

LOUISIANA USED MOTOR VEHICLE COMMISSION

AUDITED FINANCIAL STATEMENTS

BATON ROUGE, LOUISIANA

JUNE 30, 2023



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Louisiana Used Motor Vehicle Commission (the Commission) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Commission, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and

Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-8, budgetary comparison information on page 35, schedule of proportionate share of net pension liability on page 36, schedule of pension contributions on page 37 and schedule of employer's proportionate share of the total collective OPEB liability on pages 38, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Per Diem Paid to Commission Members and the Schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023, on our consideration of the 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's 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 Commission's internal control over financial reporting and compliance.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
December 27, 2023

**LOUISIANA USED MOTOR VEHICLE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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 23 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 two checking accounts and eight certificates of deposit. Two signatures are required on each check and the authorized signatures are the Executive Director, the Human Resources Officer, Accountant 4, and the Accountant Supervisor. The Accounting Specialist prepares the accounts payable checks. The Accountant 4 or Accountant Supervisor prepares the payroll. Bank statements are reconciled by the Accountant Supervisor or Accountant 4 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 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.

**LOUISIANA USED MOTOR VEHICLE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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 9-13 of this report.

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

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

Financial Analysis of the Commission

Net 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>2023</u>	<u>2022</u>
Assets		
Current assets	\$ 3,344,102	\$ 3,092,555
Non-current assets	<u>115,512</u>	<u>124,503</u>
Total Assets	<u>3,459,614</u>	<u>3,217,058</u>
Deferred Outflows of Resources	<u>674,520</u>	<u>749,969</u>
Liabilities		
Current liabilities	641,243	354,789
Non-current liabilities	<u>3,682,425</u>	<u>3,654,202</u>
Total Liabilities	<u>4,323,668</u>	<u>4,008,988</u>
Deferred Inflows of Resources	<u>646,657</u>	<u>853,378</u>
Net position		
Invested in capital assets, net of related debt	115,512	124,503
Unrestricted	<u>(951,703)</u>	<u>(1,019,842)</u>
Total Net Position	<u>\$ (836,191)</u>	<u>\$ (895,339)</u>

Between June 30, 2022, and June 30, 2023, the net position of the Commission increased by \$59,148.

**LOUISIANA USED MOTOR VEHICLE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

A summary of changes in net position is as follows:

SUMMARY OF CHANGES IN NET POSITION

	<u>2023</u>	<u>2022</u>
Operating Revenues	\$ 1,422,255	\$ 1,667,246
Operating Expenses	<u>(1,459,546)</u>	<u>(1,767,361)</u>
Operating Income (Loss)	(37,291)	(100,115)
Non-operating Revenues	<u>96,439</u>	<u>12,942</u>
Change in Net position	<u>\$ 59,148</u>	<u>\$ (87,173)</u>

Revenues decreased by \$244,991 or 15%. Expenses decreased by \$359,069 or 20% of those in the prior year.

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

STATEMENT OF CASH FLOWS

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents provided by (used for):		
Operating activities	\$ (100,108)	\$ 257,113
Non-capital financing activities	-	-
Capital and related financing activities	(19,510)	(10,119)
Investing activities	<u>96,439</u>	<u>12,942</u>
Net Increase(Decrease) in Cash and Cash Equivalents	(23,179)	259,936
Cash and cash equivalents, beginning of year	<u>2,146,957</u>	<u>1,887,021</u>
Cash and cash equivalents, end of year	<u>\$ 2,123,778</u>	<u>\$ 2,146,957</u>

Budgetary Highlights

Revenues were more than anticipated by \$ 294,243 or 19%. Expenses were \$509,019 or 36% less than budgeted. This resulted in a change in net position that was \$803,261 favorable to budget.

Capital Asset and Debt Administration

Capital Assets: The Commission's investment in capital assets, net of accumulated depreciation, at June 30, 2023 and 2022, was \$115,512 and \$124,503, respectively. The most significant capital asset is the Commission's building at a total initial cost of \$255,488 including land.

**LOUISIANA USED MOTOR VEHICLE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

Capital assets at year-end are summarized as follows:

CAPITAL ASSETS		
Net of Accumulated Depreciation		
	<u>2023</u>	<u>2022</u>
Non-depreciable Assets		
Land	\$ 50,000	\$ 50,000
Depreciable Assets		
Buildings, parking lot, and improvements	34,830	40,636
Website	-	-
Autos and equipment	<u>30,682</u>	<u>33,867</u>
Total	<u>\$ 115,512</u>	<u>\$ 124,503</u>

Capital acquisitions during the year included equipment with a total cost of \$19,351.

