

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



FINANCIAL STATEMENT AUDIT
ISSUED JULY 30, 2008

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

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



LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

June 25, 2008

Independent Auditor's Report

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

We have audited the accompanying statement of fiduciary net assets of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund, an agency fund within the Louisiana Department of Public Safety and Corrections, Public Safety Services, as of December 31, 2007. The financial statement is the responsibility of Public Safety Services' management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Public Safety Services' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 1, the director of Public Safety Services serves as collector and distributor of parish and municipal motor vehicle sales and use taxes. As such, the accompanying statement presents information only on the activities of the collector of motor vehicle sales and use taxes included in the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund and do not purport to, and do not, present fairly the financial position of the Louisiana Department of Public Safety and Corrections, Public Safety Services, as of December 31, 2007, the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Furthermore, as discussed in note 1, the accompanying statement has been prepared on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

PARISH AND MUNICIPAL MOTOR VEHICLE
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In our opinion, the financial statement referred to previously presents fairly, in all material respects, the assets and liabilities arising from cash transactions of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund of Public Safety Services as of December 31, 2007, 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, 2007.

During August and September of 2005, the State of Louisiana suffered considerable damage from two major hurricanes, Katrina and Rita, resulting in the President of the United States declaring Louisiana a major disaster area. Because of the severity of these two separate events and the resulting losses sustained, it is unknown exactly what economic impact recovery will have on state and local governmental operations in Louisiana. While the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund did not directly suffer any major effects of these two hurricanes, the long-term effects of these events directly on the fund cannot be determined at this time.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2008, on our consideration of the Parish and Municipal Sales and Use Tax Escrow Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

CST:WDG:EFS:sr

MVST07

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

**Statement of Fiduciary Net Assets
As of December 31, 2007**

ASSETS

Cash (note 2)	<u><u>\$26,729,162</u></u>
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LIABILITIES

Due to taxing bodies and others	<u><u>\$26,729,162</u></u>
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The accompanying notes are an integral part of this statement.

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INTRODUCTION

As provided by Louisiana Revised Statute (R.S.) 47:531, the director of Public Safety Services is designated as vehicle commissioner of the state. The vehicle commissioner is responsible for the collection and distribution of parish and municipal motor vehicle sales and use taxes, as well as the administration and enforcement of the "Vehicle Registration License Tax" under the provisions of Chapter 4 of Subtitle II of Title 47 of the Louisiana Revised Statutes of 1950.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund is established to reflect the collections imposed by law, distributions pursuant to such law, and unsettled balances due various taxing bodies and others. The accompanying financial statement has been prepared on the cash basis of accounting with collections recognized when received and distributions reflected when paid. As such, the accompanying financial statement does not reflect the receivables and related payables associated with tax collection activities.

B. REPORTING ENTITY

R.S. 47:303(B)(3)(b)(iii) requires the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund to be audited annually. Accordingly, the accompanying financial statement reflects financial activity of Public Safety Services relating only to the vehicle commissioner's responsibility as collector and distributor of parish and municipal motor vehicle sales and use taxes. Amounts included in the financial statement are also included in the Department of Public Safety and Corrections, Public Safety Services' annual fiscal report.

2. CASH

At December 31, 2007, the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund has cash (book balance) totaling \$26,729,162. 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.

**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, 2007.

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Schedule 1 reflects the changes in Public Safety Services' custodial responsibilities.

SCHEDULE OF DISTRIBUTIONS

Schedule 2 reflects the distributions of parish and municipal motor vehicle sales and use taxes to the various taxing authorities during the period January 1, 2007 to December 31, 2007.

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DEPARTMENT OF PUBLIC SAFETY
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STATE OF LOUISIANA**

**Combining Statement of Changes in
Assets and Liabilities
For the Year Ended December 31, 2007**

	BALANCE AS OF <u>DECEMBER 31, 2006</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	BALANCE AS OF <u>DECEMBER 31, 2007</u>
ASSETS				
Cash	\$29,645,081	\$404,617,020	(\$407,532,939)	\$26,729,162
LIABILITIES				
Due to taxing bodies and others	\$29,645,081	\$404,617,020	(\$407,532,939)	\$26,729,162

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DEPARTMENT OF PUBLIC SAFETY
AND CORRECTIONS
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Schedule of Distributions

For the Period From January 1, 2007, to December 31, 2007

Public Safety Services - collection costs	\$4,075,527
Office of Legislative Auditor	28,350
TAXING AUTHORITY	
Acadia Parish:	
Acadia Parish Law Enforcement District	636,163
Acadia Parish Mosquito Control Sales Tax District #3	246,706
Acadia Parish Police Jury	2,118,011
Acadia Parish School Board	1,908,489
City of Crowley	408,619
City of Eunice	13,422
City of Rayne	235,397
Town of Church Point	72,982
Town of Iota	52,337
Village of Estherwood	11,685
Village of Mermentau	12,679
Village of Morse	11,498
Allen Parish:	
Allen Parish Law Enforcement District	429,203
Allen Parish Police Jury	300,408
Allen Parish School Board	1,287,460
City of Oakdale	100,470
Town of Elizabeth	12,191
Town of Kinder	39,146
Town of Oberlin	32,702
Ascension Parish:	
Ascension Parish Law Enforcement District	1,058,768

(Continued)

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TAXING AUTHORITY (CONT.)

