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**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2003 AND 2002**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-14-04

**JOHN D. BUTLER & COMPANY**  
A PROFESSIONAL ACCOUNTING CORPORATION  
P. O. BOX 30  
BAKER, LOUISIANA 70704-0030  

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**(225) 775-4982**

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STATE OF LOUISIANA**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2003 AND 2002**

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
FINANCIAL STATEMENTS  
AS OF AND FOR THE TWO YEARS ENDED DECEMBER 31, 2003  
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

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**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
FINANCIAL STATEMENTS  
AS OF AND FOR THE TWO YEARS ENDED DECEMBER 31, 2003  
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

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**FINANCIAL STATEMENTS**

JOHN D. BUTLER & COMPANY  
A PROFESSIONAL ACCOUNTING CORPORATION  
P. O. BOX 30  
BAKER, LOUISIANA 70704-0030  

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(225) 775-4982

**INDEPENDENT AUDITORS' REPORT**

May 13, 2004

Board of Commissioners of the  
Louisiana Naval War Memorial Commission  
Department of Culture, Recreation and Tourism  
State of Louisiana  
305 South River Road  
Baton Rouge, Louisiana 70802

We have audited the accompanying basic financial statements of the Louisiana Naval War Memorial Commission as of December 31, 2003, and for the two years then ended, as listed in the table of contents. These basic financial statements are the responsibility of the Louisiana Naval War Memorial Commission's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Naval War Memorial Commission as of December 31, 2003, and the results of its operations and cash flows of its proprietary fund types for the two years then ended in conformity with accounting principles generally accepted generally accepted in the United States of America.

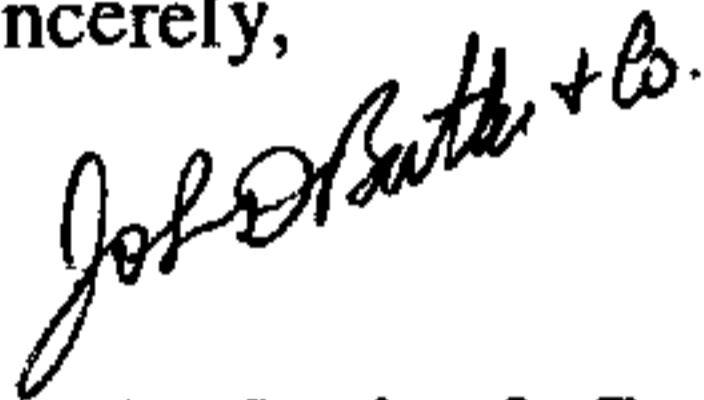
Board of Commissioners of the  
Louisiana Naval War Memorial Commission  
Department of Culture, Recreation and Tourism  
State of Louisiana  
May 13, 2004  
Page Two

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2004, on our consideration of the Louisiana Naval War Memorial Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Sincerely,



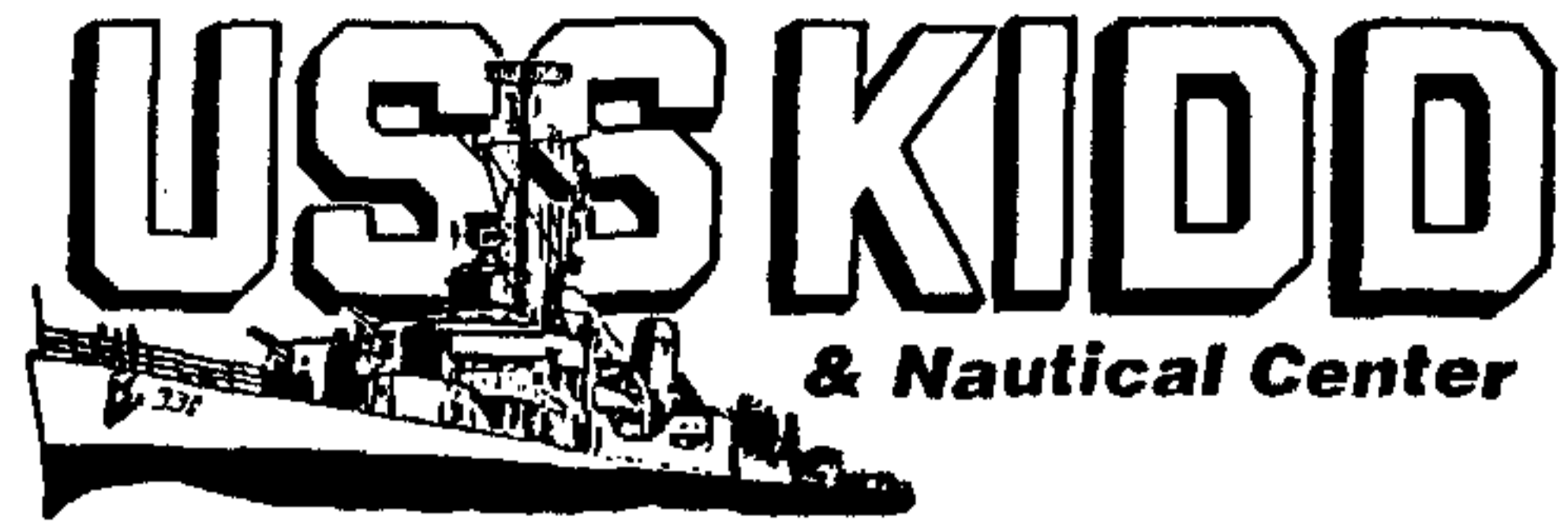
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**REQUIRED SUPPLEMENTAL INFORMATION**  
**(PART 1 OF 2)**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of this section is to offer management's discussion and analysis of the Louisiana Naval War Memorial Commission, Department of Culture, Recreation and Tourism of the State of Louisiana's (hereafter referred to as the Commission) financial performance during the two years ended December 31, 2003. It should be read in conjunction with the financial report taken as a whole.

### **Overview of the Financial Statement Presentation**

These financial statements are comprised of three components – (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. There is also other supplementary information contained in this report provided for additional information. These statements include the Louisiana War Veterans Foundation as a component unit. This fund is reported as a special revenue fund in the government-wide and fund financial statements. It is separately reported under standards for non-profit organizations in the supplementary information section.

### **Highlights of the Commission as a Whole**

The years 2002 and 2003 saw our highest ever attendance for Overnight Camping since the program began in 1984 with nearly 6,000 children in 2002 and over 5,600 in 2003. Our investment in purchasing a dog tag machine in early 2003 for the Gift Shop paid off in a big way with this new item paying for itself in just under one year.

The KIDD received a huge public-relations coup in the form of the HMS BOUNTY port visit. This tall ship called on Baton Rouge in December 2002 and, due to the amount of sponsorship funds raised, was open to the public for fourteen (14) days free of charge. We were able to coordinate holiday activities with attractions in the immediate area so that visitors could tour the BOUNTY and then receive discounted rates for touring the KIDD, the Old State Capitol, and the Louisiana Arts & Sciences Museum, or for going ice skating at the Riverside Centroplex. Over 25,000 people toured the riverfront during the Christmas holidays.

We added two new dates to our event calendar in 2002: Patriot day (Sept. 11) and Armed Forces Day (3<sup>rd</sup> Saturday in May). Both observances have been well received by the public with good attendance for Armed Forces Day each year, in spite of the threat of rain in 2003. The Louisiana Purchase Bicentennial Hot Air Balloon Festival allowed us an opportunity – as a sponsor – to spread the word about the Memorial and our Foundation.

Several capital improvements to the facility during these two years has been replacing and updating our building signage, replacing a sewage line leading from the ship to shore, rebuilding tow (2) sewage pumps aboard ship, improving the look of our museum lobby, updating our audio-visual systems in the museum, and the addition of a Korean War monument, courtesy of the Korean War Veterans Association, Chapter 230.

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
DECEMBER 31, 2003**

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**Government-wide Financial Statements.** The government-wide financial statements, beginning on page 8, present financial information for all activities of the Commission from an economic resources measurement focus using the accrual basis of accounting. These provide both short-term and long-term information about the Commission's overall financial status. They include a statement of net assets and statement of activities.

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

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

Both government-wide financial statements distinguish functions of the Commission that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Commission include activities related to its Foundation.

The government-wide financial statements can be found on pages 11-13 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Commission has two categories of funds: governmental and proprietary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements except that the focus with fund statements is to provide a distinct view of the Commission's governmental funds only. These statements report short-term fiscal accountability emphasizing the use of spendable resources during the year and balances of spendable resources available at the end of the year.

Because the view of governmental funds is short-term and the view of the government-wide financial statements is long-term, it is useful to compare these two perspectives. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provides reconciliation to the government-wide statements to assist in understanding the differences between the two viewpoints.

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
DECEMBER 31, 2003**

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Budgetary comparison schedules are included for governmental funds under required supplementary information – part 2 of 2. These schedules indicate the Commission's compliance with its adopted and final revised budgets.

***Proprietary Funds.*** These fund types report services for which fees are charged. The Commission has one proprietary fund classified as an enterprise fund. Enterprise funds encompass the same functions reported as business-type activities in the government-wide statements. For the Commission, this includes the operation of the museum, ship and gift shop.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

The fund financial statements can be found on pages 15-23 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The index of the notes is found on page 25 with the actual notes beginning immediately afterwards.

***Other information.*** In addition to the general-purpose financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Commission's budgetary comparisons on page 37.

#### **Financial Analysis of the Commission**

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

LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
DECEMBER 31, 2003

SUMMARY OF NET ASSETS

	Governmental Activities				Business-type Activities				Totals		
	2003	2002	2001	2003	2002	2001	2003	2002	2001	2002	2001
<b>Assets</b>											
Current and other assets	\$ 204,672.51	\$ 262,057.48	\$ 248,298.60	\$ 51,214.75	\$ 81,173.99	\$ 88,345.00	\$ 255,887.26	\$ 343,231.47	\$ 336,643.60	\$ 343,231.47	\$ 336,643.60
Restricted assets	67,036.10	54,749.84	63,493.34	1,485.89	2,076.40	37.14	68,521.99	56,826.24	63,530.48	56,826.24	63,530.48
Capital assets, net	.00	.00	.00	3,072,493.23	3,170,407.77	3,269,803.82	3,072,493.23	3,470,407.77	3,269,803.82	3,470,407.77	3,269,803.82
Total Assets	271,708.61	316,807.32	311,791.94	3,125,193.87	3,253,658.16	3,358,185.96	3,396,902.48	3,570,465.48	3,669,977.90	3,570,465.48	3,669,977.90
<b>Liabilities</b>											
Current liabilities	450.00	750.00	2,550.00	15,702.98	17,612.41	11,989.69	16,152.89	18,362.41	14,539.69	18,362.41	14,539.69
Long-term liabilities	.00	.00	.00	19,762.69	23,080.21	22,548.79	19,762.69	23,080.21	22,548.79	23,080.21	22,548.79
Total Liabilities	450.00	750.00	2,550.00	35,465.67	40,692.53	34,538.48	35,915.67	41,442.62	37,088.48	41,442.62	37,088.48
<b>Net Assets</b>											
Invested in capital assets, net of related debt	.00	.00	.00	3,072,493.23	3,170,407.77	3,269,803.82	3,072,493.23	3,170,407.77	3,269,803.82	3,170,407.77	3,269,803.82
Restricted	67,289.87	54,803.25	63,546.59	1,485.89	2,076.40	37.14	68,775.76	56,879.65	63,583.73	56,879.65	63,583.73
Unrestricted	203,968.74	261,254.07	245,695.35	15,749.08	40,481.46	53,806.52	219,717.82	301,735.53	299,501.87	301,735.53	299,501.87
Total Net Assets	271,258.61	316,057.32	309,241.94	3,089,728.20	3,212,965.63	3,323,647.48	3,360,986.81	3,529,022.95	3,632,889.42	3,529,022.95	3,632,889.42

Positive balance in net assets were reported for both governmental and business-type activities. Governmental activities reported an increase in net assets in 2002, of \$6,815 while it reported a decrease of \$44,799 in 2003. The decrease was a result of increased transfers to business-type activities to fund needed repairs/upgrades.

Business-type activities included decreases in net assets in both 2002 and 2003, of \$110,682 and \$123,237, respectively. These can be attributed to repairs necessary to sewer lines as well as other upgrades required within the museum and aboard ship.