Debt Administration: Long-term debt of the Commission includes compensated absences at amounts of \$81,350 and \$68,844 at June 30, 2023 and 2022, respectively. There is also an actuarially determined obligation for post-employment benefits of \$1,009,596 at June 30, 2023, down from \$1,565,014 at June 30, 2022, and net pension liability of \$2,591,479, up from \$2,020,344 at June 30, 2022.

Future Plans and Next Year's Budget

In October 2020, licensees in Districts 4 and 5 of the State of Louisiana renewed their two-year license for the 2021-2022 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.

**LOUISIANA USED MOTOR VEHICLE COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

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.

LOUISIANA USED MOTOR VEHICLE COMMISSION
Baton Rouge, Louisiana

STATEMENT OF NET POSITION
(See Notes to Financial Statements)
June 30, 2023

ASSETS

	Business-type Activities
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 2,123,778
Investments	748,584
Accounts Receivable, net of allowance of \$85,504	464,563
Prepaid Expenses	7,177
TOTAL CURRENT ASSETS	<u>3,344,102</u>
PROPERTY AND EQUIPMENT	
Land	50,000
Building/parking Lot	205,488
Vehicles and Equipment	256,275
Website	4,000
TOTAL PROPERTY AND EQUIPMENT	<u>515,763</u>
Accumulated Depreciation	<u>(400,251)</u>
NET PROPERTY AND EQUIPMENT	<u>115,512</u>
TOTAL ASSETS	<u>\$ 3,459,614</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	\$ 560,149
Deferred outflows related to other postemployment benefits	<u>114,371</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 674,520</u>

LOUISIANA USED MOTOR VEHICLE COMMISSION
Baton Rouge, Louisiana

STATEMENT OF NET POSITION
(See Notes to Financial Statements)
June 30, 2023

LIABILITIES

	Business-type Activities
CURRENT LIABILITIES	
Accounts payable	\$ 59,791
Payroll taxes withheld and related payables	15,457
Accrued salaries payable	16,845
Fines held pending appeal	13,075
Unearned revenue	536,075
TOTAL CURRENT LIABILITIES	641,243
NON-CURRENT LIABILITIES	
Compensated absences payable	81,350
Other post-employment benefits plan payable	1,009,596
Net pension liability	2,591,479
TOTAL NON-CURRENT LIABILITIES	3,682,425
TOTAL LIABILITIES	\$ 4,323,668
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	\$ -
Deferred inflows related to other postemployment benefits	646,657
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 646,657
NET POSITION	
Invested in capital assets, net of related debt	\$ 115,512
Unrestricted	(951,703)
TOTAL NET POSITION	\$ (836,191)



LOUISIANA USED MOTOR VEHICLE COMMISSION
Baton Rouge, Louisiana

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(See Notes to Financial Statements)
June 30, 2023

	Business-type Activities
OPERATING REVENUES	
Licenses and Other Fees	\$ 488,555
Auction Fees	422,175
Hearing Costs and Fines	471,732
Mailing Lists/Labels/Other Revenue	39,793
Total Operating Revenues	<u>1,422,255</u>
OPERATING EXPENSES	
Salaries and Related Benefits	1,093,078
Meeting, conferences and travel	11,766
Professional Services	120,013
Maintenance and Repairs	28,579
General and Administrative	177,609
Depreciation	28,501
Total Operating Expenses	<u>1,459,546</u>
OPERATING INCOME	(37,291)
NON-OPERATING REVENUES	
Interest Income	96,439
TOTAL NON-OPERATING REVENUES	<u>96,439</u>
CHANGES IN NET POSITION	59,148
TOTAL NET POSITION, BEGINNING OF YEAR	<u>(895,339)</u>
TOTAL NET POSITION, ENDING	<u><u>\$ (836,191)</u></u>



LOUISIANA USED MOTOR VEHICLE COMMISSION
Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS
(See Notes to Financial Statements)
For the Year Ended June 30, 2023

	Business-type Activities
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 1,381,381
Cash paid to suppliers for goods/services	(254,211)
Cash paid to employees for services	<u>(1,227,278)</u>
NET CASH USED BY OPERATING ACTIVITIES	(100,108)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	<u>(19,510)</u>
NET CASH USED BY FINANCING ACTIVITIES	(19,510)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received from Investments	<u>96,439</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>96,439</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(23,179)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,146,957</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 2,123,778</u></u>

LOUISIANA USED MOTOR VEHICLE COMMISSION
Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS
(See Notes to Financial Statements)
For the Year Ended June 30, 2023

