

STATE OF LOUISIANA LEGISLATIVE AUDITOR

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

June 23, 1999



Financial and Compliance Audit Division

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

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LEGISLATIVE AUDITOR

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

**Financial Statements and Independent Auditor's Reports
As of December 31, 1998, and for the Period
January 1, 1998, through December 31, 1998
With Required Supplementary Information
and Supplemental Information Schedule**

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

June 23, 1999

**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 and Independent Auditor's Reports
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**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
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Contents, December 31, 1998

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

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June 2, 1999

Independent Auditor's Report
on the Financial Statements

COLONEL WILLIAM R. WHITTINGTON
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, 1998, and the related statement of collections, distributions, and unsettled balances for the period January 1, 1998, through December 31, 1998, as listed in the foregoing table of contents. 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 generally accepted auditing standards 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, an agency fund within the Louisiana Department of Public Safety and Corrections, Public Safety Services. Furthermore, the accompanying statements have been prepared on the basis of cash receipts and cash disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

LEGISLATIVE AUDITOR

COLONEL WILLIAM R. WHITTINGTON
PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
AND CORRECTIONS
PARISH AND MUNICIPAL MOTOR VEHICLE
SALES AND USE TAX ESCROW FUND
STATE OF LOUISIANA

Audit Report, December 31, 1998

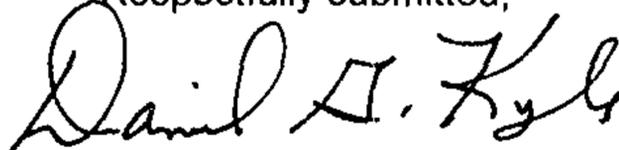
In our opinion, the accompanying financial statements referred to previously present fairly, in all material respects, the assets and liabilities arising from cash transactions of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund of Public Safety Services as of December 31, 1998, and the collections, distributions, and unsettled balances of the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund for the period January 1, 1998, through December 31, 1998, on the cash basis of accounting described in note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 2, 1999, on our consideration of the Parish and Municipal Sales and Use Tax Escrow Fund's internal control over financial reporting and our tests of its compliance with laws and regulations.

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

The Year 2000 supplementary information on page 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Louisiana Department of Public Safety and Corrections, Public Safety Services is or will become Year 2000 compliant, that Public Safety Services' Year 2000 remediation efforts will be successful in whole or in part, or that parties with which Public Safety Services does business are or will become Year 2000 compliant.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

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**PUBLIC SAFETY SERVICES
DEPARTMENT OF PUBLIC SAFETY
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**Statement of Assets and Liabilities Arising
From Cash Transactions, December 31, 1998**

ASSETS

Cash (note 2)

\$21,108,185

LIABILITIES

Due to taxing bodies and others

\$21,108,185

The accompanying notes are an integral part of this statement.

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**Statement of Collections, Distributions,
and Unsettled Balances
For the Period January 1, 1998,
through December 31, 1998**

UNSETTLED BALANCES AT JANUARY 1, 1998	\$15,394,697
ADJUSTMENT TO BEGINNING BALANCE - PRIOR YEAR ADJUSTMENT (note 3)	<u>1,145,904</u>
UNSETTLED BALANCE AT JANUARY 1, 1998, AS ADJUSTED	16,540,601
COLLECTIONS	267,285,858
DISTRIBUTIONS (Schedule 1)	<u>(262,718,274)</u>
UNSETTLED BALANCES AT DECEMBER 31, 1998, DUE TO TAXING BODIES AND OTHERS	<u><u>\$21,108,185</u></u>

The accompanying notes are an integral part of this statement.

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Notes to the Financial Statements
As of December 31, 1998, and for the Period
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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 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, 1998, the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund has cash (book balance) totaling \$21,108,185. 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

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Notes to the Financial Statements (Concluded)**

disclosures required by generally accepted accounting principles are included within the state's general purpose financial statements.

3. PRIOR PERIOD ADJUSTMENT

An adjustment of \$1,145,904 was made to increase beginning unsettled balances from \$15,394,697 to \$16,540,601. This was necessary to correct an error that was made several years ago when the basis of these financial statements changed from accrual to cash. This adjustment has no effect on the current and prior years' reported sales and use tax collections and distributions but simply corrects the fund's beginning cash balance to reflect the actual unsettled amount held by the state treasury at January 1, 1998.

