

**REPORT ON THE RESULTS OF PERFORMANCE OF  
AGREED-UPON PROCEDURES FOR  
MOTOR VEHICLE LOCAL SALES TAX COLLECTIONS AND DISTRIBUTIONS  
FOR EAST BATON ROUGE PARISH**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/13/08



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FOR EAST BATON ROUGE PARISH**

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| <b>Independent Accountants' Report on<br/>Applying Agreed-Upon Procedures</b>           | <b>1</b>         |
| <b>Procedures Performed</b>   | <b>2 - 3</b>     |
| <b>Findings Resulting from Procedures Performed</b>                                     | <b>4 - 7</b>     |
| <b>Data Analysis 1996-2005</b>  | <b>Exhibit 1</b> |
| <b>Municipalities' Net Receivables and Payables 1996-2005</b>                           | <b>Exhibit 2</b> |
| <b>School Boards' Net Receivables and Payables<br/>July 1, 2003 – December 31, 2005</b> | <b>Exhibit 3</b> |



## Postlethwaite & Netterville

A Professional Accounting Corporation  
Associated Offices in Principal Cities of the United States  
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### INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Consortium of taxing authorities levying  
sales taxes within East Baton Rouge Parish, Louisiana

We have performed the procedures listed on pages 2 and 3 which were agreed to by the Consortium of taxing authorities levying sales taxes within East Baton Rouge Parish (the Consortium) and Postlethwaite & Netterville (P&N), for the purpose of assisting you in determining whether vehicle sales taxes were properly distributed to the various taxing authorities during the period of January 1, 1996 to December 31, 2005. This agreed-upon-procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The scope and sufficiency of our procedures is solely the responsibility of the Consortium. Our procedures were limited to those that you have determined will best meet your informational needs and may not necessarily disclose all significant errors, frauds, and other illegal acts that may exist. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The following report summarizes the procedures performed and the results of those procedures.

Our procedures were not designed to constitute an audit, review, or compilation of the information provided. Our testing consisted of performing stated procedures and summarizing the results of those procedures in the accompanying report. Accordingly, we will not express an opinion or conclusion nor provide any other form of assurance on the completeness and accuracy of the information. Additionally, the projection of any conclusions, based on our findings, to past or future periods is subject to the risk that changes may have occurred during the passage of time that may alter the validity of such conclusions. Furthermore, the projection of any conclusions, based on our findings, to the whole population is subject to the risk that the sample selected may not accurately reflect the population as a whole. We have no responsibility to update our report for events and circumstances that occur after the date of its issuance. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report has been prepared for the use of, and is only to be relied upon, by the taxing authorities within East Baton Rouge Parish that are a party to this engagement, and is not intended to be and should not be used by anyone other than those specified parties. No portion of the report may be provided to any other party without the prior consent of P&N. In the event that consent to release this report is provided, the report must be released in its entirety.

*Postlethwaite + Netterville*

October 3, 2007

**EAST BATON ROUGE PARISH  
MOTOR VEHICLES SALES TAX AGREED-UPON PROCEDURES**

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**OBJECTIVE:**

The objective of this engagement was to assist the various taxing authorities within East Baton Rouge Parish in determining whether vehicle sales taxes were properly distributed to the various taxing authorities from January 1, 1996 to December 31, 2005.

**SCOPE / PROCEDURES:**

I. Obtained from the State of Louisiana – Department of Public Safety and Corrections, Office of Motor Vehicles (OMV), electronic files of all vehicle sales included in the East Baton Rouge Parish Vehicle Distribution Report, by month, for all months for which data was available, for the period of January 1, 1996 to December 31, 2005.

➤ Note: P&N did not receive information for the following months: January through June 1996, August 1996, September 1998, and May 1999.

