

2020

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

#20-08

TRAVIS COUNTY
AUDITOR'S OFFICE

PATTI SMITH, CPA
COUNTY AUDITOR



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To: Bruce Elfant
Travis County Tax Assessor-Collector

From: Patti Smith, CPA
Travis County Auditor

Date: January 9, 2020

Subject: Tax Vehicle 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 Vehicle Inventory Tax (VIT) 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 VIT 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 VIT Special Revenue Fund during the period October 1, 2018 to September 30, 2019. This encompassed examinations of controls over receipts and disbursements, reconciliation procedures for bank

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. In regard to 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 material findings were noted during this review.

ATTACHMENT

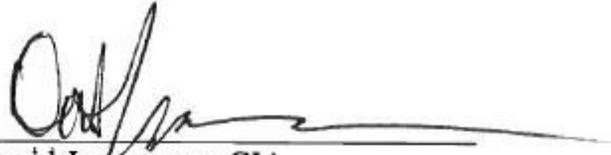
Copies of the financial statements for September 30, 2019 are provided in Attachment A. These statements include a detailed statement of revenues, expenditures, and changes in fund balance, and a balance sheet for the special revenue fund. The express purpose of presenting these statements is to provide feedback to Travis County officials. These financial statements have not been audited by Travis County's external auditors.

EXAMINATION TEAM

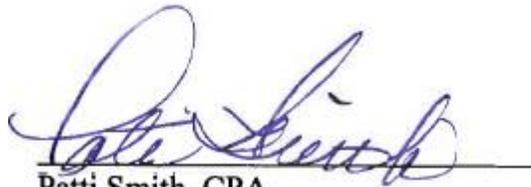
Lisa Denton, CFE, Senior Auditor

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.



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



Patti Smith, CPA
Travis County Auditor

REPORT DISTRIBUTION

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Margaret Gomez, Commissioner, Precinct 4
Joe Marshall, Chief Deputy, Tax Office
Tish Bostick, Senior Financial Manager, Tax Office
Travis County Executive Managers
Managers, Travis County Auditor's Office
Examination File

ATTACHMENT A – FINANCIAL STATEMENTS

**Travis County Tax Office Vehicle Inventory Tax
Special Revenue Fund
Balance Sheet
September 30, 2019**

Assets

Cash	\$	261,929
Receivables		8,059
Due from General Fund		-
		<hr/>
Total assets	\$	<u>269,988</u>

Liabilities and Fund Balance

Liabilities:

Due to other funds	\$	-
		<hr/>
Total liabilities		-
		<hr/>

Fund balance:

Reserved for encumbrances		-
Unreserved - undesignated		269,988
		<hr/>
Total fund balance		269,988
		<hr/>
Total liabilities and fund balance	\$	<u>269,988</u>

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.

**Travis County Tax Office Vehicle Inventory Tax
Special Revenue Fund
Detailed Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended September 30, 2019**

Revenues:

Fines & Forfeitures	\$	147,827
Interest		82,626
		230,453
Total revenues		230,453

Expenditures:

Personnel costs		47,006
Supplies		-
Other charges		-
Capital outlay		-
		47,006
Total expenditures		47,006
Excess (deficiency) of revenues over expenditures		183,447

Other financing sources (uses):

Transfers in		-
Transfers out		-
		-
Total other financing sources (uses)		-
Net change in fund balance		183,447
Fund balance - beginning of year		86,541
Fund balance - end of year	\$	269,988

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.