

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



FINANCIAL STATEMENT AUDIT
ISSUED SEPTEMBER 5, 2007

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

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LEGISLATIVE AUDITOR

STEVE J. THERIOT, CPA

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



STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
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August 2, 2007

Independent Auditor's Report

COLONEL STANLEY GRIFFIN, 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, 2006. The financial statement is the responsibility of Public Safety Services' management. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Public Safety Services' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 discussed 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 of the Louisiana Department of Public Safety and Corrections, Public Safety Services, as of December 31, 2006, the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Furthermore, as discussed in note 1, 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

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, 2006, 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, 2006.

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 August 2, 2007, 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 conducted 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 purposes 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 auditing 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

CST:WDD:THC:dl

MVST06

**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, 2006**

ASSETS

Cash (note 2)	<u><u>\$29,645,081</u></u>
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LIABILITIES

Due to taxing bodies and others	<u><u>\$29,645,081</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, 2006, the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund has cash (book balance) totaling \$29,645,081. 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
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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, 2006.

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, 2006, to December 31, 2006.

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

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DEPARTMENT OF PUBLIC SAFETY
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STATE OF LOUISIANA**

**Combining Statement of Changes in
Assets and Liabilities
For the Year Ended December 31, 2006**

	BALANCE AS OF DECEMBER 31, 2005	ADDITIONS	DEDUCTIONS	BALANCE AS OF DECEMBER 31, 2006
ASSETS				
Cash	\$41,069,716	\$436,570,028	(\$447,994,663)	\$29,645,081
LIABILITIES				
Due to taxing bodies and others	\$41,069,716	\$436,570,028	(\$447,994,663)	\$29,645,081

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Schedule of Distributions

For the Period From January 1, 2006, to December 31, 2006

Public Safety Services - collection costs	\$4,479,609
Office of Legislative Auditor	23,400

TAXING AUTHORITY

Acadia Parish:

Acadia Parish Law Enforcement District	627,999
Acadia Parish Mosquito Control Sales Tax District #3	239,720
Acadia Parish Police Jury	2,065,855
Acadia Parish School Board	1,883,998
City of Crowley	437,857
City of Eunice	13,033
City of Rayne	243,695
Town of Church Point	78,818
Town of Iota	51,106
Village of Estherwood	13,129
Village of Mermentau	10,363
Village of Morse	15,356

Allen Parish:

Allen Parish Law Enforcement District	64,026
Allen Parish Police Jury	318,607
Allen Parish School Board	1,365,461
City of Oakdale	108,562
Town of Elizabeth	12,826
Town of Kinder	49,377
Town of Oberlin	32,954

Ascension Parish:

Ascension Parish Law Enforcement District	1,072,669
Ascension Parish Police Jury	2,145,338

(Continued)

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Schedule of Distributions
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TAXING AUTHORITY (CONT.)

Ascension Parish: (Cont.)

Ascension Parish Sales Tax District No. 2	\$1,072,669
Ascension Parish School Board	5,150,396
City of Donaldsonville	239,401
City of Gonzales	556,878
East Ascension Parish Drainage District No. 1	1,193,889
Town of Sorrento	62,989
West Ascension Hospital Service	85,511

Assumption Parish:

Assumption Parish Police Jury	512,520
Assumption Parish Road and Drainage District and Library	501,589
Assumption Parish School Board	1,281,300
Assumption Parish School Board District 1	256,260
Town of Napoleonville	10,955

Avoyelles Parish:

Avoyelles Parish Law Enforcement District	376,743
Avoyelles Parish Police Jury	753,487
Avoyelles Parish School Board	1,130,230
City of Bunkie	71,791
City of Marksville	124,407
Town of Cottonport	25,370
Town of Mansura	29,013
Town of Simmesport	77,681
Village of Hessmer	16,617
Village of Moreauville	22,471
Village of Plaquemine	4,637

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TAXING AUTHORITY (CONT.)

