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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, 2012

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 SEP 26 2012

**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, 2012**

TABLE OF CONTENTS

	<u>Page No</u>
BASIC FINANCIAL STATEMENTS	
Independent Auditors' Report	1
Required Supplemental Information (Part 1 of 2) Management's Discussion and Analysis	4
Fund Financial Statements	
Statement of Net Assets	10
Statement of Revenues, Expenses and Changes in Fund Net Assets	11
Statement of Cash Flows	12
Notes to Financial Statements	
Index	15
Notes	16
Required Supplemental Information (Part 2 of 2) Budgetary Comparison Schedule	28
SUPPLEMENTAL SCHEDULES AND INFORMATION	
Schedule of Per Diem Paid to Board Members	30
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31
Schedule of Findings and Responses	32
Summary Schedule of Prior Year Findings	34
Management's Corrective Action Plan	35
OTHER REQUIRED SUPPLEMENTARY INFORMATION	
Louisiana's Comprehensive Annual Financial Report	37

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INDEPENDENT AUDITORS' REPORT

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

I 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, 2012, 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my 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, 2012, 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*, I have also issued my report dated September 5, 2012, on my consideration of the Louisiana Used Motor Vehicle Commission's internal control over financial reporting and my 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 my 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 my audit.

Member
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

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. I have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

My 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 my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in blue ink that reads "John L. McKowen, CPA". The signature is written in a cursive style.

John L. McKowen, CPA

September 5, 2012

REQUIRED SUPPLEMENTAL INFORMATION
(PART 1 OF 2)

**LOUISIANA USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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 12 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 five 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.

**LOUISIANA USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

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

The basic financial statements can be found on pages 10-13 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>2012</u>	<u>2011</u>
Assets		
Current assets	\$ 1,172,102.66	\$ 730,455.62
Non-current assets	669,139.48	559,312.40
Total Assets	<u>1,841,242.14</u>	<u>1,289,768.02</u>
Liabilities		
Current liabilities	294,210.36	84,907.41
Non-current liabilities	652,313.05	645,232.18
Total Liabilities	<u>946,523.41</u>	<u>730,139.59</u>
Net Assets		
Invested in capital assets, net of related debt	171,161.34	161,342.40
Unrestricted	723,557.39	398,286.03
Total Net Assets	<u>894,718.73</u>	<u>559,628.43</u>

Between June 30, 2011 and June 30, 2012 the net assets of the Commission increased by \$335,090, or 60%

**LOUISIANA USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

A summary of changes in net assets is as follows

SUMMARY OF CHANGES IN NET ASSETS

	<u>2012</u>	<u>2011</u>
Operating Revenues	\$ 1,236,665 11	\$ 1,051,611 90
Operating Expenses	<u>(940,354 03)</u>	<u>(985,157 65)</u>
Operating Income (Loss)	296,311 08	66,454 25
Non-operating Revenues (Expenses)	<u>7,368 13</u>	<u>25,922 46</u>
Prior Period Adjustment	<u>31,410 83</u>	<u>0 00</u>
Change in Net Assets	<u>335,090 04</u>	<u>92,376 71</u>

Operating revenues increased by \$185,053 or 18%. Expenses decreased by \$44,803 or 5% of the prior year's expenses. This positive change is a result of changes instituted within the office providing for more efficiency of operations.

During the year, management identified fixed assets in the amount of \$2,167 that had been previously unrecorded and payroll liabilities totaling \$29,244 that should have been expensed in prior periods. Because of these discoveries, management chose to adjust the totals as of prior periods, resulting in an increase to net assets.

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

STATEMENT OF CASH FLOWS

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents provided by (used for)		
Operating activities	\$ 527,434.42	\$ 173,596 78
Non-capital financing activities	0 00	17,369.44
Capital and related financing activities	(29,347 37)	(13,595.00)
Investing activities	<u>(92,640 01)</u>	<u>8,553 02</u>
Net Increase in		
Cash and Cash Equivalents	405,447 04	185,924 33
Cash and cash equivalents, beginning of year	<u>708,025 62</u>	<u>522,101 39</u>
Cash and cash equivalents, end of year	<u>1,113,472 66</u>	<u>708,025 62</u>

**LOUISIANA USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

Budgetary Highlights

Revenues were less than anticipated by \$74,267 or 6%. Expenses, on the other hand, were less than budgeted \$326,096 or 26%. This resulted in an overall positive change in net assets of \$251,830 more than budgeted.

Capital Asset and Debt Administration

Capital Assets The Commission's investment in capital assets, net of accumulated depreciation, at June 30, 2012 and 2011, was \$171,161 and \$161,342, 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:

CAPITAL ASSETS		
Net of Accumulated Depreciation		
	<u>2012</u>	<u>2011</u>
Non-depreciable Assets		
Land	\$ 50,000 00	\$ 50,000 00
Depreciable Assets		
Buildings	88,911 90	94,142 01
Parking lot	9,775 00	10,350 00
Autos and equipment	<u>22,474 44</u>	<u>6,850 39</u>
Total	<u>171,161 34</u>	<u>161,342 40</u>

Capital acquisitions during the year included telephone and computer equipment costing \$25,014. Additionally, management identified equipment that had been previously unrecorded in its financial records and adjusted the records accordingly. Finally, several fully depreciated items of equipment that were no longer being utilized were retired as surplus to the State of Louisiana during the year.

