

PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA



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FINANCIAL STATEMENT AUDIT

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ISSUED AUGUST 16, 2006

**LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

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STEVE J. THERIOT, CPA

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## TABLE OF CONTENTS

	Page
Independent Auditor's Report on the Financial Statement .....	3
<b>Statement</b>	
Financial Statement - Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund:	
Statement of Fiduciary Net Assets ..... A.....	7
Notes to the Financial Statement.....	9
<b>Schedule</b>	
Combining Statement of Changes in Assets and Liabilities .....	1.....13
Supplemental Information Schedule - Schedule of Distributions.....	2.....15
<b>Exhibit</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	A
<b>Appendix</b>	
Management's Corrective Action Plans and Responses to the Findings and Recommendations.....	A

PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND \_\_\_\_\_



STEVE J. THERIOT, CPA  
LEGISLATIVE AUDITOR

OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

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July 25, 2006

Independent Auditor's Report  
on the Financial Statement

**COLONEL HENRY L. WHITEHORN, DEPUTY SECRETARY**  
**PUBLIC SAFETY SERVICES**  
**DEPARTMENT OF PUBLIC SAFETY**  
**AND CORRECTIONS**  
**PARISH AND MUNICIPAL MOTOR VEHICLE**  
**SALES AND USE TAX ESCROW FUND**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

We have audited the accompanying statement of fiduciary net assets of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund, an agency fund within the Louisiana Department of Public Safety and Corrections, Public Safety Services, as of December 31, 2005. The financial statement is the responsibility of management of Public Safety Services. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the director of Public Safety Services serves as collector and distributor of parish and municipal motor vehicle sales and use taxes. As such, the accompanying statement presents information only on the activities of the collector of motor vehicle sales and use taxes included in the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund and do not purport to, and do not, present fairly the financial position and changes in financial position of the Louisiana Department of Public Safety and Corrections, Public Safety Services, in conformity with accounting principles generally accepted in the United States of America. Furthermore, the accompanying statement has been prepared on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

## PARISH AND MUNICIPAL MOTOR VEHICLE SALES AND USE TAX ESCROW FUND

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In our opinion, the financial statement referred to previously presents fairly, in all material respects, the assets and liabilities arising from cash transactions of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund of Public Safety Services as of December 31, 2005, in conformity with the basis of accounting described in note 1.

As discussed in note 3, the Supreme Court of Louisiana issued a judgment upholding the Nineteenth Judicial District Court's decision that declared Louisiana Revised Statutes 47:303(B)(a) and (b)(1) unconstitutional. These statutes require that local tax collectors enter into an agreement to use the Vehicle Commissioner of the Office of Motor Vehicles as their agent to collect local motor vehicle sales and use taxes. Although this ruling could effectively eliminate all parish and municipality tax collections and distributions made currently by the Office of Motor Vehicles, the office had current contracts to collect motor vehicle sales and use taxes with all taxing authorities in the state at December 31, 2005.

During August and September of 2005, the State of Louisiana suffered considerable damage from two major hurricanes, Katrina and Rita, resulting in the President of the United States declaring Louisiana a major disaster area. Because of the severity of these two separate events and the resulting losses sustained, it is unknown exactly what economic impact recovery will have on state and local governmental operations in Louisiana. While the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund did not directly suffer any major effects of these two hurricanes, the long-term effects of these events directly on the fund cannot be determined at this time.

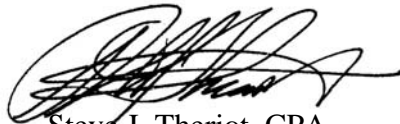
In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2006, on our consideration of the Parish and Municipal Sales and Use Tax Escrow Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

## INDEPENDENT AUDITOR'S REPORT

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Our audit was made for the purpose of forming an opinion on the accompanying financial statement. The accompanying supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund of Public Safety Services. Such information has been subjected to the procedures applied in the audit of the financial statement and, in our opinion, is fairly stated in all material respects in relation to the financial statement taken as a whole.

Respectfully submitted,



Steve J. Theriot, CPA  
Legislative Auditor

RJM:WDD:THC:dl

MVST05

PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND \_\_\_\_\_

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**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA**

**Statement of Fiduciary Net Assets  
For the Year Ended December 31, 2005**

**ASSETS**

Cash (note 2)	<u><u>\$41,069,716</u></u>
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**LIABILITIES**

Due to taxing bodies and others	<u><u>\$41,069,716</u></u>
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The accompanying notes are an integral part of this statement.

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## **INTRODUCTION**

As provided by Louisiana Revised Statute (R.S.) 47:531, the director of Public Safety Services is designated as vehicle commissioner of the state. The vehicle commissioner is responsible for the collection and distribution of parish and municipal motor vehicle sales and use taxes, as well as the administration and enforcement of the "Vehicle Registration License Tax" under the provisions of Chapter 4 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950.

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. BASIS OF PRESENTATION**

The Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund is established to reflect the collections imposed by law, distributions pursuant to such law, and unsettled balances due various taxing bodies and others. The accompanying financial statement has been prepared on the cash basis of accounting with collections recognized when received and distributions reflected when paid. As such, the accompanying financial statement does not reflect the receivables and related payables associated with tax collection activities.

#### **B. REPORTING ENTITY**

R.S. 47:303(B)(3)(b)(iii) requires the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund to be audited annually. Accordingly, the accompanying financial statement reflects financial activity of Public Safety Services relating only to the vehicle commissioner's responsibility as collector and distributor of parish and municipal motor vehicle sales and use taxes. Amounts included in the financial statement are also included in the Department of Public Safety and Corrections, Public Safety Services' annual fiscal report.

