

COUNTY TREASURERS' 2013 CONFERENCE

EXCISE TAX ACCOUNTING
presented by
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2013 COUNTY TREASURERS' CONFERENCE AUDITOR OF STATE PRESENTATION

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Excise Accounting Foundation

- Solid excise accounting is accomplished by leaving no gaps
- Gaps occur when not all excise tax transactions are accounted for
- On the treasurer's side post all deposits, receipts, disbursements and adjustments of excise tax to the cash book
- On the auditor's side post all receipts, disbursements and adjustments of excise tax to the excise tax ledger
- Monthly treasurer and auditor excise tax balances reconciliation is recommended, must be reconciled at settlement or settlement doesn't get approved
- The key to maintaining reconciling excise tax balances is timely accounting and good communications between the treasurer and the auditor

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Bureau of Motor Vehicles

- Bureau of Motor Vehicles (BMV)
 - Collects for counties
 - Motor Vehicle License Excise Tax
 - Motor Vehicle Excise Surtax and Wheel Tax
 - If adopted by county
 - Watercraft (Boat) Excise Tax
 - Education Plate Fees

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Department of Revenue

- **Department of Revenue (DOR)**
 - **Collects for counties**
 - **Through the Motor Carrier Division**
 - Wheel Tax
 - **Under IC 6-6-6.5**
 - Aircraft Excise Tax
 - **Under IC 6-6-9**
 - Auto Rental Excise Tax

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BMV

- **Deposits Daily To:**
 - **County Treasurer BMV Bank Account**
 - Motor Vehicle License Excise Tax
 - Motor Vehicle Excise Surtax and Wheel Tax
 - If adopted by county
 - **State Treasurer Bank Account**
 - Watercraft (Boat) Excise Tax
 - Education Plate Fees

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DOR

- **Deposits Daily To:**
 - **State Treasurer Bank Account**
 - Wheel Tax
 - Aircraft Excise Tax
 - Auto Rental Excise Tax

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BMV

- **Creates Daily and Places on FTP Site:**

- Vehicle Registration Text File
- Vehicle Registration Report - Auditor Copy
- Vehicle Registration Report - Assessor Copy
- Deposit Report

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BMV

- **Explanation of filename structure using Benton County 2/28/2013 Deposit Report**
- **Filename 04320130228MV1941**
 - First two numbers = county number
 - Third number = report identifier, 3 is the identifier for the deposit report
 - Fourth through seventh number = year
 - Eighth and ninth number identifies the month
 - Tenth and eleventh number = day

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BMV Deposit Report

- **A single page report with the amounts deposited for the day to the county treasurer's BMV bank account for**
 - Excise tax - treasurer's receipt
 - Wheel tax - quietus
 - Surtax - quietus
 - Total - deposit to treasurer's BMV bank
- **These reports can and should be used as the basis for the treasurer's receipt, quietus and entries to treasurer's cashbook**

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County Auditor's Excise Tax Ledger

- Each separate ledger or subsidiary ledger should have a separate column or structured in a manner that enables the separate posting of each of the following
 - Motor vehicle excise
 - Watercraft (Boat) excise
 - Aircraft excise
 - Auto rental excise
 - Lottery credit
 - Excise tax cut replacement distributions

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County Auditor's Excise Tax Ledger

- Within each taxing district ledger the postings should be segregated by month and there should be monthly totals and a cumulative or running total
- Following is posting guidance for each type of excise tax
- The posting month will vary by excise type
 - Motor vehicle excise and lottery credit
 - The recommended posting date is determined by the transaction date and not by report date or deposit date
 - The report date and deposit date is 14 days after the transaction date
 - » For example, April 14 reported transaction and April 14 deposited transaction is a March 30 excise tax and lottery credit transaction and should be posted in the ledger as March excise
 - This methodology will make reconciling with the treasurer and allocation of the excise tax cut replacement distributions easier

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County Auditor's Excise Tax Ledger

- Posting guidance (continued)
 - Watercraft (Boat) excise, aircraft excise, auto rental excise and final excise tax cut replacement distribution for the calendar
 - Post in month received
 - Monthly excise tax cut replacement distributions
 - Post in month received or to previous month
 - Posting to previous month matches distribution to lottery credit being replaced by the distribution

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Excise Tax Settlement

- Excise tax to be included in settlement
 - Motor vehicle excise tax
 - Monthly excise tax cut replacement distributions
 - Final excise tax cut replacement distribution for the calendar year
 - Watercraft (Boat) excise
 - Aircraft excise
 - Auto rental excise

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Excise Tax Settlement

- The amount of excise to include in the settlement is the excise tax posted to the county auditor's excise tax ledger as of the excise tax cutoff date
- The cutoff date should be as of the end of a month keeping in mind time periods are determined by transaction dates and not report or deposit dates
- For most counties the cutoff dates have been April 30 for June Settlement and October 31 for the December Settlement
- With the BMV change to a 14 day lag time between the transaction date and the deposit and report date, counties may want to consider backing those dates up to March 31 and September 30

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Auditor & Treasurer Reconciliation

- Use AOS reconciliation worksheet to determine the difference between the excise the auditor is including in the settlement and the excise the treasurer certified on the 49TC
- The auditor should be including in the settlement the excise tax posted to the excise tax ledger as of the cutoff date
- The treasurer should be certifying on the 49TC the excise posted to the cash book as of the date the 49TC is completed

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Auditor & Treasurer Reconciliation

- The reconciliation is a matter of the auditor knowing what's in the excise tax to be included in settlement and the treasurer knowing what's in the amount certified
- The difference between the auditor and treasurer amount is a matter of what is in one amount and not in the other amount
- As long as the difference is one of the items on the reconciliation worksheet and the auditor and treasurer difference is reconciled to zero, the excise tax settlement can move on

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Excise Tax Distribution

- The excise tax to be distributed to taxing units is the excise tax amount in the county auditor's excise tax ledger as of the settlement cut off date less the welfare and school excise tax allocations to be sent to the AOS
 - The excise tax to be distributed is entered by the county auditor to the excise column of the 49TC
 - And is also entered by county auditor as the excise tax apportionment amount to the county's tax settlement system

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Excise Tax Distribution

- The excise tax included in settlement for each taxing district is deducted from the taxing district ledger in the county auditor's excise tax ledger
- The total amount deducted is quietus to the Settlement Fund
- The county treasurer will post the quietus as a transfer by quietus to the excise tax account or accounts in the Other Sources Section of Cash Book
- And will also post the quietus to the Funds Ledger Section of the Cash Book

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Excise Surtax & Wheel Tax Fund

- Quietus BMV excise surtax and wheel tax deposits and DOR wheel tax distributions either into separate excise surtax and wheel tax funds, or into one combined fund
- County auditor distributes monthly from the separate funds or the combined fund the excise surtax and wheel tax to the county highway fund and to the cities and towns within the county

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Excise Tax Accounting Conclusion

- Two handouts accompany this presentation
 - Illustration
 - BMV Deposit Report & Treasurer's Cashbook postings
 - Flowchart
 - Excise tax accounting & distribution flowchart
- Questions?

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Excise Tax Contacts

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