

8/6/08

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

**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2007**

**Audit of Financial Statements**

**December, 31 2007**

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

8/6/08

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### Independent Auditor's Report

**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 financial statements of the governmental activities, the business-type activities and each major fund of the Louisiana Naval War Memorial Commission, a component unit of the State of Louisiana, as of and for the year ended December 31, 2007, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Louisiana Naval War Memorial Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type

activities and each major fund of the Louisiana Naval War Memorial Commission as of December 31, 2007 and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2008 on our consideration of the Louisiana Naval War 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information as listed in the table of contents (required supplementary information Parts I and II) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming pinions on the financial statements that collectively comprise the Louisiana Naval War Commission's basic financial statements. The accompanying supplementary schedules, as listed in the table of contents (Other Supplementary Information) are presented for purposes of additional analysis and are 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.

*Hienz & Macaluso, LLC*

**HIENZ & MACALUSO, L.L.C.**

Metairie, LA  
June 25, 2008

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis of the Louisiana Naval War Memorial Commission, Department of Culture, Recreation and Tourism of the State Louisiana (hereafter referred to as the Commission) presents a narrative overview and analysis of the commission's financial activities for the year ended December 31, 2007. This document focuses on the current year's activities, resulting changes and currently known facts. Please read this document in conjunction with the Commission's financial statements.

### Highlights of the Commission as a whole

The year 2007 was most notable for the continued efforts spent in recovery from Hurricanes Katrina and Rita, which devastated the tourism industry throughout Louisiana as a whole and not just in the areas directly affected by the storms.

Walk in attendance remained down during 2007 due to the continued lull in tourism. Our military reunion attendance and riverboat visitation continued to be severely impacted throughout 2007, though it showed some improvement. Overnight attendance was the least affected, though the program continues to see a significant loss as compared to pre-Katrina standards.

Rainfall impacted attendance to the Fourth of July Star-Spangled Celebration – our only fundraiser for the year – with heavy rains around noon and a lingering overcast keeping the crowds at home.

The port visit of the Columbus' caravel NINA proved to be a year-end boost, bringing people to the riverfront. Visitors to the NINA were provided coupons for a discounted admission to the KIDD.

The items listed below highlight certain financial statement amounts as of and for the year ended December 31, 2007:

- Operating revenues for the Commission increased by \$ 16,329.79 - a 3.82% increase from the prior year.
- Operating expenses for the Commission decreased by \$ 40,886.89 – approximately 4.62 percent decrease from the prior year.
- Additional grant funding was received from the City-Parish of East Baton Rouge in the amount of \$ 100,000 during 2007.

### Overview of the basic financial statements

This discussion and analysis is intended to serve as an introduction to the Commission's financial statements, which is comprised of government wide-financial statements, fund financial statements and notes to the financial statements. There is also other supplementary information contained in this report provided for additional information. These statements include the Louisiana Veterans Memorial Foundation as a component unit.

This fund is reported separately 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.

#### Government-wide financial statements

The government-wide financial statements present financial information for all activities of the Commission from an economic resources measurement focus using the accrual basis of accounting. They present governmental activities, such as general government, separately from business-type activities. Government-wide financial statements for governmental activities include the Statement of Net Assets and the Statement of Activities. They provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances.

#### Statement of Net Assets.

This statement presents information on all of the Commission's assets and liabilities with the differences 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 (government 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.

#### 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.

Budgetary comparison schedules are included for governmental funds under required supplementary information part II. 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.

### Notes to the Financial Statements and Other information.

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

In addition to the general-purpose financial statements and accompanying notes, this report also presents certain required supplementary information and other supplementary information including financial statements of the Louisiana Naval War Memorial Foundation.

### Financial Analysis of the Commission

The following page presents condensed financial information on the operations of the Commission, with the Foundation broken out separately and total columns for the Commission as a whole (with prior year amounts for comparison):

LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
DECEMBER 31, 2007

**SUMMARY OF NET ASSETS**

	Governmental Activities			Business-type Activities			Totals		
	2007	2006	Change	2007	2006	Change	2007	2006	Change
<b>Assets:</b>									
Current and other assets	110,216.10	115,592.48	(5,376.38)	70,250.48	38,187.70	32,062.78	180,466.58	153,780.18	26,686.40
Restricted assets	79,007.08	74,346.05	4,661.03	5.88	2,859.65	(2,853.77)	79,012.96	77,205.70	1,807.26
Capital assets, net	-	-	-	2,632,636.88	2,742,237.25	(109,600.37)	2,632,636.88	2,742,237.25	(109,600.37)
<b>Total Assets</b>	<b>189,223.18</b>	<b>189,938.53</b>	<b>(715.35)</b>	<b>2,702,893.24</b>	<b>2,783,284.60</b>	<b>(80,391.36)</b>	<b>2,892,116.42</b>	<b>2,973,223.13</b>	<b>(81,106.71)</b>
<b>Liabilities:</b>									
Current liabilities	-	2,909.46	(2,909.46)	63,357.13	35,781.37	27,575.76	63,357.13	38,690.83	24,666.30
Long-term liabilities	-	-	-	27,824.19	30,467.64	(2,643.45)	27,824.19	30,467.64	(2,643.45)
<b>Total Liabilities</b>	<b>-</b>	<b>2,909.46</b>	<b>(2,909.46)</b>	<b>91,181.32</b>	<b>66,249.01</b>	<b>24,932.31</b>	<b>91,181.32</b>	<b>69,158.47</b>	<b>22,022.85</b>
<b>Net Assets:</b>									
Invested in capital assets, net of related debt	-	-	-	2,632,636.88	2,742,237.25	(109,600.37)	2,632,636.88	2,742,237.25	(109,600.37)
Restricted	79,007.08	74,346.05	4,661.03	5.88	2,859.65	(2,853.77)	79,012.96	77,205.70	1,807.26
Unrestricted	110,216.10	112,683.02	(2,466.92)	(20,930.84)	(28,081.31)	7,130.47	89,285.26	84,621.71	4,663.55
<b>Total Net Assets</b>	<b>189,223.18</b>	<b>187,029.07</b>	<b>2,194.11</b>	<b>2,611,711.92</b>	<b>2,717,035.59</b>	<b>(105,323.67)</b>	<b>2,800,935.10</b>	<b>2,904,064.66</b>	<b>(103,129.56)</b>

**SUMMARY OF CHANGES IN NET ASSETS**

<b>Revenues:</b>									
Charges for services	42,553.00	33,317.00	9,236.00	445,093.02	427,893.23	17,199.79	487,646.02	451,210.23	26,435.79
Operating grants/contributions	90,846.00	47,875.00	42,971.00	241,260.00	179,381.62	61,878.38	332,106.00	227,256.62	104,849.38
Capital grants/contributions	-	-	-	-	-	-	-	-	-
Investment & interest earnings	8,068.00	9,526.66	(1,438.66)	2.00	35.00	(33.00)	8,090.00	9,561.66	(1,471.66)
<b>Total Revenues</b>	<b>141,467.00</b>	<b>90,718.66</b>	<b>50,748.34</b>	<b>686,355.02</b>	<b>607,309.85</b>	<b>79,045.17</b>	<b>827,842.02</b>	<b>698,028.51</b>	<b>129,813.51</b>
<b>Expenses:</b>									
General government	11,311.89	10,603.00	708.89	-	-	-	11,311.89	10,603.00	708.89
Endowment	170.00	128.00	42.00	-	-	-	170.00	128.00	42.00
Culture/recreation	74,991.00	32,669.46	42,321.54	-	-	-	74,991.00	32,669.46	42,321.54
Gift shop	-	-	-	162,781.21	171,930.97	(9,149.76)	162,781.21	171,930.97	(9,149.76)
Camping/reunions	-	-	-	81,243.44	97,392.41	(16,148.97)	81,243.44	97,392.41	(16,148.97)
Ship/naval center	-	-	-	600,474.04	615,062.20	(15,588.16)	600,474.04	615,062.20	(15,588.16)
<b>Total Expenses</b>	<b>86,472.89</b>	<b>43,400.46</b>	<b>43,072.43</b>	<b>844,498.69</b>	<b>885,385.58</b>	<b>(40,886.89)</b>	<b>830,871.58</b>	<b>928,786.04</b>	<b>2,185.54</b>
Changes in net assets	55,014.11	47,318.20	7,695.91	(158,143.67)	(278,075.73)	119,932.06	(103,129.56)	(230,757.53)	127,627.97
Transfers	(52,820.00)	(53,871.00)	1,051.00	52,820.00	53,871.00	(1,051.00)	-	-	-
Net assets - beginning	187,029.07	193,581.87	(6,552.80)	2,717,035.59	2,941,240.32	(224,204.73)	2,904,064.66	3,134,822.19	(230,757.53)
Net assets - ending	189,223.18	187,029.07	2,194.11	2,611,711.92	2,717,035.59	(105,323.67)	2,800,935.10	2,904,064.66	(103,129.56)

The Commission reported positive balances in net assets for both governmental and business-type activities. Governmental activities reported an increase in net assets for 2007 in the amount of \$ 2,194, which includes \$ 50,820 transferred to the business-type activities. Business-type activities reported a decrease in net assets in the amount of \$ 105,324 primarily due to depreciation expense for 2007 in the amount of \$ 109,600. The Commission as a whole reported a decrease in net assets for the year ended December 31, 2007 in the amount of \$ 103,130.

#### Analysis of Budgeted Amounts

The commission realized approximately \$ 97,000 more in total revenues than budgeted for 2007, mostly due to an increase in a city of Baton Rouge grant. Budgeted amounts for total expenses were approximately \$ 79,000 less than actual due to higher than expected costs for utilities and personnel expenses offset slightly by lower than expected costs for repairs and maintenance.

#### Capital Assets and Long Term Debt Administration

##### Capital Assets

As of December 31, 2007 the Commission had \$ 2,632,637 (net of depreciation) invested in a broad range of capital assets including land, the museum, furniture, equipment and the U.S.S. Kidd (destroyer). During the current year the Commission did not record any new capital acquisitions. All assets were properly recorded with the State of Louisiana and a detailed list is maintained.

##### Long Term Debt

The Commission currently has no long-term debt with the exception of compensated absences in the amount of \$ 27,824.

#### Economic Factors and Next Year's Budgets

For 2008, the Commission hopes to see continued recovery in attendance and revenue as tourism in South Louisiana recovers. Efforts continue in cost-cutting and fundraising through donations until such time as tourism rebounds in the New Orleans and Biloxi areas.

We have reapplied for a \$ 5,000 grant from the Lupin Foundation to assist with utilities. The City-Parish of East Baton Rouge has also generously approved increasing their annual grant by \$ 100,000 for a grand total of \$ 229,500. Unfortunately, Tin Can Sailors, Inc. was forced to cut their annual grant from \$ 18,000 to \$ 9,000 for 2008.

In late 2007, we launched *Operation Golden Years* with our foundation: an effort to raise funds for the KIDD's Endowment fund for her long-term preservation. While the campaign was to terminate on April 23, 2008 – the KIDD's 65<sup>th</sup> birthday – we have extended

the campaign indefinitely as the endowment is the main hope for the KIDD's long-term survival.

For 2008, we will continue to concentrate on building local visitation and continue additional fund-raising until such time as tourism rebounds in the New Orleans and Biloxi areas. In late 2008 or early 2009, we are working to bring the tall ship HMS BOUNTY back to the riverfront to help spur visitation.

*Contacting the Commission's Financial Management*

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. If you have any questions regarding this report, contact the Mr. Maury Drummond at 305 South River Road, Baton Rouge, Louisiana 70808 (225-342-1942).

