

# ***COUNTY AUDITORS' 2014 FALL CONFERENCE***

## ***TREASURER & AUDITOR EXCISE TAX ACCOUNTING***

***presented by***

***Dan Bastin, CPA  
Settlement Director  
Auditor of State's Office***

***Lori Rogers, CPA  
Director of County Services  
State Board of Accounts***

## **Foundation to Good Excise Tax Accounting**

- 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

## ***BMV***

- **Creates Daily and Places on FTP Site:**
  - **Vehicle Registration Text File**
  - **Vehicle Registration Report - Auditor Copy**
  - **Vehicle Registration Report - Assessor Copy**
  - **Deposit Report**

*FALL 2014 COUNTY AUDITORS' CONFERENCE*

3

## ***BMV Reports on FTP Site***

- **The BMV reports on the FTP site can and should be copied to the county's network or county's computer(s)**
- **BUT THE REPORTS MUST NEVER BE MOVED TO THE COUNTY'S NETWORK OR A COUNTY COMPUTER**
- **Moved reports can never be recovered if the reports are lost or destroyed on the county's computer**

*FALL 2014 COUNTY AUDITORS' CONFERENCE*

4

## ***BMV***

- The filename structure of the BMV text files and reports is as follows;
  - First two numbers = county number
  - Third number indicates the type of report
    - 0 indicates Vehicle Registration Text File
    - 1 indicates Vehicle Registration Report - Auditor Copy
    - 2 indicates Vehicle Registration Report - Assessor Copy
    - 3 indicates BMV Deposit Report
  - Fourth through seventh number = Year
  - Eighth and ninth numbers = Month
  - Tenth and eleventh numbers = Day
  - Twelfth and thirteenth = MV
  - Last four numbers = Report Number

*FALL 2014 COUNTY AUDITORS' CONFERENCE*

5

## ***Vehicle Registration Text File***

- Vehicle registration and excise tax information in a computer readable format
- Text files enable county auditors to use software or computer spreadsheets to determine taxing district allocations of motor vehicle excise tax and lottery credit

*FALL 2014 COUNTY AUDITORS' CONFERENCE*

6

## ***Vehicle Registration Report - Auditor Copy***

- **Vehicle registration and motor vehicle excise tax information by taxing district in a report format**
- **Motor vehicle excise tax is reported by registration and taxing district total**
- **Lottery credit is reported by taxing district total**

*FALL 2014 COUNTY AUDITORS' CONFERENCE*

7

## ***Vehicle Registration Report - Assessor Copy***

- **If a county has excise surtax and wheel tax, then the report contains excise surtax tax and wheel tax information**
- **For all counties the report contains the registrations exempt from motor vehicle excise tax**
- **Excise surtax and wheel tax is reported by registration and taxing district total**

*FALL 2014 COUNTY AUDITORS' CONFERENCE*

8

## ***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
  
- This report **MUST** be used as the basis for the treasurer's excise tax receipt, he treasurer's cash book postings and, if applicable, the county auditor's excise surtax and wheel tax quietus

*FALL 2014 COUNTY AUDITORS' CONFERENCE*

9

## ***BMV Deposit Report***

- The BMV Deposit report **MUST** be the source for the;
  - Treasurer's excise tax receipt
  - The excise tax posted to the other sources section of the treasurer's cash book
  - The deposit posted to the BMV bank account of the Cash in Depositories Section of the treasurer's cash book
  - If applicable, the county auditor's excise surtax and wheel tax quietus

*FALL 2014 COUNTY AUDITORS' CONFERENCE*

10

## *Treasurer's Excise Tax Receipt*

- The treasurer accesses the BMV FTP Site to retrieve the BMV Deposit Report
- From the BMV Deposit Report the treasurer's excise tax receipt is prepared
- The receipt date is the date the receipt is prepared
- The receipt amount is the excise tax shown on the BMV Deposit Report
- On the receipt enter the transaction through date that is shown on the BMV Deposit Report (if the receipt is for more than one transaction through date, then enter the date range of the transaction through dates on the receipt)
- On the receipt enter The BMV Deposit Report number (the report number is the last four numbers of the filename) (if the receipt is for more than one report number, then enter the range of the report numbers on the receipt)
- Give a copy of the receipt to the county auditor for the county auditor to use to verify the excise deposits to the BMV vehicle registration reports

FALL 2014 COUNTY AUDITORS' CONFERENCE

11

## *Excise Surtax & Wheel Tax Quietus*

- **If the county has excise surtax and wheel, then at the same time the treasurer excise tax receipt is prepared the auditor prepares a quietus for the excise surtax and wheel tax**
- **The quietus has the same date as the treasurer's receipt and quietus the excise surtax and wheel tax either into separate excise surtax and wheel tax funds, or into one combined fund**
- **The quietus amount is the excise surtax and wheel tax shown on the BMV Deposit Report**

