

**LOUISIANA USED MOTOR VEHICLE COMMISSION**  
**OFFICE OF THE GOVERNOR**  
**BASIC FINANCIAL STATEMENTS**  
**WITH SUPPLEMENTAL INFORMATION SCHEDULES**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 26 2011**

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AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

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**MARY SUE STAGES, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION**

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American Institute of Certified Public Accountants  
Association of Governmental Accountants  
Governmental Audit Quality Control Center*

**INDEPENDENT AUDITORS' REPORT**

To the Commissioners of the  
Louisiana Used Motor Vehicle Commission  
3132 Valley Creek Drive  
Baton Rouge, Louisiana 70808-3146

We have audited the accompanying business-type activities of the Louisiana Used Motor Vehicle Commission, a component unit of the State of Louisiana, as of and for the year ended June 30, 2011, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Louisiana Used Motor Vehicle Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Louisiana Used Motor Vehicle Commission as of June 30, 2011, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2011, on our consideration of the Louisiana Used Motor Vehicle Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The required supplemental information, as listed in the table of contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Louisiana Used Motor Vehicle Commission's basic financial statements. The accompanying supplemental information, as listed in the table of contents under Supplemental Schedules and Information and Other Required Supplementary Information, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Mary Sue Stages, CPA  
A Professional Accounting Corporation  
August 16, 2011

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**REQUIRED SUPPLEMENTAL INFORMATION**  
**(PART 1 OF 2)**

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**LOUISIANA USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

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The purpose of this section is to offer a narrative overview and analysis of the Louisiana Used Motor Vehicle Commission's (hereafter referred to as the Commission) financial performance - past and present - and its future prospects. It focuses, however, on the current year activities, resulting changes and currently known facts. It should be read in conjunction with the financial report taken as a whole.

**Overview of the Commission**

Ten commissioners, who are appointed by the Governor, provide guidance to this Commission. They hold at least 12 meetings per year. During meetings, the Commissioners review and approve financial statements consisting of the balance sheet, revenue and expenditure statements (which includes month-to-date, year-to-date and budgeted figures), the certificate of deposit summary and accounts receivable - hearings reports.

The Commission has 10 employees, other than the Commissioners. The annual financial report is obtained on a contract basis and the Commission accounting staff assists in its preparation. The Commission has one checking account and four certificates of deposit. Two signatures are required on each check and the authorized signatures are that of the Executive Director, the Administrative Supervisor 2 and the Accounting Technician. The Administrative Coordinator 3 prepares the accounts payable checks. The Accounting Technician prepares the payroll and reconciles the bank statements.

**Overview of the Financial Statement Presentation**

These financial statements are comprised of these components – (1) management's discussion and analysis, (2) basic financial statements, (3) notes to the financial statements and (4) required supplemental information. There is also other supplemental schedules and information contained in this report provided for additional information.

**Basic Financial Statements.** The basic financial statements present information for the Commission as a whole. Statements in this section include the following:

*Statement of Net Assets.* This statement presents information on all of the Commission's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Commission is improving or not.

*Statement of Revenues, Expenses and Changes in Fund Net Assets.* This statement presents information showing how the Commission's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the Commission's financial reliance on general revenues.

*Statement of Cash Flows.* The change in cash as a result of current year operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash

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provided by or used for operating activities as required by GASB No. 34.

The basic financial statements can be found on pages 9-12 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The index of the notes is found on page 14 with the actual notes beginning immediately afterwards.

**Required Supplemental Information.** As a component unit of the State of Louisiana, the Commission complies with the reporting requirements of the Division of Administration, Office of Statewide Reporting and Accounting. The Louisiana Comprehensive Annual Financial Report completed with information relative to the Commission is included as other required supplemental information.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other information that is deemed useful to readers of this report.

**Financial Analysis of the Commission**

Net assets are an indicator of the Commission's financial position from year to year. A summary of net assets follows.

**SUMMARY OF NET ASSETS**

	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current assets	\$ 730,455.62	\$ 546,304.79
Non-current assets	<u>559,312.40</u>	<u>561,668.75</u>
Total Assets	1,289,768.02	1,107,973.54
<b>Liabilities</b>		
Current liabilities	84,907.41	34,415.27
Non-current liabilities	<u>645,232.18</u>	<u>606,306.55</u>
Total Liabilities	<u>730,139.59</u>	<u>640,721.82</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	161,342.40	163,698.75
Unrestricted	<u>398,286.03</u>	<u>303,552.97</u>
Total Net Assets	<u>559,628.43</u>	<u>467,251.72</u>

Net assets of the Commission increased by \$92,377 which is a positive change over the past couple of years in which its expenses have been in excess of revenues.

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

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A summary of changes in net assets is as follows:

**SUMMARY OF CHANGES IN NET ASSETS**

	<u>2011</u>	<u>2010</u>
<b>Operating Revenues</b>	\$ 1,051,611.90	\$ 1,004,072.50
<b>Operating Expenses</b>	<u>(985,157.65)</u>	<u>(1,075,645.85)</u>
Operating Income (Loss)	66,454.25	(71,573.35)
<b>Non-operating Revenues (Expenses)</b>	<u>25,922.46</u>	<u>8,674.53</u>
Change in Net Assets	<u>92,376.71</u>	<u>(62,898.82)</u>

Revenues increased by \$47,539 or 4%. Expenses decreased by \$90,488 or 8% of the prior year's expenses. This positive change is a result of changes instituted within the office providing for more efficiency of operations.

Cash flow activity of the Commission for the past two years is as follows:

**STATEMENT OF CASH FLOWS**

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents provided by (used for):		
Operating activities	\$ 173,596.78	\$ 14,852.05
Non-capital financing activities	17,369.44	798.67
Capital and related financing activities	(13,595.00)	.00
Investing activities	<u>8,553.02</u>	<u>8,677.70</u>
Net Increase in Cash and Cash Equivalents	185,924.33	24,328.42
Cash and cash equivalents, beginning of year	<u>522,101.39</u>	<u>497,772.87</u>
Cash and cash equivalents, end of year	<u>708,025.62</u>	<u>522,101.39</u>

**Budgetary Highlights**

Revenues were less than anticipated by \$42,974 or 3%. Expenses, on the other hand, were less than budgeted by 5% or \$58,687. This resulted in an overall positive change in net assets of \$15,713 more than budgeted.



**LOUISIANA USED MOTOR VEHICLE COMMISSION  
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**Capital Asset and Debt Administration**

*Capital Assets:* The Commission's investment in capital assets, net of accumulated depreciation, at June 30, 2011 and 2010, was \$161,342 and \$163,699, respectively. The most significant capital asset is the Commission's building at a total cost of \$255,488 including land.

Capital assets at year-end are summarized as follows:

<b>CAPITAL ASSETS</b>		
<b>Net of Accumulated Depreciation</b>		
	<u>2011</u>	<u>2010</u>
<b>Non-depreciable Assets</b>		
Land	\$ 50,000.00	\$ 50,000.00
<b>Depreciable Assets</b>		
Buildings	94,142.01	99,372.12
Parking lot	10,350.00	10,925.00
Autos and equipment	6,850.39	3,401.63
Total	<u>161,342.40</u>	<u>163,698.75</u>

Capital acquisitions during the year included one vehicle costing \$13,595.

