

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION
 DEPARTMENT OF ECONOMIC DEVELOPMENT
 STATE OF LOUISIANA
 FIDUCIARY FUND - AGENCY FUND - SURETY BOND CLAIMS FUND

SCHEDULE OF CHANGES IN BALANCE
 For the Years Ended June 30, 1996 and 1995

	1996	1995
BALANCE AT BEGINNING OF YEAR	\$ -	\$ -
Add proceeds from bonding company	22,011	10,600
	22,011	10,600
Less payments to claimants	(22,011)	(10,600)
BALANCE AT END OF YEAR	\$ -	\$ -

LOUISIANA MOTOR VEHICLE AND PARTS COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS

BALANCE SHEET

June 30, 1998

With Comparative Totals for June 30, 1997

	Governmental Fund - General Fund	Account Groups		Total (Governmental Fund)	
		General Fund Assets	General Fund Liabilities and Deferred Outlays	1998	1997
ASSETS AND OTHER DEBITS					
Cash and cash equivalents	\$ 780,001	\$ -	\$ -	\$ 780,001	\$ 690,037
Accounts receivable - leasing contracts and fees	1,020	-	-	1,020	3,044
Prepaid expenses	5,000	-	-	5,000	5,000
Fund assets	-	400,000	-	400,000	400,000
Other debits - amounts to be provided for retirement/pension liability from obligations	-	-	40,471	40,471	40,388
Total assets and other debits	\$ 790,021	\$ 400,000	\$ 40,471	\$ 1,230,491	\$ 1,178,669
LIABILITIES, EQUITY AND OTHER CREDITS					
LIABILITIES					
Accounts payable	\$ 5,754	\$ -	\$ -	\$ 5,754	\$ 2,300
Deferred liabilities	8,701	-	-	8,701	50,440
Payroll taxes and benefits payable	800	-	-	800	917
Accrued compensated absences	-	-	81,471	81,471	80,788
Total liabilities	15,255	-	81,471	97,526	134,445
EQUITY AND OTHER CREDITS					
Investment in general fixed assets	-	400,000	-	400,000	440,500
Fund balances - unreserved - undesignated	780,000	-	-	780,000	673,724
Total equity and other credits	780,000	400,000	-	1,180,000	1,114,224
Total liabilities, equity, and other credits	\$ 895,255	\$ 400,000	\$ 81,471	\$ 1,376,726	\$ 1,288,669

See Notes to Financial Statements

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
GOVERNMENTAL FUND - GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Years Ended June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
REVENUES		
Licenses	\$ 179,898	\$ 987,613
Use of money - interest earnings	40,804	31,804
Enforcement actions	22,664	77,169
Other	4,804	10,823
	<u>248,170</u>	<u>1,107,419</u>
Total revenues	<u>248,170</u>	<u>1,107,419</u>
EXPENDITURES		
Public safety - other protection - regulation of		
licensed occupations:		
Personal services and related benefits	526,922	527,258
Operating services and supplies	124,158	89,318
Travel and other charges	12,883	16,828
Professional services	31,459	30,757
Capital outlay	49,693	13,588
Bad debt expense	-	39,474
Other	4,551	3,480
	<u>750,686</u>	<u>760,689</u>
Total expenditures	<u>750,686</u>	<u>760,689</u>
Excess of revenues over expenditures	<u>497,484</u>	<u>346,730</u>
Fund balance at beginning of year	<u>673,120</u>	<u>326,389</u>
Fund balance at end of year	<u>\$ 1,170,604</u>	<u>\$ 673,120</u>

See Notes to Financial Statements

**LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
GOVERNMENTAL FUND - GENERAL FUND**

**STATEMENT OF REVENUE AND EXPENDITURES - BUDGET (FISCAL BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 1999 AND 1998**