**4. 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, 1998.

**SUPPLEMENTARY INFORMATION REQUIRED BY THE
GOVERNMENTAL ACCOUNTING STANDARDS BOARD**

The following pages contain supplementary information as required by *Technical Bulletin 98-1*, issued by the Governmental Accounting Standards Board (GASB) in October 1998. The provisions of the GASB technical bulletin, effective for financial statements dated after October 31, 1998, require disclosures in the notes to the financial statements about the governmental entity's readiness in addressing Year 2000 issues for its computer systems and other electronic equipment. In March 1999, GASB issued *Technical Bulletin 99-1*, which allowed the disclosure of Year 2000 issues in required supplementary information.

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REQUIRED SUPPLEMENTARY INFORMATION**

As of December 31, 1998, and for the Period
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YEAR 2000 ISSUES

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund as early as fiscal year 1999.

In order to address the Year 2000 issues in Louisiana, the Governor issued Executive Order MJF 96-50 "Computer Systems Compliance," which mandates that each agency and department in Louisiana evaluate the impact of the Year 2000 on their current information systems, determine which systems must be corrected or replaced, and initiate corrective action that will be in effect on or before July 1, 1999.

The following stages have been identified as necessary to address Year 2000 issues:

Awareness Stage--Encompasses establishing a budget and project plan (for example, a timeline or chart noting major tasks and due dates) for dealing with the Year 2000 issue.

Assessment Stage--When the organization begins the actual process of identifying all of its systems (preparing an inventory) and individual components of the systems. An organization may decide to review all system components for Year 2000 compliance or through a risk analysis, identify only mission-critical systems and equipment--systems and equipment critical to conducting operations--to check for compliance.

Remediation Stage--When the organization actually makes changes to systems and equipment. This stage deals primarily with the technical issues of converting existing systems or switching to compliant systems. During this stage, decisions are made on how to make the systems or processes Year 2000 compliant, and the required system changes are made.

Validation/Testing Stage--When the organization validates and tests the changes made during the conversion process. The development of test data and test scripts, the running of test scripts, and the review of test results are crucial for this stage of the conversion process to be successful. If the testing results show anomalies, the tested area needs to be corrected and retested.

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1998 Required Supplementary Information (Concluded)**

Motor vehicle registration data are maintained on the Department of Public Safety's Office of Motor Vehicle System. Accounting data for motor vehicle registrations are maintained on the Department of Public Safety's Cash Receipts Accounting System (CRAS). To comply with the executive orders, the associated applications of these and other department systems will be assessed, remediated as needed, and validated/tested. At December 31, 1998, associated applications in the Motor Vehicle system and CRAS are in the validation/testing stage. This process is being performed in-house by the Department of Public Safety and, therefore, the cost is being absorbed by the department. This process is expected to be complete by July 1, 1999. No contract commitments to complete the department's Year 2000 readiness exist at December 31, 1998.

Management of the Department of Public Safety believes that the process described above will enable the department to be in compliance with the executive orders in regard to the processing and recording of motor vehicle registration transactions and will thus enable its electronic data processing systems to process date and/or date-related information correctly before, during, and after January 1, 2000. However, because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation, efforts will not be fully determined until the Year 2000 and thereafter. Consequently, management cannot guarantee that the department's systems are or will be ready, that the department's remediation efforts will be successful in whole or in part, or that parties with whom it does business will be Year 2000 ready.

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SUPPLEMENTAL INFORMATION SCHEDULE
For the Period January 1, 1998, to December 31, 1998**

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, 1998, to December 31, 1998.

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**Schedule of Distributions
For the Period January 1, 1998,
to December 31, 1998**

Public Safety Services - collection costs	\$2,626,794
Office of Legislative Auditor	22,528
TAXING AUTHORITY	
Acadia Parish:	
Acadia Parish School Board	880,328
Acadia Parish Police Jury	1,433,522
Law Enforcement District--Parish of Acadia	440,177
City of Crowley	327,896
Town of Church Point	57,955
Village of Estherwood	7,818
Town of Iota	32,878
Village of Morse	10,308
City of Rayne	173,481
Village of Mermentau	8,389
City of Eunice	17,641
Allen Parish:	
Allen Parish Sales and Use Tax	707,979
Allen Parish School Board and Police Jury	247,792
City of Oakdale	79,313
Town of Oberlin	29,203
Town of Elizabeth	5,638
Town of Kinder	39,875
Ascension Parish:	
Ascension Parish School Board	2,823,682
Ascension Parish Police Jury	1,093,642
Ascension Parish Sales Tax District No. 2	546,820
Ascension Parish Law Enforcement District	82,533
City of Donaldsonville	173,940
City of Gonzales	333,101
West Ascension Hospital Service District	72,318
East Ascension Drainage District No. 1	640,245
Town of Sorrento	18,262

(Continued)

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TAXING AUTHORITY (CONT.)