Beauregard Parish:

Beauregard Parish Law Enforcement District	\$399,507
Beauregard Parish Sales Tax District No. 1 (Police Jury)	1,242,171
Beauregard Parish School Board	1,581,300
City of DeRidder	362,680
Town of Merryville	50,200

Bienville Parish:

Bienville Parish Police Jury	316,358
Bienville Parish School Board	632,716
Town of Arcadia	96,169
Town of Gibsland	23,295
Town of Ringgold	28,023
Village of Castor	4,238

Bossier Parish:

Bossier Parish Law Enforcement District	550,534
Bossier Parish Police Jury	1,454,043
Bossier Parish Police Jury Capital Improvement Fund	770,748
Bossier Parish Police Jury Special District No. 1	266,788
Bossier Parish School Board	3,853,742
Bossier Parish Sheriff Capital Projects Fund	330,321
City of Bossier Sales and Use Tax	2,799,610
City of Shreveport	35,903
Town of Benton	76,914
Town of Haughton	126,919
Town of Plain Dealing	37,345

Caddo Parish:

Caddo Law Enforcement District	1,545,413
Caddo Parish Sales Tax District No. 1	1,801,026

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TAXING AUTHORITY (CONT.)

Caddo Parish: (Cont.)

Caddo Parish School Board	\$6,623,199
City of Shreveport	8,678,783
Town of Blanchard	41,026
Town of Greenwood	69,475
Town of Mooringsport	15,380
Town of Oil City	30,532
Town of Vivian	110,479
Village of Ida	1,814
Village of Rodessa	2,878

Calcasieu Parish:

Calcasieu Parish Police Jury Law Enforcement District	1,502,002
Calcasieu Parish Sales Tax District No. 1	2,498,860
Calcasieu Parish Sales Tax District No. 2	2,385,073
Calcasieu Parish Sales Tax District No. 3	791,511
Calcasieu Parish Sales Tax District No. 4	2,479,648
Calcasieu Parish School Board	7,155,218
City of DeQuincy	168,875
City of Lake Charles	3,311,210
City of Sulphur	1,283,633
City of Westlake	314,761
Town of Iowa	144,649
Town of Vinton	146,988

Caldwell Parish:

Caldwell Parish Police Jury	687,264
Caldwell Parish School Board	468,075
Town of Columbia	14,849

(Continued)

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TAXING AUTHORITY (CONT.)

Catahoula Parish:	
Catahoula Parish Police Jury	\$496,432
Catahoula Parish School Board	496,432
Claiborne Parish:	
Claiborne Parish Police Jury	201,664
Claiborne Parish School Board	590,409
Town of Haynesville	88,846
Town of Homer	98,247
Village of Junction City	2,182
Concordia Parish:	
Concordia Parish Hospital Service District 1	95,470
Concordia Parish Police Jury	674,637
Concordia Parish School Board	763,758
Town of Ferriday	70,190
Town of Vidalia	181,699
DeSoto Parish:	
City of Mansfield	68,286
DeSoto Parish Law Enforcement District	256,047
DeSoto Parish Police Jury	512,095
DeSoto Parish School Board	1,280,236
Town of Keatchie	3,681
Town of Logansport	28,337
Town of Stonewall	39,737
Village of Grand Cane	7,141
Village of South Mansfield	1,817
East Baton Rouge Parish:	
City of Baker	593,502
City of Baker School Board	474,759

(Continued)

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TAXING AUTHORITY (CONT.)

East Baton Rouge Parish: (Cont.)

