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**LOUISIANA USED MOTOR VEHICLE
AND PARTS COMMISSION**

**DEPARTMENT OF
ECONOMIC DEVELOPMENT
STATE OF LOUISIANA**

FINANCIAL STATEMENTS

June 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, 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 Legislative Auditor.

Released by **Provost** Certified Public Accountants
Salter
Harper
Alford LLC Business Advisors

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

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June 30, 1999

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**INDEPENDENT AUDITOR'S REPORT ON THE GENERAL PURPOSE
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

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

We have audited the accompanying 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 year ended June 30, 1999, as listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the Louisiana Used Motor Vehicle and Parts Commission's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraph, 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. The Louisiana Used Motor Vehicle and Parts Commission has included such disclosures in Note 7. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Louisiana Used Motor Vehicle and Parts Commission's disclosures with respect to the year 2000 issue made in Note 7. Further, we do not provide assurance that the Louisiana Used Motor Vehicle and Parts Commission is or will be year 2000 ready, that the Louisiana Used Motor Vehicle and Parts Commission's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Louisiana Used Motor Vehicle and Parts Commission does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Used Motor Vehicle and Parts Commission as of June 30, 1999, and the results of operations for the year then ended, in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Louisiana Used Motor Vehicle and Parts Commission. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 16, 1999 on our consideration of the Louisiana Used Motor Vehicle and Parts Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that period in which we expressed an unqualified opinion on the general purpose, individual fund and account group financial statements on the Louisiana Used Motor Vehicle and Parts Commission.

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

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

September 16, 1999

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Balance Sheets

June 30, 1999

All Fund Types and Account Groups

With Comparative Totals for 1998

	Account Groups				Total (Memorandum Only)
	Governmental Fund - General Fund	General		Long-term Obligations	
		Fixed Assets			
ASSETS AND OTHER DEBITS					1998
Cash and cash equivalents	\$ 1,205,290	\$ -	\$ -	\$ -	\$ 1,205,290
Accounts receivable - hearing costs and fines	28,688	-	-	-	28,688
Fixed assets	-	492,648	-	-	492,648
Other debits - amount to be provided for retirement of general long term obligations	-	-	56,228	56,228	52,823
Total Assets And Other Debits	\$ 1,233,978	\$ 492,648	\$ 56,228	\$ 1,782,854	\$ 1,691,692

LIABILITIES, EQUITY AND OTHER CREDITS

Liabilities					
Accounts payable	\$ 9,639	\$ -	\$ -	\$ -	\$ 3,082
Salaries payable	15,788	-	-	-	13,247
Payroll taxes and benefits payable	7,154	-	-	-	6,847
Accrued compensated absences	-	-	56,228	56,228	52,823
Total liabilities	32,581	-	56,228	88,809	75,999
Equity and Other Credits					
Investment in general fixed assets	-	492,648	-	-	479,673
Fund balance - unreserved - undesignated	1,201,397	-	-	-	1,136,020
Total equity and other credits	1,201,397	492,648	-	1,694,045	1,615,693
Total Liabilities, Equity And Other Credits	\$ 1,233,978	\$ 492,648	\$ 56,228	\$ 1,782,854	\$ 1,691,692

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Governmental Fund - General Fund

Years Ended June 30, 1999 and 1998

Statement of Revenues, Expenditures, and Changes in Fund Balance

	1999	1998
Revenues		
Licenses	\$ 897,650	\$ 886,572
Use of money - interest earnings	62,875	61,320
Enforcement actions	22,997	47,113
Other	4,971	8,584
Total Revenues	988,493	1,003,589
Expenditures		
Public safety - other protection - regulation of licensed occupations		
Personal services and related benefits	641,597	590,095
Operating services and supplies	145,774	115,365
Travel and other charges	13,477	17,306
Professional services	61,335	25,590
Capital outlay	38,381	75,489
Bad debt expense	16,576	140
Other	5,976	13,179
Total Expenditures	923,116	837,164
Excess of Revenues Over Expenditures	65,377	166,425
Fund Balance		
Beginning of year	1,136,020	969,595
End of year	\$ 1,201,397	\$ 1,136,020

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Governmental Fund - General Fund