Assumption Parish:

Assumption Parish School Board	\$836,596
Assumption Parish Police Jury	334,638
Assumption Parish Road and Drainage District	317,503
Town of Napoleonville	17,136

Avoyelles Parish:

Avoyelles Parish School Board	834,621
Avoyelles Parish Police Jury	556,414
Avoyelles Law Enforcement District	278,205
Town of Cottonport	18,196
City of Bunkie	66,618
Village of Plaquemine	4,366
Village of Moreauville	14,681
City of Marksville	91,451
Town of Simmesport	30,386
Town of Mansura	14,410

Beauregard Parish:

Beauregard Parish School Board	1,069,051
Beauregard Parish Police Jury	820,945
Beauregard Parish Law Enforcement District	134,984
City of DeRidder	237,280
Town of Merryville	32,494

Bienville Parish:

Bienville Parish School Board	461,636
Bienville Parish Police Jury	230,817
Town of Ringgold	22,293
Town of Arcadia	51,089
Town of Gibsland	21,061
Village of Castor	6,608

Bossier Parish:

Bossier Parish School Board	2,328,237
Bossier Parish Police Jury	917,904
Bossier City	2,020,441
Town of Plain Dealing	30,023

(Continued)

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TAXING AUTHORITY (CONT.)

Bossier Parish: (Cont.)

Town of Benton	\$101,018
Town of Haughton	172,532
City of Shreveport	18,817

Caddo Parish:

Caddo Parish School Board	5,192,906
Caddo Parish Sales Tax District No. 1	1,193,285
Caddo Parish Law Enforcement District	865,482
Town of Oil City	15,075
Town of Vivian	88,464
City of Shreveport	6,556,686
Town of Mooringsport	11,776
Town of Greenwood	36,936
Village of Rodessa	2,621
Town of Blanchard	10,315

Calcasieu Parish:

Calcasieu Parish School Board	4,704,191
Calcasieu Law Enforcement District	784,029
Calcasieu Parish Sales Tax District No. 1	1,671,876
Calcasieu Parish Sales Tax District No. 2	1,568,062
City of Lake Charles	2,206,196
City of Sulphur	763,225
Town of Iowa	65,839
City of DeQuincy	98,615
City of Westlake	200,541
Town of Vinton	79,591
Calcasieu Parish School Board Tax	673,911
Calcasieu Parish Police Jury Tax	1,833,785

Caldwell Parish:

Caldwell Parish School Board	363,230
Caldwell Parish Police Jury	533,183
Town of Columbia	11,665

(Continued)

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TAXING AUTHORITY (CONT.)

Catahoula Parish:	
Catahoula Parish School Board	\$308,355
Catahoula Parish Police Jury	308,355
Claiborne Parish:	
Claiborne Parish School Board	484,841
Claiborne Parish School Board - Police Jury	158,246
Town of Haynesville	91,430
Town of Homer	77,382
Village of Junction City	1,577
Concordia Parish:	
Concordia Parish School Board	615,326
Concordia Parish Police Jury	199,907
Concordia Parish Hospital	76,923
Town of Vidalia	109,545
Town of Ferriday	60,858
DeSoto Parish:	
DeSoto Parish School Board	808,435
DeSoto Parish Police Jury	404,217
Town of Logansport	21,358
City of Mansfield	69,502
Town of Stonewall	27,262
Village of South Mansfield	457
Village of Grand Cane	6,624
Town of Keachi	2,938
East Baton Rouge Parish:	
East Baton Rouge Parish	2,882,676
East Baton Rouge Parish School Board	6,513,024
East Baton Rouge Parish Sewer District	3,256,511
East Baton Rouge Parish Streets	3,256,511
City of Baton Rouge	9,182,823
City of Baker	498,510
City of Zachary	461,553

(Continued)

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TAXING AUTHORITY (CONT.)