FALL 2014 COUNTY AUDITORS' CONFERENCE

12

## *Treasurer's Cash Book Postings*

- The Treasurer's Cash Book posting date is the date of the treasurer's receipt
- The excise tax receipt is posted to the Excise line of the Other Sources Section of the Cash Book.
- The excise surtax and wheel tax quietus is posted to the Funds Ledger Section of the Cash Book
- In the Cash in Depositories Section of the Treasurer's Cash Book post the BMV Deposit Report total as a deposit to the BMV bank account.
- Perform monthly a reconciliation between the BMV bank statement and the BMV bank account balance shown on the Treasurer's Cash Book.
- If discrepancies between the bank statement and the cash book postings are found, then contact Tamytha Cooper at the BMV to resolve the discrepancy.

*FALL 2014 COUNTY AUDITORS' CONFERENCE*

13

## *AOS Distributions to County*

- AOS distributes monthly to counties
  - Watercraft (Boat) Excise Tax
  - Education Plate Fee
  - Excise Tax Cut Replacement
- County treasurer issues a treasurer's receipt for watercraft excise and monthly excise tax cut replacement distributions and enters to excise accounts in the Other Sources Section of Cash Book
- Education plate fee is quietus to the county auditor's Education Plate Fee Fund and is entered in the Funds Ledger Section of the county treasurer's Cash Book

*FALL 2014 COUNTY AUDITORS' CONFERENCE*

14

## ***Recording of Excise Data in County Auditor's Records***

- **The county auditor should have an excise tax ledger to record**
  - **Motor vehicle excise**
  - **Watercraft (Boat) excise**
  - **Aircraft excise**
  - **Auto rental excise**
  - **Lottery credit**
  - **Excise tax cut replacement distributions**

*FALL 2014 COUNTY AUDITORS' CONFERENCE*

15

## ***County Auditor's Excise Tax Ledger***

- **The structure or organization of the ledger should be;**
  - **A separate ledger or subsidiary ledger for each taxing district**
  - **A control or summary ledger containing the sum of all of the separate taxing district ledgers**

*FALL 2014 COUNTY AUDITORS' CONFERENCE*

16

## ***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

FALL 2014 COUNTY AUDITORS' CONFERENCE

17

## ***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 posting date is the transaction date
    - The BMV report date and deposit date is 14 days after the transaction date
      - » For example, April 14 report date and deposit date is for March 31 excise tax and lottery credit transactions
      - » The treasurer's receipt date, deposit date and posting date is April 14
      - » The auditor's excise tax ledger posting date is March 31 and is March excise
      - » If at April 30 the treasurer and auditor are reconciling to the auditor's March 31 excise tax, then the difference will be the excise tax deposited and posted by the treasurer for April 15 through April 30

FALL 2014 COUNTY AUDITORS' CONFERENCE

18

## ***County Auditor's Excise Tax Ledger***

- **Posting guidance (continued)**
  - **Watercraft (Boat) excise, aircraft excise, auto rental excise and excise tax cut replacement distributions**
    - **Post in month received**

## ***County Auditor's Excise Tax Ledger***

- **At least monthly the county auditor must post to the taxing district ledgers in the county auditor's excise tax ledger**
  - **Motor vehicle excise**
    - **The basis of the amounts posted are the BMV deposits and the BMV motor vehicle registration data**
      - **Verify that the excise deposit (treasurer's receipt) equals the total excise for the date (the total for the date is on the last page of the BMV's auditor's registration report and the treasurer should have put the transaction date and report number on the treasurer's receipt)**
    - **The BMV motor vehicle registration data is used to allocate the excise tax between taxing districts**
    - **The registration data can be either the BMV text files or the BMV reports**
      - **The text files can be used with computer software to allocate to taxing districts the entire month of excise data and create a report of the allocations to use to post to the excise ledger**
      - **If the BMV reports are used to allocate the excise data to taxing districts, then most likely the excise ledger will have to be posted daily because there is not a monthly report**

## ***BMV Reports on FTP Site***

- The BMV reports on the FTP site can and should be copied to the county's network or county's computer(s)
- **BUT THE REPORTS MUST NEVER BE MOVED TO THE COUNTY'S NETWORK OR A COUNTY COMPUTER**
- Moved reports can never be recovered if the reports are lost or destroyed on the county's computer

