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2022

Travis County Auditor's Office Review of Travis County Tax Office's Special Inventory Tax Special Revenue Fund

Travis County Auditor's Office
Risk Evaluation and
Consulting Division

November 18, 2022

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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: November 18, 2022

Subject: Tax Office Special Inventory Tax Fund Review

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 Office Special Inventory Tax Fund. We conducted our review 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

The Travis County Tax Office is responsible for a variety of state, county, and city services. Included in these services is the Special Inventory Tax (SIT). Motor Vehicle dealers are required to submit annually a declaration form and monthly a tax statement to the Tax Office. In addition, dealers are required to submit tax payments based on the number of vehicles sold during the year. If a dealer fails to submit, in a timely manner, either the declaration form or the tax statement, the dealer is subject to penalties.

The Tax Office is responsible for ensuring motor vehicle dealers remit their estimated property taxes due on their automotive inventories each month. The Tax Office collects the monthly estimated property taxes and holds the funds in an escrow account. At the end of the year, the Tax Office determines the annual balance due and pays the annual property tax due from the escrow account. Per the Tax Code, Chapter 23, the interest earned on these escrow funds and the penalties collected for noncompliance 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 the administration of the SIT program.

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METHODOLOGY

Our review methodology was based on applying sampling procedures to office records and on verbal and written representations from the Tax 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 SIT Fund financial statements, records, and controls that might signify 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.

SCOPE

This review scope included an assessment of the adequacy and effectiveness of the overall system of financial controls in place for the Tax Office's Special Inventory Tax Fund during the period October 1, 2021 to September 30, 2022. This review included examinations of the overall internal controls in place for revenues, disbursements, and reporting.

SUMMARY OF FINDINGS

No significant findings were noted during this review.

ATTACHMENT

Copies of this office's financial statements for September 30, 2022, 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 purpose of presenting these statements is to provide feedback to Travis County officials. These financial statements have not yet been audited by Travis County's external auditors.

EXAMINATION TEAM

Lisa Denton, Financial Analyst VI
Frank Williams, 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 Tax Office during this examination. Please contact us if you have any questions or concerns regarding this report.

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David Jungerman, CIA
Chief Assistant County Auditor II
Risk Evaluation & Consulting Division

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Patti Smith, CPA
Travis County Auditor

REPORT DISTRIBUTION

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Managers, Travis County Auditor's Office
Examination File

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ATTACHMENT A

Travis County Tax Office Special Inventory Tax
Special Revenue Fund
Balance Sheet
September 30, 2022

Assets

Cash		620,946
Receivables		12,398
Due from General Fund		-
Total assets	$	633,344

Liabilities and Fund Balance

Liabilities:		
Due to other funds		5,767
Total liabilities	$	5,767
Fund balance:		
Reserved for encumbrances		-
Unreserved - undesignated		627,577
Total fund balance		627,577
Total liabilities and fund balance	$	633,344

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 will be 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, 2022

Revenues:		
Fines & Forfeitures		152,582
Other revenues		-
Interest		35,185
Total revenues	$	187,767
Expenditures:		
Personnel costs		-
Supplies		-
Other charges		129,174
Capital outlay		-
Total expenditures	$	129,174
Excess (deficiency) of revenues over expenditures		58,593
Other financing sources (uses):		
Transfers in		-
Transfers out		-
Total other financing sources (uses)		-
Net change in fund balance		58,593
Fund balance - beginning of year		568,984
Fund balance - end of year	$	627,577

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 will be audited by Travis County's external auditors.