East Carroll Parish:

East Carroll Parish School Board	\$198,980
East Carroll Parish Police Jury	99,488
Town of Lake Providence	24,830

East Feliciana Parish - East Feliciana Parish

School Board and Police Jury	1,324,754
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Evangeline Parish:

Evangeline Parish School Board - Tax Department	475,799
Evangeline Parish School Board - Waste Tax	475,801
Town of Ville Platte	117,475
Town of Basile	28,993
Town of Mamou	58,608
Village of Pine Prairie	16,214
Village of Chataignier	6,687
Village of Turkey Creek	5,804
Evangeline Parish Road and Drainage District No. 1	19,082

Franklin Parish:

Franklin Parish School Board	451,162
Franklin Parish Police Jury	451,162
Franklin Parish Law Enforcement District	300,774
Town of Winnsboro	53,097
Town of Wisner	12,831
Village of Gilbert	7,219

Grant Parish:

Grant Parish School Board	308,460
Grant Parish Police Jury	308,460
Grant Parish Law Enforcement	308,460
Town of Colfax	18,416
Town of Pollock	4,918
Village of Georgetown	3,684

(Continued)

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TAXING AUTHORITY (CONT.)

Iberia Parish:

Iberia Parish School Board	\$2,356,534
Iberia Parish Council - Garbage	340,176
Iberia Parish Council District No. 2	189,795
Iberia Parish Council - Mosquito District	294,565
Town of Delcambre	8,646
City of New Iberia	733,351
City of Jeanerette	93,956
Village of Loreauville	11,326

Iberville Parish:

Iberville Parish Police Jury	486,625
Iberville Parish School Board	807,774
Iberville Parish Police Jury - General Fund	321,148
Iberville Parish Solid Waste	160,581
Town of St. Gabriel	12,326

Jackson Parish:

Jackson Parish School Board	581,932
Jackson Parish Road Tax	156,729
Jackson Parish Sales Tax	104,496
Town of Jonesboro	90,070
Village of Hodge	11,132
Village of East Hodge	1,175
Village of North Hodge	1,746
Town of Eros	2,902

Jefferson Parish:

Jefferson Parish Council	19,040,100
Jefferson Parish School Board	9,520,048
Jefferson Parish Law Enforcement District	1,586,672

(Continued)

**PUBLIC SAFETY SERVICES
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TAXING AUTHORITY (CONT.)

Jefferson Davis Parish:

Jefferson Davis Parish School Board	\$1,049,020
Town of Welsh	89,652
Town of Elton	35,208
City of Jennings	304,869
Town of Lake Arthur	79,284
Town of Fenton	6,688

Lafayette Parish:

Lafayette Parish School Board - Tax Division	3,850,932
Lafayette Parish School Board - Bonds	1,925,465
City of Lafayette	4,150,516
Town of Duson	68,344
City of Carencro	162,571
Town of Youngsville	136,143
Town of Scott	198,842
Lafayette Parish Police Jury	1,316,744
Town of Broussard	225,477

Lafourche Parish:

Lafourche Parish School Board	2,903,124
Lafourche Parish Law Enforcement Subdistrict No. 1	1,162,740
Lafourche Parish Road Sales Tax District No. 4	861,977
City of Thibodaux	440,541
Town of Lockport	41,232
Lafourche Parish School Board - Golden Meadow	27,428
Lafourche Parish Road Sales Tax District No. 2	243,516

LaSalle Parish:

LaSalle Parish School Board	558,125
Town of Jena	45,783
Town of Olla	22,383

(Continued)

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SALES AND USE TAX ESCROW FUND
STATE OF LOUISIANA
Schedule of Distributions
For the Period January 1, 1998,
to December 31, 1998**

TAXING AUTHORITY (CONT.)

Lincoln Parish:	
Lincoln Parish School Board	\$929,217
Lincoln Parish Police Jury	464,608
City of Ruston	427,321
Town of Dubach	11,633
Town of Grambling	39,498
Livingston Parish:	
Livingston Parish School Board - Sales Tax	3,402,040
Livingston Parish School Board - Law Enforcement	850,508
Livingston Parish School Board - Special Sales Tax	804,794
Livingston Parish Road Maintenance	1,701,135
City of Denham Springs	245,886
Town of Livingston	24,259
Town of Walker	78,679
Village of Albany	9,131
Town of Springfield	13,467
Livingston Parish Gravity Drainage District No. 1	117,274
Livingston Parish Gravity Drainage District No. 5	55,189
Livingston Parish Gravity Drainage District No. 6	4,982
Madison Parish:	
Madison Parish Sales Tax Fund	226,147
Madison Parish Police Jury	75,391
Madison Parish Law Enforcement District	71,629
City of Tallulah	142,297
Village of Richmond	14,320
Morehouse Parish:	
Morehouse Parish School Board	622,714
Morehouse Parish Police Jury	622,717
Morehouse Law Enforcement District	207,570
City of Bastrop	218,989
Village of Mer Rouge	10,792
Village of Bonita	1,672
Village of Collinston	1,984