Ascension Parish: (Cont.)

Ascension Parish Police Jury	\$2,117,538
Ascension Parish Sales Tax District No. 2	1,058,768
Ascension Parish School Board	5,074,412
City of Donaldsonville	223,057
City of Gonzales	544,409
East Ascension Parish Drainage District No. 1	1,186,146
Town of Sorrento	71,837
West Ascension Hospital Service	80,987

Assumption Parish:

Assumption Parish Police Jury	488,538
Assumption Parish Road and Drainage District and Library	471,583
Assumption Parish School Board	1,221,345
Assumption Parish School Board District 1	244,279
Town of Napoleonville	16,960

Avoyelles Parish:

Avoyelles Parish Law Enforcement District	391,289
Avoyelles Parish Police Jury	782,579
Avoyelles Parish School Board	1,173,869
City of Bunkie	101,034
City of Marksville	127,683
Town of Cottonport	29,072
Town of Mansura	37,150
Town of Simmesport	47,565
Village of Hessmer	12,982
Village of Moreauville	28,467
Village of Plaquemine	5,528

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TAXING AUTHORITY (CONT.)

Beauregard Parish:	
Beauregard Parish Law Enforcement District	\$372,283
Beauregard Parish Sales Tax District No. 1 (Police Jury)	1,150,163
Beauregard Parish School Board	1,477,525
City of DeRidder	355,258
Town of Merryville	34,828
Bienville Parish:	
Bienville Parish Police Jury	300,870
Bienville Parish School Board	601,740
Town of Arcadia	69,008
Town of Gibsland	17,949
Town of Ringgold	34,356
Village of Castor	4,327
Bossier Parish:	
Bossier Parish Law Enforcement District	563,548
Bossier Parish Police Jury	1,579,208
Bossier Parish Police Jury Capital Improvement Fund	788,967
Bossier Parish Police Jury Special District No. 1	290,808
Bossier Parish School Board	3,944,837
Bossier Parish Sheriff Capital Projects Fund	338,129
City of Bossier Sales and Use Tax	2,685,759
City of Shreveport	41,775
Town of Benton	78,086
Town of Haughton	147,658
Town of Plain Dealing	50,169
Caddo Parish:	
Caddo Law Enforcement District	1,577,179

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TAXING AUTHORITY (CONT.)

Caddo Parish: (Cont.)

Caddo Parish Sales Tax District No. 1	\$1,912,833
Caddo Parish School Board	6,759,337
City of Shreveport	8,671,014
Town of Blanchard	43,747
Town of Greenwood	61,601
Town of Mooringsport	12,728
Town of Oil City	26,235
Town of Vivian	102,376
Village of Ida	4,689
Village of Rodessa	2,811

Calcasieu Parish:

Calcasieu Parish Police Jury Law Enforcement District	3,105,134
Calcasieu Parish Sales Tax District No. 1	2,208,247
Calcasieu Parish Sales Tax District No. 2	2,069,925
Calcasieu Parish Sales Tax District No. 3	696,122
Calcasieu Parish Sales Tax District No. 4	2,182,198
Calcasieu Parish School Board	6,209,773
City of DeQuincy	143,865
City of Lake Charles	2,778,509
City of Sulphur	1,068,132
City of Westlake	256,428
Town of Iowa	133,843
Town of Vinton	136,758

Caldwell Parish:

Caldwell Parish Police Jury	751,536
Caldwell Parish School Board	512,268

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Schedule of Distributions
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TAXING AUTHORITY (CONT.)