Debt Administration Long-term debt of the Commission includes compensated absences at amounts of \$63,874 and \$30,654 at June 30, 2012 and 2011, respectively. There is also an actuarially determined obligation for post-employment benefits of \$615,439 at June 30, 2012, up from \$614,578 at June 30, 2011.

Future Plans and Next Year's Budget

During the 2012 license year, the Commission began the process of moving all licensees to a two-year license. Districts 4 and 5 were licensed for two years with an expiration date of December 31, 2013. Districts 1, 2 and 3 will move to the two-year license for license year 2013, with an expiration date of December 31, 2014. All salesperson licenses in all districts will continue to renew for one year and will expire December 31, 2013. Licensees will continue to be encouraged to use the online renewal process.

**LOUISIANA USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012**

In an effort to increase the lines of communication and ensure maximum efficiency each licensee will receive an email address provided by the Commission. The provided email address will allow for broader functionality between the licensee and the Commission which will increase our levels of service and communication. The Commission is improving service by moving away from mailing and faxing documents and will use this email address as the primary communication with licensees.

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. The Commission began providing employees with an online paycheck record. 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, more efficient operation and 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.

BASIC FINANCIAL STATEMENTS

**LOUISIANA USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
STATEMENT OF NET ASSETS
JUNE 30, 2012**

	Business-type Activities
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 1,113,472 66
Accounts receivable, net of allowance of \$5,470	58,630 00
Total Current Assets	1,172,102 66
Non-Current Assets	
Investments	497,978 14
Land	50,000 00
Building/parking lot	205,488 00
Auto and equipment	170,845 25
Accumulated depreciation	(255,171 91)
Total Non-Current Assets	669,139 48
Total Assets	1,841,242 14
LIABILITIES	
Current Liabilities	
Accounts payable	8,729 31
Payroll taxes withheld and related payables	32,824 28
Accrued salaries payable	6,536 77
Deferred revenue	246,120 00
Total Current Liabilities	294,210 36
Non-Current Liabilities	
Compensated absences payable	36,874 04
Other post-employment benefits plan payable	615,439 01
Total Non-Current Liabilities	652,313 05
Total Liabilities	946,523 41
NET ASSETS	
Invested in capital assets, net of related debt	171,161 34
Unrestricted	723,557 39
Total Net Assets	894,718 73

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, 2012**

	<u>Business-type Activities</u>
<u>OPERATING REVENUES</u>	
Licenses and other fees	\$ 791,826 00
Auction fees	233,564 25
Hearing costs and fines, net of uncollectibles of \$243,359 59	189,740 41
Mailing lists/labels/other revenue	<u>21,534 45</u>
Total Operating Revenues	1,236,665 11
<u>OPERATING EXPENSES</u>	
Salaries and related benefits	666,087 49
Meetings, conferences and travel	8,618 34
Professional services	118,062 12
Maintenance and repairs	26,737 86
General and administrative	103,486 31
Depreciation	<u>17,361 91</u>
Total Operating Expenses	<u>940,354 03</u>
Operating Income	296,311 08
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest income	<u>7,368 13</u>
Total Non-Operating Revenues (Expenses)	<u>7,368 13</u>
Change in Net Assets	303,679 21
Total Net Assets, beginning	<u>559,628 69</u>
Prior Period Adjustments	31,410 83
Total Net Assets, ending	<u><u>894,718 73</u></u>

See Accompanying Notes and Auditors' Report

**LOUISIANA USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
STATEMENT OF CASH FLOWS
YEAR END JUNE 30, 2012**

	<u>Business-type Activities</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,430,687 26
Cash paid to suppliers for goods/services	(223,327 28)
Cash paid to employees for services	<u>(679,925 56)</u>
Net Cash Provided by Operating Activities	527,434 42
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(29,347 37)</u>
Net Cash Used for Capital and Related Financing Activities	(29,347 37)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Certificate of Deposit	(100,008 14)
Interest received from investments	<u>7,368 13</u>
Net Cash Provided by Investing Activities	<u>(92,640 01)</u>
Net Increase in Cash and Cash Equivalents	405,447 04
Cash and Cash Equivalents, beginning of year	<u>708,025 62</u>
Cash and Cash Equivalents, end of year	<u><u>1,113,472 66</u></u>

Continued

LOUISIANA USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
STATEMENT OF CASHFLOWS (Continued)
YEAR END JUNE 30, 2012

