

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Public Safety Services
Department of Public Safety
and Corrections
Parish and Municipal Vehicle
Sales and Use Tax Escrow Fund
State of Louisiana
Baton Rouge, Louisiana

May 1, 2002



Financial and Compliance Audit Division

Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor

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LEGISLATIVE AUDITOR

Daniel G. Kyle, Ph.D., CPA, CFE

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

Financial Statements and
Independent Auditor's Reports
As of December 31, 2001, and for the Period
January 1, 2001, through December 31, 2001
With Supplemental Information Schedule

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

May 1, 2002

**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
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PARISH AND MUNICIPAL MOTOR VEHICLE
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STATE OF LOUISIANA**

Financial Statements and
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As of December 31, 2001, and for the Period
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CONTENTS

	Statement	Page No.
Independent Auditor's Report on the Financial Statements		2
Management's Discussion and Analysis		4
Financial Statements - Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund:		
Statement of Assets and Liabilities Arising From Cash Transactions	A	5
Statement of Collections, Distributions, and Unsettled Balances	B	6
Notes to the Financial Statements		7
	Schedule	Page No.
Supplemental Information Schedule - Schedule of Distributions	1	11
	Exhibit	
Other Report Required by <i>Government Auditing Standards</i> - Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements	A	
	Appendix	
Management's Corrective Action Plan and Response to the Finding and Recommendation	A	



DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

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

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

April 12, 2002

Independent Auditor's Report
on the Financial Statements

COLONEL TERRY C. LANDRY, 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, 2001, and the related statement of collections, distributions, and unsettled balances for the period from January 1, 2001, through December 31, 2001. 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.

LEGISLATIVE AUDITOR

COLONEL TERRY C. LANDRY, 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
Audit Report, December 31, 2001

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, 2001, 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, 2001, through December 31, 2001, in conformity with the basis of accounting described in note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 12, 2002, on our consideration of the Parish and Municipal Sales and Use Tax Escrow Fund's internal control over financial reporting and our tests of its compliance with laws and regulations.

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.

Management's discussion and analysis on page 4 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

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Management's Discussion and Analysis

Our discussion and analysis of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund's financial performance provides an overview of the Fund's financial activities for the fiscal year ended December 31, 2001. Please read it in conjunction with the Fund's financial statements.

This annual report consists of a series of financial statements. The Statement of Assets and Liabilities Arising from Cash Transactions and the Statement of Collections, Distributions, and Unsettled Balances provide information about the activities of the Fund. These statements include all assets and liabilities using the cash basis of accounting. Current year's revenues and expenses are taken into account only when cash is received or paid.

Condensed Financial Information:

	As of, and for The year ended December 31, <u>2001</u>	As of, and for the year ended December 31, <u>2000</u>	<u>Percentage Change</u>
Total assets	\$ 24,052,549	\$ 19,726,751	21.9%
Total liabilities	24,052,549	19,726,751	21.9%
Collections	\$ 315,482,878	\$ 298,069,760	5.8%
Distributions	311,157,080	304,693,886	2.1%

Analysis of balances and transactions of individual funds:

Parish and Municipalities continue to increase sales tax amounts and implement new sales taxes. Total assets and liabilities for the years ended December 31, 2000 and December 31, 2001 represent escrow account balances which were paid to the parishes and municipalities in January 2001 and January 2002.

Description of currently known facts:

Sales tax on mobile homes is no longer placed in an under protest account and state law requires collection of sales tax for mobile homes based on 46% of the value of the mobile home.

Respectfully,



Sandra P. Lee
Fiscal Operations Manager

SPL:ldg

**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, 2001**

ASSETS

Cash (note 2)

\$24,052,549

LIABILITIES

Due to taxing bodies and others

\$24,052,549

The accompanying notes are an integral part of this statement.

**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 Collections, Distributions,
and Unsettled Balances
For the Period from January 1, 2001,
through December 31, 2001**

UNSETTLED BALANCES AT JANUARY 1, 2001	\$19,726,751
COLLECTIONS	315,482,878
DISTRIBUTIONS (Schedule 1)	<u>(311,157,080)</u>
UNSETTLED BALANCES AT DECEMBER 31, 2001, DUE TO TAXING BODIES AND OTHERS	<u><u>\$24,052,549</u></u>

The accompanying notes are an integral part of this statement.