City of Baton Rouge	\$7,882,200
City of Central	1,108,588
City of Zachary	653,999
East Baton Rouge Parish Road Tax	4,302,120
East Baton Rouge Parish School Board	15,971,409
East Baton Rouge Sewer Improvement	4,302,120
Parish of East Baton Rouge	7,081,364
Zachary Community Educational Facilities Improvement	381,156
Zachary Community School Board	381,156

East Carroll Parish:

East Carroll Parish Law Enforcement District	101,007
East Carroll Parish Police Jury	101,007
East Carroll Parish School Board	303,020
Town of Lake Providence	85,762

East Feliciana Parish - East Feliciana Parish

School Board and Police Jury	1,897,145
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Evangeline Parish:

City of Ville Platte	196,579
Evangeline Parish School Board	1,211,327
Evangeline Parish School Board/Solid Waste Sales Tax	605,664
Road and Drainage District No. 1	720,696
Town of Basile	40,353
Town of Mamou	88,753
Village of Chataignier	9,623
Village of Pine Prairie	35,239
Village of Turkey Creek	22,706

(Continued)

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TAXING AUTHORITY (CONT.)

Franklin Parish:

City of Winnsboro	\$65,365
Franklin Parish Law Enforcement District	428,536
Franklin Parish Police Jury	642,804
Franklin Parish School Board	642,804
Town of Wisner	14,852
Village of Gilbert	7,518

Grant Parish:

Grant Parish Law Enforcement District	383,064
Grant Parish Police Jury	383,064
Grant Parish School Board	766,127
Town of Colfax	33,372
Town of Montgomery	10,969
Town of Pollock	8,823
Village of Creola	511
Village of Georgetown	6,857

Iberia Parish:

City of Jeanerette	129,770
City of New Iberia	1,005,899
Iberia Parish Law Enforcement District	414,783
Iberia Parish Police Jury (Garbage Recycling)	527,465
Iberia Parish Police Jury (Mosquito)	414,783
Iberia Parish Sales Tax District No. 2	289,048
Iberia Parish School Board	3,318,268
Town of Delcambre	15,103
Village of Loreauville	17,980

(Continued)

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TAXING AUTHORITY (CONT.)

Iberville Parish:

Iberville Parish Police Jury	\$407,565
Iberville Parish School Board	1,216,612
Iberville Parish Solid Waste	200,741
Parish of Iberville	608,306
Town of St. Gabriel	21,882

Jackson Parish:

Jackson Parish Police Jury	178,311
Jackson Parish Road Tax	118,874
Jackson Parish School Board	839,281
Town of Eros	2,349
Town of Jonesboro	104,551
Village of Hodge	11,160
Village of Hodge (East)	1,340
Village of Hodge (North)	2,216

Jefferson Parish:

Jefferson Parish Law Enforcement District	3,133,299
Jefferson Parish School Board	18,799,800
Parish of Jefferson	37,599,601

Jefferson Davis Parish:

City of Jennings	413,178
Jefferson Davis Parish School Board	1,610,574
Jefferson Davis Sales Tax District No. 1	129,845
Town of Elton	49,367
Town of Lake Arthur	133,240
Town of Welsh	147,934
Village of Fenton	16,095

(Continued)

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TAXING AUTHORITY (CONT.)

Lafayette Parish:

City of Carencro	\$240,079
City of Lafayette	5,018,290
City of Scott	361,981
Lafayette Parish Law Enforcement District No. 1	2,038,423
Lafayette Parish Police Jury	2,038,423
Sales Tax Division, Lafayette Parish School Board	5,438,120
Sales Tax Division, Lafayette Parish School Board 02	2,719,060
Sales Tax Division, Lafayette Parish School Board 88	2,719,060
Town of Broussard	542,108
Town of Duson	60,542
Town of Youngsville	448,266

Lafourche Parish:

City of Thibodaux	559,304
Lafourche Parish Law Enforcement Subdistrict 1	1,846,290
Lafourche Parish Road Sales Tax District No. 4	1,385,809
Lafourche Parish School Board	4,519,067
Lafourche Parish School Board/Golden Meadow	55,858
Lafourche Road Sales Tax District 2	753,711
Lafourche Road Sales Tax District 3	321,236
Lafourche Road Sales Tax District 5	474,005
Lafourche Road Sales Tax District 6	293,191
Town of Lockport	89,953

LaSalle Parish:

LaSalle Parish School Board	839,953
Town of Jena	71,624
Town of Olla	33,270

(Continued)

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TAXING AUTHORITY (CONT.)

