

COMMON COUNCIL OF THE CITY OF HOBART

ORDINANCE NO. 2025 - 44

AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF HOBART, LAKE COUNTY, INDIANA, AMENDING THE HOBART MUNICIPAL CODE BY ESTABLISHING AND AUTHORIZING THE USE OF A RAINY DAY FUND

WHEREAS, the Administration of the City of Hobart has determined that the City does not have an appropriate fund account to accumulate funds to provide resources to support lawful purposes of the municipality, including meeting emergencies as herein may be defined and such other purposes permitted by I.C. 36-1-8-5 and I.C. 36-1-8-5.1; and

WHEREAS the sources of funding for the Rainy Day fund may include: unused and unencumbered funds transferred pursuant to and identified in I.C. 36-1-8-5 and I.C. 36-1-8-5.1 including transfers from unused and unencumbered balances of a dormant fund, transfers from a fund that is not dedicated for a specific purpose; annual transfers limited to 10% of the total DLGF approved budgets and any other funding sources not otherwise prohibited by law; and

WHEREAS, the use of the Rainy Day funds may at any time by Ordinance of the Council, be transferred for use into its General Fund, or any other appropriated funds of the city, in accordance with I.C. 36-1-8-5.1(g) and is subject to the same appropriation process as other funds that receive tax money;

NOW, THEREFORE, BE IT ORDAINED by the Common Council of the City of Hobart, Indiana as follows:

Section One. The Municipal Code of the City of Hobart, Indiana ('Code'), Chapter 32 entitled "FUNDS AND OTHER FINANCES" is hereby amended by adding a new section, to be designated §32.44 and titled "Rainy Day Fund" as follows:

§32.44 Rainy Day Fund.

(A) Establishment. There is hereby established a special fund known as Rainy Day Fund pursuant to I.C. 36-1-8-5.1.

(B) Purpose. The Rainy Day Fund is established for accumulating funds to provide resources to support lawful purposes of the municipality, including meeting emergencies as herein may be defined and such other purposes permitted by I.C. 36-1-8-5.1.

(C) Sources of Funding. The sources of funding for the Rainy Day Fund may include the following:

46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92

- 1) Unused and unencumbered funds transferred pursuant to and identified in I.C. 36-1-8-5;
- 2) Interest earned from the investment of money on deposit to the credit of the fund, provided such investments are conducted pursuant to I.C. 5-13-9;
- 3) Unassigned fund balances which may be identified in the various funds of the municipality and approved by Ordinance of the Common Council for transferring to the Rainy Day Fund, subject to the provision of I.C. 36-1-8-5.1(d) including but not limited to:
 - a. the amount of the transfer is authorized by and identified in an Ordinance;
 - b. the amount of the transfer is not more than 10% of the City’s total annual budget adopted under IC 6-1.1-17 for that fiscal year; and
 - c. the transfer is not made from a debt service fund unless such a transfer qualifies as a dormant fund balance under I.C. 36-1-8-5.
- 4) Any other sources which Indiana law from time to time may authorize.

(D) *Purposes, Uses, Permissible Expenditures.* Subject to the provisions of I.C. 36-1-8-5.1(g), the Common Council may at any time by Ordinance, transfer to the General Fund, or any other appropriated fund of the City, money that has been deposited into the Rainy Day Fund for the use specified in the transfer ordinance.

(E) *Preservation and Disposition of Fund Assets.* All unused and unencumbered cash on deposit to the Rainy Day Fund does not revert to the General Fund nor to any other fund but shall remain with the Rainy Day Fund until such time as an Ordinance is passed and adopted regarding its disposition.

Section Two: All ordinances or portions thereof in effect prior to the effective date and in conflict with the provisions of this ordinance are hereby repealed.

Section Three: This Ordinance will be in full force and effect from and after its passage by the Common Council and signing by the Mayor.

ALL OF WHICH is PASSED and ADOPTED by the Common Council of the City of Hobart, Indiana on this 19th day of November, 2025.

