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INDEPENDENT STATE AUDITOR'S REPORT
ON SPECIAL LICENSE PLATE FUNDS

OFFICIAL AUDIT
REPORT
OCTOBER 23, 2002

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The Registry of Motor Vehicles (RMV) is authorized by various Massachusetts General Laws to issue Special License Plates to benefit specific activities and citizens of the Commonwealth. Our audit covered the following seven special plates: Right Whale Plate; Fish and Wildlife Plate; Blackstone Valley Plate; Invest in Children Plate; United States Olympic Plate; Cape Cod and Islands Plate, and a Veterans Plate. The revenue received from the sale of these plates is either placed in specific funds or transferred to other entities to be expended for specific purposes.

The purpose of our audit was to determine whether entities receiving revenue from the sale of special license plates issued by the Registry of Motor Vehicles were expending those funds in accordance with applicable laws, regulations, and other requirements. Specifically, our audit covered revenue of approximately \$3.0 million and expenditures of approximately \$3.4 million for fiscal year 2002. We obtained the revenue amounts for each plate from the RMV and verified the totals to the Commonwealth's accounting records. We obtained expenditure data from the Commonwealth's accounting system or the entity. We reviewed documentation, laws, and guidelines to ensure the funds were appropriately expended. For the Environmental Trust Fund; Child Care Quality Fund; Barnstable County Commissioners; and Chelsea Soldiers' Home, we selected a sample of grants and transactions. We examined all of the transactions in the cases of Dukes County, Nantucket County, and the Holyoke Soldiers' Home. For the Massachusetts United States Olympic Fund, we contacted the United States Olympic Committee and obtained documentation to ensure that the funds are being used for Massachusetts Olympic and Paralympic athletes.

Based on the results of our audit, we determined that adequate controls are in place to provide reasonable assurance that the special license plate fees are being expended for their intended purposes.

APPENDIX

8**SPECIAL LICENSE PLATE FEES TRANSFERRED TO FUNDS OR ENTITIES**

INTRODUCTION

Background

The Registry of Motor Vehicles (RMV) is authorized by various Massachusetts General Laws to issue Special License Plates to benefit specific activities and citizens of the Commonwealth. Our audit covered the following seven special plates: Right Whale Plate; Fish and Wildlife Plate; Blackstone Valley Plate; Invest in Children Plate; United States Olympic Plate; Cape Cod and Islands Plate, and a Veteran Plate. From the time the RMV began issuing these special plates in fiscal year 1995 through fiscal year 2002, more than \$19 million has been received from the sale of these plates. The revenue received, after the RMV withholds a twelve dollar fee to manufacture the initial plate, is either placed in specific funds or transferred to other entities as indicated in the following chart:

Special License Plate	Fund or Entity
Right Whale Plate	Environmental Trust Fund
Fish and Wildlife Plate	Environmental Trust Fund
Blackstone Valley Plate	Environmental Trust Fund
Invest in Children Plate	Child Care Quality Fund
United States Olympic Plate	Massachusetts United States Olympic Fund
Cape Cod and Islands Plate	Barnstable, Dukes and Nantucket County Commissioners
Veteran Plate	Chelsea Soldiers' Home Holyoke Soldiers' Home

The total revenue for all the funds and entities from fiscal years 1995 through 2002 is provided in the Appendix on page 8.

As of July 31, 2002, there were 140,902 active special plates:

Right Whale Plate	54,196
Fish and Wildlife Plate	4,710
Blackstone Valley Plate	2,178
Invest in Children Plate	14,099
United States Olympic Plate	1,764

Cape Cod and Islands Plate	48,374
Veterans Plate	<u>15,581</u>
	<u>140,902</u>

Environmental Trust Fund

The Environmental Trust Fund is managed by a board of trustees appointed by the Secretary of Environmental Affairs. Chapter 90, Section 2E, of the Massachusetts General Laws authorizes the fund to receive the revenue from the sale of Right Whale, Fish and Wildlife, and Blackstone Valley plates.