Caldwell Parish: (Cont.)	
Town of Columbia	\$16,743
Catahoula Parish:	
Catahoula Parish Police Jury	529,371
Catahoula Parish School Board	529,371
Claiborne Parish:	
Claiborne Parish Police Jury	215,832
Claiborne Parish Police Jury #2	11,129
Claiborne Parish School Board	625,659
Town of Haynesville	90,480
Town of Homer	100,909
Village of Junction City	1,695
Concordia Parish:	
Concordia Parish Hospital Service District 1	106,596
Concordia Parish Police Jury	798,854
Concordia Parish School Board	852,768
Town of Ferriday	73,725
Town of Vidalia	193,106
DeSoto Parish:	
City of Mansfield	63,491
DeSoto Parish Law Enforcement District	266,691
DeSoto Parish Police Jury	533,382
DeSoto Parish School Board	1,333,454
Town of Keatchie	6,240
Town of Logansport	29,326
Town of Stonewall	47,895
Village of Grand Cane	6,688

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TAXING AUTHORITY (CONT.)

DeSoto Parish: (Cont.)

Village of South Mansfield	\$1,954
East Baton Rouge Parish:	
Central Community School Board	515,941
City of Baker	528,362
City of Baker School Board	422,690
City of Baton Rouge	7,430,686
City of Central	1,172,154
City of Zachary	611,494
East Baton Rouge Parish Road Tax	4,113,426
East Baton Rouge Parish School Board	14,675,809
East Baton Rouge Sewer Improvement	4,113,409
Parish of East Baton Rouge	6,757,957
Zachary Community Educational Facilities Improvement	419,592
Zachary Community School Board	419,622
East Carroll Parish:	
East Carroll Parish Law Enforcement District	113,926
East Carroll Parish Police Jury	113,925
East Carroll Parish School Board	341,775
Town of Lake Providence	85,775
East Feliciana Parish - East Feliciana Parish	
School Board and Police Jury	2,031,906
Evangeline Parish:	
City of Ville Platte	189,003
Evangeline Parish School Board	1,295,588
Evangeline Parish School Board/Solid Waste Sales Tax	647,793
Road and Drainage District No. 1	791,552

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**PUBLIC SAFETY SERVICES
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TAXING AUTHORITY (CONT.)

Evangeline Parish: (Cont.)

Town of Basile	\$47,936
Town of Mamou	79,047
Village of Chataignier	8,236
Village of Pine Prairie	42,994
Village of Turkey Creek	16,296

Franklin Parish:

City of Winnsboro	63,426
Franklin Parish Law Enforcement District	447,544
Franklin Parish Police Jury	671,315
Franklin Parish School Board	747,564
Town of Wisner	11,273
Village of Baskin	9,448
Village of Gilbert	8,046

Grant Parish:

Grant Parish Law Enforcement District	402,999
Grant Parish Police Jury	402,999
Grant Parish School Board	806,009
Town of Colfax	29,221
Town of Montgomery	12,110
Town of Pollock	10,268
Village of Creola	387
Village of Georgetown	9,950

Iberia Parish:

City of Jeanerette	131,594
City of New Iberia	994,584
Iberia Parish Law Enforcement District	403,244

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**PUBLIC SAFETY SERVICES
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TAXING AUTHORITY (CONT.)

Iberia Parish: (Cont.)

Iberia Parish Police Jury (Garbage Recycling)	\$509,503
Iberia Parish Policy Jury (Mosquito)	403,235
Iberia Parish Sales Tax District No. 2	278,909
Iberia Parish School Board	3,225,886
Town of Delcambre	8,885
Village of Loreauville	18,684

Iberville Parish:

Iberville Parish	642,135
Iberville Parish Police Jury	430,228
Iberville Parish School Board	1,284,263
Iberville Parish Solid Waste	211,893
Parish of Iberville	195,390
Town of St. Gabriel	22,264

Jackson Parish:

Jackson Parish Police Jury	187,636
Jackson Parish Road Tax	125,094
Jackson Parish School Board	892,039
Town of Eros	422
Town of Jonesboro	92,375
Village of Hodge	8,921
Village of Hodge (East)	2,633
Village of Hodge (North)	1,361

Jefferson Parish:

Jefferson Parish Law Enforcement District	2,149,114
Jefferson Parish School Board	12,894,679
Parish of Jefferson	25,789,362

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TAXING AUTHORITY (CONT.)

Jefferson Davis Parish:

City of Jennings	\$423,942
Jefferson Davis Parish School Board	1,486,832
Jefferson Davis Road Sales Tax District 1	601,598
Jefferson Davis Sales Tax District No. 1	131,401
Town of Elton	45,510
Town of Lake Arthur	132,065
Town of Welsh	138,470
Village of Fenton	8,610

Lafayette Parish:

City of Carencro	238,247
City of Lafayette	5,083,851
City of Scott	404,357
City of Scott Apollo Development District	161
Lafayette Parish Law Enforcement District No. 1	2,092,524
Lafayette Parish Police Jury	2,092,524
Sales Tax Division, Lafayette Parish School Board	5,733,626
Sales Tax Division, Lafayette Parish School Board 02	2,866,813
Sales Tax Division, Lafayette Parish School Board 88	2,866,813
Town of Broussard	597,705
Town of Duson	59,895
Town of Youngsville	533,841

Lafourche Parish:

City of Thibodaux	567,654
Lafourche Parish Law Enforcement Subdistrict 1	1,752,086
Lafourche Parish Levee District	578,318
Lafourche Parish Road Sales Tax District No. 4	1,302,737

(Continued)

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TAXING AUTHORITY (CONT.)

