



Transmitted via e-mail

August 15, 2012

Mr. Jim Humes, Executive Secretary for Administration,  
Legal Affairs and Policy  
Office of the Governor  
State Capitol  
Sacramento, CA 95814

Dear Mr. Humes:

### **Review of the California Olympic Training Account, Fund 0442**

At the request of the Governor's Office, the Department of Finance (Finance) performed a review of the California Olympic Training Account (Fund 0442). The purpose of the review was to determine whether fees collected from sales of the Commemorative Olympic License Plates are being used in accordance with the authorizing statutes.

Pursuant to Government Code section 7592 all fees received in the fund are transferred to the General Fund.

### **Results Summary**

Based on a review of accounting reports for Fund 0442, expenditures were in compliance with the uses and restrictions as outlined in the California Vehicle Code and the Government Code.

Prior to 2010, fees collected from the sale of Commemorative Olympic License Plates were used to repay a General Fund loan made for the purpose of building the California Olympic Training Center. The Center opened in June 1995. In October 2010 pursuant to statute amendments, the loan was forgiven and all fees collected are annually transferred to the General Fund.

As of June 30, 2011 the fund balance was \$51,000 with no outstanding fund transfers/loans. Per the State Controller's Office (SCO), in June 2012 the entire current fund balance of \$126,556 was transferred to the General Fund.

### **Scope and Methodology**

To determine if fees collected from sales of the Commemorative Olympic License Plates are used in accordance with the authorizing statutes, we performed the following:

- Reviewed applicable laws, regulations, and criteria to identify authorized fund uses and restrictions.
- Interviewed key personnel at the Department of Motor Vehicles (DMV) and the SCO to gain an understanding of the fund accounting and reporting processes.
- Reviewed accounting records to determine total revenues and expenditures for the prior three fiscal years.

## Results

The California Vehicle Code section 5023 requires license plate fees to be deposited in the California Olympic Training Account within the General Fund. The fees were to be used for the repayment of the General Fund loan<sup>1</sup> to the San Diego National Sports Training Foundation for developing and constructing a California Olympic Training Center.

In October 2010, Government Code section 7592 was amended cancelling the outstanding balance and accrued interest on the loan and requiring SCO to transfer the money from fees paid for the Commemorative Olympic License Plates to the General Fund. In total, \$16,106,732 in principal and interest were forgiven.

AUTHORIZED PER STATUTE	COMPLIANCE
<p><b>USES</b> <i>Government Code section 7592</i> – The account shall consist of those revenues derived from the additional vehicle registration fees provided for in section 5023 of the Vehicle Code and <b>shall be annually transferred to the General Fund</b> by the Controller.</p>	<p><b>Yes</b></p>

Based on our review, prior to October 2010 revenues received were expended on the repayment of the General Fund loan. After October 2010, revenues received less DMV administrative costs, are transferred to the General Fund by SCO. See Exhibit 1 for the distribution of fees collected.

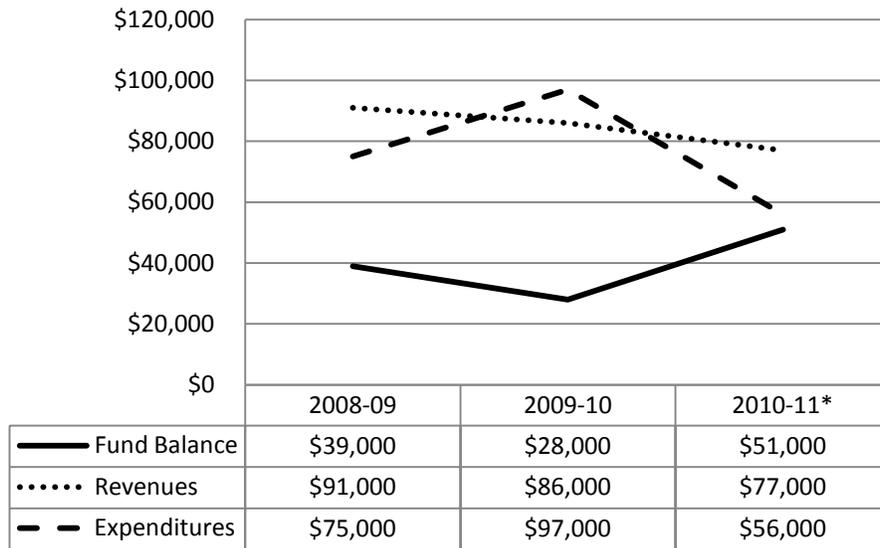
## Fund Balance, Revenues, and Expenditures

As noted in Chart 1, Fund 0442 revenues have been decreasing due to lower license plate sales over the prior three years and the fund balance has increased in the last year since Government Code section 7592 was amended to cease repayments for the General Fund loan. Per SCO, the entire current fund balance of \$126,556 was transferred to the General Fund in June 2012.

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<sup>1</sup> Authorized amount in Government Code section 7591(a) was \$15 million; however, only \$9,363,702 was loaned from the General Fund in 1991 and 1992.

**Chart 1. Fund Balance, Revenues, and Expenditures**



Source: Budgetary/Legal Basis Annual Reports prepared by the State Controller's Office  
 \* Appropriation Year 2010-11 expenditures include \$14,000 transferred to the General Fund.

The results in this report are based on our review performed from June 2012 through July 2012. We provided the results to SCO to review for accuracy on August 14, 2012, and as necessary, updated the report to incorporate their response.

We appreciate the assistance and cooperation of DMV and SCO. If you have any questions regarding this report, please contact Diana Antony, Manager, or Lisa Negri, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

David Botelho, CPA  
 Chief, Office of State Audits and Evaluations

- cc: Mr. George Lolas, Chief, Division of Accounting and Reporting, State Controller's Office
- Mr. Tom Yowell, Chief, Administration and Disbursements Division, State Controller's Office
- Mr. Andrew Conway, Chief, Registration Operations Division, Department of Motor Vehicles
- Ms. Kitty Kramer, Program Manager, Department of Motor Vehicles
- Mr. Jeff Mansur, Chief, Financial Services Branch, Department of Motor Vehicles
- Ms. Sue Johnsrud, Director of Operations, Office of the Governor

**Exhibit 1 – Distribution of Fees Collected**