It is the responsibility of the board to develop criteria for project grants to be made to qualifying not-for-profit organizations, community associations, civic groups, schools, cities or towns, regional planning agencies or public agencies for projects consistent with the purpose of the trust. The trust's mission is to fund and coordinate projects that encourage cooperative efforts to raise environmental awareness and support innovative approaches that can protect and restore our natural resources, with a special focus on water and related resources of the Commonwealth. The RMV currently charges an initial special plate fee and a renewal fee every two years of seventy-six dollars. The Registry has received and transferred \$9.73 million in revenue for fiscal years 1995 through 2002 from the issue of the Environmental Trust Fund plates, and has 61,084 active plates as of July 31, 2002.

Child Care Quality Fund



The Child Care Quality Fund is authorized by Chapter 29, Section 2JJ, of the Massachusetts General Laws. The Office of Child Care Services administers this fund and receives the revenue from the sale of the Invest in Children special license plates.

It is the responsibility of the Commissioner of the Office of Child Care Services to determine how the funds are disseminated. According to the legislation, the funds should be disbursed by providing grants to not-for-profit child care organizations for the purpose of improving child care services including, but not limited to, teacher training, training and education of consumers and parents, the purchase of educational curricula and materials, specialized training for bilingual and bicultural providers and technical assistance for acquiring accreditation by the National Association for the Education of Young Children, an organization working to achieve healthy development and constructive education for all young children. The RMV currently charges an initial special plate fee and a renewal fee every two years of seventy-six dollars. The Registry has received and transferred approximately \$910,000 in revenue for fiscal years 1998 through 2002 from the Invest in Children plates, and has 14,099 active plates as of July 31, 2002.

Massachusetts United States Olympic Fund



The Massachusetts United States Olympic Fund is authorized by Chapter 10; Section 35O of the Massachusetts General Laws to assist residents of the Commonwealth in paying for costs associated with the development, maintenance, and operation of the United States Olympic and Paralympic teams. This fund receives all revenues from the sale of the United States Olympic plate. Additionally, the fund receives the revenue from the voluntary check-off donation on the Commonwealth's individual tax return and donations and gifts from both public and private sources. The State Treasurer is the custodian of the fund, and annually the balance of the

fund is transferred to the United States Olympic Committee. The RMV currently charges an initial special plate fee and a renewal fee every two years of eighty-six dollars. The Registry has received and transferred approximately \$260,000 for fiscal years 1997 through 2002 from the issue of the United States Olympic plate, and has 1,764 active plates as of July 31, 2002.

Barnstable, Dukes, and Nantucket County Commissioners



The RMV is authorized by Chapter 90, Section 2, of the Massachusetts General laws to issue a Cape Cod and Islands special license plate.

Proceeds from the sale of these plates are transferred to the Barnstable, Dukes, and Nantucket County Commissioners to be expended for the economic development of Cape Cod and the Islands. The revenues are transferred to the County Commissioners in proportion to the number of vehicles registered in each county. In the case of Barnstable County, forty percent of the amount received is retained by the County Commissioners; forty percent is transferred to the Cape Cod Economic Development Council, Inc., and twenty percent is transferred to the Lower Cape Community Development Corporation. All amounts transferred are to be used to promote tourism and economic development. The RMV charges an initial and a renewal fee of eighty-six dollars. The Registry has received and transferred approximately \$6.2 million in revenue for fiscal years 1996 through 2002 from the issue of the Cape Cod and Islands plate, and has 48,374 active plates as of July 31, 2002.

Chelsea Soldiers' Home and Holyoke Soldiers' Home

The RMV is authorized by Chapter 90, Section 2, of the Massachusetts General Laws to issue a special Veteran license plate. Proceeds from the sale of these plates are divided sixty percent for Chelsea and forty percent for Holyoke, based upon the approximate number of residents, and are transferred to the Chelsea Soldiers' Home and Holyoke Soldiers' Home to be used to benefit the residents



of the homes. The RMV currently charges an initial and a renewal fee of seventy-six dollars and has received and transferred approximately \$2.4 million in revenue for fiscal years 1995 through 2002 from the issue of the Veteran plate. The RMV also has several special veteran plates for which there are no fees. These plates are available to survivors of the attack on Pearl Harbor; Bronze Star recipients; Silver Star recipients; and recipients of the Purple Heart. Surviving spouses may retain the plates until remarriage, failure to renew or cancellation of the registration, if they pay an annual fee of twenty dollars in addition to the normal registration fee. The RMV has 15,581 active plates as of July 31, 2002.