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION**  
**DEPARTMENT OF CULTURE, RECREATION AND TOURISM**  
**STATE OF LOUISIANA**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2007**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 10,216.10	\$ 36,615.06	\$ 46,831.16
Investments	100,000.00	-	100,000.00
Inventory, at cost	-	18,737.92	18,737.92
Accounts receivable, net	-	1,823.00	1,823.00
Prepaid insurance		13,074.50	13,074.50
Restricted cash and cash equivalents:			
Special projects/programs	267.82	5.88	273.70
Endowment	4,397.26	-	4,397.26
Restricted investments:			
Investment	74,342.00	-	74,342.00
Capital assets, net	-	2,632,636.88	2,632,636.88
<b>Total Assets</b>	<b>189,223.18</b>	<b>2,702,693.24</b>	<b>2,892,116.42</b>
<b>Liabilities:</b>			
Accounts payable and accruals	-	56,457.13	56,457.13
Deferred revenues		6,900.00	6,900.00
Compensated absences payable		27,824.19	27,824.19
<b>Total Liabilities</b>	<b>-</b>	<b>91,181.32</b>	<b>91,181.32</b>
<b>Net Assets:</b>			
Invested in capital assets net of related debt	-	2,632,636.88	2,632,636.88
Restricted for:			
Special projects/programs	267.82	5.88	273.70
Endowment	78,739.26	-	78,739.26
Unrestricted	110,216.10	(20,930.84)	89,285.26
<b>Total Net Assets</b>	<b>\$ 189,223.18</b>	<b>\$ 2,611,711.92</b>	<b>\$ 2,800,935.10</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**

**STATEMENT OF NET ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

Function/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	\$ 11,311.89	\$ 42,553.00	\$ -	\$ -	\$ 31,241.11	\$ -	\$ 31,241.11
Culture/recreation	74,991.00	90,846.00	-	-	15,855.00	-	15,855.00
<b>Total governmental activities</b>	<b>86,302.89</b>	<b>133,399.00</b>	<b>-</b>	<b>-</b>	<b>47,096.11</b>	<b>-</b>	<b>47,096.11</b>
<b>Business-type Activities:</b>							
Gift shop	162,781.21	136,144.93	-	-	-	(26,636.28)	(26,636.28)
Camping/reunions	81,243.44	95,384.02	-	-	-	14,140.58	14,140.58
Ship/naval center	600,474.04	213,564.07	241,260.00	-	-	(145,649.97)	(145,649.97)
<b>Total business-type activities</b>	<b>844,498.69</b>	<b>445,093.02</b>	<b>241,260.00</b>	<b>-</b>	<b>-</b>	<b>(158,145.67)</b>	<b>(158,145.67)</b>
<b>Total primary government</b>	<b>\$ 930,801.58</b>	<b>\$ 578,492.02</b>	<b>\$ 241,260.00</b>	<b>\$ -</b>	<b>47,096.11</b>	<b>(158,145.67)</b>	<b>(111,049.56)</b>
<b>General revenues and transfers:</b>							
Interest earnings					7,088.00	2.00	7,090.00
Earnings on endowment, net of expenses					830.00		830.00
Transfers					(52,820.00)	52,820.00	-
<b>Total general revenues and transfers</b>					<b>(44,902.00)</b>	<b>52,822.00</b>	<b>7,920.00</b>
<b>Change in net assets</b>					<b>2,194.11</b>	<b>(105,323.67)</b>	<b>(103,129.56)</b>
<b>Net assets - beginning</b>					<b>187,029.07</b>	<b>2,717,035.59</b>	<b>2,904,064.66</b>
<b>Net assets - ending</b>					<b>\$ 189,223.18</b>	<b>\$ 2,611,711.92</b>	<b>\$ 2,800,935.10</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**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2007**

**Special Revenue Fund**

**Assets and other debits:**

Cash and cash equivalents	\$ 10,216.10
Investments	100,000.00
Restricted cash and cash equivalents:	
Special projects/programs	267.82
Endowment	4,397.26
Restricted investment - endowment	74,342.00
<b>Total assets and other debits</b>	<b><u>189,223.18</u></b>

**Liabilities, equity and other credits:**

**Liabilities:**

Accounts payable and accruals	-
<b>Total Liabilities</b>	<b><u>-</u></b>

**Equity and other credits:**

Fund Balances:	
Restricted for:	
Special projects/programs	267.82
Endowment	78,739.26
Unrestricted/undesignated	110,216.10
<b>Total equity and other credits</b>	<b><u>189,223.18</u></b>
<b>Total liabilities, equity and other credits</b>	<b><u>\$ 189,223.18</u></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**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2007**

**Special Revenue Fund**

**Revenues:**

Memberships	\$ 42,553.00
Special projects/programs	90,846.00
Endowment revenues	1,000.00
Interest earned	7,088.00
<b>Total Revenues</b>	<u>141,487.00</u>

**Expenses:**

Endowment expenses	170.00
Office expenses	350.35
Postage & printing	8,352.00
Professional Services	5,219.00
Special projects/programs	72,381.54
<b>Total Expenses</b>	<u>86,472.89</u>

<b>Excess revenue over expenditures</b>	<u>55,014.11</u>
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**Other financing sources (uses):**

Operating transfers out	<u>(52,820.00)</u>
Excess or deficit	2,194.11
Fund balances - beginning of period	<u>187,029.07</u>
Fund balances - end of period	<u>\$ 189,223.18</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**  
**BALANCE SHEET**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2007**

**Enterprise Fund**

**Assets:**

Cash and cash equivalents	\$ 36,615.06
Inventory, at cost	18,737.92
Accounts receivable, net	1,823.00
Prepaid insurance	13,074.50
Restricted cash and cash equivalents:	
Special projects/programs	5.88
Capital assets, net	2,632,636.88
<b>Total assets</b>	<u><u>2,702,893.24</u></u>

**Liabilities and net assets:**

**Liabilities:**

Accounts payable and accruals	56,457.13
Deferred revenues	6,900.00
Compensated absences payable	27,824.19
<b>Total liabilities</b>	<u>91,181.32</u>

**Net Assets:**

Invested in capital assets, net of related debt	2,632,636.88
Restricted for:	
Special programs/projects	5.88
Unrestricted	(20,930.84)
<b>Total net assets</b>	<u>2,611,711.92</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 2,702,893.24</u></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  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**Enterprise Fund**

**Operating Revenues:**

Admissions	\$ 178,364.91
Sales	136,144.93
Programs	89,327.61
Special events	6,055.41
Other operating revenues	34,329.16

<b>Total Operating Revenues</b>	<u>444,223.02</u>
---------------------------------	-------------------

**Operating Expenses:**

Salaries and related benefits	436,990.55
Purchases	57,133.14
Administrative	81,079.84
Maintenance & supplies	129,526.59
Programs	17,322.80
Special events	12,845.40
Depreciation	109,600.37

<b>Total Operating Expenses</b>	<u>844,498.69</u>
---------------------------------	-------------------

<b>Operating income (loss)</b>	<u>(400,275.67)</u>
--------------------------------	---------------------

**Non-operating revenues (expenses):**

Interest income	2.00
Grant proceeds	241,260.00
Leases and fees	870.00

<b>Total non-operating revenues (expenses)</b>	<u>242,132.00</u>
--	-------------------

<b>Income (loss) before operating transfers</b>	<u>(158,143.67)</u>
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**Operating transfers:**

Operating transfers in (out)	<u>52,820.00</u>
------------------------------	------------------

Excess or (deficit)	(105,323.67)
---------------------	--------------

Net assets - beginning	<u>2,717,035.59</u>
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Net assets - ending	<u>\$ 2,611,711.92</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**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

**Enterprise fund**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from customers	\$ 444,798.02
Cash paid to employees for services	(439,965.77)
Cash paid to suppliers for goods and services	(274,652.69)
Net cash provided (used) for operating activities	<u>(269,820.44)</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:**

Grants received	241,260.00
Leases and docking fees received	870.00
Transfers	52,820.00
Net cash provided (used) by non-capital financing activities	<u>294,950.00</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest received	<u>2.00</u>
Net cash provided (used) for financing activities	<u>2.00</u>
Net increase (decrease) in cash and cash equivalents	25,131.56
Cash and cash equivalents - beginning of the year	<u>11,489.38</u>
Cash and cash equivalents - end of the year	<u>\$ 36,620.94</u>

**RECONCILIATION OF OPERATING LOSS TO NET CASH  
USED FOR OPERATING ACTIVITIES:**

Operating loss	\$ (400,275.67)
Adjustments to reconcile operating loss to net cash provided (used) for operating activities:	
Depreciation	109,600.37
(Increase) decrease in assets:	
Inventory	(692.95)
Prepaid insurance	(3,359.50)
Accounts receivable	(25.00)
Increase (decrease) in liabilities:	
Accounts payable	26,975.76
Compensated absences	(2,643.45)
Deferred revenue	600.00
Net cash provided (used) for operating activities	<u>\$ (269,820.44)</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  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007**

**INTRODUCTION**

The Louisiana Naval War Memorial Commission (the 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 service.

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 naval and marine corps memorial and any improvements and exhibits located thereon and any additions constructed, created, leased, acquired or erected in connection herewith. The U.S.S. Kidd and museum are located in Baton Rouge, Louisiana. The Commission's primary revenues include admission fees, gift shop sales and grants.

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

The accounting and reporting practice 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 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*.

In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*". The implementation of this statement has created additional statements, schedules, reports, and note disclosures as follows:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the overall financial position and results of operations.
- Financial Statements are prepared using the full accrual accounting methods:
  - Depreciation is recorded on depreciable assets and property and equipment (including infrastructure) is recorded net of accumulated depreciation.
- The basic financial statements include Government-Wide Statements and Fund Financial Statements, as explained in the following note disclosures:

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following is a summary of certain significant accounting policies:

**Financial Reporting Entity:**

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the State to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the State.
2. Organizations for which the State does not appoint a voting majority but are fiscally dependent on the State.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the State of Louisiana, via the Governor, appoints the majority of the members of the Louisiana Naval War Memorial Commission's governing board and therefore has the ability to impose its will on the Commission, the Commission was determined to be a component unit of the State of Louisiana. The accompanying financial statements present the transactions of the Louisiana Naval War Memorial Commission and its blended component unit, the Louisiana Veterans Memorial Foundation (the Foundation), as required by generally accepted accounting principles. 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.

**Government-wide and fund financial statements:**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

Eliminating Internal Activity

Interfund receivables and payables 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

The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Reporting of 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

Assets used in operations with an initial useful life that extends beyond one year are capitalized. Buildings, equipment, furniture and fixtures and infrastructure (including the USS Kidd destroyer) are depreciated over their estimated useful lives. Depreciation is not calculated on land, land improvements or construction in progress. Capital assets are reported net of accumulated depreciation in the Statements of Net Assets.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 or contributions.

Charges for services – are revenues from exchanges or exchange like transactions with external parties that purchase, use or directly benefit from goods, services, or privileges provided by the Commission.

Operating grants and contributions – are resources that are restricted for operating purposes of a program. They include grants and contributions with restrictions that permit the resources to be used for operating expenses or capital expenditures of the program at the recipient government's discretion.

Capital grants and contributions – consist of capital assets or resources that are restricted for capital purposes – to purchase, construct, or renovate capital assets associated with a specific program.

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.

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 operation revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing are reported as non-operating revenues.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Net Assets

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

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purpose for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The Commission reports the following major governmental funds:

Special Revenue Fund

The Special Revenue Fund accounts for the proceeds of specific revenue sources that are legally reserved to expenditures of specific purposes.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The Commission reports the following major proprietary funds:

Enterprise Fund

Enterprise funds account for operations (a) where the intent of the governing body is that the costs (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 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.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon thereafter to be used to pay the liabilities of the current fiscal year. For the Commission, available means expected to be received within thirty-one days of fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year-end.

Non-exchange transactions, in which the Commission receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements including timing requirements, which specify the year when resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Commission must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Commission on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

Other Financing Sources (Uses)

In governmental fund accounting, transfers between funds, which are not expected to be repaid, are accounted for as other financing sources (uses). In those cases where repayment is expected, the advances are accounted for through the various "due from" and "due to" accounts. These amounts are eliminated in the government-wide financial statements.

Capital Assets:

Property and Equipment are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. All items purchased or donated that are valued above \$ 1,000 are capitalized. Infrastructure as listed below includes the USS KIDD destroyer. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

<u>Asset</u>	<u>Years</u>
Vehicles	7-10
Equipment	4-10
Furniture and Fixtures	5-7
Buildings	40
Infrastructure	40-50

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.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under GASB Statement No. 34 the government-wide financial statements and the fund financial statements do not include the General Fixed Asset Account Group.

**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. The Commission has no long term obligations other than compensated absences.

Under GASB Statement No. 34 the government-wide financial statements and the fund financial statements do not include the General Long Term Debt Account Group.

**Budget Practices:**

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.

**Encumbrances:**

Encumbrance accounting is not utilized by the Commission.

**Cash, Cash Equivalents and Investments:**

Cash and cash equivalents include demand deposits in banks and the State Treasury. The caption "cash in banks" on the Statement of Net Assets includes all cash on deposit at banks, including certificates of deposit with an original maturity of less than 90 days. If the original maturity exceeds 90 days they are classified at investments.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana.

