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LOUISIANA USED MOTOR VEHICLE
AND PARTS COMMISSION

DEPARTMENT OF
ECONOMIC DEVELOPMENT
STATE OF LOUISIANA
FINANCIAL STATEMENTS

June 30, 1997

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the auditor, or reviewer, 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.

OCT 13 1997

Release Date _____

Provest
Saltzer
Harper
Alford LLC
Certified
Public
Accountant
Business
Advisors

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

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INDEPENDENT AUDITOR'S REPORT ON THE GENERAL PURPOSE FINANCIAL STATEMENTS

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, 1997, as listed in the Forgoing 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.

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 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.

In our opinion, 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, 1997, 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 August 4, 1997 on our consideration of the Louisiana Used Motor Vehicle and Parts Commission's internal control structure and a report dated August 4, 1997 on its compliance with 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 of the Louisiana Used Motor Vehicle and Parts Commission.

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

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

August 4, 1997

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Continued 4

Balance Sheet
at Year-End and Account Change

Year-End, 1997
with Comparative Totals for 1996

	Account Change				Total Memoranda Debit 1997	Total Memoranda Credit 1997
	Governmental Fund - General Fund	General Fund Assets	General Liabilities	Long-Term Debt		
ASSETS AND OTHER DEBITS:						
Cash and cash equivalents	\$ 271,211	\$ -	\$ -	\$ -	\$ 977,131	\$ 380,051
Accounts receivable - billing/claims and fees	10,470	-	-	-	13,928	7,426
Prepaid expenses	-	-	-	-	-	4,226
Fund assets	-	466,091	-	-	466,091	419,500
Other debts - amounts to be provided for retirement of general liabilities obligations	-	-	-	84,279	-	41,411
Total Assets and Other Debits	\$ 281,681	\$ 466,091	\$ 84,279	\$ 84,279	\$ 1,456,219	\$ 1,290,215

LIABILITIES, EQUITY AND OTHER CREDITS:

Liabilities						
Accounts payable	\$ 4,807	\$ -	\$ -	\$ -	\$ 2,007	\$ 1,294
Salaries payable	28,239	-	-	-	18,189	4,233
Physical assets and benefits payable	5,409	-	-	-	5,408	971
Accrued compensated absences	-	-	-	46,479	46,479	43,411
Total Liabilities	38,455	-	46,479	46,479	73,983	17,009
Equity and Other Credits						
Reserves in general fund assets	-	466,091	-	-	466,091	430,361
Fund balance - unassigned - undesignated	861,026	-	-	-	869,595	781,983
Total Equity and Other Credits	861,026	466,091	-	-	1,335,686	1,212,344
Total Liabilities, Equity and Other Credits	\$ 281,681	\$ 466,091	\$ 46,479	\$ 46,479	\$ 1,456,219	\$ 1,290,215

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION*Governmental Fund - General Fund**Years Ended June 30, 1997 and 1996**Statement of Revenues, Expenditures, and Changes in Fund Balance*

	1997	1996
Revenues		
Licenses	\$ 861,908	\$ 779,865
Use of money - interest earnings	47,642	40,874
Enforcement actions	44,911	21,054
Other	18,448	4,924
Total Revenues	972,909	846,717
Expenditures		
Public safety - other protection - regulation of licensed occupations		
Personal services and related benefits	849,081	929,527
Operating services and supplies	137,484	124,155
Travel and other charges	12,929	12,585
Professional services	28,069	21,459
Capital outlay	48,089	40,075
Bad debt expense	5,625	-
Other	5,188	4,391
Total Expenditures	1,186,367	1,129,992
Excess of Revenues Over Expenditures	178,652	117,725
Fund Balance		
Beginning of year	798,943	671,199
End of year	\$ 977,595	\$ 788,924

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Governmental Fund - General Fund

Years Ended June 30, 1997 and 1998

Statement of Revenue and Expenditures - Budget (With Basis) and Actual

	1997			1998		
	Budget	Actual	Variance (Unfavorable)	Budget	Actual	Variance (Unfavorable)
Revenue						
Licenses	\$ 754,985	\$ 862,888	\$ 107,903	\$ 658,828	\$ 778,853	\$ 119,965
Enforcement activities	10,000	27,712	17,712	14,878	17,868	3,068
Non-sufficient funds fee	780	758	-	249	715	472
Interest on certificate of deposit	30,000	61,540	31,540	22,500	34,874	12,374
Interest on operating account	6,280	6,499	(1)	4,900	5,868	1,068
Capital and depreciable	1,280	663	(616)	1,200	1,488	288
Other (miscellaneous)	5,280	9,859	4,579	4,600	2,711	(1,889)
Total Revenue	\$834,625	\$998,709	164,084	703,655	\$853,993	150,342
Expenditures						
Solution						
Regular	468,414	643,677	175,263	448,782	643,864	195,082
Other compensation	14,258	11,322	2,936	14,290	13,681	609
Retired benefits	98,218	11,098	87,120	84,833	82,973	1,860
Operating						
Travel	14,880	82,999	68,119	20,280	82,487	62,207
Operating services	129,883	188,246	58,363	98,800	186,428	87,628
Supplies	18,989	17,856	(1,133)	16,500	16,812	312
Bad debt expense	-	5,625	5,625	-	-	-