	<u>Business-type Activities</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (37,291)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	28,501
(Increase) Decrease in Assets:	
Accounts Receivable	(293,614)
Prepaid Expenses	18,888
Increase (Decrease) in Liabilities:	
Accounts Payable	52,143
Accrued Salaries and Retirement Payable	(31,151)
Unearned Revenue	252,740
Compensated Absences Payable	12,506
Escrowed Fines	12,725
OPEB Liability	(555,418)
Net Pension Liability	439,863
Net Cash Used by Operating Activities	<u>\$ (100,108)</u>

LOUISIANA USED MOTOR VEHICLE COMMISSION

Baton Rouge, Louisiana
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - The Louisiana Used Motor Vehicle Commission is a related organization of the State of Louisiana. It is the successor to the Louisiana Recreational and Used Motor Vehicles Commission, is within the Office of the Governor and is governed by Chapter 4C of Title 32 of the Louisiana Revised Statutes. 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.

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).

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 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.



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CPAs & Financial Advisors

LOUISIANA USED MOTOR VEHICLE COMMISSION
Baton Rouge, Louisiana
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

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 and noninterest-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
Baton Rouge, Louisiana
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

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.

Receivables: All receivables are reported net of estimated uncollectible amounts. The allowance for uncollectible amounts is determined by management and based upon experience and historical uncollectible amounts.

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 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, 2023, employees of the Commission had accumulated and vested \$81,350 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
 Baton Rouge, Louisiana
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

Operating Revenues and Expenses: The Commission distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses of the Commission consist of charges for services (including licensing fees, administrative fees, fines, and penalties) and costs of providing those services, including depreciation and excluding interest costs. All other revenues and expenses are reported as nonoperating.

NOTE 2: CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents at June 30, 2023:

	<u>Book Balance</u>	<u>Bank Balance</u>
Petty cash	\$ 500	\$ 500
Demand deposits	<u>2,123,278</u>	<u>2,128,004</u>
Total	<u>\$ 2,123,778</u>	<u>\$ 2,128,004</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 counterparty or the counterparty'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. On June 30, 2023, the Commission has certificates, whose reported amount equaled its fair value as follows:

LOUISIANA USED MOTOR VEHICLE COMMISSION
Baton Rouge, Louisiana
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 3: INVESTMENTS (continued)

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
BI Bank	1/15/24	4.00%	\$ 75,002
BI Bank	1/15/24	4.00%	73,993
J.P. Morgan Chase	4/15/24	3.97%	99,085
J.P. Morgan Chase	4/23/24	3.97%	99,123
Campus Federal Credit Union	7/20/23	4.43%	250,160
BI Bank	9/25/24	4.00%	50,021
BI Bank	9/25/24	4.00%	50,021
Bank of St. Francisville	1/20/24	3.65%	51,179
Total			<u>\$ 748,584</u>

NOTE 4: RECEIVABLES

The following is a summary of receivables at June 30:

<u>Class of Receivables</u>	<u>2023</u>
Accounts receivable- hearings and fines, net of allowance of \$84,504	\$464,563

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Capital Assets, not being depreciated				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Capital Assts, being depreciated				
Building and Improvements	205,488	-	-	205,488
Less: accumulated depreciation	(164,852)	(5,805)	-	(170,657)
Net Building and Improvements	40,636	(5,805)	-	34,831
Autos and Equipment	236,765	19,510	-	256,275
Less: accumulated depreciation	(202,898)	(22,696)	-	(225,594)
Net Autos and Equipment	33,867	(3,186)	-	30,681
Website	4,000	-	-	4,000
Less: accumulated depreciation	(4,000)	-	-	(4,000)
Net Website	-	-	-	-
Capital Assts, being depreciated	74,503	(8,991)	-	65,512
Capital Assts, All	<u>\$ 124,503</u>	<u>\$ (8,991)</u>	<u>\$ -</u>	<u>\$ 115,512</u>

LOUISIANA USED MOTOR VEHICLE COMMISSION
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NOTE 6: LEAVE

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

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current year expenditures when leave is earned. Only annual leave is accrued in the accompanying statement of net position, the amount unpaid at June 30, 2023, being \$81,350.

NOTE 7: 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.

Plan Description

The Louisiana State Employees' Retirement System (LASERS) is the administrator of a cost-sharing multiple-employer defined benefit pension plan to provide retirement, disability, and survivor's benefits to eligible state employees and their beneficiaries as defined in LRS 11:401-414. The age and years of creditable service required for a member to receive retirement benefits are established by LRS 11:441 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 computation of retirement benefits is provided for in LRS 11:444. The basic annual retirement benefit for members is equal to a percentage (between 2.5% and 3.5%) of average compensation multiplied by the number of years of creditable service. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org.

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.