	Business-type Activities
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	296,311 08
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	17,361 91
(Increase) decrease in assets	
Accounts receivable	(36,200 00)
Increase (decrease) in liabilities	
Accounts payable	(15,897 85)
Accrued salaries and retirement payable	(20,918 94)
Deferred revenue	246,120 00
Compensated absences payable	6,219 68
Other post-employment benefits plan payable	861 19
Prior period adjustment	33,577 35
Net Cash Provided by Operating Activities	527,434 42

See Accompanying Notes and Auditors' Report

NOTES TO FINANCIAL STATEMENTS

**LOUISIANA USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
INDEX TO NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

<u>Note No</u>	<u>Description</u>	<u>Page No</u>
	Introduction	16
1	Summary of Significant Accounting Policies	16
2	Cash and Cash Equivalents	19
3	Investments	20
4	Receivables	20
5	Capital Assets	21
6	Leave	21
7	Retirement System	22
8	Post Retirement Health Care and Life Insurance Benefits	22
9	Leases	24
10	Accounts and Other Payables	25
11	Long-Term Liabilities	25
12	Prior Period Adjustments	25
13	Related Party Transactions	26
14	Litigation	26
15	Subsequent Events	26

**LOUISIANA USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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 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
OFFICE OF THE GOVERNOR
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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.

**LOUISIANA USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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, 2012.

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
OFFICE OF THE GOVERNOR
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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, 2012, employees of the Commission had accumulated and vested \$36,874 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, 2012:

	<u>Book Balance</u>	<u>Bank Balance</u>
Petty cash	\$ 500.00	\$ 500.00
Interest-bearing demand deposits	<u>1,112,972.66</u>	<u>1,141,516.32</u>
Total	<u>1,113,472.66</u>	<u>1,142,016.32</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, 2012**

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 counter-party 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, 2012, 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	1/03/13	0.75%	\$ 200,000.00
La Capitol FCU	8/21/12	0.40%	100,000.00
Landmark Bank	4/24/13	0.80%	99,008.14
Landmark Bank	4/17/13	0.80%	<u>98,970.00</u>
Total			<u>497,978.14</u>

NOTE 4 – RECEIVABLES

The following is a summary of receivables at June 30, 2012:

Class of Receivables

Accounts - hearings, net of allowance of \$5,470	\$ <u>58,630.00</u>
--	---------------------

**LOUISIANA USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, 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	100,995 99	5,805 11	00	106,801 10
Net Buildings and Improvements	104,492 01	(5,805 11)	00	98,686 90
Autos and equipment	206,930 60	27,180 85	(63,266 20)	170,845 25
Less accumulated depreciation	200,080 21	11,556 80	(63,266 20)	148,370 81
Net Autos and Equipment	6,850 39	15,624 05	00	22,474 44
Net Capital Assets, being depreciated	111,342 40	9,818 94	00	121,161 34
Net Capital Assets	161,342.40	9,818 54	00	171,161 34

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, 2012 and 2011, being \$36,874 04 and \$30,564 36, 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, 2012.

**LOUISIANA USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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, 2012, was 25.6%. Contributions to the System for the years ended June 30, 2012, 2011 and 2010, were \$89,637.30, \$87,244 and \$68,990, 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, 2012**

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, 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, 2012, is as follows:

Annual required contribution/OPEB Cost	\$ 86,599
Contributions made	<u>(85,738)</u>
Change in Net OPEB Obligation	861
Net OPEB obligation, beginning	<u>614,579</u>
Net OPEB obligation, ending	<u>615,439</u>

Utilizing the pay-as-you-go method, the Commission contributed 99% of the annual post-employment benefits cost during the current year.

Funding Status and Funding Progress As of June 30, 2012, 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, 2012**

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)	\$ 615,439
Covered payroll (active employees)	426,791
 UAAL as a percentage of covered payroll	 144%

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, 2011 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 7.0% and 8.1% 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 \$346.49 per month and is paid on a month-to-month basis or \$5,158 annually.

Capital Leases The Commission has no capital leases.

**LOUISIANA USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 10 – ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at June 30, 2012

Class of Payables

Accounts	\$ 8,729 31
Payroll taxes withheld and related	32,824 28
Salaries	6536 77
Deferred revenue	<u>246,120 00</u>
 Total	 <u>294,210 36</u>

The deferred revenue balance is the result of the Commission transitioning to two year licenses starting with Districts 4 and 5 in 2012. The remaining districts renew for two years beginning in 2013.

NOTE 11 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2012, 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	\$ 30,654 36	\$ 6,219 68	\$ 00	\$ 36,874 04	\$ 00
Other post-employment benefits	<u>614,577 82</u>	<u>861 19</u>	<u>00</u>	<u>615,439 01</u>	<u>00</u>
 Total	 <u>645,232 18</u>	 <u>7,080.87</u>	 <u>.00</u>	 <u>652,313.05</u>	 <u>.00</u>

NOTE 12– PRIOR PERIOD ADJUSTMENTS

The Commission adjusted net assets at July 31, 2011 for the following

Capital assets	\$ 2,166 52
Benefits payable	3,909 01
Salary payable	<u>25,335 31</u>
Total	<u>31,410 83</u>

During the year, management identified fixed assets in the amount of 2,166 52 that had been previously unrecorded and payroll liabilities totaling 29,244 32 that should have been expensed in prior periods. The Commission has chosen to adjust the totals as of prior periods, resulting in an increase to net assets.

