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LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION OFFICE OF THE GOVERNOR

BASIC FINANCIAL STATEMENTS WITH SUPPLEMENTAL INFORMATION SCHEDULES

AS OF AND FOR THE YEAR ENDED JUNE 30, 2008

LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION SCHEDULES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008

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BASIC FINANCIAL STATEMENTS

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying business-type activities of the Louisiana Recreational and Used Motor Vehicle Commission, a component unit of the State of Louisiana, as of and for the year ended June 30, 2008, as listed in the table of contents, which comprise the Commission's basic financial statements. These financial statements are the responsibility of the Louisiana Recreational and Used Motor Vehicle Commission's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Recreational and Used Motor Vehicle Commission as of June 30, 2008, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplemental information, as listed in the table of contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Commission. This required supplemental information is the responsibility of the Louisiana Recreational and Used Motor Vehicle Commission's management. It has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards,* we have also issued our report dated August 28, 2008, on our consideration of the Louisiana Recreational and Used Motor Vehicle Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying supplemental information listed in the table of contents under Supplemental Schedules and Information and Other Required Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mary Sue Stages, CPA

Mary Sue Stages, CPA
A Professional Accounting Corporation
August 28, 2008

REQUIRED SUPPLEMENTAL INFORMATION
(PART 1 OF 2)

The purpose of this section is to offer a narrative overview and analysis of the Louisiana Recreational and Used Motor Vehicle Commission's (hereafter referred to as the Commission) financial performance during the year ended June 30, 2008. This document focuses 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 Financial Statement Presentation

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

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

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

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

Statement of Cash Flows. The change in cash as a result of current year operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash provided by or used for operating activities as required by GASB No. 34.

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

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

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

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

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

Financial Analysis of the Commission

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

SUMMARY OF NET ASSETS

	2008	2007
Assets		
Current assets	$ 385,324.85	$ 279,192.39
Non-current assets	704,194.12	1,141,836.15
Total Assets	1,089,518.97	1,421,028.54
Liabilities		
Current liabilities	35,400.03	33,334.11
Non-current liabilities	2,390,100.00	96,522.47
Total Liabilities	2,532,596.40	129,856.58
Net Assets (Deficit)		
Invested in capital assets, net of related debt	206,209.12	245,851.15
Unrestricted	(1,649,286.55)	1,045,320.81
Total Net Assets (Deficit)	(1,443,077.43)	1,291,171.96

Net assets of the Commission decreased by $614,749 over the prior year. A portion of this is a result of non-cash items such as depreciation and bad debt expenses totaling $128,536 or 37% of the decrease. Another $36,920 was expended to repair the parking making up 11% of the decrease.

A summary of changes in net assets is as follows:

SUMMARY OF CHANGES IN NET ASSETS

	2008	2007
Operating Revenues	$ 1,464,018.93	$ 1,324,719.78
Operating Expenses	(2,089,264.54)	(1,577,810.87)
Operating Loss	(625,245.61)	(253,091.09)
Non-operating Revenues (Expenses)	54,363.22	66,268.04
Change in Net Assets	(570,882.39)	(186,823.05)

Revenues increased by $139,299 or 11%. Auction fees were implemented in the current year totaling $181,875 making up the increase in revenues. Expenses increased by $284,721 or 18% of the prior year's expenses.

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

STATEMENT OF CASH FLOWS

	2008	2007
Cash and cash equivalents provided by (used for):		
Operating activities	$ (259,027.61)	$ (251,886.30)
Non-capital financing activities	1,955.86	3,650.05
Capital and related financing activities	.00	(17,008.16)
Investing activities	442,020.83	161,766.67
Net Increase (Decrease) in Cash and Cash Equivalents	184,949.08	(103,477.74)
Cash and cash equivalents, beginning of year	157,609.43	261,087.17
Cash and cash equivalents, end of year	342,558.51	157,609.43

Budgetary Highlights

Revenues were greater than anticipated by $9,447 or 1%. Expenses were greater than budgeted by 16% or $283,465. This resulted in an overall change in net assets of $274,018 less than budgeted. The original budget was amended to consider increased fees and other expenditures that were necessary and not anticipated at the start of the fiscal year. Additionally, the Commission recognized post-employment benefits earned based on actuarially determined amounts.

Capital Asset and Debt Administration

Capital Assets: The Commission's investment in capital assets, net of accumulated depreciation, at June 30, 2008 and 2007, was $206,209 and $245,851, respectively.

Capital assets at year-end are summarized as follows:

CAPITAL ASSETS
Net of Accumulated Depreciation

	2008	2007
Non-depreciable Assets		
Land	$ 50,000.00	$ 50,000.00

	2008	2007
Depreciable Assets		
Buildings	$ 109,832.34	$ 115,062.45
Parking lot	12,075.00	12,650.00
Autos and equipment	34,301.78	68,138.70
Total	206,209.12	245,851.15

There were no capital acquisitions during the year. A vehicle purchased in 2003, bookcase, typewriter and computer accessories were taken out of the fleet and remitted to the State for auction. The original cost of these items was $20,018, and they had been fully depreciated.

Debt Administration: Long-term debt of the Commission includes compensated absences at amounts of $107,096 and $96,522 at June 30, 2008 and 2007, respectively. Other debt includes $2,390,100 in unfunded contributions for post-employment benefits based on actuarially determined amounts.

