

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

FINANCIAL STATEMENTS

December 31, 2021

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the **LOUISIANA NAVAL WAR MEMORIAL COMMISSION** (the Commission), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Commission, as of December 31, 2021, and the respective changes in financial position, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in net other post-employment benefits liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing in the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated April 29, 2022, on our consideration of the Commission’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Commission’s internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission’s internal control over financial reporting and compliance.



Certified Public Accountants

Baton Rouge, Louisiana
April 29, 2022

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

STATEMENT OF NET POSITION

December 31, 2021

ASSETS

Current assets:

Cash	\$ 122,262
Restricted cash	97,444
Inventory	38,595
Prepaid insurance	<u>19,521</u>

Total current assets 277,822

CAPITAL ASSETS, NET 1,788,594

Total assets \$ 2,066,416

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	\$ 26,939
Unearned revenue	<u>6,074</u>

Total current liabilities 33,013

Noncurrent liabilities:

Compensated absences payable	8,029
Other post-employment benefits	<u>89,043</u>

Total noncurrent liabilities 97,072

Total liabilities 130,085

DEFERRED INFLOWS OF RESOURCES

Other post-employment benefits 118,398

NET POSITION (DEFICIT)

Investment in capital assets 1,788,594

Restricted 97,444

Unrestricted (68,105)

Total net position (deficit) 1,817,933

Total liabilities, deferred inflows of resources, and net position (deficit) \$ 2,066,416

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

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the year ended December 31, 2021

OPERATING REVENUES

Charges for services:

Admissions	\$ 284,812
Gift shop and other	141,506
Special events	12,600
Site rental	18,679
	18,679

Total operating revenues	457,597
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OPERATING EXPENSES

Salaries and related benefits	343,872
Administrative	203,904
Depreciation	120,726
Cost of sales	67,423
Special events	9,501
Maintenance and supplies	77,334
	77,334

Total operating expenses	822,760
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Operating loss	(365,163)
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NONOPERATING REVENUES

Operating grant - City/Parish of East Baton Rouge	222,080
Forgiveness of insurance premium payable	169,751
Forgiveness of Paycheck Protection Program loan	77,871
Net other postemployment benefit revenue	62,522
Other - operating grants	49,044
Insurance proceeds	37,575
Annual fund donations and memberships	34,010
Sponsorships	2,500
	2,500

Total nonoperating revenues	655,353
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Net income	290,190
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NET POSITION

Beginning of year	1,527,743
End of year	\$ 1,817,933

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

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

For the year ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 457,466
Payments to suppliers	(345,086)
Payments to employees	<u>(343,637)</u>
Net cash used for operating activities	<u>(231,257)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Operating grants	271,124
Forgiveness of Paycheck Protection Program loan	77,871
Memberships, sponsorships and donations	<u>36,510</u>
Net cash provided by noncapital financing activities	<u>385,505</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Purchase of capital assets	<u>(1,108)</u>
Net increase in cash	153,140

CASH

Beginning of period	<u>66,566</u>
End of period	<u>\$ 219,706</u>

RECONCILIATION OF CASH AND RESTRICTED CASH

Cash	\$ 122,262
Restricted cash	<u>97,444</u>
Total cash	<u>\$ 219,706</u>

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

Operating loss	\$ (365,163)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation	120,726
Insurance recoveries	37,575
Change in operating assets and liabilities:	
Inventory	5,974
Prepaid insurance	(19,521)
Accounts payable and accrued expenses	<u>(10,848)</u>
Net cash used for operating activities	<u>\$ (231,257)</u>

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

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

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

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

The accounting and reporting practices of the Commission conforms to generally accepted accounting principles (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of LRS 24:513 and to the guides set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide, *Audits of State and Local Governments*.

Financial Reporting Entity

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund Accounting

The accounts of the Commission are organized on the basis of proprietary fund accounting used by governmental entities. The proprietary fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or new income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

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

Cash

Cash includes amounts of interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. The Commission had no cash equivalents at December 31, 2021. 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.