Lincoln Parish:

City of Grambling	\$50,045
City of Ruston	445,418
Lincoln Parish Police Jury	564,709
Lincoln Parish School Board	1,505,889
Town of Dubach	12,490
Village of Choudrant	24,267

Livingston Parish:

City of Denham Springs	413,446
City of Denham Springs Annexed Areas	7,648
Livingston Parish Gravity Drainage District 1	283,601
Livingston Parish Gravity Drainage District 5	206,818
Livingston Parish Gravity Drainage District 6	227,570
Livingston Parish Law Enforcement Sub District A	1,372,395
Livingston Parish Road Maintenance	2,744,790
Livingston Parish School Board	5,489,580
Livingston Parish School District No. 22	209,530
Livingston Parish School District No. 33	2,667
Livingston Parish Special Sales Tax District 1	1,288,753
Town of Livingston	31,494
Town of Springfield	16,672
Town of Walker	234,256
Village of Albany	23,422

Madison Parish:

City of Tallulah	165,137
Madison Parish Law Enforcement District	82,509
Madison Parish Police Jury	82,509
Madison Parish Sales Tax Fund	247,526

(Continued)

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TAXING AUTHORITY (CONT.)

Madison Parish: (Cont.)

Madison Parish School District	\$165,017
Village of Richmond	12,011

Morehouse Parish:

Bastrop Sales Tax District 1	49,286
City of Bastrop	278,170
East Morehouse Parish School District	24,545
Morehouse Law Enforcement District	240,278
Morehouse Parish Police Jury	240,278
Morehouse Parish School Board	961,113
Town of Collinston	6,605
Village of Bonita	4,794
Village of Mer Rouge	19,552

Natchitoches Parish:

City of Natchitoches	532,754
Natchitoches Parish Law Enforcement District	55,109
Natchitoches Parish School Board	1,404,097
Natchitoches Sales Tax District No. 1	491,503
Town of Campti	20,718
Village of Clarence	5,263
Village of Natchez	2,635
Village of Robeline	5,040

Orleans Parish:

City of New Orleans	12,402,208
Orleans Parish School Board	7,441,325
Regional Transit Authority	4,960,883

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TAXING AUTHORITY (CONT.)

Ouachita Parish:

City of Monroe	\$3,402,790
City of West Monroe	517,926
Ouachita Monroe School Board	2,235,003
Ouachita Parish Fire Protection Tax	1,701,913
Ouachita Parish Police Jury	1,701,913
Ouachita Parish School Board	1,912,403
Town of Richwood	13,545
Town of Sterlington	31,009
West Ouachita School District	1,183,998

Plaquemines Parish:

Plaquemines Parish Council	1,062,794
Plaquemines Parish School Board	2,125,587

Pointe Coupee Parish:

City of New Roads	94,409
Parish of Pointe Coupee	924,956
Pointe Coupee Parish Police Jury	132,137
Pointe Coupee Parish School Board	1,057,093
Town of Fordoche	19,608
Town of Livonia	32,343
Village of Morganza	13,494

Rapides Parish:

Rapides (Pineville) Sales Tax Fund	557,434
Rapides Law Enforcement District	1,300,281
Rapides Parish (City) Sales Tax	1,698,650
Rapides Parish Sales Tax District 3	848,647
Rapides Parish Sales Tax Fund	2,600,563
Rapides Parish School Board	2,600,563

(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, 2006, to December 31, 2006**

TAXING AUTHORITY (CONT.)

Rapides Parish: (Cont.)