Economic Environment and Next Year's Budget

For the past couple of years, the Commission has experienced an operating deficit. The ever-increasing rise in fuel costs and insurance premiums have played a major role in this. Although the cost of operating has increased, our fee structure has remained the same for more than 20 years with the exception of a $10 increase for salesmen/buyers in 2000 and $5 in 2004. We have been very diligent in keeping our expenses to a minimum, but realize that a short-term and long-term plan is in order to avoid the continued use of our operating reserves.

The Commission has developed three plans – (1) request an increase in fees charged, (2) further budget cuts and lower employee expenses by attrition and (3) employee layoffs. The most logical plan would be to increase our fees to accommodate the increase in operating costs. The earliest that this plan can be implemented is for the renewal period beginning in the fall of 2009, following the spring session of the Louisiana Legislature. The last alternative is to terminate employees as we feel that we would not be able to effectively carry out the responsibilities of the office with less staff than we have now or anticipate losing through retirement.

Our forecasts have shown that our anticipated revenues and expenses through the summer of 2009 will allow us the time to have approved and implemented a new fee schedule. A proposal has been prepared that provides for an increase in revenues of $298,000.

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. John "Jack" Torrance, Executive Director, at 3132 Valley Creek Drive, Baton Rouge, Louisiana 70808, 225-925-3874.

FUND FINANCIAL STATEMENTS

LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Business-type Activities
ASSETS	
Current Assets	
Cash and cash equivalents	$ 342,588.51
Accounts receivable	32,261.77
Accrued interest receivable	10,474.57
Total Current Assets	385,324.85
Non-Current Assets	
Investments	497,985.00
Land	50,000.00
Building/parking lot	205,488.00
Auto and equipment	304,154.60
Accumulated depreciation	(353,433.48)
Total Non-Current Assets	704,194.12
Total Assets	1,089,518.97
LIABILITIES	
Current Liabilities	
Accounts payable	10,159.21
Payroll taxes withheld and related payables	3,932.00
Accrued salaries payable	21,308.82
Total Current Liabilities	35,400.03
Non-Current Liabilities	
Compensated absences payable	107,096.37
Other post-employment benefits plan payable	2,390,100.00
Total Non-Current Liabilities	2,497,196.37
Total Liabilities	2,532,596.40
NET ASSETS (DEFICIT)	
Invested in capital assets, net of related debt	206,209.12
Unrestricted	(1,649,286.55)
Total Net Assets (Deficit)	(1,443,077.43)

See Accompanying Notes and Auditors' Report

LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
YEAR ENDED JUNE 30, 2008

	Business-type Activities
OPERATING REVENUES	
Licenses and other fees	$ 1,224,078.33
Auction fees	181,875.00
Hearing costs and fines	55,118.35
Mailing lists/labels	2,947.25
Total Operating Revenues	1,464,018.93
OPERATING EXPENSES	
Salaries and related benefits	1,493,061.06
Meetings, conferences and travel	32,245.44
Professional services	161,750.75
Maintenance and repairs	77,622.42
General and administrative	284,942.84
Depreciation	39,642.03
Total Operating Expenses	2,089,264.54
Operating Loss	(625,245.61)
NON-OPERATING REVENUES (EXPENSES)	
Interest income	52,377.36
Other revenues	1,985.86
Total Non-Operating Revenues (Expenses)	54,363.22
Change in Net Assets	(570,882.39)
Total Net Assets (Deficit), beginning	1,291,171.96
Prior period adjustment - other post-employment benefits plan	(2,163,367.00)
Total Net Assets (Deficit), ending	(1,443,077.43)

See Accompanying Notes and Auditors' Report

LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
STATEMENT OF CASHFLOWS
YEAR END JUNE 30, 2008

	Business-type Activities
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 1,462,328.58
Cash paid to suppliers for goods/services	(471,371.72)
Cash paid to employees for services	(1,249,984.47)
Net Cash Used for Operating Activities	(259,027.61)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Refunds and other revenues	1,955.86
Net Cash Provided by Non-Capital Financing Activities	1,955.86
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	44,020.83
Purchase of investments	(497,985.00)
Maturities of investments	895,985.00
Net Cash Provided by Investing Activities	442,020.83
Net Increase in Cash and Cash Equivalents	184,949.08
Cash and Cash Equivalents, beginning of year	157,609.43
Cash and Cash Equivalents, end of year	342,558.51

Continued

LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
STATEMENT OF CASHFLOWS (Continued)
YEAR END JUNE 30, 2008

	Business-type Activities
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES	
Operating loss	(625,245.61)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	39,642.03
Bad debt expense	88,893.50
(Increase) decrease in assets:	
Accounts receivable	(1,690.35)
Increase (decrease) in liabilities:	
Accounts and bond claims payable	(3,703.77)
Accrued salaries and retirement payable	5,769.69
Compensated absences payable	10,573.90
Other post-employment benefits plan payable	226,733.00
Net Cash Used for Operating Activities	(259,027.61)

NOTES TO FINANCIAL STATEMENTS

INDEX TO NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

INTRODUCTION

The Louisiana Recreational and Used Motor Vehicle Commission is a component unit of the State of Louisiana. It was created within the Office of the Governor as provided by Louisiana Revised Statute 32:772. The Commission serves as a statewide authority to license and regulate used motor vehicle dealers, salespersons, automotive dismantlers, auto crushers, parts recyclers and marine dealers. 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 revenues.

