

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



FINANCIAL STATEMENT AUDIT
ISSUED JUNE 29, 2005

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

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

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STEVE J. THERIOT, CPA
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June 8, 2005

Independent Auditor's Report
on the Financial Statements

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 assets and liabilities arising from cash transactions 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, 2004, and the related statement of collections, distributions, and unsettled balances for the period from January 1, 2004, through December 31, 2004. These financial statements are the responsibility of management of Public Safety Services. Our responsibility is to express an opinion on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 statements present 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 statements have 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

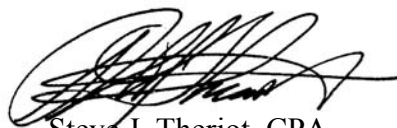
In our opinion, the financial statements referred to previously present fairly, in all material respects, the assets and liabilities arising from cash transactions of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund of Public Safety Services as of December 31, 2004, and the collections, distributions, and unsettled balances of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund for the period from January 1, 2004, through December 31, 2004, 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, 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2005, 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.

Our audit was made for the purpose of forming an opinion on the accompanying financial statements. The accompanying supplemental information schedule listed in the table of contents is presented for the purpose of additional analysis and is 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 statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

RJM:WDD:THC:dl

MVST04

**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 Assets and Liabilities Arising
From Cash Transactions, December 31, 2004**

ASSETS

Cash (note 2)	<u><u>\$26,019,725</u></u>
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LIABILITIES

Due to taxing bodies and others	<u><u>\$26,019,725</u></u>
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The accompanying notes are an integral part of this statement.

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**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
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PARISH AND MUNICIPAL MOTOR VEHICLE
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**Statement of Collections, Distributions,
and Unsettled Balances
For the Period From January 1, 2004,
Through December 31, 2004**

UNSETTLED BALANCES AT JANUARY 1, 2004	\$25,421,215
COLLECTIONS	324,492,577
DISTRIBUTIONS (Schedule 1)	<u>(323,894,067)</u>
UNSETTLED BALANCES AT DECEMBER 31, 2004, DUE TO TAXING BODIES AND OTHERS	<u><u>\$26,019,725</u></u>

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 statements have been prepared on the cash basis of accounting with collections recognized when received and distributions reflected when paid. As such, the accompanying financial statements do 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 statements reflect 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 these financial statements are also included in the Department of Public Safety and Corrections, Public Safety Services' annual fiscal report.

2. CASH

At December 31, 2004, the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund has cash (book balance) totaling \$26,019,725. 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

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, 2004.

SCHEDULE OF DISTRIBUTIONS

Schedule 1 reflects the distributions of parish and municipal motor vehicle sales and use taxes to the various taxing authorities during the period January 1, 2004, to December 31, 2004.

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

**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
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**Schedule of Distributions
For the Period From January 1, 2004,
to December 31, 2004**

Public Safety Services - collection costs	\$3,238,833
Office of Legislative Auditor	21,346

TAXING AUTHORITY

Acadia Parish:

Acadia Parish Law Enforcement District	460,865
Acadia Parish Mosquito Control Sales Tax District #3	160,121
Acadia Parish Police Jury	1,507,352
Acadia Parish School Board	985,864
City of Crowley	338,068
City of Eunice	21,525
City of Rayne	181,532
Town of Church Point	59,658
Town of Iota	39,219
Village of Estherwood	8,858
Village of Mermentau	7,919
Village of Morse	7,814

Allen Parish:

Allen Parish Police Jury	240,554
Allen Parish School Board	1,030,970
City of Oakdale	84,446
Town of Elizabeth	9,199
Town of Kinder	35,491
Town of Oberlin	26,146

(Continued)

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STATE OF LOUISIANA
Schedule of Distributions
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TAXING AUTHORITY (CONT.)