ATTEST:  Deborah A. Longer, Clerk-Treasurer

 Presiding Officer

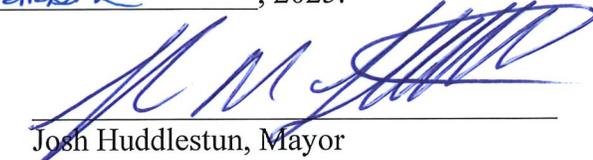
PRESENTED by me to the Mayor of the City of Hobart on the 19th day of November, 2025 at the hour of 7:15 pm.

93
94
95
96
97
98
99
100
101
102
103
104

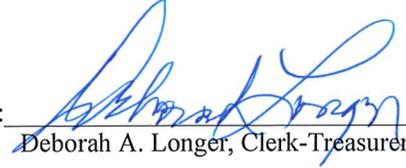


Deborah A. Longer, Clerk-Treasurer

APPROVED, EXECUTED and RETURNED by me to the Common Council of the City
of Hobart on this 19th day of November, 2025.



Josh Huddlestun, Mayor

ATTEST: 

Deborah A. Longer, Clerk-Treasurer

IC 36-1-8-5 Funds raised by general or special tax levy; disposition of unused balance; transfers to local rainy day fund

Sec. 5. (a) This section applies to all funds raised by a general or special tax levy on all the taxable property of a political subdivision.

(b) Whenever the purposes of a tax levy have been fulfilled and an unused and unencumbered balance remains in the fund, the fiscal body of the political subdivision shall order the balance of that fund to be transferred as follows, unless a statute provides that it be transferred otherwise:

- (1) Funds of a county, to the general fund or rainy day fund of the county, as provided in section 5.1 of this chapter.
- (2) Funds of a municipality, to the general fund or rainy day fund of the municipality, as provided in section 5.1 of this chapter.
- (3) Funds of a township for redemption of township assistance obligations, to the township assistance fund of the township or rainy day fund of the township, as provided in section 5.1 of this chapter.
- (4) Funds of any other political subdivision, to the general fund or rainy day fund of the political subdivision, as provided in section 5.1 of this chapter. However, if the political subdivision is dissolved or does not have a general fund or rainy day fund and is not a school corporation, then to the general fund of each of the units located in the political subdivision in the same proportion that the assessed valuation of the unit bears to the total assessed valuation of the political subdivision. In the case of a school corporation, the school corporation may transfer the amount received to any of its funds.

(c) Whenever an unused and unencumbered balance remains in the civil township fund of a township and a current tax levy for the fund is not needed, the township fiscal body may order any part of the balance of that fund transferred to the debt service fund of the school corporation located in or partly in the township. However, if more than one (1) school corporation is located in or partly in the township, then any sum transferred shall be transferred to the debt service fund of each of those school corporations in the same proportion that the part of the assessed valuation of the school corporation in the township bears to the total assessed valuation of the township.

(d) Whenever any township has collected any fund for the special or specific purpose of erecting or constructing a school building and the township trustee of the township decides to abandon the proposed work of erecting or constructing the school building, the township trustee of the township shall transfer the fund collected for the special or specific purpose to the township fund of the township, upon the order of the township board to make the transfer. It is lawful thereafter to use the funds for any purpose for which the township funds of the township may be used.

(e) Transfers to a political subdivision's rainy day fund may be made at any time during the political subdivision's fiscal year.

[Pre-Local Government Recodification Citations: 17-4-33-1; 19-11-1-1; 19-11-1-2; 19-11-1-4.]

As added by Acts 1980, P.L.211, SEC.1. Amended by P.L.251-2001, SEC.1; P.L.173-2003, SEC.18; P.L.73-2005, SEC.171; P.L.169-2006, SEC.46; P.L.2-2006, SEC.185; P.L.1-2007, SEC.238; P.L.233-2015, SEC.328; P.L.244-2017, SEC.124.

IC 36-1-8-5.1 Rainy day funds established by political subdivisions; transfers by schools

Note: *This version of section effective until 7-1-2026. See also following version of this section, effective 7-1-2026.*

Sec. 5.1. (a) A political subdivision may establish a rainy day fund by the adoption of:

- (1) an ordinance, in the case of a county, city, or town; or
- (2) a resolution, in the case of any other political subdivision.

