

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
BATON ROUGE, LOUISIANA**

**Financial Report  
As of and for the Year Ended  
June 30, 2020**

**LOUISIANA USED MOTOR VEHICLE COMMISSION**  
**Financial Report**  
**As of and for the Year Ended**  
**June 30, 2020**

---

**TABLE OF CONTENTS**

	<u>Page No.</u>
<u>Introductory Section</u>	
Table of Contents.....	i
<u>Financial Section</u>	
Independent Auditors' Report .....	1
Required Supplementary Information (Part 1 of 2) Management's Discussion and Analysis .....	5
Statement of Net Position .....	11
Statement of Revenues, Expenses and Changes in Net Position.....	13
Statement of Cash Flows .....	14
Notes to Financial Statements	
Index .....	17
Notes.....	18
<u>Required Supplementary Information (Part 2 of 2)</u>	
Budgetary Comparison Schedule .....	38
Schedule of Employer's Share of Net Pension Liability .....	39
Schedule of Employer Contributions to the Pension Plan.....	41
Schedule of Employer's Proportionate Share of Total Collective OPEB Liability	44
<u>Supplementary Information</u>	
Schedule of Per Diem Paid to Commission Members.....	46
Schedule of Compensation, Benefits and Other Payments To the Agency Head or Chief Executive Officer .....	47

**LOUISIANA USED MOTOR VEHICLE COMMISSION**  
**Financial Report**  
**As of and for the Year Ended**  
**June 30, 2020**

---

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> .....	48
Schedule of Findings and Responses.....	50
Summary Schedule of Prior Year Findings.....	51

**John L. McKowen**  
Certified Public Accountant

2178 Myrtle Avenue  
Baton Rouge, Louisiana 70806

Office (225) 615-7844  
jlmckowen@cox.net

**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Louisiana Used Motor Vehicle Commission  
Baton Rouge, Louisiana

**Report on the Financial Statements**

I have audited the accompanying financial statements of the business-type activities of the Louisiana Used Motor Vehicle Commission (the Commission), a related organization of the State of Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express opinions 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

**Member**

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

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Louisiana Used Motor Vehicle Commission as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As disclosed in note 8 to the financial statements, the net pension liability for the Commission was \$2,219,697 at June 30, 2020, as determined by the Louisiana State Employees' Retirement System (LASERS). The related actuarial valuation was performed by LASERS' actuary using various assumptions. Because actual experience may differ from the assumptions used, there is a risk that this amount at June 30, 2020 could be over or under stated. My opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5-9, budgetary comparison information on page 38, schedule of employer's share of net pension liability on pages 39-40, schedule of employer contributions to the pension plan on pages 41-43 and schedule of employer's proportionate share of the total collective OPEB liability on page 44 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements is required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements.

I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Schedule of Per Diem Paid to Commission Members and Schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer on pages 46-47 are presented for purposes of additional analysis and are not part of the basic financial statements. This supplemental information is the responsibility of management and was derived from is related directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated October 14, 2020, on my consideration of the Louisiana Used Motor Vehicle Commission's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and 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* in considering the Louisiana Used Motor Vehicle Commission's internal control over financial reporting and compliance.

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

John L. McKowen, CPA

Baton Rouge, Louisiana  
October 14, 2020

---

---

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

---

---

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

---

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**

The Louisiana Used Motor Vehicle Commission is a related organization of the State of Louisiana created within the Office of the Governor as provided by LA RS 32:772 and governed by LA RS 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. Operations of the Commission are funded by self-generated funds which are primarily license fees.

Ten Commissioners, who are appointed by the Governor, provide guidance to this Commission. Commissioners are authorized by 32:772(c) to receive a per diem of \$75 for each meeting day and are reimbursed for travel and related expenses while performing commission business. The Commission holds at least 12 meetings per year. During meetings, the Commissioners review and approve financial statements consisting of the balance sheet, revenue and expenditure statement (which includes month-to-date, year-to-date, and budgeted figures), the certificate of deposit summary, and accounts receivable-hearings reports.

The Commission had 19 employees during the audited year, 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 eight certificates of deposit. Two signatures are required on each check and the authorized signatures are that of the Executive Director, the Administrative Assistant 5, and the Accountant Supervisor. The Accounting Specialist prepares the accounts payable checks. The Accountant Supervisor prepares the payroll. Bank statements are reconciled by the Accountant Supervisor and approved by the Executive Director.

**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 Position.* This statement presents assets, deferred outflows of resources, liabilities, and deferred inflows of resources separately. The difference between assets plus deferred outflows and



**LOUISIANA USED MOTOR VEHICLE COMMISSION  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

---

liabilities plus deferred inflows is net position, which may provide a useful indicator of whether the financial position of the Louisiana Used Motor Vehicle Commission is improving or deteriorating.

*Statement of Revenues, Expenses and Changes in Net Position.* This statement presents information showing how the Commission's net position changed during the most recent fiscal year. All changes in net position 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 provided by or used for operating activities as required by GASB No. 34.

The basic financial statements can be found on pages 11-15 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 17 with the actual notes beginning immediately afterwards.

**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.

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

---

**Financial Analysis of the Commission**

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

**SUMMARY OF NET POSITION**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current assets	\$ 3,488,794	\$ 3,129,998
Non-current assets	<u>154,658</u>	<u>176,090</u>
Total Assets	<u>3,643,452</u>	<u>3,306,088</u>
<b>Deferred Outflows of Resources</b>	731,333	753,021
<b>Liabilities</b>		
Current liabilities	350,902	374,196
Non-current liabilities	<u>4,025,622</u>	<u>4,188,882</u>
Total Liabilities	<u>4,376,524</u>	<u>4,563,078</u>
<b>Deferred Inflows of Resources</b>	395,942	139,488
<b>Net position</b>		
Invested in capital assets, net of related debt	154,658	176,090
Unrestricted	<u>(552,339)</u>	<u>(819,547)</u>
Total Net Position	<u>(397,681)</u>	<u>(463,457)</u>

Between June 30, 2019 and June 30, 2020, the net position of the Commission increased by \$245,776.