II. Performed analysis, using IDEA software, on the electronic information received in order to identify the amount of vehicle sales taxes which may have been distributed to incorrect taxing authorities. The following provides an overview of the analysis performed:

A. Extracted all taxable transactions (those without an exemption code) from the files received from the OMV.

B. Submitted key information to an outsourced firm utilizing GIS mapping systems technology (GIS provider) for all of the taxable transactions for the above mentioned period to obtain their assessment of the applicable domicile codes for each transaction based upon the address of the vehicle purchaser. The GIS provider then provided us with a return data file containing their determinations of domicile for each transaction/record.

C. Compared the domicile codes assigned to each transaction by the GIS provider to that assigned by the OMV in order to identify all records with different codes. The following adjustments were made to the records for comparison purposes:

➤ Analyzed only those records applicable to East Baton Rouge parish taxing authorities (i.e., codes that were assigned to 1700, 1701, 1702, 1703, 1705, and 1706).

➤ Performed a search for duplicate transactions and only included non duplicates in our analysis (duplicate transactions were identified as those records with the same vehicle identification number, plate number, acquisition date, and taxable amounts).

➤ Converted the current GIS provider domicile codes to the appropriate domicile code for the period compared. For instance:

• All records coded as 1703 by the GIS provider for transactions prior to July 1, 2005 were converted to a code of 1700 (Parish) to account for the fact that Central was not yet incorporated.

➤ These procedures produced a list of “mis-assigned transactions”.

D. Performed additional analysis on the records identified in Procedure II Step C to quantify the total tax inappropriately distributed as well as the total amounts receivable and/or payable per year for each municipality. The amounts receivable or payable from or to each taxing authority were determined by quantifying the taxes remitted to the incorrect jurisdiction (OMV) and assigning the taxes to the correct jurisdiction as identified by the GIS provider. For the purpose of performing these procedures, the domicile codes assigned by the GIS provider were considered to be the correct codes.

**EAST BATON ROUGE PARISH  
MOTOR VEHICLES SALES TAX AGREED-UPON PROCEDURES**

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**SCOPE / PROCEDURES (CONTINUED):**

E. Performed additional analysis on the records identified in Procedure II Step C to quantify the total tax inappropriately distributed as well as the total amounts receivable and/or payable per year for each School Board district (for the period of 2003 through 2005). The amounts receivable or payable from or to each taxing authority were determined by quantifying the taxes remitted to the incorrect jurisdiction (OMV) and assigning the taxes to the correct jurisdiction as identified by the GIS provider. For the purpose of performing these procedures, the domicile codes assigned by the GIS provider were considered to be the correct codes.

Note: Our procedures varied from those outlined in our Agreed-upon Procedures engagement letter as a result of the relative ineffectiveness of those procedures for their intended objective. Our procedures were modified after discussion and approval by the members of the City-Parish audit committee.

- III. Contacted the City of Zachary, the City of Baker, and the East Baton Rouge Parish School Board for the purpose of providing them the opportunity to review the detailed listing of "mis-assigned transactions" identified in Procedure II, Step C. The net payable resulting from our procedures for each of these entities for the ten-year period is significant.
- IV. Through IDEA software, we matched the addresses in our downloaded database from OMV to that of the voter registration database from the Secretary of State. Approximately 40% of the addresses were matched (the remaining 60% were unable to be matched due to varied spellings and other syntax differences, or due to the vehicle purchaser being a non-registered voter or business). For the records with matched addresses, we compared the domicile assignment of the GIS provider to that in the voter registration database.
- V. Reported our findings based on the procedures performed.

**EAST BATON ROUGE PARISH  
MOTOR VEHICLES SALES TAX AGREED-UPON PROCEDURES**

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**FINDINGS RESULTING FROM PROCEDURES PERFORMED:**

**I. Information Received for Analysis**

P&N was provided an electronic listing of the East Baton Rouge (EBR) Parish Vehicle Distribution Report for the months available during the period of January 1, 1996 through December 31, 2005. P&N did not receive information for the months of January through June 1996, August 1996, September 1998, and May 1999. There were a total of 916,654 transactions reported on the EBR Parish Vehicle Distribution Reports for the above mentioned period.