NOTE 13– RELATED PARTY TRANSACTIONS

There were no related party transactions during the year

NOTE 14 – LITIGATION

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

NOTE 15 – 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

REQUIRED SUPPLEMENTAL INFORMATION
(PART 2 OF 2)

**LOUISIANA USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
BUDGETARY COMPARISON SCHEDULE
YEAR END JUNE 30, 2012**

	Budgeted		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Licenses and other fees	\$ 1,030,000 00	\$ 1,030,000 00	\$ 1,025,390 25	\$ (4,609 75)
Auction fees	-	-	-	-
Hearing costs and fines	32,000 00	275,600 00	189,740 41	(85,859 59)
Mailing lists/labels	6,100 00	6,100 00	6,903 68	803 68
Interest income	6,600 00	6,600 00	7,368 13	768 13
Other revenues	-	-	14,630 77	14,630 77
Total Revenues	1,074,700 00	1,318,300 00	1,244,033 24	(74,266 76)
EXPENDITURES				
Salaries and related benefits	681,534 60	681,534 60	666,087 49	15,447 11
Meetings, conferences and travel	11,500 00	8,500 00	8,618 34	(118 34)
Professional services	126,400 00	119,400 00	118,062 12	1,337 88
Maintenance and repairs	21,600 00	21,600 00	26,737 86	(5,137 86)
General and administrative	164,815 63	418,415 63	103,486 05	314,929 58
Depreciation	17,000 00	17,000 00	17,361 91	(361 91)
Total Expenditures	1,022,850 23	1,266,450 23	940,353.77	326,096 46
Change in Net Assets	51,849 77	51,849 77	303,679 47	251,829 70
Net Assets, beginning	559,628 43	559,628 43	559,628 43	-
Prior period adjustment			31,410 83	
Net Assets, ending	611,478 20	611,478 20	894,718 73	283,240 53

The final budget projected Hearing Costs and Fines of \$275,600 and Bad Debt Expense of \$243,600 Footnote 41 of GASB Statement No 34 states, however, that revenues should be reported net of discounts and allowances

After year end, Bad Debt Expense was eliminated and Hearing Costs and Fines was adjusted to conform with GASB Statement No 34 The adjustments caused both revenues and expenditures for the year to be stated at levels lower than had been anticipated Otherwise, actual revenues and expenditures were within acceptable ranges based on the final budget

See Auditors' Report

SUPPLEMENTAL SCHEDULES AND INFORMATION

**LOUISIANA USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
SCHEDULE OF PER DIEM PAID TO COMMISSION MEMBERS
JUNE 30, 2012**

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, 2012

<u>Name</u>	<u>Amount</u>
Poteet, John	\$ 825 00
Bourgeois, Rhett	450 00
Brewer, George	600 00
Cormier, Tony	450 00
Duplessis, Ron (waived)	0 00
Floyd, George	825 00
Roy, Kirby	675 00
Smith, Henry	675 00
Turner, Doug	525 00
Taylor, Steven	<u>450 00</u>
Total	<u>5,475 00</u>

See Auditors' Report

**John L. McKowen, CPA
2178 Myrtle Avenue
Baton Rouge, Louisiana 70806**

**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

I 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, 2012, which collectively comprise the basic financial statements as listed in the table of contents and have issued my report thereon dated September 5, 2012. I conducted my 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, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my audit, I considered the Louisiana Used Motor Vehicle Commission's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my 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, I 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.

My 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. I did not identify any deficiencies in internal control over financial reporting that I 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.

A handwritten signature in blue ink that reads "John L. McKowen, CPA". The signature is written in a cursive style.

John L. McKowen, CPA
September 5, 2012

**LOUISIANA USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2012**

I have audited the basic financial statements of the Louisiana Used Motor Vehicle Commission as of and for the year ended June 30, 2012, and have issued my report thereon dated September 5, 2012. I conducted my 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. My audit of the financial statements as of June 30, 2012, 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, 2012**

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

**LOUISIANA USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2012**

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

OTHER REQUIRED SUPPLEMENTAL INFORMATION

**LOUISIANA USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
SUPPLEMENTAL INFORMATION SCHEDULES
JUNE 30, 2012**

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.

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2012

**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, 6th 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, 2012, 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 5th day of September, 2012.