Louisiana state law requires deposits (cash and certificates of deposit) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision. The market value of the demand deposits and certificates of deposit is equal to their cost (face value of the certificate).

**Compensated Absences:**

Employees accumulate annual and sick leave at various rates based on their years of service. The amount of annual and 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 leave privileges at December 31, 2007 is estimated to be \$ 27,824.19 which is recorded as a liability in the government-wide financial statements.

**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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the data of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**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.

**Restricted Assets:**

Certain proceeds of enterprise funds and special revenue funds are recorded as restricted because their use is limited (or restricted) by the donor.

**Prepaid Items:**

Prepaid items consist of payments made in advance for future expenditures.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Deferred Revenue:**

Deferred revenue consists of amounts received in advance from customers for the overnight camping program. These amounts will be reclassified as program revenues after the Commission has provided the contracted service.

**Interfund Transactions:**

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

**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 are as follows:

- *Invested in Capital Assets, Net of Related Debt* – This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvements of capital assets.
- *Restricted Net Assets* – This category includes 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.
- *Unrestricted Net Assets* – This category represents net assets not appropriate for expenditures or legally segregated for a specific future use.

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

- *Restricted Fund Balances* – These resources are segregated because their use is earmarked for a specific purpose.
- *Unrestricted/undesignated Fund Balances* – This category represents that portion of equity not appropriate for expenditures or legally segregated for a specific future use.

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**NOTE 2.     JUDGEMENTS, CLAIMS, AND SIMILAR CONTINGENCIES**

There is Commission is not aware of any litigation requiring disclosure or accrual in the financial statements.

The Commission is in a dispute with the State of Louisiana Division of Administration, Office of Risk Management over outstanding invoices. These invoices as reported on the Office of Risk Management Statement are for years ending 1997, 2000, 2001 and 2002 and amount to a total of \$ 21,008.45. The Commission contends that a prior arrangement was made with the former Commissioner of the Division of Administration regarding premium reductions for the years in question. The Commission believes that once communication is established between the Office of Risk Management and the appropriate individuals with the State of Louisiana Division of Administration this will be resolved in the Commission's favor. No amounts related to this dispute have been recorded in financial statements for the year ended December 31, 2006.

The Commission was billed \$ 15,315 in November 2006 for a "Katrina Assessment". This is also being disputed but was recorded in the financial statements at December 31, 2006 and 2007.

**NOTE 3.     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 made by the Commission to the Federal Social Security System were \$ 25,934.68, \$ 25,585.67, and \$ 24,507.47 for the years ended December 31, 2007, 2006 and 2005 respectively.

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 to the Commission was \$ 12,266.17, \$ 12,323.66 and \$ 11,052.13 for the years ended December 31, 2007, 2006 and 2005 respectively.

**NOTE 4.     PER DIEM PAID BOARD MEMBERS**

The Commission members are not paid for their services.

**NOTE 5.     RELATED PARTY TRANSACTIONS**

The Commission is not aware of any related party transactions for the year ended December 31, 2007. The Commission's policy is to not engage in any related party transactions.

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**NOTE 6. PROPERTY AND EQUIPMENT**

The Commission reports capital assets at historical cost in its enterprise fund (business-type activities). The following changes in capital assets were reported for the year ended December 31, 2007:

	Balance 1/1/2007	Additions	Deletions	Balance 12/31/2007
<b><u>Capital Assets not being depreciated:</u></b>				
Land	\$ 268,500.00	\$ -	\$ -	\$ 268,500.00
Total capital assets not being depreciated	<u>268,500.00</u>	<u>-</u>	<u>-</u>	<u>268,500.00</u>
<b><u>Capital Assets being depreciated:</u></b>				
U.S.S. KIDD (destroyer)	1,905,724.79	-	-	1,905,724.79
Museum	2,805,695.30	-	-	2,805,695.30
Furniture and equipment	91,942.54	-	-	91,942.54
Total capital assets being depreciated	<u>4,803,362.63</u>	<u>-</u>	<u>-</u>	<u>4,803,362.63</u>
<b>Accumulated Depreciation:</b>				
	Balance 1/1/2007	Additions	Deletions	Balance 12/31/2007
U.S.S. KIDD (destroyer)	974,037.11	42,349.44	-	1,016,386.55
Museum	1,274,572.80	62,197.87	-	1,336,770.67
Furniture and equipment	81,015.47	5,053.06	-	86,068.53
Total accumulated depreciation	<u>2,329,625.38</u>	<u>109,600.37</u>	<u>-</u>	<u>2,439,225.75</u>
Total capital assets being depreciated, net	<u>2,473,737.25</u>	<u>(109,600.37)</u>	<u>-</u>	<u>2,364,136.88</u>
Total capital assets, net	<u>\$ 2,742,237.25</u>	<u>\$ (109,600.37)</u>	<u>\$ -</u>	<u>\$ 2,632,636.88</u>

Depreciation expense was recorded in the amount of \$ 109,600.37 for the year ended December 31, 2007. There were no new capital assets placed in service during the year ended December 31, 2007.

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**NOTE 7. LONG-TERM OBLIGATIONS**

The Commission has no outstanding debt as of December 31, 2006. The Commission's only long-term obligations consist of compensated absences in the amount of \$ 30,467.64.

**Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities follows:

	<u>1/1/2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2007</u>	<u>Amounts due within one year</u>
Compensated Absences	\$ 30,467.64	\$ 5,992.62	\$ (8,636.07)	\$ 27,824.19	\$ -
	<u>\$ 30,467.64</u>	<u>\$ 5,992.62</u>	<u>\$ (8,636.07)</u>	<u>\$ 27,824.19</u>	<u>\$ -</u>

**NOTE 8. CASH AND INVESTMENTS**

**Cash and cash equivalents:**

The carrying amounts of the Commission's deposits are as follows for the year ended December 31, 2007:

**Special Revenue Fund:**

Interest bearing demand deposits	\$ 3,457.16
Money market savings	<u>11,424.02</u>
Total special revenue fund	<u>\$ 14,881.18</u>

**Enterprise fund:**

Demand deposits	\$ 33,915.06
Interest bearing demand deposits	5.88
Petty cash	<u>2,700.00</u>
Total enterprise fund	<u>\$ 36,620.94</u>

Cash and cash equivalents are stated at cost, which approximates market.

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007**

**NOTE 8.     CASH AND INVESTMENTS - continued**

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

GASB Statement No. 40, which amended GASB Statement No. 3, only requires disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either:

- 1) uninsured and uncollateralized,
- 2) uninsured and collateralized with securities held by the pledging financial institution or
- 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name

At December 31, 2007, the Commission had \$ 44,810.14 deposits, (collected bank balances), of which all are fully insured by federal deposit insurance.

At December 31, 2007, the Foundation (Special revenue fund) had \$ 78,739.26 in deposits, (collected bank balances), which are fully insured by federal deposit insurance.

At December 31, 2007, the Foundation (Special revenue fund) had \$ 114,193.92 in deposits, (collected bank balances), of which \$ 14,193.92 were un-insured and uncollateralized – Category 1 as listed above under the provisions of GASB Statement No. 40.

**Investments (Certificates of Deposit):**

At December 31, 2007 all "investments" reported in the Commission's financial statements are included in its special revenue fund.

At December 31, 2007 the Foundation held "investments", which were actually certificates of deposit at two financial institutions located in the Baton Rouge area. One such certificate of deposit is fully insured by federal deposit insurance and is located at Hancock Bank in the amount of \$ 74,342.00. The other certificates of deposits are located at Regions Bank and consist of four (4) separate certificates in the amount of \$ 25,000 each for a total of \$ 100,000 – these are insured by federal deposit insurance up to the amounts allowed as discussed in the preceding paragraphs. Interest rates range between 3% and 5% percent. The fair value and cost

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007**

NOTE 8. CASH AND INVESTMENTS - continued

of each are equal to the each investment's carrying amount - \$ 74,342.00 for the Hancock Bank certificate and \$ 100,000 for the Regions Bank certificates.

NOTE 9. DEFERRED REVENUE

For business-type activities, amounts received in advance from customers for the overnight camping program have been recorded as deferred revenue. The Commission will recognize revenue from these customers when services have been performed as contractually obligated. The total amount recorded as deferred revenue at December 31, 2006 is \$ 6,900.00.

NOTE 10. COOPERATIVE ENDEAVOR AGREEMENT

The Commission has signed a Cooperative Endeavor Agreement with its blended component unit, the Louisiana Veterans' War Memorial Foundation (the Foundation). Under this agreement the Foundation remits \$ 750 per month to the Commission for re-imbursment of expenses used to operate the Foundation. These amounts are recorded as transfers in the financial statements.

NOTE 11. ACCOUNTS RECEIVABLE

The Commission has recorded accounts receivable as of December 31, 2007 in the amount of \$ 1,823.00. This entire amount is recorded in the enterprise fund and is related to fees for admissions.

NOTE 12. ACCOUNTS PAYABLE

The Commission has recorded accounts payable as of December 31, 2006 in the following amounts:

<u>Special Revenue Fund:</u>	
Accounts payable - special revenue fund	<u>\$ 0.00</u>
<u>Enterprise fund:</u>	
Accounts payable	\$ 55,619.86
Sales taxes	284.57
Withholding and payroll taxes	<u>552.70</u>
Total enterprise fund	<u>\$ 56,457.13</u>

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007**

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 an original maturity of three months or less are considered cash equivalents. The cash and cash equivalents as stated on the Statement of Cash Flows at December 31, 2007 is as follows:

Unrestricted cash and cash equivalents	\$ 36,615.06
Restricted cash and cash equivalents	<u>5.88</u>
Total cash for cash flow statement	<u>\$ 36,620.94</u>

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007**

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
REQUIRED SUPPLEMENTARY INFORMATION - PART II  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Memberships	\$ 35,000.00	\$ 35,000.00	\$ 42,553.00	\$ 7,553.00
Special projects/programs	45,500.00	45,500.00	90,846.00	45,346.00
Endowment revenues	-	-	1,000.00	1,000.00
Investment earnings & Interest	3,700.00	3,700.00	7,088.00	3,388.00
<b>Total Revenues</b>	<b>84,200.00</b>	<b>84,200.00</b>	<b>141,487.00</b>	<b>57,287.00</b>
<b>EXPENDITURES</b>				
Endowment expenses	-	-	170.00	(170.00)
Office expense	50.00	50.00	350.35	(300.35)
Postage and printing	4,600.00	4,600.00	8,352.00	(3,752.00)
Professional fees	3,390.00	3,390.00	5,219.00	(1,829.00)
Special projects/programs	30,000.00	30,000.00	72,381.54	(42,381.54)
Miscellaneous	500.00	500.00	-	500.00
<b>Total Expenditures</b>	<b>38,540.00</b>	<b>38,540.00</b>	<b>86,472.89</b>	<b>(47,932.89)</b>
Excess of revenues over expenditures	45,660.00	45,660.00	55,014.11	9,354.11
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers Out	(41,000.00)	(41,000.00)	(52,820.00)	(11,820.00)
<b>Total other financing sources (uses)</b>	<b>(41,000.00)</b>	<b>(41,000.00)</b>	<b>(52,820.00)</b>	<b>(11,820.00)</b>
Excess of revenues and other financing sources over expenses and other financing uses	4,660.00	4,660.00	2,194.11	(2,465.89)
Fund balances - beginning of year	187,029.07	187,029.07	187,029.07	-
Fund balances - end of year	\$ 191,689.07	\$ 191,689.07	\$ 189,223.18	\$ (2,465.89)

See Auditor's Report

**OTHER SUPPLEMENTARY INFORMATION**



ROBERT W. HIENZ, C.P.A.  
ANTHONY J. MACALUSO, JR., C.P.A.

DAVID V. ERNST

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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*

**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 governmental activities, the business-type activities and each major fund of the Louisiana Naval War Memorial Commission (the Commission), a component unit of the state of Louisiana, as of and for the year ended December 31, 2007, which collectively comprise the Commission's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's

ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control.

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

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

### **Compliance and Other Matters**

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

This report is intended solely for the information and use of the Commission and its management, the audit committee, the Legislative Auditor's Office and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Hienz & Macaluso, LLC*

**HIENZ & MACALUSO, LLC**

Metairie, LA

June 25, 2008

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

We have audited the basic financial statements of the Louisiana Naval War Memorial Commission (the "Commission") as of and for the year ended December 31, 2007, and have issued our report thereon dated June 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2007 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

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

Internal Control:

Material Weakness - **NO**

Significant deficiency - **NO**

Compliance:

Compliance Material to the Financial Statements - **NO**

b. Federal Awards:

The Commission received no federal awards for the year ended December 31, 2007.