*Debt Administration:* Long-term debt of the Commission includes compensated absences at amounts of \$30,654 and \$29,440 at June 30, 2011 and 2010, respectively. There is also an actuarially determined obligation for post-employment benefits of \$614,578 at June 30, 2011, up from \$576,877 at June 30, 2010.

**Future Plans and Next Year's Budget**

During the fiscal year, licenses were renewed annually on December 31, 2010. In the 2011/12 renewal period, the Commission will begin transitioning to two year licenses starting with Districts 4 and 5 renewing for 2012-14 and the remaining districts renewing the two years in 2013-15. Licensees will continue to be encouraged to use the online renewal process and the Commission will continue to pursue a more automated renewal process to maximize the use of its limited resources. The licenses are tracked using a licensing database, which is not integrated with the accounting software.

The Accounting Department of this Commission is also in a transition phase. Concerted efforts have been and will continue to be made to move this department to a more automated operation with greater internal controls. Benefit payments to the State of Louisiana and other vendors have been converted to online transfers. Payroll and timekeeping records have also been automated. Utilizing the existing direct deposit vendor, the Commission began providing employees with an online paycheck record this

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year. This allows the employee to keep a secure electronic file of their pay which they can access at any time via the internet. In addition, an online timekeeping resource has been retained to track employee work and leave hours. This resource provides a permanent record of all employee time with unlimited storage availability. It will also automate the leave request process. The accounting records will be migrated to a new, flexible accounting software program that will provide greater internal controls, wider reporting capabilities and a more efficient workflow. This program will also allow accounting records, such as paid invoices, to be scanned and stored, which will decrease research time and storage requirements.

Overall, this Commission is moving toward new policies and procedures which will enable a leaner, new efficient operation which will benefit the licensees and public which it serves.

**Request for Information**

This financial report is designed to provide a general overview of the Commission's finances, comply with finance-related laws and regulations and demonstrate the Commission's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting Mr. Derek Parnell at 3132 Valley Creek Drive, Baton Rouge, Louisiana 70808, 225-925-3874.

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**BASIC FINANCIAL STATEMENTS**

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**LOUISIANA USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
STATEMENT OF NET ASSETS  
JUNE 30, 2011**

	Business-type Activities
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 708,025.62
Accounts receivable, net of allowance of \$5,470	22,430.00
Total Current Assets	730,455.62
Non-Current Assets	
Investments	397,970.00
Land	50,000.00
Building/parking lot	205,488.00
Auto and equipment	206,930.60
Accumulated depreciation	(301,076.20)
Total Non-Current Assets	559,312.40
Total Assets	1,289,768.02
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	24,627.42
Payroll taxes withheld and related payables	34,944.69
Accrued salaries payable	25,335.30
Total Current Liabilities	84,907.41
Non-Current Liabilities	
Compensated absences payable	30,654.36
Other post-employment benefits plan payable	614,577.82
Total Non-Current Liabilities	645,232.18
Total Liabilities	730,139.59
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	161,342.40
Unrestricted	398,286.29
Total Net Assets	559,628.69

See Accompanying Notes and Auditors' Report

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS  
YEAR ENDED JUNE 30, 2011**

	<u>Business-type Activities</u>
<b><u>OPERATING REVENUES</u></b>	
Licenses and other fees	\$ 747,274.75
Auction fees	238,335.00
Hearing costs and fines	62,245.00
Mailing lists/labels	3,757.15
Total Operating Revenues	1,051,611.90
<b><u>OPERATING EXPENSES</u></b>	
Salaries and related benefits	691,458.45
Meetings, conferences and travel	13,182.70
Professional services	75,266.80
Maintenance and repairs	30,347.97
General and administrative	158,950.38
Depreciation	15,951.35
Total Operating Expenses	985,157.65
Operating Income	66,454.25
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>	
Interest income	8,553.02
Other revenues	17,369.44
Total Non-Operating Revenues (Expenses)	25,922.46
Change in Net Assets	92,376.71
Total Net Assets, beginning	467,251.72
Total Net Assets, ending	559,628.43

See Accompanying Notes and Auditors' Report

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
STATEMENT OF CASH FLOWS  
YEAR END JUNE 30, 2011**

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	<u>Business-type Activities</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 1,073,228.85
Cash paid to suppliers for goods/services	(281,327.37)
Cash paid to employees for services	<u>(618,304.61)</u>
Net Cash Provided by Operating Activities	173,596.87
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Refunds and other revenues	<u>17,369.44</u>
Net Cash Provided by Non-Capital Financing Activities	17,369.44
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisitin of capital assets	<u>(13,595.00)</u>
Net Cash Used for Capital and Related Financing Activities	(13,595.00)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received from investments	<u>8,553.02</u>
Net Cash Provided by Investing Activities	<u>8,553.02</u>
Net Increase in Cash and Cash Equivalentents	185,924.33
Cash and Cash Equivalentents, beginning of year	<u>522,101.29</u>
Cash and Cash Equivalentents, end of year	<u><u>708,025.62</u></u>

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
STATEMENT OF CASHFLOWS (Continued)  
YEAR END JUNE 30, 2011**

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	<u>Business-type Activities</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	66,454.25
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	15,951.35
(Increase) decrease in assets:	
Accounts receivable	1,773.50
Increase (decrease) in liabilities:	
Accounts and bond claims payable	16,263.93
Accrued salaries and retirement payable	34,228.21
Compensated absences payable	1,214.36
Other post-employment benefits plan payable	<u>37,711.27</u>
Net Cash Provided by Operating Activities	<u><u>173,596.87</u></u>

See Accompanying Notes and Auditors' Report

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**NOTES TO FINANCIAL STATEMENTS**

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**LOUISIANA USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
INDEX TO NOTES TO FINANCIAL STATEMENTS  
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**LOUISIANA USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
NOTES TO FINANCIAL STATEMENTS  
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**INTRODUCTION**

The Louisiana Used Motor Vehicle Commission is a component unit of the State of Louisiana. It was created within the Office of the Governor as provided by Louisiana Revised Statute 32:772 in 1984, and is governed by La. R.S. 32:783. The Commission serves as a statewide authority to license and regulate used motor vehicle dealers, sales personnel, motor vehicle crushers, dealers of used parts and accessories and dismantlers and parts recyclers. It also conducts hearings, if warranted, on complaints against these individuals or businesses. Headquartered in Baton Rouge, the Commission's operations are funded by self-generated funds which are primarily license fees.

