

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

FINANCIAL STATEMENTS

December 31, 2024

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Louisiana Naval War Memorial Commission
Baton Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the **LOUISIANA NAVAL WAR MEMORIAL COMMISSION** (the Commission), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Commission, as of December 31, 2024, and the respective changes in financial position, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Substantial Doubt about the Commission's Ability to Continue as a Going Concern

The accompanying financial statement have been prepared assuming that the Commission will continue as a going concern as described in Note 10 to the financial statements, the Commission's primary attraction, the U.S.S. KIDD Destroyer, was removed from public display for dry docking to undergo substantial repairs during the year, which significantly reduced visitor attendance and related revenues. Management's evaluation of the events and conditions and management's plans regarding this matter are also described in Note 10. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, the *Louisiana Governmental Audit Guide*, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, the *Louisiana Governmental Audit Guide*, and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- We evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in net other post-employment benefits liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing in the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not presented to supplement the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Commission's basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated June 25, 2025, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



Certified Public Accountants

Baton Rouge, Louisiana
June 25, 2025

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

STATEMENT OF NET POSITION

December 31, 2024

ASSETS

Current assets:

Cash	\$ 302,224
Inventory	47,463
Prepaid insurance	<u>42,735</u>

Total current assets	392,422
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RIGHT-OF-USE ASSETS

52,041

CAPITAL ASSETS, NET7,606,932

Total assets	8,051,395
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DEFERRED OUTFLOWS OF RESOURCES

Other post-employment benefits	<u>10,501</u>
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Total assets and deferred outflows of resources	<u>\$ 8,061,896</u>
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LIABILITIES

Current liabilities:

Accounts payable	\$ 14,068
Accrued payroll	4,057
Lease liability - current portion	<u>50,259</u>

Total current liabilities	<u>68,384</u>
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Noncurrent liabilities:

Other post-employment benefits	43,865
Lease liability - long-term, net	<u>3,510</u>

Total noncurrent liabilities	<u>47,375</u>
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Total liabilities	<u>115,759</u>
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DEFERRED INFLOWS OF RESOURCES

Other post-employment benefits	<u>31,824</u>
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NET POSITION

Net investment in capital assets	7,605,204
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Unrestricted	<u>309,109</u>
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Total net position	<u>7,914,313</u>
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Total liabilities, deferred inflows of resources, and net position	<u>\$ 8,061,896</u>
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The accompanying notes to the financial statements
are an integral part of this statement.

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the year ended December 31, 2024

OPERATING REVENUES

Charges for services:

Admissions	\$ 160,083
Gift shop	79,469
Site rental	25,483
Special events	1,900

Total operating revenues	266,935
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OPERATING EXPENSES

Salaries and related benefits	458,331
Insurance, utilities, and administrative	245,851
Loss on disposal of capital assets	148,224
Maintenance and supplies	141,586
Depreciation and amortization	93,571
Cost of sales	36,650
Special events	5,410

Total operating expenses	1,129,623
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Operating loss	(862,688)
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NONOPERATING REVENUES (EXPENSES)

Capital grants and contributions (Note 7)	6,264,738
City/Parish of East Baton Rouge grant	397,080
Net other postemployment benefit revenue	8,965
Other grants and contributions	33,371
Advertising	2,100
Miscellaneous income	9,973
Interest expense	(219)

Total nonoperating revenues (expenses)	6,716,008
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Change in net position	5,853,320
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NET POSITION

Beginning of year	2,060,993
End of year	\$ 7,914,313

The accompanying notes to the financial statements
are an integral part of this statement.

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 239,427
Payments to suppliers	(431,573)
Payments to employees	<u>(476,119)</u>
Net cash used for operating activities	<u>(668,265)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Operating grants	397,080
Other contributions	45,444
Interest expense	<u>(219)</u>
Net cash provided by noncapital financing activities	<u>442,305</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments on right-of-use finance lease asset	<u>(1,305)</u>
Net decrease in cash	(227,265)

CASH

Beginning of period	<u>529,489</u>
End of period	<u><u>\$ 302,224</u></u>

RECONCILIATION OF OPERATING LOSS TO NET CASH

USED FOR OPERATING ACTIVITIES:

Operating loss	\$ (862,688)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation and amortization	93,571
Loss on disposal of capital assets	148,224
Change in operating assets and liabilities:	
Inventory	11,008
Prepaid insurance	(7,929)
Operating assets - right-of-use	57,292
Operating lease liability	(56,127)
Accounts payable and accrued payroll	(24,108)
Deferred revenue	<u>(27,508)</u>
Net cash used for operating activities	<u><u>\$ (668,265)</u></u>

SUPPLEMENTAL CASH FLOW INFORMATION

Contributed capital assets	<u><u>\$ 6,264,738</u></u>
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The accompanying notes to the financial statements
are an integral part of this statement.