A summary of changes in net position is as follows:

**SUMMARY OF CHANGES IN NET POSITION**

	<u>2020</u>	<u>2019</u>
<b>Operating Revenues</b>	\$ 1,649,314	\$ 1,416,981
<b>Operating Expenses</b>	<u>(1,498,761)</u>	<u>(1,730,381)</u>
Operating Income (Loss)	195,553	(313,400)
<b>Non-operating Revenues (Expenses)</b>	<u>50,223</u>	<u>64,809</u>
Change in Net position	<u>245,776</u>	<u>(248,591)</u>

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

---

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

	<u>2020</u>	<u>2019</u>
<b>STATEMENT OF CASH FLOWS</b>		
Cash and cash equivalents provided by (used for):		
Operating activities	\$ 79,393	\$ (63,511)
Non-capital financing activities	-	-
Capital and related financing activities	10,370	(35,516)
Investing activities	<u>50,223</u>	<u>66,323</u>
Net Increase(decrease) in Cash and Cash Equivalents	139,986	(32,704)
Cash and cash equivalents, beginning of year	<u>2,202,538</u>	<u>2,235,242</u>
Cash and cash equivalents, end of year	<u>2,342,524</u>	<u>2,202,538</u>

**Budgetary Highlights**

Revenues were greater than anticipated by \$263,967 or 18%. Expenses were \$18,191 or 1% more than budgeted. This resulted in a change in net position that was \$245,776 favorable to budget.

**Capital Asset and Debt Administration**

*Capital Assets:* The Commission's investment in capital assets, net of accumulated depreciation, at June 30, 2020 and 2019, was \$154,658 and \$176,090, respectively. The most significant capital asset is the Commission's building at a total initial cost of \$255,488 including land.

Capital assets at year-end are summarized as follows:

	<u>2020</u>	<u>2019</u>
<b>CAPITAL ASSETS</b>		
<b>Net of Accumulated Depreciation</b>		
<b>Non-depreciable Assets</b>		
Land	\$ 50,000	\$ 50,000
<b>Depreciable Assets</b>		
Buildings	47,071	52,301
Parking lot	5,175	5,750
Website	1,333	2,666
Autos and equipment	<u>51,079</u>	<u>65,373</u>
Total	<u>154,658</u>	<u>176,090</u>

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

---

Capital acquisitions during the year included equipment costing a total of \$14,933. Several items of equipment and one vehicle, which were no longer being utilized were retired as surplus during the year.

*Debt Administration:* Long-term debt of the Commission includes compensated absences at amounts of \$59,901 and \$54,946 at June 30, 2020 and 2019, respectively. There is also an actuarially determined obligation for post-employment benefits of \$1,746,024 at June 30, 2020, down from \$1,939,352 at June 30, 2019, and net pension liability of \$2,219,697, up from \$2,194,584 at June 30, 2019.

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

In October, 2019, licensees in Districts 4 and 5 of the State of Louisiana renewed their two-year license for the 2020-2021 calendar year. Those in Districts 1,2 and 3 were in the second year of their two-year license period. All salesperson licenses in all districts will continue to renew annually.

The Commission continues to improve procedures throughout the state to further the enforcement of its laws and regulations and the protection of consumer rights. The Commission has already expanded its Compliance Investigation staff in order to provide more complete coverage of the entire state and will continue to provide timely and effectual assistance to all consumers in Louisiana.

During this fiscal year, the Accounting Department of this Commission implemented several in-depth process changes to further secure internal controls of its purchasing procedures and to obtain improved automated services from the Commission's fiscal agent. The Department will continue to constantly seek improvements in its processes in the future. This will provide improved support to licensees, the public, and the Commission staff.

During the coming fiscal year, the Commission's budget will include expenditures to maintain good stewardship of its property, buildings, equipment and vehicles. Online and automated processes will continue to be offered to licensees in order to efficiently and effectively provide licensing services and accurately oversee revenue.

The Louisiana Used Motor Vehicle Commission looks forward to continued growth and improvement to further serve its licensees and protect the public.

**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  
BATON ROUGE, LOUISIANA  
STATEMENT OF NET POSITION  
JUNE 30, 2020**

	<b>Business-type Activities</b>
<b>ASSETS</b>	
Current Assets	
Cash and cash equivalents	\$ 2,342,524
Investments	748,424
Accounts receivable, net of allowance of \$78,904	374,516
Prepaid expenses	23,330
<b>Total Current Assets</b>	<b>3,488,794</b>
Non-Current Assets	
Land	50,000
Building/parking lot	205,488
Auto and equipment	192,125
Website	4,000
Accumulated depreciation	(296,955)
<b>Total Non-Current Assets</b>	<b>154,658</b>
<b>Total Assets</b>	<b>\$ 3,643,452</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	378,141
Deferred outflows related to other postemployment benefits	353,192
<b>Total Deferred Outflows of Resources</b>	<b>\$ 731,333</b>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	21,835
Payroll taxes withheld and related payables	40,035
Accrued salaries payable	26,812
Fines held pending appeal	850
Unearned revenue	261,370
<b>Total Current Liabilities</b>	<b>350,902</b>

Continued

**LOUISIANA USED MOTOR VEHICLE COMMISSION**  
**BATON ROUGE, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

<b>Non-Current Liabilities</b>		
Compensated absences payable		59,901
Other post-employment benefits plan payable		1,746,024
Net pension liability		2,219,697
Total Non-Current Liabilities		<u>4,025,622</u>
	Total Liabilities	<u>\$ 4,376,524</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions		67,061
Deferred inflows related to other postemployment benefits		328,881
Total Deferred Inflows of Resources		<u>\$ 395,942</u>
 <b>NET POSITION</b>		
Invested in capital assets, net of related debt		154,658
Unrestricted		<u>(552,339)</u>
	Total Net Position	<u><u>\$ (397,681)</u></u>

The accompanying notes are an integral part of these statements.