Restricted Cash

Certain proceeds of proprietary funds are recorded as restricted because their use is limited (or restricted) by the donor. Restricted amounts at December 31, 2021 were to be used for ship maintenance and operations of the Commission, excluding personnel costs.

Inventory

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Insurance

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

Capital Assets

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

Property and equipment are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. All items purchased or donated that are valued above \$1,000 are capitalized.

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

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

Deferred Inflows and Outflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The statement of net position has deferred inflows of resources related to the actuarial changes in assumptions and experience used in the measurement of the Commission’s net other post-employment benefits obligation. The Commission has no deferred outflows of resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees accumulate annual and sick leave at various rates based on their years of service. The amount of annual sick leave that may be accumulated by each employee is unlimited. Upon termination, an employee is compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay. The liability for compensated absences at December 31, 2021 was \$8,029.

On January 1, 2017, the annual vacation and sick leave policy was amended which disallow compensation for unused annual sick leave upon termination. All full-time employees that were employed before January 1, 2017 were grandfathered in and are due their compensated absence balance once they are no longer employed by the Commission.

Net Position (Deficit)

Net position (deficit) is classified in the following categories:

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

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

Operating Revenues and Expenses

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

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Subsequent Events

In preparing the financial statements, the Commission has evaluated subsequent events and transactions for potential recognition or disclosure through April 29, 2022, which was the date the financial statements were available to be issued.

NOTE 2 - CASH

Cash is stated at cost which approximates fair market value.

Custodial credit risk is the risk that, in the event of a bank failure, the Commission's deposits may not be recovered. Under state law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The Commission was not exposed to any custodial credit risk at December 31, 2021.

NOTE 3 - CAPITAL ASSETS

The Commission reports capital assets at cost. The following changes in capital assets were reported for the year ended December 31, 2021:

	Balance December 31, 2020	Increases	Decreases	Balance December 31, 2021
Land	\$ 268,500	\$ -	\$ -	\$ 268,500
Buildings and improvements	2,819,335	-	-	2,819,335
Furniture and equipment	97,157	1,108	-	98,265
USS KIDD	1,905,725	-	-	1,905,725
Less: accumulated depreciation	<u>(3,182,505)</u>	<u>(120,726)</u>	<u>-</u>	<u>(3,303,231)</u>
Capital assets, net of accumulated depreciation	<u>\$ 1,908,212</u>	<u>\$ (119,618)</u>	<u>\$ -</u>	<u>\$ 1,788,594</u>

Depreciation expense was \$120,726 for 2021.

NOTE 4 - DEFERRED COMPENSATION PLAN

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

Employees/participants are able to contribute a percentage of their salary with the Commission matching up to 5% of gross salaries for each employee. Total contributions were not allowed to exceed the amount determined under IRS regulations, which was \$19,500 for 2021. All contributions are immediately vested. During the year ended December 31, 2021, the Commission made employer contributions on behalf of employees/participants totaling \$6,794.

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS

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

LRS 42:801-883 assigns the authority to establish and amend benefit provisions of the plan to the state legislature. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in Louisiana Annual Comprehensive Financial Report (ACFR). The ACFR may be obtained from the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap, writing to P.O. Box 94095, Baton Rouge, LA 70804-9095 or by calling 225-342-0708.

Funding Plan

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

Funding Status and Funding Progress

As of December 31, 2021, the Commission had not made any contributions to its postemployment benefits trust plan. Thus, it has no plan assets and a funding ratio of zero.

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

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

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

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

(continued)