Signature of Agency Official


NOTARY PUBLIC
38117

Prepared by: Derek Parnell
Title: Executive Director
Telephone No. 225-925-3865
Date: September 4, 2012
Email Address: dparnell@lumvc.louisiana.gov

LOUISIANA USED MOTOR VEHICLE COMMISSION
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2012

C O N T E N T S

Affidavits		
Instructions for the Business-Type Activity AFR Packet		1
Management’s Discussion and Analysis (MD&A)		iv
	Statements	
Balance Sheet		A
Statement of Revenues, Expenses, and Changes in Fund Net Assets		B
Statement of Activities (including Instructions for Simplified Statement of Activities)		C
Statement of Cash Flows		D
Notes to the Financial Statements		
Notes	Note Name	Page No
A	Summary of Significant Accounting Policies	1
B	Budgetary Accounting	2
C	Deposits with Financial Institutions and Investments (See OSRAP Memo 13-01, Appendix A)	2
D	Capital Assets – Including Capital Lease Assets	16
E	Inventories	18
F	Restricted Assets	18
G	Leave	18
H	Retirement System	19
I	Other Postemployment Benefits (See OSRAP Memo 13-01, Appendix D)	20
J.	Leases	24
K	Long-Term Liabilities	30
L	Contingent Liabilities	31
M	Related Party Transactions	33
N	Accounting Changes	33
O	In-Kind Contributions	33
P	Defeased Issues	33
Q	Revenues or Receivables – Pledged or Sold (GASB 48) (See OSRAP Memo 13-01, Appendix E)	34
R	Government-Mandated Nonexchange Transactions (Grants)	35
S	Violations of Finance-Related Legal or Contractual Provisions	36
T	Short-Term Debt	36
U	Disaggregation of Receivable Balances	36
V	Disaggregation of Payable Balances	37

W	Subsequent Events	37
X	Segment Information	37
Y	Due to/Due from and Transfers	39
Z	Liabilities Payable from Restricted Assets	40
AA	Prior-Year Restatement of Net Assets	40
BB	Net Assets Restricted by Enabling Legislation (See OSRAP Memo 13-01, Appendix C)	41
CC	Impairment of Capital Assets (See OSRAP Memo 13-01, Appendix B)	41
DD	Employee Termination Benefits	43
EE	Pollution Remediation Obligations	44
FF	American Recovery and Reinvestment Act (ARRA)	48
GG	Restricted Net Assets – Other Purposes	48

Schedules

1	Schedule of Per Diem Paid to Board Members
2	Not Applicable
3	Schedules of Long-Term Debt
4	Schedules of Long-Term Debt Amortization
15	Schedule of Comparison Figures and Instructions
16	Schedule of Cooperative Endeavors (see OSRAP Memo 13-01 Appendix F)

See the Appendix Packet on our Website (OSRAP Memo 13-01)

**STATE OF LOUISIANA
LOUISIANA USED MOTOR VEHICLE COMMISSION
BALANCE SHEET
AS OF JUNE 30, 2012**

Statement A

ASSETS

CURRENT ASSETS

Inventories	_____
Prepayments	_____
Notes receivable	_____
Other current assets	_____
Total current assets	<u>1,670,081</u>

NONCURRENT ASSETS

Restricted assets (Note F)	_____
Cash	_____
Investments	_____
Receivables	_____
Investments	_____
Notes receivable	_____
Capital assets, net of depreciation (Note D)	_____
Land and non-depreciable easements	50,000
Buildings and improvements	<u>98,686</u>
Machinery and equipment	<u>22,475</u>
Infrastructure	_____
Intangible assets	_____
Construction/Development-in-progress	_____
Other noncurrent assets	_____
Total noncurrent assets	<u>171,161</u>
Total assets	<u>\$ 1,841,242</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accruals (Note V)	\$ 48,090
Derivative instrument	_____
Deferred inflow of resources	_____
Due to other funds (Note Y)	_____
Due to federal government	_____
Deferred revenues	<u>246,120</u>
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	<u>294,210</u>

NONCURRENT LIABILITIES (Note K)

Contracts payable	_____
Compensated absences payable	<u>36,874</u>
Capital lease obligations	_____
Claims and litigation payable	_____
Notes payable	_____
Pollution remediation obligation	_____
Bonds payable (include unamortized costs)	_____
OP&B payable	<u>615,439</u>
Other long-term liabilities	_____
Total noncurrent liabilities	<u>652,313</u>
Total liabilities	<u>946,523</u>

NET ASSETS

Invested in capital assets, net of related debt	_____
Restricted for	_____
Capital projects	<u>171,161</u>
Debt Service	_____
Unemployment compensation	_____
Other specific purposes	_____
Unrestricted	<u>723,558</u>
Total net assets	<u>894,719</u>
Total liabilities and net assets	<u>\$ 1,841,242</u>