The Commission is composed of 14 members that are appointed by the Governor of the State of Louisiana and serve concurrent terms with that of the Governor. Five of the members must be licensed used motor vehicle dealers from each of the Public Service Commission districts. Three of the members must be consumers selected at large. One each of the following make up the remaining members – (1) licensed automotive dismantler or parts recycler, (2) licensed motorcycle dealer, (3) licensed marine dealer, (4) representative of the manufacturing industry, (5) representative authorized to conduct used motor vehicle or salvage pool auctions and, most recently, (6) utility trailer dealer. Commission members, as authorized by Louisiana Administrative Code 46:317(C), may receive a per diem of $75 per day in addition to actual expense reimbursement to attend meetings or conduct Commission-approved business.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The following is a summary of certain significant accounting policies:

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

Fund Accounting: The Commission uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

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

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

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

Basis of Accounting/Measurement Focus: In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Commission (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification, and subsequent GASB pronouncements, is recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles and are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy.

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

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

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

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

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

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

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

The Commission's policy (#21) is tailored after Louisiana Revised Statute 49:327 and prohibits investments with maturities extending beyond 12 months. The policy also requires that three quotes be obtained by allowable financial institutions as to interest rates and that the amounts of the investment not exceed an amount insured by FDIC ($100,000) and pledged collateral at any one institution.

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

Receivables: Receivables consist of fines and costs associated with disciplinary action taken against licensees that were assessed but not collected at year-end. The allowance has been set at zero percent as collection of all accounts recorded on the books is anticipated as of June 30, 2008.

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

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

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, 2008, employees of the Commission had accumulated and vested $107,096.37 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.150.

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

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

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

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

NOTE 2 – CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents at June 30, 2008:

	Book Balance	Bank Balance
Interest-bearing demand deposits	$ 342,588.51	$ 379,656.80

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. Deposits of the Commission are secured with $100,000 (Chase Bank) of insurance through FDIC and $1,320,000 of pledged collateral.

NOTE 3 – INVESTMENTS

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured and unregistered, not registered in the name of the entity or are held either by the counter-party or the counter-party's trust department or agent but not in the entity's name. The Commission does not have any investments subject to credit risk. All investments are certificates of deposit with maturities extending beyond 90 days. At June 30, 2008, the Commission had certificates whose reported amount equaled its fair value as follows:

	Maturity	Interest Rate	Amount
Concordia Bank & Trust	7/03/08	4.50%	$ 300,000.00
La Capitol FCU	10/30/08	3.00%	99,000.00
Marion State Bank	11/02/08	2.53%	98,985.00
Total			497,985.00

NOTE 4 – RECEIVABLES

The following is a summary of receivables at June 30, 2008:

Class of Receivables	
Accounts (assessments)	$ 32,261.77
Interest	10,474.57
Total	42,736.34

All receivables are expected to be collected. As a result, no allowance for doubtful accounts is recorded in the accompanying financial statements.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Capital Assets, not being depreciated				
Land	$ 50,000.00	$ .00	$ .00	$ 50,000.00
Capital Assets, being depreciated				
Buildings and improvements	205,488.00	.00	.00	205,488.00
Less: accumulated depreciation	77,775.55	5,805.11	.00	83,580.66
Net Buildings and Improvements	127,712.45	(5,805.11)	.00	121,907.34
Autos and equipment	324,172.60	.00	20,018.00	304,154.60
Less: accumulated depreciation	256,033.90	33,836.92	20,018.00	269,852.82
Net Autos and Equipment	68,138.70	(33,836.92)	.00	34,301.78
Net Capital Assets, being depreciated	195,851.15	(39,642.03)	.00	156,209.12
Net Capital Assets	245,851.15	(39,642.03)	.00	206,209.12

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

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current year expenditures when leave is earned. Only annual leave is accrued in the accompanying statement of net assets, the amount unpaid at June 30, 2008, being $107,096.37.

Compensatory Leave. Non-exempt employees, according to the guidelines contained in the Fair Labors Standards Act, may be paid for compensatory leave earned. Upon termination or transfer, an employee is paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. This pay is based on the employee's hourly rate of pay at the time of termination or transfer. Compensatory leave was not accrued at June 30, 2008.

NOTE 7 – RETIREMENT SYSTEM

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

All full-time employees are eligible to participate. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service plus $300 for employees hired before July 31, 1986. Vested employees are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service or (c) age 60 with 10 years of service. An option of reduced benefits at any age with 20 years of service is available. The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual financial report that is available to the public including financial statements and required supplementary information of the System. That report may be obtained by contacting the Louisiana State Employees Retirement System, P. O. Box 44213, Baton Rouge, La. 70804-4213, 225-922-0605 or 800-256-3000.

Covered employees are required to contribute 7.5% of gross salary to the plan, and the Commission is required to contribute at an actuarially determined rate as required by Louisiana R.S. 11:102. That rate for the year ended June 30, 2008, was 20.4%. Contributions to the System for the years ended June 30, 2008, 2007 and 2006, were $160,254.28, $134,678 and $135,074, respectively.