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NOTE 7: PENSION PLANS (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. 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 55 upon completing 25 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.

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NOTE 7: PENSION PLANS (Continued)

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.

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 SOP as described above.

LOUISIANA USED MOTOR VEHICLE COMMISSION
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NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 7: PENSION PLANS (Continued)

Disability Benefits

For members who are in LASERS, 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.

For member 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 below zero. DROP interest is forfeited if member does not cease employment after DROP participation.

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 or 100% of final average compensation if the injury was the result of an intentional act of violence. If the disability benefit retiree is permanently confined to a wheelchair or is an amputee incapable of serving as a law enforcement officer, or is permanently and legally blind, there is no reduction to the benefit if the retiree becomes gainfully employed.

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.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 7: PENSION PLANS (Continued)

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and in active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

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.

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.

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, 2022, for the various plans follow:

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NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 7: PENSION PLANS (Continued)

Plan	Plan Status	2023 Employer Rate
Appellate Law Clerks	Closed	40.40%
Appellate Law Clerks hired on or after 7/1/06	Closed	40.40%
Alcohol Tobacco Control	Closed	43.90%
Bridge Police	Closed	39.30%
Bridge Police hired on or after 7/1/06	Closed	39.30%
Corrections Primary	Closed	39.20%
Corrections Secondary	Closed	43.40%
Harbor Police	Closed	14.30%
Hazardous Duty	Open	46.70%
Judges hired before 1/1/11	Closed	44.80%
Judges hired after 12/31/10	Closed	43.80%
Judges hired on or after 7/1/15	Open	43.80%
Legislators	Closed	36.60%
Optional Retirement Plan (ORP) before 7/1/06	Closed	37.06%
Optional Retirement Plan (ORP) on or after 7/1/06	Closed	37.06%
Peace Officers	Closed	41.80%
Regular Employees hired before 7/1/06	Closed	40.40%
Regular Employees hired on or after 7/1/06	Closed	40.40%
Regular Employees hired on or after 1/1/11	Closed	40.40%
Regular Employees hired on or after 7/1/15	Open	40.40%
Special Legislative Employees	Closed	38.60%
Wildlife Agents	Closed	52.20%
Aggregate Rate		41.00%

The Commission's contractually required composite contribution rate for the year ended June 30, 2022 was 41.00% 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 plan from the Commission were \$285,793 for the year ended June 30, 2023.

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

LOUISIANA USED MOTOR VEHICLE COMMISSION
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NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7: PENSION PLANS (Continued)

At June 30, 2022 the Employer reported a liability of \$2,591,479 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022, 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. At June 30, 2022, the Commission's proportion was 0.03428%, which was an decrease of 0.00243% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Commission recognized pension expense of \$348,485.

At June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,067	\$ -
Changes in Assumptions	47,117	-
Net difference between projected and actual earnings on pension plan investments	208,734	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to the measurement date	<u>297,231</u>	<u>-</u>
TOTAL	<u>\$ 560,149</u>	<u>\$ -</u>

The Commission reported a total of \$611,403 as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ 477,962
2025	43,130
2026	(52,783)
2027	<u>143,094</u>
Total	<u>\$ 611,403</u>

LOUISIANA USED MOTOR VEHICLE COMMISSION
 Baton Rouge, Louisiana
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7: PENSION PLANS (Continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2022 are as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	2 years
Investment Rate of Return	7.25% per annum, net of investment expenses*
Inflation Rate	2.3% per annum
Mortality	<p>Non-disabled members - The RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018.</p> <p>Disabled members – Mortality Disabled Retiree Mortality Table, with no projection for mortality improvement.</p>
Termination, Disability, and Retirement	Termination, disability, and retirement assumption were projected based on a five-year (2014-2018) experience study of the System's members.

Salary Increases

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:

Member life	Lower Range	Upper Range
Regular	3.0%	12.8%
Judges	2.6%	5.1%
Corrections	3.6%	13.8%
Hazardous Duty	3.6%	13.8%
Wildlife	3.6%	13.8%

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.

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 Baton Rouge, Louisiana
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 7: PENSION PLANS (Continued)

The investment rate of return used in the actuarial valuation for funding purposes was 7.60%, recognizing an additional 35 basis points for gain-sharing. The net return available to fund regular plan benefits is 7.25%, which is the same as the discount rate. Therefore, the System's management concludes that the 7.25% 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 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term nominal rate of return is 8.34% for 2022. 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, 2022, are summarized in the following table:

Expected Long Term Real Rates of Return

Asset Class	<u>2022</u>
Cash	0.39%
Domestic Equity	4.57%
International Equity	5.76%
Domestic Fixed Income	1.48%
International Fixed Income	5.04%
Alternative Investments	8.30%
Total Fund	5.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members 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 System's actuary. Based on those assumptions, the System'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.