Ascension Parish:

Ascension Parish Law Enforcement District	\$690,306
Ascension Parish Police Jury	1,380,612
Ascension Parish Sales Tax District No. 2	690,306
Ascension Parish School Board	3,508,305
City of Donaldsonville	178,754
City of Gonzales	523,959
East Ascension Parish Drainage District No. 1	814,875
Town of Sorrento	43,422
West Ascension Hospital Service	61,117

Assumption Parish:

Assumption Parish Police Jury	352,017
Assumption Parish Road and Drainage District and Library	336,022
Assumption Parish School Board	880,042
Town of Napoleonville	15,996

Avoyelles Parish:

Avoyelles Parish Law Enforcement District	315,480
Avoyelles Parish Police Jury	630,961
Avoyelles Parish School Board	946,429
City of Bunkie	71,532
City of Marksville	119,747
Town of Cottonport	23,516
Town of Mansura	29,663
Town of Simmesport	31,032
Village of Hessmer	7,909
Village of Moreauville	24,630
Village of Plaquemine	5,798

(Continued)

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TAXING AUTHORITY (CONT.)

Beauregard Parish:

Beauregard Parish Law Enforcement District	\$177,541
Beauregard Parish Sales Tax District No. 1 (Police Jury)	909,352
Beauregard Parish School Board	1,207,311
City of DeRidder	289,364
Town of Merryville	42,932

Bienville Parish:

Bienville Parish Police Jury	248,785
Bienville Parish School Board	497,564
Town of Arcadia	66,850
Town of Gibsland	18,094
Town of Ringgold	29,409
Village of Castor	3,395

Bossier Parish:

Bossier Parish Law Enforcement District	348,704
Bossier Parish Police Jury	1,270,090
Bossier Parish Police Jury Capital Improvement Fund	712,826
Bossier Parish Police Jury Special District No. 1	237,826
Bossier Parish School Board	3,054,962
Bossier Parish Sheriff Capital Projects Fund	305,497
City of Bossier Sales and Use Tax	2,722,516
City of Shreveport	10,202
Town of Benton	79,051
Town of Haughton	145,051
Town of Plain Dealing	39,154

(Continued)

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TAXING AUTHORITY (CONT.)

Caddo Parish:

Caddo Law Enforcement District	\$1,426,761
Caddo Parish Sales Tax District No. 1	1,564,469
Caddo Parish School Board	6,513,840
City of Shreveport	8,696,097
Town of Blanchard	19,694
Town of Greenwood	53,763
Town of Mooringsport	14,615
Town of Oil City	18,898
Town of Vivian	93,954
Village of Rodessa	4,064

Calcasieu Parish:

Calcasieu Parish Police Jury Law Enforcement District	790,856
Calcasieu Parish Sales Tax District No. 1	1,512,875
Calcasieu Parish Sales Tax District No. 2	1,581,712
Calcasieu Parish Sales Tax District No. 3	564,369
Calcasieu Parish Sales Tax District No. 4	1,416,168
Calcasieu Parish School Board	4,745,114
City of DeQuincy	130,702
City of Lake Charles	2,400,679
City of Sulphur	905,293
City of Westlake	220,487
Town of Iowa	90,934
Town of Vinton	106,042

(Continued)

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Schedule of Distributions
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TAXING AUTHORITY (CONT.)

Caldwell Parish:	
Caldwell Parish Police Jury	\$563,427
Caldwell Parish School Board	381,080
Town of Columbia	8,194
Catahoula Parish:	
Catahoula Parish Police Jury	403,784
Catahoula Parish School Board	403,784
Claiborne Parish:	
Claiborne Parish Police Jury	176,777
Claiborne Parish School Board	521,481
Town of Haynesville	78,472
Town of Homer	86,836
Village of Junction City	1,870
Concordia Parish:	
Concordia Parish Hospital Service District 1	85,016
Concordia Parish Police Jury	231,610
Concordia Parish School Board	680,065
Town of Ferriday	87,602
Town of Vidalia	183,426
DeSoto Parish:	
City of Mansfield	68,233
DeSoto Parish Law Enforcement District	33,981
DeSoto Parish Police Jury	461,382
DeSoto Parish School Board	1,153,448
Town of Keatchie	4,033
Town of Logansport	20,934
Town of Stonewall	35,502
Village of Grand Cane	7,409

(Continued)

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TAXING AUTHORITY (CONT.)

