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TRAVIS COUNTY AUDITOR'S OFFICE REVIEW OF THE TRAVIS COUNTY TAX OFFICE'S SPECIAL INVENTORY TAX SPECIAL REVENUE FUND

2021

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TRAVIS COUNTY
AUDITOR'S OFFICE

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To: Bruce Elfant
Travis County Tax Assessor-Collector

From: Patti Smith, CPA
Travis County Auditor

Date: January 25, 2021

Subject: Tax Office Special Inventory Tax Fund Examination

Scheduled as part of our statutory requirements, the Risk Evaluation and Consulting (REC) Division of the Travis County Auditor's Office has completed an examination of the Tax Assessor-Collector's Special Inventory Tax (SIT) Fund. We conducted our examination in accordance with the applicable statutes governing the County Auditor's Office and those relating to County financial and accounting protocols. As a result of our examination, we are providing this report on our findings and recommendations.

BACKGROUND

Each month, motor vehicle dealers remit estimated property taxes due on their automotive inventories to the Tax Office. These estimated taxes are held in escrow by the Tax Office until a final, annual property tax balance due can be determined for these vehicle inventories. At this point, the taxes are paid from escrow, and any difference is either collected or refunded, as applicable. Per Section 23.122 of the Tax Code, the interest earned on these escrow funds and any penalties collected are to be transferred into and accounted for in a special revenue fund maintained by the Tax Office. These funds are only to be used to defray the cost of administration of the SIT program.

SCOPE OF EXAMINATION

The primary objective of this examination included an assessment of the adequacy and effectiveness of the overall system of internal controls in place for the Tax Office's SIT Special Revenue Fund during the period October 1, 2019 to September 30, 2020. This encompassed examinations of controls over receipts and disbursements, reconciliation procedures for bank

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accounts, and accounting controls over internal functions for handling and managing these accounts.

EXAMINATION METHODOLOGY

Our work was based on applying sampling procedures to office records and on verbal and written representations from this office. Sampling relates to examining, on a test basis, evidence supporting the amounts and disclosures in the financial records and statements. The use of sampling techniques would not necessarily disclose all matters in the office's financial statements, financial records, and financial controls that might be material weaknesses or misstatements. Regarding the written and verbal representations made by this office, unless otherwise noted in this report, office management maintains that the assertions we relied upon in the examination were correct to the best of their knowledge.

SUMMARY OF FINDINGS & RECOMMENDATIONS

No significant findings were noted during this review.

ATTACHMENT

Copies of the financial statements for September 30, 2020 are provided in Attachment A. These statements include a detailed statement of revenues, expenditures, and changes in fund balance, and a balance sheet for the special revenue fund. The express purpose of presenting these statements is to provide feedback to Travis County officials. These financial statements have not been audited by Travis County's external auditors.

EXAMINATION TEAM

Lisa Denton, CFE, Financial Auditor VI
Tracey Powers, Staff Auditor

CLOSING

This report is intended solely for the information and use of your office and the Commissioners Court. We greatly appreciate the cooperation and assistance received from the management and staff of the Travis County Tax Assessor-Collector's Office during this examination. Please contact us if you have any questions or concerns regarding this report.

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Travis County Auditor

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Examination File

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ATTACHMENT A – FINANCIAL STATEMENTS

Travis County Tax Office Special Inventory Tax
Special Revenue Fund
Balance Sheet
September 30, 2020

Assets		
Cash	$	525,430
Receivables		545
Due from General Fund		-
Total assets	$	525,975
Liabilities and Fund Balance		
Liabilities:		
Due to other funds	$	-
Total liabilities		-
Fund balance:		
Reserved for encumbrances		-
Unreserved - undesignated		525,975
Total fund balance		525,975
Total liabilities and fund balance	$	525,975

NOTE: The express purpose of presenting this financial statement and the appropriate findings is to comply with applicable local government code statutes and to provide internal control feedback to Travis County officials. This financial statement has not yet been audited by Travis County's external auditors.

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Travis County Tax Office Special Inventory Tax
Special Revenue Fund
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended September 30, 2020

Revenues:		
Fines & Forfeitures	$	201,399
Interest		54,588
Total revenues		255,987
Expenditures:		
Personnel costs		-
Supplies		-
Other charges		-
Capital outlay		-
Total expenditures		-
Excess (deficiency) of revenues over expenditures		255,987
Other financing sources (uses):		
Transfers in		-
Transfers out		-
Total other financing sources (uses)		-
Net change in fund balance		255,987
Fund balance - beginning of year		269,988
Fund balance - end of year	$	525,975

NOTE: The express purpose of presenting this financial statement and the appropriate findings is to comply with applicable local government code statutes and to provide internal control feedback to Travis County officials. This financial statement had not yet been audited by Travis County's external auditors.