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.80 percent
Salary increases	Consistent with the pension valuation assumptions.
Discount rate	2.66 percent based on the June 30, 2020 S&P 20-year municipal bond index rate
Healthcare cost trend rates	<p>Post-Medicare: 5.25 percent for 2020 - 2021, thereafter decreasing 0.25 percent per year through 2024, to an ultimate rate of 4.5 percent for 2024 and later years</p> <p>Pre-Medicare: 6.75 percent for 2020-2021, thereafter decreasing 0.25 percent per year through 2029, to an ultimate rate of 4.5 percent</p>
Retirees' share of benefit-related costs	<p>Per capita costs for the self-insured plans administered by Blue Cross Blue Shield were based on prescription drug claims for retired participants for the period January 1, 2019 through December 31, 2020 and medical claims for retired participants for the period January 1, 2018 through December 31, 2019. Claims experience was trended to the valuation date. The last month of prescription claims experience was adjusted for incurred but not reported claims using completion factors based on prior year data. Per capita costs for the fully insured HMO and Medicare Advantage plans were based on calendar year 2021 premiums adjusted to the valuation date using the trend assumptions above.</p>
Actuarial cost method	Entry Age Normal, level percentage of pay
Estimated Remaining Service Lives	4.5 years

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

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (continued)

Mortality assumptions are consistent with the pension plans' assumptions. Rates are shown by group.

LASERS

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

TRSL

For active lives: the RP-2014 White Collar Employee Table, adjusted by 1.010 for males and by 0.997 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017. For healthy retiree lives: the RP-2014 White Collar Healthy Annuitant Table, adjusted by 1.366 for males and by 1.189 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017. For disabled retiree lives: the RP-2014 Disabled Retiree Mortality Table, adjusted by 1.111 for males and 1.134 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2017.

LSERS

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

LSPRS

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

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 2.79 percent in 2019 to 2.66 percent in 2020, the current valuation.

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the OGB Plan, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.66 percent) or 1-percentage-point higher (3.66 percent) than the current discount rate.

Discount Rate		
1% Decrease	(2.66%)	1% Increase
\$ 96,450	\$ 89,043	\$ 82,522

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the OGB Plan, as well as what the total OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage-point lower (5.75 percent decreasing to 3.50 percent) or 1-percentage-point higher (7.75 percent decreasing to 5.50 percent) than the current healthcare cost trend rates:

Healthcare Rate		
1% Decrease	(6.75%)	1% Increase
\$ 83,270	\$ 89,043	\$ 95,443

The Commission's OPEB obligation for the year ended December 31, 2021 is as follows:

Beginning Net OPEB Obligation January 1, 2021	\$ 94,281
Interest on net OPEB obligations	2,534
Effect of economic/demographic gains or losses	3,606
Changes of assumption	(4,434)
Benefit payments (direct premiums paid)	(6,944)
Ending Net OPEB Obligation December 31, 2021	\$ 89,043

(continued)

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Year ended June 30:	Net Amount Recognized in OPEB Expense
2022	\$ 64,181
2023	50,750
2024	3,329.00
2025	138
Total deferred inflows of resources	\$ 118,398

NOTE 6 - PER DIEM PAID TO COMMISSIONERS

The Commission members are not paid for their services.

NOTE 7 - RELATED PARTY

The Commission receives support during the year from the Louisiana Veterans Museum Foundation (the Foundation). The Foundation's purpose is to support the operations and programs of the Commission and ship restoration. As funding becomes available, the Foundation makes a grant to the Commission. For the year ended December 31, 2021, the Commission received grants from the Foundation in the amount of \$17,244. This amount is reflected within other operating grants on the statement of revenues, expenses, and changes in net position.

NOTE 8 - INSURANCE RECOVERIES AND PREMIUM FORGIVENESS

The Commission utilizes the State of Louisiana Office of Risk Management (ORM) as an insurance provider. During 2021, the Commission filed an insurance claim for building repairs. The Commission paid deductible amounts of \$1,000 per claim as outlined by their insurance provider and incurred benefit from the ORM of the remaining costs needed to complete such repairs. Total insurance proceeds paid on behalf of the Commission from the ORM for the year 2021 are \$37,575.

Additionally, the Commission has maintained an outstanding balance payable to the ORM that originated in 2012. On June 15, 2021, the Commission received full forgiveness in the amount of \$169,751 for the outstanding balance. The forgiveness is reflected in non-operating revenues in the statement of revenues, expenses, and changes in net position. The Commission has no outstanding balance to the ORM as of December 31, 2021.