NOTE 8 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

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

Plan Description. The State of Louisiana's Other Post-Employment Benefit Plan (OPEB Plan) is an agent multiple-employer plan administered by the Louisiana Office of Group Benefits (OGB). There are three plans available to eligible retirees for health care – OGB Preferred Provider Organization (PPO), Humana Health Maintenance Organization (HMO) and United Exclusive Provider Organization

(EPO). Participants eligible for Medicare coverage can choose one of two OGB Medicare Advantage Plans, either an HMO or private fee-for-service (PFFS) plan. Life insurance benefits include basic term life, basic plus supplemental term life, dependent term life and employee accidental death and dismemberment coverage. The policy is underwritten by The Prudential Insurance Company of America.

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

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

Premiums paid for healthcare coverage vary depending on the plan chosen. For the year ended June 30, 2008, this amount ranges from $34 to $92 per month for single members with Medicare or $126 to $170 per month without Medicare. The Commission contributes anywhere from $103 to $237 per month (with Medicare) or $809 to $842 (without Medicare) on behalf of the retiree for this coverage. Premiums paid for retiree and spouse range from $69 to $165 per month for those with Medicare or $408 to $493 per month for those without Medicare. For this coverage, the Commission contributes from $207 to $427 (with Medicare) or $1,242 to $1,293 (without Medicare). The rates for retirees with children are slightly higher than the single rates and family coverage is slightly higher than the retiree/spouse rates. The plan is currently financed on a pay-as-you-go basis by the Commission.

OPEB Cost/Obligation. The Commission's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the year beginning July 1, 2007, is as follows:

Normal cost	$ 168,800
30 year UAL amortization amount	101,800
Annual Required Contribution (ARC)	270,600

The Commission's OPEB obligation for the year ended June 30, 2008, is as follows:

Annual required contribution/OPEB Cost	$ 270,600
Contributions made	(43,867)
Change in Net OPEB Obligation	226,733
Net OPEB obligation, beginning	2,163,367
Net OPEB obligation, ending	2,390,100

Utilizing the pay-as-you-go method, the Commission contributed 0% of the annual post-employment benefits cost during the current year. Because this is the first year of implementation, information for prior years is not presented.

Funding Status and Funding Progress. As of June 30, 2008, the Commission had not made any contributions to its post-employment benefits plan trust. A trust was established during the current year but was not funded. Thus, it has no plan assets and a funding ratio of zero. Funding status and progress is summarized below.

Unfunded actuarial accrued liability (UAAL)	$ 2,390,100
Covered payroll (active employees)	600,670
UAAL as a percentage of covered payroll	398%

Actuarial Methods/Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2007, was thirty years.

NOTE 9 – LEASES

Operating Leases. A copier was leased from Kyocera for $404.39 per month (increased to $438.31 in August of 2007) and is paid on a month-to-month basis or $5,226 annually.

Capital Leases. The Commission has no capital leases.

NOTE 10 – ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at June 30, 2008:

Class of Payables	
Accounts	$ 10,159.21
Payroll taxes withheld and related	3,932.00
Salaries and retirement benefits	21,308.82
Total	35,400.03

NOTE 11 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Compensated absences	$ 96,522.47	$ 11,125.10	$ 551.20	$ 107,096.37	$ .00
Other post-employment benefits	2,163,367.00	226,733.00	.00	2,390,100.00	.00
Total	2,259,889.47	237,858.10	551.20	2,497,196.37	.00

NOTE 12– RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

NOTE 13 – LITIGATION

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

NOTE 14 – SUBSEQUENT EVENTS

There were no events between the close of the year through issuance of this report that would materially impact these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION
(PART 2 OF 2)

LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
BUDGETARY COMPARISON SCHEDULE
YEAR END JUNE 30, 2008

	Budgeted			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Licenses and other fees	$ 1,295,500.00	$ 1,435,148.33	$ 1,224,078.33	$ (211,070.00)
Auction fees	-	-	181,875.00	181,875.00
Hearing costs and fines	76,500.00	24,753.35	55,118.35	30,365.00
Mailing lists/labels	2,500.00	3,047.25	2,947.25	(100.00)
Interest income	52,000.00	44,000.32	52,377.36	8,377.04
Other revenues	-	1,985.86	1,985.86	-
Total Revenues	1,426,500.00	1,508,935.11	1,518,382.15	9,447.04
EXPENDITURES				
Salaries and related benefits	1,090,679.82	1,281,795.06	1,493,061.06	(211,266.00)
Meetings, conferences and travel	19,000.00	31,283.20	32,245.44	(962.24)
Professional services	155,825.00	172,205.37	161,750.75	10,454.62
Maintenance and repairs	4,500.00	36,920.00	77,622.42	(40,702.42)
General and administrative	205,946.00	243,954.24	284,942.84	(40,988.60)
Depreciation	22,500.00	39,642.03	39,642.03	-
Total Expenditures	1,498,450.82	1,805,799.90	2,089,264.54	(283,464.64)
Change in Net Assets	(71,950.82)	(296,864.79)	(570,882.39)	(274,017.60)
Net Assets, beginning	1,291,171.96	1,291,171.96	1,291,171.96	-
Prior period adjustment	-	-	(2,163,367.00)	(2,163,367.00)
Net Assets, ending	1,219,221.14	994,307.17	(1,443,077.43)	(2,437,384.60)

See Auditors' Report

SUPPLEMENTAL SCHEDULES AND INFORMATION

LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
SCHEDULE OF PER DIEM PAID TO COMMISSION MEMBERS
JUNE 30, 2008

In compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature, this schedule of per diem/compensation paid to Commission members is presented for the year ended June 30, 2008.

