

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

FINANCIAL STATEMENTS

December 31, 2020

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

TABLE OF CONTENTS

December 31, 2020

	<u>Exhibit</u>	<u>Page</u>
INDEPENDENT AUDITORS' REPORT		1
FINANCIAL STATEMENTS		
Statement of Net Position	A	4
Statement of Revenues, Expenses, and Changes in Net Position	B	5
Statement of Cash Flows	C	6
Notes to Financial Statements	D	7
REQUIRED SUPPLEMENTARY INFORMATION	<u>Schedule</u>	
Schedule of Changes in net Other Post-Employment Benefits Liability and Related Ratios	1	18
OTHER SUPPLEMENTARY INFORMATION		
Schedule of Compensation, Benefits, and Other Payments to Agency Head	2	19
INDEPENDENT AUDITORS' REPORT REQUIRED BY GOVERNMENTAL AUDITING STANDARDS		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>		20
Schedule of Findings and Recommendations		22
Summary of Findings and Recommendations		23
Summary of Prior Year Findings and Recommendations		24

INDEPENDENT AUDITORS' REPORT

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

Report on Financial statements

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, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Naval War Memorial Commission as of December 31, 2020, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the Commission has adopted Financial Accounting Standards Board's Accounting Standards Update No. 2014-09 (Topic 606): Revenue from Contracts with Customers (ASU 2014-09). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and are 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated April 30, 2021, 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.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
April 30, 2021

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

STATEMENT OF NET POSITION

December 31, 2020

ASSETS

Current assets:

Cash	\$ 39,572
Inventory	44,569
Restricted cash	<u>26,994</u>

Total current assets	111,135
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CAPITAL ASSETS, NET

1,908,212

Total assets	<u>\$ 2,019,347</u>
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LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**LIABILITIES**

Current liabilities:

Accounts payable and accrued expenses	\$ 25,853
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Noncurrent liabilities:

Premium payable - State of Louisiana	187,994
Compensated absences payable	7,794
Other post-employment benefits	<u>94,281</u>

Total noncurrent liabilities	<u>290,069</u>
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Total liabilities	<u>315,922</u>
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DEFERRED INFLOWS OF RESOURCES

Other post-employment benefits	<u>175,682</u>
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NET POSITION (DEFICIT)

Investment in capital assets	1,908,212
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Restricted	26,994
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Unrestricted	<u>(407,463)</u>
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Total net position	<u>1,527,743</u>
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Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,019,347</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, 2020

OPERATING REVENUES

Charges for services:

Admissions	\$ 167,402
Gift shop and other	63,992
Special events	850
Site rental	<u>12,191</u>

Total operating revenues	<u>244,435</u>
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OPERATING EXPENSES

Salaries and related benefits	336,548
Administrative	189,165
Depreciation	119,945
Cost of sales	34,701
Special events	4,290
Maintenance and supplies	<u>31,754</u>

Total operating expenses	<u>716,403</u>
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Operating loss	(471,968)
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NONOPERATING REVENUES

Operating grant - City/Parish of East Baton Rouge	222,080
Forgiveness of Payroll Protection Program loan	74,867
Net OPEB income	68,049
Annual fund donations and memberships	26,306
Other - operating grants	<u>35,096</u>

Total nonoperating revenues	<u>426,398</u>
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Net income	(45,570)
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NET POSITION

Beginning of year	<u>1,573,313</u>
End of year	<u>\$ 1,527,743</u>

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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 237,701
Payments to suppliers	(273,850)
Payments to employees	<u>(336,548)</u>
Net cash used for operating activities	<u>(372,697)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Operating grants	257,176
Memberships, sponsorships and donations	<u>26,357</u>
Net cash provided by noncapital financing activities	<u>283,533</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets	(8,755)
Forgiveness of Payroll Protection Program loan	<u>74,867</u>
Cash provided by capital financing activities	<u>66,112</u>
Net decrease in cash and cash equivalents	(23,052)

CASH

Beginning of period	<u>89,618</u>
End of period	<u>\$ 66,566</u>

RECONCILIATION OF CASH AND RESTRICTED CASH

Cash	\$ 39,572
Restricted cash	<u>26,994</u>
Total cash	<u>\$ 66,566</u>

RECONCILIATION OF OPERATING LOSS TO NET CASH**PROVIDED BY OPERATING ACTIVITIES:**

Operating loss	\$ (471,968)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation	119,945
Change in deferred inflows of resources and other post-employment benefit	(6,734)
Change in operating assets and liabilities:	
Inventory	(3,797)
Accounts payable and accrued expenses	<u>(10,143)</u>
Net cash used for operating activities	<u>\$ (372,697)</u>

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 destroyer U.S.S. KIDD and other property acquired for use as a permanent public Armed Forces memorial and any improvements and exhibits located thereon and any additions constructed, created, leased, acquired, or erected in connection therewith. 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 17 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 15 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.

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 use 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/or new income 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 net income 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.

