

From: Abigail Guajardo [mailto:Abigail.Guajardo@auditor.co.hidalgo.tx.us]

Sent: Thursday, May 25, 2017 3:00 PM

To: Paul Villarreal

Cc: Ray Eufrazio; Linda Fong; Arcy Duran; Yvonne Torres; Eva Mireles; Julio Espinosa; Crystal Puente

Subject: Review of January 2017 Hidalgo County Taxes Collected

## **Ray Eufrazio, CPA**

**Hidalgo County Auditor**

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**To: The Honorable Pablo (Paul) Villarreal, Jr., RTA**

**Hidalgo County Tax Assessor/Collector**

**From: Ray Eufrazio, CPA**

**Hidalgo County Auditor**

**RE: Review of January 2017 Hidalgo County Taxes Collected**

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Tax Code Sec. 42.43 (a-b) states, "if the final determination of an appeal that decreases a property owner's tax liability occurs after the property owner has paid his taxes, the taxing unit shall refund to the property owner the difference between the amount of taxes paid and the amount of taxes for which the property owner is liable. For a refund made under this section, the taxing unit shall include with the refund interest on the amount refunded calculated at an annual rate of 9.5 percent, calculated from the delinquency date for the taxes until the date of the refund is made."

During our review of the January 2017 "Hidalgo County Taxes Collected Monthly Report", we noted that a taxpayer was issued a refund for the overpayment of taxes resulting from an appeal that decreased the property owner's tax liability. The accrued interest was paid from the current collections instead of the Tax Office's budget, in error. Therefore, an under transfer in the amount of \$1,231.50 was made to the General Fund.

The County Auditor's Office is aware that for each day the refund is not issued the Tax Office's liability increases, however; County collections should not be reduced to pay for the accrued interest on a refund. Instead, the Tax Office should pay the interest and then request a reimbursement from the Tax Office's budgeted expenditure funds (i.e., 7-1100-415-15-140-001-0-890 Tax Off-Other). A line-item-transfer may be required if sufficient funds to cover the expense are not available.

Please submit to the County Auditor's Office a request that the General Fund be reimbursed \$1,231.50 for the under transfer. The reimbursement should be charged to the Tax Office's budgeted funds. Submittal of the reimbursement request should be made by May 31, 2017.

If you have any questions, feel free to call Abigail Guajardo, MSA, Internal Auditor II, at 318-2511 ext. 4652, Yvonne Torres, Revenue Audit Supervisor, at ext. 4642, Arcy B. Duran, CPA, Director of Audit, at ext. 4645, or me at ext. 4604.

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