Years Ended June 30, 1999 and 1998

Statement of Revenues and Expenditures - Budget (Cash Basis) and Actual

	1999			1998			Variance Favorable (Unfavorable)
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
Revenues							
Licenses	\$ 870,585	\$ 897,650	\$ 27,065	\$ 805,575	\$ 886,572	\$ 80,997	
Enforcement actions	44,000	37,538	(6,462)	10,000	17,812	7,812	
Non-sufficient funds fees	750	1,015	265	750	715	(35)	
Interest on certificates of deposit	42,000	54,022	12,022	30,000	52,902	22,902	
Interest on operating account	6,500	8,853	2,353	6,500	8,418	1,918	
Copies and dealers lists	1,000	1,056	56	1,200	638	(562)	
Other (miscellaneous)	3,000	2,900	(100)	5,200	7,231	2,031	
Total Revenues	967,835	1,003,034	35,199	859,225	974,288	115,063	
Expenditures							
Salaries							
Regular	547,810	515,118	32,692	518,659	477,372	41,287	
Other compensation	15,800	22,389	(6,589)	17,550	11,024	6,526	
Related benefits	113,197	101,240	11,957	103,341	97,233	6,108	
Operating							
Travel	17,000	13,477	3,523	13,300	17,306	(4,006)	
Operating services	114,428	130,621	(16,193)	129,793	100,866	28,927	
Supplies	19,400	16,032	3,368	16,500	16,666	(166)	
Bad debt expense	-	16,576	(16,576)	-	140	(140)	

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Governmental Fund - General Fund

Years Ended June 30, 1999 and 1998

Statement of Revenues and Expenditures - Budget (Cash Basis) and Actual, Continued

	1999			1998		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Professional services						
Accounting	14,000	6,604	7,396	8,900	6,870	2,030
Legal	50,000	47,297	2,703	25,000	19,307	5,693
Other Charges	9,000	5,976	3,024	8,500	13,179	(4,679)
Acquisitions and major repairs	-					
Acquisitions	40,000	38,081	1,919	25,000	75,189	(50,189)
Major repairs	4,000	300	3,700	4,000	300	3,700
Total Expenditures	944,635	913,711	30,924	870,543	835,452	35,091
Excess (Deficiency) of Revenues Over Expenditures	\$ 23,200	89,323	\$ 66,123	\$ (11,318)	138,836	\$ 150,154

Cash and Cash Equivalents

Beginning of year	<u>1,115,967</u>	<u>977,131</u>
End of year	<u>\$ 1,205,290</u>	<u>\$ 1,115,967</u>

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Notes to Financial Statements

June 30, 1999

INTRODUCTION

The Louisiana Used Motor Vehicle and Parts Commission is a component unit of the State of Louisiana created with the Louisiana Department of Economic Development as provided by Louisiana Revised Statute (LSA-R.S.) 36:109. The Commission is responsible for licensing used motor vehicle dealers, salesmen, automotive dismantlers, auto crushers, 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.

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 § 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.

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.

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Notes to Financial Statements, Continued

June 30, 1999

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 accounts for the proceeds received 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, 1999 and 1998 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.

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 accumulated 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.

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Notes to Financial Statements, Continued

June 30, 1999

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 LSA-R.S. 39:1332-1342, 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, 1999 and 1998, were formally adopted by the Commission on December 8, 1998 and November 18, 1997, 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.

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

	1999	1998
Statement B revenues	\$ 988,493	\$ 1,003,589
Add prior year receivables	43,229	13,928
Less current year receivables	<u>(28,688)</u>	<u>(43,229)</u>
Statement C revenues	<u>\$ 1,003,034</u>	<u>\$ 974,288</u>

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Notes to Financial Statements, Continued

June 30, 1999

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

	1999	1998
Statement B expenditures	\$ 923,116	\$ 837,164
Add prior year		
Accounts payable	3,082	5,837
Salaries payable	13,247	10,189
Payroll taxes and benefits payable	6,847	5,438
Less current year		
Accounts payable	(9,639)	(3,082)
Salaries payable	(15,788)	(13,247)
Payroll taxes and benefits payable	(7,154)	(6,847)
Statement C expenditures	<u>\$ 913,711</u>	<u>\$ 835,452</u>

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 fiscal 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 office in Louisiana.

Compensated Absences. Commission employees earn and accumulate annual and sick leave at 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 Reporting Standards* § C60.105, 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, compromising and settling all claims including all tort claims against the Commission.