The Commission is composed of 10 members that are appointed by the Governor of the State of Louisiana and serve concurrent terms with that of the Governor. Five of the members must be licensed used motor vehicle dealers from each of the Public Service Commission districts. Three of the members must be consumers selected at large. One each of the following make up the remaining members – (1) licensed automotive dismantler or parts recycler, and (2) licensed conductor of used motor vehicle auctions or salvage pool auctions. Commission members, as authorized by Louisiana Administrative Code 46:317(C), may receive a per diem of \$75 per day in addition to actual expense reimbursement to attend meetings or conduct Commission-approved business.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting practice of the Louisiana Used Motor Vehicle Commission conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

**Financial Reporting Entity:** Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Commission is considered a component unit of the State of Louisiana because the State exercises oversight responsibility in that the Governor appoints the Commission members and public service is rendered within the State's boundaries. The accompanying financial statements present only the transactions of the Louisiana Used Motor Vehicle Commission.

**Fund Accounting:** The Commission uses funds 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.

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
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A fund is a separate entity with a self-balancing set of accounts. Funds of the Commission are classified under one category: proprietary. This category, in turn, is further divided into separate fund types. The fund classifications and a description of each existing fund type follow:

***Proprietary Funds*** – account for activities that are similar to activities found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds of the Commission include the following fund types:

1. Enterprise – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Basis of Accounting/Measurement Focus:** In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Commission (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, is recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles and are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy.

Basis of accounting refers to when revenues and expenses are recognized and reported and relates to the time of the measurement, regardless of the measurement focus applied. The fund financial statements of the Commission are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred. In these statements, capital assets are reported and depreciated in each fund, and long-term debt is reported.

**Application of FASB Statements and Interpretations:** Reporting on governmental-type and business-type activities is based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

**Operating Revenues:** Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Commission's licensing activities are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

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**Budgets and Budgetary Accounting:** Subject to the Louisiana Licensing Agency Budget Act established by Louisiana Revised Statutes 39:1331-1342, the Commission adopts an annual budget prepared in accordance with the basis of accounting utilized by that fund. The Commission must approve any revisions that alter the total expenditures. Although budget amounts lapse at year-end, the Commission retains its unexpended fund balances to fund expenditures of the succeeding year.

**Cash and Cash Equivalents:** Cash and cash equivalents include amounts in interest-bearing demand deposits and certificates of deposit. Under state law, the Commission may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For purposes of the statement of cash flows, all highly liquid investments with a maturity date of three months or less are considered to be cash equivalents.

**Investments:** Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings.

The Commission's policy (#21) is tailored after Louisiana Revised Statute 49:327 and prohibits investments with maturities extending beyond 12 months. The policy also requires that three quotes be obtained by allowable financial institutions as to interest rates and that the amounts of the investment not exceed an amount insured by FDIC (\$250,000) and pledged collateral at any one institution.

**Inventory:** Inventory of the Commission includes only office supplies and printed materials, the amount of which is considered immaterial. Therefore, the acquisition of these items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

**Receivables:** Receivables consist of fines and costs associated with disciplinary action taken against licensees. The Commission uses the allowance method to account for uncollectible accounts, and receivables are presented net of an allowance of \$5,470 at June 30, 2011.

**Use of Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Capital Assets:** The Commission's assets are recorded at historical cost. Depreciation is recorded using the straight-line method of depreciation over the useful lives of the assets. This period is considered 10-50 years for buildings and improvements and 5-10 years for vehicles and equipment. Generally, the Commission includes all capital acquisitions with a cost of \$1,000 or more in its fixed asset inventory. However, certain items at a cost below that amount may be capitalized if benefits of the item will extend beyond one year and/or the Commission wants to monitor the item.

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
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NOTES TO FINANCIAL STATEMENTS  
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**Compensated Absences:** Employees of the Commission earn and accumulate vacation and sick leave at varying rates depending on their years of service. The amount of vacation and sick leave that may be accumulated by each employee is unlimited. Upon termination, however, employees or their heirs are compensated for only up to 300 hours of unused vacation leave. This is computed at the employee's hourly rate of pay at the time of termination. Upon retirement, unused vacation leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits. At June 30, 2011, employees of the Commission had accumulated and vested \$30,654 in employee leave benefits, which was computed in accordance with GASB Codification Section C60.150.

**Net Assets:** In the statement of net assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

*Invested in Capital Assets, Net of Related Debt*

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

*Restricted Net Assets*

Net assets that are reserved by external sources, such as banks or by law, are reported separately as restricted net assets. When assets are required to be retained in perpetuity, the non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

*Unrestricted Net Assets*

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use. Restricted resources are exhausted before unrestricted net assets are used.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

The following is a summary of cash and cash equivalents at June 30, 2011:

	<u>Book Balance</u>	<u>Bank Balance</u>
Petty cash	\$ 500.00	\$ .00
Interest-bearing demand deposits	<u>707,025.62</u>	<u>719,977.11</u>
Total	<u>708,025.62</u>	<u>719,977.11</u>

These deposits are stated at cost, which approximates market. Under state law, they 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. These securities are held in the name of the pledging fiscal agent bank in a holding, or custodial bank that is mutually acceptable to both parties.

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

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With the adoption of GASB Statement No. 40, only deposits that are considered exposed to custodial credit risk are required to be disclosed. The Commission does not have any deposits that fall within this category.

**NOTE 3 – INVESTMENTS**

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured and unregistered, not registered in the name of the entity or are held either by the counterparty or the counter-party's trust department or agent but not in the entity's name. The Commission does not have any investments subject to credit risk. All investments are certificates of deposit with maturities extending beyond 90 days. At June 30, 2011, the Commission had certificates whose reported amount equaled its fair value as follows:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Concordia Bank & Trust	1/03/12	0.75%	\$ 200,000.00
La Capitol FCU	10/30/11	1.45%	99,000.00
Landmark Bank	10/30/11	1.45%	<u>98,970.00</u>
Total			<u>397,970.00</u>

**NOTE 4 – RECEIVABLES**

The following is a summary of receivables at June 30, 2011:

**Class of Receivables**

Accounts - hearings, net of allowance of \$5,470	<u>\$ 22,430.00</u>
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**LOUISIANA USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated				
Land	\$ 50,000.00	\$ .00	\$ .00	\$ 50,000.00
Capital Assets, being depreciated				
Buildings and improvements	205,488.00	.00	.00	205,488.00
Less: accumulated depreciation	<u>95,190.88</u>	<u>5,805.11</u>	<u>.00</u>	<u>100,995.99</u>
Net Buildings and Improvements	110,297.12	(5,805.11)	.00	104,492.01
Autos and equipment	193,335.60	13,595.00	.00	206,930.60
Less: accumulated depreciation	<u>189,933.97</u>	<u>10,146.24</u>	<u>.00</u>	<u>200,080.21</u>
Net Autos and Equipment	<u>3,401.63</u>	<u>3,448.76</u>	<u>.00</u>	<u>6,850.39</u>
Net Capital Assets, being depreciated	<u>113,698.75</u>	<u>(2,356.35)</u>	<u>.00</u>	<u>111,342.40</u>
Net Capital Assets	<u>163,698.75</u>	<u>(2,356.35)</u>	<u>.00</u>	<u>161,342.40</u>

**NOTE 6 – LEAVE**

*Annual and Sick Leave.* The Commission's employees earn and accumulate annual and sick leave at varying rates depending on their years of full-time service and are credited at the end of each month of regular service. Accumulated leave is carried forward to succeeding years without limitation. Requests for leave must be made to the employee's immediate supervisor and approved by the Executive Director or his/her designee. Upon termination, employees are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current year expenditures when leave is earned. Only annual leave is accrued in the accompanying statement of net assets, the amount unpaid at June 30, 2011 and 2010, being 30,654.36 and \$29,440, respectively.