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
DECEMBER 31, 2003**

A summary of changes in net assets is as follows:

**SUMMARY OF CHANGES IN NET ASSETS**

	Governmental Activities			Business-type Activities			Totals		
	2003	2002	2001	2003	2002	2001	2003	2002	2001
<b>Revenues</b>									
Charges for services	\$ 59,310.25	\$ 69,847.00	\$ 58,103.95	\$ 501,909.18	\$ 509,533.30	\$ 497,567.85	\$ 561,219.43	\$ 579,380.30	\$ 555,671.80
Operating grants/contributions	28,500.00	93,685.30	32,351.52	140,080.62	142,780.56	147,076.10	168,580.62	236,435.86	179,427.62
Capital grants/contributions	13,495.89	1,446.25	.00	.00	.00	.00	13,495.89	1,446.25	.00
General revenues:									
Interest earned	7,081.77	8,975.53	12,211.25	.00	.00	.00	7,081.77	8,975.53	12,211.25
Total Revenues	108,387.91	173,954.08	102,666.72	641,989.80	652,283.86	644,643.95	750,377.71	826,237.94	747,310.67
<b>Expenses</b>									
General government	15,481.55	12,814.81	15,537.98	.00	.00	.00	15,481.00	12,814.81	15,537.98
Education	.00	.00	1,448.15	.00	.00	.00	.00	.00	1,448.15
Endowment	913.52	10,095.89	6,688.38	.00	.00	.00	913.52	10,095.89	6,688.38
Culture/recreation	40,491.55	108,233.00	49,840.25	.00	.00	.00	40,491.55	108,233.00	49,840.25
Gift shop	.00	.00	.00	167,088.30	171,839.29	162,561.47	167,088.30	171,839.29	162,561.47
Camping/reunions	.00	.00	.00	52,337.94	60,138.18	39,996.46	52,337.94	60,138.18	39,996.46
Ship/nautical center	.00	.00	.00	642,100.99	566,983.24	550,079.90	642,100.99	566,983.24	550,007.90
Total Expenses	56,886.62	131,143.70	73,514.76	861,527.23	798,960.71	752,565.83	918,413.85	930,104.41	826,080.59
<b>Change in net assets</b>	51,501.29	42,810.38	29,151.96	(219,537.43)	(146,676.85)	(107,921.88)	(168,036.14)	(103,866.47)	(78,769.92)
Transfers	(96,300.00)	(35,995.00)	(9,000.00)	96,300.00	35,995.00	9,000.00	.00	.00	.00
Net assets, beginning	316,057.32	309,241.94	289,089.98	3,212,965.63	3,323,647.48	3,422,569.36	3,529,022.95	3,632,889.42	3,711,659.34
Net Assets, Ending	271,258.61	316,057.32	309,241.94	3,089,728.20	3,212,965.63	3,323,647.48	3,360,986.81	3,529,022.95	3,632,889.42

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
DECEMBER 31, 2003**

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**Budgetary Highlights**

The Special Revenue Fund realized \$117,954 additional revenues than anticipated in 2002. Expenditures, however, exceeded budgeted amounts by \$117,379. Expenditures related to the endowment and special events are not budgeted causing this discrepancy. In 2003, revenues were greater than budgeted by \$59,388 while expenditures were greater than budget by \$46,967.

**Capital Asset and Debt Administration**

*Capital Assets:* The Commission's investment in capital assets, net of accumulated depreciation, at December 31, 2002 and 2003, was \$3,170,408 and \$3,072,493, respectively. Additions in 2002 included computers, printers and a new phone system. Additions in 2003 consisted of chairs and a dog tag machine. All assets were properly recorded with the State of Louisiana and a detailed list is maintained.

Capital assets at year-end are summarized as follows:

	<b>CAPITAL ASSETS</b>		
	<b>Net of Accumulated Depreciation</b>		
	<b>Business-Type Activities</b>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
Non-depreciable Assets:			
Land	\$ 268,500.00	\$ 268,500.00	\$ 268,500.00
Depreciable Assets:			
U.S.S. Kidd (destroyer)	1,058,736.00	1,101,085.44	1,143,434.88
Museum	1,717,716.11	1,779,913.98	1,842,111.85
Furniture/equipment	27,541.12	20,908.35	15,757.09
Total	<u>3,072,493.23</u>	<u>3,170,407.77</u>	<u>3,269,803.82</u>

*Long-Term Debt:* The Commission currently has no long-term debt with the exception of compensated absences of \$19,762.69, \$23,080.12 and \$22,548.79 at December 31, 2003, 2002 and 2001, respectively.

**Economic Environment and Next Year's Budget**

For 2005, we expect an increase in attendance due to the American Bowlers Association national tournament that will be held over the first six months of the year. Additionally, the Hot Air Balloon festival will return in late July and a planned visit by HMS BOUNTY should boost attendance figures in the early fall. Construction on the Baton Rouge River Center (formerly the Centroplex) should be completed by December 2004 as well as street realignment and the completion of Columbus Plaza fronting the museum. With all of this out of the way, the construction stigma should disappear, allowing visitors to access the facility unimpeded.

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
DECEMBER 31, 2003**

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An increase in attendance should also be enhanced by additional visits by the Delta Queen Steamboat Co. Visits in 2004 and 2005 are expected to increase from 60 to approximately 120.

Work still continues to acquire a new computer system and software to bring our collections (artifact) management up-to-date, as well as our Foundation membership database. With memberships in the Foundation shrinking, an effort has been underway to reorganize our Board of Trustees and jump-start fundraising to provide a supplement to our normal operating income. With our major fundraiser, the Fourth of July Star-Spangled Celebration, affected by rain in 2002 and 2003, and school tour attendance being affected more often by school board restrictions, this is a necessity of the highest order.

**Request for Information**

This financial report is designed to provide a general overview of the Commission's finances, comply with finance-related laws and regulations and demonstrate the Commission's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting Maury Drummond at 305 South River Road, Baton Rouge, Louisiana 70802, 225-342-1942.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
STATEMENT OF NET ASSETS  
DECEMBER 31,2003**

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 104,672.51	\$ 22,534.00	\$ 127,206.51
Investments	100,000.00	-	100,000.00
Inventory, at cost	-	24,995.75	24,995.75
Accounts receivable, net	-	3,685.00	3,685.00
Restricted cash and cash equivalents:			
Special projects/programs	267.73	1,485.89	1,753.62
Endowment	66,768.37	-	66,768.37
Capital assets, net	-	3,072,493.23	3,072,493.23
 Total Assets	 271,708.61	 3,125,193.87	 3,396,902.48
 <u>LIABILITIES</u>			
Accounts payable	450.00	12,782.36	13,232.36
Sales tax payable	-	449.51	449.51
Payroll taxes payable	-	1,347.31	1,347.31
Compensated absences payable	-	19,762.69	19,762.69
Deferred revenue	-	1,123.80	1,123.80
 Total Liabilities	 450.00	 35,465.67	 35,915.67
 <u>NET ASSETS</u>			
Invested in capital assets, net of related debt	-	3,072,493.23	3,072,493.23
Restricted for:			
Special projects/programs	267.73	1,485.89	1,753.62
Endowment	67,022.14	-	67,022.14
Unrestricted	203,968.74	15,749.08	219,717.82
 Total Net Assets	 271,258.61	 3,089,728.20	 3,360,986.81

The accompanying notes are an integral part of this statement.

LOUISIANA NAVAL WAR MEMORIAL COMMISSISON  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2003

Functions/Programs	Program Revenues			Net Revenues (Expenses)			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General government	\$ 15,481.55	\$ 34,503.00	\$ -	\$ -	\$ 19,021.45	\$ -	\$ 19,021.45
Endowment	913.52	-	-	200.00	(713.52)	-	(713.52)
Interest earnings on endowment	-	-	-	13,295.89	13,295.89	-	13,295.89
Culture/recreation	40,491.55	24,807.25	28,500.00	-	12,815.70	-	12,815.70
<b>Total Governmental Activities</b>	<b>56,886.62</b>	<b>59,310.25</b>	<b>28,500.00</b>	<b>13,495.89</b>	<b>44,419.52</b>	<b>-</b>	<b>44,419.52</b>
<b>Business-Type Activities</b>							
Gift shop	167,088.30	179,727.48	-	-	-	12,639.18	12,639.18
Camping/reunions	52,337.94	100,591.84	-	-	-	48,253.90	48,253.90
Ship/nautical center	642,100.99	221,589.86	140,005.00	-	-	(280,506.13)	(280,506.13)
Interest earnings	-	-	75.62	-	-	75.62	75.62
<b>Total Business-Type Activities</b>	<b>861,527.23</b>	<b>501,909.18</b>	<b>140,080.62</b>	<b>-</b>	<b>-</b>	<b>(219,537.43)</b>	<b>(219,537.43)</b>
<b>Total Primary Government</b>	<b>918,413.85</b>	<b>561,219.43</b>	<b>168,580.62</b>	<b>13,495.89</b>	<b>44,419.52</b>	<b>(219,537.43)</b>	<b>(175,117.91)</b>
<b>General Revenues and Transfers</b>							
Interest earnings					7,081.77	-	7,081.77
Transfers					(96,300.00)	96,300.00	-
<b>Total General Revenues and Transfers</b>					<b>(89,218.23)</b>	<b>96,300.00</b>	<b>7,081.77</b>
<b>Change in Net Assets</b>					<b>(44,798.71)</b>	<b>(123,237.43)</b>	<b>(168,036.14)</b>
<b>Net Assets, beginning</b>					<b>316,057.32</b>	<b>3,212,965.63</b>	<b>3,529,022.95</b>
<b>Net Assets, ending</b>					<b>271,258.61</b>	<b>3,089,728.20</b>	<b>3,360,986.81</b>

The accompanying notes are an integral part of this statement

**LOUISIANA NAVAL WAR MEMORIAL COMMISSON  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 20002**

Functions/Programs	Program Revenues			Net Revenues (Expenses)			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General government	\$ 12,814.81	\$ 35,333.00	\$ -	\$ -	\$ 22,518.19	\$ -	\$ 22,518.19
Education	-	-	25,883.00	-	25,883.00	-	25,883.00
Endowment	10,095.89	-	-	-	(10,095.89)	-	(10,095.89)
Interest earnings on endowment	-	-	-	1,446.25	1,446.25	-	1,446.25
Culture/recreation	108,233.00	34,514.00	67,802.30	-	(5,916.70)	-	(5,916.70)
<b>Total Governmental Activities</b>	<b>131,143.70</b>	<b>69,847.00</b>	<b>93,685.30</b>	<b>1,446.25</b>	<b>33,834.85</b>	<b>-</b>	<b>33,834.85</b>
<b>Business-Type Activities</b>							
Gift shop	171,839.29	187,203.43	-	-	-	15,364.14	15,364.14
Camping/reunions	60,138.18	106,027.96	-	-	-	45,889.78	45,889.78
Ship/nautical center	566,983.24	216,301.91	142,685.00	-	-	(207,996.33)	(207,996.33)
Interest earnings	-	-	65.56	-	-	65.56	65.56
<b>Total Business-Type Activities</b>	<b>798,960.71</b>	<b>509,533.30</b>	<b>142,750.56</b>	<b>-</b>	<b>-</b>	<b>(146,676.85)</b>	<b>(146,676.85)</b>
<b>Total Primary Government</b>	<b>930,104.41</b>	<b>579,380.30</b>	<b>236,435.86</b>	<b>1,446.25</b>	<b>33,834.85</b>	<b>(146,676.85)</b>	<b>(112,842.00)</b>
<b>General Revenues and Transfers</b>							
Interest earnings					8,975.53	-	8,975.53
Transfers					(35,995.00)	35,995.00	-
<b>Total General Revenues and Transfers</b>					<b>(27,019.47)</b>	<b>35,995.00</b>	<b>8,975.53</b>
<b>Change in Net Assets</b>					<b>6,815.38</b>	<b>(110,681.85)</b>	<b>(103,866.47)</b>
<b>Net Assets, beginning, as restated</b>					<b>309,241.94</b>	<b>3,323,647.48</b>	<b>3,632,889.42</b>
<b>Net Assets, ending</b>					<b>316,057.32</b>	<b>3,212,965.63</b>	<b>3,529,022.95</b>

The accompanying notes are an integral part of this statement

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## **FUND FINANCIAL STATEMENTS**

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**LOUISIANA NAVAL WAR MEMORIAL COMMISSION**  
**DEPARTMENT OF CULTURE, RECREATION AND TOURISM**  
**STATE OF LOUISIANA**  
**COMPARATIVE BALANCE SHEETS**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2003 AND 2002**

	Special Revenue Fund	
	2003	2002
<b><u>ASSETS AND OTHER DEBITS</u></b>		
Cash and cash equivalents	\$ 104,672.51	\$ 162,057.48
Investments	100,000.00	100,000.00
Restricted assets:		
Cash and cash equivalents	67,036.10	54,749.84
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>271,708.61</b>	<b>316,807.32</b>
<b><u>LIABILITIES, EQUITY AND OTHER CREDITS</u></b>		
Liabilities:		
Accounts payable	450.00	750.00
Equity and Other Credits:		
Fund Balances:		
Reserved for special projects/programs	267.73	363.48
Reserved for endowment	67,022.14	54,439.77
Unreserved/undesignated	203,968.74	261,254.07
Total Equity and Other Credits	271,258.61	316,057.32
<b>TOTAL LIABILITIES, EQUITY AND OTHER CREDITS</b>	<b>271,708.61</b>	<b>316,807.32</b>

The accompanying notes are an integral part of this statement.