Lafourche Parish: (Cont.)

Lafourche Parish School Board	\$4,288,763
Lafourche Parish School Board/Golden Meadow	46,799
Lafourche Road Sales Tax District 2	695,925
Lafourche Road Sales Tax District 3	293,106
Lafourche Road Sales Tax District 5	369,539
Lafourche Road Sales Tax District 6	231,583
Lafourche Sales Tax District A	160,072
Town of Lockport	76,382

LaSalle Parish:

LaSalle Parish School Board	799,299
Town of Jena	74,043
Town of Olla	31,444

Lincoln Parish:

City of Grambling	49,428
City of Ruston	472,830
Lincoln Parish Police Jury	598,772
Lincoln Parish School Board	1,596,727
Town of Dubach	14,897
Village of Choudrant	22,768

Livingston Parish:

City of Denham Springs	443,348
City of Denham Springs Annexed Areas	7,173
Livingston Parish Gravity Drainage District 1	275,846
Livingston Parish Gravity Drainage District 5	194,723
Livingston Parish Gravity Drainage District 6	227,106
Livingston Parish Law Enforcement Sub District A	1,338,984

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TAXING AUTHORITY (CONT.)

Livingston Parish: (Cont.)

Livingston Parish Road Maintenance	\$2,677,968
Livingston Parish School Board	5,355,934
Livingston Parish School District No. 22	234,435
Livingston Parish School District No. 33	2,066
Livingston Parish Special Sales Tax District 1	1,254,920
Town of Livingston	32,720
Town of Springfield	11,655
Town of Walker	240,529
Village of Albany	19,715

Madison Parish:

City of Tallulah	166,450
Madison Parish Law Enforcement District	88,901
Madison Parish Police Jury	88,901
Madison Parish Sales Tax Fund	266,700
Madison Parish School District	177,801
Village of Richmond	18,535

Morehouse Parish:

Bastrop Sales Tax District 1	55,416
City of Bastrop	303,020
East Morehouse Parish School District	79
Morehouse Law Enforcement District	253,387
Morehouse Parish Police Jury	253,387
Morehouse Parish School Board	1,013,543
Town of Collinston	9,867
Village of Bonita	3,968
Village of Mer Rouge	23,058

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TAXING AUTHORITY (CONT.)

Natchitoches Parish:

City of Natchitoches	\$525,299
Natchitoches Parish Law Enforcement District	366,864
Natchitoches Parish School Board	1,467,294
Natchitoches Sales Tax District No. 1	524,324
Town of Campti	18,802
Village of Clarence	5,535
Village of Natchez	3,485
Village of Robeline	6,150

Orleans Parish:

City of New Orleans	9,782,732
Orleans Parish School Board	5,869,640
Regional Transit Authority	3,913,094

Ouachita Parish:

City of Monroe	3,674,444
City of West Monroe	567,411
Ouachita Monroe School Board	2,349,531
Ouachita Parish Fire Protection Tax	1,764,282
Ouachita Parish Law Enforcement District	889,970
Ouachita Parish Police Jury	1,764,282
Ouachita Parish School Board	1,992,278
Town of Richwood	11,713
Town of Sterlington	28,309
West Ouachita School District	1,274,014

Plaquemines Parish:

Plaquemines Parish Council	699,541
Plaquemines Parish School Board	1,399,082

(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, 2007, to December 31, 2007**

TAXING AUTHORITY (CONT.)

Pointe Coupee Parish:

City of New Roads	\$91,770
Parish of Pointe Coupee	890,593
Pointe Coupee Parish Police Jury	127,232
Pointe Coupee Parish School Board	1,017,820
Town of Fordoche	18,984
Town of Livonia	32,120
Village of Morganza	14,433

Rapides Parish:

Rapides (Pineville) Sales Tax Fund	542,146
Rapides Law Enforcement District	1,329,027
Rapides Parish (City) Sales Tax	1,809,871
Rapides Parish Sales Tax District 3	858,437
Rapides Parish Sales Tax Fund	2,658,055
Rapides Parish School Board	2,658,055
Town of Ball	139,429
Town of Boyce	15,615
Town of Glenmora	44,103
Town of Lecompte	25,492
Village of Forest Hill	9,447
Village of Woodworth	32,961

Red River Parish:

Red River Parish Law Enforcement District	171,063
Red River Parish Police Jury	171,063
Red River Parish School Board	342,128
Town of Coushatta	37,839
Village of Hall Summit	1,930

(Continued)

**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
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PARISH AND MUNICIPAL MOTOR VEHICLE
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STATE OF LOUISIANA
Schedule of Distributions
For the Period From January 1, 2007, to December 31, 2007**

TAXING AUTHORITY (CONT.)