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
BATON ROUGE, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION  
YEAR ENDED JUNE 30, 2020**

	Business-type Activities
<b><u>OPERATING REVENUES</u></b>	
Licenses and other fees	\$ 778,006
Auction fees	436,925
Hearing costs and fines	456,433
Mailing lists/labels/other revenue	22,950
Total Operating Revenues	1,694,314
<b><u>OPERATING EXPENSES</u></b>	
Salaries and related benefits	1,210,841
Meetings, conferences and travel	18,152
Professional services	71,714
Maintenance and repairs	26,432
General and administrative	135,257
Depreciation	36,365
Total Operating Expenses	1,498,761
Operating Income	195,553
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>	
Interest income	50,223
Total Non-Operating Revenues (Expenses)	50,223
Change in Net Position	245,776
Total Net Position, beginning of year	(643,457)
Total Net Position, ending	\$ (397,681)

The accompanying notes are an integral part of these statements.



**LOUISIANA USED MOTOR VEHICLE COMMISSION  
BATON ROUGE, LOUISIANA  
STATEMENT OF CASH FLOWS  
YEAR END JUNE 30, 2020**

---

	Business-type Activities
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 1,481,269
Cash paid to suppliers for goods/services	(270,526)
Cash paid to employees for services	(1,131,350)
Net Cash Provided by Operating Activities	79,393
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	(14,933)
Sale of capital assets	25,303
Net Cash Used for Capital and Related Financing Activities	10,370
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received from investments	50,223
Net Cash Provided by Investing Activities	50,223
Net Increase in Cash and Cash Equivalents	139,986
Cash and Cash Equivalents, beginning of year	2,202,538
Cash and Cash Equivalents, end of year	\$ 2,342,524

Continued

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
BATON ROUGE, LOUISIANA  
STATEMENT OF CASHFLOWS (Continued)  
YEAR END JUNE 30, 2020**

---

	<u>Business-type Activities</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ 195,553
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	11,062
(Increase) decrease in assets:	
Accounts receivable	(198,360)
Prepaid expenses	(20,450)
(Increase) decrease in deferred outflows of resources:	
Deferred outflows related to pensions	(30,946)
Deferred outflows related to OPEB	52,634
Increase (decrease) in liabilities:	
Accounts payable	1,479
Accrued salaries and retirement payable	(10,088)
Unearned revenue	(14,685)
Compensated absences payable	4,955
Other post-employment benefits plan payable	(193,328)
Net pension liability	25,113
Increase (decrease) in deferred inflows of resources:	
Deferred inflows related to pensions	42,451
Deferred inflows related to OPEB	214,003
Net Cash Provided by Operating Activities	\$ 79,393

The accompanying notes are an integral part of these statements.

---

---

**NOTES TO FINANCIAL STATEMENTS**

---

---

**LOUISIANA USED MOTOR VEHICLE COMMISSION**  
**INDEX TO NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

<u>Note No.</u>	<u>Description</u>	<u>Page No.</u>
	Introduction	18
1	Summary of Significant Accounting Policies.....	18
2	Cash and Cash Equivalents.....	21
3	Investments.....	21
4	Receivables.....	22
5	Capital Assets.....	22
6	Accounts and Other Payables.....	22
7	Leave.....	23
8	Pensions.....	23
9	Postemployment Benefits Other Than Pensions (OPEB).....	31
10	Leases.....	34
11	Long-Term Liabilities.....	35
12	Related Party Transactions.....	35
13	Contingent Liabilities.....	35
14	Subsequent Events.....	36

**LOUISIANA USED MOTOR VEHICLE COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

**INTRODUCTION**

The Louisiana Used Motor Vehicle Commission is a related organization 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 accompanying basic financial statements of the Louisiana Used Motor Vehicle Commission (the Commission) have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The basic financial statements present the financial position, results of operations, and cash flows of the Commission as of and for the year ended June 30, 2020.

**Financial Reporting Entity:** As required by GASB Statement No. 61, *The Financial Reporting Entity – an amendment of GASB Statements No. 14 and No. 34*, the Commission is considered a related organization of the State of Louisiana. The accompanying financial statements present only the transactions of the Louisiana Used Motor Vehicle Commission.

**Basis of Presentation - Fund Accounting:** Proprietary funds are used to account for the Commission's ongoing operations and activities which are similar to those in the private sector. Proprietary funds are accounted for using a flow of economic resources measurement focus under which all assets and all liabilities associated with the operation of these funds are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. The Commission maintains one proprietary fund, the General Fund.

**Basis of Accounting:** The Commission prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Such principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities

**LOUISIANA USED MOTOR VEHICLE COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Commission has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), excluding those issued after November 30, 1989.

**Basis of Reporting:** The Commission has adopted GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* and also the required portions of GASB Statement No. 37, *Basic Financial Statements – for State and Local Governments – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus* and Statement No. 38, *Certain Financial Statement Note Disclosures*, which modified the disclosure requirements of GASB No. 34. GASB No. 34 established standards for external reporting for all state and local governmental entities. It requires the classification of net position into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

*Invested in Capital Assets, Net of Related Debt:* This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted:* This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws and regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted:* This component of net position consists of net position that does not meet the definition of restricted, or invested in capital assets, net of related debt.

**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 in the succeeding year.

**Cash and Cash Equivalents:** Cash and cash equivalents include amounts in interest-bearing demand deposits. 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 of three months or less are considered to be cash equivalents.

