
STATE OF LOUISIANA



PUBLIC SAFETY SERVICES

DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS

PARISH AND MUNICIPAL MOTOR VEHICLE

SALES AND USE TAX ESCROW FUND

STATE OF LOUISIANA

FINANCIAL STATEMENTS
DECEMBER 31, 2003
ISSUED JULY 7, 2004

**LEGISLATIVE AUDITOR
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POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397**

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DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT

ALBERT J. ROBINSON, CPA

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PARISH AND MUNICIPAL MOTOR VEHICLE
SALES AND USE TAX ESCROW FUND





STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

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June 16, 2004

Independent Auditor's Report
on the Financial Statements

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

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund, an agency fund within the Louisiana Department of Public Safety and Corrections, Public Safety Services, as of December 31, 2003, and the related statement of collections, distributions, and unsettled balances for the period from January 1, 2003, through December 31, 2003. 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.

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, 2003, and the collections, distributions, and unsettled balances



PARISH AND MUNICIPAL MOTOR VEHICLE SALES AND USE TAX ESCROW FUND

of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund for the period from January 1, 2003, through December 31, 2003, 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, 2003.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 16, 2004, 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 certain laws and regulations. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

BDC:WDD:THC:dl

[VEHTAX03]



**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
AND CORRECTIONS
PARISH AND MUNICIPAL MOTOR VEHICLE
SALES AND USE TAX ESCROW FUND
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**Statement of Assets and Liabilities Arising
From Cash Transactions, December 31, 2003**

ASSETS

Cash (note 2)	<u><u>\$25,421,215</u></u>
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LIABILITIES

Due to taxing bodies and others	<u><u>\$25,421,215</u></u>
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The accompanying notes are an integral part of this statement.



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**Statement of Collections, Distributions,
and Unsettled Balances**

**For the Period From January 1, 2003,
Through December 31, 2003**

UNSETTLED BALANCES AT JANUARY 1, 2003	\$23,138,615
COLLECTIONS	328,342,606
DISTRIBUTIONS (Schedule 1)	<u>(326,060,006)</u>
UNSETTLED BALANCES AT DECEMBER 31, 2003, DUE TO TAXING BODIES AND OTHERS	<u><u>\$25,421,215</u></u>



The accompanying notes are an integral part of this statement.

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As of December 31, 2003, and for the Period
January 1, 2003, Through December 31, 2003

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, 2003, the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund has cash (book balance) totaling \$25,421,215. State law requires that all collections be deposited in the state treasury. Cash balances held and controlled by the state treasurer are secured from risk by the state treasurer through separate custodial agreements, and the risk disclosures required by accounting principles generally accepted in the United States of America are included within the state's basic financial statements.



PARISH AND MUNICIPAL MOTOR VEHICLE SALES AND USE TAX ESCROW FUND

3. COURT DECISION REGARDING MOTOR VEHICLE SALES TAX COLLECTIONS

On April 14, 1998, the Supreme Court of Louisiana issued a judgment upholding the Nineteenth Judicial District Court's decision that declared R.S. 47:303(B)(3)(a) and (b)(i) unconstitutional. These statutes require that local tax collectors enter into an agreement to use the Vehicle Commissioner of the Office of Motor Vehicles as their agent to collect local motor vehicle sales and use taxes. The Caddo-Shreveport Sales and Use Tax Commission, the central collector of taxes for Caddo Parish, filed suit for a declaratory judgment asserting that it was being unconstitutionally prohibited from collecting locally levied sales and use tax on motor vehicles by the operation of R.S. 47:303. The lower court found for the Caddo-Shreveport Sales and Use Tax Commission, and the Supreme Court upheld the lower court's decision. The judgment became final on April 28, 1998. Therefore, after April 28, the legislature cannot require that the Office of Motor Vehicles collect local taxes against the wishes of the central tax collector of any parish or to designate a collection agent for the commission. Although this ruling could effectively eliminate all parish and municipality tax collections and distributions made currently by the Office of Motor Vehicles, the office had current contracts to collect motor vehicle sales and use taxes with all taxing authorities in the state at December 31, 2003.