### **2. CASH**

At December 31, 2005, the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund has cash (book balance) totaling \$41,069,716. State law requires that all collections be deposited in the state treasury. Cash balances held and controlled by the state treasurer are secured from risk by the state treasurer through separate custodial agreements and the risk disclosures required by accounting principles generally accepted in the United States of America are included within the state's basic financial statements.

## PARISH AND MUNICIPAL MOTOR VEHICLE SALES AND USE TAX ESCROW FUND

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### **3. COURT DECISION REGARDING MOTOR VEHICLE SALES TAX COLLECTIONS**

On April 14, 1998, the Supreme Court of Louisiana issued a judgment upholding the Nineteenth Judicial District Court's decision that declared R.S. 47:303(B)(3)(a) and (b)(i) unconstitutional. These statutes require that local tax collectors enter into an agreement to use the Vehicle Commissioner of the Office of Motor Vehicles as their agent to collect local motor vehicle sales and use taxes. The Caddo-Shreveport Sales and Use Tax Commission, the central collector of taxes for Caddo Parish, filed suit for a declaratory judgment asserting that it was being unconstitutionally prohibited from collecting locally levied sales and use tax on motor vehicles by the operation of R.S. 47:303. The lower court found for the Caddo-Shreveport Sales and Use Tax Commission, and the Supreme Court upheld the lower court's decision. The judgment became final on April 28, 1998. Therefore, after April 28, the legislature cannot require that the Office of Motor Vehicles collect local taxes against the wishes of the central tax collector of any parish or to designate a collection agent for the commission. Although this ruling could effectively eliminate all parish and municipality tax collections and distributions made currently by the Office of Motor Vehicles, the office had current contracts to collect motor vehicle sales and use taxes with all taxing authorities in the state at December 31, 2005.

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

Schedule 1 reflects the changes in Public Safety Services' custodial responsibilities.

**SCHEDULE OF DISTRIBUTIONS**

Schedule 2 reflects the distributions of parish and municipal motor vehicle sales and use taxes to the various taxing authorities during the period January 1, 2005, to December 31, 2005.

PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND \_\_\_\_\_

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**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA**

**Combining Statement of Changes in  
Assets and Liabilities  
For the Year Ended December 31, 2005**

	BALANCE AS OF <u>DECEMBER 31, 2004</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	BALANCE AS OF <u>DECEMBER 31, 2005</u>
<b>ASSETS</b>				
Cash	<u>\$26,019,725</u>	<u>\$368,956,345</u>	<u>(\$353,906,354)</u>	<u>\$41,069,716</u>
<b>LIABILITIES</b>				
Due to taxing bodies and others	<u>\$26,019,725</u>	<u>\$368,956,345</u>	<u>(\$353,906,354)</u>	<u>\$41,069,716</u>

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**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA**

**Schedule of Distributions  
For the Period From January 1, 2005,  
to December 31, 2005**

Public Safety Services - collection costs	\$3,538,839
Office of Legislative Auditor	23,244

**TAXING AUTHORITY**

Acadia Parish:

Acadia Parish Law Enforcement District	494,035
Acadia Parish Mosquito Control Sales Tax District #3	189,120
Acadia Parish Police Jury	1,619,566
Acadia Parish School Board	1,482,132
City of Crowley	334,395
City of Eunice	15,699
City of Rayne	196,841
Town of Church Point	70,411
Town of Iota	42,288
Village of Estherwood	10,208
Village of Mermentau	7,236
Village of Morse	9,142

Allen Parish:

Allen Parish Police Jury	259,476
Allen Parish School Board	1,112,040
City of Oakdale	83,837
Town of Elizabeth	8,521
Town of Kinder	45,248
Town of Oberlin	29,419

(Continued)

**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
For the Period From January 1, 2005,  
to December 31, 2005**

**TAXING AUTHORITY (CONT.)**

Ascension Parish:

Ascension Parish Law Enforcement District	\$773,513
Ascension Parish Police Jury	1,547,026
Ascension Parish Sales Tax District No. 2	773,513
Ascension Parish School Board	3,785,284
City of Donaldsonville	200,020
City of Gonzales	446,957
East Ascension Parish Drainage District No. 1	874,829
Town of Sorrento	42,338
West Ascension Hospital Service	70,744

Assumption Parish:

Assumption Parish Police Jury	357,348
Assumption Parish Road and Drainage District and Library	348,532
Assumption Parish School Board	893,372
Assumption Parish School Board District 1	32,282
Town of Napoleonville	8,866

Avoyelles Parish:

Avoyelles Parish Law Enforcement District	310,710
Avoyelles Parish Police Jury	621,420
Avoyelles Parish School Board	932,130
City of Bunkie	73,540
City of Marksville	96,474
Town of Cottonport	24,009
Town of Mansura	28,347
Town of Simmesport	38,046
Village of Hessmer	10,639
Village of Moreauville	21,192
Village of Plaquemine	2,432

(Continued)

**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
For the Period From January 1, 2005,  
to December 31, 2005**

**TAXING AUTHORITY (CONT.)**

Beauregard Parish:	
Beauregard Parish Law Enforcement District	\$336,863
Beauregard Parish Sales Tax District No. 1 (Police Jury)	1,012,245
Beauregard Parish School Board	1,332,267
City of DeRidder	342,945
Town of Merryville	45,447
Bienville Parish:	
Bienville Parish Police Jury	272,834
Bienville Parish School Board	545,668
Town of Arcadia	74,529
Town of Gibsland	22,033
Town of Ringgold	30,004
Village of Castor	1,900
Bossier Parish:	
Bossier Parish Law Enforcement District	509,451
Bossier Parish Police Jury	1,339,526
Bossier Parish Police Jury Capital Improvement Fund	713,214
Bossier Parish Police Jury Special District No. 1	243,754
Bossier Parish School Board	3,526,068
Bossier Parish Sheriff Capital Projects Fund	305,663
City of Bossier Sales and Use Tax	2,659,591
City of Shreveport	17,692
Town of Benton	66,753
Town of Haughton	108,004
Town of Plain Dealing	31,840