Section II - Financial Statement Findings

There were no findings related to the financial statements.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

Section IV - Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2007.

**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

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

**FINDING 2006-1: IMPROPER USE OF PUBLIC FUNDS**

**COMPLIANCE AND INTERNAL CONTROL FINDING**

The Commission's Board authorized payment for travel costs for a family member of an employee to attend a conference. The amount in question was calculated to be \$ 1,418, and is considered a violation of Louisiana state law.

The amount in question was re-paid to the Commission. This finding has been resolved.

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

The Commission received no federal awards for the year ended December 31, 2006.

*Section III - Management Letter*

A management letter was not issued in connection with the audit for the year ended December 31, 2006.

**MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2007**

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

There were no findings related to internal control and compliance material to the financial statements for the year ended December 31, 2007.

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

The Commission received no federal awards for the year ended December 31, 2007.

*Section III - Management Letter*

A management letter was not issued in connection with the audit for the year ended December 31, 2007.

## **LOUISIANA VETERANS 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 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 MEMORIAL FOUNDATION  
OTHER SUPPLEMENTARY INFORMATION  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2007**

**Assets:**

Cash and cash equivalents	\$ 10,216.10
Investments	100,000.00
Restricted cash and cash equivalents:	
Special projects/programs	267.82
Endowment	4,397.26
Restricted investment - endowment	74,342.00
<b>Total assets</b>	<u>189,223.18</u>

**Liabilities and net assets:**

**Liabilities:**

Accounts payable and accruals	-
<b>Total liabilities</b>	<u>-</u>

**Net Assets:**

Temporarily restricted for:	
Special projects/programs	267.82
Permanently restricted	78,739.26
Unrestricted	110,216.10
<b>Total net assets</b>	<u>189,223.18</u>
<b>Total liabilities and net assets</b>	<u>\$ 189,223.18</u>

See auditor's report

**LOUISIANA VETERANS MEMORIAL FOUNDATION  
OTHER SUPPLEMENTARY INFORMATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**Unrestricted net assets:**

Support:	
Memberships	\$ 42,553.00
Interest earned	<u>7,088.00</u>
Total unrestricted support	49,641.00
Net assets released from restrictions:	
Restrictions satisfied by payments	<u>90,846.00</u>
Total unrestricted support and reclassifications	140,487.00

**Expenses:**

Program services:	
Activities	93,386.54
Communications	8,332.00
Supporting services:	
Management and general	5,599.35
Fund-raising	<u>31,805.00</u>
Total expenses	<u>139,122.89</u>
Increase (Decrease) in unrestricted net assets	1,364.11

**Temporarily restricted net assets:**

Support from the 4th of July and WWII	90,846.00
Net assets released from restrictions	<u>(90,846.00)</u>
Increase (decrease) in temporarily restricted net assets	-

**Permanently restricted net assets:**

Investment earnings, net of charges	<u>830.00</u>
Increase (decrease) in permanently restricted net assets	<u>830.00</u>
Change in net assets	2,194.11
Net assets - beginning of the year	<u>187,029.07</u>
Net assets - end of the year	<u>\$ 189,223.18</u>

*See auditor's report*

**LOUISIANA VETERANS MEMORIAL FOUNDATION  
OTHER SUPPLEMENTARY INFORMATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Activities	Communications	Management & General	Fund-raising	Total
Fourth of July	\$ -	\$ -	\$ -	\$ 31,805.00	\$ 31,805.00
Printing		8,332.00			8,332.00
Audit and accounting			3,840.00		3,840.00
Consulting			1,359.00		1,359.00
Office			400.35		400.35
Museum/Ship	93,386.54				93,386.54
<b>Total expenses</b>	<b>\$ 93,386.54</b>	<b>\$ 8,332.00</b>	<b>\$ 5,599.35</b>	<b>\$ 31,805.00</b>	<b>\$ 139,122.89</b>

See auditor's report

**LOUISIANA VETERANS MEMORIAL FOUNDATION  
OTHER SUPPLEMENTARY INFORMATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from customers	\$ 42,553.00
Cash received from fund-raising	90,846.00
Cash received for interest, net	7,918.00
Cash paid to suppliers for goods and services	<u>(89,212.35)</u>
Net cash provided (used) for operating activities	52,104.65

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:**

Cash paid for memorial	<u>(52,820.00)</u>
Net cash used by non-capital financing activities	(52,820.00)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Cash paid for certificate of deposit	<u>(3,531.00)</u>
Net cash provided (used) for investing activities	<u>(3,531.00)</u>
Net increase (decrease) in cash and cash equivalents	(4,246.35)
Cash and cash equivalents - beginning of the year	<u>19,127.53</u>
Cash and cash equivalents - end of the year	<u><u>\$ 14,881.18</u></u>

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH  
USED FOR OPERATING ACTIVITIES:**

Operating income (loss)	\$ 55,014.11
Adjustments to reconcile operating loss to net cash provided (used) for operating activities:	
Increase (decrease) in liabilities:	(2,909.46)
Net cash provided (used) for operating activities	<u><u>\$ 52,104.65</u></u>

See auditor's report.

**REPORTING PACKET – DIVISION OF ADMINISTRATION, OFFICE OF  
STATEWIDE REPORTING AND ACCOUNTING POLICY**

**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 the Foundation will be reported as one entity.*

LA NAVAL WAR MEMORIAL COMMISSION  
STATE OF LOUISIANA  
Annual Financial Statements  
December 31, 2007

C O N T E N T S

TRANSMITTAL LETTER  
AFFIDAVIT

Statements

MD&A

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Statement of Cash Flows	D

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## Appendix

- A Instructions for the Simplified Statement of Activities**
- B Information for Note C – Deposits with Financial Institutions & Investments**
- C Information for Note BB – Net Assets Restricted by Enabling Legislation**
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- E Information for Schedule 16 – Cooperative Endeavors**
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- G Information for Note Q – Revenues or Receivables – Pledged or Sold (GASB 48)**

Schedule Number

STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ending December 31, 2007

LA NAVAL WAR MEMORIAL COMMISSION  
306 SOUTH RIVER ROAD  
BATON ROUGE, LA 70808

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94085  
Baton Rouge, Louisiana 70804-9095

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

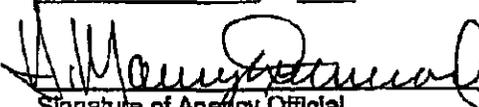
Physical Address:  
1201 N. Third Street  
Claborne Building, 6<sup>th</sup> Floor, Suite 6-130  
Baton Rouge, Louisiana 70802

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

AFFIDAVIT

Personally came and appeared before the undersigned authority, Maury Drummond, Executive Director of the Louisiana Naval War Memorial Commission who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Louisiana Naval War Memorial Commission at December 31, 2007 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 9th day of

July, 2008

  
Signature of Agency Official  
H. Maury Drummond

  
NOTARY PUBLIC  
Sharon C. Ragusa #039606  
STATE OF LOUISIANA  
EAST BATON ROUGE PARISH

Prepared by: HIENZ & MACALUSO, CPA'S

Title: INDEPENDENT AUDITOR

Telephone No.: 504) 837-5434

Date: JUNE 30, 2008

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis of the Louisiana Naval War Memorial Commission, Department of Culture, Recreation and Tourism of the State Louisiana (hereafter referred to as the Commission) presents a narrative overview and analysis of the commission's financial activities for the year ended December 31, 2007. This document focuses on the current year's activities, resulting changes and currently known facts. Please read this document in conjunction with the Commission's financial statements.

### Highlights of the Commission as a whole

The year 2007 was most notable for the continued efforts spent in recovery from Hurricanes Katrina and Rita, which devastated the tourism industry throughout Louisiana as a whole and not just in the areas directly affected by the storms.

Walk in attendance remained down during 2007 due to the continued lull in tourism. Our military reunion attendance and riverboat visitation continued to be severely impacted throughout 2007, though it showed some improvement. Overnight attendance was the least affected, though the program continues to see a significant loss as compared to pre-Katrina standards.

Rainfall impacted attendance to the Fourth of July Star-Spangled Celebration – our only fundraiser for the year – with heavy rains around noon and a lingering overcast keeping the crowds at home.

The port visit of the Columbus' caravel NINA proved to be a year-end boost, bringing people to the riverfront. Visitors to the NINA were provided coupons for a discounted admission to the KIDD.

The items listed below highlight certain financial statement amounts as of and for the year ended December 31, 2007:

- Operating revenues for the Commission increased by \$ 16,329.79 - a 3.82% increase from the prior year.
- Operating expenses for the Commission decreased by \$ 40,886.89 – approximately 4.62 percent decrease from the prior year.
- Additional grant funding was received from the City-Parish of East Baton Rouge in the amount of \$ 100,000 during 2007.

### Overview of the basic financial statements

This discussion and analysis is intended to serve as an introduction to the Commission's financial statements, which is comprised of government wide-financial statements, fund financial statements and notes to the financial statements. There is also other supplementary information contained in this report provided for additional information. These statements include the Louisiana Veterans Memorial Foundation as a component unit.

This fund is reported separately 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.

#### Government-wide financial statements

The government-wide financial statements present financial information for all activities of the Commission from an economic resources measurement focus using the accrual basis of accounting. They present governmental activities, such as general government, separately from business-type activities. Government-wide financial statements for governmental activities include the Statement of Net Assets and the Statement of Activities. They provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances.

#### Statement of Net Assets.

This statement presents information on all of the Commission's assets and liabilities with the differences 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 (government 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.

#### 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.

Budgetary comparison schedules are included for governmental funds under required supplementary information part II. 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.

### Notes to the Financial Statements and Other information.

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

In addition to the general-purpose financial statements and accompanying notes, this report also presents certain required supplementary information and other supplementary information including financial statements of the Louisiana Naval War Memorial Foundation.

### Financial Analysis of the Commission

The following page presents condensed financial information on the operations of the Commission, with the Foundation broken out separately and total columns for the Commission as a whole (with prior year amounts for comparison):

LOUISIANA NAVAL WAR MEMORIAL COMMISSION  
DEPARTMENT OF CULTURE, RECREATION AND TOURISM  
STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
DECEMBER 31, 2007

**SUMMARY OF NET ASSETS**

	Totals								
	Governmental Activities		Business-type Activities						
	2007	2006	Change	2007	2006	Change			
<b>Assets:</b>									
Current and other assets	110,216.10	115,592.48	(5,376.38)	70,250.48	38,187.70	32,062.78	180,466.58	153,780.18	26,686.40
Restricted assets	79,007.08	74,346.05	4,661.03	5.88	2,859.65	(2,853.77)	79,012.86	77,205.70	1,807.26
Capital assets, net	-	-	-	2,632,636.88	2,742,237.25	(109,600.37)	2,632,636.88	2,742,237.25	(109,600.37)
<b>Total Assets</b>	<b>189,223.18</b>	<b>189,938.53</b>	<b>(715.35)</b>	<b>2,702,893.24</b>	<b>2,783,284.60</b>	<b>(80,391.36)</b>	<b>2,892,116.42</b>	<b>2,973,223.13</b>	<b>(81,106.71)</b>
<b>Liabilities:</b>									
Current liabilities	-	2,909.46	(2,909.46)	63,357.13	35,781.37	27,575.76	63,357.13	38,690.83	24,666.30
Long-term liabilities	-	-	-	27,824.19	30,467.64	(2,643.45)	27,824.19	30,467.64	(2,643.45)
<b>Total Liabilities</b>	<b>-</b>	<b>2,909.46</b>	<b>(2,909.46)</b>	<b>91,181.32</b>	<b>66,249.01</b>	<b>24,932.31</b>	<b>91,181.32</b>	<b>69,158.47</b>	<b>22,022.85</b>
<b>Net Assets:</b>									
Invested in capital assets, net of related debt	-	-	-	2,632,636.88	2,742,237.25	(109,600.37)	2,632,636.88	2,742,237.25	(109,600.37)
Restricted	79,007.08	74,346.05	4,661.03	5.88	2,859.65	(2,853.77)	79,012.86	77,205.70	1,807.26
Unrestricted	110,216.10	112,683.02	(2,466.92)	(20,930.84)	(28,061.31)	7,130.47	89,285.26	84,621.71	4,663.55
<b>Total Net Assets</b>	<b>189,223.18</b>	<b>187,029.07</b>	<b>2,194.11</b>	<b>2,611,711.92</b>	<b>2,717,035.59</b>	<b>(105,323.67)</b>	<b>2,800,935.10</b>	<b>2,904,064.66</b>	<b>(103,129.56)</b>