**LOUISIANA USED MOTOR VEHICLE COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

**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 is tailored after Louisiana Revised Statute 49:327 and prohibits investments with maturities extending beyond twelve months. The policy also requires that three quotes be obtained from 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.

**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:** Capital assets are recorded at historical cost. Depreciation is recorded using the straight-line method over the useful lives of the assets. Generally, the Commission includes all capital acquisitions with a cost of \$1,000 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.

**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, 2020, employees of the Commission had accumulated and vested \$59,901 in employee leave benefits, which was computed in accordance with GASB Codification Section C60.150.

**Deferred Outflows/Inflows of Resources:** The statement of Financial Position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

**LOUISIANA USED MOTOR VEHICLE COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 2 – CASH AND CASH EQUIVALENTS**

The following is a summary of cash and cash equivalents at June 30, 2020:

	<u>Book Balance</u>	<u>Bank Balance</u>
Petty cash	\$ 500	\$ 500
Interest-bearing demand deposits	<u>2,342,024</u>	<u>2,351,522</u>
Total	<u>2,342,524</u>	<u>2,352,022</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.

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, 2020, the Commission had certificates whose reported amount equaled its fair value as follows:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
Business First Bank	1/15/21	1.75%	\$ 75,002
Business First Bank	1/15/21	1.75%	73,993
J.P. Morgan Chase	1/18/21	1.03%	51,179
J.P. Morgan Chase	4/23/21	0.05%	99,123
J.P. Morgan Chase	4/15/21	0.05%	99,085
Business First Bank	9/25/20	2.00%	50,021
Business First Bank	9/25/20	2.00%	50,021
Bank of St. Francisville	7/28/20	2.00%	<u>250,000</u>
Total			<u>748,424</u>



**LOUISIANA USED MOTOR VEHICLE COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 4 – RECEIVABLES**

The following is a summary of receivables at June 30, 2020:

**Class of Receivables**

Accounts - hearings, net of allowance of \$78,904 \$ 374,516

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020, 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	\$ -	\$ -	\$ 50,000
Capital Assets, being depreciated:				
Buildings and improvements	205,488	-	-	205,488
Less: accumulated depreciation	(147,437)	(5,805)	-	(153,242)
Net Buildings and Improvements	58,051	(5,805)	-	52,246
Autos and equipment	202,495	14,933	(25,303)	192,125
Less: accumulated depreciation	(137,123)	(29,226)	25,303	(141,046)
Net Autos and Equipment	65,372	(14,293)	-	51,079
Website	4,000	-	-	4,000
Less: accumulated depreciation	(1,333)	(1,334)	-	(2,667)
Net Website	2,667	(1,334)	-	1,333
Net Capital Assets, being depreciated	<u>126,090</u>	<u>(21,432)</u>	-	126,090
Net Capital Assets	<u>176,090</u>	<u>(21,432)</u>	-	<u>154,658</u>

**NOTE 6 – ACCOUNTS AND OTHER PAYABLES**

The following is a summary of payables at June 30, 2020:

**Class of Payables**

Accounts	\$ 21,835
Payroll taxes withheld and related payables	40,035
Salaries	26,812
Fines held pending appeal	850
Unearned revenue	<u>261,370</u>
 Total	 <u>350,902</u>

**LOUISIANA USED MOTOR VEHICLE COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

**NOTE 7 – 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 position, the amount unpaid at June 30, 2020 and 2019, being \$59,901 and \$54,946, respectively.

**NOTE 8 – PENSIONS**

**Summary of Significant Accounting Policies**

***Pensions***

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees’ Retirement System (LASERS) and additions to/deductions from LASERS’ fiduciary net position have been determined on the same basis as they are reported by LASERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**General Information about the Pension Plan**

***Plan Description***

Employees of the Louisiana Used Motor Vehicle Commission are provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees’ Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at [www.lasersonline.org](http://www.lasersonline.org).

**LOUISIANA USED MOTOR VEHICLE COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

***Benefits Provided***

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

**Retirement Benefits**

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

**LOUISIANA USED MOTOR VEHICLE COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

Members of the Harbor Police Retirement System who were members prior to July 1, 2014, may retire after 25 years of creditable service at any age, 12 years of creditable service at age 55, 20 years of creditable service at age 45, and 10 years of creditable service at age 60. Average compensation for the plan is the member's average annual earned compensation for the highest 36 consecutive months of employment, with a 3.33% accrual rate.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

**1. Deferred Retirement Benefits**

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

For members who are in the Harbor Police Plan, the annual DROP Interest Rate is the three-year average (calculated as the compound average of 36 months) investment return of the plan assets for the period ending the June 30th immediately preceding that given date. The average rate so determined is to be reduced by a "contingency" adjustment of 0.5%, but not to below zero. DROP interest is forfeited if member does not cease employment after DROP participation.

**LOUISIANA USED MOTOR VEHICLE COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

**2. Disability Benefits**

Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

Members of the Harbor Police Retirement System who become disabled may receive a non-line of duty disability benefit after five years or more of credited service. Members age 55 or older may receive a disability benefit equivalent to the regular retirement benefit. Under age 55, the disability benefit is equal to 40% of final average compensation. Line of duty disability benefits are equal to 60% of final average compensation, regardless of years of credited service. If the disability benefit retiree is permanently confined to a wheelchair, or, is an amputee incapable of serving as a law enforcement officer, or the benefit is permanently legally binding, there is no reduction to the benefit if the retiree becomes gainfully employed.

**3. Survivor's Benefits**

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child. A Hazardous Duty Services Plan member's surviving spouse and minor or handicapped or mentally incapacitated child or children are entitled to survivor benefits of 80% of the member's final average compensation if the member was killed in the line of duty. If the member dies in the line of duty as a result of an intentional act of violence, survivor benefits may be increased to 100% of the member's final average compensation.