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

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.25%, as well as what the employers' 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.

LOUISIANA USED MOTOR VEHICLE COMMISSION
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NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 7: PENSION PLANS (Continued)

	Changes in Discount Rate		
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
2022 Employer Net Pension			
Liability	\$ 9,512,361,423	\$ 7,559,741,805	\$ 5,779,236,411

NOTE 8: OTHER POST-EMPLOYMENT 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, employers, 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 January 1, 2021, 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.

LOUISIANA USED MOTOR VEHICLE COMMISSION
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NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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.) Employees with an OGB medical participation start (or re-start) date after December 31, 2001, pay a percentage of the total retiree contribution rate based on the following schedule:

<u>OGB Participation</u>	<u>State 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, 2023, the Commission reported a liability of \$1,009,596 for its proportionate share of the total collective OPEB liability. The total collective OPEB liability was measured as of July 1, 2022, 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, 2022, the most recent measurement date, the Commission's proportionate share was 0.02353%, or a decrease of 0.0031%.

The total collective OPEB liability in the July 1, 2022, 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 - 4.8
- Inflation Rate - Consumer Price Index (CPI) 2.40%
- Salary Increase Rate - consistent with pension plan disclosed in note 7
- Discount rate - 2.18% based on June 30, 2021, Standard & Poor's 20-year municipal bond index rate

LOUISIANA USED MOTOR VEHICLE COMMISSION
Baton Rouge, Louisiana
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

- 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 2.66% to 2.18%.
- Baseline per capita costs were adjusted to reflect 2021 claims and enrollment, retiree contributions were updated based on 2022 premiums, and the impact of the High Cost Excise Tax was revisited, reflecting updated plan premiums.
- 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:

	1.0% Decrease	Current Discount Rate	1.0% Increase
	(1.18%)	(2.18%)	(3.18%)
Proportionate Share of Total Collective OPEB Liability	\$ 1,176,046	\$ 1,009,596	\$ 875,728

LOUISIANA USED MOTOR VEHICLE COMMISSION
Baton Rouge, Louisiana
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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:

	1.0% Decrease	Current Trend Rate	1.0% Increase
Proportionate Share of Total Collective OPEB Liability	\$ 872,199	\$ 1,009,596	\$ 1,183,505

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

For the year ended June 30, 2023, the Commission recognized OPEB expense of \$73,018. At June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of assumptions	\$ 27,536	\$ (287,378)
Difference between expected and Actual experience	60,873	(359,279)
Employer payments subsequent to measurement date	<u>25,962</u>	<u>-</u>
Total	<u>\$ 114,371</u>	<u>\$ (646,657)</u>

LOUISIANA USED MOTOR VEHICLE COMMISSION
 Baton Rouge, Louisiana
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE 8: OTHER POST-EMPLOYMENT BENEFITS (Continued)

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, 2023. 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>		
2024	\$	(218,881)
2025		(162,530)
2026		(104,119)
2027		(100,896)
Total	\$	<u>(586,426)</u>

NOTE 9: LEASES

Operating Leases. A copier is leased from Kyocera Mita for \$380 per month or \$4,559 annually. Postage equipment is leased from Pitney Bowes for \$355 per month, or \$4,262 annually. Each lease is on a month-to-month basis.

NOTE 10: LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2023, was as follows:

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Amount Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Compensated Absences	\$ 69,294	\$ 12,056	\$ -	\$ 81,350	\$ -
Other post-employment benefits	1,565,014	-	(555,418)	1,009,596	-
Net pension Liability	2,020,344	571,135	-	2,591,479	-
Total	\$ 3,654,652	\$ 583,191	\$ (555,418)	\$ 3,682,425	\$ -

LOUISIANA USED MOTOR VEHICLE COMMISSION
Baton Rouge, Louisiana
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 12: JUDGEMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

Obligations and losses arising from judgements, claims, and similar contingencies are paid through the state's self-insurance fund and are not reflected in the accompanying special purpose financial reports. The self-insurance fund is operated by the Office of Risk Management (ORM), the state agency responsible for the state's risk management program.

From time to time, the Commission is involved in various legal matters which arise in the ordinary course of its operations.

The following describes the legal matters involving the Commission as of June 30, 2023.

The Commission is involved in litigation related to the Louisiana Motor Vehicle Commission's ("LMVC" which is an entity apart from the Commission) authority to regulate licensees according to the Louisiana Motor Vehicle Sales Finance Act. The plaintiff contends that the Commission is solely responsible for regulating used motor vehicle dealers. Management intends to respond to the litigation, if necessary, but no remedy was demanded of the Commission in the allegation.