**III. Results of Analysis**

The following lists our observations and results based on the various stages of our analysis as part of the engagement procedures. Exhibit #1 presents certain statistics of the results of our data analysis of transactions from January 1, 1996 to December 31, 2005.

- A. P&N noted that 628,226 of the 916,654 vehicle transactions were taxable transactions.
- B. The GIS provider was able to assign a domicile code to 596,354 of the 628,226 taxable transactions (94.93 percent of the total taxable transaction population). The GIS provider assigned the codes based on the address, city, and zip code for each transaction that was provided in the OMV electronic files.
- C. Comparison of codes assigned by OMV and the GIS provider:
  - P&N extracted only those records applicable to EBR Parish municipalities (i.e., codes that were assigned to 1700, 1701, 1702, 1703, 1705, and 1706). P&N identified 590,897 taxable transactions that met these criteria. P&N then performed a duplicate transaction search. P&N only included the non-duplicate taxable transactions, which totaled 584,263, for further analysis.
  - P&N then compared the domicile code assigned by the OMV and the GIS provider in order to identify any non-matches. P&N noted that 193,222 of the 584,263 non-duplicate transactions (approximately 33.07 percent) contained non-matching domicile code assignments.
- D. P&N then further analyzed the 193,222 transactions with differing domicile codes in order to quantify the misclassification of the collected tax by municipality. P&N used the following legend to categorize the domicile codes by municipality for both the OMV and the GIS provider code:

| Domicile Code | Municipality Description                                     |
|---------------|--|
| 1700          | Unincorporated   |
| 1701          | Baton Rouge  |
| 1702          | Baker  |
| 1703          | Central  |
| 1705          | Zachary  |
| 1706          | Unincorporated<br>(inside of the Zachary School<br>District) |

**EAST BATON ROUGE PARISH  
MOTOR VEHICLES SALES TAX AGREED-UPON PROCEDURES**

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➤ P&N then calculated the taxes owed to and from the various municipalities as follows:

▪ Step 1: Calculate the amount of tax attributable to the municipality

The taxes collected appeared on the OMV's vehicle distribution reports in two columns, Parish Tax and Municipal Tax. If a transaction contained a Parish address (not within any City limits), then all taxes collected appeared in the Parish Tax column, which includes amounts for all Parish taxing authorities (City-Parish government, Sewerage Commission, and EBR School Board). The amount attributable to the municipality had to be derived from the combined total of the Municipal and Parish tax amounts.

To derive the amount of tax "attributable" to the municipality, P&N performed the following calculations:

- Added the municipality tax and the parish tax (notated in the OMV records by "MN Tax" and "PR Tax") to obtain the total tax collected for the transaction.
- Determined the amount of the total tax attributable to the municipality by multiplying the total tax by a fraction, the numerator of which was the sales tax rate in effect for the municipality on the acquisition date and the denominator of which was the total local sales tax in effect on the acquisition date.

Examples:

If the OMV identified municipality was "Baker", and the vehicle was purchased in 2002, then the total taxable amount was multiplied by a fraction of 2/5.5.

If the OMV identified municipality was "Unincorporated" and the vehicle was purchased in 1997, then total taxable amount was multiplied by a fraction of 2/4.

▪ Step 2: Quantify the results of the taxes inappropriately distributed

Our procedure of comparing domicile codes for the coded, non-duplicated transactions identified of total of \$41,602,091.22 in taxes that were inappropriately distributed during the period of January 1, 1996 through December 31, 2005. Pivot tables were then used to identify the municipalities entitled to the taxes (receivable) and the municipalities incorrectly receiving the taxes (payable). Net payables and receivables for each municipality have been summarized in Exhibit #2. Please note that amounts identified as receivable or payable do not represent a legal determination of entitlement to the funds or a liability as of the date of this letter.