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Louisiana Naval War Memorial Commission (the Commission) is a related organization for the State of Louisiana as provided by Louisiana Revised Statutes (LRS) 38:3301:3309 and was created within the Louisiana Department of Culture, Recreation, and Tourism as provided by LRS 25:1000:1003. The Commission was given the authority to acquire, transport, berth, renovate, equip, operate, maintain, and exhibit the U.S.S. KIDD Destroyer and other property acquired for use as a permanent public Armed Forces memorial. The U.S.S. KIDD and museum are located in Baton Rouge, Louisiana. The Commission's primary revenues include admission fees, gift shop sales, donations, and grants.

The Commission is composed of 16 members, one of whom is the Secretary of the Department of Culture, Recreation, and Tourism or their designee, the Director of Veterans Affairs or their designee, and 14 members appointed by the Governor of the State of Louisiana. The commissioners are not paid for their service.

The accounting and reporting practices of the Commission conforms to generally accepted accounting principles (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of LRS 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 Governments*.

Financial Reporting Entity

As required by Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity - an amendment of GASB Statements No. 14 and No. 34*, The Commission is considered an affiliated organization of the State of Louisiana. The accompanying financial Statements present information only on the funds maintained by the Commission and do not present information on the State of Louisiana, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund Accounting

The accounts of the Commission are organized on the basis of proprietary fund accounting used by governmental entities. The proprietary fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods and 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 the periodic determination of revenues earned, expenses incurred, and change in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The proprietary fund is accounted for on a flow of economic resources measurement focus and a determination of change in net position and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. The proprietary fund uses the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Cash

Cash includes amounts of interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. The Commission had no cash equivalents at December 31, 2024.

Inventory

Inventory consists of merchandise for resale and is recorded at lower of cost or market. The Commission does not have an allowance for obsolete items. The Commission uses the first-in-first-out (FIFO) method to account for its inventory.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Insurance

Prepaid insurance is recorded at cost. The Commission's insurance policy has a fiscal year of July to June. The amount is incurred due to expenses paid during the current year that are attributable to the next fiscal year. Payment for policy coverage from July to December of each year will be expensed. Payment for coverage from January to June will be recognized as prepaid insurance as the payment is a benefit for a future fiscal year.

Capital Assets

Assets used in operations with useful life that extends beyond one year are capitalized. Buildings, equipment, furniture and fixtures, and infrastructure (including the U.S.S. KIDD Destroyer) are depreciated over their estimated useful lives. Capital assets are reported net of accumulated depreciation in the statement of net position.

Property and equipment are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their acquisition value as of the date of the contribution. If acquisition value is not readily determinable, it is estimated based on the cost to construct at that time. All items purchased or donated that are valued above \$1,000 are capitalized.

Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

<u>Description</u>	<u>Estimated Useful Lives</u>
Land	-
Furniture and Equipment	5-7 years
Vehicles	5-10 years
U.S.S. KIDD (Destroyer)	45 years
Museum and Improvements	15-45 years

Right-of-Use Assets

Right-of-use assets are a result of leases in which the Commission has entered into a contract with a lessor that conveys control of the right-to-use the lessor's nonfinancial asset as specified by the contract for a period of time (in excess of twelve months) in an exchange-like transaction. As lessee, the Commission recognizes a lease liability and an intangible right-to-use lease asset in the statement of net position.

At the commencement of the lease, the Commission initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured at the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-Use Assets (Continued)

Key estimates and judgments related to leases include how the Commission determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The Commission uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Commission uses its estimated incremental borrowing rate at the discount rate for leases. The Commission's estimated incremental borrowing rate is based on historical market data and credit spread based on market data points compared to the lease commencement date.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Commission is reasonably certain to exercise.

The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported within non-current liabilities on the statement of net position.

Subscription-Based Information Technology Arrangements

Subscription-based information technology arrangements (SBITA) are contracts that convey control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the statement of net position, net of amortization. SBITAs are amortized during the extent of the agreement. The Commission has not entered into any agreements gaining control of the right to use another party's information technology as described above at December 31, 2024.

