

LOUISIANA MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA

FINANCIAL REPORT

JUNE 30, 2018

LOUISIANA MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
STATE OF LOUISIANA

TABLE OF CONTENTS

JUNE 30, 2018

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	4 - 7
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Fund Net Position	9
Statement of Cash Flows.....	10
Notes to Financial Statements.....	11 - 28
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of the Commission's Proportionate Share of the Net Pension Liability.....	29
Schedule of the Commission's Contributions to the Pension Plan.....	30
Schedule of the Commission's Proportionate Share of the Collective Total OPEB Liability	31
Notes to Required Supplementary Information	32
SUPPLEMENTARY INFORMATION:	
Schedule of Commissioners' Per Diem.....	33
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 <i>GOVERNMENT AUDITING STANDARDS</i>	34 - 35
SCHEDULE OF FINDINGS.....	36
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS	37
Annual Financial Report Required by Division of Administration.....	Appendix A



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August 31, 2018

Board of Commissioners
Louisiana Motor Vehicle Commission
Metairie, Louisiana 70002

Report on the Financial Statements

We have audited the accompanying financial statements of the Louisiana Motor Vehicle Commission (the Commission), a component unit of the State of Louisiana, as of and for the year ended June 30, 2018, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Louisiana Motor Vehicle Commission as of June 30, 2018, and the respective changes in financial position and cash flows thereof 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 6 to the financial statements, the District implemented GASB Statement 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The new standard required the District to record its proportionate share of the OPEB liability related to its participation in a multiple-employer defined benefit pension plan, restating the earliest year presented. As a result of the implementation, the District's net position decreased by \$1,481,261, the OPEB liability increased by \$1,536,235 and deferred outflow of resources was recorded in the amount of \$54,974 as of July 1, 2017.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Louisiana Motor Vehicle Commission's financial statements as a whole. The schedule of commissioners' per diem and the annual financial report, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of commissioners' per diem and the annual financial report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our 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*, we have also issued our report dated August 31, 2018, on our consideration of the Louisiana Motor Vehicle Commission's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Motor Vehicle Commission's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

LOUISIANA MOTOR VEHICLE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

The Management's Discussion and Analysis of the Louisiana Motor Vehicle Commission's financial performance presents a narrative overview and analysis of the Commission's financial activities for the year ended June 30, 2018. This document focuses on the Commission's current year's activities, resulting changes and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the Commission's financial statements.

Financial Highlights:

- * The Commission's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of fiscal year 2018 by \$1,714,386 which represents an increase in net position of \$1,757,583 for the current year and a decrease in net position due to a restatement of beginning net position due to a change in accounting principle of \$1,481,261.
- * The Commission's operating revenues increased by \$1,782,960 or 60.0% and operating expenses decreased by \$434,954 or 13% from the prior year. The increase in operating revenues was primarily due to a significant fine that was received by the Commission this year. The decrease in operating expenses was primarily due to the decrease in the Commission's proportionate share of the net pension liability for its participation in the Louisiana State Employees' Retirement System.

Overview of the Financial Statements:

The Commission's financial statements comprise three components 1) Management's Discussion and Analysis, 2) Basic Financial Statements (including the notes to the financial statements), and 3) Required Supplementary Information. This report also contains other supplementary information in addition to the financial statements themselves.

Basic Financial Statements

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

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, and deferred inflows of resources separately. The difference between total assets plus deferred outflows and liabilities plus deferred inflows is net position, which may provide a useful indicator of whether the financial position of the Commission is improving or deteriorating.

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

LOUISIANA MOTOR VEHICLE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

The Statement of Cash Flows presents information showing how the Commission's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities as required by GASB Statement No. 34.

Financial Analysis of the Entity

The following is a summary of the Statements of Net Position:

Condensed Statements of Net Position
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>Percentage Change</u>
Current assets	\$ 7,902,107	\$ 6,718,991	\$ 1,183,116	18 %
Capital asset	<u>1,536,000</u>	<u>399,467</u>	<u>1,136,533</u>	<u>285 %</u>
Total assets	<u>9,438,107</u>	<u>7,118,458</u>	<u>2,319,649</u>	<u>33 %</u>
Deferred outflows of resources	783,274	1,303,411	(520,137)	(40) %
Current liabilities	2,498,644	2,285,777	212,867	9 %
Long-term liabilities	<u>5,819,637</u>	<u>4,660,693</u>	<u>1,158,944</u>	<u>25 %</u>
Total liabilities	<u>8,318,281</u>	<u>6,946,470</u>	<u>1,371,811</u>	<u>20 %</u>
Deferred inflows of resources	188,714	37,335	151,379	405 %
Net position:				
Net investment in capital assets	1,536,000	399,467	1,136,533	285 %
Unrestricted	<u>178,386</u>	<u>1,038,597</u>	<u>(860,211)</u>	<u>(83) %</u>
Total net position	<u>\$ 1,714,386</u>	<u>\$ 1,438,064</u>	<u>\$ 276,322</u>	<u>19 %</u>

LOUISIANA MOTOR VEHICLE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Financial Analysis of the Entity (Continued)

The following is a summary of the Statement of Revenues, Expenses, and Changes in Fund Net Position:

Condensed Statements of Revenues, Expenses, and Changes in Fund Net Position
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Change</u>	<u>Percentage Change</u>
Operating revenues	\$4,740,696	\$2,957,736	\$1,782,960	60 %
Operating expenses	<u>2,990,907</u>	<u>3,425,861</u>	<u>(434,954)</u>	<u>(13) %</u>
Operating income (loss)	1,749,789	(468,125)	1,348,006	(288) %
Non-operating revenues	<u>7,794</u>	<u>3,600</u>	<u>4,194</u>	<u>117 %</u>
Change in net position	<u>\$1,757,583</u>	<u>\$ (464,525)</u>	<u>\$2,222,108</u>	<u>(478) %</u>

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2018, the Commission had \$1,536,000 invested in capital assets, including construction in progress, office furniture and equipment, building and building improvements, automobiles and land. This amount represents a net increase of \$1,136,533 or 285%, over the prior year. The increase in capital assets was primarily due to the purchase of the new building. This building is expected to be placed in service during the year 2019.