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SUPPLEMENTAL INFORMATION SCHEDULE**
For the Period January 1, 2003, to December 31, 2003

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, 2003, to December 31, 2003.



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SALES AND USE TAX ESCROW FUND



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**Schedule of Distributions
For the Period From January 1, 2003,
to December 31, 2003**

Public Safety Services - collection costs	\$3,260,599
Office of Legislative Auditor	21,060
TAXING AUTHORITY	
Acadia Parish:	
Acadia Parish Law Enforcement District	495,168
Acadia Parish Police Jury	1,622,494
Acadia Parish School Board	990,337
City of Crowley	366,054
City of Eunice	20,953
City of Rayne	184,611
Town of Church Point	63,182
Town of Iota	40,404
Village of Estherwood	7,959
Village of Mermentau	8,325
Village of Morse	9,520
Allen Parish:	
Allen Parish Police Jury	266,558
Allen Parish School Board	812,250
City of Oakdale	81,540
Town of Elizabeth	9,323
Town of Kinder	43,466
Town of Oberlin	25,773
Ascension Parish:	
Ascension Parish Law Enforcement District	729,705
Ascension Parish Police Jury	1,459,411
Ascension Parish Sales Tax District No. 2	729,705
Ascension Parish School Board	3,535,020
City of Donaldsonville	194,440

(Continued)



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Schedule of Distributions, 2003**

Ascension Parish: (Cont.)	
City of Gonzales	\$394,635
East Ascension Parish Drainage District No. 1	806,643
Town of Sorrento	22,386
West Ascension Hospital Service	75,815
Assumption Parish:	
Assumption Parish Police Jury	374,894
Assumption Parish Road and Drainage District and Library	361,368
Assumption Parish School Board	937,237
Town of Napoleonville	13,528
Avoyelles Parish:	
Avoyelles Parish Law Enforcement District	307,321
Avoyelles Parish Police Jury	614,643
Avoyelles Parish School Board	921,965
City of Bunkie	76,391
City of Marksville	103,276
Town of Cottonport	23,845
Town of Mansura	29,292
Town of Simmesport	37,858
Village of Moreauville	22,342
Village of Plaucheville	4,125
Beauregard Parish:	
Beauregard Parish Law Enforcement District	144,419
Beauregard Parish Sales Tax District No. 1 (Police Jury)	858,524
Beauregard Parish School Board	1,144,105
City of DeRidder	274,329
Town of Merryville	33,760

(Continued)



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Schedule of Distributions, 2003**

Bienville Parish:	
Bienville Parish Police Jury	\$253,178
Bienville Parish School Board	506,357
Town of Arcadia	81,490
Town of Gibsland	19,208
Town of Ringgold	26,081
Village of Castor	4,385
Bossier Parish:	
Bossier Parish Police Jury	1,168,174
Bossier Parish Police Jury Capital Improvement Fund	701,936
Bossier Parish Police Jury Special District No. 1	223,270
Bossier Parish School Board	3,008,298
Bossier Parish Sheriff Capital Projects Fund	300,829
City of Bossier Sales and Use Tax	2,726,134
City of Shreveport	5,002
Town of Benton	88,077
Town of Haughton	159,206
Town of Plain Dealing	32,933
Caddo Parish:	
Caddo Law Enforcement District	1,322,954
Caddo Parish Sales Tax District No. 1	1,438,619
Caddo Parish School Board	6,137,579
City of Shreveport	8,399,407
Town of Blanchard	17,478
Town of Greenwood	48,872
Town of Mooringsport	12,329
Town of Oil City	17,186
Town of Vivian	91,318
Village of Rodessa	3,490

(Continued)



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Schedule of Distributions, 2003**