East Baton Rouge Parish:	
City of Baker	\$419,119
City of Baker School Board	335,334
City of Baton Rouge	7,436,753
City of Zachary	525,642
East Baton Rouge Parish Road Tax	3,240,295
East Baton Rouge Parish School Board	12,099,951
East Baton Rouge Sewer Improvement	3,240,295
Parish of East Baton Rouge	4,659,119
Zachary Community Educational Facilities Improvement	262,948
Zachary Community School Board	262,948
East Carroll Parish:	
East Carroll Parish Police Jury	91,189
East Carroll Parish School Board	273,541
Town of Lake Providence	37,378
East Feliciana Parish - East Feliciana Parish	
School Board and Police Jury	1,380,730
Evangeline Parish:	
City of Ville Platte	213,388
Evangeline Parish School Board	1,012,937
Evangeline Parish School Board/Solid Waste Sales Tax	506,472
Road and Drainage District No. 1	553,031
Town of Basile	34,414
Town of Mamou	82,118
Village of Chataignier	5,456
Village of Pine Prairie	30,659
Village of Turkey Creek	15,337

(Continued)

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TAXING AUTHORITY (CONT.)

Franklin Parish:

City of Winnsboro	\$54,854
Franklin Parish Law Enforcement District	345,530
Franklin Parish Police Jury	518,295
Franklin Parish School Board	518,294
Town of Wisner	10,911
Village of Gilbert	4,958

Grant Parish:

Grant Parish Law Enforcement District	331,492
Grant Parish Police Jury	331,492
Grant Parish School Board	331,492
Town of Colfax	26,960
Town of Pollock	9,828
Village of Creola	20
Village of Georgetown	3,336

Iberia Parish:

City of Jeanerette	94,286
City of New Iberia	780,575
Iberia Parish Police Jury (Garbage Recycling)	346,345
Iberia Parish Policy Jury (Mosquito)	289,279
Iberia Parish Sales Tax District No. 2	191,479
Iberia Parish School Board	2,603,498
Town of Delcambre	9,091
Village of Loreauville	9,948

(Continued)

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TAXING AUTHORITY (CONT.)

Iberville Parish:

Iberville Parish Police Jury	\$309,117
Iberville Parish School Board	922,737
Iberville Parish Solid Waste	152,252
Parish of Iberville	461,368
Town of St. Gabriel	11,979

Jackson Parish:

Jackson Parish Police Jury	172,239
Jackson Parish Road Tax	114,834
Jackson Parish School Board	810,949
Town of Eros	3,491
Town of Jonesboro	100,475
Village of Hodge	12,013
Village of Hodge (East)	753
Village of Hodge (North)	1,458

Jefferson Parish:

Jefferson Parish Law Enforcement District	1,845,135
Jefferson Parish School Board	11,070,812
Parish of Jefferson	22,141,625

Jefferson Davis Parish:

City of Jennings	302,543
Jefferson Davis Parish School Board	1,152,718
Jefferson Davis Sales Tax District No. 1	96,463
Town of Elton	36,792
Town of Lake Arthur	87,718
Town of Welsh	99,087
Village of Fenton	8,867

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TAXING AUTHORITY (CONT.)

Lafayette Parish:

City of Carencro	\$221,016
City of Lafayette	4,424,571
City of Scott	268,293
Lafayette Parish Law Enforcement District No. 1	1,226,232
Lafayette Parish Police Jury	1,226,226
Sales Tax Division, Lafayette Parish School Board	4,099,436
Sales Tax Division, Lafayette Parish School Board 02	2,049,718
Sales Tax Division, Lafayette Parish School Board 88	2,049,718
Town of Broussard	358,564
Town of Duson	72,387
Town of Youngsville	313,064

Lafourche Parish:

City of Thibodaux	463,121
Lafourche Parish Law Enforcement Subdistrict 1	1,188,994
Lafourche Parish Road Sales Tax District No. 4	893,972
Lafourche Parish School Board	3,017,800
Lafourche Parish School Board/Golden Meadow	37,778
Lafourche Road Sales Tax District 2	465,393
Lafourche Road Sales Tax District 3	169,022
Lafourche Road Sales Tax District 5	335,457
Lafourche Road Sales Tax District 6	214,552
Town of Lockport	65,430

LaSalle Parish:

LaSalle Parish School Board	574,513
Town of Jena	48,972
Town of Olla	20,483

(Continued)

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TAXING AUTHORITY (CONT.)