(Continued)

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

Natchitoches Parish:

Natchitoches Parish School Board	\$790,808
Natchitoches Parish Police Jury	380,312
City of Natchitoches	367,524
Town of Campti	14,551
Village of Robeline	3,746
Village of Clarence	3,062
Village of Natchez	2,005

Orleans Parish:

Orleans Parish School Board	5,558,435
City of New Orleans	9,264,060
New Orleans Regional Transit Authority	3,705,622

Ouachita Parish:

Ouachita-Monroe School Board	2,012,049
Ouachita Parish Police Jury	1,441,607
Ouachita Parish Fire Protection	1,441,607
Ouachita Parish School Board	1,661,999
City of Monroe	2,822,274
City of West Monroe	532,086
Town of Sterlington	20,531
Town of Richwood	11,389
West Ouachita School District	824,040

Plaquemines Parish:

Plaquemines Parish School Board	529,980
Plaquemines Parish Council	1,059,962

Pointe Coupee Parish:

Pointe Coupee Parish School Board	391,230
Pointe Coupee Parish Sales Tax Fund	684,658
Town of New Roads	62,923
Village of Morganza	10,658
Town of Livonia	19,664
Village of Fordoche	13,273

(Continued)

**PUBLIC SAFETY SERVICES
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TAXING AUTHORITY (CONT.)

Rapides Parish:

Rapides Parish Sales Tax Fund	\$1,965,721
Rapides Parish Sales Tax District	623,625
Rapides Parish School Board	1,965,722
Rapides Parish (City) Sales Tax	1,099,668
Rapides Parish (Pineville)	335,983
City of Glenmora	23,915
Town of Lecompte	14,739
Rapides Sales Tax - Ball	21,509
Rapides Sales Tax - Boyce	10,401
Village of Woodworth	4,431

Red River Parish:

Red River Parish School Board	263,291
Red River Parish Police Jury	131,645
Red River Parish Law Enforcement District	131,645
Town of Coushatta	19,996
Village of Hall Summit	2,045

Richland Parish:

Richland Parish School Board	416,005
Richland Parish Police Jury	416,007
Richland Parish Law Enforcement District	138,668
Town of Rayville	46,387
Town of Mangham	7,896
Town of Delhi	44,278

Sabine Parish:

Sabine Parish School Board	446,856
Sabine Parish Police Jury	446,855
Sabine Law Enforcement District	111,713
Town of Many	36,230
Village of Pleasant Hill	8,638
Village of Florien	8,044
Town of Zwolle	24,381
Village of Converse	5,588

(Continued)

**PUBLIC SAFETY SERVICES
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TAXING AUTHORITY (CONT.)

St. Bernard Parish:	
St. Bernard Parish Sales Tax Department	\$2,941,560
St. Bernard Parish Police Jury	420,221
St. Bernard Law Enforcement District	420,221
St. Charles Parish:	
St. Charles Parish School Board	1,584,308
St. Charles Parish Council	1,584,308
St. Helena Parish:	
St. Helena Parish School Board	271,415
St. Helena Parish Police Jury	271,407
Town of Greensburg	10,437
St. James Parish:	
St. James Parish School Board	684,481
St. James Parish Council - Gramercy	293,445
St. James Parish Council - Lutcher	21,036
St. James Parish Council	29,320
St. John the Baptist Parish:	
St. John the Baptist Parish School Board	1,197,904
St. John the Baptist Parish Council	598,950
St. John the Baptist Sewerage District	598,950
St. Landry Parish:	
St. Landry Parish School Board	1,240,877
St. Landry Parish Solid Waste Commission	992,700
City of Opelousas	286,284
Town of Arnaudville	26,826
City of Eunice	278,708
Town of Sunset	27,242
Town of Port Barre	89,584
Village of Cankton	4,204
Town of Grand Couteau	9,646
Town of Krotz Springs	21,126
Town of Washington	13,727
Town of Melville	20,654

(Continued)

**PUBLIC SAFETY SERVICES
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AND CORRECTIONS
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TAXING AUTHORITY (CONT.)