Debt Administration

The Commission had long-term liabilities totaling \$5,819,637, consisting of annual leave outstanding, other postemployment benefits liability, and net pension liability at year-end. The obligations increased by \$1,158,944 or 25% from the prior year. The change was due to the implementation of GASB 75.

LOUISIANA MOTOR VEHICLE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

Economic Factors and Next Year's Budget

The following currently-known facts, decisions, or conditions are expected to have a significant effect on financial position or results of operations:

- * Revenues from license renewals.
- * Continued efforts on maintaining and controlling operating costs.
- * Continuing increases in the OPEB liability based on actuarial valuations.
- * Continuing increases in the net pension liability based on LASERS's actuarial valuations.

Contacting the Commission

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Commission's finances and demonstrate the Commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Louisiana Motor Vehicle Commission at 3519 12th Street, Metairie, Louisiana 70002.

LOUISIANA MOTOR VEHICLE COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS	
Current Assets:	
Cash	\$ 7,902,107
Total Current Assets	<u>7,902,107</u>
Capital assets, net of depreciation	<u>1,536,000</u>
Total Assets	<u>9,438,107</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to OPEB	58,798
Deferred outflows of resources related to pensions	<u>724,476</u>
Total Deferred Outflows of Resources	<u>783,274</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	43,720
Unearned revenues	2,310,604
Payroll liabilities	74,208
Compensated absences	<u>70,112</u>
Total Current Liabilities	<u>2,498,644</u>
Long-Term Liabilities:	
Compensated absences	3,343
Other postemployment benefits liability	2,076,141
Net pension liability	<u>3,740,153</u>
Total Long-Term Liabilities	<u>5,819,637</u>
Total Liabilities	<u>8,318,281</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to OPEB	120,088
Deferred inflows of resources related to pensions	<u>68,626</u>
Total Deferred Inflows of Resources	<u>188,714</u>
NET POSITION	
Net investment in capital assets	1,536,000
Unrestricted	<u>178,386</u>
Total Net Position	<u>\$ 1,714,386</u>

The accompanying notes are an integral part of these financial statements.

LOUISIANA MOTOR VEHICLE COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

OPERATING REVENUES:	
Licenses, permits, and fees	\$ 2,683,728
Fines and penalties	2,055,291
Other operating revenues	<u>1,677</u>
Total operating revenues	<u>4,740,696</u>
OPERATING EXPENSES:	
Salaries and related benefits	2,202,742
Professional services	538,279
Operating services	127,723
Materials and supplies	33,571
Travel and other charges	47,965
Depreciation	<u>40,627</u>
Total operating expenses	<u>2,990,907</u>
Operating income	<u>1,749,789</u>
NON-OPERATING REVENUES/(EXPENSES):	
Loss on disposal of equipment	(12,357)
Interest income	<u>20,151</u>
Total non-operating revenues	<u>7,794</u>
Change in net position	1,757,583
Net Position, Beginning of Year	1,438,064
Change in Accounting Principle	<u>(1,481,261)</u>
Net Position, End of Year	<u>\$ 1,714,386</u>

The accompanying notes are an integral part of these financial statements.

LOUISIANA MOTOR VEHICLE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from licenses, permits, and fees	\$ 5,451,467
Cash payments for salaries and related benefits	(1,849,766)
Cash payments to suppliers for goods and services	(749,918)
Other receipts	698
Net cash provided by operating activities	<u>2,852,481</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:	
Purchases of capital assets	(1,189,517)
Net cash used in capital financing activities	<u>(1,189,517)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on investments	20,151
Proceeds from sales of investments	400,000
Net cash provided by investing activities	<u>420,151</u>
Net increase in cash	2,083,115
Cash, beginning of year	<u>5,818,992</u>
CASH, END OF YEAR	<u>\$ 7,902,107</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 1,749,789
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	40,627
Pension expense in excess of payments	323,790
OPEB expense in excess of payments	24,928
Changes in assets and liabilities:	
Accounts payable	(2,381)
Payroll liabilities	1,916
Accounts receivable	500,000
Unearned revenue	212,448
Compensated absences	1,364
Net cash provided by operating activities	<u>\$ 2,852,481</u>

The accompanying notes are an integral part of these financial statements.

LOUISIANA MOTOR VEHICLE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NATURE OF OPERATIONS

The Louisiana Motor Vehicle Commission (Commission) is a component unit of the State of Louisiana created under the provisions of Louisiana Revised Statutes (R.S.) 32:1251-1279 within the Office of the Governor and is domiciled in Metairie, Louisiana. The Commission consists of 18 members appointed by the Governor. The Commission is charged with the responsibility of regulating all areas of the new car and recreational vehicle industries, including motor vehicle sales finance companies, operating in Louisiana. Operations of the Commission are funded through self-generated revenues.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Reporting Entity

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. 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 the Commission primarily serves state residents. The accompanying financial statements present only the activity of the Commission. Annually, the State of Louisiana issues a comprehensive financial report, which includes the activity contained in the accompanying financial statements. The Commission has no component units to report.

Basis of Presentation

The Governmental Accounting Standards Board (GASB) promulgates accounting principles generally accepted in the United States of America and reporting standards for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

Basis of Accounting

For financial reporting purposes, the Commission is considered a special-purpose government engaged only in business-type activities. All activities of the Commission are accounted for within a single proprietary (enterprise) fund.