Richland Parish:	
Richland Parish Law Enforcement District	\$200,821
Richland Parish Police Jury	602,463
Richland Parish School Board	803,284
Town of Delhi	62,617
Town of Mangham	12,751
Town of Rayville	52,191
Sabine Parish:	
11th Judicial Enforcement Sub-District	70,444
Sabine Law Enforcement District	406,406
Sabine Parish Police Jury	677,344
Sabine Parish Sales Tax District 1	39,337
Sabine Parish Sales Tax District 1 and 2	232,172
Sabine Parish School Board	1,048,845
Town of Many	50,932
Town of Zwolle	53,374
Village of Converse	5,575
Village of Florien	11,586
Village of Pleasant Hill	10,762
St. Bernard Parish:	
St. Bernard Law Enforcement District	315,943
St. Bernard Parish Police Jury	315,943
St. Bernard Sales Tax Department	2,211,600
St. Bernard Water and Sewer District	315,943
St. Charles Parish:	
St. Charles Parish Council	2,300,604
St. Charles Parish School Board	3,450,906

(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, 2007, to December 31, 2007**

TAXING AUTHORITY (CONT.)

St. Helena Parish:	
St. Helena Parish Police Jury	\$423,331
St. Helena Parish School Board	423,331
Town of Greensburg	28,997
St. James Parish:	
St. James Parish Council	345,769
St. James Parish School Board	1,172,436
Town of Gramercy	58,961
Town of Lutcher	64,202
St. John the Baptist Parish:	
St. John the Baptist Council Sewerage	987,712
St. John the Baptist Law Enforcement District	246,928
St. John the Baptist Parish Council	1,234,640
St. John the Baptist Parish School Board	2,222,352
St. Landry Parish:	
City of Eunice	321,658
City of Opelousas	401,029
St. Landry Parish Educational Facility Improvement District	1,620,763
St. Landry Parish Law Enforcement District	1,215,573
St. Landry Parish School Board	1,620,763
St. Landry Parish Solid Waste Commission	1,296,611
Town of Arnaudville	42,483
Town of Grand Coteau	8,860
Town of Krotz Springs	21,351
Town of Melville	32,524
Town of Port Barre	68,532
Town of Sunset	55,054

(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, 2007, to December 31, 2007**

TAXING AUTHORITY (CONT.)

St. Landry Parish: (Cont.)	
Town of Washington	\$18,654
Village of Cankton	7,427
St. Martin Parish:	
Breaux Bridge Annexed Areas	32,404
City of Breaux Bridge	147,780
City of St. Martinville	122,636
St. Martin Parish Law Enforcement District	647,673
St. Martin Parish Sales Tax	18,574
St. Martin Parish Sales Tax District No. 1	866,841
St. Martin Parish Sales Tax District No. 2	123,340
St. Martin Parish School Board	2,583,336
Town of Arnaudville	4,713
Town of Broussard	7,614
Town of Henderson	24,129
Village of Parks	9,866
St. Mary Parish:	
City of Morgan City	98,242
St. Mary Parish Law Enforcement	609,951
St. Mary Parish Police Jury	2,134,827
St. Mary Parish School Board	1,768,857
St. Mary Parish Wards 1, 2, 3, 4, 7, and 10	121,190
St. Mary Parish Wards 5 and 8	120,814
St. Mary Parish Wards 6 and 9	25,690
St. Tammany Parish:	
City of Covington	472,812
City of Mandeville	653,537

(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, 2007, to December 31, 2007**

TAXING AUTHORITY (CONT.)

St. Tammany Parish: (Cont.)