Calcasieu Parish:	
Calcasieu Parish Police Jury Law Enforcement District	\$819,205
Calcasieu Parish Sales Tax District No. 1	1,579,671
Calcasieu Parish Sales Tax District No. 2	1,638,409
Calcasieu Parish Sales Tax District No. 3	557,217
Calcasieu Parish Sales Tax District No. 4	1,512,854
Calcasieu Parish School Board	4,915,232
City of DeQuincy	132,883
City of Lake Charles	2,459,537
City of Sulphur	934,480
City of Westlake	224,300
Town of Iowa	95,874
Town of Vinton	110,831
Caldwell Parish:	
Caldwell Parish Police Jury	568,088
Caldwell Parish School Board	386,890
Town of Columbia	12,248
Catahoula Parish:	
Catahoula Parish Police Jury	370,017
Catahoula Parish School Board	370,017
Claiborne Parish:	
Claiborne Parish Police Jury	169,858
Claiborne Parish School Board	495,119
Town of Haynesville	66,050
Town of Homer	89,324
Village of Junction City	1,608
Concordia Parish:	
Concordia Parish Hospital Service District 1	88,018
Concordia Parish Police Jury	233,516
Concordia Parish School Board	704,102
Town of Ferriday	92,654
Town of Vidalia	203,357

(Continued)



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Schedule of Distributions, 2003**

DeSoto Parish:	
City of Mansfield	\$71,252
DeSoto Parish Police Jury	456,988
DeSoto Parish School Board	1,142,473
Town of Keatchie	3,525
Town of Logansport	23,582
Town of Stonewall	39,223
Village of Grand Cane	5,393
East Baton Rouge Parish:	
City of Baker	448,956
City of Baker School Board	160,013
City of Baton Rouge	8,487,402
City of Zachary	512,109
East Baton Rouge Parish Road Tax	3,432,124
East Baton Rouge Parish School Board	13,334,378
East Baton Rouge Sewer Improvement	3,432,124
Parish of East Baton Rouge	4,326,393
Zachary Community Educational Facilities Improvement	117,055
Zachary Community School Board	117,055
East Carroll Parish:	
East Carroll Parish Police Jury	99,657
East Carroll Parish School Board	298,974
Town of Lake Providence	37,335
East Feliciana Parish - East Feliciana Parish	
School Board and Police Jury	1,338,529

(Continued)



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Evangeline Parish:	
City of Ville Platte	\$218,968
Evangeline Parish School Board	973,065
Evangeline Parish School Board/Solid Waste Sales Tax	486,531
Road and Drainage District No. 1	490,466
Town of Basile	32,316
Town of Mamou	83,686
Village of Chataignier	6,011
Village of Pine Prairie	25,231
Village of Turkey Creek	16,348
Franklin Parish:	
City of Winnsboro	52,638
Franklin Parish Law Enforcement District	376,022
Franklin Parish Police Jury	564,033
Franklin Parish School Board	564,033
Town of Wisner	10,664
Village of Gilbert	7,106
Grant Parish:	
Grant Parish Law Enforcement District	344,203
Grant Parish Police Jury	344,203
Grant Parish School Board	344,203
Town of Colfax	23,954
Town of Pollock	6,002
Village of Creola	10
Village of Georgetown	3,563

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Iberia Parish:	
City of Jeanerette	\$93,929
City of New Iberia	751,658
Iberia Parish Police Jury (Garbage Recycling)	376,499
Iberia Parish Policy Jury (Mosquito)	307,088
Iberia Parish Sales Tax District No. 2	208,026
Iberia Parish School Board	2,763,803
Town of Delcambre	8,855
Village of Loreauville	11,459
Iberville Parish:	
Iberville Parish Police Jury	340,736
Iberville Parish School Board	1,017,127
Iberville Parish Solid Waste	167,825
Parish of Iberville	508,563
Town of St. Gabriel	8,382
Jackson Parish:	
Jackson Parish Police Jury	167,777
Jackson Parish Road Tax	111,851
Jackson Parish School Board	792,444
Town of Eros	3,443
Town of Jonesboro	92,888
Village of Hodge	10,978
Village of Hodge (East)	206
Village of Hodge (North)	840
Jefferson Parish:	
Jefferson Parish Law Enforcement District	1,907,921
Jefferson Parish School Board	11,447,530
Parish of Jefferson	22,895,062