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 transactions of the Commission are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows and all liabilities and deferred inflows associated with the operations are included on the Statement of Net Position.

LOUISIANA MOTOR VEHICLE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting (Continued)

Under the full accrual basis, revenues are recognized in the accounting period when they are earned, and expenses are recognized when the related liability is incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and/or producing and delivering goods in connection with the Commission's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the Commission consist of licenses, permits, and fees. Operating expenses include administrative expenses.

Budgets and Budgetary Accounting

Annually, the Commission adopts a budget as prescribed by R.S 39:1331-1342. The Statutes require the Commission to annually prepare a comprehensive budget for the subsequent fiscal year. No later than the first day of January in each year, the budget is to be submitted to the Joint Legislative Committee on the Budget, to each chairman of a standing committee of the legislature having jurisdiction over the Commission, to the Legislative Auditor, and to the Legislative Fiscal Office. The budget is prepared on the modified accrual basis of accounting. Although budget amounts lapse at year-end, the Commission retains its unexpended net position to fund expenses of the succeeding year.

Cash

Cash included amounts in demand deposits and certificates of deposit with an original maturity of 90 days or less when purchased. 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.

Capital Assets

Capital assets are recorded at cost, if purchased or constructed. Assets acquired through donations are capitalized at their estimate fair value, if available, or at estimated fair value or cost to construct at the date of the donation. The Commission capitalizes capital asset purchases in excess of \$1,000. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

Office furniture and equipment	5 years
Automobiles	5 years
Buildings and improvements	40 years

LOUISIANA MOTOR VEHICLE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Compensated Absences

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. Compensated absences are recognized as an expense and liability in the financial statements when incurred.

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 changes in LASERS's 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 of the pension plan are reported at fair value.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources that represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense) until then. The Commission has two items that qualify for reporting in this category, which are deferred amounts related to pensions and deferred amounts related to postemployment benefits other than pensions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources that represents an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Commission has two items that meets the criterion for this category, which are deferred amounts related to pensions and deferred amounts related to postemployment benefits other than pensions.

LOUISIANA MOTOR VEHICLE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Net Position

Net position comprises the various net earnings from operations, non-operating revenues, and expenses. Net position is classified in the following components:

- * Net investment in capital assets consists of all capital assets, net of accumulated depreciation.
- * Unrestricted net position consists of all other resources that are not included in the other category previously mentioned.

Unrestricted net position represents resources derived from the Commission's licenses, permits, and fees and is used for transactions related to the Commission's general operations. Unrestricted net position may be used at the discretion of the Commission to meet its current expenses and for any purpose.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

2. CASH:

As of June 30, 2018, the Commission had cash deposits (book balances) with financial institutions totaling \$7,902,007. Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or collateralized by the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. As of June 30, 2018, the Commission had \$7,933,544 in demand deposits (bank balances), \$250,000 of which was insured by the Federal Deposit Insurance Corporation with the remaining balance being secured by a pledge of securities in the name of the bank and backed by the United States Government.

LOUISIANA MOTOR VEHICLE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

3. CAPITAL ASSETS:

The following is a summary of changes in capital assets during the year ended June 30, 2018:

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u>
Land	\$ 97,200	\$ -	\$ -	\$ 97,200
Construction in progress	-	1,186,005	-	1,186,005
Buildings and improvements	427,200	-	-	427,200
Furniture and equipment	314,830	3,512	-	318,342
Automobiles	148,067	-	(17,653)	130,414
Less: accumulated depreciation	(587,830)	(40,627)	5,296	(623,161)
Capital assets, net	<u>\$ 399,467</u>	<u>\$ 1,148,890</u>	<u>\$ (12,357)</u>	<u>\$ 1,536,000</u>

Depreciation expense for the year ended June 30, 2018 was \$40,627.

4. UNEARNED REVENUES:

As of June 30, 2018, the Commission had unearned revenues totaling \$2,310,604. This represents revenue that has been received; however, a portion or all of the license period extends into the subsequent year. Accordingly, the portion of the revenue associated with the unexpired portion of the license was unearned.

5. DEFINED BENEFIT PENSION PLAN:

Plan Description

Employees of the 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 LASERS's Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan.

Benefits Provided

LASERS provides retirement, deferred retirement option (DROP), disability, and survivor's benefits. The following is a brief description of the plan and its benefits. Participants should refer to the appropriate statutes for more complete information.

LOUISIANA MOTOR VEHICLE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

5. DEFINED BENEFIT PENSION PLAN: (Continued)

Benefits Provided (Continued)

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. The substantial majority of members may retire with full benefits at any age upon completing 30 years of creditable service and at age 60 upon completing 10 years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. 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.

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 benefits under any one of six different options providing for reduced retirement benefits payable 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 12 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.

LOUISIANA MOTOR VEHICLE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

5. DEFINED BENEFIT PENSION PLAN: (Continued)

Benefits Provided (Continued)

Retirement Benefits (Continued)

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 but generally is 10 years of service.

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 LASERS'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.

Disability Benefits

All members with 10 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, members in the hazardous duty plan will receive a disability benefit equal to 75% of final average compensation.

LOUISIANA MOTOR VEHICLE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

5. DEFINED BENEFIT PENSION PLAN: (Continued)

Benefits Provided (Continued)

Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member 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 20 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 10 years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

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. Members are required by State Statute to contribute 7.5% of their annual covered salaries if hired before July 1, 2006 and 8.0% of their annual covered salaries if hired after July 1, 2006, and the Commission is required to make employer contributions based on an actuarially determined rate. The employer contribution rate for the year ended June 30, 2018 was 37.9% of annual covered payroll. The Commission's contribution to the System for the year ended June 30, 2018 was \$344,541, which was reported as a deferred outflow of resources.