Name	Amount
Berry, Steve	$ 150.00
Brakefield, Johnny	750.00
Calmes, Kevin	225.00
Courville, Phillip	600.00
Duplessis, Ron (waived)	.00
Floyd, George	225.00
Frederick, Julia	675.00
Gable, Aaron	375.00
Garon, Clement	75.00
Graham, Scott	150.00
Hilliard, Jeff	225.00
Hudson, Vanessa	900.00
Matherne, Gayle	150.00
Olave, Steve	600.00
Prestridge, Richard	600.00
Roberts, Michael (waived)	.00
Robinson, Glen	375.00
Rossi, Paul	600.00
Sharkey, Janai	525.00
Smith, Eugene	225.00
Smith, Henry	900.00
Snyder, Phillip	225.00
Stewart, Curtis	225.00
Thiac, E. Brandt	150.00
Wright, Byron	750.00
Total	9,675.00

See Auditors' Report

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

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

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

We have audited the financial statements of the business-type activities of the Louisiana Recreational and Used Motor Vehicle Commission, a component unit of the State of Louisiana, as of and for the year ended June 30, 2008, which collectively comprise the Louisiana Recreational and Used Motor Vehicle Commission's basic financial statements and have issued our report thereon dated August 28, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Recreational and Used Motor Vehicle Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the governmental agency's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement on the agency's financial statements that is more than inconsequential will not be prevented or detected by the agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the governmental agency's internal control.

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

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

Mary Sue Stages, CPA

Mary Sue Stages, CPA
A Professional Accounting Corporation
August 28, 2008

LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

We have audited the basic financial statements of the Louisiana Recreational and Used Motor Vehicle Commission as of and for the year ended June 30, 2008, and have issued our report thereon dated August 28, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2008, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

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

Internal Control	Material Weakness	□ No
	Control Deficiency(ies)	□ No
Compliance	Compliance Material to F/S	□ No
	Control Deficiency(ies)	□ No

2. Federal Awards

N/A

Section II Financial Statement Findings

None

Section III Federal Award Findings and Questioned Costs

N/A

LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION
OFFICE OF THE GOVERNOR
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2008

Section I Internal Control and Compliance Material to the Financial Statements

N/A

Section II Internal Control and Compliance Material to Federal Awards

N/A

Section III Management Letter

N/A

Section I Internal Control and Compliance Material to the Financial Statements

N/A

Section II Internal Control and Compliance Material to Federal Awards

N/A

Section III Management Letter

N/A

OTHER REQUIRED SUPPLEMENTAL INFORMATION

LOUISIANA'S COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2008

CONTENTS

Schedule Number

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2008

LA Recreational & Used Motor Vehicle Commission
3132 Valley Creek Drive
Baton Rouge, LA 70808
(Agency Name & Mailing Address)

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

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

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

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, Lynette J. Binning (Name) Accountant 3(Title) of the Louisiana Recreational & Used Motor Vehicle Commission(Agency) who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of Louisiana Recreational & Used Motor Vehicle Commission(agency) at June 30, 2008 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 27th day of August, 2008.

Lynette J. Binning
Signature of Agency Official

NOTARY PUBLIC

Prepared by: Lynette J. Binning

Title: Accountant 3

Telephone No.: (225) 925-3865

Date: August 27, 2008

The Management's Discussion and Analysis of the Louisiana Recreational and Used Motor Vehicle Commission' hereinafter referred to as the Commission, financial performance presents a narrative overview and analysis of the Commission's financial activities for the year ended June 30, 2008. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the Commission's financial statements, which begin immediately after this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information
(other than MD&A)

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

Basic Financial Statements

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

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

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

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

FINANCIAL ANALYSIS OF THE ENTITY

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

Statement of Net Assets
as of June 30, 2008
(in thousands)

	Total	
	2008	2007
Current and other assets	$ 883,309.85	$ 1,175,177.39
Capital assets	206,209.12	245,851.15
Total assets	1,089,518.97	1,421,028.54
Other liabilities	35,400.03	33,334.11
Long-term debt outstanding	2,390,100.00	96,522.47
Total liabilities	2,425,500.03	129,856.58
Net assets:		
Invested in capital assets, net of debt	206,209.12	245,851.15
Restricted	-	-
Unrestricted	(1,649,286.55)	1,045,320.81
Total net assets	$ (1,443,077.43)	$ 1,291,171.96

Net assets of the Commission decreased by $614,749 from June 30, 2007 to June 30, 2008. One of the major causes of this decrease is the addition of unfunded post-employment benefits plan liabilities based on actuarially determined amounts. Another cause is low fee schedule coupled with increasing operating costs.

The Commission's total revenues increased by $139,299 or 11%.

Statement of Revenues, Expenses, and Changes in Fund Net Assets
for the years ended June 30, 2008
(in thousands)

	Total 2008	Total 2007
Operating revenues	$ 1,464	$ 1,325
Operating expenses	2,089	1,578
Operating income(loss)	-625	-253
Non-operating revenues(expenses)	54	66
Income(loss) before transfers	-571	-187
Transfers in	0	0
Transfers out	0	0
Net increase(decrease) in net assets	$ -571	$ -187

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2008, the Commission had $206,209 invested in capital assets (See Table below).