**EAST BATON ROUGE PARISH  
MOTOR VEHICLES SALES TAX AGREED-UPON PROCEDURES**

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- E. P&N then further analyzed the 193,222 transactions with differing domicile codes in order to quantify the misclassification of taxable dollars to the school boards within the Parish. P&N extracted the transactions with differing codes for the period of 2003 through 2005, the time period that the new independent school districts existed during this engagement period. From those transactions, P&N then converted the domicile codes to the assigned school boards in order to identify the non-matching school board assignments. The following legend was used to convert the domicile codes to the assigned school boards for both the OMV and the GIS provider code:

| Domicile Code | School Board Designation               |
|---------------|--|
| 1700          | East Baton Rouge School Board (EBRPSB) |
| 1701          | EBRPSB                                 |
| 1702          | Baker School Board (BCSB)              |
| 1703          | EBRPSB                                 |
| 1705          | Zachary School Board (ZCSB)            |
| 1706          | ZCSB                                   |

Our procedures revealed a total of 4,700 transactions that were assigned the incorrect school boards. P&N then calculated the taxes owed to and from the various school boards as follows:

- Step 1: Calculate the amount tax attributable to the school board

The taxes collected appeared on the OMV's vehicle distribution reports in two columns, Parish Tax and Municipal Tax. If a transaction contained a Parish address (not within any City limits), then all taxes collected appeared in the Parish Tax column, which includes amounts for all Parish taxing authorities (City-Parish government, Sewerage Commission, and EBR School Board). The amount attributable to the school boards had to be derived from the combined total of the Parish and Municipal Tax amounts.

To derive the amount of tax "attributable" to the school boards, P&N performed the following calculations:

- Added the municipality tax and the parish tax (notated in the OMV records by "MN Tax" and "PR Tax") to obtain the total tax collected for the transaction.
- Determined the amount of the total tax attributable to the school boards by multiplying the total tax by a fraction, the numerator of which was the sales tax rate in effect for the school board on the acquisition date and the denominator of which was the total local sales tax in effect on the acquisition date.

Examples:

If the OMV identified the school board as "BCSB" (as converted) and the vehicle was purchased in 2004, then the total taxable amount was multiplied by a fraction 2/5.5.



**EAST BATON ROUGE PARISH  
MOTOR VEHICLES SALES TAX AGREED-UPON PROCEDURES**

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If the OMV identified the school board as "ZCSB" (as converted) and the vehicle was purchased in 2005, then total taxable amount was multiplied by a factor of 2/5.

▪ Step 2: Quantify the results of the taxes inappropriately distributed

Our procedure of comparing domicile codes for the coded, non-duplicated transactions identified of total of \$586,045.63 in taxes that were inappropriately distributed during the period of January 1, 1996 through December 31, 2005. Pivot tables were then used to identify the tax school boards entitled to the taxes (receivable) and the school boards incorrectly receiving the taxes (payable). Net payables and receivables for each municipality have been summarized in Exhibit #2. Please note that amounts identified as receivable or payable do not represent a legal determination of entitlement to the funds or a liability as of the date of this letter.

**III. Results of the Review by the Cities of Zachary and Baker and the East Baton Rouge Parish School Board**

City of Zachary – The City of Zachary's review revealed no matters that would refute the results of our procedures.

City of Baker – The City of Baker's review revealed no matters that would refute the results of our procedures.

East Baton Rouge Parish School Board – Out of 4,187 sales records whose taxes were identified as being mis-assigned to the East Baton Rouge Parish School Board in Procedure II, Step C, the School Board took exception to 127 of these transactions. P&N did not attest as to the propriety of EBRPSB's exception. The 127 transactions represent 3% of the mis-assigned transactions within the boundaries of the EBRPSB.

**IV. Results of Comparing the GIS Provider Domicile Assignments to the Voter Registration Domicile Assignments**

Our comparison of the domicile codes for the records (transactions) with matched addresses revealed that approximately 98% of the domicile assignments of the GIS provider matched that of the voter registration files. Therefore, 2% of the domicile code assignments did not agree between the two sources.