Lincoln Parish:

City of Grambling	\$60,424
City of Ruston	440,145
Lincoln Parish Police Jury	537,299
Lincoln Parish School Board	1,432,800
Town of Dubach	11,569
Village of Choudrant	13,888

Livingston Parish:

City of Denham Springs	286,539
City of Denham Springs Annexed Areas	355
Livingston Parish Gravity Drainage District 1	210,005
Livingston Parish Gravity Drainage District 5	134,448
Livingston Parish Gravity Drainage District 6	158,665
Livingston Parish Law Enforcement Sub District A	981,014
Livingston Parish Road Maintenance	1,962,029
Livingston Parish School Board	3,924,025
Livingston Parish School District No. 22	141,062
Livingston Parish Special Sales Tax District 1	930,634
Town of Livingston	31,576
Town of Springfield	9,308
Town of Walker	137,148
Village of Albany	11,119

(Continued)

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TAXING AUTHORITY (CONT.)

Madison Parish:	
City of Tallulah	\$168,555
Madison Parish Law Enforcement District	85,954
Madison Parish Police Jury	85,954
Madison Parish Sales Tax Fund	257,832
Village of Richmond	14,896
Morehouse Parish:	
City of Bastrop	272,612
East Morehouse Parish School District	31,632
Morehouse Law Enforcement District	238,374
Morehouse Parish Police Jury	238,374
Morehouse Parish School Board	953,508
Town of Collinston	5,560
Village of Bonita	4,640
Village of Mer Rouge	20,910
Natchitoches Parish:	
City of Natchitoches	491,654
Natchitoches Parish School Board	1,088,101
Natchitoches Sales Tax District No. 1	442,767
Town of Campti	16,015
Village of Clarence	3,870
Village of Natchez	2,266
Village of Robeline	2,812
Orleans Parish:	
City of New Orleans	10,579,683
Orleans Parish School Board	6,347,810
Regional Transit Authority	4,231,873

(Continued)

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TAXING AUTHORITY (CONT.)

Ouachita Parish:

City of Monroe	\$3,094,519
City of West Monroe	499,369
Ouachita Monroe School Board	2,097,602
Ouachita Parish Fire Protection Tax	1,565,563
Ouachita Parish Police Jury	1,565,563
Ouachita Parish School Board	1,765,516
Town of Richwood	4,953
Town of Sterlington	24,315
West Ouachita School District	1,100,623

Plaquemines Parish:

Plaquemines Parish Council	613,462
Plaquemines Parish School Board	1,226,925

Pointe Coupee Parish:

City of New Roads	77,097
Parish of Pointe Coupee	719,567
Pointe Coupee Parish School Board	822,363
Town of Fordoche	12,316
Town of Livonia	23,880
Village of Morganza	8,605

Rapides Parish:

Rapides (Pineville) Sales Tax Fund	418,245
Rapides Law Enforcement District	1,132,238
Rapides Parish (City) Sales Tax	1,270,022
Rapides Parish Sales Tax District 3	709,636
Rapides Parish Sales Tax Fund	2,264,464

(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, 2004,
to December 31, 2004**

TAXING AUTHORITY (CONT.)

Rapides Parish: (Cont.)

Rapides Parish School Board	\$2,264,463
Town of Ball	55,781
Town of Boyce	14,401
Town of Glenmora	30,611
Town of Lecompte	18,271
Village of Forest Hill	6,956
Village of Woodworth	28,527

Red River Parish:

Red River Parish Law Enforcement District	147,523
Red River Parish Police Jury	147,523
Red River Parish School Board	295,010
Town of Coushatta	29,345
Village of Hall Summit	2,771

Richland Parish:

Richland Parish Law Enforcement District	168,283
Richland Parish Police Jury	504,849
Richland Parish School Board	673,131
Town of Delhi	50,390
Town of Mangham	7,235
Town of Rayville	64,587

Sabine Parish:

11th Judicial Enforcement Sub-District	63,185
Sabine Law Enforcement District	159,853
Sabine Parish Police Jury	607,505
Sabine Parish Sales Tax District	16,762
Town of Many Sales Tax District	226,608
Sabine Parish School Board	486,005

(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, 2004,
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TAXING AUTHORITY (CONT.)