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Governmental Fund - General Fund

Years Ended June 30, 1997 and 1998

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

	1997		1998		Variance Favorable (Unfavorable)	Variance Favorable (Unfavorable)
	Budget	Actual	Budget	Actual		
Professional services						
Accounting	4,000	5,867	3,000	1,147	(1,867)	2,933
Legal	25,000	18,000	20,000	21,182	4,000	3,818
Other	5,000	-	5,000	-	5,000	5,000
Other Charges	8,500	5,000	6,750	4,551	3,450	1,598
Acquisitions and major repairs						
Acquisitions	44,151	46,318	41,000	40,633	(2,859)	667
Major repairs	6,000	1,700	3,500	-	3,200	2,900
Total Expenditures	89,651	79,685	78,750	74,468	36,698	27,856
Excess (Deficiency) of Revenues Over Expenditures	5,184	188,689	5,251,750	58,824	5,125,995	5,125,995
Cash and Cash Equivalents						
Beginning of year		<u>795,681</u>		<u>699,227</u>		
End of year		<u>5,977,131</u>		<u>5,798,051</u>		

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Notes to Financial Statements

June 30, 1997

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.) 46:109. 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 10 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 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 the increase are governed by the Administrative Procedure Law; and (3) services 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, 1997

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 USA-R.S. 32:4(A) and (B) and 32:774(C) and (D), 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, 1997 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:

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, 1997

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. 39:1332-1340, 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, 1997 and 1996, were formally adopted by the Commission on December 17, 1996 and January 10, 1996, 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:

	1997	1996
Statement B revenues	\$ 964,998	\$ 847,277
Add prior year receivables	7,628	2,544
Less current year receivables	<u>(33,528)</u>	<u>(7,628)</u>
Statement C revenues	\$ 939,098	\$ 842,193

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Notes to Financial Statements, Continued

June 30, 1997

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

	1997	1996
Statement B expenditures	\$ 788,387	\$ 714,903
Add increase (decrease) in prepaid expenses	(6,699)	1,688
Add prior year		
Accounts payable	3,254	2,393
Salaries payable	8,282	29,436
Payroll taxes and benefits payable	978	947
Less current year		
Accounts payable	5,817	3,734
Salaries payable	18,189	8,797
Payroll taxes and benefits payable	8,638	974
Statement C expenditures	\$ 778,620	\$ 744,766

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 Absence. 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 compare retirement benefits. The cost of current leave privileges, computed in accordance with the *Classification of Governmental Accounting and Financial Reporting Standards* Section 060.105, 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 theft, fire, 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, 1997

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

Total Column on Balance Sheet. The total column on the balance sheet is captioned "Memorandum Only" (overline) to indicate that it is prepared 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

At June 30, 1997 and 1996, the Commission has cash and cash equivalents (bank balances) totaling \$577,134 and \$788,051 as follows:

	1997	1996
Demand deposits	\$ 84,611	\$ 94,551
Petty cash	500	500
Certificate of deposit	692,023	693,000
Total	\$ 577,134	\$ 788,051

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.

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Notes to Financial Statements, Continued

June 30, 1997

At June 30, 1997	Bank Balance	Category			Carrying Amount
		1	2	3	
Cash and cash equivalents	\$ 102,480	\$ 100,000	\$ -	\$ 2,480	\$ 14,601
Certificates of deposit	892,000	892,000	-	-	892,000
Prety cash	-	-	-	-	500
Total cash and cash equivalents	\$ 1,002,480	\$ 992,000	\$ -	\$ 2,480	\$ 1,037,101

At June 30, 1996

Cash and cash equivalents	\$ 141,762	\$ 100,000	\$ -	\$ 41,762	\$ 94,551
Certificates of deposit	694,800	694,800	-	-	694,800
Prety cash	-	-	-	-	500
Total cash and cash equivalents	\$ 836,562	\$ 794,800	\$ -	\$ 41,762	\$ 890,851

3. Changes in General Long Term Obligations

At June 30, 1997 and 1996, employees of the Commission have accumulated and vested \$40,879 and \$45,613 of employee leave benefits, which was computed in accordance with GASB Codification Section 640. 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, 1997

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, 1995	\$ 40,389
Additions	3,088
Deductions	____11,853
Long term obligations payable at June 30, 1996	45,411
Additions	6,078
Deductions	____15,910
Long term obligations payable at June 30, 1997	\$ 45,479

4. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	Balance July 1, 1995	Additions	Deductions	Balance June 30, 1996
Furniture and equipment	\$ 248,500	\$ 47,293	\$ 33,858	\$ 261,935
Land and building	209,000	-	-	209,000
Total	\$ 457,500	\$ 47,293	\$ 33,858	\$ 474,935

	Balance July 1, 1996	Additions	Deductions	Balance June 30, 1997
Furniture and equipment	\$ 259,965	\$ 48,336	\$ 38,599	\$ 269,691
Land and building	209,000	-	-	209,000
Total	\$ 468,965	\$ 48,336	\$ 38,599	\$ 478,691

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Notes to Financial Statements, Continued

June 30, 1997

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 (504) 932-0900.