Although not statistically determined, P&N estimates a 2% - 3% margin of error in the quantification of the taxes receivable or payable from or to each jurisdiction. This estimation is based upon the 2% difference between the domicile assignments of the GIS provider and voter registration files (Procedure IV) and the 3% exception rate identified by the East Baton Rouge Parish School Board (Procedure III).

**Data Analysis**  
**January 1, 1998 to December 31, 2005**

Exhibit #1

|       | Total Population | Taxable Transactions | % of Total Population Taxable | GIS Provider able to Code | 1700 to 1706 Codes | Duplicates    | Singles from Duplicates | Total Non duplicates | % of non duplicates to coded and taxable transactions | Municipalities w/ Different Codes | % of Municipalities w/ Different Codes | School District w/ Different Codes | % of School District w/ Different Codes |
|-------|------------------|----------------------|-------------------------------|---------------------------|--------------------|---------------|-------------------------|----------------------|---|-----------------------------------|--|------------------------------------|---|
| 1996* | 33,874           | 26,338               | 77.75%                        | 25,168                    | 24,806             | 90            | 44                      | 24,760               | 94.01%  | 8,997                             | 36.34%                                 | -                                  | -                                       |
| 1997  | 93,505           | 70,262               | 75.14%                        | 67,479                    | 66,378             | 259           | 126                     | 66,245               | 94.28%  | 24,427                            | 36.87%                                 | -                                  | -                                       |
| 1998* | 86,671           | 64,803               | 74.77%                        | 63,437                    | 61,632             | 235           | 116                     | 61,513               | 94.92%  | 22,947                            | 37.30%                                 | -                                  | -                                       |
| 1999* | 90,281           | 64,971               | 71.97%                        | 62,079                    | 61,976             | 12,011        | 6,002                   | 55,967               | 86.14%  | 20,274                            | 36.22%                                 | -                                  | -                                       |
| 2000  | 97,582           | 68,978               | 70.69%                        | 65,881                    | 65,628             | 135           | 66                      | 65,559               | 95.04%  | 23,559                            | 35.94%                                 | -                                  | -                                       |
| 2001  | 98,511           | 66,249               | 67.25%                        | 63,523                    | 63,259             | 154           | 75                      | 63,180               | 95.37%  | 23,338                            | 36.94%                                 | -                                  | -                                       |
| 2002  | 99,198           | 66,646               | 67.18%                        | 64,134                    | 63,681             | 94            | 45                      | 63,632               | 95.48%  | 22,700                            | 35.67%                                 | -                                  | -                                       |
| 2003  | 98,274           | 67,731               | 68.92%                        | 64,976                    | 64,475             | 116           | 57                      | 64,416               | 95.11%  | 19,822                            | 30.77%                                 | 1,985                              | 3.08%                                   |
| 2004  | 96,215           | 64,680               | 67.22%                        | 61,821                    | 61,412             | 115           | 56                      | 61,353               | 94.86%  | 16,576                            | 27.02%                                 | 1,619                              | 2.64%                                   |
| 2005  | 122,543          | 67,568               | 55.14%                        | 57,856                    | 57,650             | 24            | 12                      | 57,638               | 85.30%  | 10,582                            | 18.36%                                 | 1,096                              | 1.90%                                   |
|       | <u>916,654</u>   | <u>628,226</u>       | <u>68.53%</u>                 | <u>596,354</u>            | <u>590,897</u>     | <u>13,233</u> | <u>6,599</u>            | <u>584,263</u>       | <u>93.00%</u>   | <u>193,222</u>                    | <u>33.07%</u>                          | <u>4,700</u>                       | <u>2.56%</u>                            |

\* Did not receive data for all months of the year.