St. Martin Parish:	
St. Martin Parish School Board	\$1,620,814
Town of Arnaudville	9,492
City of Breaux Bridge	117,599
Town of Henderson	8,936
City of St. Martinville	80,514
Village of Parks	11,563
St. Mary Parish:	
St. Mary Parish Police Jury	1,620,807
St. Mary Parish School Board	1,342,954
St. Mary Parish Law Enforcement District	428,303
Morgan City	74,132
St. Mary Parish - Wards 5 and 8	90,923
St. Mary Parish - Wards 1, 2, 3, 4, 7, and 10	88,924
St. Mary Parish Sales - 6 and 9	22,508
St. Tammany Parish:	
St. Tammany Parish School Board	6,511,636
St. Tammany Parish Council	4,534,011
St. Tammany Parish Law Enforcement District	813,953
St. Tammany Jail Facilities and Complex	1,134,018
City of Covington	362,414
Town of Abita Springs	41,213
Village of Folsom	52,749
Town of Madisonville	46,074
City of Mandeville	645,889
Town of Pearl River	71,982
City of Slidell	929,208
Village of Sun	3,046

(Continued)

**PUBLIC SAFETY SERVICES
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TAXING AUTHORITY (CONT.)

Tangipahoa Parish:

Tangipahoa Parish School Board	\$3,143,438
Tangipahoa Parish Council	1,571,522
Town of Amite City	73,598
City of Hammond	385,985
Town of Independence	53,782
City of Ponchatoula	143,074
Town of Roseland	21,605
Town of Kentwood	47,573
Village of Tangipahoa	4,666
Village of Tickfaw	15,154

Tensas Parish:

Tensas Parish School Board	89,636
Tensas Parish Police Jury	174,018
Tensas Parish Law Enforcement District	22,409
Town of Newellton	10,605
Town of St. Joseph	12,854

Terrebonne Parish:

Terrebonne Parish - Sales Tax Fund 1 Percent	2,650,148
Terrebonne Parish - Sales Tax Fund 3/4 Percent	3,091,840
Terrebonne Parish - Sales Tax Fund 1/4 Percent	618,040
Terrebonne Parish Sales Tax Fund	883,414

Union Parish:

Union Parish School Board	425,977
Union Parish Police Jury	425,977
Union Parish Law Enforcement District	212,988
Town of Farmerville	34,086
Town of Bernice	26,272
Town of Marion	8,720
Village of Junction City	4,649

(Continued)

**PUBLIC SAFETY SERVICES
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TAXING AUTHORITY (CONT.)

Vermilion Parish:

Vermilion Parish School Board	\$916,602
Vermilion Parish Police Jury	1,374,904
Vermilion Parish Sheriff	229,149
City of Abbeville	135,540
Town of Delcambre	18,492
Town of Erath	33,733
City of Kaplan	67,311
Village of Maurice	25,205
Town of Gueydan	23,199

Vernon Parish:

Vernon Parish School Board	1,446,601
Vernon Parish Police Jury	1,084,950
Town of Leesville	66,821
Village of Rosepine	9,855
Village of New Llano	20,533
Town of Hornbeck	4,514

Washington Parish:

Washington Parish School Board	701,079
Bogalusa School Board	342,315
Washington Parish Police Jury	495,820
Washington Law Enforcement District	311,194
Town of Franklinton	48,602
City of Bogalusa	379,985
Village of Angie	9,920
Village of Varnado	802

Webster Parish:

Webster Parish School Board	1,699,535
City of Minden	300,208
Town of Cotton Valley	12,141
City of Springhill	150,861
Town of Cullen	14,049
Village of Sarepta	15,661

(Continued)

**PUBLIC SAFETY SERVICES
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TAXING AUTHORITY (CONT.)

Webster Parish: (Cont.)

Town of Sibley	\$32,734
Village of Dixie Inn	1,748

West Baton Rouge Parish:

West Baton Rouge Parish Police Jury	587,746
West Baton Rouge Parish School Board	391,830
West Baton Rouge Parish - Sales Tax District No. 1	391,830
West Baton Rouge Parish Fire District No. 1	195,914

West Carroll Parish:

West Carroll Parish School Board	211,243
West Carroll Parish School Board and Police Jury	633,867
Town of Oak Grove	24,214

West Feliciana Parish:

West Feliciana Parish School Board	342,189
West Feliciana Parish School Board and Police Jury	171,094
West Feliciana Parish School Board - Sales Tax District No. 1	94,190
Town of St. Francisville	52,223

Winn Parish:

Winn Parish School Board	541,408
Winn Parish Police Jury	135,350
City of Winnfield	73,393

Total Distributions

<u>\$262,718,274</u>

(Concluded)

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and on internal controls 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.