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

As of June 30, 2018, the Commission reported a liability of \$3,740,153 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2017, the Commission's proportion was 0.053%, which was an increase of 0.002% from its proportion measured as of June 30, 2016.

LOUISIANA MOTOR VEHICLE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

5. DEFINED BENEFIT PENSION PLAN: (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources
and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2018, the Commission recognized pension expense of \$669,309. As of June 30, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ -	\$ 68,626
Changes in assumptions	14,776	-
Net difference between projected and actual earnings on pension plan investments	121,623	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	243,536	-
Employer contributions subsequent to the measurement date	344,541	-
Total	\$ <u>724,476</u>	\$ <u>68,626</u>

Deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date of \$344,541 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year ending June 30:	
2019	\$ 189,625
2020	148,309
2021	48,671
2022	(75,296)
Total	<u>\$ 311,309</u>

LOUISIANA MOTOR VEHICLE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

5. DEFINED BENEFIT PENSION PLAN: (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	2.8%-14.3%, including inflation, varies by plan and length of service
Investment Rate of Return	7.7%, net of pension plan investment expense, including inflation
Mortality rates	RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015 RP-2000 Disabled Retiree Table, with no projection for mortality improvement

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2009 and ending June 30, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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 and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	0%	-0.24%
Domestic Equity	25%	4.31%
International Equity	32%	5.35%
Domestic Fixed Income	8%	1.73%
International Fixed Income	6%	2.49%
Alternative Investments	22%	7.41%
Global Asset Allocation	7%	2.84%
Total	<u>100%</u>	

LOUISIANA MOTOR VEHICLE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

5. DEFINED BENEFIT PENSION PLAN: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.7%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates, actuarially determined. 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 active and inactive 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.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Commission's proportionate share of the net pension liability using the discount rate of 7.7%, 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, 6.7%, or one percentage-point higher, 8.7%, than the current rate:

	1.0% Decrease <u>6.7%</u>	Current Discount Rate <u>7.7%</u>	1.0% Increase <u>8.7%</u>
Commission's proportionate share of the net pension liability	\$ <u>4,695,337</u>	\$ <u>3,740,153</u>	\$ <u>2,928,019</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Louisiana State Employees' Retirement System 2017 Comprehensive Annual Financial Report at www.lasersonline.org.

Payables to the Pension Plan

As of June 30, 2018, the Commission reported a payable of \$15,051 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

LOUISIANA MOTOR VEHICLE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

6. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS:

Substantially all employees become eligible for postemployment health care and life insurance benefits if they reach normal retirement age while working for the Commission. These benefits for retirees and similar benefits for active employees are provided through a self-insured/self-funded plan. At June 30, 2018, 8 retirees were receiving post-employment benefits.

Plan Description:

Employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), a multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The State administers the plan through the Office of Group Benefits (OGB). LRS 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75 to pay related benefits.

Benefits Provided:

The OPEB Plan provides benefits such as: death benefits, life insurance, disability, and long-term care that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment. The OPEB plan does not provide termination benefits or termination payments for sick leave.

Contributions:

The contribution requirements of plan members and the Commission are established and may be amended by LRS 42:801-883. The OPEB Plan is currently funded on a pay-as-you-go basis through a combination of retiree and Commission contributions. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving post-employment benefits. The retirees contribute to the cost of their postemployment benefits based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. Contributions to the OPEB Plan from the Commission were \$58,798 for the year ended June 30, 2018.

LOUISIANA MOTOR VEHICLE COMMISSION
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

6. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS: (Continued)

Contributions: (Continued)

Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB plan (before or after January 1, 2002) and employee years of service at retirement. Employees who began participation or rejoined 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 is based on the following schedule:

<u>Service</u>	<u>Employer Contribution Percentage</u>	<u>Retiree Contribution Percentage</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 the individual retiree and spouses of retirees, subject to maximum values. The total monthly premium is approximately \$1 per thousand dollars of coverage of which the employer pays 50% of the individual retiree's premium.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB

At June 30, 2018, the Commission reported a liability of \$2,076,141 for its proportionate share of the total OPEB liability. The OPEB liability was measured as of July 1, 2017, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of that date. The Commission's proportion of the total OPEB liability was based on a projection of the Commission's total OPEB liability relative to the projected total OPEB liability of all participating employers, actuarially determined. As of July 1, 2017, the Commission's proportion was 0.0239%.

For the year ended June 30, 2018, the Commission recognized OPEB expense of \$83,726. As of June 30, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

LOUISIANA MOTOR VEHICLE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

6. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS: (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB: (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ -	\$ 109,713
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	10,350
Employer contributions subsequent to the measurement date	<u>58,798</u>	<u>-</u>
Total	<u>\$ 58,798</u>	<u>\$ 120,063</u>

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date of \$58,798 will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

Year ending June 30:	
2019	\$ (34,508)
2020	(34,508)
2021	(34,508)
2022	<u>(16,539)</u>
Total	<u>\$ (120,063)</u>

LOUISIANA MOTOR VEHICLE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

6. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS: (Continued)

Actuarial Assumptions:

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.8%
Salary Increases	Consistent with the pension valuation assumptions
Investment Rate of Return	3.13%, based on the S&P Municipal Bond 20-Year High Grade Rate Index
Healthcare Cost Trend	7% - 4.5%
Mortality Rates	For healthy lives the RP-2014 Combined Healthy Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2017 For existing disabled lives, the RP-2014 Disabled Retiree Mortality Table, projected on a fully generational basis by Mortality Improvement Scale MP-2017.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2016 to December 31, 2017. As a result of the 2017 actuarial experience study, the expectation of life after disability was adjusted in the July 1, 2017 actuarial valuation to more closely reflect actual experience.