(Continued)



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Jefferson Davis Parish:	
City of Jennings	\$274,911
Jefferson Davis Parish School Board	1,121,703
Jefferson Davis Sales Tax District No. 1	92,997
Town of Elton	35,409
Town of Lake Arthur	88,703
Town of Welsh	90,734
Village of Fenton	7,648
Lafayette Parish:	
City of Carencro	243,225
City of Lafayette	4,452,107
City of Scott	268,580
Lafayette Parish Law Enforcement District No. 1	1,105,745
Lafayette Parish Police Jury	1,205,521
Sales Tax Division, Lafayette Parish School Board	4,159,524
Sales Tax Division, Lafayette Parish School Board 02	2,079,772
Sales Tax Division, Lafayette Parish School Board 88	2,079,761
Town of Broussard	338,962
Town of Duson	94,685
Town of Youngsville	325,484
Lafourche Parish:	
City of Thibodaux	507,474
Lafourche Parish Law Enforcement Subdistrict 1	1,210,410
Lafourche Parish Road Sales Tax District No. 4	909,350
Lafourche Parish School Board	3,105,697
Lafourche Parish School Board/Golden Meadow	39,330
Lafourche Road Sales Tax District 2	450,165
Lafourche Road Sales Tax District 3	183,176
Lafourche Road Sales Tax District 5	353,435
Lafourche Road Sales Tax District 6	222,257
Town of Lockport	64,060

(Continued)



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LaSalle Parish:	
LaSalle Parish School Board	\$568,127
Town of Jena	50,802
Town of Olla	25,453
Lincoln Parish:	
City of Grambling	48,946
City of Ruston	439,232
Lincoln Parish Police Jury	533,515
Lincoln Parish School Board	1,422,709
Town of Dubach	11,777
Livingston Parish:	
City of Denham Springs	270,953
Livingston Parish Gravity Drainage District 1	196,970
Livingston Parish Gravity Drainage District 5	125,516
Livingston Parish Gravity Drainage District 6	137,658
Livingston Parish Law Enforcement Sub District A	967,528
Livingston Parish Road Maintenance	1,935,058
Livingston Parish School Board	3,870,116
Livingston Parish School District No. 22	84,735
Livingston Parish Special Sales Tax District 1	915,652
Town of Livingston	22,648
Town of Springfield	12,583
Town of Walker	136,739
Village of Albany	8,681
Madison Parish:	
City of Tallulah	167,887
Madison Parish Law Enforcement District	92,025
Madison Parish Police Jury	92,025
Madison Parish Sales Tax Fund	276,078
Village of Richmond	21,274

(Continued)



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Morehouse Parish:	
City of Bastrop	\$286,161
East Morehouse Parish School District	29,850
Morehouse Law Enforcement District	231,149
Morehouse Parish Police Jury	231,149
Morehouse Parish School Board	728,266
Town of Collinston	4,952
Village of Bonita	4,807
Village of Mer Rouge	20,537
Natchitoches Parish:	
City of Natchitoches	436,263
Natchitoches Parish School Board	913,762
Natchitoches Sales Tax District No. 1	434,671
Town of Campiti	11,048
Village of Clarence	3,738
Village of Natchez	2,197
Village of Robeline	3,796
Orleans Parish:	
City of New Orleans	11,198,281
Orleans Parish School Board	6,718,968
Regional Transit Authority	4,479,312
Ouachita Parish:	
City of Monroe	3,211,130
City of West Monroe	523,160
Ouachita Monroe School Board	2,085,491
Ouachita Parish Fire Protection Tax	1,551,726
Ouachita Parish Police Jury	1,551,726
Ouachita Parish School Board	1,762,500
Town of Richwood	4,727
Town of Sterlington	22,715
West Ouachita School District	1,079,299