*Compensatory Leave.* Non-exempt employees, according to the guidelines contained in the Fair Labors Standards Act, may be paid for compensatory leave earned. Upon termination or transfer, an employee is paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. This pay is based on the employee's hourly rate of pay at the time of termination or transfer. Compensatory leave was not accrued at June 30, 2011.

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

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**NOTE 7 – RETIREMENT SYSTEM**

Substantially all of the employees of the Commission are members of the Louisiana State Employees Retirement System (System), a cost sharing, multiple-employer, defined benefit pension plan. The System is a statewide public retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate Board of Trustees.

All full-time employees are eligible to participate. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested employees are entitled to a retirement benefit, payable monthly for life 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. An option of reduced benefits at any age with 20 years of service is available. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual financial report that is available to the public including financial statements and required supplementary information of the System. That report may be obtained by contacting the Louisiana State Employees Retirement System, P. O. Box 44213, Baton Rouge, La. 70804-4213, 225-922-0605 or 800-256-3000.

Covered employees are required to contribute 7.5% of gross salary to the plan, and the Commission is required to contribute at an actuarially determined rate as required by Louisiana R.S. 11:102. That rate for the year ended June 30, 2011, was 22%. Contributions to the System for the years ended June 30, 2011, 2010 and 2009, were \$87,244, \$68,990 and \$135,279, respectively.

**NOTE 8 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The Commission may provide certain continuing health care and life insurance benefits for its retired employees through the Louisiana Office of Group Benefits. Substantially all of the Commission's employees become eligible for those benefits if they reach normal retirement age while working for the Commission and were covered by the Commission's active medical plan immediately prior to retirement. Those benefits include joint payment of monthly premiums for the coverage provided.

*Plan Description.* The State of Louisiana's Other Post-Employment Benefit Plan (OPEB Plan) is an agent multiple-employer plan administered by the Louisiana Office of Group Benefits (OGB). There are three plans available to eligible retirees for health care – OGB Preferred Provider Organization (PPO), Humana Health Maintenance Organization (HMO) and United Exclusive Provider Organization (EPO). Participants eligible for Medicare coverage can choose one of two OGB Medicare Advantage Plans, either an HMO or private fee-for-service (PFFS) plan. Life insurance benefits include basic term life, basic plus supplemental term life, dependent term life and employee accidental death and dismemberment coverage. The policy is underwritten by The Prudential Insurance Company of America.



**LOUISIANA USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

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La. R.S. 42:801-883 provides for the authority under which benefit provisions are established and may be amended. The OGB does not issue a stand-alone report; however, it is included in the Louisiana Comprehensive Annual Financial Report (CAFR). The CAFR may be obtained from Office of Statewide Reporting and Accounting Policy's website at [www.doa.la.gov/osrap](http://www.doa.la.gov/osrap), writing to P. O. Box 94095, Baton Rouge, LA 70804-9095 or by calling 225-342-0708.

*Funding Policy.* LRS 42:801-883 provides for the authority under which the obligations of the plan members and the system are established and may be amended. For employees hired prior to January 1, 2002, the cost of coverage is shared 25% by the participant and 75% by the Commission with the exception of single retirees under age 65. He/she must pay 25% of the active employee cost. Employees hired on or after January 1, 2002, pay a percentage of the total contribution rate based on his/her years of service at retirement (under 10 yrs. – 81%; 10-14 yrs. – 62%; 15-19 yrs. – 44%; 20+ yrs. – 25%). A lifetime maximum for healthcare benefits is set at \$5,000,000 for the PPO, HMO and EPO plans. The retiree must pay 50% of the life insurance premiums for him or herself and 88% for his/her spouse. Maximum coverage is capped at \$50,000. Premiums paid for healthcare coverage vary depending on the plan chosen. The plan is currently financed on a pay-as-you-go basis by the Commission.

*OPEB Cost/Obligation.* The Commission's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the year beginning July 1, 2008, is as follows:

Normal cost	\$ 40,300
30 year UAL amortization amount	<u>81,900</u>
Annual Required Contribution (ARC)	<u>122,200</u>

The Commission's OPEB obligation for the year ended June 30, 2011, is as follows:

Annual required contribution/OPEB Cost	\$ 123,232
Contributions made	<u>(85,520)</u>
Change in Net OPEB Obligation	37,712
Net OPEB obligation, beginning	<u>576,867</u>
Net OPEB obligation, ending	<u>614,579</u>

Utilizing the pay-as-you-go method, the Commission contributed 41% of the annual post-employment benefits cost during the current year.

*Funding Status and Funding Progress.* As of June 30, 2011, the Commission had not made any contributions to its post-employment benefits plan trust. A trust was established during the current year

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

---

but was not funded. Thus, it has no plan assets and a funding ratio of zero. Funding status and progress is summarized below.

Unfunded actuarial accrued liability (UAAL)	\$ 614,578
Covered payroll (active employees)	303,500
 UAAL as a percentage of covered payroll	 202%

*Actuarial Methods/Assumptions.* Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligible, respectively, scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis.

**NOTE 9 – LEASES**

*Operating Leases.* A copier was leased from Kyocera for \$438.31 per month and is paid on a month-to-month basis or \$5,226 annually.

*Capital Leases.* The Commission has no capital leases.

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

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**NOTE 10 – ACCOUNTS AND OTHER PAYABLES**

The following is a summary of payables at June 30, 2011:

**Class of Payables**

Accounts	\$ 24,627.42
Payroll taxes withheld and related	34,944.92
Salaries	<u>25,335.30</u>
 Total	 <u>84,907.41</u>

**NOTE 11 – LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 29,440.00	\$ 52,000.00	\$ 50,785.64	\$ 30,654.36	\$ .00
Other post-employment benefits	<u>576,866.55</u>	<u>37,711.27</u>	<u>.00</u>	<u>614,577.82</u>	<u>.00</u>
 Total	 <u>606,306.55</u>	 <u>89,711.27</u>	 <u>50,785.64</u>	 <u>645,232.18</u>	 <u>.00</u>

**NOTE 12 – RELATED PARTY TRANSACTIONS**

There were no related party transactions during the year.

**NOTE 13 – LITIGATION**

There is no litigation that would require disclosure in this financial report.

**NOTE 14 – SUBSEQUENT EVENTS**

There were no events subsequent to year-end and prior to the issuance of this report that would materially impact the accompanying financial statements.