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

Notes to the Financial Statements
As of December 31, 2001, and for the Period
January 1, 2001, through December 31, 2001

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, 2001, the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund has cash (book balance) totaling \$24,052,549. State law requires that all collections be deposited in the state treasury. Cash balances held and controlled by the state treasurer are

**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
AND CORRECTIONS
PARISH AND MUNICIPAL MOTOR VEHICLE
SALES AND USE TAX ESCROW FUND
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

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 general purpose financial statements.

**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, 2001.

4. LITIGATION

On October 22, 1999, the Nineteenth Judicial District Court, Parish of East Baton Rouge, issued a declaratory judgment finding for certain taxpayers that had paid sales and use taxes on their manufactured/mobile homes under protest. The suit alleged that manufactured/mobile homes are immovables and, as such, should not be subject to the sales and use taxes levied on motor vehicles. The court found for the plaintiffs and ordered that they were due a full refund of the sales and use taxes paid under protest for these manufactured/mobile homes. The court based this finding on the fact that the manufactured/mobile homes were immovables. The judgment also ordered that all sales and/or use taxes collected from future purchases and sales of manufactured/mobile homes from the date of the judgment through the date of the issuance of a final, nonappealable judgment be escrowed by the Louisiana Department of Revenue through its official agent for collection, the Louisiana Department of Public Safety, Office of Motor Vehicles. Other lawsuits were filed in the Nineteenth Judicial District Court and with the Board of Tax Appeals regarding the return of taxes paid on manufactured/mobile homes. As a result of this and other judgments, the department had placed in escrow \$31.7 million of state and parish/municipal taxes paid in protest.

LEGISLATIVE AUDITOR

**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
AND CORRECTIONS
PARISH AND MUNICIPAL MOTOR VEHICLE
SALES AND USE TAX ESCROW FUND
STATE OF LOUISIANA
Notes to the Financial Statements (Concluded)**

On September 17, 2001, the Nineteenth Judicial District Court issued a final judgment that ordered the distribution of the local sales and use taxes held in escrow to be released for distribution to the local taxing authorities to which the taxes belong and also ordered that future local sales and use taxes not be placed in escrow. Pursuant to this judgment, the Office of Motor Vehicles distributed \$2.3 million to the local taxing authorities. In addition, Act 1212 of the 2001 Regular Session authorized the release of the remaining funds. Pursuant to this act, \$5.4 million was paid to settle the claims made by Avants, et al. Pursuant to a court order issued by the Nineteenth Judicial District Court on September 10, 2001, the remaining \$24 million balance of the escrow fund was sent to the Registry Account of the Clerk of Court of the Nineteenth Judicial District Court for East Baton Rouge Parish pending further orders and judgments of the court.

As a result of these court cases, Act 30 of the 2000 Regular Session of the Louisiana Legislature was enacted. This act changes the laws relating to the sales and use taxes on manufactured/mobile homes. It states that 46% of the retail sales price of a new manufactured/mobile home in an initial sale from a dealer to a consumer will be subject to the sales and use tax. Act 1212 of the 2001 Regular Session sets the effective date of Act 30 of the 2000 Regular Session as July 1, 2001.

**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
AND CORRECTIONS
PARISH AND MUNICIPAL MOTOR VEHICLE
SALES AND USE TAX ESCROW FUND
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULE
For the Period January 1, 2001, to December 31, 2001**

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, 2001, to December 31, 2001.

**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, 2001,
to December 31, 2001**

Public Safety Services - collection costs	\$3,111,482
Office of Legislative Auditor	22,500

TAXING AUTHORITY

Acadia Parish:

Acadia Parish Law Enforcement District	492,674
Acadia Parish Police Jury	1,635,986
Acadia Parish School Board	985,345
City of Crowley	324,631
City of Eunice	20,594
City of Rayne	187,604
Town of Church Point	57,654
Town of Iota	43,391
Village of Estherwood	7,244
Village of Mermentau	5,146
Village of Morse	9,859

Allen Parish:

Allen Parish Police Jury	264,233
Allen Parish School Board	754,949
City of Oakdale	83,257
Town of Elizabeth	10,099
Town of Kinder	36,963
Town of Oberlin	25,875

Ascension Parish:

Ascension Parish Law Enforcement District	659,889
Ascension Parish Police Jury	1,319,781
Ascension Parish Sales Tax District No. 2	659,888
Ascension Parish School Board	3,311,453
City of Donaldsonville	173,657
City of Gonzales	395,905
East Ascension Parish Drainage District No. 1	755,418
Town of Sorrento	27,753
West Ascension Hospital Service	67,850

(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, 2001,
to December 31, 2001**

TAXING AUTHORITY (CONT.)