Capital Assets at Year-end
(Net of Depreciation, in thousands)

		2008		2007
Land	$	50,000	$	50,000
Buildings and improvements		121,907		127,712
Equipment		34,302		68,139
Infrastructure		0		0
Totals	$	206,209	$	245,851

There were no additions during the year.

Debt

The only debt of the Commission is earned but unused leave time amounting to $107,096 at June 30, 2008. This is an increase of $10,574 over the prior year's liability of $96,522. Other debt includes $2,390,100 in unfunded contributions for post-employment benefits based on actuarially determined amounts.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately $9,447 over budget and expenditures were more than budget by $283,465. This is a result of the anticipated annual requirement to fund post-employment benefits in the amount of $270,600.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- Current and prior years' experience
- Known capital requirements

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

- Anticipated fee structure increase
- Decreased expenses as a result of attrition

CONTACTING THE COMMISSION'S MANAGEMENT

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

STATE OF LOUISIANA
LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION
BALANCE SHEET
AS OF JUNE 30, 2008

ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	342,589
Investments		
Receivables (net of allowance for doubtful accounts)(Note U)		42,736
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		
Notes receivable		
Other current assets		
Total current assets		385,325
NONCURRENT ASSETS:		
Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Investments		497,985
Notes receivable		
Capital assets (net of depreciation)(Note D)		
Land		50,000
Buildings and improvements		121,907
Machinery and equipment		34,302
Infrastructure		
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		704,194
Total assets	$	1,089,519
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accruals (Note V)	$	35,400
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities: (Note K)		
Contracts payable		
Compensated absences payable		
Capital lease obligations		
Claims and litigation payable		
Notes payable		
Bonds payable		
Other long-term liabilities		
Total current liabilities		35,400
NONCURRENT LIABILITIES: (Note K)		
Contracts payable		
Compensated absences payable		107,096
Capital lease obligations		
Claims and litigation payable		
Notes payable		
Bonds payable		
OPEB payable		2,390,100
Other long-term liabilities		
Total noncurrent liabilities		2,497,196
Total liabilities		2,532,596
NET ASSETS		
Invested in capital assets, net of related debt		206,209
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		(1,649,287)
Total net assets		(1,443,077)
Total liabilities and net assets	$	1,089,519

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

STATE OF LOUISIANA
LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

OPERATING REVENUES	
Sales of commodities and services	$
Assessments	
Use of money and property	
Licenses, permits, and fees	1,464,019
Other	
Total operating revenues	1,464,019
OPERATING EXPENSES	
Cost of sales and services	
Administrative	2,049,623
Depreciation	39,642
Amortization	
Total operating expenses	2,089,265
Operating income(loss)	(625,246)
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	
Intergovernmental revenues(expenses)	
Taxes	
Use of money and property	52,377
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	
Federal grants	
Interest expense	
Other revenue	1,986
Other expense	
Total non-operating revenues(expenses)	54,363
Income(loss) before contributions, extraordinary items, & transfers	(570,882)
Capital contributions	
Extraordinary item - Loss on impairment of capital assets	
Transfers in	
Transfers out	
Change in net assets	(570,882)
Total net assets – beginning	1,291,172
Prior period adjustment - other post-employment benefits plan	(2,163,367)
Total net assets – ending	$ (1,443,077)

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

STATE OF LOUISIANA
LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

See Appendix A for instructions

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Entity	$ 2,089,265	$ 1,464,019	$	$	$ (625,246)

General revenues:	
Taxes	
State appropriations	
Grants and contributions not restricted to specific programs	
Interest	52,377
Miscellaneous	1,986
Special items	
Extraordinary item - Loss on impairment of capital assets	
Transfers	
Total general revenues, special items, and transfers	54,363
Change in net assets	(570,882)
Net assets - beginning as restated	(872,195)
Net assets - ending	$ (1,443,077)

The accompanying notes are an integral part of this statement.
Statement C

STATE OF LOUISIANA
LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

Cash flows from operating activities		
Cash received from customers	$ 1,462,329	
Cash payments to suppliers for goods and services	(471,372)	
Cash payments to employees for services	(1,249,984)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		(259,028)
Cash flows from non-capital financing activities		
State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other	1,956	
Net cash provided(used) by non-capital financing activities		1,956
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets		
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related financing activities		-
Cash flows from investing activities		
Purchases of investment securities	(497,985)	
Proceeds from sale of investment securities	895,985	
Interest and dividends earned on investment securities	44,021	
Net cash provided(used) by investing activities		442,021
Net increase(decrease) in cash and cash equivalents		184,949
Cash and cash equivalents at beginning of year		157,609.43
Cash and cash equivalents at end of year		$ 342,559

Statement D
(Continued)

STATE OF LOUISIANA
LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		$ (625,246)
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	39,642	
Provision for uncollectible accounts	88,894	
Other		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	(1,690)	
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments		
(Increase)decrease in inventories		
(Increase)decrease in other assets		
Increase(decrease) in accounts payable and accruals	2,066	
Increase(decrease) in compensated absences payable	10,574	
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues		
Increase(decrease) in OPEB payable	226,733	
Increase(decrease) in other liabilities		
Net cash provided(used) by operating activities		$ (259,028)

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	$
Contributions of fixed assets	
Purchases of equipment on account	
Asset trade-ins	
Other (specify)	
Total noncash investing, capital, and financing activities:	$ -