Discount Rate:

The discount rate used to measure the total OPEB liability was 3.13%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at contractually required rates. Based on this assumption and as the OPEB Plan is unfunded, the OPEB plan's fiduciary net position was not projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was determined using a discount rate that reflects the 20-year tax-exempt municipal bond yield or index rate.

The discount rate used to measure the total OPEB liability increased to 3.13% in the July 1, 2017 valuation. The discount rate in the current valuation reflects that the Bond Buyers' 20-Year General Obligation Municipal Bond Index rate was unchanged from the prior year.

LOUISIANA MOTOR VEHICLE COMMISSION
 NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

6. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS: (Continued)

Sensitivity of the Commission's Proportionate Share of the Collective Total OPEB Liability to Changes in the Discount Rate:

The following presents the Commission's proportionate share of the collective total OPEB liability, as well as what the Commission's proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Proportionate Share of the Collective Total OPEB Liability	<u>2.13%</u>	<u>3.13%</u>	<u>4.13%</u>
	<u>\$ 2,437,845</u>	<u>\$ 2,076,141</u>	<u>\$1,790,853</u>

Sensitivity of the Commission's Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the Commission's proportionate share of the collective total OPEB liability, as well as what the Commission's proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Proportionate Share of the Collective Total OPEB Liability	<u>\$ 1,789,450</u>	<u>\$ 2,076,141</u>	<u>\$2,443,530</u>

LOUISIANA MOTOR VEHICLE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

6. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS: (Continued)

Payables to the OPEB Plan

As of June 30, 2018, the Commission reported a payable of \$7,817 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

7. LONG-TERM LIABILITIES:

The following is a summary of long-term liabilities of the Commission for the year ended June 30, 2018:

	June 30, 2017	Additions	Reductions	June 30, 2018	Amounts due within one year
Compensated absences	\$ 72,091	\$ 71,476	\$ 70,112	\$ 73,455	\$ 3,343
OPEB liability	631,242	1,536,235	91,336	\$ 2,076,141	-
Net pension liability	4,025,611	344,541	629,999	3,740,153	-
Total long-term liabilities	<u>\$ 4,728,944</u>	<u>\$1,952,252</u>	<u>\$ 791,447</u>	<u>\$ 5,889,749</u>	<u>\$ 3,343</u>

8. DEFERRED COMPENSATION PLAN:

Employees of the Commission have the option to participate in the Louisiana Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code 457. As budgetary constraints permit, the Commission will contribute 25% of each permanent employee's taxable income, up to the maximum amount prescribed by law, into the state's deferred compensation fund. For the year ended June 30, 2018, the Commission's cost of benefits paid for employees in the program totaled \$179,136. There was no outstanding liability related to the deferred compensation plan as of June 30, 2018.

LOUISIANA MOTOR VEHICLE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

9. CHANGE IN ACCOUNTING PRINCIPLE:

The Commission adopted the provisions of GASB Statement No. 75 during the fiscal year ended June 30, 2018. The adoption of this statement required the Commission to increase the beginning OPEB liability and the effects on net position of the contributions made by the Commission during the measurement period (fiscal year ended June 30, 2017). As a result, beginning net position decreased by \$1,481,261 for the earliest year presented. The restatement consisted of an increase to the OPEB liability as of July 1, 2017 of \$1,536,235 and was offset by deferred outflows of resources for contributions to the OPEB plan made between the measurement date of the OPEB liability and the beginning of the Commission's fiscal year of \$54,974. The Commission did not restate beginning balances relating to all other deferred inflows of resources or deferred outflows of resources related to OPEB as it was not practical to determine these amounts.

REQUIRED SUPPLEMENTARY INFORMATION

LOUISIANA MOTOR VEHICLE COMMISSION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY
FOR THE FOUR YEARS ENDED JUNE 30, 2018, 2017, 2016, AND 2015

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Commission's proportion of the net pension liability	0.053%	0.051%	0.043%	0.038%
Commission's proportionate share of the net pension liability	\$ 3,740,153	\$ 4,025,611	\$ 2,944,441	\$ 2,385,978
Commission's covered-employee payroll	\$ 899,687	\$ 857,732	\$ 779,907	\$ 615,775
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	415.7%	469.3%	377.5%	387.5%
Plan fiduciary net position as a percentage of the total pension liability	62.5%	57.7%	62.7%	65.0%

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

LOUISIANA MOTOR VEHICLE COMMISSION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE COMMISSION'S CONTRIBUTIONS TO PENSION PLAN
FOR THE FOUR YEARS ENDED JUNE 30, 2018, 2017, 2016, AND 2015

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 344,541	\$ 322,088	\$ 319,076	\$ 288,566
Contributions in relation to the statutorily required contribution	<u>344,541</u>	<u>345,761</u>	<u>319,076</u>	<u>279,589</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (23,673)</u>	<u>\$ -</u>	<u>\$ 8,977</u>
Commission's covered-employee payroll	\$ 905,860	\$ 899,687	\$ 857,732	\$ 779,907
Contributions as a percentage of covered-employee payroll	38.0%	38.4%	37.2%	35.8%

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

LOUISIANA MOTOR VEHICLE COMMISSION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMMISSION'S PROPORTIONATE SHARE
 OF THE COLLECTIVE TOTAL OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018

<u>Fiscal Year*</u>	<u>Percentage of the Collective Total OPEB Liability</u>	<u>Proportionate Share of the Collective Total OPEB Liability</u>	<u>Employer's Covered Employee Payroll</u>	<u>Proportionate Share of the Collective Total OPEB Liability as a % of Covered Employee Payroll</u>
2018	0.0239%	\$ 2,076,141	\$ 873,394	238%

*The amounts presented for each fiscal year were determined as of the prior fiscal year ended.