(Continued)

**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
For the Period From January 1, 2005,  
to December 31, 2005**

**TAXING AUTHORITY (CONT.)**

Caddo Parish:

Caddo Law Enforcement District	\$1,449,914
Caddo Parish Sales Tax District No. 1	1,685,870
Caddo Parish School Board	6,307,479
City of Shreveport	8,302,548
Town of Blanchard	33,033
Town of Greenwood	60,025
Town of Mooringsport	10,592
Town of Oil City	29,722
Town of Vivian	105,150
Village of Rodessa	3,916

Calcasieu Parish:

Calcasieu Parish Police Jury Law Enforcement District	857,093
Calcasieu Parish Sales Tax District No. 1	1,679,279
Calcasieu Parish Sales Tax District No. 2	1,714,185
Calcasieu Parish Sales Tax District No. 3	577,363
Calcasieu Parish Sales Tax District No. 4	1,611,927
Calcasieu Parish School Board	5,142,557
City of DeQuincy	138,297
City of Lake Charles	2,512,997
City of Sulphur	958,469
City of Westlake	246,181
Town of Iowa	114,770
Town of Vinton	107,434

(Continued)

**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
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SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
For the Period From January 1, 2005,  
to December 31, 2005**

**TAXING AUTHORITY (CONT.)**

Caldwell Parish:	
Caldwell Parish Police Jury	\$602,661
Caldwell Parish School Board	410,873
Town of Columbia	13,648
Catahoula Parish:	
Catahoula Parish Police Jury	404,744
Catahoula Parish School Board	404,744
Claiborne Parish:	
Claiborne Parish Police Jury	201,947
Claiborne Parish School Board	577,428
Town of Haynesville	83,348
Town of Homer	90,186
Village of Junction City	2,541
Concordia Parish:	
Concordia Parish Hospital Service District 1	85,403
Concordia Parish Police Jury	238,285
Concordia Parish School Board	683,225
Town of Ferriday	77,946
Town of Vidalia	180,354
DeSoto Parish:	
City of Mansfield	62,503
DeSoto Parish Law Enforcement District	243,266
DeSoto Parish Police Jury	486,503
DeSoto Parish School Board	1,216,256
Town of Keatchie	5,665
Town of Logansport	18,546
Town of Stonewall	41,108
Village of Grand Cane	6,674
Village of South Mansfield	1,440

(Continued)

**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
For the Period From January 1, 2005,  
to December 31, 2005**

**TAXING AUTHORITY (CONT.)**

East Baton Rouge Parish:

City of Baker	\$422,887
City of Baker School Board	338,483
City of Baton Rouge	6,951,931
City of Central	211,378
City of Zachary	585,388
East Baton Rouge Parish Road Tax	3,468,243
East Baton Rouge Parish School Board	12,948,622
East Baton Rouge Sewer Improvement	3,468,243
Parish of East Baton Rouge	5,770,178
Zachary Community Educational Facilities Improvement	292,935
Zachary Community School Board	292,935

East Carroll Parish:

East Carroll Parish Law Enforcement District	90,159
East Carroll Parish Police Jury	99,016
East Carroll Parish School Board	297,049
Town of Lake Providence	69,326

East Feliciana Parish - East Feliciana Parish

School Board and Police Jury	1,354,478
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Evangeline Parish:

City of Ville Platte	183,611
Evangeline Parish School Board	1,018,174
Evangeline Parish School Board/Solid Waste Sales Tax	509,033
Road and Drainage District No. 1	586,149
Town of Basile	30,101
Town of Mamou	78,581
Village of Chataignier	7,161
Village of Pine Prairie	26,038
Village of Turkey Creek	13,887

(Continued)

**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
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SALES AND USE TAX ESCROW FUND  
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Schedule of Distributions  
For the Period From January 1, 2005,  
to December 31, 2005**

**TAXING AUTHORITY (CONT.)**

Franklin Parish:

City of Winnsboro	\$53,663
Franklin Parish Law Enforcement District	369,493
Franklin Parish Police Jury	554,239
Franklin Parish School Board	554,239
Town of Wisner	9,440
Village of Gilbert	7,574

Grant Parish:

Grant Parish Law Enforcement District	341,242
Grant Parish Police Jury	341,242
Grant Parish School Board	486,823
Town of Colfax	33,794
Town of Montgomery	5,807
Town of Pollock	9,348
Village of Georgetown	2,482

Iberia Parish:

City of Jeanerette	101,779
City of New Iberia	796,569
Iberia Parish Law Enforcement District	251,044
Iberia Parish Police Jury (Garbage Recycling)	409,603
Iberia Parish Policy Jury (Mosquito)	324,181
Iberia Parish Sales Tax District No. 2	224,506
Iberia Parish School Board	2,666,589
Town of Delcambre	13,786
Village of Loreauville	10,296

(Continued)

**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
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For the Period From January 1, 2005,  
to December 31, 2005**

**TAXING AUTHORITY (CONT.)**

Iberville Parish:

Iberville Parish Police Jury	\$326,172
Iberville Parish School Board	973,648
Iberville Parish Solid Waste	160,652
Parish of Iberville	486,824
Town of St. Gabriel	15,836

Jackson Parish:

Jackson Parish Police Jury	181,342
Jackson Parish Road Tax	120,894
Jackson Parish School Board	850,422
Town of Eros	2,723
Town of Jonesboro	112,567
Village of Hodge	10,003
Village of Hodge (East)	2,758
Village of Hodge (North)	1,408

