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NUMBERED LETTER 2013-1
COUNTY REVENUE SHARING

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2013-1 Accounting for County Revenue Sharing and County Incentive Payments

Since the implementation of Public Act 357 of 2004, county governments have not received revenue sharing payments, but instead shifted the assessment of local property taxes and transferred amounts from this assessment to a Revenue Sharing Reserve fund. In accordance with PA 357, counties that have depleted those amounts would have revenue sharing payments restored. However, revenue sharing to counties is no longer based on actual state-wide sales tax revenues, but are a state appropriation. Consequently, the accruals shown in Numbered Letter 1997-1, *Accrual of State Shared Revenues*, do not apply. Rather, counties should record the current appropriations from the state as revenue when received.

In addition, counties may also receive payments from the state's County Incentive Payment program. These payments are distributed based on the fulfillment of specific requirements detailed by the state. County Incentive Payments should be recognized when they become susceptible to accrual in accordance with the Government Accounting Standards Board. However, some payments may be received prior to their being susceptible to accrual and should be recorded as deferred inflows of resources until they too are susceptible to accrual.

If you have any accounting questions, please contact our office.

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If you have questions on the details of revenue sharing, please call the Office of Revenue and Tax Analysis at 517-373-2697. They may also be found at michigan.gov/revenuesharing.