The accompanying notes are an integral part of this statement.
Statement D (concluded)

INTRODUCTION

The Louisiana Recreational and Used Motor Vehicle Commission hereinafter referred to as the Commission, was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 32:772. The following is a brief description of the operations of the Commission which includes the parishes in which the is located:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

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

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

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

Revenue Recognition

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

Expense Recognition

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

B. BUDGETARY ACCOUNTING

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

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

		APPROPRIATIONS
Original approved budget	$	1,498,451
Amendments:		307,349
Final approved budget	$	1,805,800

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

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

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

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

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

The deposits at June 30, 2008, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Balance per agency books	$ 342,589	$	$	$ 342,588.51
Deposits in bank accounts per bank	$ 379,657	$	$	$ 379,656.80
Bank balances of deposits exposed to custodial credit risk:				
a. Deposits not insured and uncollateralized	$	$	$	$ -
b. Deposits not insured and collateralized with securities held by the pledging institution.	$	$	$	$ -
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or ageny but not in the entity's name.	$	$	$	$ -

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

Banking Institution	Program	Amount
1. Chase Bank	Operating	$ 379,657
2.		
Total		$ 379,657

2. INVESTMENTS

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

Custodial Credit Risk

All investments of the Commission are certificates of deposit held in the name of the Commission with maturities greater than 90 days. There is no custodial credit risk associated with these investments.

Type of Investment	Uninsured, *Unregistered, and Held by Counterparty	*Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name	Reported Amount Per Balance Sheet	Fair Value
Negotiable CDs	$	$	$	$
Repurchase agreements				
U.S. Government Obligations **				
U.S. Agency Obligations				
Common & preferred stock				
Mortgages (including CMOs & MBSs)				
Corporate bonds				
Mutual funds				
Real estate				
Other: (identify)				
Certificates of deposit			497,985	497,985
Total investments	$ -	$ -	$ 497,985	$ 497,985

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

** These obligations generally are not exposed to custodial credit risk because they are backed by the full faith and credit of the U.S. government. (See Appendix B for the definition of U.S. Government Obligations)

3. DERIVATIVES

N/A

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

N/A

5. POLICIES

The Commission has no policy concerning risks because it has none.

6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS

N/A

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

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

	Year ended June 30, 2008						
	Balance 6/30/2007	Prior Period Adjustment	Adjusted Balance 6/30/2007	Additions	Transfers*	Retirements	Balance 6/30/2008
Capital assets not being depreciated							
Land	$ 50,000	$	$ 50,000	$	$	$	$ 50,000
Non-depreciable land improvements			–				–
Capitalized collections			–				–
Construction in progress			–				–
Total capital assets not being depreciated	50,000	–	50,000	–	–	–	50,000
Other capital assets							
Machinery and equipment	324,173		324,173			20,018	344,191
Less accumulated depreciation	(256,034)		(256,034)	(33,837)		(20,018)	(309,889)
Total Machinery and equipment	68,139	–	68,139	(33,837)	–	–	34,302
Buildings and improvements	205,488		205,488				205,488
Less accumulated depreciation	(77,776)		(77,776)	(5,805)			(83,581)
Total buildings and improvements	127,712	–	127,712	(5,805)	–	–	121,907
Depreciable land improvements			–				–
Less accumulated depreciation			–				–
Total depreciable land improvements	–	–	–	–	–	–	–
Infrastructure			–				–
Less accumulated depreciation			–				–
Total infrastructure	–	–	–	–	–	–	–
Total other capital assets	195,851	–	195,851	(39,642)	–	–	156,209
Capital Asset Summary:							
Capital assets not being depreciated	50,000	–	50,000	–	–	–	50,000
Other capital assets, at cost	529,661	–	529,661	–	–	20,018	549,679
Total cost of capital assets	579,661	–	579,661	–	–	20,018	599,679
Less accumulated depreciation	(333,809)	–	(333,809)	(39,642)	–	(20,018)	(393,469)
Capital assets, net	$ 245,851	$ –	$ 245,851	$ (39,642)	$ –	$ –	$ 206,209

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

E. INVENTORIES

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

F. RESTRICTED ASSETS

N/A

G. LEAVE

1. COMPENSATED ABSENCES

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

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as current-year expenditures in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations. Annual leave accrued in the accompanying statement of net assets, the amount unpaid at June 30, 2008, is $107,096.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. There was no compensatory leave time accrued at June 30, 2008.

H. RETIREMENT SYSTEM

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

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

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2007 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:
http://www.lasers.state.la.us/PDFs/Publications_and_Reports/Fiscal_Documents/Comprehensive_Financial_Reports/Comprehensive%20Financial%20Reports_07.pdf

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the Commission is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2008, increased to 20.4% of annual covered payroll from the 19.1% required in the prior year. The Commission contributions to the System for the years ending June 30, 2008, 2007, and 2006, were $160,254, $134,678 and $135,074, respectively, equal to the required contributions for each year.