Assumption Parish:	
Assumption Parish Police Jury	\$346,855
Assumption Parish Road and Drainage District and Library	328,171
Assumption Parish School Board	867,140
Town of Napoleonville	18,685
Avoyelles Parish:	
Avoyelles Parish Law Enforcement District	305,056
Avoyelles Parish Police Jury	610,112
Avoyelles Parish School Board	915,174
City of Bunkie	58,651
City of Marksville	116,408
Town of Cottonport	20,566
Town of Mansura	13,416
Town of Simmesport	33,128
Village of Moreauville	21,325
Village of Plaquemine	4,446
Beauregard Parish:	
Beauregard Parish Law Enforcement District	145,165
Beauregard Parish Sales Tax District No. 1 (Police Jury)	888,503
Beauregard Parish School Board	1,149,500
City of DeRidder	249,159
Town of Merryville	35,462
Bienville Parish:	
Bienville Parish Police Jury	247,802
Bienville Parish School Board	495,604
Town of Arcadia	70,128
Town of Gibsland	24,652
Town of Ringgold	27,112
Village of Castor	3,857
Bossier Parish:	
Bossier Parish Police Jury	1,155,045
Bossier Parish Police Jury Capital Improvement Fund	695,251
Bossier Parish Sales Tax District	157
Bossier Parish School Board	2,923,140

(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, 2001,
to December 31, 2001**

TAXING AUTHORITY (CONT.)

Bossier Parish: (Cont.)

Bossier Parish Sheriff Capital Projects Fund	\$224,949
City of Bossier Sales and Use Tax	2,528,487
City of Bossier Special District	196,997
City of Shreveport	8,913
Town of Benton	101,603
Town of Haughton	170,953
Town of Plain Dealing	39,057

Caddo Parish:

Caddo Law Enforcement District	1,044,803
Caddo Parish Sales Tax District No. 1	1,393,239
Caddo Parish School Board	6,268,826
City of Shreveport	7,995,935
Town of Blanchard	11,842
Town of Greenwood	50,397
Town of Mooringsport	13,552
Town of Oil City	25,828
Town of Vivian	101,709
Village of Rodessa	3,339

Calcasieu Parish:

Calcasieu Parish Police Jury Law Enforcement District	816,235
Calcasieu Parish Sales Tax District No. 1	1,767,939
Calcasieu Parish Sales Tax District No. 2	1,632,470
Calcasieu Parish Sales Tax District No. 3	669,129
Calcasieu Parish Sales Tax District No. 4	1,980,036
Calcasieu Parish School Board	4,897,414
City of DeQuincy	88,633
City of Lake Charles	2,351,779
City of Sulphur	714,477
City of Westlake	163,841
Town of Iowa	62,929
Town of Vinton	92,158

(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, 2001,
to December 31, 2001**

TAXING AUTHORITY (CONT.)

Caldwell Parish:	
Caldwell Parish Police Jury	\$603,543
Caldwell Parish School Board	413,230
Town of Columbia	16,302
Catahoula Parish:	
Catahoula Parish Police Jury	393,053
Catahoula Parish School Board	393,053
Claiborne Parish:	
Claiborne Parish Police Jury	184,969
Claiborne Parish School Board	573,527
Town of Haynesville	105,097
Town of Homer	98,421
Village of Junction City	2,346
Concordia Parish:	
Concordia Parish Hospital Service District 1	81,051
Concordia Parish Police Jury	228,286
Concordia Parish School Board	648,349
Town of Ferriday	80,915
Town of Vidalia	158,391
DeSoto Parish:	
City of Mansfield	82,816
DeSoto Parish Police Jury	457,396
DeSoto Parish School Board	1,019,326
Town of Keatchi	5,858
Town of Logansport	23,815
Town of Stonewall	38,259
Village of Grand Cane	7,160
East Baton Rouge Parish:	
City of Baker	461,959
City of Baton Rouge	9,453,472
City of Zachary	504,970
East Baton Rouge Parish Road Tax	3,362,222
East Baton Rouge Parish School Board	13,448,913

(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, 2001,
to December 31, 2001**

TAXING AUTHORITY (CONT.)