Town of Ball	\$125,746
Town of Boyce	16,776
Town of Glenmora	37,265
Town of Lecompte	20,640
Village of Forest Hill	8,783
Village of Woodworth	27,596

Red River Parish:

Red River Parish Law Enforcement District	152,654
Red River Parish Police Jury	152,654
Red River Parish School Board	305,308
Town of Coushatta	33,770
Village of Hall Summit	2,647

Richland Parish:

Richland Parish Law Enforcement District	182,758
Richland Parish Police Jury	548,273
Richland Parish School Board	731,031
Town of Delhi	52,708
Town of Mangham	8,744
Town of Rayville	60,271

Sabine Parish:

11th Judicial Enforcement Sub-District	72,629
Sabine Law Enforcement District	419,011
Sabine Parish Police Jury	698,352
Sabine Parish Sales Tax District 1	33,503
Sabine Parish Sales Tax Districts 1 and 2	245,523
Sabine Parish School Board	558,681
Town of Many	51,058

(Continued)

**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
AND CORRECTIONS
PARISH AND MUNICIPAL MOTOR VEHICLE
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Schedule of Distributions
For the Period From January 1, 2006, to December 31, 2006**

TAXING AUTHORITY (CONT.)

Sabine Parish: (Cont.)	
Town of Zwolle	\$47,016
Village of Converse	8,582
Village of Florien	13,068
Village of Pleasant Hill	10,479
St. Bernard Parish:	
St. Bernard Law Enforcement District	468,697
St. Bernard Parish Police Jury	468,697
St. Bernard Sales Tax Department	3,280,876
St. Bernard Water and Sewer District	468,697
St. Charles Parish:	
St. Charles Parish Council	3,001,449
St. Charles Parish School Board	4,502,173
St. Helena Parish:	
St. Helena Parish Police Jury	412,956
St. Helena Parish School Board	412,956
Town of Greensburg	30,434
St. James Parish:	
St. James Parish Council	386,089
St. James Parish School Board	1,288,786
Town of Gramercy	64,216
Town of Lutchter	65,210
St. John the Baptist Parish:	
St. John the Baptist Council Sewerage	1,298,897
St. John the Baptist Law Enforcement District	324,724
St. John the Baptist Parish Council	1,623,621
St. John the Baptist Parish School Board	2,922,518

(Continued)

**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
AND CORRECTIONS
PARISH AND MUNICIPAL MOTOR VEHICLE
SALES AND USE TAX ESCROW FUND
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Schedule of Distributions
For the Period From January 1, 2006, to December 31, 2006**

TAXING AUTHORITY (CONT.)

St. Landry Parish:	
City of Eunice	\$303,706
City of Opelousas	394,303
St. Landry Parish Educational Facility Improvement District	1,530,073
St. Landry Parish Law Enforcement District	1,147,555
St. Landry Parish School Board	1,530,073
St. Landry Parish Solid Waste Commission	1,224,058
Town of Arnaudville	39,573
Town of Grand Coteau	9,867
Town of Krotz Springs	27,140
Town of Melville	30,255
Town of Port Barre	57,765
Town of Sunset	48,780
Town of Washington	15,180
Village of Cankton	6,532
St. Martin Parish:	
Breux Bridge Annexed Areas	34,494
City of Breux Bridge	138,798
City of St. Martinville	104,620
St. Martin Parish Law Enforcement District	596,061
St. Martin Parish Sales Tax	4,397
St. Martin Parish Sales Tax District No. 1	801,020
St. Martin Parish Sales Tax District No. 2	83,034
St. Martin Parish School Board	2,376,219
Town of Arnaudville	2,658
Town of Broussard	6,359
Town of Henderson	29,408
Village of Parks	13,269

(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, 2006, to December 31, 2006**

TAXING AUTHORITY (CONT.)