Sabine Parish: (Cont.)	
Town of Many	\$43,014
Town of Zwolle	21,846
Village of Converse	6,267
Village of Florien	13,985
Village of Pleasant Hill	7,699
St. Bernard Parish:	
St. Bernard Law Enforcement District	470,587
St. Bernard Parish Police Jury	470,587
St. Bernard Sales Tax Department	3,294,114
St. Bernard Water and Sewer District	470,587
St. Charles Parish:	
St. Charles Parish Council	1,813,702
St. Charles Parish School Board	2,720,552
St. Helena Parish:	
St. Helena Parish Police Jury	268,941
St. Helena Parish School Board	268,941
Town of Greensburg	10,102
St. James Parish:	
St. James Parish Council	282,096
St. James Parish School Board	924,649
Town of Gramercy	42,627
Town of Lutchter	45,801

(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, 2004,
to December 31, 2004**

TAXING AUTHORITY (CONT.)

St. John the Baptist Parish:

St. John the Baptist Council Sewerage	\$752,254
St. John the Baptist Law Enforcement District	188,064
St. John the Baptist Parish Council	926,025
St. John the Baptist Parish School Board	1,692,571

St. Landry Parish:

City of Eunice	224,909
City of Opelousas	282,865
St. Landry Parish Educational Facility Improvement District	1,222,377
St. Landry Parish Law Enforcement District	605,270
St. Landry Parish School Board	1,222,377
St. Landry Parish Solid Waste Commission	977,902
Town of Arnaudville	28,465
Town of Grand Coteau	8,170
Town of Krotz Springs	17,393
Town of Melville	20,694
Town of Port Barre	44,217
Town of Sunset	31,662
Town of Washington	12,754
Village of Cankton	3,961

(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, 2004,
to December 31, 2004**

TAXING AUTHORITY (CONT.)

St. Martin Parish:

City of Breaux Bridge	\$133,656
City of St. Martinville	85,227
St. Martin Parish Law Enforcement District	439,587
St. Martin Parish Sales Tax	1,140
St. Martin Parish Sales Tax District No. 1	592,568
St. Martin Parish Sales Tax District No. 2	35,741
St. Martin Parish School Board	1,745,669
Town of Arnaudville	15,913
Town of Broussard	2,265
Town of Henderson	7,763
Village of Parks	9,223

St. Mary Parish:

City of Morgan City	69,686
St. Mary Parish Law Enforcement	406,904
St. Mary Parish Police Jury	1,424,147
St. Mary Parish School Board	1,180,020
St. Mary Parish Wards 1, 2, 3, 4, 7, and 10	81,951
St. Mary Parish Wards 5 and 8	74,210
St. Mary Parish Wards 6 and 9	17,660

(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, 2004,
to December 31, 2004**

TAXING AUTHORITY (CONT.)

St. Tammany Parish:	
City of Covington	\$757,025
City of Mandeville	723,971
City of Slidell	1,809,844
St. Tammany Jail Facilities and Complex	2,275,584
St. Tammany Parish Law Enforcement District	1,137,792
St. Tammany Parish School Board	9,102,324
St. Tammany Sales Tax District 3	5,495,147
Town of Abita Springs	137,520
Town of Madisonville	125,542
Town of Pearl River	150,006
Village of Folsom	41,650
Village of Sun	7,025
Tangipahoa Parish:	
Amite City	76,252
City of Hammond	441,337
City of Ponchatoula	157,152
Tangipahoa Fire District No. 1	42,279
Tangipahoa Parish Council	1,742,423
Tangipahoa Parish School Board	3,484,841
Town of Independence	37,018
Town of Kentwood	47,451
Town of Roseland	14,417
Village of Tangipahoa	5,143
Village of Tickfaw	17,374

(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
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to December 31, 2004**

TAXING AUTHORITY (CONT.)