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Plaquemines Parish:	
Plaquemines Parish Council	\$638,667
Plaquemines Parish School Board	1,277,337
Pointe Coupee Parish:	
City of New Roads	65,321
Parish of Pointe Coupee	749,143
Pointe Coupee Parish School Board	856,164
Town of Fardoche	16,817
Town of Livonia	22,541
Village of Morganza	8,558
Rapides Parish:	
Rapides (Pineville) Sales Tax Fund	409,289
Rapides Law Enforcement District	1,041,056
Rapides Parish (City) Sales Tax	1,284,162
Rapides Parish Sales Tax District 3	716,352
Rapides Parish Sales Tax Fund	2,266,803
Rapides Parish School Board	2,266,803
Town of Ball	36,752
Town of Boyce	13,496
Town of Glenmora	28,164
Town of Lecompte	16,973
Village of Forest Hill	5,551
Village of Woodworth	23,574
Red River Parish:	
Red River Parish Law Enforcement District	134,152
Red River Parish Police Jury	134,152
Red River Parish School Board	268,303
Town of Coushatta	24,132
Village of Hall Summit	2,006

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Schedule of Distributions, 2003**

Richland Parish:	
Richland Parish Law Enforcement District	\$159,731
Richland Parish Police Jury	479,193
Richland Parish School Board	638,925
Town of Delhi	51,135
Town of Mangham	6,109
Town of Rayville	47,601
Sabine Parish:	
11th Judicial Enforcement Sub-District	17,645
Sabine Law Enforcement District	118,605
Sabine Parish Police Jury	492,358
Sabine Parish Sales Tax District	13,796
Sabine Parish School Board	474,421
Town of Many	45,936
Town of Many Sales Tax District	223,556
Town of Zwolle	22,203
Village of Converse	8,301
Village of Florien	9,582
Village of Pleasant Hill	11,033
St. Bernard Parish:	
St. Bernard Law Enforcement District	503,816
St. Bernard Parish Police Jury	503,816
St. Bernard Sales Tax Department	3,526,723
St. Bernard Water and Sewer District	503,816
St. Charles Parish:	
St. Charles Parish Council	1,863,980
St. Charles Parish School Board	2,795,976
St. Helena Parish:	
St. Helena Parish Police Jury	286,742
St. Helena Parish School Board	286,742
Town of Greensburg	12,260

(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, 2003**

St. James Parish:	
St. James Parish Council	\$300,030
St. James Parish School Board	797,971
Town of Gramercy	29,233
Town of Lutcher	33,777
St. John the Baptist Parish:	
St. John the Baptist Council Sewerage	747,114
St. John the Baptist Law Enforcement District	186,777
St. John the Baptist Parish Council	747,114
St. John the Baptist Parish School Board	1,681,007
St. Landry Parish:	
City of Eunice	244,930
City of Opelousas	298,358
St. Landry Parish Educational Facility Improvement District	1,293,603
St. Landry Parish School Board	1,293,603
St. Landry Parish Solid Waste Commission	1,034,882
Town of Arnaudville	26,694
Town of Grand Coteau	6,633
Town of Krotz Springs	20,199
Town of Melville	24,394
Town of Port Barre	48,351
Town of Sunset	30,646
Town of Washington	12,286
Village of Cankton	6,549
St. Martin Parish:	
City of Breaux Bridge	142,855
City of St. Martinville	82,234
St. Martin Parish Law Enforcement District	439,732
St. Martin Parish Sales Tax	2,789
St. Martin Parish Sales Tax District No. 1	565,317
St. Martin Parish Sales Tax District No. 2	27,893
St. Martin Parish School Board	1,745,938

(Continued)



**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
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PARISH AND MUNICIPAL MOTOR VEHICLE
SALES AND USE TAX ESCROW FUND
STATE OF LOUISIANA
Schedule of Distributions, 2003**