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
DECEMBER 31, 2003**

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Total Fund Balances – Total Governmental Funds	\$ 271,258.61
--	---------------

Amounts reported for governmental activities in the Statement of Net Assets are different because:

There were no activities during the year that were treated differently in preparing the government-wide financial statements.

Total Net Assets – Governmental Activities	<u>271,258.61</u>
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The accompanying notes are an integral part of this statement.

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>Special Revenue Fund</u>	
	<u>2003</u>	<u>2002</u>
<b><u>REVENUES</u></b>		
Memberships	\$ 34,503.00	\$ 35,333.00
Special projects/programs	46,424.25	102,316.30
Endowment revenues	13,495.89	1,446.25
Grants/donations	6,883.00	25,883.00
Interest earned	7,081.77	8,975.53
	<hr/>	<hr/>
Total Revenues	108,387.91	173,954.08
<b><u>EXPENDITURES</u></b>		
Endowment expenses	913.52	10,095.89
Office expense	1,345.45	499.81
Postage and printing	12,936.10	8,690.00
Professional fees	1,200.00	3,625.00
Special projects/programs	40,491.55	108,233.00
	<hr/>	<hr/>
Total Expenditures	56,886.62	131,143.70
Excess of Revenues over Expenditures	51,501.29	42,810.38
<b><u>OTHER FINANCING SOURCES (USES)</u></b>		
Operating transfers out	<u>(96,300.00)</u>	<u>(35,995.00)</u>
Excess of Revenues and Other Operating Sources over Expenditures and Other Operating Uses	(44,798.71)	6,815.38
Fund Balances, beginning	<hr/> 316,057.32	<hr/> 309,241.94
Fund Balances, ending	<hr/> <u>271,258.61</u>	<hr/> <u>316,057.32</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION**  
**DEPARTMENT OF CULTURE, RECREATION AND TOURISM**  
**STATE OF LOUISIANA**  
**RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT**  
**OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2003 AND 2002**

---

	<u>2003</u>	<u>2002</u>
Net Change in Fund Balances-Total Governmental Funds	\$ (44,798.71)	\$ 6,815.38
<p>Amounts reported for governmental activities in the Statements of Activities are different because:</p> <p style="padding-left: 40px;">There were no activities during the year that were treated differently in preparing the government-wide financial statements.</p>		
	<u>-</u>	<u>-</u>
Change in Net Assets – Governmental Activities	<u>(44,798.71)</u>	<u>6,815.38</u>

The accompanying notes are an integral part of this statement.



**LOUISIANA NAVAL WAR MEMORIAL COMMISSION**  
**DEPARTMENT OF CULTURE, RECREATION AND TOURISM**  
**STATE OF LOUISIANA**  
**COMPARATIVE BALANCE SHEETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2003 AND 2002**

<u>ASSETS</u>	Enterprise Fund	
	2003	2002
<b>Current Assets</b>		
Cash and cash equivalents	\$ 22,534.00	\$ 54,081.95
Inventory, at cost	24,995.75	25,884.54
Accounts receivable, net	3,685.00	1,207.50
Restricted cash and cash equivalents	1,485.89	2,076.40
Total Current Assets	52,700.64	83,250.39
<b>Non-Current Assets</b>		
Capital Assets:		
Land	268,500.00	268,500.00
Furniture and fixtures	22,194.49	18,972.49
Equipment	69,748.05	60,253.05
U.S.S. Kidd	1,905,724.79	1,905,724.79
Building	2,805,695.30	2,805,695.30
Less: Accumulated depreciation	(1,999,369.40)	(1,888,737.86)
Total Non-Current Assets	3,072,493.23	3,170,407.77
<b>TOTAL ASSETS</b>	<b>3,125,193.87</b>	<b>3,253,658.16</b>
 <u>LIABILITIES</u>		
<b>Current Liabilities</b>		
Accounts payable	12,782.36	14,567.95
Sales tax payable	449.51	489.66
Payroll tax payable	1,347.31	1,431.00
Deferred revenue	1,123.80	1,123.80
Total Current Liabilities	15,702.98	17,612.41

Continued

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION**  
**DEPARTMENT OF CULTURE, RECREATION AND TOURISM**  
**STATE OF LOUISIANA**  
**COMPARATIVE BALANCE SHEETS(Continued)**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2003 AND 2002**

	Enterprise Fund	
	2003	2002
<b>Non-Current Liabilities</b>		
Compensated absences payable	\$ 19,762.69	\$ 23,080.12
Total Liabilities	35,465.67	40,692.53
<b><u>NET ASSETS</u></b>		
Invested in capital assets, net of related debt	3,072,493.23	3,170,407.77
Restricted for special projects/programs	1,485.89	2,076.40
Unrestricted	15,749.08	40,481.46
Total Net Assets	3,089,728.20	3,212,965.63
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>3,125,193.87</b>	<b>3,253,658.16</b>

The accompanying notes are an integral part of this statement.

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
YEARS ENDED DECEMBER 31, 2003 AND 2002**

	Enterprise Fund	
	2003	2002
<b>OPERATING REVENUES</b>		
Admissions	\$ 186,791.33	\$ 189,566.60
Sales	179,727.48	187,203.43
Programs	100,591.84	106,027.96
Special events	-	91.11
Other operating revenues	14,807.93	8,018.60
Total Operating Revenues	481,918.58	490,907.70
<b>OPERATING EXPENSES</b>		
Salaries and related benefits	382,491.97	356,962.27
Purchases	86,925.63	93,964.10
Administrative	78,369.93	87,343.34
Maintenance and supplies	163,452.96	115,520.11
Programs	30,418.87	17,844.84
Special events	9,236.33	17,991.00
Depreciation	110,631.54	109,335.05
Total Operating Expenses	861,527.23	798,960.71
Operating Loss	(379,608.65)	(308,053.01)
<b>NON-OPERATING REVENUE (EXPENSES)</b>		
Interest income	75.62	65.56
Grant proceeds	140,005.00	142,685.00
Leases and fees	19,990.60	18,625.60
Total Non-Operating Revenues (Expenses)	160,071.22	161,376.16
Loss Before Operating Transfers	(219,537.43)	(146,676.85)
<b>OPERATING TRANSFERS</b>		
Transfers In	96,300.00	35,995.00
Change in Net Assets	(123,237.43)	(110,681.85)
Net Assets, beginning	3,212,965.63	3,323,647.48
Net Assets, ending	3,089,728.20	3,212,965.63

The accompanying notes are an integral part of this statement.

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
COMPARATIVE STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS  
YEARS ENDED DECEMBER 31, 2003 AND 2002**

	Enterprise Fund	
	2003	2002
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 479,441.08	\$ 492,052.70
Cash paid to employees for services	(385,809.40)	(356,430.94)
Cash paid to suppliers for goods and services	(369,424.36)	(331,926.50)
Net Cash Used for Operating Activities	(275,792.68)	(196,304.74)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Grants received	140,005.00	142,685.00
Leases and docking fees received	19,990.60	18,625.60
Transfers	96,300.00	35,995.00
Net Cash Provided by Non-Capital Financing Activities	256,295.60	197,305.60
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(12,717.00)	(9,939.00)
Interest received	75.62	65.56
Net Cash Used for Investing Activities	(12,641.38)	(9,873.44)
Net Decrease in Cash and Cash Equivalents	(32,138.46)	(8,872.58)
Cash and Cash Equivalents, Beginning of Year	56,158.35	65,030.93
Cash and Cash Equivalents, End of Year	24,019.89	56,158.35

Continued

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION**  
**DEPARTMENT OF CULTURE, RECREATION AND TOURISM**  
**STATE OF LOUISIANA**  
**COMPARATIVE STATEMENTS OF CASH FLOWS (Continued)**  
**PROPRIETARY FUNDS**  
**YEARS ENDED DECEMBER 31, 2003 AND 2002**

	Enterprise Fund	
	2003	2002
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:</b>		
Operating loss	\$ (379,608.65)	\$ (308,053.01)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation	110,631.54	109,335.05
(Increase) decrease in assets:		
Inventory	888.79	(4,885.83)
Accounts receivable	(2,477.50)	1,145.00
Increase (decrease) in liabilities:		
Accounts payable	(1,825.74)	5,421.47
Payroll taxes payable	(83.69)	201.25
Compensated absences	(3,317.43)	531.33
Net Cash Used for Operating Activities	(275,792.68)	(196,304.74)

The accompanying notes are an integral part of this statement.

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**NOTES TO FINANCIAL STATEMENTS**

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**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
INDEX TO NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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**INTRODUCTION**

The Louisiana Naval War Memorial Commission is a component unit of the State of Louisiana, created within the Louisiana Department of Culture, Recreation and Tourism, as provided by Louisiana Revised Statute 25:1000-1003. The Commission is composed of 17 members, one of whom is the Secretary of the Department of Culture, Recreation and Tourism or his designee, the Director of Veterans Affairs and 15 members appointed by the Governor. The Commissioners are not paid for their services.

The Commission was given 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 naval and marine corps memorial and any improvements and exhibits located thereon and any additions constructed, created, leased, acquired or erected in connection herewith.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The following is a summary of certain significant accounting policies:

**Financial Reporting Entity:** Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Commission is considered a component unit of the State of Louisiana because the State exercises oversight responsibility in that the Governor appoints the majority of the Commission members and public service is rendered within the State's boundaries. The accompanying financial statements present the transactions of the Louisiana Naval War Memorial Commission and its blended component unit, the Louisiana Veterans' War Memorial Foundation, as required by generally accepted accounting principles.

**Government-wide Accounting:** In accordance with Government Accounting Standards Boards Statement No. 34, the Commission has presented a statement of net assets and statement of activities for the Commission as a whole. These statements include the primary government and its component units, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general



**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

*Eliminating Internal Activity*

Interfund receivables and payable are eliminated in the statement of net assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function are eliminated in the statement of activities. Allocated expenses are reported by the function to which they were allocated.

*Application of FASB Statements and Interpretations*

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

*Capitalizing Assets*

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the statement of net assets.

Using the requirements of GASB Statement No. 34, the Commission is considered a Phase 3 government as its total annual revenues are less than \$10 million. Such governments are not required to report major general infrastructure assets retroactively. The Commission has opted not to retroactively report these types of capital assets.

*Program Revenues*

The Statement of Activities presents three categories of program revenues – (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. The Commission did not receive any capital grants/contributions and, therefore, this column is eliminated. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the Commission. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are reserved for a specific use.

*Indirect Expenses*

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the Commission has chosen not to do so.

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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*Operating Revenues*

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

*Reserved Net Assets*

Reserved net assets are those for which a constraint has been imposed either externally or by law. The Commission recognized the use of reserved resources for expenditures that comply with the specific restrictions. Reserved resources are exhausted before unreserved net assets are used.

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

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

**Governmental Funds:** Governmental funds account for all or most of the Commission's general activities, including the collection and disbursement of specific or legally reserved monies, the acquisition or construction of general fixed assets, and the servicing of generally long-term obligations. Governmental funds include:

1. Special Revenue Funds - account for the proceeds of specific revenue sources that are legally reserved to expenditures for specific purposes.

**Proprietary Funds:** Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

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

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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**Basis of Accounting/Measurement Focus:** The accounting and financial reporting treatment applied to a fund is determined by the type of financial statement presentation.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental and business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the statement of activities. In these statements, capital assets are reported and depreciated in each fund.

This same measurement focus and basis of accounting is used by proprietary funds in the fund statements. However, all governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements present increases and decreases in net current assets. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

**Budgets and Budgetary Accounting:** The Commission adopts an annual budget for all of its funds. It is prepared in accordance with the basis of accounting utilized by that fund. Any revisions that alter the total expenditures must be approved by the Board. Budgeted amounts shown are as originally adopted and as amended by the Board. Budget amendments are passed on an as-needed basis. A balanced budget is required.

**Cash and Cash Equivalents:** Cash includes amounts in demand deposits, interest bearing demand deposits and certificates of deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. 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.

**Investments:** Investments are limited by La. R.S. 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. All investments of the Commission are certificates of deposit held at Edward Jones & Co., and the fair value is determined by the face value of the certificate.

**Inventory:** Inventory is stated at cost (first-in, first-out) and is maintained through utilization of a perpetual system. A physical count is made at the end of each year. Any adjustments to ending inventory valuation is investigated and the appropriate adjustment is made.

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

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

**Restricted Assets:** Certain proceeds of enterprise funds are classified as restricted assets on the balance sheet because their use is limited.

**Capital Assets:** The Commission's assets are recorded at historical cost. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Buildings	40 years	Vehicles	7-10 years
Equipments	4-10 years	Infrastructure	40-50 years
Office furniture	5-7 years		

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34 which requires the inclusion of infrastructure assets used in governmental activities in the basic financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the Commission has elected to not report its governmental infrastructure retroactively. From this point forward, the Commission will use the basic approach to infrastructure reporting for its governmental activities when applicable.