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

LOUISIANA MOTOR VEHICLE COMMISSION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

1. OPEB PLAN:

No assets are accumulated in a trust that meets the criteria in GASBS No. 75, paragraph 4, to pay related benefits.

2. CHANGES OF BENEFIT TERMS:

Pension Plan

During the measurement periods ended June 30, 2014 and 2016, a 1.5% Cost of Living Adjustment (COLA) was granted by LASERS. There were no changes in benefit terms for any of the remaining years presented.

OPEB Plan

There were no changes of benefit terms for the OPEB Plan during any of the years presented.

3. CHANGES OF ASSUMPTIONS:

Pension Plan

Amounts reported in the actuary valuation dated June 30, 2017 for LASERS reflect an adjustment in the discount rate, inflation rate and salary increases used to present value the projected benefit payments attributed to past periods of service. The discount rate for LASERS was decreased by 0.05% to 7.70% in 2017. Other changes were as follows:

Valuation date	June 30, 2017	June 30, 2016
Inflation rate	2.75%	3.00%
Project Salary Increases	2.80%-14.30%	3.00%-14.50%

OPEB Plan

The discount rate changed from 2.71% to 3.13% during the July 1, 2017 valuation.

SUPPLEMENTARY INFORMATION

LOUISIANA MOTOR VEHICLE COMMISSION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF COMMISSIONERS PER DIEM
FOR THE YEAR ENDED JUNE 30, 2018

<u>Commissioners</u>	<u>Number of Meetings</u>	<u>Amount</u>
Raymond Brandt	10	\$ -
Thomas Brumfield	1	50
Donna Corley	8	400
Terryl Fontenot	8	400
Keith Hightower	10	500
Allen Krake	6	-
Joyce Lacour	1	50
Gregory Lala	6	300
Eric Lane	10	500
V. Price LeBlanc, Jr.	8	400
Maurice Guidry	6	300
Stephen Guidry	8	400
Keith Marcotte	10	500
Harold Perrilloux	8	400
Kenneth Roche, Jr.	1	50
Randy Scoggin	6	300
Kenneth Smith	8	400
Joseph Westbrook	13	650
		<hr/>
Total		<u>\$ 5,600</u>

The Schedule of Commissioners' Per Diem is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. The Board of Commissioners receives \$50 for each day of a regularly scheduled meeting they attend.



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Hrapmann
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Maher, LLP

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Lindsay J. Calub, CPA, LLC
Guy L. Duplantier, CPA
Michelle H. Cunningham, CPA
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Grady C. Lloyd, III CPA

Heather M. Jovanovich, CPA
Terri L. Kitto, CPA

Michael J. O'Rourke, CPA
David A. Burgard, CPA
Clifford J. Giffin, Jr., CPA

A.J. Duplantier, Jr., CPA
(1919-1985)

Felix J. Hrapmann, Jr., CPA
(1919-1990)

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Phone: (985) 641-1272
Fax: (985) 781-6497

Houma

247 Corporate Drive
Houma, LA 70360
Phone: (985) 868-2630
Fax: (985) 872-3833

Napoleonville

5047 Highway 1
P.O. Box 830
Napoleonville, LA 70390
Phone: (985) 369-6003
Fax: (985) 369-9941

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

August 31, 2018

Board of Commissioners
Louisiana Motor Vehicle Commission
Metairie, Louisiana 70002

We have audited, in accordance with the 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 Louisiana Motor Vehicle Commission (the Commission), a component unit of the State of Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report dated August 31, 2018.

Internal Control Over Financial Reporting

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

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American Institute of
Certified Public Accountants
Society of LA CPAs

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 a 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 important enough to merit attention by those charged with governance.

Our consideration of 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiency in internal control that we considered to be material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters 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 our 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 performed 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

LOUISIANA MOTOR VEHICLE COMMISSION
SCHEDULE OF FINDINGS
JUNE 30, 2018

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of the Louisiana Motor Vehicle Commission for the year ended June 30, 2018 was unmodified.
2. There were no material weaknesses required to be disclosed by *Government Auditing Standards*.
3. There were no significant deficiencies required to be disclosed by *Government Auditing Standards*.
4. There were no instances of noncompliance considered material to the financial statements, as defined by *Government Auditing Standards*.

LOUISIANA MOTOR VEHICLE COMMISSION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2018

STATUS OF PRIOR YEAR AUDIT FINDINGS:

2017-01 Inadequate Controls over Financial Reporting

The Commission did not have adequate controls in place over the year-end financial reporting process to ensure that financial transactions posted to its general ledger and supporting its financial statements were complete and accurate. As a result, several closing journal entries were not posted to the general ledger prior to the audit. Adequate internal controls over financial reporting should include written policies and procedures to ensure that all closing journal entries are consistently posted from year to year. This finding was carried forward from the previous year. This finding was resolved by management in the current year.

**ANNUAL FISCAL REPORT (AFR)
FOR 2018**

AGENCY: 20-11-14 - Louisiana Motor Vehicle Commission

PREPARED BY: -

PHONE NUMBER: -

EMAIL ADDRESS: -

SUBMITTAL DATE: -

STATEMENT OF NET POSITION

ASSETS

CURRENT ASSETS:

CASH AND CASH EQUIVALENTS	7,902,107.00
RESTRICTED CASH AND CASH EQUIVALENTS	0.00
INVESTMENTS	0.00
RESTRICTED INVESTMENTS	0.00
DERIVATIVE INSTRUMENTS	0.00
RECEIVABLES (NET)	0.00
PLEDGES RECEIVABLE (NET)	0.00
LEASES RECEIVABLE (NET)	0.00
AMOUNTS DUE FROM PRIMARY GOVERNMENT	0.00
DUE FROM FEDERAL GOVERNMENT	0.00
INVENTORIES	0.00
PREPAYMENTS	0.00
NOTES RECEIVABLE	0.00
OTHER CURRENT ASSETS	0.00
TOTAL CURRENT ASSETS	\$7,902,107.00

