto and aircraft tax and commercial vehicle excise tax. For a complete listing of revenue sources for the Cumulative Capital Development Fund please refer to the State Board of Accounts – Town Uniform Guidelines Manual Chapter 4 page 17.