Unearned Revenue

The Commission records unearned revenue when deposits are collected in advance of a customer's event. These revenues are recognized at the point in time the event takes place, at which time these funds become earned and available. These revenues are shown as site rental revenues on the statement of revenues, expenses, and changes in net position. The Commission had no unearned revenue at December 31, 2024.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The statement of net position has deferred inflows and outflows of resources related to the actuarial changes in assumptions and experience used in the measurement of the Commission's other post-employment benefits obligation.

Compensated Absences

Employees accumulate annual and sick leave at various rates based on their years of service. The amount of annual sick leave that may be accumulated by each employee is limited to 300 hours per year. Any unused leave at year-end is not subject to rollover or payment to the employee. There was no liability for compensated absences at December 31, 2024.

Net Position

Net position is classified in the following categories:

- Net investment in capital assets - consists of all capital assets, net of accumulated depreciation and reduced by outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - consists of net position with constraints placed on use either by external groups or through constitutional provisions or enabling legislation.
- Unrestricted net position - consists of all other net position that is not included in the other categories.

When both restricted and unrestricted resources are available for use, the Commission's policy is to use restricted resources first.

Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission's proprietary fund are revenues from transactions relating to the operation of the ship and museum. Operating expenses from the proprietary fund include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results differ from those estimates. Estimates are used primarily when accounting for other postemployment benefits, right-of-use assets, lease liabilities, prepaid insurance, and depreciation.

Current Accounting Standards Implemented

During the year, the Commission implemented policies established under GASB Statement No. 100, *Accounting Changes and Error Corrections*, which is an amendment of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement also requires that information about the quantitative effects on beginning balances of each accounting change and error correction be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The impact of this standard had no effect on the financial statements of the Commission for the year ended December 31, 2024.

Additionally, during the year, the Commission implemented policies established under GASB Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. The adoption of this statement did not impact the Commission's activities at January 1, 2024.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing the financial statements, the Commission has evaluated subsequent events and transactions for potential recognition or disclosure through June 25, 2025, which was the date the financial statements were available to be issued.

In early 2025, payments were made by the State of Louisiana in connection with a roof replacement project for the Commission. The payments were made directly by the State to the contractor on behalf of the Commission under an agreement between the State and a third-party contractor. Estimated costs are \$390,500.

NOTE 2 - CAPITAL ASSETS

The Commission reports capital assets at cost. The following changes in capital assets were reported for the year ended December 31, 2024:

	Balance December 31, 2023	Increases	Decreases	Balance December 31, 2024
Land	\$ 268,500	\$ -	\$ -	\$ 268,500
Construction in progress	-	6,264,738	-	6,264,738
Buildings and improvements	2,819,335	-	-	2,819,335
Furniture and equipment	89,984	-	-	89,984
Vehicles	28,824	-	-	28,824
U.S.S. KIDD Destroyer	1,905,725	-	(1,905,725)	-
Less: accumulated depreciation	(3,529,761)	(92,189)	1,757,501	(1,864,449)
Capital assets, net of accumulated depreciation	<u>\$ 1,582,607</u>	<u>\$ 6,172,549</u>	<u>\$ (148,224)</u>	<u>\$ 7,606,932</u>

Depreciation expense was \$92,189 for 2024.

NOTE 3 - LEASES

Operating lease

The Commission incurred \$61,165 of operating lease costs in the year ended December 31, 2024.

(Continued)

NOTE 3 - LEASES (CONTINUED)

Operating lease (Continued)

The Commission has a right-of-use lease asset for a building under an operating lease agreement. The lease is paid in monthly installments of \$5,000. The carrying liability is recorded at the present value of the future lease payments using a weighted-average discount rate equal to the U.S. Treasury Rate (4.87%) as of the respective date in which the initial valuation of the liabilities were recorded. The lease is set to mature October 2025. The weighted-average remaining lease term for the operating lease is 0.83 years. The lease contains a renewal option for one additional year. This renewal is not considered reasonably certain.

As of December 31, 2024, the Commission has an operating lease liability of \$48,902, with total future payments of \$50,000 including \$1,098 in interest, maturing within the next year.

Current year expenses for the operating lease are as follows:

	Year ending December 31, 2024
Amortization expense by class of underlying asset	
Building	\$ 57,292
Interest on operating lease liabilities	<u>3,873</u>
Total	<u>\$ 61,165</u>

Finance lease

The Commission has a right-of-use lease asset for a copier under a financing lease agreement. The lease is paid in monthly installments of \$127 which includes interest payments at a rate of 3.92%. The lease is set to mature in May 2028. The weighted-average remaining lease term for the finance lease is 3.42 years. The lease does not contain an option for renewal.