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**REQUIRED SUPPLEMENTAL INFORMATION**  
**(PART 2 OF 2)**

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**LOUISIANA USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
BUDGETARY COMPARISON SCHEDULE  
YEAR END JUNE 30, 2011**

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
Licenses and other fees	\$ 1,055,000.00	\$ 811,670.78	\$ 747,274.75	\$ (64,396.03)
Auction fees	-	227,500.00	238,335.00	10,835.00
Hearing costs and fines	50,575.00	67,500.00	62,245.00	(5,255.00)
Mailing lists/labels	2,947.25	2,947.25	3,757.15	809.90
Interest income	10,000.00	10,000.00	8,553.02	(1,446.98)
Other revenues	1,985.86	890.08	17,369.44	16,479.36
Total Revenues	1,120,508.11	1,120,508.11	1,077,534.36	(42,973.75)
<b>EXPENDITURES</b>				
Salaries and related benefits	669,976.60	686,854.63	691,458.45	(4,603.82)
Meetings, conferences and travel	18,500.00	18,500.00	13,182.70	5,317.30
Professional services	113,641.25	113,641.25	75,266.80	38,374.45
Maintenance and repairs	36,900.00	36,900.00	30,347.97	6,552.03
General and administrative	170,949.00	170,949.00	158,950.38	11,998.62
Depreciation	17,000.00	17,000.00	15,951.35	1,048.65
Total Expenditures	1,026,966.85	1,043,844.88	985,157.65	58,687.23
Change in Net Assets	93,541.26	76,663.23	92,376.71	15,713.48
Net Assets, beginning	467,251.72	467,251.72	467,251.72	-
Net Assets, ending	560,792.98	543,914.95	559,628.43	15,713.48

See Auditors' Report

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**SUPPLEMENTAL SCHEDULES AND INFORMATION**

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**LOUISIANA USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
SCHEDULE OF PER DIEM PAID TO COMMISSION MEMBERS  
JUNE 30, 2011**

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In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, this schedule of per diem/compensation paid to Commission members is presented for the year ended June 30, 2011.

<u>Name</u>	<u>Amount</u>
Bourgeois, Rhett	\$ 450.00
Brewer, George	900.00
Cormier, Tony	900.00
Duplessis, Ron (waived)	.00
Floyd, George	900.00
Poteet, John	750.00
Robinson, Glen	450.00
Roy, Kirby	600.00
Smith, Henry	600.00
Turner, Doug	<u>825.00</u>
 Total	 <u>6,375.00</u>

See Auditors' Report

**MARY SUE STAGES, CPA  
A PROFESSIONAL ACCOUNTING CORPORATION**

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3121 Van Buren Street, Suite A  
P. O. Box 30  
Baker, Louisiana 70704-0030  
Phone (225) 775-4982 \* Fax (225) 775-4912  
[mstages@butlercpa.brcoxmail.com](mailto:mstages@butlercpa.brcoxmail.com)

*Louisiana Society of Certified Public Accountants  
American Institute of Certified Public Accountants  
Association of Governmental Accountants  
Governmental Audit Quality Control Center*

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Commissioners of the  
Louisiana Used Motor Vehicle Commission  
3132 Valley Creek Drive  
Baton Rouge, Louisiana 70808

We have audited the financial statements of the governmental activities and the aggregate remaining fund information of the Louisiana Used Motor Vehicle Commission, a component unit of the State of Louisiana, as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated August 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Louisiana Used Motor Vehicle Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.



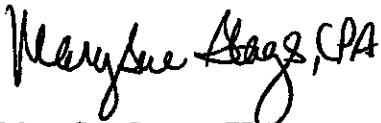
## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Used Motor Vehicle Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Used Motor Vehicle Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Used Motor Vehicle Commission's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management and Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, the Legislative Auditor distributes this report as a public document.



Mary Sue Stages, CPA  
A Professional Accounting Corporation  
August 16, 2011

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2011**

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We have audited the basic financial statements of the Louisiana Used Motor Vehicle Commission as of and for the year ended June 30, 2011, and have issued our report thereon dated August 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2011, resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

**1. Report on Internal Control and Compliance Material to the Financial Statements**

Internal Control	Material Weakness	<input type="checkbox"/> No
	Significant Deficiencies	<input type="checkbox"/> No
Compliance	Compliance Material to F/S	<input type="checkbox"/> No

**2. Federal Awards**

N/A

**Section II Financial Statement Findings**

N/A

**Section III Federal Award Findings and Questioned Costs**

N/A

**Section IV Management Letter**

N/A

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED JUNE 30, 2011**

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**Section I Internal Control and Compliance Material to the Financial Statements**

N/A

**Section II Internal Control and Compliance Material to Federal Awards**

N/A

**Section III Management Letter**

<p>M2010.01 Bank Reconciliations/Online Banking</p> <p><i>Recommendation:</i> that the Executive Director review the monthly reconciliations and evidence his review/approval by initialing and dating; to create open lines of communication between staff and management and an understanding of what issues should be brought to management's attention on a timely basis</p>	<p>Resolved</p>
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Approved by Management

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2011**

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**Section I      Internal Control and Compliance Material to the Financial Statements**

N/A

**Section II     Internal Control and Compliance Material to Federal Awards**

N/A

**Section III    Management Letter**

N/A

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**OTHER REQUIRED SUPPLEMENTAL INFORMATION**

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**LOUISIANA USED MOTOR VEHICLE COMMISSION  
OFFICE OF THE GOVERNOR  
SUPPLEMENTAL INFORMATION SCHEDULES  
JUNE 30, 2011**

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**LOUISIANA'S COMPREHENSIVE ANNUAL FINANCIAL REPORT**

As a component unit of the State of Louisiana, the financial statements of the Louisiana Used Motor Vehicle Commission are included in Louisiana's Comprehensive Annual Financial Report. Following are the statements being submitted to the Division of Administration for reporting purposes. The amounts recorded have been subjected to the same auditing procedures as those recorded in the accompanying financial statements.

**USED MOTOR VEHICLE COMMISSION  
STATE OF LOUISIANA  
Annual Financial Statements  
June 30, 2011**

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STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ending June 30, 2010

Used Motor Vehicle Commission  
3132 Valley Creek Drive  
Baton Rouge, Louisiana 70808

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095

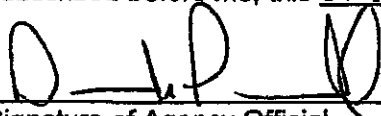
Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

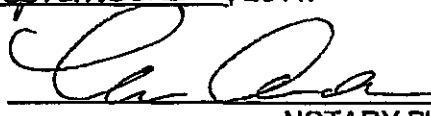
Physical Address:  
1201 N. Third Street  
Claiborne Building, 6<sup>th</sup> Floor, Suite 6-130  
Baton Rouge, Louisiana 70802

Physical Address:  
1600 N. Third Street  
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Derek Parnell, Executive Director of the Louisiana Used Motor Vehicle Commission (the Commission) who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Commission at June 30, 2011, and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 8<sup>th</sup> day of September, 2011.