	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Licenses	\$ 699,000	\$ 719,885	\$ 20,885	\$ 699,740	\$ 697,495	\$ (2,245)
Self-insured retires	14,000	11,945	(2,055)	14,000	94,294	80,294
Non-sufficient funds/fee	250	95	(155)	500	630	130
Interest on certificates of deposit	20,000	24,674	4,674	18,000	24,647	6,647
Interest on operating account	4,000	5,888	1,888	5,000	5,998	998
Copies and station sale	1,000	1,488	388	1,000	954	(46)
Other miscellaneous	4,000	3,771	(229)	500	9,745	9,245
Total revenues	740,000	841,536	101,536	717,240	837,059	119,819
EXPENDITURES						
Salaries						
Regular	499,700	449,894	(49,806)	499,740	493,198	(6,542)
Other compensation	14,000	14,641	641	17,500	14,950	(2,550)
Retired benefits	94,000	83,875	(10,125)	80,400	77,273	(3,127)
Operating						
Travel	20,000	17,487	(2,513)	20,000	19,974	(26)
Operating services	80,000	88,438	8,438	86,000	79,388	(6,612)
Supplies	15,000	16,912	1,912	17,000	14,534	(2,466)
Professional services						
Accounting	3,000	1,147	(1,853)	3,000	7,900	4,900
Legal	20,000	24,483	4,483	20,000	24,681	4,681
Other	1,000	-	(1,000)	-	-	-
Other Charges	5,750	4,397	(1,353)	4,000	5,668	1,668
Acquisitions and major repairs						
Acquisitions	40,000	40,683	683	10,000	11,683	1,683
Major repairs	1,000	-	(1,000)	3,000	-	(3,000)
Material expense	-	-	-	-	31,474	31,474
Total expenditures	737,924	744,758	6,834	717,240	754,984	37,744
Excess (deficiency) of revenues over expenditures	<u>\$ 22,076</u>	<u>96,778</u>	<u>\$ 74,702</u>	<u>\$ 30,000</u>	<u>82,075</u>	<u>\$ 52,075</u>
Cash and cash equivalents balance at beginning of year		<u>699,000</u>			<u>699,000</u>	
Cash and cash equivalents balance at end of year		<u>\$ 795,778</u>			<u>\$ 781,075</u>	

See Note to Financial Statements

**LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA**

NOTES TO FINANCIAL STATEMENTS

INTRODUCTION

The Louisiana Used Motor Vehicle and Parts Commission is a component unit of the State of Louisiana created within the Louisiana Department of Economic Development as provided by Louisiana Revised Statute (LSA-R.S.) 38:105. The Commission is responsible for licensing used motor vehicle dealers, salesmen, automotive dismantlers, auto trustees, parts recyclers, and marine dealers, as well as hearing complaints on used vehicles and parts. Operations of the Commission are funded with license fees. The Commission is governed by a Board of Commissioners consisting of 11 members appointed by the Governor.

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

In April 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government. The accompanying financial statements have been prepared in accordance with such principles.

Reporting Entity

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The Louisiana Used Motor Vehicle and Parts Commission is considered a component unit of the State of Louisiana because the State exercises oversight responsibility as follows: (1) Commission members are appointed by the Governor and must be confirmed by the Senate; (2) Commission action for fee increases are governed by the Administrative Procedure Law; and (3) service is provided within the boundaries of the State. The accompanying statements present information only as to the transactions of the Louisiana Used Motor Vehicle and Parts Commission, a component unit of the State of Louisiana. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the accompanying financial statements.

NOTES TO FINANCIAL STATEMENTS

Fund Accounting

The Commission uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Commission are classified into two categories: governmental (General Fund) and fiduciary (Agency Fund). These funds are described as follows:

General Fund

The General Fund is the principal fund of the Commission and accounts for its operations. The Commission's primary source of revenue is from license fees and interest earnings. General operating expenditures are paid from this fund.

Surety Bond Claims Fund (Agency Fund)

Pursuant to LSA-R.S. 32:4(A) and (B) and 32:774(G) and (H), licensed used motor vehicle dealers post a \$10,000 surety bond payable through the Commission to indemnify persons who suffer a loss as a result of any violation of the provisions of law and for the proper disposition of all taxes and registration fees. The Surety Bond Claims Fund, an Agency fund, accounts for the proceeds retained from bonding companies and subsequently paid to applicable claimants.