Non-line of duty survivor benefits of the Harbor Police Retirement System may be received after a minimum of five years of credited service. Survivor benefits paid to a surviving spouse without children are equal to 40% of final average compensation, and cease upon remarriage. Surviving spouse with children under 18 benefits are equal to 60% of final average compensation, and cease upon remarriage, and children turning 18. No minimum service credit is required for line of duty survivor benefits which are equal to 60% of final average compensation to surviving spouse, or 100% of final average compensation if the injury was the result of an intentional act of violence, regardless of children. Line of duty survivor benefits cease upon remarriage and then benefit is paid to children under 18.

**4. Permanent Benefit Increases/Cost-of-Living Adjustments**

As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

**LOUISIANA USED MOTOR VEHICLE COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

***Contributions***

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary and remitted to LASERS by participating employers. The rates in effect during the year ended June 30, 2019 for the various plans follow:

Plan	Plan Status	2019 Employer Rate
Appellate Law Clerks	Closed	37.90%
Appellate Law Clerks hired on or after 7/1/06	Closed	37.90%
Alcohol Tobacco Control	Closed	31.40%
Bridge Police	Closed	36.70%
Bridge Police hired on or after 7/1/06	Closed	36.70%
Corrections Primary	Closed	33.50%
Corrections Secondary	Closed	37.70%
Harbor Police	Closed	7.10%
Hazardous Duty	Open	38.50%
Judges hired before 1/1/11	Closed	40.10%
Judges hired after 12/31/10	Closed	39.00%
Judges hired on or after 7/1/15	Open	39.00%
Legislators	Closed	41.60%
Optional Retirement Plan (ORP) before 7/1/06	Closed	37.90%
Optional Retirement Plan (ORP) on or after 7/1/06	Closed	37.90%
Peace Officers	Closed	36.70%
Regular Employees hired before 7/1/06	Closed	37.90%
Regular Employees hired on or after 7/1/06	Closed	37.90%
Regular Employees hired on or after 1/1/11	Closed	37.90%
Regular Employees hired on or after 7/1/15	Open	37.90%
Special Legislative Employees	Closed	43.60%
Wildlife Agents	Closed	46.30%
<b>Aggregate Rate</b>		<b>37.90%</b>

*The information above can be found in the current Employer Pension Audit Report located <https://lasersonline.org/employers/gasb-68-resources/>. The data provided is sample data only.*

The agency's contractually required composite contribution rate for the year ended June 30, 2019 was 37.90% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension

**LOUISIANA USED MOTOR VEHICLE COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

plan from the Agency were \$268,802 for the year ended June 30, 2020.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2020, the Employer reported a liability of \$2,219,697 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Agency's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Agency's proportion was 0.03064%, which was a decrease of 0.00154% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Agency recognized pension expense of \$305,420.

At June 30, 2020, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 13,630	\$ (4,612)
Changes of assumptions	\$ 19,021	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 76,688	N/A
Changes in proportion and differences between Employer contributions and proportionate share of contributions	\$ -	\$ (62,449)
Employer contributions subsequent to the measurement date	268,802	-
Total	378,141	\$ (67,061)

*The information above can be found in the current GASB 68 Schedules by Employer located <https://lasersonline.org/employers/gasb-68-resources/>.*

\$268,802 reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**LOUISIANA USED MOTOR VEHICLE COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**Year ended June 30:**

2021	\$	45,976
2022	\$	(53,541)
2023	\$	21,098
2024	\$	28,745

**Actuarial Assumptions**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

<b>Valuation Date</b>	June 30, 2019
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Actuarial Assumptions:</b>	
<b>Expected Remaining Service Lives</b>	2 years
<b>Investment Rate of Return</b>	7.60% per annum, net of investment expenses*
<b>Inflation Rate</b>	2.50% per annum
<b>Mortality</b>	<b>Non-disabled members</b> - Mortality rates for 2019 based on the RP-2014 Healthy Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis.  <b>Disabled members</b> – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
<b>Termination, Disability, and Retirement</b>	Termination, disability, and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System's members for 2019.
<b>Salary Increases</b>	Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	3.2%	13.0%
Judges	2.8%	5.3%
Corrections	3.8%	14.0%
Hazardous Duty	3.8%	14.0%
Wildlife	3.8%	14.0%



## Cost of Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

\*The investment rate of return used in the actuarial valuation for funding purposes was 8.00%, recognizing an additional 40 basis points for gain-sharing. The net return available to fund regular plan benefits is 7.60%, which is the same as the discount rate. Therefore, we conclude that the 7.60% discount is reasonable.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.75% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 9.00% for 2019. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019

are summarized in the following table:

<b>Expected Long Term Real Rates of Return</b>	
<b>Asset Class</b>	<b>2019</b>
Cash	0.24%
Domestic Equity	4.83%
International Equity	5.83%
Domestic Fixed Income	2.79%
International Fixed Income	4.49%
Alternative Investments	8.32%
Risk Parity	5.06%
<b>Total Fund</b>	<b>6.09%</b>

*The information above can be found in the current Employer Pension Audit Report located <https://lasersonline.org/employers/gasb-68-resources/>. The data provided is sample data only.*

## **Discount Rate**

The discount rate used to measure the total pension liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the pension plan's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

***Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the Employer’s proportionate share of the Net Pension Liability using the discount rate of 7.60%, as well as what the Employer’s proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<b>Current Discount Rate</b>		
	<b>1.0% Decrease (6.60%)</b>	<b>(7.60%)</b>	<b>1.0% Increase (8.60%)</b>
Employer’s proportionate share of the net pension liability	\$ 2,801,540	\$ 2,219,697	\$ 1,728,234

*The information above can be found in the current GASB 68 Schedules of Employer located <https://lasersonline.org/employers/gasb-68-resources/>.*

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan’s fiduciary net position is available in the separately issued current LASERS Comprehensive Annual Financial Report at [www.lasersonline.org](http://www.lasersonline.org).