The accompanying notes are an integral part of this financial statement

STATE OF LOUISIANA
LOUISIANA USED MOTOR VEHICLE COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

Statement B

Operating income(loss)	296,311
NON-OPERATING REVENUES (EXPENSES)	
State appropriations	
Intergovernmental revenues(expenses)	
Taxes	
Use of money and property	7,368
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	
Federal grants	
Interest expense	
Other revenue	
Other expense	
Total non-operating revenues(expenses)	7,368
Income(loss) before contributions, extraordinary items, & transfers	303,679
Capital contributions	
Extraordinary item - Loss on impairment of capital assets	
Transfers in	
Transfers out	
Change in net assets	303,679
Total net assets – beginning	559,629
Prior period adjustment	31,411
Total net assets – ending	\$ 894,719

The accompanying notes are an integral part of this financial statement

STATE OF LOUISIANA
 LOUISIANA USED MOTOR VEHICLE COMMISSION
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2012

Statement C

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Entity	\$ 940,354	\$ 1,236,665	\$	\$	\$ 296,311
General revenues					
Taxes					
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					7,368
Miscellaneous					
Special items					
Extraordinary item - Loss on impairment of capital assets					
Transfers					
Total general revenues special items and transfers					7,368
Change in net assets					303,679
Net assets - beginning as related					559,629
Prior period adjustment					31,411
Net assets - ending					\$ 894,719

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, 2012

Statement D
(continued)

Cash flows from non-capital financing activities	
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	
Net cash provided(used) by non-capital financing activities	
Cash flows from capital and related financing activities	
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	(25,014)
Proceeds from sale of capital assets	
Capital contributions	
Other	
Net cash provided(used) by capital and related financing activities	(25,014)
Cash flows from investing activities	
Purchases of investment securities	(100,008)
Proceeds from sale of investment securities	
Interest and dividends earned on investment securities	7,368
Net cash provided(used) by investing activities	(92,640)
Net increase(decrease) in cash and cash equivalents	409,780
Cash and cash equivalents at beginning of year	708,026
Cash and cash equivalents at end of year	\$ 1,117,806

**STATE OF LOUISIANA
LOUISIANA USED MOTOR VEHICLE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012**

**Statement D
(concluded)**

Operating income(loss)	\$	296,311
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities		
Depreciation/amortization		17,362
Provision for uncollectible accounts		
Other		
Changes in assets and liabilities		
(Increase)decrease in accounts receivable, net		(36,200)
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments		
(Increase)decrease in inventories		
(Increase)decrease in other assets		
Increase(decrease) in accounts payable and accruals		(36,817)
Increase(decrease) in compensated absences payable		6,220
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues		246,120
Increase(decrease) in OPEB payable		861
Prior period adjustment		33,577
 Net cash provided(used) by operating activities	 \$	 <u><u>527,434</u></u>

Schedule of noncash investing, capital, and financing activities

Borrowing under capital lease(s)	\$	N/A
Contributions of fixed assets		
Purchases of equipment on account		
Asset trade-ins		
Other (specify)		

Total noncash investing, capital, and financing activities	\$	<u><u>N/A</u></u>

The accompanying notes are an integral part of this statement

STATE OF LOUISIANA
LOUISIANA USED MOTOR VEHICLE COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 2012

INTRODUCTION

The Louisiana Used Motor Vehicle 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 Louisiana Used Motor Vehicle Commission and includes the parish/parishes in which the Louisiana Used Motor Vehicle Commission is located.

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 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.

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 Louisiana Used Motor Vehicle Commission present information only as to the transactions of the programs of the Louisiana Used Motor Vehicle Commission as authorized by Louisiana statutes and administrative regulations.

**STATE OF LOUISIANA
LOUISIANA USED MOTOR VEHICLE COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 2012**

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 Louisiana Used Motor Vehicle 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 Louisiana Used Motor Vehicle Commission are annual lapsing appropriations.

- 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>1,022,850</u>
Amendments	<u>243,600</u>
	<u> </u>
Final approved budget	\$ <u><u>1,266,450</u></u>

STATE OF LOUISIANA
LOUISIANA USED MOTOR VEHICLE COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 2012

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C) See Memo 13-01, Appendix A, for information related to Note C

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 Louisiana Used Motor Vehicle Commission may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) 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 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.

STATE OF LOUISIANA
LOUISIANA USED MOTOR VEHICLE COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 2012

The deposits at June 30, 2012, consisted of the following

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per Balance Sheet (Reconciled bank balance)	\$ 1,112,973	\$ 497,978	\$	\$ 1,610,951
Deposits in bank accounts per bank	\$ 1,141,516	\$ 497,978	\$	\$ 1,639,494
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	_____	_____	_____	_____

NOTE The "Deposits in bank accounts per bank" will not necessarily equal the "Deposits per Balance Sheet" due to outstanding items

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	JPMorgan Chase	Operating	\$ 1,141,516
2	Concordia Bank & Trust	Operating	200,000
3	Landmark Bank	Operating	197,978
4	LaCapitol Fed Credit Union	Operating	100,000
	Total		\$ 1,639,494

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

STATE OF LOUISIANA
LOUISIANA USED MOTOR VEHICLE COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 2012

Cash in State Treasury	\$	_____
Petty cash	\$	_____

2 INVESTMENTS

The Louisiana Used Motor Vehicle Commission does not 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 held by 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
LOUISIANA USED MOTOR VEHICLE COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 2012**