(b) An ordinance or a resolution adopted under this section must specify the following:

- (1) The purposes of the rainy day fund.
- (2) The sources of funding for the rainy day fund, which may include the following:
 - (A) Unused and unencumbered funds under:
 - (i) section 5 of this chapter; or
 - (ii) IC 6-3.6-9-15.
 - (B) Any other funding source:
 - (i) specified in the ordinance or resolution adopted under this section; and
 - (ii) not otherwise prohibited by law.

(c) The rainy day fund is subject to the same appropriation process as other funds that receive tax money.

(d) In any fiscal year, a political subdivision may, at any time, do the following:

- (1) Transfer any unused and unencumbered funds specified in subsection (b)(2)(A) from any fiscal year to the rainy day fund.
- (2) Transfer any other unobligated cash balances from any fiscal year that are not otherwise identified in subsection (b)(2)(A) or section 5 of this chapter to the rainy day fund as long as the transfer satisfies the following requirements:
 - (A) The amount of the transfer is authorized by and identified in an ordinance or resolution.
 - (B) The amount of the transfer is not more than:
 - (i) before January 1, 2021, ten percent (10%);
 - (ii) after December 31, 2020, and before January 1, 2025, fifteen percent (15%); and
 - (iii) after December 31, 2024, ten percent (10%);
 of the political subdivision's total annual budget adopted under IC 6-1.1-17 for that fiscal year.
 - (C) The transfer is not made from a debt service fund.

(e) A political subdivision may use only the funding sources specified in subsection (b)(2)(A) or in the ordinance or resolution establishing the rainy day fund. The political subdivision may adopt a subsequent ordinance or resolution authorizing the use of another funding source.

(f) The department of local government finance may not reduce the actual or maximum permissible levy of a political subdivision as a result of a balance in the rainy day fund of the political subdivision.

(g) A county, city, or town may at any time, by ordinance or resolution, transfer to:

- (1) its general fund; or
- (2) any other appropriated funds of the county, city, or town;

money that has been deposited in the rainy day fund of the county, city, or town.

(h) A school corporation may at any time, by resolution, transfer to its education fund or operations fund money that has been deposited in its rainy day fund.

As added by P.L.251-2001, SEC.2. Amended by P.L.90-2002, SEC.461; P.L.173-2003, SEC.19; P.L.267-2003, SEC.15; P.L.81-2004, SEC.45; P.L.53-2011, SEC.2; P.L.105-2013, SEC.1; P.L.288-2013, SEC.71; P.L.197-2016, SEC.120; P.L.140-2018, SEC.29; P.L.38-2021, SEC.79.

IC 36-1-8-5.1 Rainy day funds established by political subdivisions; transfers by schools

Note: *This version of section effective 7-1-2026. See also preceding version of this section, effective until 7-1-2026.*

Sec. 5.1. (a) A political subdivision may establish a rainy day fund by the adoption of:

- (1) an ordinance, in the case of a county, city, or town; or
 - (2) a resolution, in the case of any other political subdivision.
- (b) An ordinance or a resolution adopted under this section must specify the following:
- (1) The purposes of the rainy day fund.
 - (2) The sources of funding for the rainy day fund, which may include the following:
 - (A) Unused and unencumbered funds under section 5 of this chapter.
 - (B) Any other funding source:
 - (i) specified in the ordinance or resolution adopted under this section; and
 - (ii) not otherwise prohibited by law.
- (c) The rainy day fund is subject to the same appropriation process as other funds that receive tax money.
- (d) In any fiscal year, a political subdivision may, at any time, do the following:
- (1) Transfer any unused and unencumbered funds specified in subsection (b)(2)(A) from any fiscal year to the rainy day fund.
 - (2) Transfer any other unobligated cash balances from any fiscal year that are not otherwise identified in subsection (b)(2)(A) or section 5 of this chapter to the rainy day fund as long as the transfer satisfies the following requirements:
 - (A) The amount of the transfer is authorized by and identified in an ordinance or resolution.
 - (B) The amount of the transfer is not more than:
 - (i) before January 1, 2021, ten percent (10%);
 - (ii) after December 31, 2020, and before January 1, 2025, fifteen percent (15%); and
 - (iii) after December 31, 2024, ten percent (10%);
 of the political subdivision's total annual budget adopted under IC 6-1.1-17 for that fiscal year.
 - (C) The transfer is not made from a debt service fund.
- (e) A political subdivision may use only the funding sources specified in subsection (b)(2)(A) or in the ordinance or resolution establishing the rainy day fund. The political subdivision may adopt a subsequent ordinance or resolution authorizing the use of another funding source.
- (f) The department of local government finance may not reduce the actual or maximum permissible levy of a political subdivision as a result of a balance in the rainy day fund of the political subdivision.
- (g) A county, city, or town may at any time, by ordinance or resolution, transfer to:
- (1) its general fund; or
 - (2) any other appropriated funds of the county, city, or town;
- money that has been deposited in the rainy day fund of the county, city, or town.
- (h) A school corporation may at any time, by resolution, transfer to its education fund or operations fund money that has been deposited in its rainy day fund.