Amortization expense for the year ending December 31, 2024 was \$1,382. Commission has a financing lease liability of \$4,867 as of December 31, 2024, with \$1,357 maturing in the next year.

Current year expenses for the financing lease are as follows:

	Year ending December 31, 2024
Amortization expense by class of underlying asset	
Copy machine	\$ 1,382
Interest on finance lease liabilities	<u>219</u>
Total	<u>\$ 1,601</u>

NOTE 3 - LEASES (CONTINUED)

Finance lease (Continued)

Future maturities of the financing lease liability as of December 31, 2024 are as follows:

Year ending December 31,	Principal	Interest	Total payments
2025	\$ 1,357	\$ 167	\$ 1,524
2026	1,412	112	1,524
2027	1,468	56	1,524
2028	<u>630</u>	<u>6</u>	<u>636</u>
Total	<u>\$ 4,867</u>	<u>\$ 341</u>	<u>\$ 5,208</u>

NOTE 4 - DEFERRED COMPENSATION PLAN

Full-time employees are eligible to participate in Louisiana Public Employees Deferred Compensation Program adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the plan are included in the separately issued audit report for the plan, available from the Louisiana Legislative Auditor, P.O. Box 94397, Baton Rouge, Louisiana 70804-9397.

Employees/participants are able to contribute a percentage of their salary with the Commission matching up to 5% of gross salaries for each employee. Total contributions were not allowed to exceed the amount determined under IRS regulations, which was \$22,500 for 2023. All contributions are immediately vested. During the year ended December 31, 2024, the Commission made employer contributions on behalf of employees/participants totaling \$13,297, which is included in salaries and related benefits in the statement of revenues, expenses, and changes in net position.

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS

The Commission's employees may participate in the State's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees, and their beneficiaries. The Office of Group Benefits (OGB) administers the plan - a multiple-employer defined benefit other post-employment benefit plan. There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

LRS 42:801-883 assigns the authority to establish and amend benefit provisions of the plan to the state legislature. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in Louisiana Annual Comprehensive Financial Report (ACFR). The ACFR may be obtained from the 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.

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Plan

The plan is currently financed on a pay-as-you-go basis. The contribution requirements of plan members and the Commission were established and may be amended by the LRS 42:801-883. Employees did not contribute to their postemployment benefits cost until they became retirees and began receiving these benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage.

Funding Status and Funding Progress

As of December 31, 2024, the Commission had not made any contributions to its postemployment benefits trust plan. Thus, it has no plan assets and a funding ratio of zero.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term prospective of the calculations.

(Continued)

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The total OPEB liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40 percent
Salary increases	Consistent with the State's pension valuation assumptions
Discount rate	Current valuation: 4.13 percent based on the June 30, 2023 S&P 20-year municipal bond index rate
Healthcare cost trend rates	<p>Post-Medicare: 6.50 percent increasing to 13.0 percent for 2025, decreasing to 12.0 percent in 2026, decreasing to 4.35 percent from 2027 through 2033, increasing to 4.43 percent in 2034, to an ultimate rate of 4.5 percent in 2035 and later years</p> <p>Pre-Medicare: 7.00 percent for 2024 and 2025, thereafter decreasing 0.25 percent per year, to an ultimate rate of 4.5 percent for 2035 and later years</p>
Healthcare claims costs	Per capita costs for the self-insured plans were based on prescription drug claims for retired participants for the period January 1, 2022, through December 31, 2023. The claims experience was trended to the valuation date. Per capita costs for the fully insured HMO and Medicare Advantage plans were based on calendar year 2024 premiums adjusted to the valuation date using the trend assumptions above. Per capita costs were adjusted for expected age-related differences in morbidity applicable to retirees, except for costs for the HRA plan, which provides a flat monthly subsidy.
Actuarial cost method	Entry Age Normal, level percentage of pay
Estimated Remaining Service Lives	4.5 years

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The actuarial assumptions used by the pension plans covering the same participants were used for the mortality, retirement, termination, disability, and salary scale assumptions.

Mortality assumptions are consistent with the pension plans' assumptions. Rates are shown by group, as follows:

LASERS

For general active members: the RP-2014 Blue Collar Employee Table, adjusted by 0.978 for males and 1.144 for females, with adjustments for expected future mortality improvement using the MP-2018 Generational Improvement Scale.