New Accounting Pronouncements

During the year ended December 31, 2020, the Commission adopted the requirements of the Financial Accounting Standards Board' (FASB) Accounting Standards Update (ASU) No. 2014-09 (Topic 606): *Revenue from Contracts with Customers* (ASU 2014-09), which addresses how an entity should recognize revenue derived from various contracts with customers. Primarily, the update requires the Commission to evaluate the various performance obligations related to its contracts with customers, allocate the transaction price to the various performance obligations, and recognize revenue as performance obligations are satisfied.

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, 2020. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory consists of merchandise for resale and is recorded at cost, net of returns. 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.

Restricted Cash

Certain proceeds of proprietary funds are recorded as restricted because their use is limited (or restricted) by the donor. Restricted amounts at December 31, 2020 were to be used for ship maintenance and operations of the Commission, excluding personnel costs.

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 estimated fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. All items purchased or donated that are valued above \$1,000 are capitalized. Infrastructure as listed below includes the U.S.S. KIDD destroyer.

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

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

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 of resources related to the actuarial changes in assumptions and experience used in the measurement of the Commission's net other post-employment benefits obligation. The Commission has no deferred outflows of resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 unlimited. Upon termination, an employee is compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay. The liability for compensated absences at December 31, 2020 was \$7,794.

On January 1, 2017, the annual vacation and sick leave policy was amended which disallow compensation for unused annual sick leave upon termination.

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 (deficit) - 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.

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 and depreciation.

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 April 30, 2021, which was the date the financial statements were available to be issued.

NOTE 2 - CASH

Cash is stated at cost which approximates market value.

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 or the pledge of securities owned by the fiscal agent bank. The Commission was not exposed to any custodial credit risk at December 31, 2020.

NOTE 3 - CAPITAL ASSETS

The Commission reports capital assets at cost. The following changes in capital assets were reported for the year ended December 31, 2020:

	Balance December 31,			Balance December 31,
	2019	Increases	Decreases	2020
Land	\$ 268,500	\$ -	\$ -	\$ 268,500
Buildings and improvements	2,819,335	-	-	2,819,335
Furniture and equipment	123,749	8,704	(35,297)	97,156
USS KIDD	1,905,725	-	-	1,905,725
Less: accumulated depreciation	<u>(3,097,856)</u>	<u>(119,945)</u>	<u>35,297</u>	<u>(3,182,504)</u>
Capital assets, net				
of accumulated depreciation	<u>\$ 2,019,453</u>	<u>\$ (111,241)</u>	<u>\$ -</u>	<u>\$ 1,908,212</u>

Depreciation expense was \$119,945 for 2020.

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 \$19,500 for 2020. All contributions are immediately vested. During the year ended December 31, 2020, the Commission made employer contributions on behalf of employees/participants totaling \$5,467.

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 Comprehensive Annual Financial Report (CAFR). The CAFR 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.

Funding Plan

The plan is currently financed on a pay-as-you-go basis. The contribution requirements of plan members and the Louisiana Naval War Memorial Commissions 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.

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Status and Funding Progress

As of December 31, 2020, 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.

Actuarial Methods and Assumptions (continued)

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

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Inflation	2.8 percent
Salary increases	Consistent with the pension valuation assumptions.
Discount rate	2.79 percent based on the June 30, 2019 S&P 20-year municipal bond index rate
Healthcare cost trend rates	<p>Post-Medicare: 5.5 percent for 2019 - 2020, thereafter decreasing 0.25 percent per year through 2024, to an ultimate rate of 4.5 percent for 2024 and later years</p> <p>Pre-Medicare: 7% grading down by .25% each year, beginning in 2020-2021, to an ultimate rate of 4.5% in 2029</p>
Retirees' share of benefit-related costs	Expected per capita costs based on medical and prescription drug claims for retire participants for the period January 1, 2018 through December 31, 2019. Claims experience was trended to the valuation date.
Actuarial cost method	Entry Age Normal, level percentage of pay
Estimated Remaining Service Lives	4.5 years

The actuarial assumptions used by the pension plans covering the same participants were used for the retirement, termination, disability, and salary scale assumptions. Mortality assumptions are consistent with the pension plans' assumptions. Rates are shown by group.

LASERS

For active lives: the RP-2014 Blue Collar Employee Table, adjusted by 0.978 for males and 1.144 for females, and then projected on a fully generational basis by Mortality Improvement Scale MP-2018. For healthy lives: the RP-2014 Blue Collar Healthy Annuitant Table, adjusted by 1.280 for males and RP-2014 White Collar Healthy Annuitant Table, adjusted by 1.417 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018. For disabled retiree lives: the RP-2000 Disabled Retiree Morality Table, adjusted by 1.009 for males and 1.043 for females, not projected with mortality improvement.

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (continued)

TRSL

For active lives: the RP-2014 White Collar Employee Table, adjusted by 1.010 for males and by 0.997 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017. For healthy retiree lives: the RP-2014 White Collar Healthy Annuitant Table, adjusted by 1.366 for males and by 1.189 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017. For disabled retiree lives: the RP-2014 Disabled Retiree Mortality Table, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017.