**Municipalities' Net Receivables and Payables**  
January 1, 1996 to December 31, 2005

**Exhibit #2**

|       |             | <i>Based Upon Monthly Sales Reports Received</i> |                       |              | <i># of months<br/>not received</i> | <i>Projected as if all Monthly<br/>Sales Reports were Received</i> |
|-------|-------------|--|-----------------------|--------------|-------------------------------------|--|
|       |             | <u>Receivable</u>                                | <u>Payable</u>        | <u>Net</u>   |                                     | <u>Net</u>   |
| 1996* | Baker       | 32,038.48  | (62,374.40)           | (30,335.92)  | 7                                   | (72,806.21)  |
|       | City-Parish | 1,685,889.18                                     | (1,622,098.67)        | 63,790.51    | 7                                   | 153,097.22   |
|       | Central     | -  | -                     | -            | 7                                   | -  |
|       | Zachary     | 20,475.63  | (53,930.22)           | (33,454.59)  | 7                                   | (80,291.02)  |
|       |             | <u>1,738,403.29</u>                              | <u>(1,738,403.29)</u> |              |                                     |  |
| 1997  | Baker       | 73,032.06  | (149,735.01)          | (76,702.95)  | N/A (all received)                  | (76,702.95)  |
|       | City-Parish | 4,551,304.31                                     | (4,393,632.85)        | 157,671.46   | N/A (all received)                  | 157,671.46   |
|       | Central     | -  | -                     | -            | N/A (all received)                  | -  |
|       | Zachary     | 76,033.43  | (157,001.94)          | (80,968.51)  | N/A (all received)                  | (80,968.51)  |
|       |             | <u>4,700,369.80</u>                              | <u>(4,700,369.80)</u> |              |                                     |  |
| 1998* | Baker       | 83,872.33  | (154,819.75)          | (70,947.42)  | 1                                   | (77,397.19)  |
|       | City-Parish | 4,517,689.00                                     | (4,361,079.26)        | 156,609.74   | 1                                   | 170,846.99   |
|       | Central     | -  | -                     | -            | 1                                   | -  |
|       | Zachary     | 62,986.14  | (148,648.46)          | (85,662.32)  | 1                                   | (93,449.80)  |
|       |             | <u>4,664,547.47</u>                              | <u>(4,664,547.47)</u> |              |                                     |  |
| 1999* | Baker       | 85,535.70  | (129,135.74)          | (43,600.04)  | 1                                   | (47,563.68)  |
|       | City-Parish | 4,383,404.05                                     | (4,269,168.46)        | 114,235.59   | 1                                   | 124,620.64   |
|       | Central     | -  | -                     | -            | 1                                   | -  |
|       | Zachary     | 65,784.90  | (136,420.45)          | (70,635.55)  | 1                                   | (77,056.96)  |
|       |             | <u>4,534,724.65</u>                              | <u>(4,534,724.65)</u> |              |                                     |  |
| 2000  | Baker       | 82,277.85  | (151,077.68)          | (68,799.83)  | N/A (all received)                  | (68,799.83)  |
|       | City-Parish | 5,192,680.94                                     | (5,027,506.76)        | 165,174.18   | N/A (all received)                  | 165,174.18   |
|       | Central     | -  | -                     | -            | N/A (all received)                  | -  |
|       | Zachary     | 88,275.26  | (184,649.61)          | (96,374.35)  | N/A (all received)                  | (96,374.35)  |
|       |             | <u>5,363,234.05</u>                              | <u>(5,363,234.05)</u> |              |                                     |  |
| 2001  | Baker       | 93,951.78  | (153,374.05)          | (59,422.27)  | N/A (all received)                  | (59,422.27)  |
|       | City-Parish | 5,160,761.48                                     | (5,000,208.05)        | 160,553.43   | N/A (all received)                  | 160,553.43   |
|       | Central     | -  | -                     | -            | N/A (all received)                  | -  |
|       | Zachary     | 90,963.29  | (192,094.45)          | (101,131.16) | N/A (all received)                  | (101,131.16)   |
|       |             | <u>5,345,676.55</u>                              | <u>(5,345,676.55)</u> |              |                                     |  |
| 2002  | Baker       | 111,684.25                                       | (92,326.59)           | 19,357.66    | N/A (all received)                  | 19,357.66  |
|       | City-Parish | 4,875,304.39                                     | (4,845,451.84)        | 29,852.55    | N/A (all received)                  | 29,852.55  |
|       | Central     | -  | -                     | -            | N/A (all received)                  | -  |
|       | Zachary     | 102,635.24                                       | (151,845.45)          | (49,210.21)  | N/A (all received)                  | (49,210.21)  |
|       |             | <u>5,089,623.88</u>                              | <u>(5,089,623.88)</u> |              |                                     |  |
| 2003  | Baker       | 61,559.90  | (63,060.84)           | (1,500.94)   | N/A (all received)                  | (1,500.94)   |
|       | City-Parish | 4,114,248.17                                     | (4,089,627.38)        | 24,620.79    | N/A (all received)                  | 24,620.79  |
|       | Central     | -  | -                     | -            | N/A (all received)                  | -  |
|       | Zachary     | 81,675.06  | (104,794.91)          | (23,119.85)  | N/A (all received)                  | (23,119.85)  |
|       |             | <u>4,257,483.13</u>                              | <u>(4,257,483.13)</u> |              |                                     |  |