The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The activity of the Surety Bond Claims Fund for the years ended June 30, 1995 and 1996, is shown on Schedule 1.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The General Fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The Commission's accounts are recorded on a cash basis of accounting; however, the General Fund, as reported in the accompanying financial statements, has been converted to a modified accrual basis of accounting using the following practices:

NOTES TO FINANCIAL STATEMENTS

Revenues

License fees are recorded when they are considered measurable and available for use. Interest earnings are recorded when the income is earned. Other revenues are recognized when they become measurable and available as current assets.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for accrued annual and sick leave, which is recorded as an expenditure when expected to be paid from current available resources.

The Agency Fund is reported on the modified accrual basis of accounting.

Fixed Assets and General Long Term Obligations

Fixed assets are accounted for in the general fixed assets account group, rather than in the General Fund. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

Long-term obligations are accounted for in the general long-term obligations account group, not in the General Fund.

The two account groups are not funds. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Budget Practices

In accordance with USA-R.S. 39:1333-1342, the Louisiana Used Motor Vehicle and Parts Commission is required to submit a copy of its proposed budget for the upcoming fiscal year by the first day of the preceding January to the Joint Legislative Committee on the Budget, to each chairman of a standing committee of the Legislature having jurisdiction, to the Legislative Auditor, and the Legislative Fiscal Office.

The annual budget for the years ended June 30, 1996 and 1995, were formally adopted by the Commission on January 16, 1996 and January 17, 1995, respectively. The budgets were prepared on a cash basis of accounting for estimated revenues, expenditures, and the excess of expenditures over revenues. The budgets were not integrated into the accounting records, but were employed by the Commission as a management control device.

NOTES TO FINANCIAL STATEMENTS

Reporting Standard Section 260-105, is recognized as a current year expenditure in the General Fund when leave is actually taken. The cost of leave privileges not requiring current resources is covered in the general long-term obligations account group.

Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission purchases insurance coverage through the State Office of Risk Management, which is responsible for negotiating, comprehending and settling all claims including all tort claims against the Commission.

Total Column on Balance Sheet

The total column on the balance sheet is captioned Memorandum Only (with/with) to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Note 2. Cash and Cash Equivalents

At June 30, 1990 and 1989, the Commission has cash and cash equivalents (bank balances) totaling \$709,051 and \$690,227 as follows:

	1990	1989
Demand deposits	\$ 84,551	\$ 65,727
Party cash	500	500
Certificates of deposit	<u>584,000</u>	<u>584,000</u>
Total	\$709,051	\$690,227

Under State law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The Commission's deposits are categorized to give an indication of the level of risk assumed by the Commission. The categories are described as follows:

- Category 1. Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the entity's name.

MEMORANDUM ON INTERNAL CONTROL AND OPERATING EFFICIENCY

During the 1995 Legislative Session, Act No. 1100 was passed and became R.S. 24:522. The law enacted the Louisiana Performance Audit Program. Paragraph (D) of the law requires all state agencies to "develop specific goals and objectives for each of their programs to include measures of performance. They shall report on program goals and objectives in developing annual budgets and shall submit such information to the Legislature as a part of the appropriations process."

The law also requires that the Legislative Auditor "evaluate the programs, services, and activities administered by the agencies of state government and identify overlapping functions, outdated programs or methodologies, areas needing improvement, and/or programs amenable to privatization."

The law became effective on June 29, 1995. We have discussed the law and its requirements with management and they are taking appropriate action to comply with it.

We will review your compliance with this law in connection with the audit of your agency for the year ending June 30, 1997.

NOTES TO FINANCIAL STATEMENTS

	<u>Balance</u> <u>July 1, 1995</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 1995</u>
Furniture and equipment	\$ 348,538	\$ 47,200	\$ 21,858	\$ 373,880
Lease and building	<u>395,808</u>	<u> </u>	<u> </u>	<u>395,808</u>
Total	<u>\$ 744,346</u>	<u>\$ 47,200</u>	<u>\$ 21,858</u>	<u>\$ 769,688</u>

Note 5. Pension Plan

Substantially all employees of the Commission are members of the Louisiana State Employees Retirement System (System), a single-employer (cost-sharing), public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of State employees, which is administered and controlled by a separate Board of Trustees. Contributions of participating State Agencies are pooled within the System to fund accrued benefits, with contribution rates approved by the Louisiana Legislature. The payroll for employees of all participating Agencies in the System totaled \$1,819,375,000 and \$1,848,484,628 for the years ended June 30, 1995 and 1994, respectively (the most recent years for which information was available). For the years ended June 30, 1994 and 1995, the Commission's total payroll was \$435,371 and \$433,814 and its payroll covered by the System was \$266,706 and \$275,368 respectively.