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Notes to Financial Statements, Continued

June 30, 1999

Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires the Commission's management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Total Column on Balance Sheet. The total column on the balance sheet is captioned "Memorandum Only" (overview) 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.

2. Cash and Cash Equivalents

Under State law, the Louisiana Motor Vehicle and Parts Commission may deposit funds with a fiscal agent bank selected and designated by the Interim Emergency Board. These public 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 bank. These pledged securities are held in the name of the pledging fiscal agent bank (Category 3) in a holding or custodial bank.

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Notes to Financial Statements, Continued

June 30, 1999

The bank deposits at June 30, 1999 are secured as follows:

At June 30, 1999	Bank Balance	FDIC Insurance	Pledged Securities	Carrying Amount
Cash and cash equivalents	\$ 128,927	\$ 100,000	\$ 751,508	\$ 115,790
Certificates of deposit	1,089,000	1,089,000	-	1,089,000
Petty cash	-	-	-	500
Total cash and cash equivalents	\$ 1,217,927	\$ 1,189,000	\$ 751,508	\$ 1,205,290
At June 30, 1998				
Cash and cash equivalents	\$ 238,411	\$ 100,000	\$ 309,237	\$ 223,467
Certificates of deposit	892,000	892,000	-	892,000
Petty cash	-	-	-	500
Total cash and cash equivalents	\$ 1,130,411	\$ 992,000	\$ 309,237	\$ 1,115,967

3. Changes in General Long Term Obligations

At June 30, 1999 and 1998, employees of the Commission have accumulated and vested \$56,228 and \$52,823 of employee leave benefits respectively, which was computed in accordance with GASB Codification § C60. This amount is recorded within the general long term obligations account group.

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Notes to Financial Statements, Continued

June 30, 1999

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, 1997	\$ 46,479
Additions	7,001
Deductions	<u>(657)</u>
Long term obligations payable at June 30, 1998	52,823
Additions	9,928
Deductions	<u>(6,523)</u>
Long term obligations payable at June 30, 1999	<u>\$ 56,228</u>

4. Changes in General Fixed Assets

A summary of changes in general fixed assets follows

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Furniture and equipment	\$ 279,673	\$ 38,081	\$ 25,106	\$ 292,648
Land and building	200,000	-	-	200,000
Total	<u>\$ 479,673</u>	<u>\$ 38,081</u>	<u>\$ 25,106</u>	<u>\$ 492,648</u>

	Balance July 1, 1997	Additions	Deletions	Balance June 30, 1998
Furniture and equipment	\$ 266,691	\$ 75,258	\$ 62,276	\$ 279,673
Land and building	200,000	-	-	200,000
Total	<u>\$ 466,691</u>	<u>\$ 75,258</u>	<u>\$ 62,276</u>	<u>\$ 479,673</u>

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Notes to Financial Statements, Continued

June 30, 1999

5. Retirement Commitments

State Employees Retirement System of Louisiana (SERS).

Plan Description. All of the Commission's full-time general employees participate in the SERS, a cost-sharing, multiple-employer defined benefit pension plan administered by a separate Board of Trustees, SERS provides retirement, disability, and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to State Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana, 70809, or by calling (225) 922-0600.

Funding Policy. Plan members are required by state statute to contribute 7.5% of their annual covered salary and employers are required to contribute at an actuarially determined rate. The current employer rate is 12.4% of annual covered payroll. The contribution requirements of plan members and employers are established by, and may be amended by, state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Commission's contributions to SERS for the years ending June 30, 1999, 1998 and 1997, were \$56,619, \$55,124 and \$49,282, respectively, and were equal to the required contributions for each year.

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 \$7,397 for the year ended June 30, 1999 and \$6,124 for the year ended June 30, 1998.

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Notes to Financial Statements, Continued

June 30, 1999

7. Year 2000 Readiness

The Louisiana Used Motor Vehicle and Parts Commission has assessed its systems in anticipation of the year 2000 as it relates to its computer systems and other electronic equipment. The year 2000 issue refers to the fact that many computer programs use only the last two digits to refer to a year. Therefore, both 1900 and 2000 would be referred to as "00." Computer programs have to be adjusted to recognize the difference between those two years or the program will fail or create errors. Also, some programs may not be able to recognize that 2000 is a leap year. Further, the year 2000 issue could affect electronic equipment - such as environmental systems and vehicles containing computer chips that have date recognition features.