For general retiree/inactive members: the RP-2014 Blue Collar Healthy Annuitant Table for males, adjusted by 1.280, and RP-2014 White Collar Healthy Annuitant Table for females, adjusted by 1.417, with adjustments for expected future mortality improvements of regular retirees using the MP-2018 Generational Improvement Scale.

For disabled retirees: the RP-2000 Disabled Retiree Morality Table, adjusted by 1.009 for males and 1.043 for females, with no projection for mortality improvement.

TRSL

For active members: the Pub-2010T-Below Median Employee tables, adjusted by 0.965 for males and by 0.942 for females.

For non-disabled retiree/inactive members: the Pub-2010T-Below Median Retiree tables, adjusted by 1.173 for males and by 1.258 for females.

For disability retiree mortality: the Pub-2010T-Disability tables, adjusted by 1.043 for males and by 1.092 for females.

LSERS

For active members: the Pub-2010 General Below Median Employee Table, adjusted by 125% for males and 135% for females, each with the full generational MP-2021 scale.

For annuitants and beneficiaries: the Pub-2010 General Below Median Healthy Retiree Table, adjusted by 125% for males and 135% for females, each with the full generational MP-2021 scale.

For disabled members: the Pub-2010 Non-Safety Disabled Retiree Table, adjusted by 125% for males and 135% for females, each with the full generational MP-2021 scale.

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

LSPRS

For active members: the Pub-2010 Safety Below Median Employee Table, set at 100% for males and 105% for females, each with the full generational MP-2021 scale.

For annuitants and beneficiaries: 100% of the Pub-2010 Safety Below Median Healthy Retiree Table for males and 105% for females, each with the full generational MP-2021 scale.

For disabled members: 100% of the Pub-2010 Safety Disabled Retiree Sex Distinct Tables for males and 105% for females, each with the full generational MP-2021 scale.

Changes of assumptions and other inputs reflect a change in the discount rate from 4.09 percent in 2022 to 4.13 percent in 2023, the current valuation.

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the OGB Plan, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current discount rate.

	Discount Rate	
1% Decrease	(4.13%)	1% Increase
<u>\$ 47,189</u>	<u>\$ 43,865</u>	<u>\$ 40,901</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the OGB Plan, as well as what the total OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Healthcare Rate	
1% Decrease	(4.50%)	1% Increase
<u>\$ 41,131</u>	<u>\$ 43,865</u>	<u>\$ 46,861</u>

(Continued)

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Pension Liabilities and Expenses and Deferred Outflows and Inflows of Resources

The Commission's OPEB obligation for the year ended December 31, 2024 is as follows:

Beginning Net OPEB Obligation January 1, 2024	\$ 73,488
Interest on net OPEB obligations	2,886
Effect of economic/demographic gains or losses	(29,868)
Changes of assumption	3,285
Benefit payments (direct premiums paid)	<u>(5,926)</u>
Ending Net OPEB Obligation December 31, 2024	<u>\$ 43,865</u>

For the year ended December 31, 2024, the Commission recognized pension benefit of \$8,965.

At December 31, 2024, the Commission reported the deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,070	\$ 23,645
Changes of assumptions	3,150	8,179
Net difference between projected and actual earnings on other post-employment benefit plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Differences between allocated and actual contributions	-	-
Employer contributions subsequent to the measurement date	<u>3,281</u>	<u>-</u>
Total	<u>\$ 10,501</u>	<u>\$ 31,824</u>

The Commission reported \$3,281 as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported by the State deferred outflows of resources and deferred inflows of resources related to OPEB benefit are as follows:

Year ended June 30:	Net Amount Recognized in OPEB Benefit
2025	\$ (6,646)
2026	(6,649)
2027	(6,878)
2028	<u>(4,431)</u>
Total deferred inflows of resources	<u>\$ (24,604)</u>

NOTE 6 - PER DIEM PAID TO COMMISSIONERS

The Commission members are not paid for their services.

NOTE 7 - RELATED PARTY

The Commission receives support during the year from the Louisiana Veterans Museum Foundation (the Foundation). The Foundation's purpose is to support the operations and programs of the Commission and ship restoration. As funding becomes available, the Foundation makes a grant to the Commission. For the year ended December 31, 2024, the Commission received grants from the Foundation in the amount of \$387,221 related to the U.S.S. KIDD drydock overhaul project. This amount is reflected within capital grants and contributions on the statement of revenues, expenses, and changes in net position.