Jefferson Parish:

Jefferson Parish Law Enforcement District	2,070,094
Jefferson Parish School Board	12,420,566
Parish of Jefferson	24,841,134

Jefferson Davis Parish:

City of Jennings	325,233
Jefferson Davis Parish School Board	1,192,173
Jefferson Davis Sales Tax District No. 1	106,866
Town of Elton	40,455
Town of Lake Arthur	98,106
Town of Welsh	101,017
Village of Fenton	6,782

(Continued)

**PUBLIC SAFETY SERVICES  
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AND CORRECTIONS  
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SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
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**TAXING AUTHORITY (CONT.)**

Lafayette Parish:	
City of Carencro	\$199,594
City of Lafayette	4,269,669
City of Scott	284,997
Lafayette Parish Law Enforcement District No. 1	1,493,135
Lafayette Parish Police Jury	1,493,135
Sales Tax Division, Lafayette Parish School Board	4,345,426
Sales Tax Division, Lafayette Parish School Board 02	2,172,713
Sales Tax Division, Lafayette Parish School Board 88	2,172,713
Town of Broussard	452,651
Town of Duson	54,291
Town of Youngsville	360,072
Lafourche Parish:	
City of Thibodaux	451,226
Lafourche Parish Law Enforcement Subdistrict 1	1,264,826
Lafourche Parish Road Sales Tax District No. 4	949,203
Lafourche Parish School Board	3,167,750
Lafourche Parish School Board/Golden Meadow	42,097
Lafourche Road Sales Tax District 2	501,311
Lafourche Road Sales Tax District 3	203,454
Lafourche Road Sales Tax District 5	350,688
Lafourche Road Sales Tax District 6	205,577
Town of Lockport	59,451
LaSalle Parish:	
LaSalle Parish School Board	701,601
Town of Jena	65,861
Town of Olla	26,138

(Continued)

**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
For the Period From January 1, 2005,  
to December 31, 2005**

**TAXING AUTHORITY (CONT.)**

Lincoln Parish:

City of Grambling	\$46,038
City of Ruston	466,535
Lincoln Parish Police Jury	549,902
Lincoln Parish School Board	1,466,405
Town of Dubach	9,882
Village of Choudrant	18,239

Livingston Parish:

City of Denham Springs	281,255
City of Denham Springs Annexed Areas	3,910
Livingston Parish Gravity Drainage District 1	234,504
Livingston Parish Gravity Drainage District 5	154,755
Livingston Parish Gravity Drainage District 6	173,855
Livingston Parish Law Enforcement Sub District A	1,040,452
Livingston Parish Road Maintenance	2,080,903
Livingston Parish School Board	4,161,804
Livingston Parish School District No. 22	161,172
Livingston Parish School District No. 33	2,058
Livingston Parish Special Sales Tax District 1	988,814
Town of Livingston	24,021
Town of Springfield	9,959
Town of Walker	144,028
Village of Albany	10,045

(Continued)

**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
For the Period From January 1, 2005,  
to December 31, 2005**

**TAXING AUTHORITY (CONT.)**

Madison Parish:	
City of Tallulah	\$156,997
Madison Parish Law Enforcement District	73,490
Madison Parish Police Jury	73,490
Madison Parish Sales Tax Fund	220,470
Madison Parish School District	136,194
Village of Richmond	7,089
Morehouse Parish:	
Bastrop Sales Tax District 1	31,105
City of Bastrop	237,735
East Morehouse Parish School District	33,561
Morehouse Law Enforcement District	231,295
Morehouse Parish Police Jury	231,295
Morehouse Parish School Board	925,179
Town of Collinston	5,348
Village of Bonita	4,885
Village of Mer Rouge	20,255
Natchitoches Parish:	
City of Natchitoches	489,686
Natchitoches Parish School Board	1,286,049
Natchitoches Sales Tax District No. 1	447,453
Town of Campti	16,102
Village of Clarence	2,895
Village of Natchez	3,084
Village of Robeline	2,875
Orleans Parish:	
City of New Orleans	11,334,790
Orleans Parish School Board	6,800,876
Regional Transit Authority	4,533,917

(Continued)

**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
For the Period From January 1, 2005,  
to December 31, 2005**

**TAXING AUTHORITY (CONT.)**

Ouachita Parish:

City of Monroe	\$3,454,276
City of West Monroe	559,283
Ouachita Monroe School Board	2,266,588
Ouachita Parish Fire Protection Tax	1,719,363
Ouachita Parish Police Jury	1,719,363
Ouachita Parish School Board	1,943,150
Town of Richwood	11,167
Town of Sterlington	28,621
West Ouachita School District	1,188,048

Plaquemines Parish:

Plaquemines Parish Council	755,981
Plaquemines Parish School Board	1,511,960

Pointe Coupee Parish:

City of New Roads	78,992
Parish of Pointe Coupee	737,790
Pointe Coupee Parish Police Jury	47,687
Pointe Coupee Parish School Board	843,188
Town of Fordoche	15,472
Town of Livonia	17,369
Village of Morganza	9,104

Rapides Parish:

Rapides (Pineville) Sales Tax Fund	420,072
Rapides Law Enforcement District	1,165,427
Rapides Parish (City) Sales Tax	1,432,190
Rapides Parish Sales Tax District 3	747,229
Rapides Parish Sales Tax Fund	2,330,854

(Continued)

**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
For the Period From January 1, 2005,  
to December 31, 2005**

**TAXING AUTHORITY (CONT.)**

Rapides Parish: (Cont.)