**Municipalities' Net Receivables and Payables**  
**January 1, 1996 to December 31, 2005**

Exhibit #2

|      |             |                     |                       |              |                    |              |
|------|-------------|---------------------|-----------------------|--------------|--------------------|--------------|
| 2004 | Baker       | 58,854.51           | (50,352.22)           | 8,502.29     | N/A (all received) | 8,502.29     |
|      | City-Parish | 3,578,505.94        | (3,558,380.29)        | 20,125.65    | N/A (all received) | 20,125.65    |
|      | Central     | -                   | -                     | -            | N/A (all received) | -            |
|      | Zachary     | 87,220.01           | (115,847.95)          | (28,627.94)  | N/A (all received) | (28,627.94)  |
|      |             | <u>3,724,580.46</u> | <u>(3,724,580.46)</u> |              |                    |              |
| 2005 | Baker       | 36,855.12           | (30,674.39)           | 6,180.73     | N/A (all received) | 6,180.73     |
|      | City-Parish | 1,936,885.90        | (2,088,892.95)        | (152,007.05) | N/A (all received) | (152,007.05) |
|      | Central     | 155,598.24          | (4,975.32)            | 150,622.92   | N/A (all received) | 150,622.92   |
|      | Zachary     | 54,108.68           | (58,905.28)           | (4,796.60)   | N/A (all received) | (4,796.60)   |
|      |             | <u>2,183,447.94</u> | <u>(2,183,447.94)</u> |              |                    |              |

Summary Total for Period:

|             |                      |                        |              |              |
|-------------|----------------------|------------------------|--------------|--------------|
| Baker       | 719,661.98           | (1,036,930.67)         | (317,268.69) | (370,152.38) |
| City-Parish | 39,996,673.36        | (39,256,046.51)        | 740,626.85   | 854,555.87   |
| Central     | 155,598.24           | (4,975.32)             | 150,622.92   | 150,622.92   |
| Zachary     | 730,157.64           | (1,304,138.72)         | (573,981.08) | (635,026.40) |
| Grand Total | <u>41,602,091.22</u> | <u>(41,602,091.22)</u> |              |              |

\* Did not receive data for all months of the year.

Note: The calculation of these amounts excludes any allowance for the margin of error estimated to be 2-3% (not statistically determined).