**Compensated Absences:** At December 31, 2003, employees of the Commission had accumulated and vested \$19,762.69 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.150.

**Long-Term Obligations:** In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the statement of net assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

**Net Assets/Fund Balances:** In the statements of net assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets is as follows:

*Invested in Capital Assets, Net of Related Debt*

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

*Restricted Net Assets*

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

LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003

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*Unrestricted Net Assets*

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

In the Balance Sheet of governmental funds, fund balances are segregated as follows:

*Reserved*

These resources are segregated because their use is earmarked for a specific use.

*Unreserved*

This category represents that portion of equity not appropriable for expenditures or legally segregated for a specific future use.

**Interfund Transactions:** All interfund transactions except quasi-external transactions, are reported as operating transfers. These are eliminated in the government-wide statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at December 31, 2003:

	Special Revenue Fund	Enterprise Fund
Demand deposits	\$ .00	\$ 20,734.00
Interest-bearing demand deposits	2,542.20	1,485.89
Money market savings	169,166.41	.00
Petty cash	<u>.00</u>	<u>1,800.00</u>
Total	<u>171,708.61</u>	<u>24,019.89</u>

These deposits are stated at cost, which approximates market. Under State law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding, or custodial bank that is mutually acceptable to both parties.

At December 31, 2003, the Commission had \$32,571 in deposits (collected bank balances), which are fully insured by federal deposit insurance. At December 31, 2003, the Foundation (Special Revenue Fund) had \$104,665 (collected bank balances), which are secured from risk by \$200,000 of federal deposit insurance.

Reserved cash of the Foundation (Special Revenue Fund) in the amount of \$66,738.37 is held at the Baton Rouge Area Foundation. These funds have been placed in a diversified investment pool which realized a return in 2003, of approximately 25%. They are considered cash equivalents.

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION**  
**DEPARTMENT OF CULTURE, RECREATION AND TOURISM**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2003**

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**NOTE 3 – INVESTMENTS**

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the entity's or its agent in the entity's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name; or
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

All investments of the Foundation fall within category 1. The balances at December 31, 2003, are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Carrying Amount</u>
Certificate of Deposit	<u>\$100,000.00</u>	<u>\$100,000.00</u>	<u>\$100,000.00</u>

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, La. R.S. 39:1229 imposes a statutory requirement of the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposit funds upon demand.

**NOTE 4 – RECEIVABLES**

The following is a summary of receivables at December 31, 2003:

<u>Class of Receivable</u>	<u>Enterprise Fund</u>
Accounts:	
Admissions	<u>\$ 3,685.00</u>

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity of the enterprise fund (business-type activities) for the year ended December 31, 2003, is as follows:

	Balance <u>1/1/03</u>	<u>Additions</u>	<u>Retirement</u>	Balance <u>12/31/03</u>
Capital Assets, not being depreciated				
Land	\$ 268,500.00	\$ .00	\$ .00	\$ 268,500.00
Capital Assets, being depreciated				
U.S.S. Kidd (destroyer)	1,905,724.79	.00	.00	1,905,724.79
Less: accumulated depreciation	<u>(804,639.35)</u>	<u>(42,349.44)</u>	<u>.00</u>	<u>(846,988.79)</u>
Total Ship	1,101,085.44	(42,349.44)	.00	1,058,736.00
Museum	2,805,695.30	.00	.00	2,805,695.30
Less: accumulated depreciation	<u>(1,025,781.32)</u>	<u>(62,197.87)</u>	<u>.00</u>	<u>(1,087,979.19)</u>
Total Buildings	1,779,913.98	(62,197.87)	.00	1,717,716.11
Furniture and equipment	79,225.54	12,717.00	.00	91,942.54
Less: accumulated depreciation	<u>(58,317.19)</u>	<u>(6,084.23)</u>	<u>.00</u>	<u>(64,401.42)</u>
Total Furniture/Equipment	<u>20,908.35</u>	<u>6,632.77</u>	<u>.00</u>	<u>27,541.12</u>
Total Capital Assets, being depreciated	<u>2,901,907.77</u>	<u>(97,914.54)</u>	<u>.00</u>	<u>2,803,993.23</u>
Total Capital Assets, net	<u>3,170,407.77</u>	<u>(97,914.54)</u>	<u>.00</u>	<u>3,072,493.23</u>

**NOTE 6 – PENSION PLAN**

All employees of the Commission are members of the Federal Social Security System in which they contribute 7.65% of their gross salaries and the Commission matches their contribution. Contributions to this plan were \$21,954.46 in 2002 and \$23,059.80 in 2003.

Full-time employees are also eligible to participate in the Louisiana Deferred Compensation Program adopted under the provisions of Internal Revenue Code Section 457. Through this plan, employees voluntarily contribute a percentage of their salary while the Commission matches it up to the first 5% of gross salaries. The benefit cost the Commission \$8,902.16 in 2002 and \$9,839.09 in 2003. Disclosures relating to this state-wide plan are available in the financial statements of the State of Louisiana.

LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003

NOTE 7 – LONG-TERM OBLIGATIONS

The Commission's only long-term obligations consist of compensated absences in the amount of \$23,080.12 and \$19,762.69 at December 31, 2002 and 2003, respectively.

NOTE 8 – ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at December 31, 2003:

<u>Class of Payables</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund</u>
Accounts	\$ 450.00	\$ 12,782.36
Sales tax	.00	449.51
Withholding and payroll taxes	.00	1,347.31
Compensated absences	<u>.00</u>	<u>19,762.69</u>
Total	<u>450.00</u>	<u>34,341.87</u>

NOTE 9 – DEFERRED REVENUE

For business-type activities, the January of 2004 lease payment of \$1,123.80 from Jazz Enterprises is recorded as deferred revenue as it was received in the latter part of 2003.

NOTE 10 – PROPRIETARY FUND SEGMENT INFORMATION

Segment information for the year ended December 31, 2003, is as follows:

	<u>2003</u>	<u>2002</u>
Current assets	\$ 52,700.64	\$ 83,250.39
Capital assets, net	<u>3,072,493.23</u>	<u>3,170,407.77</u>
Total Assets	3,125,193.87	3,253,658.16
Current liabilities	15,702.98	17,612.41
Long-term liabilities	<u>19,762.69</u>	<u>23,080.12</u>
Total Liabilities	<u>35,465.67</u>	<u>40,692.53</u>
Invested in capital assets, net of related debt	3,072,493.23	3,170,407.77
Restricted	1,485.89	2,076.40
Unrestricted	<u>15,749.08</u>	<u>40,481.46</u>
Total Net Assets	<u>3,089,728.20</u>	<u>3,212,965.63</u>



**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003**

	<u>2003</u>	<u>2002</u>
Operating Revenue	\$ 481,918.58	\$ 490,907.70
Operating Expenses	(750,895.69)	(689,625.66)
Depreciation	<u>(110,631.54)</u>	<u>(109,335.05)</u>
Operating Loss	(379,608.65)	(308,053.01)
Non-operating Revenues, and Transfers	<u>256,371.22</u>	<u>197,371.16</u>
Change in Net Assets	<u>(123,237.43)</u>	<u>(110,681.85)</u>

**NOTE 11 – RELATED PARTY TRANSACTIONS**

There are no related party transactions that require disclosure.

**NOTE 12 – LITIGATION**

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

**NOTE 13 – STATEMENT OF CASH FLOWS FOR PROPRIETARY FUNDS**

For purposes of the statement of cash flows of proprietary fund types, all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased are considered to be cash equivalents. The cash and cash equivalents as stated on the statement of cash flows at December 31, 2003 is as follows:

	<u>Enterprise Fund</u>
Unrestricted	\$ 22,534.00
Restricted	<u>1,485.89</u>
Total	<u>24,019.89</u>

**NOTE 14 – SUBSEQUENT EVENTS**

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

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**REQUIRED SUPPLEMENTAL INFORMATION**  
**(PART 2 OF 2)**

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**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 2003**

	Budgeted		Actual	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
<b><u>REVENUES</u></b>				
Memberships	\$ 40,000.00	\$ 40,000.00	\$ 34,503.00	\$ (5,497.00)
Special projects/programs	-	-	46,424.25	46,424.25
Endowment revenues	-	-	13,495.89	13,495.89
Grants/donations	-	-	6,883.00	6,883.00
Interest earned	9,000.00	9,000.00	7,081.77	(1,918.23)
<b>Total Revenues</b>	<b>49,000.00</b>	<b>49,000.00</b>	<b>108,387.91</b>	<b>59,387.91</b>
<b><u>EXPENDITURES</u></b>				
Endowment expenses	-	-	913.52	(913.52)
Office expense	120.00	120.00	1,345.45	(1,225.45)
Postage and printing	8,000.00	8,000.00	12,936.10	(4,936.10)
Professional fees	1,800.00	1,800.00	1,200.00	600.00
Special projects/programs	-	-	40,491.55	(40,491.55)
<b>Total Expenditures</b>	<b>9,920.00</b>	<b>9,920.00</b>	<b>56,886.62</b>	<b>(46,966.62)</b>
<b>Excess of Revenues over Expenditures</b>	<b>39,080.00</b>	<b>39,080.00</b>	<b>51,501.29</b>	<b>12,421.29</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Operating transfers out	(9,000.00)	(60,900.00)	(96,300.00)	(35,400.00)
<b>Excess of Revenues and Other Operating Sources over Expenditures and Other Operating Uses</b>	<b>30,080.00</b>	<b>(21,820.00)</b>	<b>(44,798.71)</b>	<b>(22,978.71)</b>
<b>Fund Balances, beginning</b>	<b>316,057.00</b>	<b>316,057.00</b>	<b>316,057.32</b>	<b>0.32</b>
<b>Fund Balances, ending</b>	<b>346,137.00</b>	<b>294,237.00</b>	<b>271,258.61</b>	<b>(22,978.39)</b>

The accompanying notes are an integral part of this statement.

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION**  
**DEPARTMENT OF CULTURE, RECREATION AND TOURISM**  
**STATE OF LOUISIANA**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUNDS**  
**YEAR ENDED DECEMBER 31, 2002**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Memberships	\$45,000.00	\$ 45,000.00	\$ 35,333.00	\$ (9,667.00)
Special projects/programs	-	-	102,316.30	102,316.30
Endowment revenues	-	-	1,446.25	1,446.25
Grants/donations	-	-	25,883.00	25,883.00
Interest earned	11,000.00	11,000.00	8,975.53	(2,024.47)
<b>Total Revenues</b>	<b>56,000.00</b>	<b>56,000.00</b>	<b>173,954.08</b>	<b>117,954.08</b>
<b><u>EXPENDITURES</u></b>				
Endowment expenses	-	-	10,095.89	(10,095.89)
Office expense	140.00	140.00	499.81	(359.81)
Postage and printing	10,000.00	10,000.00	8,690.00	1,310.00
Professional fees	3,625.00	3,625.00	3,625.00	-
Special projects/programs	-	-	108,233.00	(108,233.00)
<b>Total Expenditures</b>	<b>13,765.00</b>	<b>13,765.00</b>	<b>131,143.70</b>	<b>(117,378.70)</b>
<b>Excess of Revenues over Expenditures</b>	<b>42,235.00</b>	<b>42,235.00</b>	<b>42,810.38</b>	<b>575.38</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Operating transfers out	(9,000.00)	(29,700.00)	(35,995.00)	(6,295.00)
<b>Excess of Revenues and Other Operating Sources over Expenditures and Other Operating Uses</b>	<b>33,235.00</b>	<b>12,535.00</b>	<b>6,815.38</b>	<b>(5,719.62)</b>
<b>Fund Balances, beginning</b>	<b>309,242.00</b>	<b>309,242.00</b>	<b>309,241.94</b>	<b>(0.06)</b>
<b>Fund Balances, ending</b>	<b>342,477.00</b>	<b>321,777.00</b>	<b>316,057.32</b>	<b>(5,719.68)</b>

The accompanying notes are an integral part of this statement.