East Baton Rouge Parish: (Cont.)	
East Baton Rouge Sewer Improvement	\$3,362,222
Parish of East Baton Rouge	3,039,852
East Carroll Parish:	
East Carroll Parish Police Jury	115,005
East Carroll Parish School Board	344,989
Town of Lake Providence	38,268
East Feliciana Parish - East Feliciana Parish	
School Board and Police Jury	1,519,367
Evangeline Parish:	
City of Ville Platte	230,548
Evangeline Parish School Board	709,792
Evangeline Parish School Board/Solid Waste Sales Tax	497,371
Road and Drainage District No. 1	457,965
Town of Basile	37,064
Town of Mamou	88,244
Village of Chataignier	4,835
Village of Pine Prairie	22,865
Village of Turkey Creek	10,007
Franklin Parish:	
City of Winnsboro	63,762
Franklin Parish Law Enforcement District	381,252
Franklin Parish Police Jury	571,877
Franklin Parish School Board	571,876
Town of Wisner	10,154
Village of Gilbert	8,947
Grant Parish:	
Grant Parish Law Enforcement District	355,788
Grant Parish Police Jury	355,788
Grant Parish School Board	355,788
Town of Colfax	28,816
Town of Pollock	5,836
Village of Georgetown	3,428

(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, 2001,
to December 31, 2001**

TAXING AUTHORITY (CONT.)

Iberia Parish:

City of Jeanerette	\$90,992
City of New Iberia	729,480
Iberia Parish Police Jury (Garbage Recycling)	389,498
Iberia Parish Policy Jury (Mosquito)	318,242
Iberia Parish Sales Tax District No. 2	214,272
Iberia Parish School Board	2,864,205
Town of Delcambre	8,845
Village of Loreauville	13,113

Iberville Parish:

Iberville Parish Police Jury	347,155
Iberville Parish School Board	873,148
Iberville Parish Solid Waste	173,577
Parish of Iberville	525,992
Town of St. Gabriel	18,592

Jackson Parish:

Jackson Parish Police Jury	167,009
Jackson Parish Road Tax	111,348
Jackson Parish School Board	792,828
Town of Eros	3,468
Town of Jonesboro	84,514
Village of Hodge	12,251
Village of Hodge (East)	497
Village of Hodge (North)	1,335

Jefferson Parish:

Jefferson Parish Law Enforcement District	1,814,169
Jefferson Parish School Board	10,885,027
Parish of Jefferson	21,770,059

Jefferson Davis Parish:

City of Jennings	282,654
Jefferson Davis Parish School Board	1,140,819
Town of Elton	29,016
Town of Lake Arthur	85,978

(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, 2001,
to December 31, 2001**

TAXING AUTHORITY (CONT.)

Jefferson Davis Parish: (Cont.)

Town of Welsh	\$88,790
Village of Fenton	7,497
Lafayette Parish:	
City of Carencro	174,507
City of Lafayette	4,402,471
City of Scott	256,725
Lafayette Parish Police Jury	1,430,293
Sales Tax Division, Lafayette Parish School Board	4,221,959
Sales Tax Division, Lafayette Parish School Board 88	2,110,979
Town of Broussard	316,667
Town of Duson	70,421
Town of Youngsville	256,028
Lafourche Parish:	
City of Thibodaux	515,772
Lafourche Parish Law Enforcement Subdistrict 1	1,227,157
Lafourche Parish Road Sales Tax District No. 4	919,800
Lafourche Parish School Board	3,144,667
Lafourche Parish School Board/Golden Meadow	36,657
Lafourche Road Sales Tax District 2	490,229
Lafourche Road Sales Tax District 3	180,286
Lafourche Road Sales Tax District 5	333,654
Lafourche Road Sales Tax District 6	219,166
Town of Lockport	56,118
LaSalle Parish:	
LaSalle Parish School Board	650,282
Town of Jena	58,613
Town of Olla	27,249
Lincoln Parish:	
City of Grambling	39,223
City of Ruston	425,409
Lincoln Parish Police Jury	521,504
Lincoln Parish School Board	1,390,692
Town of Dubach	12,909

(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, 2001,
to December 31, 2001**

TAXING AUTHORITY (CONT.)