Rapides Parish School Board	\$2,330,852
Town of Ball	78,031
Town of Boyce	12,368
Town of Glenmora	26,946
Town of Lecompte	14,785
Village of Forest Hill	9,113
Village of Woodworth	30,510

Red River Parish:

Red River Parish Law Enforcement District	144,302
Red River Parish Police Jury	144,302
Red River Parish School Board	288,604
Town of Coushatta	33,131
Village of Hall Summit	1,917

Richland Parish:

Richland Parish Law Enforcement District	169,957
Richland Parish Police Jury	509,870
Richland Parish School Board	679,826
Town of Delhi	55,843
Town of Mangham	8,875
Town of Rayville	58,562

Sabine Parish:

11th Judicial Enforcement Sub-District	67,244
Sabine Law Enforcement District	387,963
Sabine Parish Police Jury	646,581
Sabine Parish Sales Tax District 1	33,359
Sabine Parish Sales Tax Districts 1 and 2	225,206
Sabine Parish School Board	517,265

(Continued)

**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
For the Period From January 1, 2005,  
to December 31, 2005**

**TAXING AUTHORITY (CONT.)**

Sabine Parish: (Cont.)	
Town of Many	\$47,630
Town of Zwolle	25,637
Village of Converse	4,639
Village of Florien	12,093
Village of Pleasant Hill	8,895
St. Bernard Parish:	
St. Bernard Law Enforcement District	649,365
St. Bernard Parish Police Jury	649,365
St. Bernard Sales Tax Department	4,545,551
St. Bernard Water and Sewer District	649,365
St. Charles Parish:	
St. Charles Parish Council	1,942,799
St. Charles Parish School Board	2,914,198
St. Helena Parish:	
St. Helena Parish Police Jury	271,547
St. Helena Parish School Board	271,547
Town of Greensburg	9,384
St. James Parish:	
St. James Parish Council	292,458
St. James Parish School Board	979,478
Town of Gramercy	43,581
Town of Lutchet	55,828

(Continued)

**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
For the Period From January 1, 2005,  
to December 31, 2005**

**TAXING AUTHORITY (CONT.)**

St. John the Baptist Parish:	
St. John the Baptist Council Sewerage	\$836,744
St. John the Baptist Law Enforcement District	209,186
St. John the Baptist Parish Council	1,045,931
St. John the Baptist Parish School Board	1,882,674
St. Landry Parish:	
City of Eunice	269,951
City of Opelousas	309,593
St. Landry Parish Educational Facility Improvement District	1,299,340
St. Landry Parish Law Enforcement District	974,528
St. Landry Parish School Board	1,299,340
St. Landry Parish Solid Waste Commission	1,039,472
Town of Arnaudville	24,524
Town of Grand Coteau	7,639
Town of Krotz Springs	20,164
Town of Melville	19,685
Town of Port Barre	37,875
Town of Sunset	33,217
Town of Washington	14,601
Village of Cankton	4,671

(Continued)

**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
For the Period From January 1, 2005,  
to December 31, 2005**

**TAXING AUTHORITY (CONT.)**

St. Martin Parish:

Breaux Bridge Annexed Areas	\$13,439
City of Breaux Bridge	122,245
City of St. Martinville	91,435
St. Martin Parish Law Enforcement District	455,913
St. Martin Parish Sales Tax	3,886
St. Martin Parish Sales Tax District No. 1	610,217
St. Martin Parish Sales Tax District No. 2	51,200
St. Martin Parish School Board	1,816,652
Town of Arnaudville	5,403
Town of Broussard	7,772
Town of Henderson	17,514
Village of Parks	8,470

St. Mary Parish:

City of Morgan City	72,825
St. Mary Parish Law Enforcement	435,197
St. Mary Parish Police Jury	1,523,187
St. Mary Parish School Board	1,262,069
St. Mary Parish Wards 1, 2, 3, 4, 7, and 10	86,839
St. Mary Parish Wards 5 and 8	81,282
St. Mary Parish Wards 6 and 9	19,359

(Continued)

**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
For the Period From January 1, 2005,  
to December 31, 2005**

**TAXING AUTHORITY (CONT.)**

St. Tammany Parish:	
City of Covington	\$533,531
City of Mandeville	663,107
City of Slidell	1,449,412
St. Tammany Jail Facilities and Complex	2,788,087
St. Tammany Parish Law Enforcement District	1,394,044
St. Tammany Parish School Board	11,152,347
St. Tammany Sales Tax District 3	8,337,680
Town of Abita Springs	113,800
Town of Madisonville	76,061
Town of Pearl River	78,024
Village of Folsom	28,797
Village of Sun	8,831
Tangipahoa Parish:	
Amite City	72,914
City of Hammond	463,803
City of Ponchatoula	177,168
Tangipahoa Fire District No. 1	57,241
Tangipahoa Parish Council	1,970,344
Tangipahoa Parish School Board	3,940,687
Town of Independence	47,383
Town of Kentwood	42,329
Town of Roseland	18,191
Village of Tangipahoa	9,183
Village of Tickfaw	20,556

(Continued)

**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
For the Period From January 1, 2005,  
to December 31, 2005**

**TAXING AUTHORITY (CONT.)**

Tensas Parish:

Tensas Parish Fire Protection	\$22,419
Tensas Parish Law Enforcement	22,419
Tensas Parish Police Jury	291,452
Tensas Parish School Board	134,517
Town of Newellton	12,401
Town of St. Joseph	12,065
Town of Waterproof	4,759

Terrebonne Parish:

Terrebonne Parish Law Enforcement Sales Tax	1,032,921
Terrebonne Parish Sales Tax Fund: 0.25%	516,460
Terrebonne Parish Sales Tax Fund: 0.5%	1,032,921
Terrebonne Parish Sales Tax Fund: 1.5%	3,098,764
Terrebonne Parish Sales Tax Fund: 1.75%	3,615,223

Union Parish:

Town of Bernice	36,708
Town of Farmerville	64,552
Town of Marion	10,622
Union Parish Law Enforcement District	449,383
Union Parish Police Jury	449,383
Union Parish School Board	898,767
Village of Junction City	2,881

(Continued)

**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
For the Period From January 1, 2005,  
to December 31, 2005**

**TAXING AUTHORITY (CONT.)**

Vermilion Parish:

City of Abbeville	\$164,523
City of Kaplan	66,370
Hospital Service District No. 1	219,694
Town of Delcambre	30,340
Town of Erath	45,713
Town of Gueydan	31,119
Vermilion Parish Law Enforcement District	274,794
Vermilion Parish Police Jury	1,648,768
Vermilion Parish School Board	1,099,179
Village of Maurice	18,521

Vernon Parish:

City of Leesville	154,215
Town of Hornbeck	5,224
Town of New Llano	32,175
Town of Rosepine	12,773
Vernon Parish Law Enforcement District	478,102
Vernon Parish Police Jury	1,434,274
Vernon Parish School Board	1,912,365

(Continued)

**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
For the Period From January 1, 2005,  
to December 31, 2005**

**TAXING AUTHORITY (CONT.)**

Washington Parish:	
Bogalusa School Board	\$401,443
City of Bogalusa	495,143
Town of Franklinton	90,533
Village of Angie	6,824
Village of Varnado	1,772
Washington Law Enforcement District	364,948
Washington Parish Road Tax	240,866
Washington Parish Sales Tax District 1	389,395
Washington Parish Sales Tax District 2	476,231
Washington Parish School Board	832,172
Webster Parish:	
City of Minden	393,849
City of Springhill	156,376
Town of Cotton Valley	9,379
Town of Cullen	14,848
Town of Sarepta	12,242
Town of Sibley	32,966
Village of Dixie Inn	3,698
Webster Parish Law Enforcement District	259,197
Webster Parish School Board	1,888,093
Webster Parish School Board District 6	129,622
West Baton Rouge Parish:	
Parish of West Baton Rouge	645,167
West Baton Rouge Parish District No. 1	430,111
West Baton Rouge Parish Fire District No. 1	215,056
West Baton Rouge Parish School Board	860,223

(Continued)

**PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Schedule of Distributions  
For the Period From January 1, 2005,  
to December 31, 2005**

**TAXING AUTHORITY (CONT.)**

West Carroll Parish:	
Town of Oak Grove	\$22,200
West Carroll Parish Police Jury	652,226
West Carroll Parish School Board	434,823
West Feliciana Parish:	
Town of St. Francisville	42,937
West Feliciana Parish District No. 1	163,707
West Feliciana Parish Police Jury	206,207
West Feliciana Parish School Board	412,415
Winn Parish:	
City of Winnfield	92,083
Winn Parish Police Jury	306,687
Winn Parish School Board	613,368
	<hr/>
Total Distributions	<u><u>\$353,906,354</u></u>

(Concluded)

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**OTHER REPORT REQUIRED BY**  
***GOVERNMENT AUDITING STANDARDS***

The following pages contain a report on internal control and on compliance with laws and regulations and other matters as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statement and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance and other matters that would be material to the presented financial statement.

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PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND

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STEVE J. THERIOT, CPA  
LEGISLATIVE AUDITOR

OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-9397

1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
TELEPHONE: (225) 339-3800  
FACSIMILE: (225) 339-3870

July 25, 2006

Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards*

**COLONEL HENRY L. WHITEHORN, DEPUTY SECRETARY  
PUBLIC SAFETY SERVICES  
DEPARTMENT OF PUBLIC SAFETY  
AND CORRECTIONS  
PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND  
STATE OF LOUISIANA  
Baton Rouge, Louisiana**

We have audited the accompanying statement of fiduciary net assets of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund, an agency fund within the Louisiana Department of Public Safety and Corrections, Public Safety Services, as of December 31, 2005, and have issued our report thereon dated July 25, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Parish and Municipal Sales and Use Tax Escrow Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in or judgment, could adversely affect the Parish and Municipal Sales and Use Tax Escrow Fund's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statement. The reportable condition is described as follows:

## PARISH AND MUNICIPAL MOTOR VEHICLE SALES AND USE TAX ESCROW FUND

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### **Ineffective Monitoring of Tax Agreements**

The Department of Public Safety and Corrections, Public Safety Services, did not adequately monitor tax agreements with parish and municipal taxing authorities. As the contracted collection agent for motor vehicle sales taxes, the department is responsible for ensuring that sales taxes are properly collected and distributed to taxing authorities based on applicable parish or municipal tax ordinances and the “Agreement to Collect Tax Due Parishes or Municipalities on Sales or Use of Motor Vehicles” (tax agreement). Our tests disclosed the following:

- Four of the 44 (9%) taxing authorities reviewed did not have a valid tax agreement with the department. Two of the tax agreements were not updated when the sales tax was renewed; one tax agreement did not address all taxes collected for that tax district; and one tax agreement was not signed by the governing body.
- Before executing the tax agreement, the department had not obtained a copy of the ordinance to support a portion of the tax being collected for 12 of the 44 (27%) taxing authorities reviewed. As a result, an increased risk exists that the department may enter into an agreement to collect a tax in violation of the applicable ordinance.
- The tax agreement either excluded the expiration date or had the incorrect expiration date for a portion of the total tax being collected for five of the 44 (11%) taxing authorities reviewed.