City of Slidell	\$1,147,398
St. Tammany Jail Facilities and Complex	2,709,853
St. Tammany Parish Law Enforcement District	1,354,927
St. Tammany Parish School Board	10,839,412
St. Tammany Sales Tax District 3	8,353,436
Town of Abita Springs	94,658
Town of Madisonville	103,325
Town of Pearl River	94,201
Village of Folsom	34,020
Village of Sun	14,964

Tangipahoa Parish:

Amite City	119,113
City of Hammond	504,634
City of Ponchatoula	197,333
Tangipahoa Fire District No. 1	84,188
Tangipahoa Parish Council	2,374,839
Tangipahoa Parish School Board	4,749,680
Town of Independence	58,598
Town of Kentwood	70,362
Town of Roseland	24,043
Village of Tangipahoa	12,527
Village of Tickfaw	25,833

Tensas Parish:

Tensas Parish Fire Protection	23,711
Tensas Parish Law Enforcement	23,711
Tensas Parish Police Jury	308,243

(Continued)

**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
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SALES AND USE TAX ESCROW FUND
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TAXING AUTHORITY (CONT.)

Tensas Parish: (Cont.)	
Tensas Parish School Board	\$142,266
Town of Newellton	9,364
Town of St. Joseph	15,115
Town of Waterproof	6,330
Terrebonne Parish:	
Terrebonne Parish Law Enforcement Sales Tax	1,342,475
Terrebonne Parish Sales Tax Fund: 0.25%	671,238
Terrebonne Parish Sales Tax Fund: 0.5%	1,342,475
Terrebonne Parish Sales Tax Fund: 1.5%	4,027,425
Terrebonne Parish Sales Tax Fund: 1.75%	4,698,663
Union Parish:	
Town of Bernice	26,031
Town of Farmerville	71,066
Town of Marion	10,554
Union Parish Law Enforcement District	485,510
Union Parish Police Jury	485,510
Union Parish School Board	971,019
Village of Junction City	3,077
Vermilion Parish:	
City of Abbeville	213,116
City of Kaplan	77,605
Hospital Service District No. 1	277,539
Town of Delcambre	22,954
Town of Erath	35,950
Town of Gueydan	35,876
Vermilion Parish Law Enforcement District	1,005,862

(Continued)

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

Vermilion Parish: (Cont.)	
Vermilion Parish Police Jury	\$2,011,641
Vermilion Parish School Board	1,341,095
Village of Maurice	39,434
Vernon Parish:	
City of Leesville	142,559
Town of Hornbeck	8,879
Town of New Llano	33,648
Town of Rosepine	15,697
Vernon Parish Law Enforcement District	493,812
Vernon Parish Police Jury	1,481,433
Vernon Parish School Board	1,975,245
Washington Parish:	
Bogalusa School Board	472,439
City of Bogalusa	496,545
Town of Franklinton	138,400
Village of Angie	9,398
Village of Varnado	2,438
Washington Law Enforcement District	429,491
Washington Parish Road Tax	283,464
Washington Parish Sales Tax District 1	475,619
Washington Parish Sales Tax District 2	603,860
Washington Parish School Board	964,290
Webster Parish:	
City of Minden	391,401
City of Springhill	189,585
Town of Cotton Valley	15,298

(Continued)

**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
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SALES AND USE TAX ESCROW FUND
STATE OF LOUISIANA
Schedule of Distributions
For the Period From January 1, 2007, to December 31, 2007**

TAXING AUTHORITY (CONT.)

Webster Parish: (Cont.)

Town of Cullen	\$25,896
Town of Sarepta	18,979
Town of Sibley	41,023
Village of Dixie Inn	3,961
Webster Parish Law Enforcement District	421,993
Webster Parish School Board	2,109,924
Webster Parish School Board District 6	128,747

West Baton Rouge Parish:

Parish of West Baton Rouge	807,782
West Baton Rouge Parish District No. 1	538,521
West Baton Rouge Parish Fire District No. 1	269,261
West Baton Rouge Parish School Board	1,077,043

West Carroll Parish:

Town of Oak Grove	28,486
West Carroll Parish Police Jury	791,938
West Carroll Parish School Board	527,959

West Feliciana Parish:

Town of St. Francisville	63,285
West Feliciana Parish District No. 1	181,167
West Feliciana Parish Police Jury	243,806
West Feliciana Parish School Board	487,613

Winn Parish:

City of Winnfield	104,007
Winn Parish Police Jury	358,828
Winn Parish School Board	717,655

Total Distributions	<u>\$ 407,532,939</u>
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(Concluded)

OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain a report on internal control and on compliance with laws and regulations and other matters as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statement and includes, where appropriate, any significant deficiencies and/or material weaknesses in internal control or compliance and other matters that would be material to the presented financial statement.