**SUPPLEMENTAL INFORMATION**

JOHN D. BUTLER & COMPANY  
A PROFESSIONAL ACCOUNTING CORPORATION  
P. O. BOX 30  
BAKER, LOUISIANA 70704-0030  

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(225) 775-4982

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

May 13, 2004

Board of Commissioners of the  
Louisiana Naval War Memorial Commission  
Department of Culture, Recreation and Tourism  
State of Louisiana  
305 South River Road  
Baton Rouge, Louisiana 70802

We have audited the financial statements of the Louisiana Naval War Memorial Commission, as of and for the two years ended December 31, 2003, and have issued our report thereon dated May 13, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

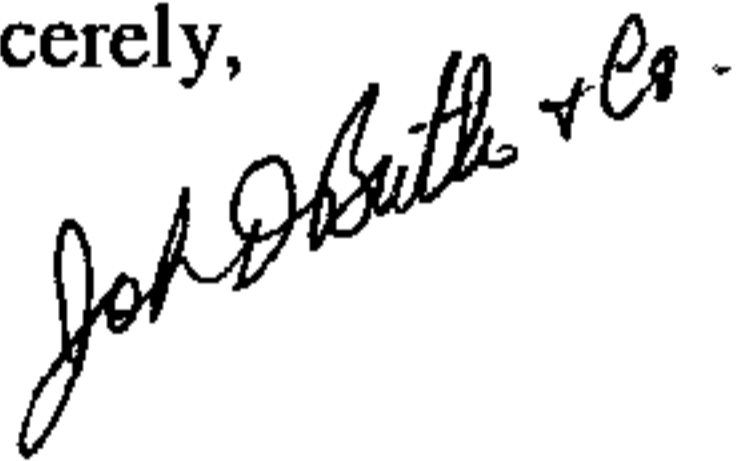
Board of Commissioners of the  
Louisiana Naval War Memorial Commission  
May 13, 2004  
Page two

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Naval War Memorial Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Louisiana Naval War Memorial Commission in a separate letter dated May 13, 2004.

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

Sincerely,



John D. Butler & Company  
A Professional Accounting Corporation

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2003**

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We have audited the financial statements of the Louisiana Naval War Memorial Commission as of and for the year ended December 31, 2003, and have issued our report thereon dated May 13, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2003, resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

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

Internal Control	Material Weakness	<input type="checkbox"/> No
	Reportable Condition	<input type="checkbox"/> No
Compliance	Compliance Material to F/S	<input type="checkbox"/> No

2. Federal Awards

N/A

**Section II Financial Statement Findings**

N/A

**Section III Federal Award Findings and Questioned Costs**

N/A



**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED DECEMBER 31, 2003**

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**Section I      Internal Control and Compliance Material to the Financial Statements**

N/A

**Section II      Internal Control and Compliance Material to Federal Awards**

N/A

**Section III     Management Letter**

N/A

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
YEAR ENDED DECEMBER 31, 2003**

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**Section I Internal Control and Compliance Material to the Financial Statements**

N/A

**Section II Internal Control and Compliance Material to Federal Awards**

N/A

**Section III Management Letter**

<p><b>M03-01 Uninsured Cash Deposits</b> <i>Recommendation:</i> To periodically review bank balances and take appropriate action when funds become uninsured</p>	<p><i>Responsible Party:</i> Maury Drummond <i>Completion Date:</i> Immediately <i>Action:</i> The Executive Director will review bank balances on a basis at least quarterly</p>
<p><b>M03-02 Travel Documentation</b> <i>Recommendation:</i> To create standard reimbursement request form to include, at a minimum, dates, place and purpose of travel; To attach all original invoices and itemize them on the form; To include all persons eating when the reimbursement includes meals</p>	<p><i>Responsible Party:</i> Maury Drummond <i>Completion Date:</i> Immediately <i>Action:</i> A policy will be implemented that includes a standard form to address all issues raised</p>

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULES  
DECEMBER 31, 2003**

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**LOUISIANA VETERANS' WAR MEMORIAL FOUNDATION**

When a component unit is blended, it becomes a Special Revenue Fund of the primary unit. Such is the presentation of the Louisiana Veterans' War Memorial Foundation in the accompanying financial statements prepared under generally accepted governmental accounting principles. The following statements of the Foundation have been prepared using principles set forth in FASB Statement No. 117 applicable to not-for-profit organizations. The amounts recorded have been subjected to the same auditing procedures as those recorded in the accompanying financial statements.

**LOUISIANA VETERANS' WAR MEMORIAL FOUNDATION  
COMPARATIVE STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 104,672.51	\$ 162,057.48
Investments	100,000.00	100,000.00
Restricted cash and cash equivalents:		
Special projects/programs	267.73	363.48
Endowment	66,768.37	54,386.36
	<hr/>	<hr/>
Total Current Assets/Total Assets	271,708.61	316,807.32
	<hr/> <hr/>	<hr/> <hr/>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	450.00	750.00
	<hr/>	<hr/>
Total Current Liabilities/Total Liabilities	450.00	750.00
<b>NET ASSETS</b>		
Temporarily reserved	267.73	363.48
Permanently reserved	67,022.14	58,439.77
Unreserved	203,968.74	261,254.07
	<hr/>	<hr/>
Total Net Assets	271,258.61	320,057.32
	<hr/> <hr/>	<hr/> <hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>271,708.61</b>	<b>320,807.32</b>

See Auditors' Report.

**LOUISIANA VETERANS' WAR MEMORIAL FOUNDATION  
COMPARATIVE STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b><u>UNRESERVED NET ASSETS</u></b>		
<b>SUPPORT</b>		
Memberships	\$ 34,503.00	\$ 35,333.00
Interest income	7,081.77	8,975.53
Total Unreserved Support	41,584.77	44,308.53
 Net Assets Released from Restriction:		
Restrictions satisfied by payments	53,403.00	128,293.00
Total Unrestricted Support and Reclassifications	94,987.77	172,601.53
 <b>EXPENSES</b>		
Program Services		
Activities	103,484.55	103,844.00
Communications	12,936.10	8,690.00
Supporting Services		
Management and general	1,378.45	4,124.81
Fund raising	34,474.00	40,384.00
Total expenses	152,273.10	157,042.81
 <b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	 (57,285.33)	 15,558.72
 <b><u>TEMPORARILY RESTRICTED NET ASSETS</u></b>		
Support from the 4th of July Celebration	41,424.00	54,614.00
Support from Focus on Flag program	0.25	2.30
Support from donations/grants	6,883.00	25,883.00
Support from HMS Bounty	5,000.00	40,200.00
Support from reunions	-	7,500.00
Net assets released from restrictions:		
Restrictions satisfied by payments	(53,403.00)	(128,293.00)
 <b>DECREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	 (95.75)	 (93.70)

Continued

**LOUISIANA VETERANS' WAR MEMORIAL FOUNDATION  
COMPARATIVE STATEMENTS OF ACTIVITIES (Continued)  
YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b><u>PERMANENTLY RESTRICTED NET ASSETS</u></b>		
Endowment receipts	\$ 200.00	\$ -
Interest earned, net of charges	12,382.37	(8,649.64)
	<hr/>	<hr/>
<b>INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS</b>	<b>12,582.37</b>	<b>(8,649.64)</b>
	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS</b>	<b>(44,798.71)</b>	<b>6,815.38</b>
	<hr/>	<hr/>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>316,057.32</b>	<b>309,241.94</b>
	<hr/>	<hr/>
<b>NET ASSETS AT END OF YEAR</b>	<b>271,258.61</b>	<b>316,057.32</b>
	<hr/>	<hr/>

See Auditors' Report.

**LOUISIANA VETERANS' WAR MEMORIAL FOUNDATION  
COMPARATIVE STATEMENTS OF FUNCTIONAL EXPENSES  
DECEMBER 31, 2003 AND 2002**

<u>DECEMBER 31, 2003</u>	<u>Activities</u>	<u>Communications</u>	<u>Mgt. And General</u>	<u>Fund Raising</u>
July 4th celebration	\$ -	\$ -	\$ -	\$ 33,307.00
Focus on flag	96.00	-	-	-
HMS Bounty	7,088.55	-	-	-
Printing and postage	-	12,936.10	-	-
Audit and accounting	-	-	1,200.00	-
Office expense	-	-	178.45	1,167.00
Museum/Ship	96,300.00	-	-	-
<b>Total Expenses</b>	<b>103,484.55</b>	<b>12,936.10</b>	<b>1,378.45</b>	<b>34,474.00</b>
 <u>DECEMBER 31, 2002</u>				
July 4th celebration	\$ -	\$ -	\$ -	\$ 40,384.00
Focus on flag	96.00	-	-	-
Reunions	7,500.00	-	-	-
HMS Bounty	60,253.00	-	-	-
Printing and postage	-	8,690.00	-	-
Audit and accounting	-	-	3,625.00	-
Office expense	-	-	499.81	-
Museum/Ship	35,995.00	-	-	-
<b>Total Expenses</b>	<b>103,844.00</b>	<b>8,690.00</b>	<b>4,124.81</b>	<b>40,384.00</b>

See Auditors' Report.

**LOUISIANA VETERANS' WAR MEMORIAL FOUNDATION  
COMPARATIVE STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 41,424.00	\$ 52,514.00
Cash received from grants/donations	52,085.62	83,035.30
Cash received from fund-raising	6,883.00	25,883.00
Cash paid to suppliers for goods and services	(56,273.10)	(134,092.45)
Cash paid for memorial	(96,300.00)	(31,300.00)
Interest income	7,081.77	8,975.53
Net Cash Provided by (Used for) Operating Activities	<u>(45,098.71)</u>	<u>5,015.38</u>
 <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	 -	 -
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	 -	 -
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	 -	 -
 Net Increase (Decrease) in Cash and Cash Equivalents	 (45,098.71)	 5,015.38
 Cash and Cash Equivalents, Beginning of Year	 <u>216,807.32</u>	 <u>211,791.74</u>
 Cash and Cash Equivalents, End of Year	 <u><u>171,708.61</u></u>	 <u><u>216,807.12</u></u>
 <b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Change in net assets	(44,798.71)	6,815.38
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used for) Operating Activities:		
(Increase) decrease in assets:	-	-
Increase (decrease) in liabilities:		
Accounts payable	(300.00)	300.00
Deferred revenue	-	(2,100.00)
Net Cash Provided by (Used for) Operating Activities	<u><u>(45,098.71)</u></u>	<u><u>5,015.38</u></u>

See Auditor's Report.



JOHN D. BUTLER & COMPANY  
A PROFESSIONAL ACCOUNTING CORPORATION  
P. O. BOX 30  
BAKER, LOUISIANA 70704-0030  

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(225) 775-4982

MANAGEMENT LETTER

May 13, 2004

Maury Drummond, Director  
and the Board of Commissioners/Trustees  
Louisiana Naval War Memorial Commission and  
Louisiana Veterans Memorial Foundation  
305 South River Road  
Baton Rouge, Louisiana 70802

We have audited the general-purpose financial statements of the Louisiana Naval War Memorial Commission and Louisiana Veterans Memorial Foundation as of and for the two years ended December 31, 2003, and have issued our report thereon dated May 13, 2004. 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.

As part of our examination, we have issued our report on the financial statements, dated May 13, 2004, and our report on internal control and compliance with laws, regulations and contracts, dated May 13, 2004.

During the course of our audit, we noted the following conditions that are or may become potential problems in the areas of internal control over financial reporting or compliance with laws and regulations applicable to the City.

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MANAGEMENT POINTS

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M03-01      *Uninsured Cash Deposits*

Cash deposits of the Foundation in Union Planters were uninsured in the amount of \$62,846 at December 31, 2002, and \$4,665 at December 31, 2003.

An effective internal control system should be in place that safeguards the assets of the organization.

We recommend that procedures be established to periodically review bank balances. Should cash deposits be uninsured, a plan should be included in this procedure to move uninsured funds to another institution unless the uninsured amounts are due to a short-term situation.

Louisiana Naval War Memorial Commission  
and Louisiana Veterans Memorial Foundation  
May 13, 2004  
Page Two

M03-02      *Travel Documentation*

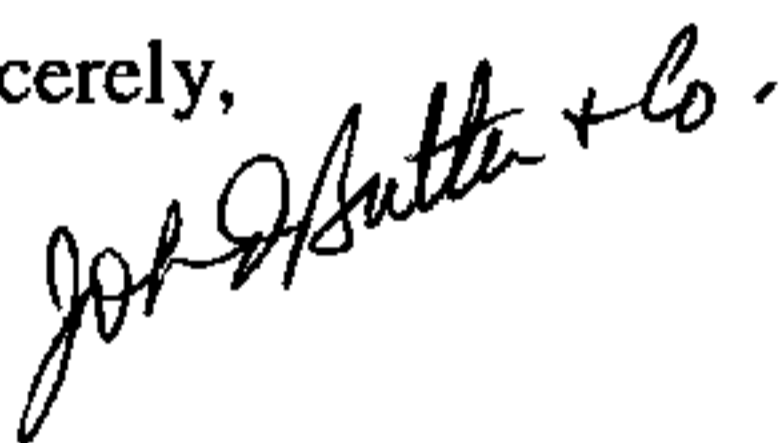
There is no standard or consistent method for requesting travel reimbursements. Certain reimbursed meals lacked evidence of business purpose, i.e. names of guests and purpose of meeting. Additionally, the majority of travel reimbursements did not include evidence of the purpose of the travel such as a conference registration form or meeting agenda.

All disbursements should include appropriate supporting documentation that allows for determination of its legitimate business purpose.