Tensas Parish:

Tensas Parish Fire Protection	\$23,587
Tensas Parish Law Enforcement	23,587
Tensas Parish Police Jury	306,612
Tensas Parish School Board	141,523
Town of Newellton	11,818
Town of St. Joseph	14,780
Town of Waterproof	5,310

Terrebonne Parish:

Terrebonne Parish Law Enforcement Sales Tax	929,417
Terrebonne Parish Sales Tax Fund: 0.25%	464,708
Terrebonne Parish Sales Tax Fund: 0.5%	929,417
Terrebonne Parish Sales Tax Fund: 1.5%	2,788,251
Terrebonne Parish Sales Tax Fund: 1.75%	3,252,958

Union Parish:

Town of Bernice	26,895
Town of Farmerville	63,974
Town of Marion	13,296
Union Parish Law Enforcement District	429,064
Union Parish Police Jury	429,064
Union Parish School Board	858,128
Village of Junction City	3,913

(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, 2004,
to December 31, 2004**

TAXING AUTHORITY (CONT.)

Vermilion Parish:

City of Abbeville	\$157,913
City of Kaplan	60,654
Hospital Service District No. 1	204,454
Town of Delcambre	21,395
Town of Erath	37,304
Town of Gueydan	26,333
Vermilion Parish Law Enforcement District	244,621
Vermilion Parish Police Jury	1,467,722
Vermilion Parish School Board	978,481
Village of Maurice	17,023

Vernon Parish:

City of Leesville	121,974
Town of Hornbeck	5,252
Town of New Llano	32,291
Town of Rosepine	12,893
Vernon Parish Law Enforcement District	342,014
Vernon Parish Police Jury	1,444,468
Vernon Parish School Board	1,925,951

(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, 2004,
to December 31, 2004**

TAXING AUTHORITY (CONT.)

Washington Parish:	
Bogalusa School Board	\$351,019
City of Bogalusa	398,724
Town of Franklinton	96,325
Village of Angie	8,667
Village of Varnado	3,007
Washington Law Enforcement District	319,108
Washington Parish Road Tax	210,611
Washington Parish Sales Tax District 1	347,254
Washington Parish Sales Tax District 2	367,028
Washington Parish School Board	755,396
Webster Parish:	
City of Minden	350,092
City of Springhill	179,399
Town of Cotton Valley	11,691
Town of Cullen	18,826
Town of Sarepta	15,396
Town of Sibley	36,958
Village of Dixie Inn	1,123
Webster Parish School Board	1,858,357
Webster Parish School Board District 6	70,465
West Baton Rouge Parish:	
Parish of West Baton Rouge	594,859
West Baton Rouge Parish District No. 1	396,574
West Baton Rouge Parish Fire District No. 1	198,287
West Baton Rouge Parish School Board	793,146

(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, 2004,
to December 31, 2004**

TAXING AUTHORITY (CONT.)

West Carroll Parish:

Town of Oak Grove	\$19,246
West Carroll Parish Police Jury	659,081
West Carroll Parish School Board	356,800

West Feliciana Parish:

Town of St. Francisville	44,051
West Feliciana Parish District No. 1	145,427
West Feliciana Parish Police Jury	189,025
West Feliciana Parish School Board	378,050

Winn Parish:

City of Winnfield	79,107
Winn Parish Police Jury	231,077
Winn Parish School Board	550,678

Total Distributions	<u><u>\$323,894,067</u></u>
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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 statements 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 statements.

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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FACSIMILE: (225) 339-3870

June 8, 2005

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 assets and liabilities arising from cash transactions 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, 2004, and the related statement of collections, distributions, and unsettled balances for the period from January 1, 2004, through December 31, 2004, and have issued our report thereon dated June 8, 2005. 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 statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

PARISH AND MUNICIPAL MOTOR VEHICLE SALES AND USE TAX ESCROW FUND

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Parish and Municipal Sales and Use Tax Escrow Fund's financial statements are 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Improper Tax Distributions

For the third 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 12 (12%) of these transactions contained improper distributions totaling \$4,229 (12.5%) of the sample of \$33,955.
- An additional review of 20 distributions to taxing authorities within East Baton Rouge Parish revealed that four (20%) of these transactions contained improper distributions totaling \$3,871 (36.6%) of the sample of \$10,591.
- An additional review of 22 distributions to taxing authorities within St. James Parish revealed that three (14%) of these transactions contained improper distributions totaling \$1,183 (22.1%) of the sample of \$5,350.
- An additional review of 20 distributions to taxing authorities within the City of Breaux Bridge revealed that six (30%) of these transactions contained improper distributions totaling \$3,026 (39.9%) of the sample of \$7,580.