Audit Scope, Objectives, and Methodology

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor conducted an audit to determine whether entities receiving funds from the sale of special license plates issued by the Registry of Motor Vehicles were expending these funds in accordance with applicable laws, regulations, and other requirements. Our review was conducted in accordance with applicable generally accepted government auditing standards.

Specifically, our audit covered the revenue and expenditure of funds for fiscal year 2002:

	Revenue	Expenditures
Environmental Trust Fund	\$1,160,884	\$1,731,669 (A)
Child Care Quality Fund	281,664	107,234
Massachusetts United States Olympic Fund	43,308	180,255 (B)
Barnstable, Dukes, and Nantucket Court Commissioners	1,238,145	1,155,931
Chelsea Soldier's Home/Holyoke Soldier's Home	<u>317,320</u>	<u>241,990</u>
	<u>\$3,041,321</u>	<u>\$3,417,079</u>

(A) The Environmental Trust Fund has a balance forward due to any unexpended funds.

(B) Amount includes funds from Commonwealth's individual tax return check-off box and donations and gifts.

We obtained the revenue amounts for each plate from the RMV and verified the totals to the Commonwealth's accounting records. We obtained expenditure data from the Commonwealth's accounting system or the entity. For the Environmental Trust Fund; Child Care Quality Fund; Barnstable County Commissioners, and Chelsea Soldiers' Home, we selected a sample of grants and transactions. In the cases of Dukes County, Nantucket County, and the Holyoke Soldiers' Home we reviewed all of the transactions, documentation, laws, and guidelines to ensure the funds were appropriately expended. For the Massachusetts United States Olympic Fund, we contacted the United States Olympic Committee and obtained documentation to ensure that the funds being spent are being used for Massachusetts Olympic and Paralympic athletes.

Based on the results of our audit, we determined that the special license plate fees are being expended in accordance with their intended purposes.

Subsequent Events

The RMV has recently announced that new special license plates will be available to the general public. On October 3, 2002, Acting Governor Jane Swift announced there would be a United We Stand license plate. One half of the proceeds of the plate will go to a Massachusetts fund for victims of the September 11, 2001 tragedy, and the other half will be evenly split between the State Department's Reward for Justice program, which offers rewards for information leading to the capture of terrorists or the prevention of terrorists attacks, and the new Commonwealth Security Trust fund, which will provide anti-terrorism grants to local police and fire departments. Pursuant to legislation passed on September 26, 2002, two additional plates will be available to the public. The Boston Red Sox announced there would be a special plate to benefit the Jimmy Fund, and the Boston Bruins announced there would be a special license plate with all proceeds going to Massachusetts Hockey, Inc., a nonprofit affiliate of USA Hockey.



APPENDIX

SPECIAL LICENSE PLATE FEES TRANSFERRED TO FUNDS OR ENTITIES

PLATE	FISCAL YEARS								TOTAL
	1995	1996	1997	1998	1999	2000	2001	2002	
Environmental Trust									
Right Whale	\$960,346	\$1,094,865	\$1,596,580	\$1,220,517	\$1,193,708	\$1,139,164	\$1,149,724	\$1,039,404	\$9,394,308
Fish and Wildlife					\$16,160	\$45,672	\$94,652	\$80,964	\$237,448
Blackstone Valley						\$17,052	\$41,196	\$40,516	\$98,764
Veteran	\$395,195	\$118,385	\$471,360	\$247,555	\$259,035	\$275,250	\$302,335	\$317,320	\$2,386,435
Cape Cod and Islands		\$228,080	\$770,995	\$840,621	\$892,840	\$1,078,490	\$1,199,749	\$1,238,145	\$6,248,920
United States Olympic			\$49,930	\$38,984	\$41,599	\$40,034	\$47,475	\$43,308	\$261,330
Invest in Children				\$15,073	\$135,216	\$207,248	\$270,704	\$281,664	\$909,905
	<u>\$1,355,541</u>	<u>\$1,441,330</u>	<u>\$2,888,865</u>	<u>\$2,362,750</u>	<u>\$2,538,558</u>	<u>\$2,802,910</u>	<u>\$3,105,835</u>	<u>\$3,041,321</u>	<u>\$19,537,110</u>