NOTE 9 - PAYCHECK PROTECTION PROGRAM (PPP)

On January 29, 2021, the Commission received loan proceeds in the amount of \$77,871 under the PPP. The PPP, established as a part of the Coronavirus Aid, Relief, and Economic Security Act, provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying businesses. The loans and accrued interest may be forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, certain employee benefits, rent and utilities, and maintains certain payroll levels. The amount of loan forgiveness may be reduced if the borrower terminates employees or reduces salaries during the forgiveness period.

On September 1, 2021, the Commission's loan was forgiven in full as a result of the Commission meeting the required criteria for loan forgiveness as stated in the paragraph above. The Commission recognized the forgiveness of \$77,871 for the fiscal year ended December 31, 2021 and is reflected in nonoperating revenues in the statement of revenues, expense, and changes in net position.

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

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

December 31, 2021

LAST TEN FISCAL YEARS (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability			
Interest	\$ 2,534	\$ 3,375	\$ 12,186
Differences between expected and actual experience	3,606	2,914	(265,256)
Changes of assumptions	(4,434)	(21,852)	(4,144)
Benefit payments	(6,944)	(6,775)	(30,744)
Net change in total OPEB liability	<u>(5,238)</u>	<u>(22,338)</u>	<u>(287,958)</u>
Total OPEB liability - beginning	<u>94,281</u>	<u>116,619</u>	<u>404,577</u>
Total OPEB liability - ending	<u>\$ 89,043</u>	<u>\$ 94,281</u>	<u>\$ 116,619</u>
Net OPEB liability as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
	<u>2018</u>		
Total OPEB Liability			
Interest	\$ 11,648		
Differences between expected and actual experience	-		
Changes of assumptions	(21,424)		
Benefit payments	(30,744)		
Net change in total OPEB liability	<u>(40,520)</u>		
Total OPEB liability - beginning	<u>445,097</u>		
Total OPEB liability - ending	<u>\$ 404,577</u>		
Net OPEB liability as a percentage of covered payroll	<u>0.00%</u>		

Notes to Schedule:

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

Changes of assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate changes from 2.79% as of July 1, 2019 to 2.66% as of July 1, 2020. Under GASB 75, unfunded plans are required to use a discount rate that reflects the 20-year tax-exempt municipal bond yield or index rate. Thus, the discount rates of 2.66% and 2.79% are based on the S&P Municipal Bond 20-Year High Grade Rate Index as of

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

LOUISIANA NAVAL WAR MEMORIAL COMMISSION
Baton Rouge, Louisiana

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

For the year ended December 31, 2021

Agency Head: Rosehn Gipe, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 75,000
Benefits - insurance	5,330
Benefits - retirement	3,750
Travel reimbursement	<u>286</u>
Total	<u>\$ 84,366</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, of the **LOUISIANA NAVAL WAR MEMORIAL COMMISSION (the Commission)**, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated April 29, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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


Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
April 29, 2022

LOUISIANA NAVAL WAR COMMISSION
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2021

1) Summary of Auditors' Results:

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

Material weaknesses: **None.**

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

LOUISIANA NAVAL WAR COMMISSION
Baton Rouge, Louisiana

SUMMARY OF FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2021

4) FINDINGS - FINANCIAL STATEMENT AUDIT

None.

LOUISIANA NAVAL WAR COMMISSION

SUMMARY OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2021

5) FINDINGS - FINANCIAL STATEMENT AUDIT

None.

Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures

LOUISIANA NAVAL WAR MEMORIAL COMMISSION

Baton Rouge, Louisiana

For the year ended December 31, 2021

**INDEPENDENT AUDITOR'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below, which were agreed to by **LOUISIANA NAVAL WAR MEMORIAL COMMISSION** (Commission) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The Commission's management is responsible for those C/C areas identified in the SAUPs.