The Commission has identified various computer systems and pieces of electronic equipment that are critical to conducting the Commission's operations and that need to be year 2000 compliant. The Commission is assigning resources to remediate those systems that need to be repaired. The cost of repairs and resources needed have been immaterial to date and are not expected to be material to future operations.

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Supplemental Information Schedules

Years Ended June 30, 1999 and 1998

Schedule of Changes in Balance

Changes in balance for the Surety Bond Claims Fund (Agency Fund) for the years ended June 30, 1999 and 1998, are presented on Schedule 1.

Schedule of Per Diem Paid Commission Members

The schedules 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*Schedule of Changes in Balance**Years Ended June 30, 1999 and 1998**Fiduciary Fund - Agency Fund - Surety Bond Claims Fund*

	1999	1998
Balance, Beginning of Year	\$ -	\$ -
Add proceeds from bonding company	28,452	19,075
	28,452	19,075
Less payments to claimants	(28,452)	(19,075)
Balance, End of Year	\$ -	\$ -

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Schedule of Per Diem Paid Commission Members

Year Ended June 30, 1999

	Number	Amount
James Cook	8	\$ 600
Samuel L. Davidson	8	600
Richard Friederichsen	11	825
Jim Gauthier	10	750
Charles Healey	9	675
Francis A. Landry	15	1,125
Gerald Link	11	825
Lee A. Meyer	1	75
Marvin Ramsey	15	1,125
M. J. Smiley, Jr.	12	900
Henry A. Smith	11	825
Total		<u>\$ 8,325</u>

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION*Schedule of Per Diem Paid Commission Members**Year Ended June 30, 1998*

	Number	Amount
James Cook	9	\$ 675
Samuel L. Davidson	8	600
Richard Friederichsen	8	600
Jim Gauthier	11	825
Charles Healey	7	525
Francis A. Landry	12	900
Gerald Link	11	825
Lee A. Meyer	1	75
Marvin Ramsey	12	900
M. J. Smiley, Jr.	10	750
Henry A. Smith	10	750
Total		<u>\$ 7,425</u>

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE
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 year ended June 30, 1999, and have issued our report thereon dated September 16, 1999, which was qualified because insufficient evidence exists to support the Louisiana Used Motor Vehicle and Parts Commission's disclosures with respect to the Year 2000 Issue. Except as discussed in the preceding sentence, 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.

Compliance.

As part of obtaining reasonable assurance about whether the Louisiana Used Motor Vehicle and Parts Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Compliance Finding.

Internal Control Over Financial Reporting.

In planning and performing our audit, we considered the Louisiana Used Motor Vehicle and Parts Commission's 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. Our

consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the commissioners, management and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

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

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

September 16, 1999

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Schedule of Compliance Finding

Year Ended June 30, 1999

Immaterial Instance of Noncompliance

Finding 1.

Condition. The budget was not amended for general fund revenues which fell short of budget or expenditures which exceeded budget by more than 5%.

Criteria. Louisiana Revised Statutes require that when expenditures or revenues exceed budget by five percent or more, that the governing authority shall amend the budget.

Cause. Management was not aware of this state law.

Recommendation. The Commissioners need to monitor revenues and expenditures and amend the budget when necessary.

Response. Management response is enclosed.

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

*Independent Auditor's Comments on Resolution
Of Prior Year Audit Findings*

Year Ended June 30, 1999

There were no prior year findings.



M. J. "MIKE" FOSTER, JR.
GOVERNOR

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

Management's Response and Corrective Action Plan for Immaterial Instance of Noncompliance

Our audit report included a compliance finding that the budget was not amended for general fund expenditures which exceeded budget and revenues that failed to meet budget. At its June, 1999 commission meeting the commissioners approved the write off \$16,575.50 in bad debt expenses, however, the budget was not formally amended. Also, the insurance premium for the agency doubled from the previous year. The commission asked the Office of Risk Management to review the premium and did not receive a response until late in the fiscal year. Again the commission did not amend the budget for this increase. In addition, the commission did not budget for termination pay and unfortunately we lost two long time employees late in this fiscal year.

The board of commissioners reviews monthly the financial statements including budget balances and no one considered a need to amend the budget, however in the future this will be noted and if budgeted revenues fall short or budgeted expenditures exceed budget by more than 5%, we will amend the budget.

Sincerely,


John M. Torrance
Executive Director