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

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

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

June 2, 1999

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

COLONEL WILLIAM R. WHITTINGTON
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, 1998, and the related statement of collections, distributions, and unsettled balances for the period January 1, 1998, through December 31, 1998, and have issued our report thereon dated June 2, 1999.

We conducted our audit in accordance with generally accepted auditing standards and *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.

Compliance

Compliance with laws and regulations applicable to the Parish and Municipal Motor Vehicle Sales and Use Tax Escrow Fund is the responsibility of the department's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the department's compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

LEGISLATIVE AUDITOR

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

Compliance and Internal Control Report

June 2, 1999

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Internal Control Over Financial Reporting

In planning and performing our audit, we considered Public Safety Services' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the department's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the following paragraphs:

Incomplete Vehicle Application Forms

For the ninth consecutive year, the Office of Motor Vehicles processed incomplete application forms for vehicle registration. The assessment and distribution of motor vehicle sales tax is based upon the domicile of the taxpayer purchasing the motor vehicle. The taxpayer's residence, including whether the taxpayer lives within the corporate limits of a municipality, determines the taxing authority entitled to the avails of the motor vehicle sales tax. Based on that information, the Office of Motor Vehicles assigns the domicile code for each parish and municipality.

During 1998, the office processed 825,199 motor vehicle applications and collected \$267,285,858 in parish and municipality taxes. Of 137 items tested from this population, representing \$38,675 in parish and municipality tax collections, 13 incomplete vehicle application forms (9.49% exception rate) were accepted and processed by the office.

The incomplete vehicle application forms, which may have been prepared by vehicle dealers, financial institutions, or Office of Motor Vehicles' operators, either failed to identify the taxpayer's residence as being inside or outside of the corporate limits of the municipality, failed to identify the taxpayer's parish of residence, or showed a post office box as the address with no reference to a physical address.

When vehicle application forms are not properly completed, employees of the office are not equipped with the necessary data needed to provide reasonable assurance that all

LEGISLATIVE AUDITOR

PUBLIC SAFETY SERVICES
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Compliance and Internal Control Report
June 2, 1999
Page 3

domicile codes are correctly assigned. This increases the possibility that taxes could be improperly assessed or distributed to the wrong taxing authority.

Incomplete vehicle application forms should be returned to the taxpayer, and fees should be held by the office in a suspense status until the form is properly completed by the taxpayer or his representative. Each taxing authority should be required to furnish the office with an updated list of streets within its boundaries to ensure proper domicile coding, a process which could be automated by the office.

Management of the department concurred with the finding and recommendation and has taken corrective action (see Appendix A).

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described previously is not a material weakness.

This report is intended for the information and use of Public Safety Services and its management and is not intended to be and should not be used by anyone other than these specified parties. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

SHE:THC:RCL:dl
[VEHTAX]

Appendix A

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



Department of Public Safety and Corrections

Public Safety Services

May 24, 1999

DPS-02-089

"MIKE" FOSTER, JR.
GOVERNOR

NANCY VAN NORTWICK
UNDERSECRETARY

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

Re: Single Audit Finding
May 7, 1999

Dear Dr. Kyle:

The Office of Motor Vehicles has continued to significantly reduce the error rate with additional training of employees, performing an in-house audit on all files processed with a Cameron Parish address, obtaining funding approval for an upgrade of employees who process motor vehicle work, and having the computer system programmed to provide an edit field for the required "yes/no" indication of addresses within the corporate limits of a municipality.

We concur with the findings; however, it should be noted that even though the parish name was not listed on the application, the domicile code for the appropriate parish was used, and the correct amount of sales tax was collected in a sampling of instances.

For the ninth consecutive year, it must again be emphasized that until such time as all parishes/municipalities are able to provide listings of all the roads and streets that fall within their respective jurisdictions, it will remain impossible to ensure 100 percent accuracy in collecting taxes.

Sincerely,

Nancy Van Nortwick
Undersecretary

NVN:vea

enclosure

c: Kay Covington, OMV
Sandra Lee, Controller