Ineffective monitoring could result in noncompliance with parish and municipal tax ordinances or tax agreements and could subject the department to litigation by the affected taxing authorities or taxpayers. The department should develop written procedures requiring employees to match the taxing authority’s name, tax rate, and effective and expiration dates of the tax from the tax agreement to the ordinance before the tax agreement is executed. After the data have been entered, another employee should compare the tax rate and expiration date from the ordinance and tax agreement to the computer system used to calculate the tax and to the database used to track expiration dates. As the taxes expire, employees should then follow established procedures either to cease collections or to obtain copies of the new ordinances and update the tax agreements. For all current tax agreements, the department should ensure that its files include a copy of the ordinance and ensure that it has updated the tax agreements, the computer system, and the database. Management concurred in part with the finding and recommendations and outlined a plan of corrective action (see Appendix A, pages 1-2).

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the

internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described previously are material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Parish and Municipal Sales and Use Tax Escrow Fund's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Improper Tax Distributions**

For the fourth consecutive year, the Department of Public Safety and Corrections, Public Safety Services, improperly distributed motor vehicle sales taxes for certain parish and municipal taxing authorities. As the contracted collection agent for motor vehicle sales taxes, the department is responsible for ensuring that sales taxes are properly distributed to taxing authorities based on applicable ordinances. However, the department's personnel and licensed public tag agents did not always verify which taxing district corresponds to a taxpayer's street address as required by the department. Our tests disclosed the following:

- A review of 100 distributions to randomly selected taxing authorities throughout the state revealed that six (6%) of these transactions contained improper distributions totaling \$2,520 (5.7%) of the sample of \$44,365.
- An additional review of 20 distributions to taxing authorities within East Baton Rouge Parish revealed that seven (35%) of these transactions contained improper distributions totaling \$6,629 (56%) of the sample of \$11,839.
- The City of Baton Rouge, East Baton Rouge Parish, also performed an audit and asserts in its report that 90 transactions processed in March 2005 should have been distributed to East Baton Rouge Parish instead of the City of Baker and City of Zachary. For 37 of the 90 transactions, the department incorrectly distributed municipal taxes totaling \$5,572 even though the correct domicile code information was available in its computer system that tracks those codes. The department has reallocated the taxes.

## PARISH AND MUNICIPAL MOTOR VEHICLE SALES AND USE TAX ESCROW FUND

---

The improper distribution of these taxes results in noncompliance with parish and municipal ordinances and could subject the department to litigation by the affected taxing authorities. The department should ensure that its personnel and public tag agents verify which taxing district corresponds to a taxpayer's street address. The department should also review sales tax transactions processed for taxing authorities within East Baton Rouge during the period from January 1, 2005, through December 31, 2005, recover the improper sales tax remittances, and make the proper distributions. Management concurred in part with the finding and recommendations and outlined a plan of corrective action (see Appendix A, pages 3-4).

### **Missing Funds**

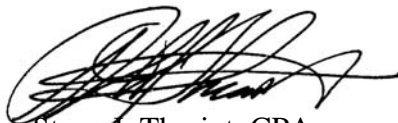
The Department of Public Safety and Corrections, Public Safety Services, notified the Legislative Auditor that two cases of alleged fraud were identified during the year involving a total of \$159,922 of cash receipts that were stolen or reported as missing.

- Cash receipts of \$124,542, of which \$55,214 was parish and municipal sales tax, were allegedly taken from a Public Tag Agent office in Baton Rouge between November 2004 and June 2005. The office was closed and the case has been referred to State Police for investigation. The department has collected \$50,000 from the bonds held by the Public Tag Agent. The parish and municipal sales taxes were remitted to the appropriate taxing authorities and the stolen funds are owed to the state.
- Cash receipts of \$35,380 were allegedly taken from a title company in Baton Rouge between July 2002 and October 2004. The missing cash receipts are composed of state sales tax, parish and municipal sales tax, title fees, license fees, handling fees, et cetera. Because of the nature of the alleged fraud, a reliable estimate of the parish and municipal sales taxes is not readily available. The office was closed and the person who allegedly took the cash from the office was arrested. The department has collected \$10,000 from the bond held by the title company and \$2,500 from the person who allegedly took the cash.

In both cases, the department's internal controls over cash receipts detected that the funds were stolen or missing. The department should continue to pursue the recovery of the stolen or missing receipts. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, page 5).

This report is intended solely for the information and use of Public Safety Services and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steve J. Theriot", written over a horizontal line.

Steve J. Theriot, CPA  
Legislative Auditor

RJM:WDD:THC:dl

MVST05

PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND \_\_\_\_\_

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Management's Corrective Action  
Plans and Responses to the  
Findings and Recommendations

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PARISH AND MUNICIPAL MOTOR VEHICLE  
SALES AND USE TAX ESCROW FUND

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# Department of Public Safety and Corrections

KATHLEEN BABINEAUX BLANCO  
GOVERNOR

*Public Safety Services*

STEPHEN HYMEL  
UNDERSECRETARY

July 12, 2006  
DPS-02-726

Mr. Steve J. Theriot  
Legislative Auditor  
Post Office Box 94397  
Baton Rouge, LA 70804-9397

**RE: Ineffective Monitoring of Tax Agreements**

Dear Mr. Theriot:

We concur in part with this finding. There are some instances where updated tax agreements are missing from the file or where information in the file or recorded in our database is not complete or up-to-date.

Public Safety Services collects and distributes motor vehicle sales tax revenue for more than four hundred fifty (450) jurisdictions. In an attempt to update existing files, in July of 2002 the Undersecretary's Office sent correspondence to each jurisdiction requesting information on Agreements, maps of district boundaries, expiration dates, etc, and reminded them that DPS must be notified of any changes that would affect the collection of tax monies for their District. Approximately 30% of the jurisdictions responded. As a result, DPS representatives met with representatives of the Louisiana Association of Tax Administrators (LATA) for their assistance in the collection of updated information. LATA's efforts stirred some jurisdictions to update information, but many never responded.