St. Martin Parish: (Cont.)	
Town of Arnaudville	\$11,906
Town of Broussard	5,953
Town of Henderson	6,661
Village of Parks	13,857
St. Mary Parish:	
City of Morgan City	74,798
St. Mary Parish Law Enforcement	437,328
St. Mary Parish Police Jury	1,530,651
St. Mary Parish School Board	1,268,254
St. Mary Parish Wards 1, 2, 3, 4, 7, and 10	85,075
St. Mary Parish Wards 5 and 8	81,829
St. Mary Parish Wards 6 and 9	20,689
St. Tammany Parish:	
City of Covington	693,313
City of Mandeville	718,715
City of Slidell	1,830,078
St. Tammany Jail Facilities and Complex	2,273,221
St. Tammany Parish Law Enforcement District	1,136,611
St. Tammany Parish School Board	9,092,890
St. Tammany Sales Tax District 3	5,576,130
Town of Abita Springs	101,221
Town of Madisonville	116,693
Town of Pearl River	159,970
Village of Folsom	42,875
Village of Sun	6,886
Tangipahoa Parish:	
Amite City	83,372
City of Hammond	418,372
City of Ponchatoula	164,924
Tangipahoa Fire District No. 1	4,299

(Continued)



**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
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PARISH AND MUNICIPAL MOTOR VEHICLE
SALES AND USE TAX ESCROW FUND
STATE OF LOUISIANA
Schedule of Distributions, 2003**

Tangipahoa Parish: (Cont.)	
Tangipahoa Parish Council	\$1,761,464
Tangipahoa Parish School Board	3,522,929
Town of Independence	45,378
Town of Kentwood	53,819
Town of Roseland	13,260
Village of Tangipahoa	7,054
Village of Tickfaw	16,780
Tensas Parish:	
Tensas Parish Fire Protection	21,421
Tensas Parish Law Enforcement	21,421
Tensas Parish Police Jury	201,510
Tensas Parish School Board	128,514
Town of Newellton	15,488
Town of St. Joseph	8,780
Town of Waterproof	4,397
Terrebonne Parish:	
Terrebonne Parish Law Enforcement Sales Tax	1,005,691
Terrebonne Parish Sales Tax Fund: 0.25%	502,864
Terrebonne Parish Sales Tax Fund: 0.5%	1,005,691
Terrebonne Parish Sales Tax Fund: 1.5%	3,017,075
Terrebonne Parish Sales Tax Fund: 1.75%	3,519,920
Union Parish:	
Town of Bernice	25,580
Town of Farmerville	59,809
Town of Marion	13,741
Union Parish Law Enforcement District	416,092
Union Parish Police Jury	416,086
Union Parish School Board	832,173
Village of Junction City	3,519

(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, 2003**

Vermilion Parish:	
City of Abbeville	\$177,671
City of Kaplan	63,475
Hospital Service District No. 1	197,511
Town of Delcambre	23,575
Town of Erath	38,929
Town of Gueydan	27,910
Vermilion Parish Law Enforcement District	258,418
Vermilion Parish Police Jury	1,550,513
Vermilion Parish School Board	1,033,675
Village of Maurice	20,122
Vernon Parish:	
City of Leesville	83,218
Town of Hornbeck	5,773
Town of New Llano	26,532
Town of Rosepine	14,954
Vernon Parish Police Jury	1,249,174
Vernon Parish School Board	1,665,566
Washington Parish:	
Bogalusa School Board	372,194
City of Bogalusa	385,683
Town of Franklinton	103,604
Village of Angie	14,006
Village of Varnado	1,408
Washington Law Enforcement District	338,359
Washington Parish Road Tax	223,326
Washington Parish Sales Tax District 1	375,734
Washington Parish Sales Tax District 2	240,451
Washington Parish School Board	809,114

(Continued)



**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
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PARISH AND MUNICIPAL MOTOR VEHICLE
SALES AND USE TAX ESCROW FUND
STATE OF LOUISIANA
Schedule of Distributions, 2003**