We suggest that a standard reimbursement form be created that would include the dates, place and purpose of travel. A registration form or confirmation should be attached to evidence the purpose, place and date. Original receipts need to be attached for each item of the reimbursement request. Meals involving someone other than the Commission employee should include the names of the guests and the purpose of the meeting. Because credit card receipts fade, these could be copied with the original attached.

We offer these recommendations as a means of strengthening the internal control structure of the Commission and Foundation and urge management to address the foregoing issues as an improvement to operations and the administration of public programs. We are available to further explain the suggestions or help implement the recommendations.

Sincerely,



John D. Butler & Company  
A Professional Accounting Corporation

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULES  
DECEMBER 31, 2003**

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**LOUISIANA'S COMPREHENSIVE ANNUAL FINANCIAL REPORT**

As a component unit of the State of Louisiana, the financial statements of the Louisiana Naval War Memorial Commission are included in Louisiana's Comprehensive Annual Financial Report. Following are the statements being submitted to the Division of Administration. For purposes of these statements, the Commission and Foundation will be reported as one entity. The amounts recorded have been subjected to the same auditing procedures as those recorded in the accompanying financial statements.

(Agency Name)

STATE OF LOUISIANA  
Annual Financial Statements

December 31, 2003

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AFFIDAVIT

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STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ending December 31, 2003

Louisiana Naval War Memorial Commission  
(Agency Name)

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

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, Maury Drummond, Ex Dir (Name)  
(Title) of Louisiana Naval War Memorial Commission (Agency) who duly sworn, deposes and says, that the  
financial statements herewith given present fairly the financial position of  
(agency) at December 31, 2003 the results of operations for the year then ended in accordance with  
policies and practices established by the Division of Administration or in accordance with Generally  
Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board.

Sworn and subscribed before me, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Signature of Agency Official

\_\_\_\_\_  
NOTARY PUBLIC

Prepared by: \_\_\_\_\_

Title: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Date: \_\_\_\_\_

**STATE OF LOUISIANA**

Louisiana Naval War Memorial Commission (BTA)

**BALANCE SHEET**

AS OF December 31, 2003

<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents (Note C1)		\$ 127,207
Investments (Note C2)		100,000
Receivables (net of allowance for doubtful accounts)(Note U)		3,685
Due from other funds (Note Y)		
Due from federal government		
Inventories		24,996
Prepayments		
Notes receivable		
Other current assets		
Total current assets		255,888
<b>NONCURRENT ASSETS:</b>		
<b>Restricted assets (Note F):</b>		
Cash		68,522
Investments		
Receivables		
Notes receivable		
<b>Capital assets (net of depreciation)(Note D)</b>		
Land		268,500
Buildings and improvements		2,776,452
Machinery and equipment		27,541
Infrastructure		
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		3,141,015
Total assets		\$ 3,396,903
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accruals (Note V)		\$ 15,029
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		1,124
Amounts held in custody for others		
Other current liabilities		
<b>Current portion of long-term liabilities:</b>		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		
Capital lease obligations - (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		16,153
<b>NON-CURRENT LIABILITIES:</b>		
Contracts payable		
Reimbursement contracts payable		
Compensated absences payable (Note K)		19,763
Capital lease obligations (Note J)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		19,763
Total liabilities		35,916
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt		3,072,493
<b>Restricted for:</b>		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		68,776
Unrestricted		219,718
Total net assets		3,360,903
Total liabilities and net assets		\$ 3,360,903

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

**STATE OF LOUISIANA**

Louisiana Naval War Memorial Commission (BTA)

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED December 31, 2003**

<b>OPERATING REVENUES</b>	
Sales of commodities and services	\$ 179,727
Assessments	
Use of money and property	
Licenses, permits, and fees	
Other	397,083
Total operating revenues	576,810 -
<b>OPERATING EXPENSES</b>	
Cost of sales and services	167,088
Administrative	639,780
Depreciation	110,632
Amortization	
Total operating expenses	917,500 -
Operating income(loss)	(340,690) -
<b>NON-OPERATING REVENUES(EXPENSES)</b>	
State appropriations	
Intergovernmental revenues (expenses)	
Taxes	19,991
Use of money and property	
Gain (loss) on disposal of fixed assets	
Federal grants	
Interest expense	
Other	140,081
Total non-operating revenues(expenses)	160,072 -
Income(loss) before contributions and transfers	(180,618) -
Capital contributions	
Transfers in	12,582
Transfers out	
Change in net assets	(168,036) -
Total net assets – beginning as restated	3,529,023
Total net assets – ending	\$ 3,360,987 -

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

Statement B



**STATE OF LOUISIANA**  
**Louisiana Naval War Memorial Commission (BTA)**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED December 31, 2003**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>BTA</b>	<u>\$ 917,500</u>	<u>\$ 561,219</u>	<u>\$ 168,581</u>	<u>\$ (187,700) -</u>
<b>General revenues:</b>				
Taxes				
State appropriations				
Grants and contributions not restricted to specific programs				<u>12,582</u>
Interest				<u>7,082</u>
Miscellaneous				
<b>Special items</b>				
Transfers				
Total general revenues, special items, and transfers				<u>19,664 -</u>
Change in net assets				<u>(168,036) -</u>
Net assets - beginning				<u>3,509,023</u>
Net assets - ending				<u>\$ 3,360,987 -</u>

**STATE OF LOUISIANA**  
Louisiana Naval War Memorial Commission (BTA)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED December 31, 2003**

<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 507,368	
Cash payments to suppliers for goods and services	(424,783)	
Cash payments to employees for services	(385,809)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)	66,050	
<b>Net cash provided(used) by operating activities</b>		<u>(237,174)</u>
<b>Cash flows from non-capital financing activities</b>		
State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received	140,005	
Other	19,991	
Transfers In		
Transfers Out		
<b>Net cash provided(used) by non-capital financing activities</b>		<u>159,996</u>
<b>Cash flows from capital and related financing</b>		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets		
Proceeds from sale of capital assets		
Capital contributions	12,582	
Other		
<b>Net cash provided(used) by capital and related financing activities</b>		<u>12,582</u>
<b>Cash flows from investing activities</b>		
Purchases of equipment	(12,717)	
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	76	
<b>Net cash provided(used) by investing activities</b>		<u>(12,641)</u>
		<u>(77,237)</u>
Net increase(decrease) in cash and cash equivalents		-
Cash and cash equivalents at beginning of year		272,966
Cash and cash equivalents at end of year		<u>\$ 195,729</u>

The accompanying notes are an integral part of this statement.

Statement D

**STATE OF LOUISIANA**  
Louisiana Naval War Memorial Commission (BTA)  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED** December 31, 2003

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

Operating income(loss)		\$ (340,690)
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	110,632	
Provision for uncollectible accounts		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	(2,478)	
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments		
(Increase)decrease in inventories	889	
(Increase)decrease in other assets		
Increase(decrease) in accounts payable and accruals	(2,126)	
Increase(decrease) in accrued payroll and related benefits	(84)	
Increase(decrease) in compensated absences payable	(3,317)	
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues		
Increase(decrease) in other liabilities		
 Net cash provided(used) by operating activities		 \$ <u>(237,174)</u>

**Schedule of noncash investing, capital, and financing activities:**

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

(Concluded)

The accompanying notes are an integral part of this statement.

Statement D

**Notes to the Financial Statement**

As of and for the year ended December 31, 2003

**INTRODUCTION**

The LNWMC (BTA) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 25:1000-1003. The following is a brief description of the operations of LNWMC (BTA) which includes the parish/parishes in which the (BTA) is located:

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****1. BASIS OF ACCOUNTING**

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

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

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

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

**Revenue Recognition**

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

**Expense Recognition**

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

**B. BUDGETARY ACCOUNTING**

The appropriations made for the operations of the various programs of the LNWMC (BTA) are annual lapsing appropriations.

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

**Notes to the Financial Statement**

**As of and for the year ended** December 31, 2003

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>574,000</u>
Amendments:	17,340
	<u>19,564</u>
	<u>10,000</u>
Final approved budget	\$ <u>620,904</u> -

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS.** (If all agency cash and investments are deposited in the State Treasury, disregard Note C.)

**1. DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the LNWMC (BTA) may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, savings accounts or shares of savings and loan associations and savings banks, and share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

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

Following the issuance of GASB Statement 3, deposits were classified into three categories of custodial credit risk depending on whether they were insured or collateralized, and who held the collateral and how it was held.

Category 1 – Deposits that are covered by insurance (FDIC) or collateralized with securities that are held by the entity in the entity's name or registered in the entity's name. (separate disclosure no longer required)

Category 2 – Deposits that are not insured but are collateralized with securities that are held by the financial institution's trust department or agent and are in the entity's name. (separate disclosure no longer required)

Category 3 – Deposits that are not covered by insurance and also are not collateralized. Not collateralized includes when the securities (collateral) are held by the financial institution's trust department or agent and they are not in the entity's name. (separate disclosure still required)

**GASB Statement 40 only requires category 3 deposits to be disclosed in the custodial credit risk section of Note C. If an entity has deposits exposed to custodial credit risk category 3, it should disclose the amount of those balances, the fact that they are uninsured, and whether the balances are either uncollateralized, collateralized with securities held by the pledging financial institution,**

STATE OF LOUISIANA  
 Louisiana Naval War Memorial Commission (BTA)  
**Notes to the Financial Statement**  
**As of and for the year ended December 31, 2003**

or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at December 31, 2003, consisted of the following:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in bank accounts per balance sheet	\$ <u>4,665</u>	\$ _____	\$ _____	\$ <u>4,665</u> -
Bank balances (category 3 only, if any) Identify amounts reported as category 3 by the descriptions below:				
a. Uninsured and uncollateralized	<u>4,665</u>	_____	_____	<u>4,665</u> -
b. Uninsured and collateralized with securities held by the pledging institution	_____	_____	_____	_____
c. Uninsured and collateralized with securities held held by the pledging institution's trust department or agent, <u>but not in the entities name</u>	_____	_____	_____	_____
<b>Total Category 3 bank balances</b>	\$ <u>4,665</u> -	\$ _____ -	\$ _____ -	\$ <u>4,665</u> -
<b>Total bank balances (All categories including category 3 reported above)</b>	\$ <u>203,974</u>	\$ _____	\$ _____	\$ <u>203,974</u> -

NOTE: The "Total Bank Balances" will not necessarily equal the "Deposits in Bank Account per Balance Sheet".

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. <u>Union Planters</u>	<u>General government</u>	\$ <u>104,665</u>
2. <u>Union Planters</u>	<u>Memorial</u>	<u>32,571</u>
3. <u>Baton Rouge Area Foundation</u>	<u>Endowment</u>	<u>66,738</u>
4. _____	_____	_____
<b>Total</b>		\$ <u>203,974</u> -

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the Balance Sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the Balance Sheet.

Cash in State Treasury	\$ _____
Petty cash	\$ <u>1,800</u>

**2. INVESTMENTS**

The LNWMC (BTA) does maintain investment accounts as authorized by state law (Note legal provisions authorizing investments by (BTA)).



**STATE OF LOUISIANA**

Louisiana Naval War Memorial Commission (BTA)

**Notes to the Financial Statement**

**As of and for the year ended December 31, 2003**

**3. Other Disclosures Required for Investments**

- a. Investments in pools managed by other governments or mutual funds \_\_\_\_\_
- b. Securities underlying reverse repurchase agreements \_\_\_\_\_
- c. Unrealized investment losses \_\_\_\_\_
- d. Commitments as of \_\_\_\_\_ (fiscal close), to resell securities under yield maintenance repurchase agreements:
  - 1. Carrying amount and market value at June 30 of securities to be resold \_\_\_\_\_
  - 2. Description of the terms of the agreement \_\_\_\_\_
- e. Losses during the year due to default by counterparties to deposit or investment transactions \_\_\_\_\_
- f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet \_\_\_\_\_

**Legal or Contractual Provisions for Reverse Repurchase Agreements**

- g. Source of legal or contractual authorization for use of reverse repurchase agreements \_\_\_\_\_
- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year \_\_\_\_\_

**Reverse Repurchase Agreements at Year-End**

- i. Credit risk related to the reverse repurchase agreements outstanding at balance sheet date, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest \_\_\_\_\_
- j. Commitments on \_\_\_\_\_ (fiscal close), to repurchase securities under yield maintenance agreements \_\_\_\_\_
- k. Market value on \_\_\_\_\_ (fiscal close), of the securities to be repurchased \_\_\_\_\_
- l. Description of the terms of the agreements to repurchase \_\_\_\_\_
- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements \_\_\_\_\_



**Notes to the Financial Statement**

**As of and for the year ended December 31, 2003.**

- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement \_\_\_\_\_

**Fair Value Disclosures**

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices \_\_\_\_\_
- p. Basis for determining which investments, if any, are reported at amortized cost \_\_\_\_\_
- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool \_\_\_\_\_
- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares \_\_\_\_\_
- s. Any involuntary participation in an external investment pool \_\_\_\_\_
- t. Whether you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate \_\_\_\_\_
- u. Any income from investments associated with one fund that is assigned to another fund \_\_\_\_\_

**Credit Risk, Concentration of Credit Risk, Interest Rate Risk, and Foreign Currency Risk Disclosures**

- v. Briefly describe the deposit and/or investment policies related to the custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact. \_\_\_\_\_
- w. List, by amount and issuer (not including U.S. government securities, mutual funds, and investment pools), investments in any one issuer that represents 5% or more of total investments \_\_\_\_\_
- x. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (eg. coupon multipliers, reset dates, etc.) \_\_\_\_\_
- y. Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are unrated, disclose that amount). \_\_\_\_\_
- z. Disclose the interest rate risk of debt investments by listing the investment type and the method that is used to identify and manage the interest rate risk of those investments (by one of the following 5 methods: a) segmented time distribution, b) specific identification, c) weighted average maturity, d) duration, or e) simulation model.) \_\_\_\_\_

**STATE OF LOUISIANA**

Louisiana Naval War Memorial Commission (BTA)

**Notes to the Financial Statement**

**As of and for the year ended December 31, 2003**

aa. Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies). List by currency denomination and investment type, if applicable.