As added by P.L.251-2001, SEC.2. Amended by P.L.90-2002, SEC.461; P.L.173-2003, SEC.19; P.L.267-2003, SEC.15; P.L.81-2004, SEC.45; P.L.53-2011, SEC.2; P.L.105-2013, SEC.1; P.L.288-2013, SEC.71; P.L.197-2016, SEC.120; P.L.140-2018, SEC.29; P.L.38-2021, SEC.79; P.L.68-2025, SEC.233.

RAINY DAY FUND

Questions surrounding which funds can transfer monies to the Rainy Day Fund have been raised recently. The term "dedicated fund" has been used throughout the state and the officials have asked for a meaning of that term as it relates to Rainy Day transfers. Our audit position is as follows:

Dedicated fund is a generic term not defined in statute, but is generally construed to mean a fund set aside for a specific purpose. For purposes of transferring to the Rainy Day fund, we are limiting our position to those dedicated funds that result from statutory authority but do not include home rule funds or clearing accounts. Debt service funds are already specifically prohibited from transfer in the Rainy Day statute and so are not considered here either.

In order to determine whether or not monies in a fund may be transferred to the Rainy Day fund, an analysis would need to be made of the authority creating the fund in light of IC 36-1-8-5.1. It would be up to the political subdivision to show SBOA how money transferred to the Rainy Day fund met the criteria for transfer. However, we can provide general guidance based on our position.

Tax levy and LOIT funds have different criteria than other statutorily created funds in regard to transfer to the Rainy Day fund. The key words to tax levy and LOIT funds are: whenever the purposes of a tax levy have been fulfilled and unencumbered balance remains in the fund and unless a statute provides that it be transferred otherwise. In general it will be up to the unit of government to define when the purposes have been fulfilled. There are certain funds that are raised by levy that have very specific language that the balance may not be transferred, such as the assessment fund. For those funds, we would take exception if there were a transfer to Rainy Day fund. Also, for some cumulative funds such as those found under IC 6-1.1-41-1, balances in these funds may only be transferred to the General fund per IC 6-1.1-41-15 and again we would take exception if they were transferred to the rainy day fund.

For other funds, the statute allows for transfer to Rainy Day fund if the funding source is specified in the ordinance or resolution and the transfer is not otherwise prohibited by law. It is our general position that if the statute provides definitive restrictive language on the use of the funds or that the balance is not to be transferred, whether Rainy Day fund is specifically included or not, that the monies are not to be transferred to Rainy Day fund. For example, for MVH funds IC 8-14-1-3(1) provides that for cities or towns, no part of such sum shall be used for any other purpose than for the purposes defined in this chapter. IC 8-14-1-4 provides similar restrictions for counties. For LRS funds, IC 8-14-2-5 defines the exclusive uses of the funds and IC 8-14-2-7 further restricts transfers of certain towns' LRS to General fund after these monies have not been spent for 24 months. Transfers from MVH and LRS (or any other fund with similar statutory restrictions) to Rainy Day would be prohibited and we would take exception if monies were so transferred. Where there is not such restrictive language or prohibition of transfer, we will consider the unit attorney's written opinion as to why the other fund would not fall under the category of prohibited and so be transferred.