LOUISIANA NAVAL WAR MEMORIAL COMMISSION (the Commission) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and schedule of exceptions are as follows:

Written Policies and Procedures:

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c. ***Disbursements***, including processing, reviewing, and approving.
 - d. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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

Board or Finance Committee:

- 2. Obtain and inspect the board/committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a. Observe whether the managing board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.
 - c. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations:

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

Collections:

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a. Employees that are responsible for cash collections do not share cash drawers/registers.
 - b. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on

the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a. Observe that receipts are sequentially pre-numbered.
- b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c. Trace the deposit slip total to the actual deposit per the bank statement.
- d. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e. Trace the actual deposit per the bank statement to the general ledger.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b. At least two employees are involved in processing and approving payments to vendors.
 - c. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a. Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b. Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased security.

Travel and Travel-Related Expense Reimbursement (excluding card transactions):

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

- d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts:

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel:

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b. Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d. Observe the rate paid to the employees of officials agree to the authorized salary/pay rate found within the personnel file.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee and officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums, etc.) have been paid, and associated forms have been filed, by required deadlines.

Ethics:

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Debt Service:

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Fraud Notice:

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

Information Technology Disaster Recovery/Business Continuity:

25. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- a. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Sexual Harassment:

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a. Number and percentage of public servants in the agency who have completed the training requirements;
 - b. Number of sexual harassment complaints received by the agency;
 - c. Number of complaints which resulted in a finding that sexual harassment occurred;
 - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e. Amount of time it took to resolve each complaint.

LOUISIANA NAVAL WAR MEMORIAL COMMISSION
Baton Rouge, Louisiana

SCHEDULE OF EXCEPTIONS

For the year ended December 31, 2021

Exceptions:

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

Written Policies and Procedures:

1 (k) (l) The Commission has policies in place relating to technology disaster recovery/business continuity and sexual harassment, however they do not meet the minimum requirements of the Statewide Agreed Upon Procedures.

Collections:

5 (a) (b) (c) (d) The Commission does not have written policies and procedures that address sharing cash drawers with other employees, that each employee responsible for collection cash is not responsible for preparing/making bank deposits, which employees collect cash, make cash bank deposits, record the transaction and reconcile the related bank accounts or which employees reconcile cash collections to the general ledger or subsidiary ledgers.

7 (d) Of the six deposits selected for testing, one deposit was not deposited within one business day of receipt.

Non-Payroll Disbursements:

10 (b) Of the five disbursements tested, one did not have sufficient documentation indicating that a purchase order requisition was used.

Ethics:

20 (b) The Commission did not have signature verification from any of the five selected employees that employed individuals read the entity's ethics policy during the fiscal year as the Commission had no ethics policy in place.

Fraud Notice:

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

Information Technology Disaster Recovery/Business Continuity:

25 We performed the procedure and discussed the results with management. The Commission utilizes a cloud-based software for maintaining their accounting system. As it is cloud-based, there are no physical copies subject to risk of loss and digital backups for the accounting system are conducted continuously.

Sexual Harassment:

26 None of the five employees selected for testing have sexual harassment training completed for the fiscal year.

27 The Commission does not have its sexual harassment policy and complaint procedure on its website or located on the premise.

28 (a) (b) (c) (d) (e) The Commission did not publish an annual sexual harassment report for the entity for the fiscal period under audit.

Management's Response:

1 (k) (l): The Commission will update its policies and procedures for information technology disaster recovery/ business continuity and sexual harassment address all requirements.

5 (a) (b) (c) (d): The Commission acknowledges the current policies and procedures in place do not address sharing cash drawers with other employees, however, the Commission believes it's current policies and procedures in place over cash drawers are sufficient given the size of the Commission's staff and does not consider it economically feasible to acquire separate cash drawers for instances where multiple employees are collecting cash.

10 (b): The Commission considers this disbursement to be an isolated incident as it relates to recurring charges for monthly maintenance services. This disbursement was budgeted and approved, however, we will ensure purchase orders are used moving forward.

20 (b): The Commission will ensure employees sign and attest through signature that they have read the ethics policy each year.

24: The Commission will ensure the fraud notice as required by R.S. 24.523.1 is posted on the premises.

26, 27, and 8 (a) - (e): The Commission will ensure all required training and public reporting is completed each year.

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

We are required to be independent of the **LOUISIANA NAVAL WAR MEMORIAL COMMISSION** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
April 29, 2022