**SUMMARY OF CHANGES IN NET ASSETS**

<b>Revenues:</b>									
Charges for services	42,553.00	33,317.00	9,236.00	445,093.02	427,893.23	17,199.79	487,646.02	461,210.23	26,435.79
Operating grants/contributions	90,846.00	47,875.00	42,971.00	241,260.00	179,381.62	61,878.38	332,106.00	227,256.62	104,849.38
Capital grants/contributions	-	-	-	-	-	-	-	-	-
Investment & interest earnings	8,088.00	9,526.66	(1,438.66)	2.00	35.00	(33.00)	8,090.00	9,561.66	(1,471.66)
<b>Total Revenues</b>	<b>141,487.00</b>	<b>90,718.66</b>	<b>50,768.34</b>	<b>686,355.02</b>	<b>607,309.85</b>	<b>79,045.17</b>	<b>827,842.02</b>	<b>698,028.51</b>	<b>129,813.51</b>
<b>Expenses:</b>									
General government	11,311.89	10,603.00	708.89	-	-	-	11,311.89	10,603.00	708.89
Endowment	170.00	128.00	42.00	-	-	-	170.00	128.00	42.00
Culture/recreation	74,991.00	32,669.46	42,321.54	-	-	-	74,991.00	32,669.46	42,321.54
Gift shop	-	-	-	162,781.21	171,930.97	(9,149.76)	162,781.21	171,930.97	(9,149.76)
Camping/reunions	-	-	-	81,243.44	97,392.41	(16,148.97)	81,243.44	97,392.41	(16,148.97)
Ship/naval center	-	-	-	600,474.04	616,062.20	(15,588.16)	600,474.04	616,062.20	(15,588.16)
<b>Total Expenses</b>	<b>86,472.89</b>	<b>43,400.46</b>	<b>43,072.43</b>	<b>844,498.69</b>	<b>885,385.58</b>	<b>(40,886.89)</b>	<b>930,971.58</b>	<b>928,786.04</b>	<b>2,185.54</b>
Changes in net assets	56,014.11	47,318.20	7,695.91	(156,143.67)	(278,075.73)	119,932.06	(103,128.56)	(230,757.53)	127,627.97
Transfers	(52,820.00)	(53,871.00)	1,051.00	52,820.00	53,871.00	(1,051.00)	-	-	-
Net assets - beginning	187,029.07	193,581.87	(6,552.80)	2,717,035.59	2,941,240.32	(224,204.73)	2,904,064.66	3,134,822.19	(230,757.53)
Net assets - ending	189,223.18	187,029.07	2,194.11	2,611,711.92	2,717,035.59	(105,323.67)	2,800,935.10	2,904,064.66	(103,129.56)

The Commission reported positive balances in net assets for both governmental and business-type activities. Governmental activities reported an increase in net assets for 2007 in the amount of \$ 2,194, which includes \$ 50,820 transferred to the business-type activities. Business-type activities reported a decrease in net assets in the amount of \$ 105,324 primarily due to depreciation expense for 2007 in the amount of \$ 109,600. The Commission as a whole reported a decrease in net assets for the year ended December 31, 2007 in the amount of \$ 103,130.

#### Analysis of Budgeted Amounts

The commission realized approximately \$ 97,000 more in total revenues than budgeted for 2007, mostly due to an increase in a city of Baton Rouge grant. Budgeted amounts for total expenses were approximately \$ 79,000 less than actual due to higher than expected costs for utilities and personnel expenses offset slightly by lower than expected costs for repairs and maintenance.

#### Capital Assets and Long Term Debt Administration

##### Capital Assets

As of December 31, 2007 the Commission had \$ 2,632,637 (net of depreciation) invested in a broad range of capital assets including land, the museum, furniture, equipment and the U.S.S. Kidd (destroyer). During the current year the Commission did not record any new capital acquisitions. All assets were properly recorded with the State of Louisiana and a detailed list is maintained.

##### Long Term Debt

The Commission currently has no long-term debt with the exception of compensated absences in the amount of \$ 27,824.

#### Economic Factors and Next Year's Budgets

For 2008, the Commission hopes to see continued recovery in attendance and revenue as tourism in South Louisiana recovers. Efforts continue in cost-cutting and fundraising through donations until such time as tourism rebounds in the New Orleans and Biloxi areas.

We have reapplied for a \$ 5,000 grant from the Lupin Foundation to assist with utilities. The City-Parish of East Baton Rouge has also generously approved increasing their annual grant by \$ 100,000 for a grand total of \$ 229,500. Unfortunately, Tin Can Sailors, Inc. was forced to cut their annual grant from \$ 18,000 to \$ 9,000 for 2008.

In late 2007, we launched *Operation Golden Years* with our foundation: an effort to raise funds for the KIDD's Endowment fund for her long-term preservation. While the campaign was to terminate on April 23, 2008 – the KIDD's 65<sup>th</sup> birthday – we have extended

the campaign indefinitely as the endowment is the main hope for the KIDD's long-term survival.

For 2008, we will continue to concentrate on building local visitation and continue additional fund-raising until such time as tourism rebounds in the New Orleans and Biloxi areas. In late 2008 or early 2009, we are working to bring the tall ship HMS BOUNTY back to the riverfront to help spur visitation.

*Contacting the Commission's Financial Management*

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. If you have any questions regarding this report, contact the Mr. Maury Drummond at 305 South River Road, Baton Rouge, Louisiana 70808 (225-342-1942).

**STATE OF LOUISIANA  
LA NAVAL WAR MEMORIAL COMMISSION (BTA)  
BALANCE SHEET  
AS OF DECEMBER 31, 2007**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$	<u>46,831</u>
Investments		<u>100,000</u>
Receivables (net of allowance for doubtful accounts)(Note U)		<u>1,823</u>
Due from other funds (Note Y)		
Due from federal government		
Inventories		<u>18,738</u>
Prepayments		<u>13,074</u>
Notes receivable		
Other current assets		
Total current assets		<u>180,466</u>

**NONCURRENT ASSETS:**

Restricted assets (Note F):		
Cash		<u>4,671</u>
Investments		<u>74,342</u>
Receivables		
Investments		
Notes receivable		
Capital assets (net of depreciation)(Note D)		
Land		<u>269,500</u>
Buildings and improvements		<u>1,468,925</u>
Machinery and equipment		<u>5,874</u>
U.S.S. KIDD (destroyer)		<u>889,838</u>
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		<u>2,711,650</u>
Total assets	\$	<u>2,892,116</u>

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$	<u>56,457</u>
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		<u>6,900</u>
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities: (Note K)		
Contracts payable		
Compensated absences payable		
Capital lease obligations		
Claims and litigation payable		
Notes payable		
Bonds payable		
Other long-term liabilities		
Total current liabilities		<u>63,357</u>

**NONCURRENT LIABILITIES: (Note K)**

Contracts payable		
Compensated absences payable		<u>27,824</u>
Capital lease obligations		
Claims and litigation payable		
Notes payable		
Bonds payable		
OPEB payable		
Other long-term liabilities		
Total noncurrent liabilities		<u>27,824</u>
Total liabilities		<u>91,181</u>

**NET ASSETS**

Invested in capital assets, net of related debt		<u>2,632,637</u>
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		<u>79,013</u>
Unrestricted		<u>89,285</u>
Total net assets		<u>2,800,935</u>
Total liabilities and net assets	\$	<u>2,892,116</u>

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

Statement A

**STATE OF LOUISIANA  
LA NAVAL WAR MEMORIAL COMMISSION (BTA)  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>OPERATING REVENUES</b>	
Sales of commodities and services	\$ <u>577,622</u>
Assessments	
Use of money and property	<u>7,918</u>
Licenses, permits, and fees	
Other	
Total operating revenues	<u>585,540</u>
<b>OPERATING EXPENSES</b>	
Cost of sales and services	<u>821,202</u>
Administrative	
Depreciation	<u>109,600</u>
Amortization	
Total operating expenses	<u>930,802</u>
Operating income(loss)	<u>(345,262)</u>
<b>NON-OPERATING REVENUES(EXPENSES)</b>	
State appropriations	
Intergovernmental revenues(expenses)	
Taxes	
Use of money and property	<u>2</u>
Operating grants and contributions	<u>241,260</u>
Federal grants	
Interest expense	
Other revenue	<u>870</u>
Other expense	
Total non-operating revenues(expenses)	<u>242,132</u>
Income(loss) before contributions, extraordinary items, & transfers	<u>(103,130)</u>
Capital contributions	
Extraordinary item - Loss on impairment of capital assets	
Transfers in	
Transfers out	
Change in net assets	<u>(103,130)</u>
Total net assets – beginning	<u>2,904,065</u>
Total net assets – ending	<u>\$ 2,800,935</u>

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

Statement B

**STATE OF LOUISIANA  
LA NAVAL WAR MEMORIAL COMMISSION (BTA)  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

**See Appendix A for Instructions**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental	\$ 86,303	\$ 133,399	\$	\$	\$ 47,096
Business-type	844,499	445,093	241,260		(158,146)
<b>Totals</b>	<b>\$ 930,802</b>	<b>\$ 578,492</b>	<b>\$ 241,260</b>	<b>\$ 0</b>	<b>\$ (111,050)</b>
General revenues:					
Taxes					
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					7,090
Miscellaneous					830
Special items					
Extraordinary item - Loss on impairment of capital assets					
Transfers					
Total general revenues, special items, and transfers					7,920
Change in net assets					(103,130)
Net assets - beginning as restated					2,904,065
Net assets - ending					\$ 2,800,935

The accompanying notes are an integral part of this statement.

Statement C

**STATE OF LOUISIANA  
LA NAVAL WAR MEMORIAL COMMISSION (BTA)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>Cash flows from operating activities</b>		
Cash received from customers and fund-raising	\$ 578,197	
Cash payments to suppliers for goods and services	(363,865)	
Cash payments to employees for services	(439,966)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)	7,918	
Net cash provided(used) by operating activities		(217,716)
<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	241,260	
Transfers in		
Transfers out		
Other	870	
Net cash provided(used) by non-capital financing activities		242,130
<b>Cash flows from capital and related financing activities</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		
Other		
Net cash provided(used) by capital and related financing activities		-
<b>Cash flows from investing activities</b>		
Purchases of investment securities	(3,531)	
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	2	
Net cash provided(used) by investing activities		(3,529)
Net increase(decrease) in cash and cash equivalents		20,885
Cash and cash equivalents at beginning of year		30,617
Cash and cash equivalents at end of year	\$	51,502

Statement D  
(Continued)



**STATE OF LOUISIANA  
LA NAVAL WAR MEMORIAL COMMISSION (BTA)  
Notes to the Financial Statement  
As of and for the year ended December 31, 2007**

**INTRODUCTION**

The LA Naval War Memorial Commission (the Commission) 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 the Commission (BTA) which includes the parish/parishes in which the (BTA) is located:

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Louisiana Naval War Memorial Commission (the 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 service.

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 naval and marine corps memorial and any improvements and exhibits located thereon and any additions constructed, created, leased, acquired or erected in connection herewith. The U.S.S. Kidd and museum are located in Baton Rouge, Louisiana. The Commission's primary revenues include admission fees, gift shop sales and grants.

**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 the Commission present information only as to the transactions of the programs of the Commission as authorized by Louisiana statutes and administrative regulations.