NOTE 8 - COMMITMENT AND CONTINGENCIES

The Commission entered into a Cooperative Endeavor Agreement (CEA) with the State of Louisiana through the Foundation to support the repair and restoration of the U.S.S. KIDD Destroyer, which commenced in 2024. Under this agreement, the State has committed to provide funding in the amount of \$500,00 to support the dry dock and restoration project. Through December 31, 2024, \$387,221 was paid through this CEA and is reflected within capital grants and contributions on the statement of revenues, expenses, and changes in net position for the year ended December 31, 2024.

Additionally, the State of Louisiana, through its Division of Facility Planning and Control, has contracted with Thoma-Sea Marine Constructors, LLC for the hull repair and reinforcement, superstructure repair, interior restoration and painting of the U.S.S. KIDD Destroyer, and docking cradle repairs and upgrade, which commenced in 2024. The contract amount is \$10,510,684 and \$5,877,517 has been paid through December 31, 2024. These amounts are reflected within capital grants and contributions on the statement of revenues, expenses, and changes in net position for the year ended December 31, 2024.

NOTE 9 - CONCENTRATION OF CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the Commission's deposits may not be recovered. Under state law, deposits must be secured by Federal Deposit Insurance Corporation (FDIC) or the pledge of securities owned by the fiscal agent bank. The Commission's exposure in excess of FDIC limits and uncovered by pledged securities as of December 31, 2024 is \$51,999.

NOTE 10 - GOING CONCERN

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which contemplate continuation of the Commission as a going concern. The Commission expects to continue as a going concern through the fiscal year ending December 31, 2025, however, the Commission's ability to continue operations is dependent on future funding and revenue streams.

During 2024, the Commission's primary attraction, the U.S.S. KIDD Destroyer, a historic warship, was removed from public display and placed into dry dock for necessary repairs and maintenance. As a result, the Commission experienced a significant decline in visitor attendance and related revenues, which includes admissions, gift shop sales, and event rentals. These factors have contributed to operating losses and have negatively impacted the Commission's operating cash flows.

Management is actively pursuing various strategies to address these financial challenges, including seeking increased support from state and local governmental agencies and initiating fundraising campaigns. Additionally, management of the Commission has reduced non-fixed costs since the dry-docking of the ship and has budgeted their 2025 expenses to only include necessary operating costs. For 2025, the Commission has received \$317,410 in operational funding from the East Baton Rouge City-Parish through the date of this report. In June of 2025, the State of Louisiana appropriated an additional \$500,000 to the Foundation to cover expenses of the Commission through the end of the December 31, 2025, fiscal year. The Commission expects visitation and revenue to improve once the attraction is returned to public display, however, the amount of additional funding required to continue to operate is unknown at this time since the date of the ship's return is unknown. Various factors impact the ship's return date, which include progress on the ship's repairs, weather, and water levels of the Mississippi River. The current expected date of the ship's return is in January of 2026.

Despite these efforts, there remains substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

LOUISIANA NAVAL WAR MERMORIAL COMMISSION

Baton Rouge, Louisiana

SCHEDULE OF CHANGES IN NET
OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS

For the year ended December 31, 2024

LAST TEN FISCAL YEARS (1)

	2024	2023	2022	2021
Total OPEB Liability				
Interest	\$ 2,886	\$ 1,822	\$ 2,272	\$ 2,534
Differences between expected and actual experience	(29,868)	4,711	1,921	3,606
Changes of assumptions	3,285	(12,754)	1,465	(4,434)
Benefit payments	(5,926)	(7,687)	(7,305)	(6,944)
Net change in total OPEB liability	(29,623)	(13,908)	(1,647)	(5,238)
Total OPEB liability - beginning	73,488	87,396	89,043	94,281
Total OPEB liability - ending	\$ 43,865	\$ 73,488	\$ 87,396	\$ 89,043
Covered employee payroll	\$ -	\$ -	\$ -	\$ -
Net OPEB liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%
	2020	2019	2018	
Total OPEB Liability				
Interest	\$ 3,375	\$ 12,186	\$ 11,648	
Differences between expected and actual experience	2,914	(265,256)	-	
Changes of assumptions	(21,852)	(4,144)	(21,424)	
Benefit payments	(6,775)	(30,744)	(30,744)	
Net change in total OPEB liability	(22,338)	(287,958)	(40,520)	
Total OPEB liability - beginning	116,619	404,577	445,097	
Total OPEB liability - ending	\$ 94,281	\$ 116,619	\$ 404,577	
Covered employee payroll	\$ -	\$ -	\$ -	
Net OPEB liability as a percentage of covered payroll	0.00%	0.00%	0.00%	

Notes to Schedule:

No assets are accumulated in a trust to pay related benefits.