Livingston Parish:

City of Denham Springs	\$319,847
Livingston Parish Gravity Drainage District 1	182,421
Livingston Parish Gravity Drainage District 5	80,934
Livingston Parish Gravity Drainage District 6	43,400
Livingston Parish Law Enforcement Sub District A	942,514
Livingston Parish Road Maintenance	1,885,030
Livingston Parish School Board	3,770,058
Livingston Parish Special Sales Tax District 1	883,448
Town of Livingston	41,925
Town of Springfield	14,175
Town of Walker	155,566
Village of Albany	10,286

Madison Parish:

City of Tallulah	169,912
Madison Parish Law Enforcement District	87,060
Madison Parish Police Jury	87,060
Madison Parish Sales Tax Fund	261,159
Village of Richmond	13,834

Morehouse Parish:

City of Bastrop	305,962
East Morehouse Parish School District	10,095
Morehouse Law Enforcement District	265,493
Morehouse Parish Police Jury	265,489
Morehouse Parish School Board	796,481
Town of Collinston	8,317
Village of Bonita	2,691
Village of Mer Rouge	25,428

Natchitoches Parish:

City of Natchitoches	465,369
Natchitoches Parish School Board	941,548
Natchitoches Sales Tax District No. 1	441,554
Town of Campti	15,612

(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, 2001,
to December 31, 2001**

TAXING AUTHORITY (CONT.)

Natchitoches Parish: (Cont.)

Village of Robeline	\$6,427
Village of Clarence	3,207
Village of Natchez	3,383

Orleans Parish:

City of New Orleans	10,815,298
Orleans Parish School Board	6,489,178
Regional Transit Authority	4,326,118

Ouachita Parish:

City of Monroe	3,028,297
City of West Monroe	572,396
Ouachita Monroe School Board	2,201,398
Ouachita Parish Fire Protection Tax	1,604,223
Ouachita Parish Police Jury	1,604,223
Ouachita Parish School Board	1,833,449
Town of Richwood	3,960
Town of Sterlington	28,984
West Ouachita School District	1,099,353

Plaquemines Parish:

Plaquemines Parish Council	607,926
Plaquemines Parish School Board	1,215,851

Pointe Coupee Parish:

City of New Roads	68,352
Parish of Pointe Coupee	751,424
Pointe Coupee Parish School Board	858,783
Town of Fordoche	17,876
Town of Livonia	24,634
Village of Morganza	8,018

Rapides Parish:

Rapides (Pineville) Sales Tax Fund	422,842
Rapides Parish (City) Sales Tax	1,380,354
Rapides Parish Sales Tax District 3	740,710
Rapides Parish Sales Tax Fund	2,383,153
Rapides Parish School Board	2,383,153

(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, 2001,
to December 31, 2001**

TAXING AUTHORITY (CONT.)

Rapides Parish: (Cont.)

Town of Ball	\$31,825
Town of Boyce	13,741
Town of Glenmora	29,989
Town of Lecompte	23,323
Village of Forest Hill	152
Village of Woodworth	18,284

Red River Parish:

Red River Parish Law Enforcement District	140,561
Red River Parish Police Jury	140,561
Red River Parish School Board	281,124
Town of Coushatta	25,967
Village of Hall Summit	1,484

Richland Parish:

Richland Parish Law Enforcement District	170,245
Richland Parish Police Jury	510,737
Richland Parish School Board	680,993
Town of Delhi	58,152
Town of Mangham	7,311
Town of Rayville	49,541

Sabine Parish:

Sabine Law Enforcement District	123,028
Sabine Parish Police Jury	492,074
Sabine Parish Sales Tax District	10,849
Sabine Parish School Board	492,074
Town of Many	48,786
Town of Many Sales Tax District	235,193
Town of Zwolle	27,435
Village of Converse	7,779
Village of Florien	12,180
Village of Pleasant Hill	10,437

(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, 2001,
to December 31, 2001**

TAXING AUTHORITY (CONT.)