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

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

**Revenue Recognition**

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

**Expense Recognition**

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

**B. BUDGETARY ACCOUNTING NOT APPLICABLE**

**STATE OF LOUISIANA  
LA NAVAL WAR MEMORIAL COMMISSION (BTA)  
Notes to the Financial Statement  
As of and for the year ended December 31, 2007**

The appropriations made for the operations of the various programs of the \_\_\_\_\_ (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 Committee on the Budget, 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 includes the original appropriation plus subsequent amendments as follows:

	<u>APPROPRIATIONS</u>
Original approved budget	\$ _____
Amendments:	_____
	_____
	_____
Final approved budget	\$ _____ -

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS** (if all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendix B for information related to 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 Commission (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 in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

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

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

**GASB Statement 40, which amended GASB Statement 3**, eliminated the requirement to disclose all deposits by the three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if

**STATE OF LOUISIANA  
LA NAVAL WAR MEMORIAL COMMISSION (BTA)  
Notes to the Financial Statement  
As of and for the year ended December 31, 2007**

the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at December 31, 2007, consisted of the following:

	<u>Cash</u>	<u>Nonnegotiable Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Balance per agency books	\$ 51,502	\$ 174,342	\$ _____	\$ 225,844
Deposits in bank accounts per bank	\$ 63,401	\$ 174,342	\$ _____	\$ 237,743
Bank balances of deposits exposed to custodial credit risk:				
a. Deposits not insured and uncollateralized	\$ _____	\$ 14,194	\$ _____	\$ 14,194
b. Deposits not insured and collateralized with securities held by the pledging institution.	\$ _____	\$ _____	\$ _____	\$ -
c. Deposits not insured and collateralized with securities held by the pledging Institution's trust department or agency but not in the entity's name.	\$ _____	\$ _____	\$ _____	\$ -

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Balance per agency books" due to outstanding items.

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

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. <u>Regions Bank</u>	<u>USS KIDD - foundation</u>	\$ <u>114,194</u>
2. <u>Hancock Bank</u>	<u>USS KIDD - endowment</u>	<u>78,739</u>
3. <u>Regions Bank</u>	<u>USS KIDD - commission</u>	<u>44,810</u>
4. _____	_____	_____
Total		\$ <u>237,743</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>2,700.00</u>

2. INVESTMENTS NOT APPLICABLE

The \_\_\_\_\_ (BTA) does/does not maintain investment accounts as authorized by \_\_\_\_\_ (Note legal provisions authorizing investments by (BTA)).

**STATE OF LOUISIANA  
LA NAVAL WAR MEMORIAL COMMISSION (BTA)  
Notes to the Financial Statement  
As of and for the year ended December 31, 2007**

**Custodial Credit Risk**

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or the counterparty's trust department or agent but not in the entity's name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure. Using the table on this page, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name. In addition, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk.

<u>Type of Investment</u>	<u>Uninsured, *Unregistered, and Held by Counterparty</u>	<u>*Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name</u>	<u>Reported Amount Per Balance Sheet</u>	<u>Fair Value</u>
Negotiable CDs	\$ _____	\$ _____	\$ _____	\$ _____
Repurchase agreements	_____	_____	_____	_____
U.S. Government Obligations **	_____	_____	_____	_____
U.S. Agency Obligations	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Mortgages (including CMOs & MBSes)	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Mutual funds	_____	_____	_____	_____
Real estate	_____	_____	_____	_____
Other: (Identify)	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
Total Investments	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -

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

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

**3. DERIVATIVES NOT APPLICABLE**

The institution does/does not invest in derivatives as part of its investment policy. Accordingly, the exposure to risk from these investments is as follows:

**STATE OF LOUISIANA  
LA NAVAL WAR MEMORIAL COMMISSION (BTA)  
Notes to the Financial Statement  
As of and for the year ended December 31, 2007**

credit risk \_\_\_\_\_  
market risk \_\_\_\_\_  
legal risk \_\_\_\_\_

Technical Bulletin 2003-1 requires certain note disclosures for derivatives that are not reported at fair value on the Statement of Net Assets. See Appendix B for more details and disclose any of these required note disclosures below, if applicable. \_\_\_\_\_

**4. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES NOT APPLICABLE**

**A. Credit Risk of Debt Investments**

Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end, including the rating agency used (Moody's, S&P, etc.). All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

Rating Agency	Rating	Fair Value
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total		\$ _____

**B. Interest Rate Risk of Debt Investments**

1. Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type. (Note – This is the prescribed method, segmented time distribution, for the CAFR. Also, total debt investments reported in this table should equal total debt investments reported in Section A – Credit Risk of Debt Investments.)

Type of Debt Investment	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 - 5	6 - 10	Greater Than 10
U.S. Government obligations	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Agency obligations	_____	_____	_____	_____	_____
Mortgage backed securities	_____	_____	_____	_____	_____
Collateralized mortgage obligations	_____	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____	_____
Other bonds	_____	_____	_____	_____	_____
Mutual bond funds	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____
<b>Total debt investments</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

2. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms (e.g. coupon multipliers, reset dates, etc.) of the investment. See Appendix B for examples of debt investments that are highly sensitive to changes in interest rates.

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<u>Debt Investment</u>	<u>Fair Value</u>	<u>Terms</u>
_____	\$ _____	_____
_____	_____	_____
_____	_____	_____
<b>Total</b>	\$ _____ -	

**C. Concentration of Credit Risk NOT APPLICABLE**

List, by amount and issuer, investments in any one issuer that represents 5% or more of total external investments (not including U.S. government securities, mutual funds, and investment pools).

<u>Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
_____	\$ _____	_____
_____	_____	_____
_____	_____	_____
<b>Total</b>	\$ _____ -	

**D. Foreign Currency Risk NOT APPLICABLE**

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.

<u>Foreign Currency</u>	<u>Fair Value in U.S. Dollars</u>	
	<u>Bonds</u>	<u>Stocks</u>
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
<b>Total</b>	\$ _____ -	\$ _____ -

**5. POLICIES NOT APPLICABLE**

Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, 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.

\_\_\_\_\_

**6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS NOT APPLICABLE**

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- 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 as of Year-End

- i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at year end, 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 \_\_\_\_\_  
\_\_\_\_\_
- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement \_\_\_\_\_  
\_\_\_\_\_

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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. *If 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 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* \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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**D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS**

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

	Year ended December 31, 2007						
	Balance	Prior	Adjusted	Additions	Transfers*	Retirements	Balance
	12/31/06	Period	Balance				
		Adjustment	12/31/06				12/31/07
<b>Capital assets not being depreciated</b>							
Land	\$ 268,500	\$	\$ 268,500	\$	\$	\$	\$ 268,500
Non-depreciable land improvements			--				--
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>							
Machinery and equipment	91,942		91,942				91,942
Less accumulated depreciation	(81,015)		(81,015)	(5,053)			(86,068)
Total Machinery and equipment	10,927	--	10,927	(5,053)	--	--	5,874
Buildings and Improvements	2,805,695		2,805,695				2,805,695
Less accumulated depreciation	(1,274,573)		(1,274,573)	(62,198)			(1,336,771)
Total buildings and improvements	1,531,122	--	1,531,122	(62,198)	--	--	1,468,924
Depreciable land improvements			--				--
Less accumulated depreciation			--				--
Total depreciable land improvements	--	--	--	--	--	--	--
USS KIDD (destroyer)	1,905,725		1,905,725				1,905,725
Less accumulated depreciation	(974,037)		(974,037)	(42,349)			(1,016,386)
Total infrastructure	931,688	--	931,688	(42,349)	--	--	889,339
Total other capital assets	2,473,737	--	2,473,737	(109,600)	--	--	2,364,137
<b>Capital Asset Summary:</b>							
Capital assets not being depreciated	268,500	--	268,500	--	--	--	268,500
Other capital assets, at cost	4,803,362	--	4,803,362	--	--	--	4,803,362
Total cost of capital assets	5,071,862	--	5,071,862	--	--	--	5,071,862
Less accumulated depreciation	(2,329,625)	--	(2,329,625)	(109,600)	--	--	(2,439,225)
<b>Capital assets, net</b>	<b>\$ 2,742,237</b>	<b>\$ --</b>	<b>\$ 2,742,237</b>	<b>\$ (109,600)</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 2,632,637</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.

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**E. INVENTORIES**

The BTA's inventories are valued using specific identification. These are perpetual inventories and are expensed when used.

**F. RESTRICTED ASSETS**

Restricted assets in the Commission at December 31, 2007, reflected at \$ 79,013 in the non-current assets section on Statement A, consisting of \$ 274 for special projects and \$ 78,739 for endowment.

**G. LEAVE**

**1. COMPENSATED ABSENCES**

Employees accumulate annual and sick leave at various rates based on their years of service. The amount of annual and 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 leave privileges at December 31, 2007 is estimated to be \$ 27,824 which is recorded as a liability in the government-wide financial statements.

**H. RETIREMENT SYSTEM**

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 made by the Commission to the Federal Social Security System were \$ 25,934.68, \$ 25,585.67, and \$ 24,507.47 for the years ended December 31, 2007, 2006 and 2005 respectively.

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 to the Commission was \$ 12,266.17, \$ 12,323.66 and \$ 11,052.13 for the years ended December 31, 2007, 2006 and 2005 respectively.

**I. OTHER POSTEMPLOYMENT BENEFITS NOT APPLICABLE**

**GASB Statement 45 requires Other Postemployment Benefit disclosures. If your only subsidized healthcare and life insurance provider for retirees is OGB, your entity will have no additional note disclosures for OSRAP; however, if your entity issues separately issued financial statements, then you should include the GASB Statement No. 45 note disclosures in your separately issued financial statements. Also, please provide OSRAP with the applicable GASB 45 note disclosures if your entity's healthcare or life insurance provider for retirees is administered by an entity other than OGB.**

**I. Plan Description**

- a) Name of Plan
- b) Identify entity that administers the plan
- c) Type of plan: (FYI – OGB is considered an agent multiple employer plan)
- d) Brief description of the types of benefits
- e) Authority under which benefit provisions are established and may be amended
- f) Whether the OPEB plan issues a stand alone financial report or is included in the report of a PERS or another entity, and, if so how to obtain the report.

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**II. Funding Policy**

- a) Authority under which the obligations of the plan members, employers, and other contributing entities (e.g., state contributions to local government plans) to contribute to the plan are established or may be amended.
- b) Required contribution rates of plan members (amount per member or percentage of covered payroll).
- c) Required contribution rates of the employer in accordance with the funding policy (in dollars or as percentage of current-year covered payroll) and, if applicable, legal or contractual maximum contribution rates: If the plan is a single-employer or agent plan and the rate differs significantly from the ARC, disclose how the rate is determined (e.g., by statute or contract) or that the plan is financed on a pay-as-you-go basis. If the plan is a cost-sharing plan, disclose the required contributions in dollars and the percentage of that amount contributed for the current year and each of the two preceding years, and how the required contribution rate is determined (e.g., by statute or by contract, or on an actuarially determined basis) or that the plan is financed on a pay-as-you-go basis.

**III. Additional disclosures for sole and agent employers for each plan:**

- a) For current year (CY), annual OPEB cost and the dollar amount of contributions made. If the employer has a net OPEB obligation, also disclose the components of annual OPEB cost (ARC, interest on the net OPEB obligation, and the adjustment to the ARC), the increase or decrease in the net OPEB obligation, and the net OPEB obligation at the end of the year.
- b) For the current year and each of the two preceding years, disclose annual OPEB cost, percentage of annual OPEB cost contributed that year, and net OPEB obligation at the end of the year. (For the first two years, the required information should be presented for the transition year, and for the current and transition years, respectively.)
- c) Information about the funded status of the plan as of the most recent valuation date, including the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (the funded ratio), the annual covered payroll, and the ratio of the unfunded actuarial liability (or funding excess) to annual covered payroll. The information should be calculated in accordance with the parameters. However, employers that meet the criteria in GASB Statement 45, paragraph 11 may elect to use the alternative measurement method discussed in GASB Statement 45, paragraphs 33 through 35. Employers that use the aggregate actuarial cost method should prepare this information using the entry age actuarial cost method for that purpose only.
- d) Information about the actuarial methods and assumptions used in valuations on which reported information about the ARC, annual OPEB cost, and the funded status and funding progress of OPEB plans is based, including the following:
  - 1) Disclosure that actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.
  - 2) Disclosure that the required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.
  - 3) Disclosure that calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, if applicable, the employer should disclose that the projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations (as discussed in the disclosure of funding policy in paragraph II(c) above) on the pattern of cost sharing between the employer and plan members in the future.

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4) Disclosure that actuarial calculations reflect a long-term perspective. In addition, if applicable, disclosure that, consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

5) Identification of the actuarial methods and significant assumptions used to determine the ARC for the current year and the information required by paragraph III(c) above. The disclosures should include:

(a) The actuarial cost method.

(b) The method(s) used to determine the actuarial value of assets.

(c) The assumptions with respect to the inflation rate, investment return (including the method used to determine a blended rate for a partially funded plan, if applicable), postretirement benefit increases if applicable, projected salary increases if relevant to determination of the level of benefits, and, for postemployment healthcare plans, the healthcare cost trend rate. If the economic assumptions contemplate different rates for successive years (year-based or select and ultimate rates), the rates that should be disclosed are the initial and ultimate rates.