Changes of assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate changes from 2.18% as of July 1, 2021 to 4.09% as of July 1, 2022. Under GASB 75, unfunded plans are required to use a discount rate that reflects the 20-year tax-exempt municipal bond yield or index rate. Thus, the discount rates of 2.18% and 4.09% are based on the S&P Municipal Bond 20-Year High Grade Rate Index as of June 30, 2022.

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

See Independent Auditors' Report.

LOUISIANA NAVAL WAR MEMORIAL COMMISSION
Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD**

For the year ended December 31, 2024

Agency Head: Parks Stephenson III, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 78,000
Benefits - retirement	<u>3,900</u>
Total	<u>\$ 81,900</u>

See Independent Auditors' Report.



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

To the Board of Commissioners
Louisiana Naval War Memorial Commission
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, the financial statements of the business-type activities, of the **LOUISIANA NAVAL WAR MEMORIAL COMMISSION (the Commission)**, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated June 25, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified deficiencies in internal control, described in the accompanying schedule of findings and recommendations as item 2024-001 and 2024-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* as item 2024-001.

The Commission's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

This report is intended solely for the information and use of the Board of Commissioners and management, the Louisiana Legislative Auditor, and federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



Certified Public Accountants

Baton Rouge, Louisiana
June 25, 2025

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended December 31, 2024

1) Summary of Auditors' Results:

- A) The type of report issued on the financial statements: **Unmodified opinion.**
- B) Significant deficiencies in internal control were disclosed by the audit of financial statements: **None reported.**

Material weaknesses: **2024-001** and **2024-002.**

- C) Noncompliance that is material to the financial statements: **2024-001.**
- 2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **2024-001.**
 - 3) Noncompliance with state laws and regulations: **2024-001.**

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

SUMMARY OF FINDINGS AND RESPONSES

For the year ended December 31, 2024

4) FINDINGS - COMPLIANCE

2024-001 Collateralized Pledged Securities in Excess of Federal Deposit Insurance Company Limits

Year Finding Originated: 2022

Criteria: Cash in bank deposits must be secured by the Federal Deposit Insurance Company (FDIC) or the pledge of securities owned by the fiscal agent bank. R.S. 39:1225 provides the amount of the security shall at all times be equal to 100% of the amount on deposit to the credit of each depositing authority, except the portion of the deposits insured by the United States.

Condition: The Commission maintained cash balances within one financial institution greater than FDIC coverage as of December 31, 2024, and did not have sufficient pledged securities to collateralize the uninsured portion.

Cause: The Commission did not adhere to the State of Louisiana's collateralized deposit requirements during the year 2024.

Effect: The Commission has deposit balances that are unsecured in the event the financial institution becomes insolvent.

Recommendation: The Commission should adhere to the State of Louisiana's policy for maintaining collateral for deposits in excess of FDIC limits or consider utilizing another FDIC insured financial institution for amounts in excess of coverage.

Views of responsible officials and planned corrective action: Management of the Commission concurs with the recommendation mentioned above and will ensure that all cash accounts are adequately collateralized in future periods.

5) FINDINGS - FINANCIAL STATEMENTS

2024-002 Contributed Assets

Year Finding Originated: 2023

Criteria: The Commission is required to maintain financial and nonfinancial records for all transactions.

Condition: In 2024, the Louisiana Veterans Memorial Foundation funded costs for major repairs other costs associated with the restoration and repair of the Commission's U.S.S. KIDD Destroyer Ship, which totaled \$387,221 during 2024. Additionally, the State of Louisiana funded costs for the restoration of the Commission's U.S.S. KIDD Destroyer Ship, which totaled \$5,877,517 during 2024. These are considered contributions from the Foundation and State of Louisiana, to the Commission, respectively.

Cause: As the Commission did not directly incur the costs for the restoration and repair of the Commission's U.S.S. KIDD Destroyer Ship, the Commission did not record the related benefit received or expense paid on its behalf.