  
\_\_\_\_\_  
Signature of Agency Official

  
\_\_\_\_\_  
NOTARY PUBLIC

Prepared by: Derek Parnell  
Title: Executive Director  
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**STATE OF LOUISIANA  
USED MOTOR VEHICLE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2011**

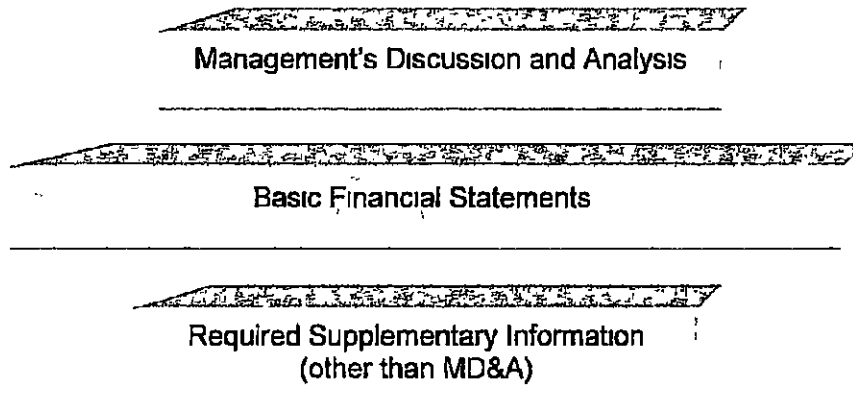
Management's Discussion and Analysis of the Louisiana Used Motor Vehicle Commission's, hereinafter referred to as the Commission financial performance presents a narrative overview and analysis of the Commission's financial activities for the year ended June 30, 2011. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the Commission's financial statements.

**FINANCIAL HIGHLIGHTS**

- ★ The Commission's assets exceeded its liabilities at the close of fiscal year 2011 by \$559,629, which represents a 19% increase from last fiscal year.
- ★ The Commission's revenue increased \$47,539 or 4% and the net results from activities increased by \$155,276.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

**Basic Financial Statements**

The basic financial statements present information for the Commission as a whole in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet, the Statement of Revenues, Expenses, and Changes in Fund Net Assets, and the Statement of Cash Flows.

The Balance Sheet presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Commission is improving or deteriorating.

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USED MOTOR VEHICLE COMMISSION  
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AS OF JUNE 30, 2011**

The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents information showing how the Commission's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how the Commission's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

**FINANCIAL ANALYSIS OF THE ENTITY**

Statement of Net Assets  
as of June 30, 2011  
(in thousands)

	Total	
	2011	2010
Current and other assets	\$ 1,128	\$ 944
Capital assets	161	164
<b>Total assets</b>	<b>1,289</b>	<b>1,108</b>
Other liabilities	85	34
Long-term debt outstanding	645	606
<b>Total liabilities</b>	<b>730</b>	<b>640</b>
<b>Net assets</b>		
Invested in capital assets, net of debt	161	164
Restricted	398	304
Unrestricted		
<b>Total net assets</b>	<b>\$ 559</b>	<b>\$ 468</b>

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of the Commission increased by \$92,377 or 19%, from June 30, 2010 to June 30, 2011.

STATE OF LOUISIANA  
 USED MOTOR VEHICLE COMMISSION  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 AS OF JUNE 30, 2011

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
 for the years ended June 30, 2011  
 (in thousands)

	Total	
	2011	2010
Operating revenues	\$ 1,052	\$ 1,004
Operating expenses	985	1,076
Operating income(loss)	67	(72)
Non-operating revenues	26	9
Non-operating expenses *		
Income(loss) before transfers	93	(63)
Transfers in		
Transfers out		
Net increase(decrease) in net assets	\$ 93	\$ (63)

\* Enter expenses as a negative amount

The Commission's total revenues increased by \$47,539 or 4%. The total cost of all programs and services decreased by \$90,488 or 8%.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year ended June 30, 2011, the Commission had \$161,342 invested in a broad range of capital assets, including a building, office equipment and vehicles (see accompanying Table). This amount represents a net decrease (including additions and deductions) of \$2,356, or 1%, over last year.

This year's major additions included (in thousands)

- a Dodge vehicle costing \$13,595

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USED MOTOR VEHICLE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF JUNE 30, 2011**

	<u>2011</u>	<u>2010</u>
Land	\$ 50,000	\$ 50,000
Buildings and improvements	104,492	110,297
Equipment	6,850	3,402
Infrastructure		
Intangible Assets		
	<hr/>	<hr/>
Totals \$	<u>161,342</u>	<u>\$ 163,699</u>

**Debt**

The Commission had no long-term obligations other than those related to employees - compensated absences of \$30,654 and opeb of \$614,578.

**VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS**

Revenues were approximately \$42,974 or 3% under budget and expenditures were less than budget by \$58,687 or 5%.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Commission's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees:

- change in office efficiency
- economic conditions of the State

The Commission expects that next year's results will improve based on the following:

- change in office procedures

**CONTACTING THE COMMISSION'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Derek Parnell, Executive Director, at 225-925-3874.

**STATE OF LOUISIANA  
USED MOTOR VEHICLE COMMISSION  
BALANCE SHEET  
AS OF JUNE 30, 2011**

**Statement A**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$ 708,026
Restricted Cash and Cash Equivalents	
Investments	
Derivative instrument	
Deferred outflow of resources	
Receivables (net of allowance for doubtful accounts)(Note U)	22,430
Due from other funds (Note Y)	
Due from federal government	
Inventories	
Prepayments	
Notes receivable	
Other current assets	
Total current assets	730,456

**NONCURRENT ASSETS:**

Restricted assets (Note F):	
Cash	
Investments	
Receivables	
Investments	397,970
Notes receivable	
Capital assets, net of depreciation (Note D)	
Land and non-depreciable easements	50,000
Buildings and improvements	104,492
Machinery and equipment	6,850
Infrastructure	
Intangible assets	
Construction/Development-in-progress	
Other noncurrent assets	
Total noncurrent assets	559,312
Total assets	\$ 1,289,768

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$ 84,907
Derivative instrument	
Deferred inflow of resources	
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	
Amounts held in custody for others	
Other current liabilities	
Current portion of long-term liabilities: (Note K)	
Contracts payable	
Compensated absences payable	
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Pollution remediation obligation	
Bonds payable (include unamortized costs)	
Other long-term liabilities	
Total current liabilities	84,907

**NONCURRENT LIABILITIES: (Note K)**

Contracts payable	
Compensated absences payable	30,654
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Pollution remediation obligation	
Bonds payable (include unamortized costs)	
OPEB payable	614,578
Other long-term liabilities	
Total noncurrent liabilities	645,232
Total liabilities	730,140

**NET ASSETS**

Invested in capital assets, net of related debt	161,342
Restricted for:	
Capital projects	
Debt Service	
Unemployment compensation	
Other specific purposes	
Unrestricted	398,286
Total net assets	559,628
Total liabilities and net assets	\$ 1,289,768

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA  
USED MOTOR VEHICLE COMMISSION**