PARISH AND MUNICIPAL MOTOR VEHICLE
SALES AND USE TAX ESCROW FUND



LOUISIANA LEGISLATIVE AUDITOR
STEVE J. THERIOT, CPA

June 25, 2008

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

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

We have audited the accompanying statement of fiduciary net assets of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund, an agency fund within the Louisiana Department of Public Safety and Corrections, Public Safety Services, as of December 31, 2007, and have issued our report thereon dated June 25, 2008. Our report was modified to include an explanatory paragraph describing the individual fund presentation, an explanatory paragraph describing the use of the cash basis of accounting, an emphasis of matter regarding the department's legal status as the prescribed agent for local tax collectors, and an emphasis of a matter regarding the impact of hurricanes Katrina and Rita. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Parish and Municipal Sales and Use Tax Escrow Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement but not for the purpose of expressing an opinion on the effectiveness of the Parish and Municipal Sales and Use Tax Escrow Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Parish and Municipal Sales and Use Tax Escrow Fund's internal control over financial reporting.

PARISH AND MUNICIPAL MOTOR VEHICLE
SALES AND USE TAX ESCROW FUND

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

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

Ineffective Monitoring of Tax Agreements

For the third consecutive year, the Department of Public Safety and Corrections, Public Safety Services, did not adequately monitor tax agreements with parish and municipal taxing authorities. As the contracted collection agent for motor vehicle sales taxes, the department is responsible for ensuring that sales taxes are properly collected and distributed to taxing authorities based on applicable parish or municipal tax ordinances and the "Agreement to Collect Tax Due Parishes or Municipalities on Sales or Use of Motor Vehicles" (tax agreement). Our tests disclosed the following:

- Three of the 45 (7%) taxing authorities reviewed did not have a valid tax agreement with the department. One tax agreement was not updated when the sales tax was renewed and two tax agreements did not address all taxes collected for that district.
- Before executing the tax agreement, the department did not obtain a copy of the ordinance to support a portion of the tax being collected for six of the 45 (13%) taxing authorities reviewed. As a result, an increased risk exists that the department may enter into an agreement to collect a tax in violation of the applicable ordinance.
- The tax agreement either excluded the expiration date or had the incorrect expiration date for a portion of the total tax being collected for six of the 45 (13%) taxing authorities reviewed.

Ineffective monitoring could result in noncompliance with parish and municipal tax ordinances or tax agreements and could subject the department to litigation by the affected taxing authorities or taxpayers.

The department should develop and implement written procedures requiring employees to collect, maintain, and monitor all tax agreements. As the taxes expire, employees should follow established procedures to either cease collections or obtain copies of the

new ordinances and update the tax agreements. For all current tax agreements, the department should ensure that its files include a copy of the ordinance and ensure that it has updated the tax agreements, the computer system, and the database. Management concurred in part and outlined corrective action (see Appendix A, pages 1-2).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Parish and Municipal Sales and Use Tax Escrow Fund's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed the following instance of noncompliance that is required to be reported under *Government Auditing Standards*.

Improper Tax Distributions

For the sixth consecutive year, the Department of Public Safety and Corrections, Public Safety Services, improperly distributed motor vehicle sales taxes for certain parish and municipal taxing authorities. As the contracted collection agent for motor vehicle sales taxes, the department is responsible for ensuring that sales taxes are properly distributed to taxing authorities based on applicable ordinances. However, the department's personnel and licensed public tag agents did not always verify which taxing district corresponds to a taxpayer's street address as required by the department. Our tests disclosed the following:

- A review of 100 distributions to randomly selected taxing authorities throughout the state revealed that three (3%) of these transactions contained improper distributions totaling \$152 (0.3%) of the sample of \$60,548.
- An additional review of 20 distributions to taxing authorities within East Baton Rouge Parish revealed that five (25%) of these transactions contained improper distributions totaling \$1,981 (32.8%) of the sample of \$6,032.

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

The improper distribution of these taxes results in noncompliance with parish and municipal ordinances and could subject the department to litigation by the affected taxing authorities.

The department should ensure that its personnel and public tag agents verify which taxing district corresponds to a taxpayer's street address. The department should also review sales tax transactions processed for taxing authorities within East Baton Rouge during the period from January 1, 2007, through December 31, 2007; recover the improper sales tax remittances; and make the proper distributions. Management concurred in part and outlined corrective action (see Appendix A, pages 3-4).

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

This report is intended solely for the information and use of Public Safety Services and its management, others within the entity, and the Louisiana Legislature and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

CST:WDG:EFS:sr

MVST07

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

PARISH AND MUNICIPAL MOTOR VEHICLE
SALES AND USE TAX ESCROW FUND



State of Louisiana
Department of Public Safety and Corrections
Public Safety Services

June 5, 2008
DPS-02-997

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

Subject: Ineffective Monitoring of Tax Agreement

Dear Mr. Theriot:

We **concur in part** with this finding. There are some instances where updated tax Agreements are missing from the file or where information in the file or recorded in our database is not complete or up to date. However, all taxes have been withheld and remitted appropriately.