**School Boards' Net Receivables and Payables  
July 1, 2003 to December 31, 2005**

Exhibit #3

|      |        | <u>Receivable</u> | <u>Payable</u>      | <u>Net</u>   |
|------|--------|-------------------|---------------------|--------------|
| 2003 | BCSB   | 19,516.13         | (29,513.29)         | (9,997.16)   |
|      | EBRPSB | 39,745.52         | (68,552.55)         | (28,807.03)  |
|      | ZCSB   | 51,102.07         | (12,297.88)         | 38,804.19    |
|      |        | <u>110,363.72</u> | <u>(110,363.72)</u> |              |
| 2004 | BCSB   | 57,938.00         | (48,522.67)         | 9,415.33     |
|      | EBRPSB | 97,817.78         | (198,810.53)        | (100,992.75) |
|      | ZCSB   | 144,159.40        | (52,581.98)         | 91,577.42    |
|      |        | <u>299,915.18</u> | <u>(299,915.18)</u> |              |
| 2005 | BCSB   | 36,855.12         | (30,636.33)         | 6,218.79     |
|      | EBRPSB | 58,610.41         | (114,224.29)        | (55,613.88)  |
|      | ZCSB   | 80,301.20         | (30,906.11)         | 49,395.09    |
|      |        | <u>175,766.73</u> | <u>(175,766.73)</u> |              |

**Summary Total for 3 Year Period:**

|                    | <u>Receivable</u> | <u>Payable</u>      | <u>Net</u>   |
|--------------------|-------------------|---------------------|--------------|
| BCSB               | 114,309.25        | (108,672.29)        | 5,636.96     |
| EBRPSB             | 196,173.71        | (381,587.37)        | (185,413.66) |
| ZCSB               | 275,562.67        | (95,785.97)         | 179,776.70   |
| <b>Grand Total</b> | <u>586,045.63</u> | <u>(586,045.63)</u> |              |

**Legend:**

|        |                                      |
|--------|--------------------------------------|
| BCSB   | Baker Community School Board         |
| EBRPSB | East Baton Rouge Parish School Board |
| ZCSB   | Zachary Community School Board       |

*Note: The calculation of these amounts excludes any allowance for the margin of error estimated to be 2-3% (not statistically determined).*



**Department of Finance**

City of Baton Rouge  
Parish of East Baton Rouge

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**2008 JAN 15 PM 12:38**

**January 14, 2008**

**Motor Vehicle Local Sales Tax Collections and Distributions  
For East Baton Rouge Parish – October 3, 2007 Report**

**Response of City of Baton Rouge – Parish of East Baton Rouge,  
City of Baker, and City of Zachary**

The City of Baton Rouge-Parish of East Baton Rouge is entering into agreements with the Cities of Baker and Zachary for the repayment of motor vehicle sales taxes inappropriately distributed by the State of Louisiana – Department of Public Safety and Corrections, Office of Motor Vehicles (OMV) for the period of January 1, 1996 to December 31, 2005. All parties have agreed to a six year repayment plan with semi-annual payments.

The City-Parish will monitor the OMV's distribution of motor vehicle sales tax by performing a match of Watch System's domicile codes to OMV's domicile codes. Any non-matching transactions will be researched to determine if the tax distribution was correct. OMV and Watch Systems will be notified of any inconsistencies in domicile codes.

We are currently analyzing the period January 2006 through September 2007. After this initial review, we will monitor on a quarterly basis. In the future, amounts determined to be inappropriately distributed to any party will be adjusted on a quarterly basis on the jurisdiction's final sales tax settlement issued on the 10<sup>th</sup> of the month following the quarter or period reviewed.

Marsha Hanlon  
Finance Director  
City-Parish of East Baton Rouge



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PHONE (225) 922-5400  
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January 25, 2008

Freddy Smith  
Postlethwaite & Netterville, APAC  
8550 United Plaza Blvd., Suite 1001  
Baton Rouge, LA 70809

**RE Motor Vehicle Sales Tax Audit**

Dear Freddy:

Thank you for the copy of the Report on the Results of Performance of Agreed-Upon Procedures for Motor Vehicles Local Sales Tax Collections and Distributions for East Baton Rouge Parish.

East Baton Rouge Parish School System (EBRPSS) has not received communication from the East Baton Rouge Parish Taxing Authorities in response to your referenced report. Once a directive has been received, EBRPSS will advise you of its proposed plan of action.

Cordially,

Catherine Fletcher, CPA  
Chief Business Operations Officer