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 and St. James parishes and the City of Breaux Bridge during the period from

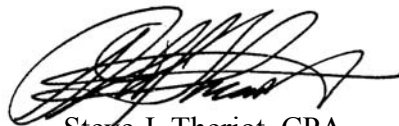
REPORT ON INTERNAL CONTROL AND ON COMPLIANCE AND OTHER MATTERS

January 1, 2004, through December 31, 2004, 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).

Additional Comments: The parish/municipal taxing authorities are responsible for submitting taxing district boundary information to the department, and the department is responsible for collecting and distributing taxes. The department uses Tax Watch to identify the appropriate taxing jurisdiction (domicile codes) for processing applications for motor vehicle registration based on the information supplied by the taxing authority. The department indicates in its response that the distributions were incorrect because the domicile codes in Tax Watch, when the files in question were audited, did not match the domicile codes used when the applications were originally processed. In effect, the department claims that the domicile code information was corrected subsequent to application processing based on additional information from the taxing authority. However, no subsequent corrections or updates to these domicile codes were submitted by those authorities. In addition, the department could not provide any documentation that its personnel submitted any changes affecting these domicile codes. Therefore, it does not appear that the domicile code information in Tax Watch changed from the time the applications were processed and subsequently reviewed during our audit.

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,



Steve J. Theriot, CPA
Legislative Auditor

RJM:WDD:THC:dl

MVST04

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

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Management's Corrective Action Plan and Response

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



Department of Public Safety and Corrections

KATHLEEN BABINEAUX BLANCO
GOVERNOR

Public Safety Services

STEPHEN HYMEL
UNDERSECRETARY

May 27, 2005
DPS-02-647

Mr. Steve J. Theriot, CPA
Legislative Auditor
P.O. Box 943997
Baton Rouge, LA

RE: Improper Tax Distributions

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 in most cases because the codes shown by Tax Watch did not match the appropriate domicile codes used when the applications were processed in 2004. But 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.

Both the Office of Motor Vehicles (OMV) and Public Tag Agents are directed by policy to have employees use the Tax Watch System; however, as stated in last year's response, until the NGMV Project (which will fully integrate Tax Watch to ensure an automatic distribution of taxes) is implemented in December, 2007, 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 DPS.

Most of the errors in the finding were made by a public tag agent who processes 2.8 million transactions per year and collects over \$331 million for the State of Louisiana. In all cases but one, the total amount due was paid by the taxpayer but not distributed to the proper taxing authorities. Based on the research done 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. There is only one file that necessitates additional monies to be collected from the taxpayer the payment in the amount of \$10. The Office of Motor Vehicles will send a letter to that citizen and as soon as it is received it will be properly distributed by the Office of Management and Finance.

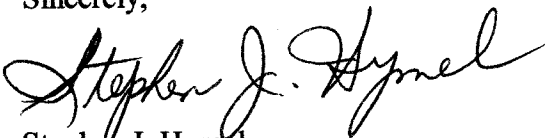
Mr. Steven J. Theriot

Page 2

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. This past January the Department invited local tax administrators, other local authorities, Louisiana Association of Tax Administrators members, public tag agents, Tax Watch representatives, and DPS personnel from throughout the State to a collection/distribution conference. The meeting was well attended but many involved in the process failed to take advantage of this opportunity. Those who attended exchanged information on how to better research and deliver information regarding the collection/distribution process. Tax Watch reminded participants of their free website where anyone can view maps of domicile code areas. In March DPS sent out a comprehensive list of suspected discrepancies to each jurisdiction so they could send updated information to Tax Watch. And the Department continues to remind all involved in the process that the Department publishes on its website each month a list of all motor vehicle sales that occur in the State.

OMV Commissioner Kay Hodges and OMF Administrator Faith Williams are responsible for the corrective action listed above in paragraph No. 3. The redistribution to the appropriate jurisdictions will be completed by June 30, 2005.

Sincerely,



Stephen J. Hymel

cc: Col. Henry Whitehorn
Kay Hodges
Faith Williams