**NOTE 9 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The Office of Group Benefits (OGB) administers the State of Louisiana Post-Retirement Benefits Plan – a defined-benefit, Multi-employer other post-employment benefit plan. The plan provides medical, prescription drug, and life insurance benefits to retirees, disabled retirees, and their eligible beneficiaries through premium subsidies. Current employees, who participate in an OGB health plan while active, are eligible for plan benefits if they are enrolled in the OGB health plan immediately before the date of retirement and retire under one of the state sponsored retirement systems (Louisiana State Employees’ Retirement System, Teachers’ Retirement System of Louisiana, or Louisiana State Police Retirement System), or they retire from a participating employer that meets the qualifications in the Louisiana Administrative Code 32:3.303. Benefit provisions are established under R.S. 42:851 for health insurance benefits and R.S. 42:821 for life insurance benefits. The obligations of the plan members, employer(s), and other contributing entities to contribute to the plan are established or may be amended under the authority of R.S. 42:802.

There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75. The plan is funded on a “pay-as-you-go” under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments become due.

Employer contributions are based on plan premiums and the employer contribution percentage. Premium amounts vary depending on the health plan selected and if the retired member has Medicare coverage. OGB offers retirees four self-insured healthcare plans and one fully insured plan. Effective

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

---

January 1, 2020, retired employees who have Medicare Part A and B coverage also have access to nine fully insured Medicare Advantage Plans.

The employer contribution percentage is based on the date of participation in an OGB plan and employee years of service at retirement. Employees who begin participation or rejoin the plan before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65, who pay approximately 25% of the active employee cost.) For those beginning participation or rejoining on or after January 1, 2002, the percentage of premiums contributed by the employer and retiree is based on the following schedule:

<u>OGB Participation</u>	<u>Employer Share</u>	<u>Retiree Share</u>
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20+ years	75%	25%

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for individual retirees and spouses of retirees subject to maximum values. Employers pay approximately 50% of monthly premiums for individual retirees. The retiree is responsible for 100% of the premium for dependents. Effective January 1, 2020, the total monthly premium for retirees varies according to age group.

***Total Collective OPEB Liability and Changes in Total Collective OPEB Liability***

At June 30, 2020, The Commission reported a liability of \$1,746,024 for its proportionate share of the total collective OPEB liability. The total collective OPEB liability was measured as of July 1, 2019, and was determined by an actuarial valuation as of that date.

The Commission's proportionate share percentage is based on the employer's individual OPEB actuarial accrued liability in relation to the total OPEB actuarial accrued liability for all participating entities included in the State of Louisiana reporting entity. As of July 1, 2019, the most recent measurement date, the Commission's proportionate share was 0.02261%, or a decrease of 0.00011% from the previous year.

The total collective OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial methods, assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial Cost Method – Entry Age Normal, level percentage of pay
- Estimated Remaining Service Lives – 4.5
- Inflation Rate – Consumer Price Index (CPI) 2.8%
- Salary Increase Rate – consistent with pension plan disclosed in note 7

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

- Discount rate – 2.79% based on June 30, 2019 Standard & Poor’s 20-year municipal bond index rate
- Mortality Rates – based on RP-2014 Combined Healthy Mortality Table, or RP-2014 Disabled Retiree Mortality Table; both tables projected on a fully generational basis by Mortality Improvement Scale MP-2018.
- Healthcare cost trends – 7% for pre-Medicare eligible employees grading down by .25% each year, beginning in 2020-2021, to an ultimate rate of 4.5% in 2029; 5.5% for post-Medicare eligible employees grading down by .25% each year, beginning in 2020-2021, to an ultimate rate of 4.5% in 2023-2024 and thereafter; the initial trend was developed using the National Health Care Trend Survey; the ultimate trend was developed using a building block approach which considers Consumer Price Index, Gross Domestic Product, and technology growth.

Changes of assumptions and other inputs from the prior valuation include the following:

- Decrease in discount rate from 2.98% to 2.79%.
- Baseline per capita costs were adjusted to reflect 2019 claims and enrollment, retiree contributions were updated based on 2020 premiums, and the impact of the High Cost Excise Tax was revisited, reflecting updated plan premiums.
- Updated the mortality assumptions using projection scale MP-2018 based on information released by the Society of Actuaries in October 2018.
- Percentage of future retirees assumed to elect medical coverage was adjusted based on recent plan experience.

Sensitivity of the proportionate share of the total collective OPEB liability to changes in the discount rate

The following presents the Commission’s proportionate share of the total collective OPEB liability using the current discount rate as well as what the Commission’s proportionate share of the total collective OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	<b>Current Discount Rate</b>		
	<b>1.0% Decrease (1.79%)</b>	<b>(2.79%)</b>	<b>1.0% Increase (3.79%)</b>
Proportionate Share of Total Collective OPEB Liability	\$ 2,043,383	\$ 1,746,024	\$ 1,510,670

Sensitivity of the proportionate share of the total collective OPEB liability to changes in the healthcare cost trend rates

The following presents the Commission’s proportionate share of the total collective OPEB liability using the current healthcare cost trend rates as well as what the Commission’s proportionate share of the total collective OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current rate:

**LOUISIANA USED MOTOR VEHICLE COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

	1.0% Decrease (6%decreasing to 3.5%)	Current Discount Rate 7%decreasing to 4.5%)	1.0% Increase (8%decreasing to 5.5%)
Proportionate Share of Total Collective OPEB Liability	\$ 1,515,535	\$ 1,746,024	\$ 2,038,977

