

CHAPTER 4
DRAINAGE FUNDS ESTABLISHED

The Indiana Drainage Code [IC 36-9-27] recognized four drainage funds:

1. General Drain Improvement Fund [IC 36-9-27-73]
2. Drainage Maintenance Fund [IC 36-9-27-44]
3. Drainage Bond Redemption Fund [IC 36-9-27-97]
4. Cumulative Drainage Fund [IC 36-9-27-99]

The sources and uses of each fund are hereinafter discussed separately.

GENERAL DRAIN IMPROVEMENT FUND

According to IC 36-9-27-73, the General Drain Improvement Fund shall consist of:

1. all money in any ditch or drainage fund that was not otherwise allocated by January 2, 1966, which money the County Treasurer shall transfer to the General Drain Improvement Fund by January 1, 1985;
2. proceeds from the sale of bonds issued to pay the costs of constructing or reconstructing a drain;
3. costs collected from petitioners in a drainage proceeding;
4. appropriations made from the General Fund of the county, or taxes levied by the county fiscal body for drainage purposes;
5. money received from assessments upon land benefited for construction or reconstruction of a regulated drain;
6. interest and penalties received on collection of delinquent drain assessments and interest received for deferred payment of drain assessments;
7. money repaid to the General Drain Improvement Fund out of a maintenance fund; and
8. money received from loans under IC 36-9-27-97.5.

According to the same section, the General Drain Improvement Fund shall be used to pay:

1. constructing or reconstructing a regulated drain under this chapter; and
2. removing obstructions from drains under IC 36-9-27.4.

In addition, if a maintenance fund has not been established for a drain, or if a maintenance fund has been established and it is insufficient, the General Drain Improvement Fund shall be used to pay the deficiency.

DRAINAGE MAINTENANCE FUND

According to IC 36-9-27-44, a maintenance fund is created for each legal drain located in the county, or if two or more legal drains are combined into a unit pursuant to IC 36-9-27-41, then for each such unit. A maintenance fund shall consist of:

1. Money received from annual assessments upon lands benefited by the periodic maintenance of a drain;
2. Penalties received on collection of delinquent annual assessments made for periodic maintenance of a drain; and
3. Money received from any person as compensation for damages suffered to a drain.

The title "Maintenance Fund" describes the purpose of this fund. IC 36-9-27-45 prescribes the use of the maintenance fund. In general, the fund is for use in repairing and maintaining of a particular drain or unit whenever in the judgment of the Drainage Board, upon recommendation of the County Surveyor, the repairs are necessary.

DRAINAGE BOND REDEMPTION FUND

According to IC 36-9-27-73, proceeds from the sale of bonds shall be receipted to the General Drain Improvement Fund. IC 36-9-27-97 creates a bond redemption fund for each improvement wherein the Board authorizes the sale of bonds to finance the improvement. Each bond redemption fund shall consist of all assessments paid by landowners (principal, interest and penalty) on the particular drain. These instructions intend that all assessments collected on drains on which bonds have been issued shall be receipted directly to the Bond Redemption Fund.

There will be a separate Bond Redemption Fund carried in the General Ledger for each drain for which bonds are issued.

Disbursements from the Bond Redemption Fund may be used only to redeem:

1. the bonds issued to finance the construction or reconstruction; or
2. any installment note given in lieu of bonds.

The present drainage law makes no provision for disposal of a balance remaining in any drainage bond redemption fund after all bonds and interest are paid.

CUMULATIVE DRAINAGE FUND

According to IC 36-9-27-99, IC 36-9-27-100 and IC 36-9-27-102, a Cumulative Drainage Fund tax rate of not to exceed five cents (\$.05) on each one hundred dollars (\$100) of assessed valuation may be established by the County Council upon recommendation of the County Commissioners.

This fund may be established for the construction, reconstruction or maintenance of drains under IC 36-9-27, and may be expended only for the purpose for which it was established.