LSERS

For active lives: 130% of the RP-2014 Employee Table with Blue Collar Adjustment for males and 115% of the RP-2014 Employee Table with Blue Collar Adjustment for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017. For healthy retiree lives: 130% of the RP-2014 Healthy Annuitant Table with Blue Collar Adjustment for males and 115% of the RP-2014 Healthy Annuitant Table with Blue Collar Adjustment for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017. For disabled retiree lives: RP-2014 Disabled Tables for Males and Females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017.

LSPRS

For active and healthy lives: the RP-2014 Combined Healthy Mortality Table, adjusted by 1.10 for males and by 1.05 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017. For disabled retiree lives: RP-2014 Disabled Tables for Males and Females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.98 percent in 2018 to 2.79 percent in 2019, 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 (1.79 percent) or 1-percentage-point higher (3.79 percent) than the current discount rate.

Discount Rate		
<u>1% Decrease</u>	<u>(2.79%)</u>	<u>1% Increase</u>
\$ 102,497	\$ 94,281	\$ 87,079

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (continued)

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 (6 percent decreasing to 3.5 percent) or 1-percentage-point higher (8 percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	Healthcare Rate		
	1% Decrease	(7%)	1% Increase
	\$ 87,857	\$ 94,281	\$ 101,433

The Commission's OPEB obligation for the year ended December 31, 2020 is as follows:

Beginning Net OPEB Obligation January 1, 2020	\$ 116,619
Interest on net OPEB obligations	3,375
Effect of economic/demographic gains or losses	2,914
Changes of assumption	(21,852)
Benefit payments (direct premiums paid)	(6,775)
Ending Net OPEB Obligation December 31, 2020	<u>\$ 94,281</u>

The amounts reported by the State deferred outflows of resources and deferred inflows of resources related to OPEB expense are as follows:

Year ended June 30:	Net Amount Recognized in OPEB Expense
2021	\$ 68,857
2022	66,371
2023	34,142
2024	4,208
2025	2,104
Total deferred outflows and inflows	<u>\$ 175,682</u>

NOTE 6 - LINE OF CREDIT

The Commission has a line of credit with a borrowing limit of \$50,000. At December 31, 2019, the annual interest rate was 7.5% and the Commission had no outstanding balance. The Commission did not renew the line of credit in January of 2020 as it expired. The line of credit has not been renewed as of April 30, 2021.

NOTE 7 - PER DIEM PAID TO COMMISSIONERS

The Commission members are not paid for their services.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

The Commission owes the State of Louisiana Office of Risk Management \$187,994 in unpaid insurance premiums at December 31, 2020. There is currently no payment plan in place. The Commission makes additional payments as funds are available.

NOTE 9 - PAYROLL PROTECTION PROGRAM (PPP)

On April 15, 2020, the Commission received loan proceeds in the amount of \$74,867 under the PPP. The PPP, established as a part of the CARES Act, provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying businesses. The loans and accrued interest may be forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, certain employee benefits, rent and utilities, and maintains certain payroll levels. The amount of loan forgiveness may be reduced if the borrower terminates employees or reduces salaries during the forgiveness period.

On December 28, 2020, the Commission's loan was forgiven in full as a result of the Commission meeting the required criteria for loan forgiveness as stated in the paragraph above. The Commission recognized the forgiveness as governmental grants and contributions revenue of \$74,867 for the fiscal year ended December 31, 2020.

Subsequent Events

On January 29, 2021, the Commission received loan proceeds in the amount of \$74,867 under the second round of the PPP, which is also subject to the terms disclosed above.

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

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

December 31, 2020

LAST TEN FISCAL YEARS (1)

	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
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 3.50% as of July 1, 2019 to 2.21% as of July 1, 2020. 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 2.21% and 3.50% are based on the S&P Municipal Bond 20-Year High Grade Rate Index as of June 30, 2020.

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

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

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

For the year ended December 31, 2020

Agency Head: Rosehn Gipe, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 76,731
Benefits - insurance	4,823
Benefits - retirement	<u>3,837</u>
Total	<u>\$ 85,391</u>

**INDEPENDENT AUDITORS' 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
State of Louisiana
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, 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, 2020, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated April 30, 2021.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free 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 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 did not identify any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
April 30, 2021

LOUISIANA NAVAL WAR COMMISSION

Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2020

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.**

Material weaknesses: **None.**

- C) Noncompliance that is material to the financial statements: **None.**
- 2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **None.**
 - 3) Non-compliance with state laws and regulations: **None.**

LOUISIANA NAVAL WAR COMMISSION

Baton Rouge, Louisiana

SUMMARY OF FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2020

4) FINDINGS - FINANCIAL STATEMENT AUDIT

None.

LOUISIANA NAVAL WAR COMMISSION

SUMMARY OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2020

5) FINDINGS - FINANCIAL STATEMENT AUDIT

2019-001: Segregation of Duties

This matter is considered resolved.

2019-002: Public Bid Law

This matter is considered resolved.