Public Safety Services collects and distributes motor vehicle sales tax revenues for more than four hundred fifty (450) jurisdictions. As you are aware the Undersecretary's Office sent correspondence to each jurisdiction in July of 2002 in an effort to update the files. The correspondence requested a signed Agreement, current maps of district boundaries, expiration dates, etc. and reminded all jurisdictions that Public Safety Services must be notified of any changes that would affect the collection of tax monies for their district. You are also aware that barely 30% of the jurisdictions responded. The vast majority of items listed in the finding are for jurisdictions that either did not respond to the request in 2002, or did not send the proper documentation, such as ordinances, or did not provide an expiration date for an existing Agreement.

This function was reassigned last year as part of the Financial Services Division reorganization and since that time we have met with representatives of the Louisiana Association of Tax Administrators (LATA) and jointly developed a new, better defined sales tax agreement and will work together to distribute that agreement to all jurisdictions. LATA had PSS representatives speak at their conference earlier this year to discuss the new agreements and has made a commitment to aid Public Safety Services in securing signed agreements from all jurisdictions.

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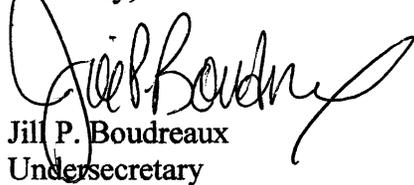
OFFICE OF MANAGEMENT & FINANCE, P.O. BOX 66614, BATON ROUGE, LOUISIANA 70896
(225) 925-6032

Legislative Auditor
Tax Agreements
Page 2

Financial Services has reviewed all existing files to determine which jurisdictions are missing information or paperwork and is currently in the process of distributing information and requesting the new agreements. The project will include the development of written procedures for all phases of the function. The Director of Financial Services, Kay F. DeBenedetto, is responsible for these corrective actions.

We recognize our duties and responsibilities as the State's collection agent for all motor vehicle sales tax revenue as a critical task for ensuring adequate financial support for local jurisdictions. Our goal is to continue to carryout this endeavor effectively, efficiently, and timely. If you need any additional information, please contact me at (225) 925-6032.

Sincerely,

A handwritten signature in black ink, appearing to read "Jill P. Boudreaux", written over a printed name and title.

Jill P. Boudreaux
Undersecretary

cc: Colonel Michael D. Edmonson, Deputy Secretary
Kay Hodges, OMV Commissioner
Kay DeBenedetto, Financial Services Director



State of Louisiana
Department of Public Safety and Corrections
Public Safety Services

June 5, 2008
DPS-02-996

Mr. Steve J. Theriot, CPA
Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

RE: Improper Tax Distributions

Dear Mr. Theriot:

We **concur in part** with this finding. There were minimal instances of improper distribution of motor vehicle sales taxes for certain parish and municipal taxing authorities. On the date the files in question were audited, there were some discrepancies between the Domicile codes shown by Tax Watch compared to the Domicile codes used when the applications were processed in 2007. However, due to the ongoing problems that we have experienced with both Tax Watch and the parish/municipal taxing authorities, we will continue to experience these same problems. Until such time that we can procure enhanced mapping technology for determining boundaries and secure the cooperation of the parish/municipal taxing authorities, discrepancies in the tax distribution will continue to be realized.

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

Upon implementation of NGMV (projected to be October 2008) there will be an interface with Tax Watch to ensure an automatic check of their system is always performed. Of course, even with such implementation the Department will still be dependent upon the local authorities to accurately and timely report changes in rates of tax and boundary lines to Tax Watch and to DPS. Unfortunately, there is no system to guarantee 100% accuracy.

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(225) 925-6032

Legislative Auditor
Improper Tax Distribution
Page 2

The incorrect distributions listed in your report reveal that only eight exceptions occurred with only three resulting in a difference in tax collected. Over collections of \$1 and \$35 will promptly be refunded by the OMV and the OMV will request the additional \$13 from the one under collection. The net amount of these adjustments (\$24) represents an approximate 1% error rate in collection/distribution of taxes. Of the eight audit findings, two were processed by PTAs, one by Headquarters and five by field offices. We continue to urge OMV staff and Public Tag agents to be keenly aware of the importance of proper coding for all jurisdictions.

OMV Commissioner Kay Hodges and OMF Financial Services Director Kay DeBenedetto are responsible for corrective actions. The refunds and request for additional taxes will be completed by June 30, 2008.

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

Sincerely,



Jill P. Boudreaux
Undersecretary

cc: Colonel Michael D. Edmonson, Deputy Secretary
Kay Hodges, OMV Commissioner
Kay DeBenedetto, Financial Services Director