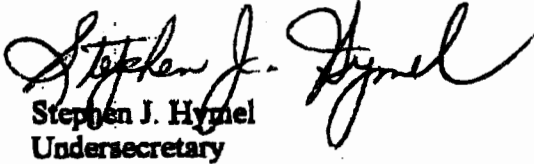
In the Fall of 2002, a new Agreement form and new procedures and requirements were established to ensure that all information and documents were on file for any jurisdictions who submitted new or updated Agreements. However, these new requirements were not applied to existing Agreements because of the lack of resources in the Department's Financial Services Section. The vast majority of the items listed in the finding are for jurisdictions that either did not respond with updated information in the Fall of 2002, did not submit required information and/or documents as requested (such as ordinances), and/or did not submit an expiration date for existing Agreements.

Since management was notified of the items of in this finding, most of the missing information or documents have been obtained and the outdated information or documents have been updated. We will continue to work on rectifying any discrepancies in our files and database for the items listed in this finding. For the long-term, during the course of this fiscal year, we will conduct a review of all four hundred fifty (450) jurisdictions files

to ensure that they are accurate and up-to-date. Kay DeBenedetto is responsible for these corrective actions.

We recognize our duties and responsibilities as the State's collection agent for all motor vehicle sales tax revenue as a critical task for ensuring adequate financial support for local jurisdictions. Our goal is to continue to carry out this endeavor effectively, efficiently, and timely.

Sincerely,

  
Stephen J. Hymel  
Undersecretary

cc Colonel Henry Whitehorn, Deputy Secretary  
Kay Hodges, Commissioner, Office of Motor Vehicles  
Jill Boudreaux, Deputy Undersecretary  
Kay DeBenedetto, Finance Director



# Department of Public Safety and Corrections

KATHLEEN BABINEAUX BLANCO  
GOVERNOR

*Public Safety Services*

STEPHEN HYMEL  
UNDERSECRETARY

July 12, 2006  
DPS-02-724

Mr. Steve J. Theriot  
Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

**RE: Improper Tax Distributions**

Dear Mr. Theriot:

We concur in part with this finding. There were instances of improper distribution of motor vehicle sales taxes for certain parish and municipal taxing authorities. On the date the files in question were audited, these distributions were incorrect because the domicile codes used in the transactions did not correspond to the assumed correct codes shown by Tax Watch when the applications were processed in 2005. As you know, the Department of Public Safety (DPS) does not control the information input into the Tax Watch system nor the parish/municipal taxing authority's ability and willingness to provide the Department of Public Safety and/or Tax Watch with correct boundaries within their taxing jurisdiction. When changes are made in Tax Watch to correct discrepancies discovered by various sources, the Office of Motor Vehicles (OMV) and Public Tag Agents are not notified of these changes and Tax Watch does not track such changes. We are aware of transactions where a file was processed using Tax Watch but the code was subsequently changed some time prior to an audit of the file appearing as if the Tax Watch system was not used.

The incorrect coding cited was nearly equally split between OMV and Public Tag Agents employees. All who input data are directed by policy and repeatedly reminded to use the Tax Watch system and not to rely on their own resources. However, until the NGMV Project (which will fully integrate Tax Watch to ensure an automatic distribution of taxes) is implemented in late 2007 or early 2008, there is no system to guarantee 100% accuracy. And, of course, even with such implementation the Department will still be dependent upon the local municipalities/parishes to accurately and timely report changes in rates of tax and boundary lines to Tax Watch and to DPS.

The OMV and the Office of Management and Finance continue to make every effort to insure proper collection and distribution of parish and municipal motor vehicle sales and use tax. No level of error rate is acceptable; but because of our efforts over the past months, the error rate has declined. For instance, your statewide sample last year revealed a 12% error rate; but for this audit year, the rate is 6%.

The incorrect distributions in East Baton Rouge Parish (EBR) listed in your sample, as well as the audit report by the EBR audit staff mentioned, reveal that miscoding problems centered primarily on the Northern part of the Parish including Baker and Zachary. We have discussed

this issue with Parish officials, and as a result EBR has hired an audit firm to conduct a more comprehensive audit including calendar year 2005. Once that audit is completed and its results verified by our staff, we will correct the distributions. We have reminded OMV staff and Public Tag agents to be keenly aware of these miscoding errors for these jurisdictions.

Based on the research conducted by OMV regarding the improper distributions reported in your finding, taxes will be redistributed to the proper authorities by the Office of Management and Finance. OMV Commissioner Kay Hodges and OMF Financial Services Director Kay Debenedetto are responsible for corrective actions. The redistribution will be completed by August 1, 2006.

Sincerely,

A handwritten signature in cursive script that reads "Stephen J. Hymel". The signature is fluid and somewhat stylized, with the first and last names being the most prominent.

Stephen J. Hymel

cc: Col. Henry Whitehorn  
Kay Hodges  
Kay Debenedetto



# Department of Public Safety and Corrections

KATHLEEN BABINEAUX BLANCO  
GOVERNOR

*Public Safety Services*

STEPHEN HYMEL  
UNDERSECRETARY

July 10, 2006  
DPS-02-725

Mr. Steve J. Theriot  
Legislative Auditor  
Post Office Box 94397  
Baton Rouge, LA 70804-9397

**RE: Missing Funds**

Dear Mr. Theriot:

We **concur** with this finding. As noted in the finding, the Department's internal controls over cash receipts detected the loss of funds. When alleged fraud was identified, the Department took appropriate actions together with law enforcement authorities. Some funds have been recovered and the Department will continue to pursue the recovery of the balance of the missing or stolen receipts.

Sincerely,

Stephen J. Hymel  
Undersecretary

Cc: Colonel Henry Whitehorn  
Kay Hodges  
Kay Debenedetto