St. Mary Parish:

City of Morgan City	\$98,104
St. Mary Parish Law Enforcement	580,999
St. Mary Parish Police Jury	2,032,947
St. Mary Parish School Board	1,684,442
St. Mary Parish Wards 1, 2, 3, 4, 7, and 10	114,516
St. Mary Parish Wards 5 and 8	108,491
St. Mary Parish Wards 6 and 9	27,394

St. Tammany Parish:

City of Covington	654,506
City of Mandeville	942,378
City of Slidell	1,880,832
St. Tammany Jail Facilities and Complex	3,893,123
St. Tammany Parish Law Enforcement District	1,946,560
St. Tammany Parish School Board	15,572,494
St. Tammany Sales Tax District 3	11,812,264
Town of Abita Springs	144,615
Town of Madisonville	141,150
Town of Pearl River	146,385
Village of Folsom	40,360
Village of Sun	10,725

Tangipahoa Parish:

Amite City	134,615
City of Hammond	580,319
City of Ponchatoula	229,513
Tangipahoa Fire District No. 1	86,859
Tangipahoa Parish Council	2,784,129
Tangipahoa Parish School Board	5,568,258

(Continued)

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

Tangipahoa Parish: (Cont.)

Town of Independence	\$57,998
Town of Kentwood	68,360
Town of Roseland	35,092
Village of Tangipahoa	10,024
Village of Tickfaw	28,789

Tensas Parish:

Tensas Parish Fire Protection	24,603
Tensas Parish Law Enforcement	24,603
Tensas Parish Police Jury	319,845
Tensas Parish School Board	147,621
Town of Newellton	14,240
Town of St. Joseph	13,272
Town of Waterproof	5,962

Terrebonne Parish:

Terrebonne Parish Law Enforcement Sales Tax	1,410,885
Terrebonne Parish Sales Tax Fund: 0.25%	705,442
Terrebonne Parish Sales Tax Fund: 0.5%	1,410,885
Terrebonne Parish Sales Tax Fund: 1.5%	4,232,655
Terrebonne Parish Sales Tax Fund: 1.75%	4,938,097

Union Parish:

Town of Bernice	36,730
Town of Farmerville	73,323
Town of Marion	14,220
Union Parish Law Enforcement District	468,581
Union Parish Police Jury	468,581
Union Parish School Board	937,162
Village of Junction City	3,519

(Continued)

**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
AND CORRECTIONS
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STATE OF LOUISIANA
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TAXING AUTHORITY (CONT.)

Vermilion Parish:

City of Abbeville	\$215,550
City of Kaplan	88,964
Hospital Service District No. 1	291,739
Town of Delcambre	33,490
Town of Erath	50,619
Town of Gueydan	36,190
Vermilion Parish Law Enforcement District	1,003,070
Vermilion Parish Police Jury	2,140,758
Vermilion Parish School Board	1,427,172
Village of Maurice	29,260

Vernon Parish:

City of Leesville	142,953
Town of Hornbeck	9,613
Town of New Llano	38,086
Town of Rosepine	14,859
Vernon Parish Law Enforcement District	505,868
Vernon Parish Police Jury	1,517,605
Vernon Parish School Board	2,023,474

Washington Parish:

Bogalusa School Board	591,707
City of Bogalusa	670,240
Town of Franklinton	164,883
Village of Angie	12,155
Village of Varnado	2,747
Washington Parish Law Enforcement District	537,916
Washington Parish Road Tax	355,025
Washington Parish Sales Tax District 1	585,970

(Continued)

**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
AND CORRECTIONS
PARISH AND MUNICIPAL MOTOR VEHICLE
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STATE OF LOUISIANA
Schedule of Distributions
For the Period From January 1, 2006, to December 31, 2006**

TAXING AUTHORITY (CONT.)