Effect: While these transactions do not affect the change in net position of the Commission, the absence of these transactions within the accounting records caused revenues and assets to be materially misstated for the year ending December 31, 2024, and required material adjusting entries to fairly present the financial statements.

Recommendation: The Commission should maintain and record all transactions, financial and nonfinancial, which benefit the Commission, within the accounting system in order to properly present the financial statements each year.

Views of responsible officials and planned corrective action: Management of the Commission concurs with the recommendation mentioned above and will maintain records for all transactions involving the Commission, directly and indirectly.

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

SUMMARY OF PRIOR YEAR FINDINGS AND RESPONSES

For the year ended December 31, 2024

2023-001 Collateralized Pledged Securities in Excess of Federal Deposit Insurance Company Limits

This matter has been reclassified as 2024-001.

2023-002 Misappropriation of Assets Due to Fraudulent Checks

This matter is considered resolved.

2023-003 Misappropriation of Assets Due to Employee Theft

This matter is considered resolved.

2023-004 Contributed Assets

This matter has been reclassified as 2024-002.

Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

For the year ended December 31, 2024

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioner of Louisiana
Naval War Memorial Commission and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2024 through December 31, 2024. The **LOUISIANA NAVAL WAR MEMORIAL COMMISSION'S** (Commission) management is responsible for those C/C areas identified in the SAUPs.

The Commission has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2024 through December 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

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

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

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

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

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

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

LOUISIANA NAVAL WAR MEMORIAL COMMISSION
Baton Rouge, Louisiana

SCHEDULE OF ASSOCIATED FINDINGS

For the year ended December 31, 2024

Associated findings:

No associated findings were found as a result of applying the procedures listed above, except as follows:

1. Written Policies and Procedures:

A (xii) The Commission has policies in place regarding sexual harassment. However, they do not meet the minimum requirements of the Statewide Agreed Upon Procedures which adhere to R.S. 42:342-344.

2. Board or Finance Committee:

A (iv) The Board of Commissioners did not receive written updates of the progress of resolving audit findings at each meeting until the findings were considered fully resolved, as required by the corrective action plan.

3. Bank Reconciliations:

A (ii) Bank reconciliations lacked documentation indicating the date of management's review.

5. Non-Payroll Disbursements:

C (ii) Of the five disbursements reviewed, two non-payroll disbursements tested lacked appropriate documentation of segregation of duties.

D (a) (b) Non-payroll related electronic disbursements lacked evidence of approval by those persons authorized to disburse funds and approval by the required number of authorized signers.

6. Credit Cards/Debit Cards/Fuel Cards/P-Cards:

B (i) Of the 17 transactions reviewed, four transactions lacked evidence of review and approval by someone other than the cardholder.

C (1) Of the 17 transactions reviewed, one transaction did not include an original itemized receipt.

7. Travel and Travel-Related Expense Reimbursements:

A (iv) Of the five travel reimbursements reviewed, one reimbursement did not include evidence of written review and approval.

9. Payroll and Personnel:

B (i) Of the five employees selected for review, the Commission did not have documentation for the attendance and leave of one of the salaried full-time employees.

10. Ethics:

A (i) Of the five employees selected for review, one employee did not complete one hour of ethics training during the fiscal year.

12. Fraud Notice:

B The Commission did not have posted on its premises the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Management's Response:

1 (A) (xii): The Commission will update its policies and procedures to comply with sexual harassment procedures required by R.S. 42:342-344.

2 (A) (iv): The Commission will ensure the Board of Commissioners receive written updates of the progress of resolving audit findings at each meeting, as required by the corrective action plan.

3 (A) (ii): The Commission will ensure bank reconciliations contain written evidence of review with initials and a date.

5 (C) (ii): The Commission will ensure disbursements contain appropriate documentation of review as it relates to segregation of duties.

5 (D) (a) (b): The Commission will ensure non-payroll related electronic disbursements contain appropriate evidence of approval.

6 (B) (i): The Commission will ensure credit card statements and support contain appropriate documentation of review and approval.

6 (C) (1): The Commission will ensure each transaction is supported by an original itemized receipt identifying precisely what was purchased.

7 (A) (iv): The Commission will ensure travel reimbursements contain appropriate written documentation of review and approval.

9 (B) (i): The Commission will maintain documentation of attendance and leave records for all employees, full-time and part-time.

10 (A) (i): The Commission will require all employees to complete one hour of ethics training during the fiscal year as required by R.S. 42:1170.

12 (B): The Commission will post on its premises the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

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

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

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


Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 25, 2025