St. Bernard Parish:	
St. Bernard Law Enforcement District	\$495,383
St. Bernard Parish Police Jury	495,383
St. Bernard Sales Tax Department	3,467,682
St. Bernard Water and Sewer District	495,383
St. Charles Parish:	
St. Charles Parish Council	1,795,039
St. Charles Parish School Board	1,795,039
St. Helena Parish:	
St. Helena Parish Police Jury	267,206
St. Helena Parish School Board	267,206
Town of Greensburg	12,565
St. James Parish:	
St. James Parish Council	294,158
St. James Parish School Board	738,802
Town of Gramercy	39,796
Town of Lutchet	35,452
St. John the Baptist Parish:	
St. John the Baptist Council Sewerage	731,266
St. John the Baptist Law Enforcement District	171,469
St. John the Baptist Parish Council	731,266
St. John the Baptist Parish School Board	1,634,002
St. Landry Parish:	
City of Eunice	221,491
City of Opelousas	282,470
St. Landry Parish Educational Facility Improvement District	1,241,459
St. Landry Parish School Board	1,241,458
St. Landry Parish Solid Waste Commission	993,167
Town of Arnaudville	33,559
Town of Grand Coteau	8,438
Town of Krotz Springs	18,868
Town of Melville	20,742
Town of Port Barre	48,417

(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, 2001,
to December 31, 2001**

TAXING AUTHORITY (CONT.)

St. Landry Parish: (Cont.)	
Town of Sunset	\$28,398
Town of Washington	11,303
Village of Cankton	4,453
St. Martin Parish:	
City of Breaux Bridge	116,165
City of St. Martinville	74,378
St. Martin Parish Law Enforcement District	433,401
St. Martin Parish Sales Tax District No. 2	16,475
St. Martin Parish School Board	1,723,753
Town of Arnaudville	6,814
Town of Henderson	4,329
Village of Parks	12,832
St. Mary Parish:	
City of Morgan City	73,805
St. Mary Parish Law Enforcement	434,246
St. Mary Parish Police Jury	1,521,185
St. Mary Parish School Board	1,260,410
St. Mary Parish Wards 1, 2, 3, 4, 7, and 10	86,857
St. Mary Parish Wards 5 and 8	76,096
St. Mary Parish Wards 6 and 9	23,811
St. Tammany Parish:	
City of Covington	680,635
City of Mandeville	688,027
City of Slidell	1,799,277
St. Tammany Jail Facilities and Complex	1,986,742
St. Tammany Parish Law Enforcement District	993,372
St. Tammany Parish School Board	7,946,982
St. Tammany Sales Tax District 3	4,513,127
Town of Abita Springs	89,512
Town of Madisonville	98,219
Town of Pearl River	164,137
Village of Folsom	57,782
Village of Sun	2,909

(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, 2001,
to December 31, 2001**

TAXING AUTHORITY (CONT.)

Tangipahoa Parish:	
City of Hammond	\$438,478
City of Ponchatoula	170,506
Tangipahoa Parish Council	1,714,491
Tangipahoa Parish School Board	3,428,982
Town of Amite	94,538
Town of Independence	46,052
Town of Kentwood	54,010
Town of Roseland	19,551
Village of Tangipahoa	8,058
Village of Tickfaw	17,181
Tensas Parish:	
Tensas Parish Fire Protection	24,346
Tensas Parish Law Enforcement	24,346
Tensas Parish Police Jury	194,752
Tensas Parish School Board	146,075
Town of Newellton	10,863
Town of St. Joseph	14,635
Town of Waterproof	5,879
Terrebonne Parish:	
Terrebonne Parish Law Enforcement Sales Tax	991,996
Terrebonne Parish Sales Tax Fund: 0.5%	991,996
Terrebonne Parish Sales Tax Fund: 1.5%	2,975,987
Terrebonne Parish Sales Tax Fund: 1.75%	3,471,985
Union Parish:	
Town of Bernice	33,613
Town of Farmerville	38,639
Town of Marion	12,363
Union Parish Law Enforcement District	234,579
Union Parish Police Jury	469,159
Union Parish School Board	796,651
Village of Junction City	2,969

(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, 2001,
to December 31, 2001**

TAXING AUTHORITY (CONT.)