Washington Parish: (Cont.)	
Washington Parish Sales Tax District 2	\$731,143
Washington Parish School Board	1,190,518
Webster Parish:	
City of Minden	373,755
City of Springhill	159,137
Town of Cotton Valley	11,347
Town of Cullen	19,393
Town of Sarepta	15,934
Town of Sibley	41,096
Village of Dixie Inn	5,997
Webster Parish Law Enforcement District	379,088
Webster Parish School Board	1,895,441
Webster Parish School Board District 6	126,593
West Baton Rouge Parish:	
Parish of West Baton Rouge	816,012
West Baton Rouge Parish District No. 1	544,008
West Baton Rouge Parish Fire District No. 1	272,004
West Baton Rouge Parish School Board	1,088,016
West Carroll Parish:	
Town of Oak Grove	25,080
West Carroll Parish Police Jury	702,153
West Carroll Parish School Board	468,102
West Feliciana Parish:	
Town of St. Francisville	61,771
West Feliciana Parish District No. 1	183,730
West Feliciana Parish Police Jury	244,870
West Feliciana Parish School Board	489,742

(Continued)

**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
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TAXING AUTHORITY (CONT.)

Winn Parish:

City of Winnfield	\$99,810
Winn Parish Police Jury	331,209
Winn Parish School Board	<u>662,418</u>

Total Distributions	<u><u>\$447,994,663</u></u>
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(Concluded)

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 significant deficiencies and/or material weaknesses in internal control or compliance and other matters that would be material to the presented financial statement.

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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August 2, 2007

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 STANLEY GRIFFIN, 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, 2006, and have issued our report thereon dated August 2, 2007. Our report was modified to include an explanatory paragraph describing the individual fund presentation, an explanatory paragraph describing the use of the cash basis of accounting, an emphasis of matter regarding the department's legal status as the prescribed agent for local tax collectors, and an emphasis of a matter regarding the impact of hurricanes Katrina and Rita. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Parish and Municipal Sales and Use Tax Escrow Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Parish and Municipal Sales and Use Tax Escrow Fund's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

PARISH AND MUNICIPAL MOTOR VEHICLE SALES AND USE TAX ESCROW FUND

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described below to be a significant deficiency in internal control over financial reporting.

Ineffective Monitoring of Tax Agreements

For the second consecutive year, 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:

- Six of the 46 (13%) 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; three of the tax agreements did not address all taxes collected for that district; and one of the taxing authorities reviewed did not have a tax agreement on file.
- 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 46 (26%) 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 four of the 46 (9%) 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 significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described above is a material weakness.

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 instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Improper Tax Distributions

For the fifth 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 seven (7%) of these transactions contained improper distributions totaling \$938 (2%) of the sample of \$53,034.
- 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 \$1,480 (14.2%) of the sample of \$10,456.

PARISH AND MUNICIPAL MOTOR VEHICLE SALES AND USE TAX ESCROW FUND

In addition, even though the correct amount of taxes were collected, the department incorrectly allocated \$24,042 of taxes collected for the East Baton Rouge Parish to the Town of Zachary as a result of improperly identifying the appropriate taxing authority in its computer system for the first six months of the year.

As a result of concerns over the correct distributions, East Baton Rouge Parish hired an independent auditor to conduct an audit concerning the proper distribution of taxes between the parish and its municipalities. The department and East Baton Rouge Parish agreed that any needed corrections will be resolved when this independent audit is completed and the amounts improperly distributed are identified.

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, 2006, through December 31, 2006; 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).

The Department of Public Safety and Corrections, Public Safety Services' responses to the findings identified above are attached in Appendix A. We did not audit the Department of Public Safety and Corrections, Public Safety Services' responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of Public Safety Services and its management, others within the entity, and the Louisiana Legislature 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

CST:WDD:THC:dl

MVST06

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

PARISH AND MUNICIPAL MOTOR VEHICLE
SALES AND USE TAX ESCROW FUND



Department of Public Safety and Corrections

KATHLEEN BABINEAUX BLANCO
GOVERNOR

Public Safety Services

JILL P. BOUDREAUX
ACTING UNDERSECRETARY

June 22, 2007
DPS-02-852

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

Subject: Ineffective Monitoring of Tax Agreement

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. However, taxes have been withheld and remitted appropriately.