I. OTHER POSTEMPLOYMENT BENEFITS

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

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

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

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

Premiums paid for healthcare coverage vary depending on the plan chosen. For the year ended June 30, 2008, this amount ranges from $34 to $92 per month for single members with Medicare or $126 to $170 per month without Medicare. The Commission contributes anywhere from $103 to $237 per month (with Medicare) or $809 to $842 (without Medicare) on behalf of the retiree for this coverage. Premiums paid for retiree and spouse range from $69 to $165 per month for those with Medicare or $408 to $493 per month for those without Medicare. For this coverage, the Commission contributes from $207 to $427 (with Medicare) or $1,242 to $1,293 (without Medicare). The rates for retirees with children are slightly higher than the single rates and family coverage is slightly higher than the retiree/spouse rates. The plan is currently financed on a pay-as-you-go basis by the Commission.

OPEB Cost/Obligation. The Commission's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the year beginning July 1, 2007, is as follows:

Normal cost	$ 168,800
30 year UAL amortization amount	101,800
Annual Required Contribution (ARC)	270,600

The Commission's OPEB obligation for the year ended June 30, 2008, is as follows:

Annual required contribution/OPEB Cost	$ 270,600
Contributions made	(43,867)
Change in Net OPEB Obligation	226,733
Net OPEB obligation, beginning	2,163,367
Net OPEB obligation, ending	2,390,100

Utilizing the pay-as-you-go method, the Commission contributed 0% of the annual post-employment benefits cost during the current year. Because this is the first year of implementation, information for prior years is not presented.

Funding Status and Funding Progress. As of June 30, 2008, the Commission had not made any contributions to its post-employment benefits plan trust. A trust was established during the current year but was not funded. Thus, it has no plan assets and a funding ratio of zero. Funding status and progress is summarized below.

Unfunded actuarial accrued liability (UAAL)	$ 2,390,100
Covered payroll (active employees)	600,670
UAAL as a percentage of covered payroll	398%

Actuarial Methods/Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the July 1, 2007 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2007, was thirty years.

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year ended June 30, 2008, amounted to $5,226. A schedule of payments for operating leases follows:

Nature of lease	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014-2018	FY 2019-2023
Office Space	$	$	$	$	$	$	$
Equipment	5,256						
Land							
Other							
Total	$ 5,256	$ -	$ -	$ -	$ -	$ -	$ -

2. CAPITAL LEASES

Capital leases are not recognized in the accompanying financial statements.

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2008: (Balances at June 30th should include current and non-current portion of long-term liabilities.)

Bonds payable				--	
Total notes and bonds	--	--	--	--	--
Other liabilities:					
Contracts payable				--	
Compensated absences payable	96,522	11,125	551	107,096	--
Capital lease obligations				--	
Claims and litigation				--	
OPEB payable	2,163,367	226,733	--	2,390,100	
Other long-term liabilities				--	
Total other liabilities	2,259,889	237,858	551	2,497,196	--
Total long-term liabilities	$ 2,259,889	$ 237,858	$ 551	$ 2,497,196	$ --

L. CONTINGENT LIABILITIES

N/A

M. RELATED PARTY TRANSACTIONS

N/A

N. ACCOUNTING CHANGES

N/A

O. IN-KIND CONTRIBUTIONS

N/A

P. DEFEASED ISSUES

N/A

Q. REVENUES – PLEDGED OR SOLD (GASB 48)

1. PLEDGED REVENUES

N/A

2. FUTURE REVENUES REPORTED AS A SALE

N/A

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

N/A

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

N/A

T. SHORT-TERM DEBT

N/A

U. DISAGGREGATION OF RECEIVABLE BALANCES

N/A

V. DISAGGREGATION OF PAYABLE BALANCES

N/A

W. SUBSEQUENT EVENTS

N/A

X. SEGMENT INFORMATION

N/A

Y. DUE TO/DUE FROM AND TRANSFERS

N/A

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

N/A

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

N/A

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

N/A

CC. IMPAIRMENT OF CAPITAL ASSETS

N/A

DD. EMPLOYEE TERMINATION BENEFITS

N/A

STATE OF LOUISIANA
LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION
SCHEDULE OF PER DIEM PAID TO COMMISSION MEMBERS
For the Year Ended June 30, 2008

Name	Amount
Berry, Steve	$ 150
Brakefield, Johnny	750
Calmes, Kevin	225
Courville, Phillip	600
Duplessis, Ron (waived)	0
Floyd, George	225
Frederick, Julia	675
Gable, Aaron	375
Garon, Clement	75
Graham, Scott	150
Hilliard, Jeff	225
Hudson, Vanessa	900
Matherne, Gayle	150
Olave, Steve	600
Prestridge, Richard	600
Roberts, Michael (waived)	0
Robinson, Glen	375
Rossi, Paul	600
Sharkey, Janai	525
Smith, Eugene	225
Smith, Henry	900
Snyder, Phillip	225
Stewart, Curtis	225
Thiac, E. Brandt	150
Wright, Byron	750
	$ 9,675

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

SCHEDULE 1

STATE OF LOUISIANA

LOUISIANA RECREATIONAL AND USED MOTOR VEHICLE COMMISSION

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than $1 million, explain the reason for the change.

	2008	2007	Difference	Percentage Change
1) Revenues	$ 1,464,019	$ 1,324,720	$ 139,299	11%
Expenses	2,089,265	1,577,811	511,454	32%
2) Capital assets	206,209	245,851	39,642	16%
Long-term debt	2,497,196	96,522	2,400,674	> 100%
Net Assets	(1,443,077)	1,291,172	(2,734,249)	> 100%

Explanation for change: ____________________

SCHEDULE 15