<u>Type of Investment</u>	<u>*Unregistered, and Held by Counterparty</u>	<u>Trust Dept or Agent Not in Entity's Name</u>	<u>Amount Per Balance Sheet</u>	<u>Fair Value</u>
Negotiable CDs	\$ _____	\$ _____	\$ _____	\$ _____
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)	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
Total investments	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -

* 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 13-01 for the definition of US Government Obligations)

*** These obligations may not be exposed to custodial credit risk (See Appendix A, Memo 13-01 for discussion of FNMA & FHLMC)

**** LAMP investments should not be included in deposits AND should be identified separately in this table to ensure LAMP investments are not double-counted on the State level

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
LOUISIANA USED MOTOR VEHICLE COMMISSION
Notes to the Financial Statement
As of and for the year ended June 30, 2012**

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. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

STATE OF LOUISIANA
 LOUISIANA USED MOTOR VEHICLE COMMISSION
 Notes to the Financial Statement
 As of and for the year ended June 30, 2012

Schedule of Capital Assets (includes capital leases)

Agency	Balance 6/30/2011	Prior Period Adjustments	Restated Balance 6/30/2011	Additions	Reclassifi- cation of CIP	** Retirements	Balance 6/30/2012
Capital assets not depreciated							
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
Other capital assets							
Depreciable land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
** Accumulated depreciation	-	-	-	-	-	-	-
Total land improvements	-	-	-	-	-	-	-
Buildings	205,488	-	205,488	-	-	-	205,488
** Accumulated depreciation	(100,996)	-	(100,996)	(5,805)	-	-	(106,801)
Total buildings	104,492	-	104,492	(5,805)	-	-	98,687
Machinery & equipment	206,931	2,167	209,098	25,014	-	(63,266)	170,846
** Accumulated depreciation	(200,081)	-	(200,081)	(11,557)	-	63,266	(148,372)
Total machinery & equipment	6,850	2,167	9,017	13,457	-	-	22,474
Infrastructure	-	-	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Software (internally generated & purchased)	-	-	-	-	-	-	-
Other intangibles	-	-	-	-	-	-	-
** Accumulated amortization - software	-	-	-	-	-	-	-
** Accumulated amortization - other intangibles	-	-	-	-	-	-	-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	\$ 111,342	\$ 2,167	\$ 113,509	\$ 7,652	\$ -	\$ -	\$ 121,161
Capital asset summary							
Capital assets not depreciated	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Other capital assets, book value	412,419	2,167	414,586	25,014	-	(63,266)	376,334
Total cost of capital assets	462,419	2,167	464,586	25,014	-	(63,266)	426,334
Accumulated depreciation/amortization	(301,077)	-	(301,077)	(17,362)	-	63,266	(255,173)
Capital assets, net	\$ 161,342	\$ 2,167	\$ 163,509	\$ 7,652	\$ -	\$ -	\$ 171,161

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

E. INVENTORIES

N/A

F. RESTRICTED ASSETS

N/A

G. LEAVE

1 COMPENSATED ABSENCES

The Louisiana Used Motor Vehicle 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 liability for accrued payable compensatory leave at June 30, 2012 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60 105 is estimated to be \$36,874. The leave payable is recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the Louisiana Used Motor Vehicle 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. (Note: If LASERS is not your entity's retirement system, indicate the retirement system that is and replace any wording in this note that doesn't apply to your retirement system with the applicable wording.)

All full-time Louisiana Used Motor Vehicle Commission 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 2011 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. A copy of the 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) 922-0600 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at http://www.lasersonline.org/uploads/2011_CAFR_web_version.pdf

All members are required by state statute to contribute with the vast majority of employees of the state who became members before July 1, 2006 contributing 7.5% of gross salary. Act 75 of the 2005 Regular Session increases the member contribution rate from 7.5% to 8% for new members hired after June 30, 2006. 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, 2012 increased to 25.6% of annual covered payroll from the 22.0% and 18.6% required in fiscal years ended June 30, 2011 and 2010 respectively. The (BTA) contributions to the System for the years ending June 30, 2012, 2011, and 2010, were \$89,637, \$87,244, and \$68,990, respectively, equal to the required contributions for each year.

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. See the GASB Statement No. 45 note disclosures requirements in section 2 of this note.