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, 1997 and 1996, were \$79,990 and \$71,508, 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 \$8,124 for the year ended June 30, 1997, and \$4,026 for the year ended June 30, 1996.

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Supplemental Information Schedules

Years Ended June 30, 1997 and 1998

Schedule of Changes in Balance:

Changes in balance for the Surety Bond Claims Fund (Agency Fund) for the years ended June 30, 1997 and 1998, 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 \$25 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, 1997 and 1996**Fiduciary Fund - Agency Fund - Surety Bond Claims Fund*

	1997	1996
Balance, Beginning of year	\$ -	\$ -
Add proceeds from bonding company	<u>32,843</u>	<u>32,811</u>
	32,843	32,811
Less payments to claimants	<u>(32,843)</u>	<u>(32,811)</u>
Balance, End of year	<u>\$ -</u>	<u>\$ -</u>

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

Schedule of Per Motor Paid Commission Members

Year Ended June 30, 1997

	Number	Amount
James Cook	7	\$ 325
Samuel L. Davidson	6	450
Jim Gaudin	10	750
Charles Hoxley	9	675
Francis A. Landry	12	900
Gerald Link	10	750
Lee A. Meyer	3	225
Marvin Ramsey	11	825
M. J. Smiley, Jr.	10	750
Henry A. Smith	10	750
Total		<u>\$ 6,000</u>

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION*Schedule of Per Diem Paid Commission Members**Year Ended June 30, 1995*

	Number	Amount
Anthony Amoroso	1	\$ 75
Steve Berry	2	175
Samuel L. Davidson	4	300
J. D. Eullette	2	175
Jim Gauthier	6	450
Lacee Gusterson	4	300
Charles Hasky	4	300
Earl Humphrey	4	300
Francis A. Landry	8	600
Gerald Link	6	450
F. Durrell Marano	11	825
Lee A. Meyer	2	175
Marvin Ramsey	6	450
Patrick J. Rooney	2	175
M. J. Snalley, Jr.	6	450
Henry A. Smith	11	825
Total		\$ 6,825



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
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 year ended June 30, 1997, and have issued our report thereon dated August 4, 1997.

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 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 not 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 year ended June 30, 1997, 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a 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 and 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

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.

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

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

August 4, 1997

LOUISIANA USED MOTOR VEHICLE AND PARTS COMMISSION

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

Year Ended June 30, 1997

The matter listed in the Schedule of Internal Control Structure Reportable Conditions in our report dated August 14, 1996 has been corrected.



United
States
Government

Board
of
Accountancy

**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 year ended June 30, 1997, and have issued our report thereon dated August 4, 1997.

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.

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

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

August 4, 1997



Letter
File:
Inmate:

Insp:
Date:

August 4, 1997

To the Board of Commissioners
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 of the State of Louisiana, for the year ended July 31, 1997, and have issued our report thereon dated August 4, 1997. Professional standards require that we provide you with the following information related to our audit:

Our Responsibility Under Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our contract dated July 2, 1996, our responsibility as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute assurance about whether the general purpose financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Louisiana Used Motor Vehicle and Parts Commission. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Louisiana Used Motor Vehicle and Parts Commission's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Other Information In Documents Containing Audited Financial Statements

If there are other documents containing your audited financial statements, we have a responsibility to review those documents to determine whether the information contained in them is materially inconsistent with the audited financial statements. We are not aware of any such documents.

Disclosure Accounting Policies

Management has the responsibility for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Louisiana Used Motor Vehicle and Parts Commission are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 1997. We noted no transactions entered into by the Louisiana Used Motor Vehicle and parts Commission during the year that were both significant and unusual, and of which under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Disclosure Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Louisiana Used Motor Vehicle and Parts Commission that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We proposed no adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the Louisiana Used Motor Vehicle and Parts Commission's financial reporting process.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting or auditing matter that could be significant to the general purpose financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principal to the governmental unit's

general purpose financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Acceptance of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Louisiana Used Motor Vehicle and Parts Commission's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Board of Commissioners of the Louisiana Used Motor Vehicle and Parts Commission and management of the Louisiana Used Motor Vehicle and Parts Commission, and the Legislative Auditor, and should not be used for any other purpose.

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

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