All full time Commission employees are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to \$360 plus 2 1/4% of their highest consecutive 36 month average salary multiplied by their years of credited service. Vested employees may retire at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. The System also provides death and disability benefits. Benefits are established by State statute.

Covered employees are required by State statute to contribute 7 1/4% of gross salary to which the Commission adds an 11.9% contribution as an employer match. The Commission's statutory and actual contributions for the years ended June 30, 1995 and 1994, was \$71,608 and \$72,806, respectively, of which \$27,503 and \$38,149 was contributed by Commission employees, and \$44,005 and \$34,657 was contributed by the Commission. The actuarially required contribution for that year, using the System's actuarial funding method (projected unit credit) is the same as the statutorily required contributions. The Commission's actuarially determined contributions represents less than one percent of the total actuarially required contribution of all participating employers and employees.

The pension benefit obligation is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users

**LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA**

**SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Years Ended June 30, 1995 and 1996**

SCHEDULE OF CHANGES IN BALANCE

Changes in balance for the Surety Bond Claims Fund (Agency Fund) for the years ended June 30, 1996 and 1995, are presented on Schedule 1.

SCHEDULE OF PER DIEM PAID COMMISSION MEMBERS

The schedule of per diem paid Commission members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Commission members are paid \$75 for each Commission meeting they attend, not to exceed \$1,800 each year to any one person, as authorized by Louisiana Revised Statute 32:772.

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA

SCHEDULE OF PER DIEM PAID COMMISSION MEMBERS
For the Year Ended June 30, 1995

	<u>Number</u>	<u>Amount</u>
Anthony Aronow	5	\$ 525
Samuel L. Davidson	6	680
J. D. Estelle	11	828
Leon Gastreau	11	825
Johnny C. Horton	10	790
Earl Humphrey	7	528
Francis A. Lantry	10	750
E. Darrell Manasco	13	975
Lee A. Meyer	8	580
Patricia J. Rooney	9	675
Henry A. Smith	2	150
Total		\$ 6,790

**LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION
DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA**

**SCHEDULE OF PER DIEM PAID-COMMISSION MEMBERS
For the Year Ended June 30, 1995**

	<u>Number</u>	<u>Amount</u>
Anthony Aronson	1	75
Steve Berry	5	375
Samuel L. Davidson	4	300
J. D. Exlerle	5	375
Jim Gauthier	6	450
Leon Gauthreau	4	300
Charles Healey	4	300
Earl Humphrey	4	300
Francis A. Laney	6	450
Gerald Link	6	450
B. Darrell Manasco	11	825
Lee A. Mayer	5	375
Marvin Ramsey	6	450
Patrick J. Rooney	5	375
M. J. Smiley, Jr.	6	450
Henry A. Smith	11	825
		<u>\$ 6,525</u>



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED SOLELY ON AN AUDIT OF THE GENERAL
PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Louisiana Used Motor Vehicle and Parts Commission
Department of Economic Development, State of Louisiana
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the Louisiana Used Motor Vehicle and Parts Commission, a component unit of the State of Louisiana, as of and for the two years ended June 30, 1995, and have issued our report thereon dated August 14, 1995.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Louisiana Used Motor Vehicle and Parts Commission is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Louisiana Used Motor Vehicle and Parts Commission as of and for the two years ended June 30, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in

operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. The matter that we consider to be a reportable condition is described in the accompanying schedule of internal control structure reportable conditions.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the reportable condition described above is a material weakness. This condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the Louisiana Used Motor Vehicle and Parts Commission for the two years ending June 30, 1996.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the Louisiana Used Motor Vehicle and Parts Commission in a separate letter dated August 14, 1996.