(d) The amortization method (level dollar or level percentage of projected payroll) and the amortization period (equivalent single amortization period, for plans that use multiple periods) for the most recent actuarial valuation and whether the period is closed or open. Employers that use the aggregate actuarial cost method should disclose that because the method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and that the information presented is intended to approximate the funding progress of the plan.

**IV. Required Supplementary Information -**

Sole and agent employers should present the following information for the most recent actuarial valuation and the two preceding valuations:

a. Information about the funding progress of the plan, including, for each valuation, each of the elements of information listed in paragraph III(c) above.

b. Factors that significantly affect the identification of trends in the amounts reported, including, for example, changes in benefit provisions, the size or composition of the population covered by the plan, or the actuarial methods and assumptions used. (The amounts reported for prior years should not be restated.)

The information should be calculated in accordance with the parameters and should be presented as RSI. Employers that use the aggregate actuarial cost method should prepare the information using the entry age actuarial cost method and should disclose that fact and that the purpose of this disclosure is to provide information that approximates the funding progress of the plan.

If the cost-sharing plan in which an employer participates does not issue and make publicly available a stand-alone plan financial report prepared in accordance with the requirements of Statement 43, and the plan is not included in the financial report of a PERS or another entity, the cost-sharing employer should present as RSI in its own financial report schedules of funding progress and employer contributions for the plan (and notes to these schedules), prepared in accordance with the requirements of Statement 43. The employer should disclose that the information presented relates to the cost-sharing plan as a whole, of which the employer is one participating employer, and should provide information helpful for understanding the scale of the information presented relative to the employer.

The following is an illustration of notes to the financial statements and schedule of funding progress for an employer contributing to an agent multiple-employer defined benefit healthcare plan:

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City of XYZ

Notes to the Financial Statements  
for the Year Ended June 30, 20X2

**Note X. Postemployment Healthcare Plan**

**Plan Description.** The city's defined benefit postemployment healthcare plan, XYZ Postemployment Healthcare Plan (XPHP), provides medical benefits to eligible retired city employees and their beneficiaries. XPHP is affiliated with the Municipal Retired Employees Health Plan (MREHP), an agent multiple-employer postemployment healthcare plan administered by the ABC Retirement System. Article 39 of the Statutes of the State of ABC assigns the authority to establish and amend the benefit provisions of the plans that participate in MREHP to the respective employer entities; for XPHP, that authority rests with the city of XYZ. The ABC Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for MREHP. That report may be obtained by writing to ABC Retirement System, 399 Grocer Aisle, Caffee, RO 02000, or by calling 1-877-555-PLAN.

**Funding Policy.** The contribution requirements of plan members and the city are established and may be amended by the MREHP board of trustees. XPHP members receiving benefits contribute \$75 per month for retiree-only coverage and \$150 per month for retiree and spouse coverage to age 65, and \$40 and \$80 per month, respectively, thereafter.

The city of XYZ is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 13.75 percent of annual covered payroll.

**Annual OPEB Cost.** For 20X2, the city's annual OPEB cost (expense) of \$870,517 for XPHP was equal to the ARC. The city's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 20X2 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/X0	\$929,401	100%	\$0
6/30/X1	910,042	100	0
6/30/X2	870,517	100	0

**Funded Status and Funding Progress.** The funded status of the plan as of December 31, 20X1, was as follows:

Actuarial accrued liability (AAL)	\$19,490,482
Actuarial value of plan assets	15,107,180
Unfunded actuarial accrued liability (UAAL)	4,383,302
Funded ratio (actuarial value of plan assets/AAL)	77.5%
Covered payroll (active plan members)	\$6,331,031
UAAL as a percentage of covered payroll	69.2%

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

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regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.** 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 and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 20X1, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 12 percent initially, reduced by decrements to an ultimate rate of 5 percent after ten years. Both rates include a 4.5 percent inflation assumption. The actuarial value of XPHP assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. XPHP's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 20X1, was twenty-two years.

REQUIRED SUPPLEMENTARY INFORMATION  
 Schedule of Funding Progress for XPHP

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
12/31/W9	\$10,138,007	\$16,867,561	\$6,729,554	60.10%	5,984,554	112.40%
12/31/X0	12,093,839	17,572,474	5,478,635	68.8	6,182,351	88.6
12/31/X1	15,107,180	19,490,482	4,383,302	77.5	6,331,031	69.2

J. LEASES NOT APPLICABLE

**NOTE:** Where five-year amounts are requested, list the total amount (sum) for the five-year period, not the annual amount for each of the five years.

1. OPERATING LEASES

The total payments for operating leases during fiscal year \_\_\_\_\_ amounted to \$ \_\_\_\_\_. (Note: If lease payments extend past FY 2023, create additional columns and report these future minimum lease payments in five year increments.) A schedule of payments for operating leases follows:

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<u>Nature of lease</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014- 2018</u>	<u>FY 2019- 2023</u>
Office Space	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Equipment	_____	_____	_____	_____	_____	_____	_____
Land	_____	_____	_____	_____	_____	_____	_____
Other	_____	_____	_____	_____	_____	_____	_____
<b>Total</b>	<b>\$ _____ -</b>	<b>\$ _____ -</b>					

**2. CAPITAL LEASES**

Capital leases (are/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 should be used to report all capital leases including new leases in effect as of 6/30/08. In Schedule B, report only those new leases entered into during fiscal year 2007-2008.**

**SCHEDULE A – TOTAL 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	_____	_____	_____
<b>Total</b>	<b>\$ _____ -</b>	<b>\$ _____ -</b>	<b>\$ _____ -</b>

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: **(Note: If lease payments extend past FY2028, create additional rows and report these future minimum lease payments in five year increments.)**

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Year ending June 30 :	<u>Total</u>
2009	\$ _____
2010	_____
2011	_____
2012	_____
2013	_____
2014-2018	_____
2019-2023	_____
2024-2028	_____
Total minimum lease payments	_____ "
Less amounts representing executory costs	_____
Net minimum lease payments	_____ "
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____ "

**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	\$ _____ -	\$ _____ -	\$ _____ -

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: **(Note: If lease payments extend past FY2028, create additional rows and report these future minimum lease payments in five year increments.)**

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Year ending June 30:	<u>Total</u>
2009	\$ _____
2010	_____
2011	_____
2012	_____
2013	_____
2014-2018	_____
2019-2023	_____
2024-2028	_____
Total minimum lease payments	_____
Less amounts representing executory costs	_____
Net minimum lease payments	_____
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____

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	\$ _____	\$ _____	\$ _____

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: **(Note: If lease payments extend past FY2028, create additional rows and report these future minimum lease payments in five year increments.)**

Year ending June 30:	<u>Total</u>
2009	\$ _____
2010	_____
2011	_____
2012	_____
2013	_____
2014-2018	_____
2019-2023	_____
2024-2028	_____
Total minimum lease payments	_____
Less amounts representing executory costs	_____
Net minimum lease payments	_____
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____

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**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.

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 payment receivables 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 2008 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): **(Note: If lease receivables extend past FY2028, please create additional rows and report these future minimum lease payment receivables in five year increments.)**

Year ending _____:	
2009	\$ _____
2010	_____
2011	_____
2012	_____
2013	_____
2014-2018	_____
2019-2023	_____
2024-2028	_____
Total	\$ _____

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**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.

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	_____	_____	_____
Total	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ - \$ _____

The following is a schedule by years of minimum future rentals receivable on non-cancelable operating lease(s) as of \_\_\_\_\_ (the last day of your fiscal year): **(Note: If lease receivables extend past FY2028, please create additional columns and report these future minimum lease payment receivables in five year increments.)**

Year Ended		<u>Office Space</u>	<u>Equipment</u>	<u>Land</u>	<u>Other</u>	<u>Total</u>
June 30,	\$	\$	\$	\$	\$	\$
2009						-
2010						-
2011						-
2012						-
2013						-
2014-2018						-
2019-2023						-
2024-2028						-
Total	\$	- \$	- \$	- \$	- \$	-

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 December 31, 2007:

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	<u>Year ended December 31, 2007</u>				
	Balance Dec 31, 2006	Additions	Reductions	Balance Dec 31, 2007	Amounts due within one year
<b>Notes and bonds payable:</b>					
Notes payable	\$	\$	\$	\$	\$
Bonds payable				-	
Total notes and bonds	-	-	-	-	-
<b>Other liabilities:</b>					
Contracts payable				-	
Compensated absences payable	30,468	5,993	8,637	27,824	-
Capital lease obligations				-	
Claims and litigation				-	
<b>OPEB payable</b>				-	
Other long-term liabilities				-	
Total other liabilities	30,468	5,993	8,637	27,824	-
<b>Total long-term liabilities</b>	<b>\$ 30,468</b>	<b>\$ 5,993</b>	<b>\$ 8,637</b>	<b>\$ 27,824</b>	<b>\$ -</b>

(Send OSRAP a copy of the amortization schedule for any new debt issued.)

**L. CONTINGENT LIABILITIES NOT APPLICABLE**

GAAP requires that the notes to the financial statements disclose any situation where there is at least a reasonable possibility that assets have been impaired or that a liability has been incurred along with the dollar amount if it can reasonably be estimated. **Do not report impaired capital assets as defined by GASB 42 below, rather disclose GASB 42 impaired capital assets in Note CC.** Losses or ending litigation that is probable should be reflected on the balance sheet.

The \_\_\_\_\_ (BTA) is a defendant in litigation seeking damages as follows: (Only list litigation not being handled by the Office of Risk Management or the Attorney General.)

Date of Action	Description of Litigation and Probable outcome (Reasonably possible or probable)	Estimated Settlement Amt for Claims & Litigation (Opinion of legal counsel)	Insurance Coverage
		\$	\$
Totals		\$	\$

\*Note: Liability for claims and judgments should include specific, incremental claim expenses if known or if it can be estimated. For example, the cost of outside legal assistance on a particular claim may be an incremental cost, whereas assistance from internal legal staff on a claim may not be incremental because the salary costs for internal staff normally will be incurred regardless of the claim. (See GASB 30, paragraph 9)

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Those agencies collecting federal funds, who have been informed that certain of their previously claimed costs were disallowed, should disclose the requested information in the schedule shown below. Show each possible disallowance on a separate line in the chart.

<u>Program</u>	<u>Date of Disallowance</u>	<u>Amount</u>	<u>*Probability of Payment</u>	<u>Estimated Settlement Amount</u>
1. _____	_____	\$ _____	_____	\$ _____
2. _____	_____	_____	_____	_____
3. _____	_____	_____	_____	_____
4. _____	_____	_____	_____	_____

\* Reasonably possible, probable, or unknown

(Only answer the following questions for those claims and litigation not being handled by the Office of Risk Management.)

Indicate the way in which risks of loss are handled (circle one).

- purchase of commercial insurance,
- participation in a public entity risk pool (e.g., Office of Risk Management claims)
- risk retention (e.g., Use of an internal service fund is considered risk retention because the entity as a whole has retained the risk of loss.)
- Other (explain) \_\_\_\_\_

For entities participating in a risk pool (other than the Office of Risk Management), describe the nature of the participation, including the rights and the responsibilities of both the entity and the pool. \_\_\_\_\_

Describe any significant reductions in insurance coverage from coverage in the prior year by major categories of risk. Also, indicate whether the amount of settlements exceeded insurance coverage for each of the past three fiscal years. \_\_\_\_\_

Disclose any cases where it is probable that a liability has been incurred, but the effect of the liability has not been reflected in the financial statements because it can not be estimated. \_\_\_\_\_

Disclose any guarantee of indebtedness even if there is only a remote chance that the government will be called on to honor its guarantee. \_\_\_\_\_

**M. RELATED PARTY TRANSACTIONS NOT APPLICABLE**

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. \_\_\_\_\_

**N. ACCOUNTING CHANGES NOT APPLICABLE**

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Accounting changes made during the year involved a change in accounting \_\_\_\_\_ (principle, estimate or entity). The effect of the change is being shown in \_\_\_\_\_.

