



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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## MEMORANDUM

To: County Auditors

From: Paul Joyce, Deputy State Examiner of the State Board of Accounts  
Brian Bailey, Commissioner of the Department of Local Government Finance

Date: July 24, 2012

Re: New Funds for Certain Income Tax Distributions

Implementation of the uniform county chart of accounts has brought to light that counties have been commingling income tax certified shares and distributive shares with property tax dollars. This practice fails to provide accountability for each of these revenue streams and any remaining balances. In order to avoid creating shortfalls in these commingled funds State Board of Accounts (SBOA) did not ask for change in 2012 but we are looking to improve the uniform accounting system in 2013 and beyond.

Beginning in 2013, the SBOA is instructing all county units to use funds, 1110, CAGIT County Certified Shares or 1121, COIT County Distributive Shares, as applicable, to receipt, disburse and account for balances of county income tax dollars not otherwise designated for special legislation or property tax relief. Planning and budgeting for this change is necessary during the 2013 budget process. Please enter these funds as new "home rule" funds in Gateway.

These new funds are separate income tax revenues for the purpose of fixing the county budget and may be used for any allowable governmental purpose. Salaries, fringe benefits, capital expenses are all appropriate uses of these funds. Income tax, however, is the only revenue source for the fund. The Department of Local Government Finance (DLGF) recommends leaving costs that affect the maximum levy calculation in the general fund where the property tax is receipted. Costs affecting the maximum levy calculation for counties include the mental health and mental retardation contributions. Leaving these costs in the property tax supported fund should prevent possible future challenges.

It should be noted that no changes are required for CAGIT PTR, CAGIT for county specific legislation, COIT for county specific legislation, CEDIT or any of the LOITs for property tax relief. These amounts are already accounted for in separate funds.

Questions regarding the fund changes should be directed to Tammy White of the State Board of Accounts at [twhite@sboa.in.gov](mailto:twhite@sboa.in.gov) and questions regarding how to budget these funds for 2013 should be directed to Dan Jones of the DLGF at [djones@dlgf.in.gov](mailto:djones@dlgf.in.gov).