This report is intended for the information of the Board of Commissioners, management, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

PROMOST, SALTER, HARPER & ALFORD, L.L.C.

Promost, Salter, Harper & Alford, L.L.C.

August 14, 1996

**LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION
SCHEDULE OF INTERNAL CONTROL STRUCTURE REPORTABLE CONDITIONS
Year Ended June 30, 1996**

Reportable Condition**Material Weakness****Finding****Condition:**

The Commission was not large enough to permit an adequate segregation of employee duties for effective internal accounting control over the cash receipts, disbursements, and financial reporting cycles.

Criteria:

The recording of receipts and disbursements under the control of one person represents a failure to segregate incompatible accounting activities.

Effect:

The condition is such that errors, either intentional or unintentional, in the processing of receipts and disbursements, could occur and not be detected in a timely manner and in the ordinary course of operations.

Cause:

The size of the Commission and the limited number of employees did not permit an adequate segregation of incompatible duties.

Recommendation:

To the extent that it is practical to do so, management should segregate employee duties and perform supervisory reviews.

Response:

See Management's response attached.



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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE BASED ON AN AUDIT OF THE GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Louisiana Used Motor Vehicle and Parts Commission
Department of Economic Development, State of Louisiana
Baton Rouge, Louisiana

We have audited the general purpose financial statements of the Louisiana Used Motor Vehicle and Parts Commission, a component unit of the State of Louisiana, as of and for the two years ended June 30, 1998, and have issued our report thereon dated August 14, 1998.

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 with laws and regulations applicable to the Louisiana Used Motor Vehicle and Parts Commission is the responsibility of the Commission's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Commission's compliance with certain provisions of laws and regulations. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Commissioners, management, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

PROCAST, SALTER, HARPER & ALFORD, L.L.C.

Procast, Salter, Harper & Alford, L.L.C.
August 14, 1998

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION
INDEPENDENT AUDITOR'S COMMENTS ON RESOLUTION OF PRIOR AUDIT FINDINGS

Year Ended June 30, 1996

The matter listed in the Schedule of Internal Control Structure Reportable Conditions is a repeat of prior year's findings.

NOTES TO FINANCIAL STATEMENTS

The revenues shown on Statement B are reconciled to the amounts shown on Statement C as follows:

	1998	1999
Statement B revenues	\$ 647,877	\$ 677,147
Add prior year receivables	3,544	10,893
Less current year receivables	<u>7,828</u>	<u>3,544</u>
Statement C revenues	\$ 643,593	\$ 684,496

The expenditures shown on Statement B are reconciled to the amounts shown on Statement C as follows:

Statement B expenditures	\$ 729,813	\$ 780,858
Add increase in prepaid expenses	3,808	5,891
Add prior year:		
Accounts payable	2,388	4,087
Salaries payable	20,438	6,898
Payroll deductions payable	-	1,864
Payroll taxes and benefits payable	857	2,178
Less current year:		
Accounts payable	2,264	2,268
Salaries payable	6,262	20,438
Payroll taxes and benefits payable	<u>813</u>	<u>812</u>
Statement C expenditures	\$ 734,768	\$ 794,568

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include amounts in certificates of deposit. Under State law, the Commission may deposit funds within a local agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the Commission may invest in certificates of deposit of State banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Compensated Absences

Commission employees earn and accumulate annual and sick leave of various rates, depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. The cost of current leave privileges, computed in accordance with the Codification of Governmental Accounting and Financial



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State of Louisiana
DEPARTMENT OF ECONOMIC DEVELOPMENT
USED MOTOR VEHICLE AND PARTS COMMISSION

**MANAGEMENT'S RESPONSE
TO INTERNAL CONTROL STRUCTURE REPORTABLE CONDITION**

As reported by our auditors, the Louisiana Used Motor Vehicle and Parts Commission is not large enough to permit an adequate segregation of employee duties for effective internal accounting control over the cash receipts, disbursements, and financial reporting cycles. To the extent that we are able, we perform supervisory reviews that help to mitigate the effect, however, there is no cost effective solution.