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the year ended June 30, 2020, the Commission recognized OPEB expense of \$(6,849). At June 30, 2020, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ (328,881)
Difference between expected and actual experience	\$ 353,192	\$ -
<b>Total</b>	<b>\$ 353,192</b>	<b>\$ (328,881)</b>

Deferred outflows of resources related to OPEB resulting from the Commission's benefit payments subsequent to the measurement date will be recognized as a reduction to the total collective liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year ended June 30:</u>	
2021	\$24,402
2022	24,402
2023	15,878
2024	<u>(40,371)</u>
<b>Total</b>	<b><u>\$24,311</u></b>

**NOTE 10 – LEASES**

*Operating Leases.* A copier is leased from Kyocera Mita for \$370.93 per month or \$4,451 annually. Postage equipment is leased from Pitney Bowes for \$355.19 per month, or \$4,262 annually. Each lease is on a month-to-month basis.

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

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 11 – LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Amounts Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences	\$ 54,946	\$ 4,955	\$ -	\$ 59,901	\$ -
Other post-employment benefits	1,939,352	-	(193,328)	1,746,024	-
Net pension liability	<u>2,194,584</u>	<u>25,113</u>	<u>-</u>	<u>2,219,697</u>	<u>-</u>
<b>Total</b>	<u><u>4,188,882</u></u>	<u><u>30,068</u></u>	<u><u>(193,328)</u></u>	<u><u>4,025,622</u></u>	<u><u>-</u></u>

**NOTE 12– RELATED PARTY TRANSACTIONS**

There were no related party transactions during the year.

**NOTE 13 – CONTINGENT LIABILITIES**

Pending litigation regarding the Commission’s authority to impose fines and penalties for violations of the “Auto Hulk” laws continues from the prior year. The plaintiff’s only demand is one for declaratory relief. No claim for monetary damages has been asserted. The petition was filed in August, 2017, and no action has taken place since September, 2017.

Management intends to respond to the litigation, if necessary. However, the law has changed and the Commission’s counsel anticipates further action in the matter unlikely.

Another lawsuit was brought by a consumer against one of the Commission’s investigators alleging that the consumer sustained personal injuries as a result of the investigator’s actions. The matter was referred to the Louisiana Office of Risk Management and is being defended by the Louisiana Attorney General’s office.

The case was settled by the Office of Risk Management and dismissed by the court on April 7, 2020.

Management is also aware of two additional pending matters. No potential loss is expected in one matter, and the likelihood of loss in the second has not been determined.

**LOUISIANA USED MOTOR VEHICLE COMMISSION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

**NOTE 14 – SUBSEQUENT EVENTS**

Management of the Commission has evaluated subsequent events through October 14, 2020, the date that the financial statements were to be issued and has determined that there is one significant subsequent event that requires disclosure through that date.

On June 4, 2020, the Louisiana House of Representatives adopted House Concurrent Resolution 71 of the 2020 Regular Session, authorizing and directing state agencies and licensing boards to adopt emergency rules suspending fees that are imposed on businesses for the fiscal year July 1, 2020 through June 30, 2021. The provisions of the resolution applied to any state agency or licensing board estimated to be able to operate for at least one and a half years on reserve funds pursuant to the Legislative Auditor's report of boards and commissions financials for the state's 2019 fiscal year.

As a result of HCR 71, the commission has suspended renewal fees for all businesses under its jurisdiction for the fiscal year ended June 30, 2021. License fees for individuals, however, will continue to be collected during the period.

---

---

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

---

---



**LOUISIANA USED MOTOR VEHICLE COMMISSION  
BATON ROUGE, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE  
YEAR END JUNE 30, 2020**

	Budgeted		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<b>REVENUES</b>				
Licenses and other fees	\$ 1,397,475	\$ 1,180,475	\$ 1,214,931	\$ 34,456
Hearing costs and fines	130,000	210,000	456,433	246,433
Mailing lists/labels	42,191	39,791	22,950	(16,841)
Interest income	24,304	50,304	50,223	(81)
Other revenues	-	-	-	-
Total Revenues	\$ 1,593,970	\$ 1,480,570	\$ 1,744,537	\$ 263,967
<b>EXPENDITURES</b>				
Salaries and related benefits	\$ 1,181,769	\$ 1,149,569	\$ 1,210,841	\$ (61,272)
Meetings, conferences and travel	23,681	22,681	18,152	4,529
Professional services	192,800	108,300	71,714	36,586
Maintenance and repairs	42,191	39,791	26,432	13,359
General and administrative	171,023	160,229	135,257	24,972
Depreciation	-	-	36,365	(36,365)
Total Expenditures	\$ 1,611,464	\$ 1,480,570	\$ 1,498,761	\$ (18,191)
Change in Net Position	\$ (17,494)	\$ -	\$ 245,776	\$ 245,776
Net Assets, beginning	\$ (643,457)	\$ (643,457)	\$ (643,457)	\$ -
Net Assets, ending	\$ (660,951)	\$ (643,457)	\$ (397,681)	\$ 245,776

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
BATON ROUGE, LOUISIANA**

**Schedule of Employer's Share of Net Position Liability**

**For the Ten Years Ended June 30, 2020**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	0.03064%	0.03218%	0.03090%	0.02611%	0.02422%
<b>Employer's Proportionate Share of the Net Pension</b>	2,219,697	2,194,584	2,175,069	2,049,909	1,824,583
<b>Employer's Covered-Employee Payroll<sup>A</sup></b>	609,419	622,752	576,139	490,818	509,059
<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll</b>	364%	352%	378%	418%	358%
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability<sup>B</sup></b>	62.9%	64.3%	62.5%	57.7%	62.7%