FALL 2014 COUNTY AUDITORS' CONFERENCE

21

## ***County Auditor's Excise Tax Ledger***

- When received the county auditor must post to the taxing district ledgers in the county auditor's excise tax ledger
  - The AOS monthly Excise Tax Cut Replacement Distribution
    - The basis of the amounts posted are; the AOS excise tax cut replacement distribution, the AOS monthly instructions and the BMV motor vehicle registration data
    - The BMV motor vehicle registration data is used to allocate the lottery credit to taxing districts
    - The registration data can be either the BMV text files or the BMV reports
      - The text files can be used with computer software to allocate to taxing districts the entire month of lottery credit data and create a report of the allocations to use to post to the excise ledger
      - If the BMV reports are used to allocate the lottery credit data to taxing districts, then most likely the excise ledger will have to be posted daily because there is not a monthly report
    - The mechanics of the excise tax cut replacement posting is covered in the AOS monthly instructions

FALL 2014 COUNTY AUDITORS' CONFERENCE

22

## ***County Auditor's Excise Tax Ledger***

- When received the county auditor must post to the taxing district ledgers in the county auditor's excise tax ledger
  - The AOS monthly Watercraft (Boat) Excise Tax Distribution
    - The basis of the amounts posted are the AOS distribution and the BMV watercraft registration data
    - The BMV watercraft registration data is used to allocate the watercraft excise tax to taxing districts
    - The watercraft registration data can be either the BMV text files or the BMV reports
      - The text files can be used with computer software to allocate to taxing districts the watercraft excise tax data and create a report of the allocations to use to post to the excise ledger
      - The BMV reports can also be used to allocate the watercraft excise tax data to taxing districts

FALL 2014 COUNTY AUDITORS' CONFERENCE

23

## ***County Auditor's Excise Tax Ledger***

- When received the county auditor must post to the taxing district ledgers in the county auditor's excise tax ledger and the county treasurer must issue a treasurer's receipt
  - The DOR distributions of
    - Aircraft Excise Tax
    - Auto Rental Excise Tax
  - The basis of the amounts posted to the taxing district ledgers in the county auditor's excise tax ledger are the DOR distribution amounts and the DOR registration data
    - The DOR registration data is used to allocate the distribution amount to taxing districts

FALL 2014 COUNTY AUDITORS' CONFERENCE

24

## ***Monthly Reconciliation of Treasurer's Cashbook Excise and Auditor's Excise Tax Ledger***

- Using the AOS Auditor & Treasurer Excise Tax Reconciliation Worksheet as a guide the treasurer and auditor should reconcile excise tax balances monthly
- The first monthly reconciliation may be difficult, but once the treasurer and auditor balances are reconciled then future monthly reconciliations will be less difficult because only a month of transactions will need to be examined if there is a reconciliation problem
- If monthly reconciliations are done, the settlement reconciliation will certainly be much less difficult than it has been in the past

FALL 2014 COUNTY AUDITORS' CONFERENCE

25

## ***Excise Tax Settlement***

- Excise tax to be included in settlement
  - Motor vehicle excise tax
  - Monthly excise tax cut replacement distributions
  - Watercraft (Boat) excise
  - Aircraft excise
  - Auto rental excise

FALL 2014 COUNTY AUDITORS' CONFERENCE

26

## ***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

FALL 2014 COUNTY AUDITORS' CONFERENCE

27

## ***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

FALL 2014 COUNTY AUDITORS' CONFERENCE

28

## ***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

*FALL 2014 COUNTY AUDITORS' CONFERENCE*

29

## ***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

*FALL 2014 COUNTY AUDITORS' CONFERENCE*

30

## *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

FALL 2014 COUNTY AUDITORS' CONFERENCE

31

## **Excise Tax Contacts**

- **Bureau of Motor Vehicles**
  - Harold Day 317-232-1955 [hday@bmv.in.gov](mailto:hday@bmv.in.gov)
  - Tamytha Cooper 317-232-6438 [tcooper@bmv.in.gov](mailto:tcooper@bmv.in.gov)
- **State Board of Accounts**
  - Lori Rogers 317-232-2512
- **Auditor of State**
  - Fred Van Dorp 317-234-1667 [fvandorp@auditor.in.gov](mailto:fvandorp@auditor.in.gov)
- **Department of Revenue**
  - Dave Paquette (Aircraft) 317-615-2659 [dpaquette@dor.in.gov](mailto:dpaquette@dor.in.gov)
  - Nurain Yusuf (Auto Rental) 317-232-5697 [nyusuf@dor.in.gov](mailto:nyusuf@dor.in.gov)
  - Randy Boone (Wheel Tax) 317-615-7212 [rboone@dor.in.gov](mailto:rboone@dor.in.gov)

FALL 2014 COUNTY AUDITORS' CONFERENCE

32