

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: School Business Officials
FROM: Karen Large, Director, Budget Division *KL*
RE: CAGIT PTRC Funds
DATE: April 12, 2010

Earlier this year the Auditor of State, with the support of the Department of Local Government Finance ("Department"), directed school corporations to "park" excess County Adjusted Gross Income Tax ("CAGIT") Property Tax Replacement Credits ("PTRC") in the school corporation General Fund.

As a result, some cash balances have been overstated. Because this will be an annual issue, the State Board of Accounts will create a new fund number for "Excess PTRC Distribution." School corporations that receive excess PTRC distributions should establish Fund 3955- Excess PTRC Distribution fund and use receipt account 3990- Other (Excess PTRC distributions) for placement of the funds until the Department requires a transfer of funds in the following year upon receipt of a 1782 Notice - Fund Report. Receipting the proceeds into a separate fund should eliminate overstating the general fund cash balance reported on Form 9, the Annual Financial Report, and other financial reporting documents.

Each year excess PTRC should be certified to the Department in late January or early February. It is the Department's responsibility to calculate the distribution report and certify it to each County Auditor. School Corporation officials should receive this information shortly after the Department has distributed the reports.

The excess PTRC is added to the annual PTRC and used to reduce tax rates in all rated funds except Pension Debt Fund. For the Department to certify budget orders in a timely manner, the excess PTRC must be pro-rated and used to reduce tax rates in the ensuing year. Since school corporation officials will not know the proportion on the following year's rates when receiving the excess PTRC reports, officials should enter the excess PTRC in Fund #3955 until the following year.

The Fund Report that comes with each 1782 notice will give officials the breakdown of PTRC on Line 13 and represents excess from the previous year and regular PTRC from the current budget year. At that time, school officials can transfer the previous year distribution of excess PTRC from Fund #3955 in the correct proportion to each of the rated funds.

If you have any questions about this, please contact your Budget Field Representative, State Supervisor Linda Lessaris at 317.233.9239 or llessaris@dlgf.in.gov or Karen Large at 317.234.3937 or klarge@dlgf.in.gov.