Webster Parish:	
City of Minden	\$353,516
City of Springhill	169,018
Town of Cotton Valley	11,760
Town of Cullen	19,344
Town of Sarepta	15,727
Town of Sibley	31,508
Village of Dixie Inn	706
Webster Parish School Board	1,793,715
West Baton Rouge Parish:	
Parish of West Baton Rouge	593,149
West Baton Rouge Parish District No. 1	395,432
West Baton Rouge Parish Fire District No. 1	197,716
West Baton Rouge Parish School Board	790,864
West Carroll Parish:	
Town of Oak Grove	22,634
West Carroll Parish Police Jury	609,672
West Carroll Parish School Board	203,223
West Feliciana Parish:	
Town of St. Francisville	36,658
West Feliciana Parish District No. 1	155,801
West Feliciana Parish Police Jury	192,089
West Feliciana Parish School Board	384,180
Winn Parish:	
City of Winnfield	83,290
Winn Parish Police Jury	141,123
Winn Parish School Board	564,495
	<hr/>
Total Distributions	<u><u>\$326,060,006</u></u>

(Concluded)



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

The following pages contain a report on compliance with laws and regulations and on internal control over financial reporting 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.



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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June 16, 2004

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

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

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund, an agency fund within the Louisiana Department of Public Safety and Corrections, Public Safety Services, as of December 31, 2003, and the related statement of collections, distributions, and unsettled balances for the period from January 1, 2003, through December 31, 2003, and have issued our report thereon dated June 16, 2004. 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 the following instance of noncompliance that is required to be reported under *Government Auditing Standards*.

Improper Tax Distributions

For the second 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 does not require its personnel or licensed public tag agents to verify which taxing district corresponds to a taxpayer's street address. Our tests disclosed the following:



PARISH AND MUNICIPAL MOTOR VEHICLE SALES AND USE TAX ESCROW FUND

- A review of 20 distributions to taxing authorities within East Baton Rouge Parish revealed that five (25%) of these transactions contained improper distributions totaling \$956 (8.35%) of the sample of \$11,446. Based on the error rate in our sample, an estimated \$2,914,695 may have been improperly distributed.
- A review of 40 distributions to taxing authorities within Lafayette Parish revealed that five (12.5%) of these transactions contained improper distributions totaling \$1,480 (11.42%) of the sample of \$12,967. Based on the error rate in our sample, an estimated \$1,899,840 may have been improperly distributed.
- A review of 20 distributions to taxing authorities within the City of Breaux Bridge revealed that four (20%) of these transactions contained improper distributions totaling \$469 (9.86%) of the sample of \$4,758. Based on the error rate in our sample, an estimated \$47,952 may have been improperly distributed.

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 implement procedures to require its personnel and public tag agents to verify which taxing district corresponds to a taxpayer's street address. The department should also review sales tax transactions processed for taxing authorities within East Baton Rouge and Lafayette parishes and the City of Breaux Bridge during the period from January 1, 2003, through December 31, 2003, recover the improper sales tax remittances, and make the proper distributions. Management concurred in part with the finding and recommendations and outlined a plan of corrective action (see Appendix A).

Additional Comments: The department indicates in its response that “based on the error rate of such a small sample in limited taxing jurisdictions, we believe that the auditor’s estimate of possible improper distribution is significantly overstated.” Although the department is correct in noting that the audit samples were selected from limited taxing jurisdictions, the department incorrectly implies that the error rates noted in the samples were projected to the entire statewide population of distributions. Rather, the projected error applied only to the populations of distributions within East Baton Rouge Parish, Lafayette Parish, and the City of Breaux Bridge. The Office of Legislative Auditor continues to believe that the combined error projections totaling \$4,862,487 for taxing authorities within these three areas are reasonable.

In addition, the department notes that public tag agents did not begin to use Tax Watch until October 2003; however, the department acknowledges that Tax Watch has been available since the spring of 2002. In fact, while the department may encourage the use of the Tax Watch System, it does not require its use by either departmental employees or public tag agents. Although the Tax Watch System is not 100% accurate, its use would have provided another level of verification for information submitted by taxpayers.