**D. CAPITAL ASSETS-INCLUDING CAPITAL LEASE ASSETS**

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

	Year ended December 31, 2003						
	Balance 12/31/02	Prior Period Adjustment	Adjusted Balance 12/31/03	Additions	Transfers*	Retirements	Balance 12/31/03
<b>Capital assets not being depreciated</b>							
Land	268,500	--	268,500	--	--	--	--
Non-depreciable land improvements	--	--	--	--	--	--	268,500
Capitalized collections	--	--	--	--	--	--	--
Construction in progress	--	--	--	--	--	--	--
<b>Total capital assets not being depreciated</b>	<b>268,500</b>	<b>--</b>	<b>268,500</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>268,500</b>
<b>Other capital assets</b>							
Furniture, fixtures, and equipment	79,226	--	79,226	12,717	--	--	91,943
Less accumulated depreciation	58,317	--	58,317	6,085	--	--	64,402
Total furniture, fixtures, and equipment	20,909	--	20,909	6,632	--	--	27,541
Buildings and Improvements	4,711,420	--	4,711,420	--	--	--	4,711,420
Less accumulated depreciation	1,830,421	--	1,830,421	104,547	--	--	1,934,968
Total buildings and improvements	2,880,999	--	2,880,999	(104,547)	--	--	2,776,452
Depreciable land improvements	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Total depreciable land improvements	--	--	--	--	--	--	--
Infrastructure	--	--	--	--	--	--	--
Less accumulated depreciation	--	--	--	--	--	--	--
Total infrastructure	--	--	--	--	--	--	--
<b>Total other capital assets</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Capital Asset Summary:</b>							
Capital assets not being depreciated	268,500	--	268,500	--	--	--	268,500
Other capital assets, at cost	4,790,646	--	4,790,646	12,717	--	--	4,803,363
Total cost of capital assets	5,059,146	--	5,059,146	12,717	--	--	5,071,863
Less accumulated depreciation	1,888,738	--	1,888,738	110,632	--	--	1,999,372
<b>Capital assets, net</b>	<b>3,170,408</b>	<b>--</b>	<b>3,170,408</b>	<b>(97,915)</b>	<b>--</b>	<b>--</b>	<b>3,072,493</b>

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

**STATE OF LOUISIANA**

Louisiana Naval War Memorial Commission (BTA)

**Notes to the Financial Statement**

**As of and for the year ended December 31, 2003**

**E. INVENTORIES**

The unit's inventories are valued at cost (method of valuation). These are perpetual inventories and are expensed when used. **NOTE: Do not include postage. This must be shown as a prepayment.**

**F. RESTRICTED ASSETS**

Restricted assets in the LNWMC (BTA) at 12/31/03 (fiscal year end), reflected at \$ 68,522 in the non-current assets section on Statement A, consist of \$ 68,522 in cash with fiscal agent, \$ -0- in receivables, and \$ -0- investment in (identify the type investments held.) State the purpose of the restriction: creation of an endowment to support the memorial in future periods as needed.

**G. LEAVE**

**1. COMPENSATED ABSENCES**

The LNWMC (BTA) has the following policy on annual and sick leave: (Describe leave policy.)

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

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

**H. RETIREMENT SYSTEM**

Substantially all of the employees of the (BTA) are members of the Louisiana Deferred Compensation System. The System is a statewide public employee system for the benefit of state employees.

All full-time (BTA) employees are eligible to participate in the System. Benefits vest upon investment. The LNWMC matches the participating employees contribution up to 5% of the employee's gross salary on a monthly basis.

**Notes to the Financial Statement**

**As of and for the year ended** December 31, 2003

**I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The LNMMC does not currently have any post retirement health care and life insurance benefits.

STATE OF LOUISIANA  
 Louisiana Naval War Memorial Commission (BTA)  
**Notes to the Financial Statement**  
 As of and for the year ended December 31, 2003

**J. LEASES**

**1. OPERATING LEASES**

The total payments for operating leases during 2003 amounted to \$ -0-.  
 A schedule of payments for operating leases follows:

Nature of lease	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010-2014	FY2015-2019
	\$	\$	\$	\$	\$	\$	\$
<b>Total</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**2. CAPITAL LEASES**

Capital leases (are not) recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

**SCHEDULE A – TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF**

Nature of lease	Gross Amount of Leased Asset (Historical Costs)	Remaining interest to end of lease	Remaining principal to end of lease
a. Office space	\$	\$	\$
b. Equipment			
c. Land			
<b>Total</b>	\$ -0-	\$ -0-	\$ -0-

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

Louisiana Naval War Memorial Commission (BTA)

Notes to the Financial Statement

As of and for the year ended December 31, 2003

Year ending June 30:	<u>Total</u>
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ <u>    -0-    -    </u>

SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining Interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ <u>    -0-    -    </u>	\$ <u>    -0-    -    </u>	\$ <u>    -0-    -    </u>

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

Year ending June 30:	<u>Total</u>
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ <u>    -0-    -    </u>

Notes to the Financial Statement  
As of and for the year ended December 31, 2003

SCHEDULE C - LEAF CAPITAL LEASES

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest:

<u>Year ending June 30:</u>	<u>Total</u>
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total minimum lease payments	_____ -
Less amounts representing executory costs	_____
Net minimum lease payments	_____ -
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ <u>-0-</u>

3. LESSOR DIRECT FINANCING LEASES

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectibility of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

STATE OF LOUISIANA  
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**Notes to the Financial Statement**  
**As of and for the year ended December 31, 2003**

Provide a general description of the direct financing agreement, and complete the chart below:

<u>Composition of lease</u>	<u>Date of lease</u>	<u>Minimum lease payment receivable</u>	<u>Remaining Interest to end of lease</u>	<u>Remaining Principal to end of lease</u>
a. Office space	_____	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____
c. Land	_____	_____	_____	_____
Less amounts representing executory costs		_____		
Minimum lease payment receivable		_____		
Less allowance for doubtful accounts		_____		
Net minimum lease payments receivable		_____		
Less: Estimated Residual Value of Leased Property		_____		
Less unearned income		_____		
Net investment in direct financing lease		\$ _____		

Minimum lease payments do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if for example the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2004 were \$ \_\_\_\_\_ for office space, \$ \_\_\_\_\_ for equipment, and \$ \_\_\_\_\_ for land.

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of \_\_\_\_\_ (the last day of your fiscal year):

Year ending _____:	
2005	\$ _____
2006	_____
2007	_____
2008	_____
2009	_____
2010-2014	_____
2015-2019	_____
2020-2024	_____
Total	\$ _____

**4. LESSOR – OPERATING LEASE**

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.



STATE OF LOUISIANA  
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**Notes to the Financial Statement**

**As of and for the year ended December 31, 2003**

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of \_\_\_\_\_ 20\_\_:

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Carrying amount</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
<b>Total</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

The following is a schedule by years of minimum future rentals on non-cancelable operating lease(s) as of \_\_\_\_\_ (the last day of your fiscal year):

Year Ended June 30,	Office Space	Equipment	Land	Other	Total
2005	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
2006					-
2007					-
2008					-
2009					-
2010-2014					-
2015-2019					-
2020-2024					-
<b>Total</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

Current year lease revenues received in fiscal year \_\_\_\_\_ totaled \$ \_\_\_\_\_.

Contingent rentals received from operating leases received for your fiscal year was \$ \_\_\_\_\_ for office space, \$ \_\_\_\_\_ for equipment, and \$ \_\_\_\_\_ for land.

**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended 12/31/03.

	<u>Year ended</u> December 31, 2003		Balance 12/31/03	Amounts due within <u>one year</u>
	Balance 12/31/02	<u>Additions</u>		
<b>Bonds and notes payable:</b>				
Notes payable	\$ _____	\$ _____	\$ _____	\$ _____
Reimbursement contracts payable				
Bonds payable				
<b>Total notes and bonds</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>
<b>Other liabilities:</b>				
Contracts payable				
Compensated absences payable	23,080	9,839	13,156	19,763
Capital lease obligations				
Liabilities payable from restricted assets				
Claims and litigation				
Other long-term liabilities				
<b>Total other liabilities</b>	<b>23,080</b>	<b>9,839</b>	<b>13,156</b>	<b>19,763</b>
<b>Total long-term liabilities</b>	<b>23,080</b>	<b>9,839</b>	<b>13,156</b>	<b>19,763</b>

**Notes to the Financial Statement**  
**As of and for the year ended December 31, 2003**

A detailed summary, by issues, of all debt outstanding at June 30, 20<sup>04</sup>, including outstanding interest of \$ -0- is shown on schedule 4. Schedule 5 is an amortization schedule of the outstanding debt. (Send OSRAP a copy of the amortization schedule for any new debt issued.)

**L. LITIGATION**

1. The LNWMC (BTA) is a defendant in litigation seeking damages as follows:

<u>Date of Action</u>	<u>Description of Litigation and Probable outcome (remote, reasonably possible or probable)</u>	<u>Primary Attorney</u>	<u>Damages Claimed</u>	<u>Insurance Coverage</u>
_____	_____	_____	\$ _____	\$ _____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
<b>Totals</b>			\$ <u>-0-</u>	\$ _____

The LNWMC (BTA)'s legal advisor estimates that potential claims not covered by insurance would affect the financial statement as follows (would not materially affect the financial statements or is unable to estimate the effect on the financial statement):

2. Claims and litigation costs of \$ -0- were incurred in the current year and are reflected in the accompanying financial statement.

**M. RELATED PARTY TRANSACTIONS**

(FASB 57 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from which result from related party transactions. List all related party transactions). None

**N. ACCOUNTING CHANGES**

**O. IN-KIND CONTRIBUTIONS**

**Notes to the Financial Statement**

**As of and for the year ended** December 31, 2003

(List all in-kind contributions that are not included in the accompanying financial statements.)

<u>In-Kind Contributions</u>	<u>Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor</u>
_____	\$ _____
_____	_____
_____	_____
_____	_____
Total	\$ <u>                    -0-</u>

**P. DEFEASED ISSUES**

In \_\_\_\_\_, 20\_\_\_\_, the \_\_\_\_\_ (BTA), issued \$\_\_\_\_\_ of taxable bonds. The purpose of the issue was to provide monies to advance refund portions of \_\_\_\_\_ bonds. In order to refund the bonds, portions of the proceeds of the new issue \$\_\_\_\_\_, plus an additional \$\_\_\_\_\_ of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated \_\_\_\_\_ between the (BTA) and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by almost \$\_\_\_\_\_ and gave the (BTA) an economic gain (difference between the present values of the debt service payments on the old and new debt of \$\_\_\_\_\_.

**Q. COOPERATIVE ENDEAVORS**

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

Some cooperative endeavor contracts are not coded with a document type of "COP" on the Contract Financial Management Subsystem (CFMS), but are considered cooperative endeavors. Include these below with your cooperative endeavor contracts coded with a document type of "COP". Examples of contracts that are considered cooperative endeavors, but are not coded with a document type of "COP" include contracts that fall under delegated authority, Facility Planning and Control "CEA" contracts, certain federal government contracts, contracts that legislative auditors may have designated as such within your agency, work incumbent programs, etc. In prior years, this information was requested as supplemental documentation after the AFRs were submitted, usually in October or November.

The liability outstanding as of June 30, 2004, by funding source, is as follows:

STATE OF LOUISIANA  
Louisiana Naval War Memorial Commission (BTA)

**Notes to the Financial Statement**  
**As of and for the year ended December 31, 2003**

<u>Funding Source</u>	<u>Balance</u> <u>June 30, 2004</u>
State General Fund	\$ _____
Self-generated revenue	_____
Statutorily dedicated revenue	_____
General obligation bonds	_____
Federal funds	_____
Interagency transfers	_____
Other funds/combinations	_____

NOTE: Amounts in excess of contract limits cannot be used to reduce the outstanding contract balance at June 30, 2004. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

NOTE: In order to compute your ending balances by funding source, you should begin with your balances at June 30, 2003. These amounts will be increased by amounts for new contracts and amendments and decreased for payments as well as for liquidations.