Vermilion Parish:

City of Abbeville	\$167,757
City of Kaplan	61,159
Hospital Service District No. 1	105,781
Town of Delcambre	21,112
Town of Erath	30,742
Town of Gueydan	26,606
Vermilion Parish Law Enforcement District	257,946
Vermilion Parish Police Jury	1,547,684
Vermilion Parish School Board	1,031,790
Village of Maurice	22,301

Vernon Parish:

City of Leesville	79,045
Town of Hornbeck	5,506
Town of New Llano	24,859
Town of Rosepine	16,461
Vernon Parish Police Jury	1,188,899
Vernon Parish School Board	1,585,199

Washington Parish:

Bogalusa School Board	366,199
City of Bogalusa	417,459
Town of Franklinton	56,991
Village of Angie	8,529
Village of Varnado	227
Washington Law Enforcement District	332,908
Washington Parish Sales Tax District 1	539,957
Washington Parish School Board	755,665

Webster Parish:

City of Minden	359,140
City of Springhill	165,014
Town of Cotton Valley	13,706
Town of Cullen	23,931
Town of Sarepta	14,673

(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, 2001,
to December 31, 2001**

TAXING AUTHORITY (CONT.)

Webster Parish: (Cont.)	
Town of Sibley	\$36,827
Village of Dixie Inn	1,278
Webster Parish School Board	1,813,105
West Baton Rouge Parish:	
Parish of West Baton Rouge	622,866
West Baton Rouge Parish District No. 1	415,244
West Baton Rouge Parish Fire District No. 1	207,621
West Baton Rouge Parish School Board	830,488
West Carroll Parish:	
Town of Oak Grove	25,110
West Carroll Parish Police Jury	696,457
West Carroll Parish School Board	232,152
West Feliciana Parish:	
Town of St. Francisville	57,601
West Feliciana Parish District No. 1	70,373
West Feliciana Parish Police Jury	197,510
West Feliciana Parish School Board	395,022
Winn Parish:	
City of Winnfield	80,436
Winn Parish Police Jury	135,714
Winn Parish School Board	542,858
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Total Distributions	<u>\$311,157,080</u>

(Concluded)

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and on internal control 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 matters that would be material to the presented financial statements.



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

DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

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

April 12, 2002

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of the Financial Statements

COLONEL TERRY C. LANDRY, 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, 2001, and the related statement of collections, distributions, and unsettled balances for the period from January 1, 2001, through December 31, 2001, and have issued our report thereon dated April 12, 2002. 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.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the department's compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of the 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Public Safety Services' 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 assurance on the internal control over financial reporting. However, we noted one matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies

EXHIBIT A

LEGISLATIVE AUDITOR

**COLONEL TERRY C. LANDRY, 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**
Compliance and Internal Control Report
April 12, 2002
Page 2

in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Public Safety Services' ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the following paragraphs.

Lack of Internal Control Over Tax Collections

The Department of Public Safety and Corrections, Public Safety Services, does not have internal controls in place to ensure that parish and municipality motor vehicle sales and use taxes are collected in accordance with existing laws. Louisiana Revised Statute (R.S.) 33:2624 requires that all taxes be levied and collected in accordance with existing law and R.S. 33:2712 states that all taxes shall be authorized by ordinances adopted by a majority vote. The ordinances state the terms and conditions of the taxes, including the expiration date.

The department has entered into contracts with all parishes and municipalities to collect motor vehicle sales taxes on new car sales when the vehicles are registered with the Office of Motor Vehicles. Copies of the local ordinances that specify the expiration dates are usually filed with the contract; however, the contracts do not contain provisions for discontinuing expired taxes. Instead, the department collects the taxes until a new contract is received or until it is notified by the parish or municipality to cease collecting the tax, even though the tax may have previously expired or changed. The collection of taxes that has changed or expired may be in violation of state law and may also subject the department to litigation by taxpayers.

The department should develop and implement procedures that provide for adequate notification of changes in tax rates or the termination of taxes by parish or municipal governments. Management concurred with the finding and recommendation and outlined a plan of corrective action (see Appendix A, pages 1-2).