**Statement B**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011**

<b>OPERATING REVENUE</b>	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	1,051,612
Other	_____
Total operating revenues	1,051,612
<b>OPERATING EXPENSES</b>	
Cost of sales and services	_____
Administrative	969,206
Depreciation	15,951
Amortization	_____
Total operating expenses	985,158
Operating income(loss)	66,454
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
State appropriations	_____
Intergovernmental revenues(expenses)	_____
Taxes	_____
Use of money and property	8,553
Gain on disposal of fixed assets	_____
Loss on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other revenue	17,369
Other expense	_____
Total non-operating revenues(expenses)	25,922
Income(loss) before contributions, extraordinary items, & transfers	92,377
Capital contributions	_____
Extraordinary item - Loss on impairment of capital assets	_____
Transfers in	_____
Transfers out	_____
Change in net assets	92,377
Total net assets - beginning	467,252
Total net assets - ending	\$ 559,628

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA  
USED MOTOR VEHICLE COMMISSION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

**Statement C**

			Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Entity	\$ 985,158	\$ 1,051,612	\$	\$	\$ 66,454
General revenues:					
Taxes					
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					8,553
Miscellaneous					17,369
Special items					
Extraordinary item - Loss on impairment of capital assets					
Transfers					
Total general revenues, special items, and transfers					25,922
Change in net assets					92,377
Net assets - beginning as restated					467,252
Net assets - ending					\$ 559,628

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA  
USED MOTOR VEHICLE COMMISSION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

**Statement D  
(continued)**

<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 1,073,229	
Cash payments to suppliers for goods and services	(281,327)	
Cash payments to employees for services	(618,305)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		<u>173,597</u>
<b>Cash flows from non-capital financing activities</b>		
State appropriations		
Federal receipts		
Federal disbursements		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other	17,369	
Net cash provided(used) by non-capital financing activities		<u>17,369</u>
<b>Cash flows from capital and related financing activities</b>		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(13,595)	
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		<u>(13,595)</u>
<b>Cash flows from investing activities</b>		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	8,553	
Net cash provided(used) by investing activities		<u>8,553</u>
Net increase(decrease) in cash and cash equivalents		<u>185,924</u>
Cash and cash equivalents at beginning of year		<u>522,101</u>
Cash and cash equivalents at end of year	\$	<u><u>708,026</u></u>





**STATE OF LOUISIANA  
USED MOTOR VEHICLE COMMISSION  
Notes to the Financial Statement  
As of and for the year ended June 30, 2011**

**INTRODUCTION**

The Commission was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 32:772. The following is a brief description of the operations of the Commission and includes the parish/parishes in which the Commission is located:

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

In April of 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 governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Commission present information only as to the transactions of the programs of the Commission as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Commission are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

**Revenue Recognition**

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

**Expense Recognition**

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

**B. BUDGETARY ACCOUNTING**

The appropriations made for the operations of the various programs of the Commission are annual lapsing appropriations.

**STATE OF LOUISIANA  
USED MOTOR VEHICLE COMMISSION  
Notes to the Financial Statement  
As of and for the year ended June 30, 2011**

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>1,026,967</u>
Amendments:	<u>16,878</u> <hr style="border: 0.5px solid black;"/> <hr style="border: 0.5px solid black;"/> <hr style="border: 0.5px solid black;"/>
Final approved budget	\$ <u><u>1,043,845</u></u>

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (**

**1. DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Commission may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Commission may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits 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. These pledged securities are required to be held in the name of the pledging fiscal agent

**STATE OF LOUISIANA  
USED MOTOR VEHICLE COMMISSION  
Notes to the Financial Statement  
As of and for the year ended June 30, 2011**

bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

**GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.**

The deposits at June 30, 2011, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per Balance Sheet (Reconciled bank balance)	\$ 707,026	\$	\$	\$ 707,026
Deposits in bank accounts per bank	\$ 719,977	\$	\$	\$ 719,977
Bank balances exposed to custodial credit risk:	\$	\$	\$	\$
a. Uninsured and uncollateralized				
b. Uninsured and collateralized with securities held by the pledging institution				
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's				

The following is a breakdown by banking institution, program, and amount of the "Deposits in bank accounts per bank" balances shown above:

	Banking Institution	Program	Amount
1.	Chase Bank	Operations	\$ 719,977
2.			
3.			
4.			
Total			\$ 719,977

**STATE OF LOUISIANA  
 USED MOTOR VEHICLE COMMISSION  
 Notes to the Financial Statement  
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Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$	<u>-0-</u>
Petty cash	\$	<u>500</u>

**2. INVESTMENTS**

The Commission does maintain investment accounts as authorized by La. R.S. 33:2955\_\_

All investments are long-term certificates of deposit held at financial institutions in Louisiana.

**Custodial Credit Risk**

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or the counterparty's trust department or agent, but not in the entity's name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure. Using the following table, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name. In addition, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk.

**STATE OF LOUISIANA  
USED MOTOR VEHICLE COMMISSION  
Notes to the Financial Statement  
As of and for the year ended June 30, 2011**

Type of Investment	Investments Exposed to Custodial Credit Risk		All Investments Regardless of Custodial Credit Risk Exposure	
	Uninsured, *Unregistered, and Held by Counterparty	Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name	Reported Amount Per Balance Sheet	Fair Value
Negotiable CDs	\$	\$	\$ 397,970	\$ 397,970
Repurchase agreements				
U.S. Government Obligations **				
U.S. Agency Obligations				
Common & preferred stock				
Mortgages (including CMOs & MBSs)				
Corporate bonds				
Mutual funds				
Real estate				
External Investment Pool (LAMP) ***				
External Investment Pool (Other)				
Other: (identify)				
<b>Total investments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 397,970</b>	<b>\$ 397,970</b>

\* Unregistered - not registered in the name of the government or entity

\*\* These obligations generally are not exposed to custodial credit risk because they are backed by the full faith and credit of the U.S. government. ( See Appendix A, Memo 11-36 for the definition of US Government Obligations)

\*\*\* LAMP investments should not be included in deposits AND should be identified separately in this table to

**3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES**

N/A

**4. DERIVATIVES (GASB 53)**

N/A

**5. POLICIES**

N/A

**STATE OF LOUISIANA  
USED MOTOR VEHICLE COMMISSION  
Notes to the Financial Statement  
As of and for the year ended June 30, 2011**

**6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS**

N/A

**D. CAPITAL ASSETS -- INCLUDING CAPITAL LEASE ASSETS**

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

**STATE OF LOUISIANA  
USED MOTOR VEHICLE COMMISSION  
Notes to the Financial Statement  
As of and for the year ended June 30, 2011**

Schedule of Capital Assets (Includes capital leases)