**Schedule of Employer's Share of Net Position Liability (Continued)**

**For the Ten Years Ended June 30, 2020**

**2015**

<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	0.02438%
<b>Employer's Proportionate Share of the Net Pension</b>	1,598,989
<b>Employer's Covered-Employee Payroll<sup>A</sup></b>	471,120
<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll</b>	339%
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability<sup>B</sup></b>	65.0%

**Schedule of Employer Contributions**  
**For the Year Ended June 30, 2020**

<b>Date</b>	<b>Contractually Required Contribution<sup>1</sup></b>	<b>Contributions in Relation to Contractually Required Contribution<sup>2</sup></b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Employee Payroll<sup>3</sup></b>	<b>Contributions as a % of Covered Employee Payroll</b>
2020	248,034	245,900	2,134	609,419	40.3%
2019	234,739	236,360	(1,621)	622,752	38.0%
2018	218,357	225,881	(7,524)	576,139	39.2%
2017	210,697	184,873	25,824	490,818	37.7%
2016	176,001	183,850	(7,849)	509,059	36.1%
2015	124,254	150,792	(26,538)	471,120	32.0%

## Notes to Required Supplementary Information

### 1. Schedule of Employer's Share of the Net Pension Liability

This schedule reflects the participation of the Louisiana Used Motor vehicle Commission's employees in LASERS and its proportionate share of the net pension liability as a percentage of its covered employee payroll, and the plan fiduciary net position as a percentage of the total pension liability.

### 2. Schedule of Employer's Contributions

This schedule represents the employer contributions subsequent to the measurement date and recognized as a reduction of the net pension liability in future years.

### 3. Actuarial Assumptions for Net Pension Liability

<b>Valuation Date</b>	June 30, 2020
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Actuarial Assumptions:</b>	
<b>Expected Remaining Service Lives</b>	2 Years
<b>Investment Rate of Return</b>	7.60% per annum for current year
<b>Inflation Rate</b>	2.5% per annum for current year
<b>Mortality</b>	<p><b>Non-disabled members</b> - Mortality rates based on the RP-2014 Healthy Mortality Table with mortality improvement projected using the MP-2018 Mortality Improvement Scale, applied on a fully generational basis.</p> <p><b>Disabled members</b> – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.</p>
<b>Termination, Disability, and Retirement</b>	Termination, disability, and retirement assumptions were projected based on a five-year experience study (2014-2018) of the System's members.
<b>Salary Increases</b>	Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:

<u>Member Type</u>	<u>Lower Range</u>	<u>Upper Range</u>
Regular	3.2%	13.0%
Judges	2.8%	5.3%
Corrections	3.8%	14.0%
Hazardous Duty	3.8%	14.0%
Wildlife	3.8%	14.0%

**Cost of Living Adjustments**

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
BATON ROUGE, LOUISIANA  
JUNE 30, 2020**

---

**Schedule of Employer's Proportionate Share of the Total Collective OPEB Liability  
For the Ten Years Ended June 30, 2020**

	2020	2019	2018	2017
Employer's Proportion of the Collective OPEB Liability (Asset)	0.02261%	0.02272%	0.01719%	0.02203%
Employer's Proportionate Share of The Collective OPEB Liability	1,746,024	1,939,352	1,494,325	1,444,919
Employer's Covered-Employee Payroll	543,525	506,220	445,690	379,687
Employer's Proportionate Share of The Collective OPEB Liability (Asset) As a Percentage of its Covered-Employee Payroll	321%	383%	335%	381%

*This schedule is intended to show information for 10 years. Additional years will be presented as they become available.*

**Notes to Required Supplementary Information**

There are no assets accumulated in a trust that meets the requirements in paragraph 4 of GASB Statement 75 to pay related benefits.

---

---

**SUPPLEMENTARY INFORMATION**

---

---



**LOUISIANA USED MOTOR VEHICLE COMMISSION  
SCHEDULE OF PER DIEM PAID TO COMMISSION MEMBERS  
JUNE 30, 2020**

---

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, 2020.

<u>Name</u>	<u>Amount</u>
Britt, Jefferey	600
Cormier, Tony	225
Donnell, Ricky	675
Floyd, George	600
Olave, Steve (waived)	-
Poteet, John	525
Pederson, Matthew	375
Smith, Henry	675
Taylor, Dino	450
Watts, Richard	<u>675</u>
Total	<u>4,800</u>

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
BATON ROUGE, LOUISIANA  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
YEAR ENDED JUNE 30, 2020**

**AGENCY HEAD NAME: Derek Parnell, Executive Director**

<b>PURPOSE</b>	<b>AMOUNT</b>
Salary	\$ 109,390
Retirement	44,522
Health and Dental Insurance	6,259
Total	<u>\$ 160,171</u>

**John L. McKowen**  
Certified Public Accountant

2178 Myrtle Avenue  
Baton Rouge, Louisiana 70806

Office (225) 615-7844  
jlmckowen@cox.net

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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, 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, the financial statements of the business-type activities of the Louisiana Used Motor Vehicle Commission, a related organization of the State of Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Louisiana Used Motor Vehicle Commission's basic financial statements, and have issued my report thereon dated October 14, 2020.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Louisiana Used Motor Vehicle Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions 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. Accordingly, I do not express an opinion on the effectiveness of the Louisiana Used Motor Vehicle Commission's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet is important enough to merit attention by those charged with governance.

**Member**

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit conducted in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



John L. McKowen, CPA  
October 14, 2020

**LOUISIANA USED MOTOR VEHICLE COMMISSION  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2020**

---

I have audited the basic financial statements of the Louisiana Used Motor Vehicle Commission as of and for the year ended June 30, 2020, and have issued my report thereon dated October 14, 2020. 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, 2020, 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  
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES  
YEAR ENDED JUNE 30, 2019**

---

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

3.    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
------------	----------------------------	-----------------------------

4.    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