NONCURRENT ASSETS:

RESTRICTED ASSETS:

CASH	0.00
INVESTMENTS	0.00
RECEIVABLES (NET)	0.00
NOTES RECEIVABLE	0.00
OTHER	0.00
INVESTMENTS	0.00
RECEIVABLES (NET)	0.00
NOTES RECEIVABLE	0.00
PLEDGES RECEIVABLE (NET)	0.00
LEASES RECEIVABLE (NET)	0.00

CAPITAL ASSETS (NET OF DEPRECIATION & AMORTIZATION)

LAND	97,200.00
BUILDINGS AND IMPROVEMENTS	179,046.00
MACHINERY AND EQUIPMENT	73,749.00
INFRASTRUCTURE	0.00
INTANGIBLE ASSETS	0.00
CONSTRUCTION IN PROGRESS	1,186,005.00
OTHER NONCURRENT ASSETS	0.00
TOTAL NONCURRENT ASSETS	\$1,536,000.00
TOTAL ASSETS	\$9,438,107.00

DEFERRED OUTFLOWS OF RESOURCES

ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVES	0.00
DEFERRED AMOUNTS ON DEBT REFUNDING	0.00
ADJUSTMENT OF CAPITAL LEASE OBLIGATIONS	0.00
GRANTS PAID PRIOR TO MEETING TIME REQUIREMENTS	0.00
INTRA-ENTITY TRANSFER OF FUTURE REVENUES (TRANSFEREE)	0.00
LOSSES FROM SALE-LEASEBACK TRANSACTIONS	0.00
DIRECT LOAN ORIGINATION COSTS FOR MORTGAGE LOANS HELD FOR SALE	0.00
FEES PAID TO PERMANENT INVESTORS PRIOR TO SALE OF MORTGAGE LOANS	0.00
OPEB-RELATED DEFERRED OUTFLOWS OF RESOURCES	58,798.00
PENSION-RELATED DEFERRED OUTFLOWS OF RESOURCES	724,476.00

**ANNUAL FISCAL REPORT (AFR)
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TOTAL DEFERRED OUTFLOWS OF RESOURCES **\$783,274.00**

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES **\$10,221,381.00**

LIABILITIES

CURRENT LIABILITIES:

ACCOUNTS PAYABLE AND ACCRUALS	117,928.00
ACCRUED INTEREST	0.00
DERIVATIVE INSTRUMENTS	0.00
AMOUNTS DUE TO PRIMARY GOVERNMENT	0.00
DUE TO FEDERAL GOVERNMENT	0.00
AMOUNTS HELD IN CUSTODY FOR OTHERS	0.00
UNEARNED REVENUES	2,310,604.00
OTHER CURRENT LIABILITIES	70,112.00

CURRENT PORTION OF LONG-TERM LIABILITIES:

CONTRACTS PAYABLE	0.00
COMPENSATED ABSENCES PAYABLE	0.00
CAPITAL LEASE OBLIGATIONS	0.00
ESTIMATED LIABILITY FOR CLAIMS	0.00
NOTES PAYABLE	0.00
BONDS PAYABLE	0.00
POLLUTION REMEDIATION OBLIGATIONS	0.00
OTHER LONG-TERM LIABILITIES	0.00
TOTAL CURRENT LIABILITIES	\$2,498,644.00

NONCURRENT PORTION OF LONG-TERM LIABILITIES:

CONTRACTS PAYABLE	0.00
COMPENSATED ABSENCES PAYABLE	3,343.00
CAPITAL LEASE OBLIGATIONS	0.00
ESTIMATED LIABILITY FOR CLAIMS	0.00
NOTES PAYABLE	0.00
BONDS PAYABLE	0.00
TOTAL OPEB LIABILITY	2,076,141.00
NET PENSION LIABILITY	3,740,153.00
POLLUTION REMEDIATION OBLIGATIONS	0.00
OTHER LONG-TERM LIABILITIES	0.00
UNEARNED REVENUE	0.00
TOTAL LONG-TERM LIABILITIES	\$5,819,637.00
TOTAL LIABILITIES	\$8,318,281.00

DEFERRED INFLOWS OF RESOURCES

ACCUMULATED INCREASE IN FAIR VALUE OF HEDGING DERIVATIVES	0.00
DEFERRED AMOUNTS ON DEBT REFUNDING	0.00
ADJUSTMENT OF CAPITAL LEASE OBLIGATIONS	0.00
GRANTS RECEIVED PRIOR TO MEETING TIME REQUIREMENTS	0.00
SALES/INTRA-ENTITY TRANSFER OF FUTURE REVENUES (TRANSFEROR)	0.00
GAINS FROM SALE-LEASEBACK TRANSACTIONS	0.00
SPLIT INTEREST AGREEMENTS	0.00
POINTS RECEIVED ON LOAN ORIGATION	0.00
LOAN ORIGATION FEES RECEIVED FOR MORTGAGE LOANS HELD FOR SALE	0.00
OPEB-RELATED DEFERRED INFLOWS OF RESOURCES	120,088.00
PENSION-RELATED DEFERRED INFLOWS OF RESOURCES	68,626.00
TOTAL DEFERRED INFLOWS OF RESOURCES	\$188,714.00

**ANNUAL FISCAL REPORT (AFR)
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AGENCY: 20-11-14 - Louisiana Motor Vehicle Commission

PREPARED BY: --

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SUBMITTAL DATE: --

NET POSITION:

NET INVESTMENT IN CAPITAL ASSETS	1,536,000.00
RESTRICTED FOR:	
CAPITAL PROJECTS	0.00
DEBT SERVICE	0.00
NONEXPENDABLE	0.00
EXPENDABLE	0.00
OTHER PURPOSES	0.00
UNRESTRICTED	\$178,386.00
TOTAL NET POSITION	\$1,714,386.00

**ANNUAL FISCAL REPORT (AFR)
FOR 2018**

AGENCY: 20-11-14 - Louisiana Motor Vehicle Commission

PREPARED BY: --

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SUBMITTAL DATE: --

STATEMENT OF ACTIVITIES

PROGRAM REVENUES

EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE
2,990,907.00	4,740,696.00	0.00	0.00	\$1,749,789.00

GENERAL REVENUES

PAYMENTS FROM PRIMARY GOVERNMENT	0.00
OTHER	7,794.00
ADDITIONS TO PERMANENT ENDOWMENTS	0.00
CHANGE IN NET POSITION	\$1,757,583.00
NET POSITION - BEGINNING	\$1,438,064.00
NET POSITION - RESTATEMENT	(1,481,261.00)
NET POSITION - ENDING	\$1,714,386.00

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DUES AND TRANSFERS

Account Type		Amount
Amounts due from Primary		
Government	Intercompany (Fund)	
		Total
		\$0.00

Account Type		Amount
Amounts due to Primary		
Government	Intercompany (Fund)	
		Total
		\$0.00

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SCHEDULE OF BONDS PAYABLE

Series Issue	Date of Issue	Original Issue Amount	Principal Outstanding PFY	Issue (Redeemed)	Principal Outstanding CFY	Interest Outstanding CFY
		0.00	0.00	0.00	\$ 0.00	0.00
		Totals	\$0.00	\$0.00	\$0.00	\$0.00

Series - Unamortized Premiums:

Series Issue	Date of Issue	Principal Outstanding PFY	Issue (Redeemed)	Principal Outstanding CFY
		0.00	0.00	\$ 0.00
		Totals	\$0.00	\$0.00

Series - Unamortized Discounts:

Series Issue	Date of Issue	Principal Outstanding PFY	Issue (Redeemed)	Principal Outstanding CFY
		0.00	0.00	\$ 0.00
		Totals	\$0.00	\$0.00

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SCHEDULE OF BONDS PAYABLE AMORTIZATION

Fiscal Year Ending:	Principal	Interest
2019	0.00	0.00
2020	0.00	0.00
2021	0.00	0.00
2022	0.00	0.00
2023	0.00	0.00
2024	0.00	0.00
2025	0.00	0.00
2026	0.00	0.00
2027	0.00	0.00
2028	0.00	0.00
2029	0.00	0.00
2030	0.00	0.00
2031	0.00	0.00
2032	0.00	0.00
2033	0.00	0.00
2034	0.00	0.00
2035	0.00	0.00
2036	0.00	0.00
2037	0.00	0.00
2038	0.00	0.00
2039	0.00	0.00
2040	0.00	0.00
2041	0.00	0.00
2042	0.00	0.00
2043	0.00	0.00
2044	0.00	0.00
2045	0.00	0.00
2046	0.00	0.00
2047	0.00	0.00
2048	0.00	0.00
2049	0.00	0.00
2050	0.00	0.00
2051	0.00	0.00
2052	0.00	0.00
2053	0.00	0.00
Premiums and Discounts	\$0.00	
Total	\$0.00	\$0.00

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Other Postemployment Benefits (OPEB)

If your agency has active or retired employees who are members of the OGB Health Plan, please provide the following information:

Benefit payments made subsequent to the measurement date of the OGB Actuarial Valuation Report until the employer's fiscal year end. (Benefit payments are defined as the employer payments for retirees' health and life insurance premiums). For agencies with a 6/30 year end this covers the current fiscal year. For calendar year end agencies, it covers the period 6/30 to 12/31 for the current year being reported. 58,798.00

For calendar year-end agencies only: Benefit payments or employer payments for health and life insurance premiums made for the next year's valuation reporting period (7/1/17 - 6/30/18). 0.00

**ANNUAL FISCAL REPORT (AFR)
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FUND BALANCE/NET POSITION RESTATEMENT

Account Name/Description	Restatement Amount
NONCURRENT LIABILITIES - OTHER LONG-TERM LIABILITIES	
Description:	
GASB 75 - The new statement required the district to record its proportionate share of the OPEB liability related o its participation on a multiple-employer defined pension plan, restating the earlier year presented. As a result of the implementation, the districts new position decreased by \$1,481,261, the OPEB liability increased by \$1,536,235 and deferred outflow of resources was recorded in the amount of \$54,974 as of July 1, 2017.	(1,536,235.00)
DEFERRED OUTFLOWS OF RESOURCES - OPEB-RELATED DEFERRED OUTFLOWS OF RESOURCES	
Description:	
GASB 75 - The new statement required the district to record its proportionate share of the OPEB liability related o its participation on a multiple-employer defined pension plan, restating the earlier year presented. As a result of the implementation, the districts new position decreased by \$1,481,261, the OPEB liability increased by \$1,536,235 and deferred outflow of resources was recorded in the amount of \$54,974 as of July 1, 2017.	54,974.00
Total	\$(1,481,261.00)

**ANNUAL FISCAL REPORT (AFR)
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SUBMITTAL DATE: --

SUBMISSION

Before submitting, ensure that all data (statements, notes, schedules) have been entered for the agency.

Once submitted no changes can be made to any of the agency data for the specified year.

By clicking 'Submit' below you certify that the financial statements herewith given present fairly the financial position and the results of operations for the year 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.

Reminder: You must send Louisiana Legislative Auditors an electronic copy of the AFR report in a pdf, tiff, or some other electronic format to the following e-mail address:
LLAFileroom@lla.la.gov.