Internal Control Over Financial Reporting

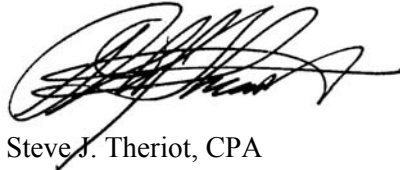
In planning and performing our audit, we considered the department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



PARISH AND MUNICIPAL MOTOR VEHICLE SALES AND USE TAX ESCROW FUND

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,



Steve J. Theriot, CPA
Legislative Auditor

BDC:WDD:THC:dl

[VEHTAX03]



PARISH AND MUNICIPAL MOTOR VEHICLE
SALES AND USE TAX ESCROW FUND



MANAGEMENT'S CORRECTIVE ACTION PLAN AND RESPONSE





DEPARTMENT OF PUBLIC SAFETY AND CORRECTIONS

PUBLIC SAFETY SERVICES

KATHLEEN BABINEAUX BLANCO
GOVERNOR

STEPHEN HYMEL
UNDERSECRETARY

June 3, 2004
DPS-02-538

Mr. Steve J. Theriot, CPA
Legislative Auditor
P.O. Box 94397
Baton Rouge, LA

RE: Parish and Municipal Motor Vehicle Sales And Use Tax Escrow Fund

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. The Office of Motor Vehicles (OMV) and the licenced tag agents processed more than 2.8 million transactions during calendar year 2003. The vast majority of these transactions resulted in a distribution to mutiple taxing authorities and were correctly distributed. The auditor reviewed a small number of transanctions and eighty (80) distributions to various taxing authorities. Based on the error rate of such a small sample in limited taxing jurisdictions, we believe that the auditor's estimate of possible improper distribution is significantly overstated. Using the auditor's samples, the actual amount that was distributed incorrectly was \$7,610. OMV and public tag agents collect an average of \$2 million per day in State and local tax revenue.

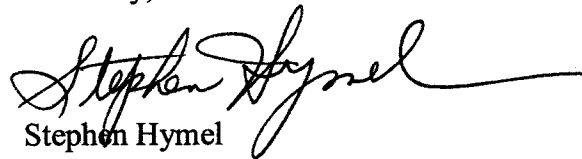
To improve accuracy and to expedite the process of distribution of collected funds, OMV began using Tax Watch in the Spring of 2002. This software was installed as an add-on to the existing out-dated computer environment; so the application's use is often cumbersome and time-consuming. Although Tax Watch has been an effective tool, it's effectiveness has often been hampered by the lack of timely and accurate information provided to OMV and Tax Watch by the local jurisdictions. And not all areas of the State can be located using Tax Watch. So although Tax Watch is the best product of its kind, it's an imperfect tool that has been improved significantly since its initial implementation in Louisiana. The public tag agents did not begin to use Tax Watch until October, 2003. Most of the tag agent items sampled by the auditor were prior to the tag agents installing Tax Watch.

As you're probably aware, OMV is in the midst of re-engineering its computer system. The driver's license issuance/reinstatement component will be implemented by December, 2005. However, all phases of the vehicle registration system will not be implemented until some time in 2007. This new system will fully integrate Tax Watch so that when a transaction is processed, the distribution will occur automatically.

Prior to the full implementation of this new system, several **corrective actions** have been or will be pursued. All OMV employees using the Tax Watch software have been reminded and in some cases retrained in the appropriate use of Tax Watch. And these employees have also been instructed to report to their supervisors any errors or instances of incomplete information discovered in Tax Watch. A *Data User's Request* has been forwarded to the Department's IT Section to explore possible improvements to the current system. As has been the practice of OMV in the past, we will continue to demand that the public tag agencies make every effort to make use of Tax Watch; and that when an error is discovered and funds are due, that the tag agent is liable for remitting those funds. As recommended in the finding, OMV will review sales tax transactions processed for the taxing authorities mentioned in the finding and appropriately redistribute those funds to the extent possible and practical. OMV Commissioner Kay Hodges is responsible for these corrective actions which are ongoing.

Please contact Mrs. Hodges or me if you need any additional information or have additional input regarding this finding.

Sincerely,



Stephen Hymel
Undersecretary

cc Kay Hodges
Col. Henry Whitehorn