University/System	Balance 6/30/2010	Prior Period Adjustments	Restated Balance 6/30/2010	Additions	Reclassifi- cation of CIP	** Retirements	Balance 6/30/2011
<b>Capital assets not depreciated:</b>							
Land	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Non-depreciable land improvements	-	-	-	-	-	-	-
Non-depreciable easements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Software - development in progress	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Total capital assets not depreciated	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
<b>Other capital assets:</b>							
Depreciable land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
** Accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Buildings	205,488	-	205,488	-	-	-	205,488
** Accumulated depreciation	(95,191)	-	(95,191)	(5,805)	-	-	(100,996)
Total land improvements	110,297	-	110,297	(5,805)	-	-	104,492
Machinery & Equipment	193,336	-	193,336	13,595	-	-	206,931
** Accumulated depreciation	(189,934)	-	(189,934)	(10,146)	-	-	(200,080)
Total buildings	3,402	-	3,402	3,449	-	-	6,850
Infrastructure	-	-	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total equipment	-	-	-	-	-	-	-
Software (internally generated & purchased)	-	-	-	-	-	-	-
Other intangibles	-	-	-	-	-	-	-
** Accumulated amortization - software	-	-	-	-	-	-	-
** Accumulated amortization - other intangibles	-	-	-	-	-	-	-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	\$ 113,699	\$ -	\$ 113,699	\$ (2,356)	\$ -	\$ -	\$ 111,342
<b>Capital asset summary:</b>							
Capital assets not depreciated	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Other capital assets, book value	398,824	-	398,824	13,595	-	-	412,419
Total cost of capital assets	448,824	-	448,824	13,595	-	-	462,419
Accumulated depreciation/amortization	(285,125)	-	(285,125)	(15,951)	-	-	(301,076)
Capital assets, net	\$ 163,699	\$ -	\$ 163,699	\$ (2,356)	\$ -	\$ -	\$ 161,342

\* Should only be used for those completed projects coming out of construction-in-progress to fixed assets.  
\*\* Enter a negative number except for accumulated depreciation in the retirement column



**STATE OF LOUISIANA  
USED MOTOR VEHICLE COMMISSION  
Notes to the Financial Statement  
As of and for the year ended June 30, 2011**

**E. INVENTORIES**

N/A

**F. RESTRICTED ASSETS**

N/A

**G. LEAVE**

**1. COMPENSATED ABSENCES**

*The Commission has the following policy on annual and sick leave:*

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 or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

**2. COMPENSATORY LEAVE**

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The leave payable is not recorded in the accompanying financial statements.

**H. RETIREMENT SYSTEM**

Substantially all of the employees of the Commission are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

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Notes to the Financial Statement  
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All full-time employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life 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. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2008 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

[http://lasers.websitegadget.com/uploads/LASERS\\_2010\\_CAFR.pdf](http://lasers.websitegadget.com/uploads/LASERS_2010_CAFR.pdf)

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the (BTA) is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2011, increased to 22% of annual covered payroll from the 18.6% and 18.5% required in fiscal years ended June 30, 2010 and 2009 respectively. The Commission's contributions to the System for the years ending June 30, 2011, 2010, and 2009, were \$87,334, \$68,990 and \$135,279, respectively, equal to the required contributions for each year.

**STATE OF LOUISIANA  
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**I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses accounting and financial reporting for OPEB trust and agency funds of the employer. GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* establishes standards of accounting and financial reporting for OPEB expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of governmental employers.

**1. Calculation of Net OPEB Obligation**

Fiscal year ending	Annual OPEB expense and net OPEB Obligation	6/30/2011
1. * ARC		<u>\$122,200.0</u>
2. * Interest on NOO (4%)		<u>\$23,074.7</u>
3. * ARC adjustment		<u>(\$22,043.1)</u>
4. * Annual OPEB Expense (1. + 2. - 3.)		<u>\$123,231.6</u>
5. Contributions (employer pmts. to OGB for retirees' cost of 2011 insurance premiums)		<u>(\$85,520.3)</u>
6. Increase in Net OPEB Obligation (4. - 5.)		<u>\$37,711.3</u>
7. *NOO, beginning of year (see actuarial valuation report on OSRAP's website)		<u>576866.55</u>
8. **NOO, end of year (6. + 7.)		<u><u>\$614,577.8</u></u>

**J. LEASES**

**1. OPERATING LEASES**

The total payments for operating leases during fiscal year 2011 amounted to \$5,226. A schedule of payments for operating leases follows:

Nature of lease	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017- 2021	FY 2022- 2026
Office Space	\$ 5,226						
Equipment							
Land							
Other							
<b>Total</b>	<u>\$ 5,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**2. CAPITAL LEASES**

N/A

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**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2011:

	Balance June 30, 2010	Year ended June 30, 2011		Balance June 30, 2011	Amounts due within one year
		Additions	Reductions		
<b>Notes and bonds payable:</b>					
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds payable	-	-	-	-	-
Total notes and bonds	-	-	-	-	-
<b>Other liabilities:</b>					
Contracts payable	-	-	-	-	-
Compensated absences payable	29,440	52,000	50,786	30,654	-
Capital lease obligations	-	-	-	-	-
Claims and litigation	-	-	-	-	-
Pollution remediation obligation	-	-	-	-	-
OPEB payable	576,867	37,711	-	614,578	-
Other long-term liabilities	-	-	-	-	-
Total other liabilities	606,307	89,711	50,786	645,232	-
Total long-term liabilities	\$ 606,307	\$ 89,711	\$ 50,786	\$ 645,232	\$ -

**L. CONTINGENT LIABILITIES**

N/A

**M. RELATED PARTY TRANSACTIONS**

N/A

**N. ACCOUNTING CHANGES**

N/A

**O. IN-KIND CONTRIBUTIONS**

N/A

**P. DEFEASED ISSUES**

N/A

**STATE OF LOUISIANA  
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**Q. REVENUES – PLEDGED OR SOLD (GASB 48)**

N/A

**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)**

N/A

**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS**

N/A

**T. SHORT-TERM DEBT**

N/A

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at June 30, 2011, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
General	\$ 22,430	\$ -	\$ -	\$ -	\$ 22,430
Gross receivables	\$ 22,430	\$ -	\$ -	\$ -	\$ 22,430
Less allowance for uncollectible accounts					
Receivables, net	\$ 22,430	\$ -	\$ -	\$ -	\$ 22,430

Amounts not scheduled

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2011, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
General	\$ 24,627	\$ 60,280	\$ -	\$ -	\$ 84,908
Total payables	\$ 24,627	\$ 60,280	\$ -	\$ -	\$ 84,908

**STATE OF LOUISIANA  
USED MOTOR VEHICLE COMMISSION  
Notes to the Financial Statement  
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**W. SUBSEQUENT EVENTS**

N/A

**X. SEGMENT INFORMATION**

N/A

**Y. DUE TO/DUE FROM AND TRANSFERS**

N/A

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

N/A

**AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS**

N/A

**BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46)**

N/A

**CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES**

N/A

**DD. EMPLOYEE TERMINATION BENEFITS**

N/A

**EE. POLLUTION REMEDIATION OBLIGATIONS**

N/A

**FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)**

N/A



**STATE OF LOUISIANA**  
**USED MOTOR VEHICLE COMMISSION**  
**COMPARISON FIGURES**

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$3 million, explain the reason for the change.

	<u>2011</u>	<u>2010</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 1,051,612	\$ 1,004,073	\$ 47,539	4%
Expenses	985,158	1,075,646	(90,488)	8%
2) Capital assets	161,342	163,699	(2,357)	1%
Long-term debt	645,232	606,307	38,925	6%
Net Assets	559,628	467,252	92,376	19%
Explanation for change:	<hr/> <hr/> <hr/> <hr/>			