The Commission is involved in litigation alleging that the Commission failed to properly administer and pay an insurance claim of the plaintiff. ORM accepted the matter for defense with a reservation of rights and indemnified the Commission.

The Commission was involved in litigation related to the Commission's alleged failure to monitor the conduct of licensees and protect the general public. The plaintiff is suing a defendant and the Commission saying that the Commission is liable for the repossession of the plaintiff's car by allowing the licensee (defendant) to operate a retail used car lot. The Commission's defense is being handled by the Louisiana Office of Risk Management.

The Commission is involved in litigation alleging the Commission unlawfully denied the plaintiff a application for a dealership license. The plaintiff's application fee has been refunded at their request and the Commission agreed to consider a new application which has yet to be filed. Management will respond to the litigation further if necessary.

The Commission expects favorable outcomes in the above legal matters.

LOUISIANA USED MOTOR VEHICLE COMMISSION
Baton Rouge, Louisiana
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 13: NEW ACCOUNTING PRONOUNCEMENTS

During the year, the Commission implemented policies established under GASB statement No. 87, *Leases*. The principal objective of this statement is to improve accounting and financial reporting for leases by governmental entities. The new standard requires all leases to be reported under a single accounting model for both lessors and lessees. A lessee is required to recognize a lease liability and an intangible right of use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The objective is to enhance the relevance and consistency of information about governmental entities' leasing activities. The Commission has elected the package of practical expedients which allowed not reassessing the current leases. The adoption of this statement did not materially impact Commission's activities for the year ended June 30, 2023.

During the year, the Commission implanted policies under GASB statement No. 96, *Subscription-Based Information Technology Arrangements*. The principal objective of this statement is to improve accounting and financial reporting for subscription-based information technology by government entities. Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. Under this statement, an entity should recognize a right of use subscription asst, an intangible asset, and a corresponding subscription liability. Under the practical expedient, the Commission did not have any subscription-based technology assets or liabilities to be recorded. The adoption of this statement did not materially impact the Commission's activities for the year ended June 30, 2023.

NOTE 14: SUBSEQUENT EVENTS

Management of the Commission has evaluated subsequent events through December 27, 2023, the date that the financial statements were to be issued and has determined that there are no significant subsequent events that require disclosure through that date.

LOUISIANA USED MOTOR VEHICLE COMMISSION
Baton Rouge, Louisiana

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BUDGETARY COMPARISON SCHEDULE
(See Notes to Financial Statements)
For the Year Ended June 30, 2023

	Budgeted			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Licenses and other fees	\$ 1,142,340	\$ 1,142,340	\$ 910,730	\$ (231,610)
Hearing costs and fines	61,159	61,159	471,732	410,573
Mailing lists/labels	3,982	3,982	39,793	35,811
Interest income	16,971	16,971	96,439	79,468
Other revenues	-	-	-	-
TOTAL REVENUES	1,224,452	1,224,452	1,518,694	294,243
EXPENDITURES				
Salaries and related benefits	1,463,037	1,463,037	1,093,078	369,959
Meetings, conferences and travel	-	-	11,766	(11,766)
Professional services	201,999	201,999	120,013	81,986
Maintenance and repairs	34,229	34,229	28,579	5,650
General and administrative	218,046	218,046	177,609	40,437
Depreciation	-	-	28,501	(28,501)
TOTAL EXPENDITURES	1,917,311	1,917,311	1,459,546	457,765
CHANGE IN NET POSITION	(692,859)	(692,859)	59,148	\$ 752,007
NET POSITION, BEGINNING	(1,086,470)	(1,086,470)	(895,339)	
NET POSITION, ENDING	\$ (1,779,330)	\$ (1,779,330)	\$ (836,191)	

LOUISIANA USED MOTOR VEHICLE COMMISSION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Year ended June 30, 2023

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered-Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Louisiana State Employees' Retirement System					
2023	0.0343%	\$ 2,591,479	\$ 729,186	355.39%	63.65%
2022	0.0367%	\$ 2,020,344	\$ 775,836	260.41%	72.78%
2021	0.0324%	\$ 2,680,523	\$ 679,774	394.33%	58.00%
2020	0.0306%	\$ 2,219,697	\$ 609,419	364.23%	62.90%
2019	0.0322%	\$ 2,194,584	\$ 622,752	352.40%	62.50%
2018	0.0309%	\$ 2,175,069	\$ 576,139	377.53%	62.50%
2017	0.0261%	\$ 2,049,909	\$ 490,818	417.65%	57.73%
2016	0.0242%	\$ 1,824,583	\$ 509,059	358.42%	62.70%
2015	0.0244%	\$ 1,598,989	\$ 471,120	339.40%	65.00%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The amounts presented have a measurement date of the previous fiscal year end.

