



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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**MEMORANDUM**

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

FROM: Paul D Joyce, CPA  
State Examiner

RE: One-time Special Distribution per SEA 67

DATE: April 22, 2016

In conjunction with the Memorandum issued by the Indiana State Budget Agency, State Board of Accounts is providing the following guidance in regard to accounting for the one-time distribution required under SEA 67 from a county's trust account maintained by the State. This refers to a county's trust account maintained under the former local income tax laws. Per the new section, IC 6-3.6-9-17, the State Budget Agency will make a one-time special distribution to each county having a positive balance in the county's trust account as of December 31, 2014. Before June 1, 2016, the county auditor shall distribute to each taxing unit an amount equal to the taxing unit's allocation amount.

The county will need to create fund 7315, titled LOIT 2016 Special Distribution, to receipt and hold the monies received until distribution.

Distributions to taxing units that are not a county, city, or town are to be deposited into the taxing unit's rainy day fund.

Counties, cities, and towns have restrictions on the use of at least 75% of the special distribution received for infrastructure as found under IC 6-3.6-9-17(h)(1)(A). The remaining part of the distribution may be used for any of the purposes of the county, city, or town.

While the statute allows for the restricted distribution amount to be deposited into the rainy day fund of the county, city, or town; a subsidiary ledger would be required to account for the restricted portion's activity. This creates difficulty in maintaining accountability. Additionally, transparency is lost as the activity and balance for the restricted portion would not be discernable when reviewing the rainy day fund either through Gateway or financial statements.

For these reasons, State Board of Accounts has designated **county fund 1228**, titled LOIT Special Distribution to receipt and account for the restricted portion of the distribution. The unrestricted portion may be deposited into the county general fund, into a properly created home rule fund, or into the rainy day fund if properly designated as a source.

For cities and towns, State Board of Accounts has designated **fund 257**, titled LOIT Special Distribution to receipt and account for the restricted portion of the distribution. The unrestricted portion may be deposited into the general fund, into a properly created home rule fund, or into the rainy day fund if properly designated as a source.

If you have any questions specific to counties please contact Lori Rogers or Shannon Lopez at 317-232-2512. If you have any questions specific to cities and towns please contact Susan Gordon or Todd Caldwell at 317-232-2513.