A material weakness is a 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 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions

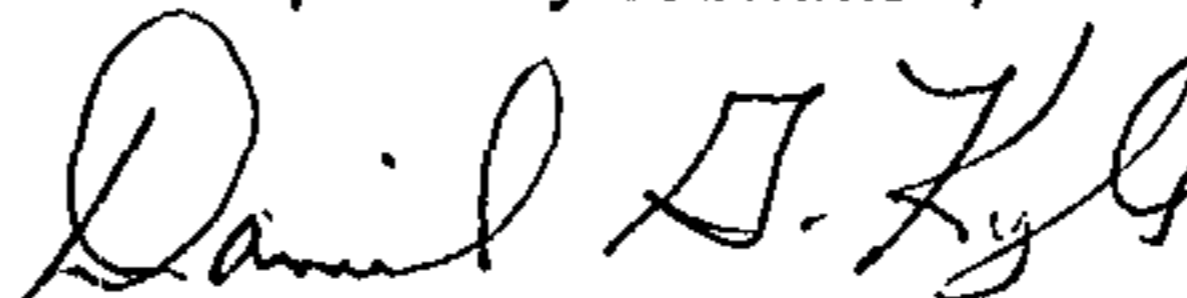
LEGISLATIVE AUDITOR

COLONEL TERRY C. LANDRY, DEPUTY SECRETARY
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PARISH AND MUNICIPAL MOTOR VEHICLE
SALES AND USE TAX ESCROW FUND
STATE OF LOUISIANA
Compliance and Internal Control Report
April 12, 2002
Page 3

that are also considered to be material weaknesses. However, we do not believe that the reportable condition described previously is a material weakness.

This report is intended 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,


Daniel G. Kyle, CPA, CFE
Legislative Auditor

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EXHIBIT A

Appendix A

Management's Corrective Action Plan and Response to the Finding and Recommendation



Department of Public Safety and Corrections
Public Safety Services

M. J. "MIKE" FOSTER, JR.
GOVERNOR

February 20, 2002
DPS-02-269

JERRY W. JONES
UNDERSECRETARY

Dr. Daniel G. Kyle, CPA, CFE
Legislative Auditor
State of Louisiana
P.O. Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Dr. Kyle:

The Following is our official response to the audit finding "Lack of Internal Control Over Tax Collections" as well as our proposed corrective action plan.

The Legislative Auditor is correct. Public Safety Services has not had internal controls in place to ensure that we did not collect local sales taxes after those taxes expire. This lack of control over expired sales taxes was based on a "real world" situation. Public Safety Services realizes and understands that collection of local sales taxes is essential for the financial well being of many small and some large communities. In terms of local sales tax collections, if we were to err, we wanted to err on the side of local taxing authorities and local communities.


The reality is, local communities do not always notify the department when existing sales taxes are renewed. When existing sales taxes are renewed, many communities view those taxes as a continuation of an existing tax and fail to notify the department that the tax has been renewed. Sure, we should have implemented procedures to stop collecting sales taxes the moment at which the community failed to notify the department the tax had been renewed. Yes, there did exist the potential that Public Safety Services would collect a local sales tax that the local taxing authority was not entitled to receive due to expiration of a tax that was not renewed. However, the department felt that there was a greater potential for a local community to be shorted based on their failure to notify us that a sales tax was renewed. We were erring on the side of the local community. From an audit standpoint, we were wrong. From the standpoint of the local community, we still feel that is the right approach to take. From an audit standpoint, we should allow the community to suffer the loss of sales tax revenues based on their failure to notify the department of the renewal of an expired sales tax.

Corrective Action Plan: In order to address the Legislative Auditor's finding regarding the collection of local sales taxes, the department will implement a policy to require local communities to notify the department upon expiration of and/or renewal of an existing sales tax and once notification is received, the department will cease to collect expired sales taxes. Public Safety Services will modify our contracts with the local taxing authorities to implement this requirement and condition.

While this is the right thing to do based on audit purposes, it will potentially penalize a community based on what could be a clerical oversight; someone forgetting to notify Public Safety Services of a local sales tax renewal.

We stand corrected and will immediately implement procedures to correct this audit finding. If you should have further questions, please feel free to contact this office.

Sincerely,



Jerry W. Jones
Undersecretary

/JWJ