John M. Terrence
Executive Director

NOTES TO FINANCIAL STATEMENTS

assess the System's funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employees. The pension benefit obligation at June 30, 1995 and 1994 (the most recent years for which information was available), for the System as a whole, determined through an actuarial valuation performed as of that date, is \$5,686,809,256 and \$5,433,354,552, respectively. The System's net assets available for benefits on that date (valuation method used for balance sheet purposes) are \$3,589,531,950 and \$3,240,471,103, for the years ended June 30, 1995 and 1994, respectively, leaving an unfunded pension benefit obligation of \$2,107,407,298 and \$2,192,823,390, respectively.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's June 30, 1995, comprehensive annual financial report. Benefits granted by the System are guaranteed by the State of Louisiana under the Louisiana Constitution of 1874.

Note 6. Post-employment Health Care and Life Insurance Benefits

The Commission provides certain continuing health care and life insurance benefits for its retired employees. Substantially, all the Commission's employees become eligible for these benefits if they reach normal retirement age while working for the Commission. These benefits for retirees and similar benefits for active employees are provided through the State Employees Group Benefits Program whose monthly premiums are paid jointly by the employee and the Commission. The Commission recognizes the cost of providing these benefits as an expenditure when paid during the year. The cost of providing benefits for two retirees totaled \$4,005 for the year ended June 30, 1995, and \$6,788 for the year ended June 30, 1994.

Note 7. Compensated Absences

At June 30, 1995 and 1994, employees of the Commission have accumulated and vested \$45,411 and \$40,150 of employee leave benefits, which was computed in accordance with GASB Codification Section 600. This amount is recorded within the general long term obligations account group.

NOTES TO FINANCIAL STATEMENTS

At June 30, 1995	Bank	Category			Carrying
	Balance	1	2	3	
Cash	\$ 141,762	\$ 180,000	\$ -	\$ 41,762	\$ 94,551
Certificates of deposit	684,000	684,000	-	-	684,000
Petty cash	-	-	-	-	580
Total cash	\$ 1,225,762	\$ 1,784,000	\$ -	\$ 41,762	\$ 779,051

At June 30, 1996

Cash	\$ 110,294	\$ 180,000	\$ -	\$ 15,294	\$ 95,727
Certificates of deposit	684,000	684,000	-	-	684,000
Petty cash	-	-	-	-	580
Total cash	\$ 894,294	\$ 864,000	\$ -	\$ 15,294	\$ 880,227

Note 3. Changes in General Long Term Obligations

General long-term obligations consist entirely of compensated absences. The following is a summary of the long-term obligation transactions during the year:

Long-term obligations payable at June 30, 1994	\$ 48,264
Additions	8,977
Deductions	(2,882)
Long term obligations payable at June 30, 1995	48,159
Additions	8,388
Deductions	(2,889)
Long term obligations payable at June 30, 1996	\$ 45,413

Note 4. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance			Balance
	July 1, 1994	Additions	Deductions	June 30, 1995
Furniture and equipment	\$ 264,808	\$ 13,887	\$ 21,756	\$ 240,508
Land and building	280,000	-	-	280,000
Total	\$ 154,808	\$ 13,887	\$ 21,756	\$ 460,508

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**LOUISIANA USED MOTOR VEHICLE
AND PARTS COMMISSION**

**DEPARTMENT OF ECONOMIC DEVELOPMENT
STATE OF LOUISIANA**

FINANCIAL STATEMENTS

June 30, 1994

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

Release Date: OCT 09 1994

Provost, Salter, Harper & Alford, L.L.C.

Certified Public Accountants

Business Advisors

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In accordance with Government Auditing Standards, we have also issued a report dated August 14, 1990 on our consideration of the Louisiana Used Motor Vehicle and Parts Commission's internal control structure and a report dated August 14, 1990 on its compliance with laws and regulations.

PROVOST, SALTER, HARPER & ALFORD, L.L.C.

Provost, Salter, Harper & Alford, L.L.C.
August 14, 1990