1. Calculation of Net OPEB Obligation

Complete the following table for only the net OPEB obligation (NOO) related to OPEB administered by the Office of Group Benefits. The ARC, NOO at the beginning of the year, interest, ARC adjustment, and Annual OPEB Expense have been computed for OGB participants (see OSRAP's

website - http://www.doa.louisiana.gov/OSRAP/afp/afp_packets.htm) and select "GASB 45 OPEB Valuation Report as of July 1, 2011, to be used for fiscal year ending June 30, 2012" Report note disclosures for other plans, not administrated by OGB, separately

Annual OPEB expense and net OPEB Obligation

Fiscal year ending	6/30/2012
1 * ARC	<u>\$85,500</u>
2 * Interest on NOO	<u>\$24,583</u>
3 * ARC adjustment	<u>(\$23,484)</u>
4 * Annual OPEB Expense (1 + 2 - 3)	<u>\$86,599</u>
5 Contributions (employer pmts to OGB for retirees' cost of 2012 insurance premiums)	<u>(\$85,738)</u>
6 Increase in Net OPEB Obligation (4 - 5)	<u>\$861</u>
7 *NOO, beginning of year (see actuarial valuation report on OSRAP's website)	<u>\$614,578</u>
8 **NOO, end of year (6 + 7)	<u><u>\$615,439</u></u>

J. LEASES

1 OPERATING LEASES

The total payments for operating leases during fiscal year 2012 amounted to \$5,158

Nature of lease	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018-2022	FY 2023-2027
Office Space	\$ 5,158						
Equipment							
Land							
Other							
Total	<u>\$ 5,158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2 CAPITAL LEASES

N/A

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2012

	Balance June 30, 2011	Year ended June 30, 2012		Balance June 30, 2012	Amounts due within one year
		Additions	Reductions		
Notes and bonds payable:					
Notes payable	\$	\$	\$	\$ -	\$
Bonds payable				-	
Total notes and bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other liabilities:					
Contracts payable				-	
Compensated absences payable	30,654	6,220		36,874	
Capital lease obligations				-	
Claims and litigation				-	
Pollution remediation obligation				-	
OPEB payable	614,578	861		615,439	
Other long-term liabilities				-	
Total other liabilities	<u>645,232</u>	<u>7,081</u>	<u>-</u>	<u>652,313</u>	<u>-</u>
Total long-term liabilities	\$ <u>645,232</u>	\$ <u>7,081</u>	\$ <u>-</u>	\$ <u>652,313</u>	\$ <u>-</u>

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

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, 2012, were as follows

Fund (gen fund, gas tax fund, etc)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
General	\$ 58,650	\$	\$	\$	\$ 58,650
Gross receivables	\$ 58,650	\$ -	\$ -	\$ -	\$ 58,650
Less allowance for uncollectible accounts					
Receivables, net	\$ 58,650	\$ -	\$ -	\$ -	\$ 58,650
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ -

V. DI

Payables at June 30, 2012, were as follows

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
General	\$ 8,729	\$ 39,361	\$	\$	\$ 48,090
					-
Total payables	\$ 8,729	\$ 39,361	\$ -	\$ -	\$ 48,090

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

The following adjustments were made to restate beginning net assets for June 30, 2012

Ending net assets 6/30/11 as reported to OSRAP on PY AFR	* Adjustments to ending net assets 6/30/11 (after AFR was submitted to OSRAP) + or (-)	Restatements (Adjustments to beg. Balance 7/1/11) + or (-)	Beg net assets @ 7/1/11 as restated
\$ 559,629	\$	31,411	\$ 591,040
			-
			-
			-
			-

The

Commission adjusted net assets at July 31, 2011 for the following

Capital assets	\$ 2,166 52
Benefits payable	3,909 01
Salary payable	<u>25,335 31</u>
Total	<u>31,410.83</u>

During the year, management identified capital assets in the amount of \$2,166 52 that had been previously unrecorded and payroll liabilities totaling 29,244 32 that should have been expensed in prior periods. The Commission has chosen to adjust the totals as of prior periods, resulting in an increase to net assets

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

GG. RESTRICTED NET ASSETS – OTHER SPECIFIC PURPOSES

N/A

**STATE OF LOUISIANA
LOUISIANA USED MOTOR VEHICLE COMMISSION
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
JUNE 30, 2012**

Name	\$	Amount
<u>Poteet, John</u>		<u>825</u>
<u>Bourgeois, Rhett</u>		<u>450</u>
<u>Brewer, George</u>		<u>600</u>
<u>Cormier, Tony</u>		<u>450</u>
<u>Duplessin, Ron (waived)</u>		<u>0</u>
<u>Floyd, George</u>		<u>825</u>
<u>Roy, Kirby</u>		<u>675</u>
<u>Smith, Henry</u>		<u>675</u>
<u>Turner, Doug</u>		<u>525</u>
<u>Taylor, Steven</u>		<u>450</u>
Total	\$	<u><u>5,475</u></u>

Note The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature

STATE OF LOUISIANA
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>2012</u>	<u>2011</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 1,244,033	\$ 1,051,612	\$ 192,421	\$ 18.3%
Expenses	940,350	985,158	(44,808)	(4.5%)
2) Capital assets	171,161	161,342	9,819	6.1%
Long-term debt	652,313	645,232	7,081	1.1%
Net Assets	894,719	559,628	335,091	59.9%
Explanation for change	<hr/> <hr/> <hr/> <hr/>			