**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)**

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2003-2004:

<u>CFDA</u> <u>Number</u>	<u>Program Name</u>	<u>State Match</u> <u>Percentage</u>	<u>Total Amount</u> <u>of Grant</u>
_____	_____	\$ _____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
Total government-mandated nonexchange transactions (grants)			\$ _____

**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS**

At June 30, 20\_\_, the \_\_\_\_\_ (BTA) was not in compliance with the provisions of \_\_\_\_\_ Bond Reserve Covenant that requires \_\_\_\_\_ The \_\_\_\_\_ (BTA) did \_\_\_\_\_ to correct this deficiency.

**T. SHORT-TERM DEBT**

The \_\_\_\_\_ (BTA) issues short-term notes for the following purposes: \_\_\_\_\_

**Notes to the Financial Statement**

**As of and for the year ended December 31, 2003**

Short-term debt activity for the year ended June 30, 20\_\_, was as follows:

List the type of S-T debt (e.g., tax anticipation notes):	Beginning Balance	Issued	Redeemed	Ending Balance
_____	\$ _____	\$ _____	\$ _____	\$ _____

The \_\_\_\_\_ (BTA) uses a revolving line of credit for the following purposes: \_\_\_\_\_

Short-term debt activity for the year ended June 30, 20\_\_, was as follows:

Line of credit	Beginning Balance	Draws	Redeemed	Ending Balance
_____	\$ _____	\$ _____	\$ _____	\$ _____

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at June 30, 20\_\_, were as follows:

Activity	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Overnight camping	\$ 3,685	\$ _____	\$ _____	\$ _____	\$ 3,685
Gross receivables	\$ 3,685	\$ -	\$ -	\$ -	\$ 3,685
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	\$ 3,685	\$ -	\$ -	\$ -	\$ 3,685
Amounts not scheduled for collection during the subsequent year	\$ _____	\$ _____	\$ _____	\$ _____	\$ -

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at June 30, 2004, were as follows:

Activity	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Trade	\$ 13,682	\$ _____	\$ _____	\$ _____	\$ 13,682 -
Payroll taxes	1,347	-	-	-	1,347 -
Total payables	\$ 15,029	\$ -	\$ -	\$ -	\$ 15,029 -

**Notes to the Financial Statement****As of and for the year ended** December 31, 2003**W. SUBSEQUENT EVENTS**

[Disclose any material event(s) affecting the (BTA) occurring between the close of the fiscal period and issuance of the financial statement.]

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**X. SEGMENT INFORMATION**

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For the purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or an other stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

Type of goods or services provided by the segment Memorial/Nautical Center

**A. Condensed Balance Sheet:**

- (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTA's should be reported separately.
- (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTA's should be reported separately.
- (3) Total net assets – distinguishing among restricted; unrestricted; and amounts invested in capital assets, net of related debt.

**Condensed Balance Sheet:**

	<u>Segment #1</u>	<u>Segment #2</u>
Current assets	\$ 255,888	\$ _____
Due from other funds	_____	_____
Capital assets	3,072,493	_____
Other assets	68,522	_____
Current liabilities	16,153	_____
Due to other funds	_____	_____
Long-term liabilities	19,763	_____
Restricted net assets	68,776	_____
Unrestricted net assets	219,718	_____
Invested in capital assets, net of related debt	3,072,493	_____

**B. Condensed statement of revenues, expenses, and changes in net assets:**

- (1) Operating revenues (by major source).
- (2) Operating expenses. Depreciation (including any amortization) should be identified separately.
- (3) Operating income (loss).
- (4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.

**Notes to the Financial Statement**

**As of and for the year ended December 31, 2003**

- (5) Capital contributions and additions to permanent and term endowments.
- (6) Special and extraordinary items.
- (7) Transfers
- (8) Change in net assets.
- (9) Beginning net assets.
- (10) Ending net assets.

**Condensed Statement of Revenues, Expenses, and Changes in Net Assets:**

	<u>Segment #1</u>	<u>Segment #2</u>
Operating revenues	\$ 576,810	\$ _____
Operating expenses	(806,868)	_____
Depreciation and amortization	(110,632)	_____
Operating income (loss)	(340,690)	-
Nonoperating revenues (expenses)	160,072	_____
Capital contributions/additions to permanent and term endowments	12,582	_____
Special and extraordinary items	_____	_____
Transfers in	_____	_____
Transfers out	_____	_____
Change in net assets	(168,036)	-
Beginning net assets	3,529,023	_____
Ending net assets	3,360,987	-

**C. Condensed statement of cash flows:**

- (1) Net cash provided (used) by:
  - (a) Operating activities
  - (b) Noncapital financing activities
  - (c) Capital and related financing activities
  - (d) Investing activities
- (2) Beginning cash and cash equivalent balances
- (3) Ending cash and cash equivalent balances

**Condensed Statement of Cash Flows:**

	<u>Segment #1</u>	<u>Segment #2</u>
Net cash provided (used) by operating activities	\$ (237,174)	\$ _____
Net cash provided (used) by noncapital financing activities	159,996	_____
Net cash provided (used) by capital and related financing activities	12,582	_____
Net cash provided (used) by investing activities	(12,641)	_____
Beginning cash and cash equivalent balances	272,966	_____
Ending cash and cash equivalent balances	195,729	-

**STATE OF LOUISIANA**

Louisiana Naval War Memorial Commission (BTA)

**Notes to the Financial Statement**

As of and for the year ended December 31, 2003

**Y. DUE TO/DUE FROM AND TRANSFERS**

1. List by fund type the amounts due from other funds detailed by individual fund at your fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
<b>Total due from other funds</b>		<b>\$ _____</b>

2. List by fund type the amounts due to other funds detailed by individual fund at fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
<b>Total due to other funds</b>		<b>\$ _____</b>

3. List by fund type all transfers from other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
<b>Total transfers from other funds</b>		<b>\$ _____</b>

4. List by fund type all transfers to other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
<b>Total transfers to other funds</b>		<b>\$ _____</b>

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

Liabilities payable from restricted assets in the \_\_\_\_\_ (BTA) at \_\_\_\_\_ (fiscal year end), reflected at \$ \_\_\_\_\_ in the current liabilities section on Statement A, consist of \$ \_\_\_\_\_ in accounts payable, \$ \_\_\_\_\_ in notes payable, and \$ \_\_\_\_\_ in \_\_\_\_\_.

Liabilities payable from restricted assets in the \_\_\_\_\_ (BTA) at \_\_\_\_\_ (fiscal year end), reflected at \$ \_\_\_\_\_ in the non-current liabilities section on Statement A, consist of \$ \_\_\_\_\_ in accounts payable, \$ \_\_\_\_\_ in notes payable, and \$ \_\_\_\_\_ in \_\_\_\_\_.

**AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS**

The following adjustments were made to restate beginning net assets for June 30, 20\_\_.



**Notes to the Financial Statement**

**As of and for the year ended December 31, 2003**

Fund balance July 1, 2003, <u>previously reported</u>	Adjustments <u>+ or (-)</u>	Beginning net assets, July 1, 2003, <u>As restated</u>
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Each adjustment must be explained in detail on a separate sheet.

(NOTE: Net Assets at July 1, 20\_\_, previously reported, must correspond to Net Assets at June 30, 20\_\_, per the information received from OSRAP.)



**STATE OF LOUISIANA**  
**Louisiana Naval War Memorial Commission (BTA)**  
**SCHEDULE OF STATE FUNDING**  
**For the Year Ended December 31, 2003**  
**(Fiscal Close)**

<u>Description of Funding</u>	<u>Amount</u>
1. _____	\$ _____
2. _____	_____
3. _____	_____
4. _____	_____
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____
Total	\$ _____

SCHEDULE 2

**STATE OF LOUISIANA**  
Louisiana Naval War Memorial Commission (BTA)  
**SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE**  
December 31, 2003  
(Fiscal Close)

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____
<b>Total</b>		<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>		<u>\$ _____</u>

\*Send copies of new amortization schedules





**STATE OF LOUISIANA**  
**Louisiana Naval War Memorial Commission (BTA)**  
**SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION**  
**For The Year Ended December 31, 2003**  
**(Fiscal Close)**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
<b>Total</b>	\$ <u>          --</u>	\$ <u>          --</u>

**STATE OF LOUISIANA**  
**Louisiana Naval War Memorial Commission (BTA)**  
**SCHEDULE OF CAPITAL LEASE AMORTIZATION**  
**For The Year Ended December 31, 2003**

<u>Fiscal Year</u> <u>Ending:</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2005	\$ _____	\$ _____	\$ _____	\$ _____
2006	_____	_____	_____	_____
2007	_____	_____	_____	_____
2008	_____	_____	_____	_____
2009	_____	_____	_____	_____
2010-2014	_____	_____	_____	_____
2015-2019	_____	_____	_____	_____
2020-2024	_____	_____	_____	_____
2025-2029	_____	_____	_____	_____
<b>Total</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>_____</b>	<b>_____</b>

SCHEDULE 4-B



**STATE OF LOUISIANA**  
Louisiana Naval War Memorial Commission (BTA)  
**SCHEDULE OF NOTES PAYABLE AMORTIZATION**  
**For The Year Ended December 31, 2003**

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010-2014	_____	_____
2015-2019	_____	_____
2020-2024	_____	_____
2025-2029	_____	_____
<b>Total</b>	\$ <u>          --</u>	\$ <u>          --</u>

SCHEDULE 4-C

**STATE OF LOUISIANA**  
Louisiana Naval War Memorial Commission (BTA)  
**SCHEDULE OF BONDS PAYABLE AMORTIZATION**  
For The Year Ended December 31, 2003

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2005	\$ _____	\$ _____
2006	_____	_____
2007	_____	_____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
<b>Total</b>	\$ <u>_____</u> --	\$ <u>_____</u> --

SCHEDULE 4-D

**STATE OF LOUISIANA**

Louisiana Naval War Memorial Commission (BTA)

**SCHEDULE OF CURRENT YEAR REVENUE AND EXPENSES  
BUDGETARY COMPARISON OF CURRENT APPROPRIATION**

**NON-GAAP BASIS**

December 31, 2003

Budgeted Income (Loss)	\$ _____
Reconciling items:	
Cash carryover	_____
Depreciation	_____
Payroll accrual	_____
Compensated absences adjustment	_____
Capital outlay	_____
Change in inventory	_____
Bad debts expense	_____
Prepaid expenses	_____
Principal payment	_____
Loan Principal Repayments included in Revenue	_____
Loan Disbursements included in Expenses	_____
Accounts receivable adjustment	_____
Accounts payable/estimated liabilities adjustment	_____
Other	_____
Change in Net Assets	\$ <u>          -</u>

Concluded

Schedule 5

STATE OF LOUISIANA

Louisiana Naval War Memorial Commission (BTA)

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the state and reason for the changes in the budget, please complete the schedule below. If the change is greater than 10%, explain the reason for the change.

	<u>2004</u>	<u>2003</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>736,882</u>	\$ <u>824,792</u>	\$ <u>(87,910)</u>	\$ <u>11%</u>
Expenses	<u>917,500</u>	<u>920,009</u>	<u>(2,509)</u>	<u>1%</u>
2) Capital assets	<u>3,072,493</u>	<u>3,170,408</u>	<u>97,915</u>	<u>3%</u>
Long-term debt	<u>19,763</u>	<u>23,080</u>	<u>3,317</u>	<u>15%</u>
Net Assets	<u>3,360,987</u>	<u>3,529,023</u>	<u>(168,036)</u>	<u>5%</u>

Explanation for change: Long-term debt: An employee retired during the year, thereby releasing the entity of his vested benefits.  
Revenues: There were additional attractions in 2002 (HMS BOUNTY).

3)	<u>2004 Original Budget</u>	<u>2004 Final Budget</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	\$ <u>643,760</u>	\$ <u>656,360</u>	\$ <u>12,600</u>	\$ <u>2%</u>
Expenditures	<u>574,000</u>	<u>620,904</u>	<u>46,904</u>	<u>9%</u>

Explanation of change: \_\_\_\_\_

	<u>2004 Final Budget</u>	<u>2004 Actual</u>	<u>Difference</u>	<u>Percentage Change</u>
Revenues	<u>656,360</u>	<u>749,464</u>	<u>93,104</u>	<u>15%</u>
Expenditures	<u>620,904</u>	<u>917,500</u>	<u>296,596</u>	<u>48%</u>

Explanation of change: Revenues: Certain designated receipts are not budgeted.  
Expenditures: Certain designated disbursements are not budgeted.  
 Additionally, unanticipated repairs and renovations were made during the year.

SCHEDULE 15