LOUISIANA USED MOTOR VEHICLE COMMISSION
SCHEDULE OF PENSION CONTRIBUTIONS
Year ended June 30, 2023

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
Louisiana State Employees' Retirement System					
2023	\$ 293,374	\$ 285,793	\$ -	\$ 729,186	39.19%
2022	\$ 313,189	\$ 306,445	\$ -	\$ 775,836	39.50%
2021	\$ 276,820	\$ 268,802	\$ -	\$ 679,774	39.54%
2020	\$ 248,034	\$ 245,900	\$ -	\$ 609,419	40.35%
2019	\$ 234,739	\$ 236,360	\$ -	\$ 622,752	37.95%
2018	\$ 218,357	\$ 225,881	\$ -	\$ 576,139	39.21%
2017	\$ 210,697	\$ 184,873	\$ -	\$ 490,818	37.67%
2016	\$ 176,001	\$ 183,850	\$ -	\$ 509,059	36.12%
2015	\$ 124,254	\$ 150,792	\$ -	\$ 471,120	32.01%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented were determined as of the end of the fiscal year.

LOUISIANA USED MOTOR VEHICLE COMMISSION
SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF
THE TOTAL COLLECTIVE OPEB LIABILITY

For the Ten Years ended June 30, 2023

Fiscal Year	Employer's Proportion of the Collective OPEB Liability (Asset)	Employer's Proportionate Share of the Collective OPEB Liability	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Collective OPEB Liability (Asset) as a Percentage of its Covered- Employee Payroll
2023	0.02353%	\$ 1,009,596	\$ 594,400	169.85%
2022	0.02662%	\$ 1,565,014	\$ 555,679	281.64%
2021	0.02644%	\$ 1,398,188	\$ 623,321	224.31%
2020	0.02261%	\$ 1,746,024	\$ 543,525	321.24%
2019	0.02272%	\$ 1,939,352	\$ 506,220	383.10%
2018	0.01719%	\$ 1,494,325	\$ 445,690	335.28%
2017	0.02203%	\$ 1,444,919	\$ 379,687	380.56%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

LOUISIANA USED MOTOR VEHICLE COMMISSION

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Baton Rouge, Louisiana

SCHEDULE OF PER DIEM AND OTHER PAYMENTS TO COMMISSION MEMBER

For the Year Ended June 30, 2023

<u>NAME</u>	<u>PER DIEM</u>	<u>TRAVEL EXPENSES</u>
Jefferey E. Britt	\$ 600	\$ 993
Travis Brown	525	424
Robert Hines, Jr.	600	589
Wydett L. Williams	75	258
Ricky Donnell	525	2,056
George Floyd	525	-
Matthew Pederson	300	314
John Poteet	300	230
Richard Watts	600	-
Total	<u>\$ 4,050</u>	<u>\$ 4,864</u>



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LOUISIANA USED MOTOR VEHICLE COMMISSION
Baton Rouge, Louisiana
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
For the Year Ended June 30, 2023

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Agency Head: Derek Parnell, Executive Director

<u>PURPOSE</u>	<u>Totals</u>
Salary	\$ 122,754
Retirement	49,553
Health Insurance	13,260
Total	<u>\$ 185,567</u>

LOUISIANA USED MOTOR VEHICLE COMMISSION

Baton Rouge, Louisiana

NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION ON PENSIONS

June 30, 2023

Changes of Benefit Terms include:

Louisiana State Employees' Retirement System

There were no changes of benefit terms for the year ended June 30, 2023.

Changes of Assumptions include:

Louisiana State Employees' Retirement System

Investment Rate of Return	7.25% per annum, net of investment expenses*
Inflation Rate	2.3% per annum
Mortality	<p>Non-disabled members - The RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018.</p> <p>Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.</p>
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System's members.
Salary Increases	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	3.0%	12.8%
Judges	2.6%	5.1%
Corrections	3.6%	13.8%
Hazardous Duty	3.6%	13.8%
Wildlife	3.6%	13.8%

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

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 business-type activities, of Louisiana Used Motor Vehicle Commission (the Commission), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated December 27, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

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 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 deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from 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

financial statements. 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.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
December 27, 2023

LOUISIANA USED MOTOR VEHICLE COMMISSION
 Baton Rouge, Louisiana
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
 June 30, 2023

Section A – Summary of Auditors' Reports

Financial Statements: The auditor expresses an unmodified opinion on the financial statements of The Louisiana Used Motor Vehicle Commission.