Public Safety Services collects and distributes motor vehicle sales tax revenues for more than four hundred fifty (450) jurisdictions. In an effort to update existing files the Undersecretary's Office sent correspondence to each jurisdiction in July of 2002. The correspondence requesting information on Agreements, maps of district boundaries, expiration dates, etc. and reminded all jurisdictions that Public Safety Services 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, PSS representatives met with representatives of the Louisiana Association of Tax Administrators (LATA) to ask for their assistance in the collection of updated information. LATA's efforts stirred some jurisdictions to update information, but most still have not responded with the correct updated information.


The vast majority of items listed in the finding are for jurisdictions that either did not respond to the request in 2002, or did not send the proper documentation, such as ordinances, or did not provide an expiration date for an existing Agreement. This function has been reassigned as part of the Financial Services Division reorganization and meetings with the LATA are being organized to finalize an updated version of the Agreement. As soon as the Agreement is finalized we will initiate a mailing to all jurisdictions, through the LATA's network, to update all files. We will continue to work on rectifying any discrepancies in our files and database for the items listed in this finding.

Legislative Auditor
Tax Agreements
Page 2

Delays in the reorganization process and staff vacancies prevented the Financial Services Division from initiating the formal review process on all existing files in the current fiscal year, however that process is scheduled to begin immediately and will include the development of written procedures for all phases of the function. The Director of Financial Services, Kay F. 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 carryout this endeavor effectively, efficiently, and timely. If you need any additional information, please contact me at (225) 925-6032.

Sincerely,



Jill P. Boudreaux
Undersecretary

cc: Colonel Henry Whitehorn



Department of Public Safety and Corrections

KATHLEEN BABINEAUX BLANCO
GOVERNOR

Public Safety Services

JILL P. BOUDREAU
ACTING UNDERSECRETARY

July 18, 2007

DPS-02-864

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, there were discrepancies between the domicile codes shown by Tax Watch compared to the domicile codes used when the applications were processed in 2006. However, due to the ongoing problems that we have experienced with both Tax Watch and the parish/municipal taxing authorities, we will continue to experience these same problems. Until such time that we can procure the technology of a competent vendor and get the cooperation of the parish/municipal taxing authorities, discrepancies in the tax distribution will continue to be realized.

As indicated in prior audits, both the Office of Motor Vehicles and the Public Tag Agents have been directed to use Tax Watch for domicile verification (OMV Policy & Procedures, Section IV, #2.0, Basic Requirements for Obtaining a Certificate of Title). Once again, it is incumbent upon the taxing authorities to alert Tax Watch of all changes/updates and also incumbent upon Tax Watch to expeditiously correct the system when they are advised of changes. And, as OMV and PTA employees, we should be careful when processing the files to ensure that the correct information is entered.

Of the 12 audit findings, four were processed by PTAs, one of which resulted in a \$1 shortage in the tax amount due. There are three findings that resulted in inappropriate tax collections, two of which were overpayments and one was an underpayment. The OMV will contact the individual, request the additional taxes, and make the appropriate distributions. In the same manner, the OMV will refund the overpayment of taxes to the appropriate individuals, if applicable.

There were also several addresses that were not identified by Tax Watch or were incorrect. We have submitted a discrepancy report to identify or correct the addresses in question.


Until the NGMV Project (which will fully integrate Tax Watch to ensure an automatic distribution of taxes) is implemented (projected to be July 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 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. The independent audit report has not been completed at this time. 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 Steve Hymel and OMF Financial Services Director Kay DeBenedetto are responsible for corrective actions. The redistribution will be completed by August 1, 2007.

As stated in previous audits, the OMV and PTA employees are performing a monumental task of collecting revenue for the parish and municipal taxing authorities. It is going to take the continued cooperation of all interested parties to reduce the number of discrepancies. Please contact my office if you have any questions regarding this response.

Sincerely,



Jill P. Boudreaux
Undersecretary

cc: Colonel Stanley Griffin, Deputy Secretary
Steve Hymel, OMV Commissioner
Kay DeBenedetto, Financial Services Director