Internal Control over Financial Reporting:

Material weakness(es) identified No

Significant deficiency(ies) identified No

Noncompliance material to financial statements noted No

Management Letter issued No

- The auditors' report expresses an unmodified opinion on the financial statements of the Louisiana Used Motor Vehicle Commission.
- No deficiencies were disclosed during the audit of the financial statements.
- No instances of noncompliance were disclosed during the audit of the financial statements.

Section B - Findings Relating to the Financial Statements Required to be Reported in Accordance with Government Auditing Standards

2023-001 – Variance of budget to actual amounts exceeded the 5% threshold

CONDITION – The Commission's revenues and expenditures varied from the budgeted amounts by more than 5%

CRITERIA – L.R.S. 39:1301-1315 provides a threshold of no more than a 5% variance from budgeted to actual amounts.

CAUSE – The Commission did not amend the budget after it was adopted in 2022.

EFFECT – According to the Legislative Auditor of the State of Louisiana, exceeding the 5% threshold is a reportable instance of noncompliance with state law.

RECOMMENDATION – Management should amend the budget, at least once, during the year to more accurately anticipate for current operations.

MANAGEMENT'S CORRECTIVE ACTION PLAN – In the future, the Commission will amend the annual budget at least once during the year to more accurately anticipate operations.

LOUISIANA USED MOTOR VEHICLE COMMISSION
Baton Rouge, Louisiana
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
June 30, 2022

Section A – Summary of Auditors' Reports

- The auditors' report expresses an unmodified opinion on the financial statements of the Louisiana Used Motor Vehicle Commission.
- No deficiencies were disclosed during the audit of the financial statements.
- No instances of noncompliance were disclosed during the audit of the financial statements.

Section B - Findings Relating to the Financial Statements Required to be Reported in Accordance with Government Auditing Standards

2022-001 – Late filing of audit with Louisiana Legislative Auditor for fiscal year 2022

CONDITION – The Commission did not submit the audited financial statements to the Louisiana Legislative Auditor by the due date.

CRITERIA – L.R.S. 24:513 provides that the financial statements are to be filed with the Legislative Auditor within six months of the close of the fiscal year.

CAUSE – The Commission found it necessary to acquire a new auditor.

EFFECT – According to the Legislative Auditor of the State of Louisiana, failure to comply with the six month statutory submission of the financial reports is a reportable instance of noncompliance with state law.

RECOMMENDATION – Management should get the audit firm to start the audit earlier to ensure timely completion in future period.

MANAGEMENT'S CORRECTIVE ACTION PLAN – In the future, the Commission will contract with the audit firm to start the audit within 90 days of year end and ask for audit to be delivered in advance of the six-month deadline.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Louisiana Used Motor Vehicle Commission (the Commission) and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022, through June 30, 2023. Louisiana Used Motor Vehicle Commission's management is responsible for those C/C areas identified in the SAUPs.

Louisiana Used Motor Vehicle Commission has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022, through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
 - vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

- vii. ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- viii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions noted.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - i. Report whether the managing board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue fund. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, **obtain the prior year audit report and observe the unassigned fund balance in the general fund.** If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exception noted.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged).
 - ii. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Finding:

With regards to item "a" the February bank reconciliation was signed off on May 9, 2023.

With regards to item "c" the bank reconciliation contains items which are older than 12 months.

Management's Response:

Procedures will be revised to ensure that bank reconciliations are completed within the required timeframe and the long outstanding items are disposed of accordingly.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - i. Employees responsible for cash collections do not share cash drawers/registers.
 - ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

- iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions noted.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions noted.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

5) *Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)*

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

No exceptions noted.

- B. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- ii. At least two employees are involved in processing and approving payments to vendors.
- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions noted.

- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - i. Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.

No exceptions noted.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

No exceptions noted.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
- ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

- C. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions noted.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - i. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - ii. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - iii. Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - iv. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law.
- iii. If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

No exceptions noted.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - i. Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - iii. Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Not Applicable – no termination payments during fiscal period.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

10) Ethics

- A. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
- i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions noted.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

Not Applicable – no debt service.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Not Applicable – no debt service.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No exceptions noted.

- B. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

No exceptions noted.

- ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

No exceptions noted.

- iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

No exceptions noted.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Not Applicable

14) Prevention Sexual Harassment

- A. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions noted.

- B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions noted.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements.
 - ii. Number of sexual harassment complaints received by the agency.
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred.
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

No exceptions noted.

We were engaged by Louisiana Used Motor Vehicle Commission to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Louisiana Used Motor Vehicle Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
December 27, 2023