**O. IN-KIND CONTRIBUTIONS NOT APPLICABLE**

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	\$ _____

**P. DEFEASED ISSUES NOT APPLICABLE**

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. REVENUES -- PLEDGED OR SOLD (GASB 48) NOT APPLICABLE**

**1. PLEDGED REVENUES**

**Pledged revenues are specific revenues that have been formally committed to directly collateralize or secure debt of the pledging government, or directly or indirectly collateralize or secure debt of a component unit. Pledged revenues must be disclosed for each period in which the secured debt remains outstanding and for each secured debt issued.**

Provide the following information about the specific revenue pledged:

- a. Identify the specific pledged revenue:
  - Pledged revenue is \_\_\_\_\_
  - Debt secured by the pledge revenue (amount) \_\_\_\_\_
  - Approximate amount of pledge \_\_\_\_\_  
(equal to the remaining principal and interest requirements)
- b. Term of the commitment: \_\_\_\_\_  
[number of years (beginning and ending dates by month and year)  
that the revenue will not be available for other purposes]
- c. General purpose for the debt secured by the pledge: \_\_\_\_\_

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d. Relationship of the pledged amount to the specific revenue: \_\_\_\_\_

(the proportion of the specific revenue that has been pledged)

e. Comparison of the pledged revenues (current year information):

- Principal requirements: \_\_\_\_\_
- Interest requirements: \_\_\_\_\_
- Pledge revenues recognized during the period \_\_\_\_\_  
 (gross pledged revenue minus specified operating expenses)

**NOTE:** For the first year of this note, please send a copy of the following sections of the official bond statement

- Cover page
- Introductory statement
- Plan of financing
- Security for the bond (pledged revenue information)

**2. FUTURE REVENUES REPORTED AS A SALE**

Future revenues reported as a sale are proceeds that an agency/entity received in exchange for the rights to future cash flows from specific future revenues and for which the agency/entity's continuing involvement with those revenues or receivables is effectively terminated. (see Appendix G)

Provide the following information in the year of the sale ONLY:

- a. Identify the specific revenue sold:
  - the revenue sold is \_\_\_\_\_
  - the approximate amount \_\_\_\_\_
  - significant assumptions used in determining the approximate amount \_\_\_\_\_
- b. Period of the sale: \_\_\_\_\_
- c. Relationship of the sold amount to the total for that specific revenue: \_\_\_\_\_
- d. Comparison of the sale:
  - proceeds of the sale \_\_\_\_\_
  - present value of the future revenues sold \_\_\_\_\_
  - significant assumptions in determining the present value \_\_\_\_\_

**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) NOT APPLICABLE**

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2007-2008:

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

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**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS NOT APPLICABLE**

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 NOT APPLICABLE**

The \_\_\_\_\_ (BTA) issues short-term notes for the following purpose(s)  
\_\_\_\_\_

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

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

The \_\_\_\_\_ (BTA) uses the following revolving line of credit for to finance \_\_\_\_\_ (list purpose for the S-T debt).

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

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

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at December 31, 2007, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
Commission - general	\$ 1,823.00	\$ _____	\$ _____	\$ _____	\$ 1,823.00
Gross receivables	\$ -	\$ -	\$ -	\$ -	\$ 1,823.00
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	\$ -	\$ -	\$ -	\$ -	\$ 1,823.00
Amounts not scheduled for collection during the subsequent year	\$ _____	\$ _____	\$ _____	\$ _____	\$ -

**V. DISAGGREGATION OF PAYABLE BALANCES**

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Payables at December 31, 2007, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
Commission - general	\$ 55,620	\$ 553	-	\$ 284	\$ 56,457
Total payables	\$ 55,620	\$ 553	-	\$ 284	\$ 56,457

**W. SUBSEQUENT EVENTS NOT APPLICABLE**

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

**X. SEGMENT INFORMATION NOT APPLICABLE**

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 purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or another 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 \_\_\_\_\_

**A. Condensed balance sheet:**

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

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Condensed Balance sheet:

	Segment #1	Segment #2
Current assets	\$ _____	\$ _____
Due from other funds	_____	_____
Capital assets	_____	_____
Other assets	_____	_____
Current liabilities	_____	_____
Due to other funds	_____	_____
Long-term liabilities	_____	_____
Restricted net assets	_____	_____
Unrestricted net assets	_____	_____
Invested in capital assets, net of related debt	_____	_____

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) Nonoperating income (loss).
- (4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
- (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	\$ _____	\$ _____
Operating expenses	_____	_____
Depreciation and amortization	_____	_____
Operating income (loss)	-	-
Nonoperating revenues (expenses)	_____	_____
Capital contributions/additions to permanent and term endowments	_____	_____
Special and extraordinary items	_____	_____
Transfers in	_____	_____
Transfers out	_____	_____
Change in net assets	-	-
Beginning net assets	_____	_____
Ending net assets	-	-

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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	\$ _____	\$ _____
Net cash provided (used) by noncapital financing activities	_____	_____
Net cash provided (used) by capital and related financing activities	_____	_____
Net cash provided (used) by investing activities	_____	_____
Beginning cash and cash equivalent balances	_____	_____
Ending cash and cash equivalent balances	_____	_____

**Y. DUE TO/DUE FROM AND TRANSFERS NOT APPLICABLE**

1. List by fund type the amounts **due from other funds** detailed by individual fund at fiscal year end:  
(Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc).

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

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>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due to other funds		\$ _____

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>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers from other funds		\$ _____

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

Type of Fund	Name of Fund	Amount
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers to other funds		\$ _____

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS NOT APPLICABLE**

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

**AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS NOT APPLICABLE**

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

Ending net assets 6/30/07 as reported to OSRAP on PY AFR	*Adjustments to end net assets 6/30/07 (after AFR was submitted to OSRAP) + or (-)	Restatements (Adjustments to beg. Balance 7/1/07) + or (-)	Beg net assets @ 7/1/07 as restated
\$ _____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Each adjustment must be explained in detail on a separate sheet.  
\*Include all audit adjustments accepted by the agency or entity.

**BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46) NOT APPLICABLE**

Of the total net assets reported on Statement A at June 30, 20\_\_, \$ \_\_\_\_\_ are restricted by enabling legislation. **Enabling legislation authorizes a government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation.** Refer to Appendix C for more details on the determination of the amount to be reported as required by GASB Statement 46. List below the net assets restricted by enabling legislation, the purpose of the restriction, and the Louisiana Revised Statute (LRS) that authorized the revenue:

Purpose of Restriction	LA Revised Statute Authorizing Revenue	Amount
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total		\$ _____

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**CC. IMPAIRMENT OF CAPITAL ASSETS NOT APPLICABLE**

GASB 42 establishes accounting and financial reporting standards for the impairment of capital assets and for insurance recoveries. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. See Appendix D for more information on GASB 42 and the impairment of Capital Assets.

The following capital assets became permanently impaired in FY 07-08: (Insurance recoveries related to impairment losses should be used to offset those impairment losses if received in the same year as the impairment. Include these insurance recoveries in the third column in the table below. Calculate the net impairment loss after insurance recoveries received in the current fiscal year in the fourth column. Include in the Financial Statement Classification column the account line in which the net impairment loss is reported in the financial statements. There are five indicators of impairment described in Appendix D, (1) physical damage, (2) enactment of laws, etc. List the appropriate number (1-5) to identify the indicator of impairment in the second to last column below.)

<u>Type of asset</u>	<u>Amount of Impairment Loss</u>	<u>Insurance Recovery in the same FY</u>	<u>Net Impairment Loss per Financial Stmt</u>	<u>Financial Statement Classification</u>	<u>Appendix D Indicator of Impairment</u>	<u>Reason for Impairment (e.g. hurricane)</u>
Buildings	_____	_____	_____	_____	_____	_____
Movable Property	_____	_____	_____	_____	_____	_____
Infrastructure	_____	_____	_____	_____	_____	_____

Insurance recoveries received in FY 07-08 related to impairment losses occurring in previous years, and insurance recoveries received in FY 07-08 other than those related to impairment of capital assets, should be reported as program revenues, nonoperating revenues, or extraordinary items, as appropriate. Indicate in the following table the amount and financial statement classification (account line in which the insurance recovery is reported in the financial statements) of insurance recoveries not included in the table above:

<u>Type of asset</u>	<u>Amount of Insurance Recovery</u>	<u>Financial Statement Classification</u>	<u>Reason for Insurance recovery (e.g. fire)</u>
Buildings	_____	_____	_____
Movable Property	_____	_____	_____
Infrastructure	_____	_____	_____

The carrying amount of impaired capital assets that are idle at year-end should be disclosed, regardless of whether the impairment is considered permanent or temporary. The following capital assets were idle at the end of the fiscal year: (Include any permanently impaired capital assets listed above that are still idle at the end of the fiscal year, any temporarily impaired capital assets, and any assets impaired in prior years that are still idle at the end of the current fiscal year.)

**STATE OF LOUISIANA  
LA NAVAL WAR MEMORIAL COMMISSION (BTA)  
Notes to the Financial Statement  
As of and for the year ended December 31, 2007**

<u>Type of asset</u>	<u>Carrying Value of Idle Impaired Assets</u>	<u>Reason for Impairment</u>
<b>Buildings - permanently impaired</b>	_____	_____
<b>Buildings - temporarily impaired</b>	_____	_____
<b>Movable Property - permanently impaired</b>	_____	_____
<b>Movable Property - temporarily impaired</b>	_____	_____
<b>Infrastructure - permanently impaired</b>	_____	_____
<b>Infrastructure - temporarily impaired</b>	_____	_____

**DD. EMPLOYEE TERMINATION BENEFITS NOT APPLICABLE**

Termination benefits are benefits, other than salaries and wages, that are provided by employers as settlement for involuntary terminations initiated by management, or as an incentive for voluntary terminations initiated by employees. Voluntary termination benefits include benefits such as enhanced early retirement options resulting from an approved early retirement plan.

Other termination benefits may include:

1. Early retirement incentives, such as cash payments, enhancement to defined benefit formula
2. Healthcare coverage when none would otherwise be provided (COBRA)
3. Compensated absences, including payments for leave balances
4. Payments due to early release from employment contracts

GASB 47 requires the following disclosures about an employer's accounting for employee termination benefits:

1. A description of the termination benefit arrangement(s)
2. Period the employer becomes obligated
3. Number of employees affected
4. Cost of termination benefits
5. Type of benefit(s) provided
6. The period of time over which the benefits are expected to be provided
7. If the termination benefit affects the defined benefit pension (OPEB) obligations, disclose the change in the actuarial accrued liability for the pension or OPEB plan attributable to the termination benefit
8. When termination liabilities are reported, disclose the significant methods and assumptions used to determine the liabilities to be disclosed (for as long as the liability is reported)

**The GASB 47 note disclosures listed below are provided as an example and should be modified as necessary.**

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2008, the cost of providing those benefits for \_\_\_\_\_ (number of) voluntary terminations totaled \$\_\_\_\_\_. For 2008, the cost of providing those benefits for \_\_\_\_\_ (number of) involuntary terminations totaled \$\_\_\_\_\_. [The termination benefits (voluntary and involuntary) paid in FY 2008 should also be included in the Statement of Revenues, Expenses, and Changes in Fund Net Assets on the account line "Administrative" in the Operating Expense Section.]

The liability for the accrued voluntary terminations benefits payable at June 30, \_\_\_\_\_ is \$\_\_\_\_\_. This liability consists of \_\_\_\_\_ (number of) voluntary terminations. The liability for the accrued involuntary terminations benefits payable at June 30, \_\_\_\_\_ is \$\_\_\_\_\_. This liability consists of \_\_\_\_\_ (number of) involuntary terminations.

**STATE OF LOUISIANA  
LA NAVAL WAR MEMORIAL COMMISSION (BTA)  
Notes to the Financial Statement  
As of and for the year ended December 31, 2007**

[The termination benefits (voluntary and involuntary) payable at fiscal year end should also be included on the Balance Sheet in the "compensated absences payable" account line.]

If a termination benefit is not recognized because the expected benefits are not estimable, the employer should *disclose that fact*. Briefly describe termination benefits provided to employees as discussed above. If none, please state that fact.

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A terminated employee can continue to access health benefits, however, if the COBRA participant is paying the ENTIRE premium then there is no state contribution on behalf of this individual. Therefore, when a terminated employee pays 100% of the premium, the state would not have a termination liability.



**STATE OF LOUISIANA  
LA NAVAL WAR MEMORIAL COMMISSION  
SCHEDULE OF NOTES PAYABLE  
December 31, 2007 – NOT APPLICABLE**

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>		<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>		<b>\$ _____</b>

\*Send copies of new amortization schedules



**STATE OF LOUISIANA  
 LA NAVAL WAR MEMORIAL COMMISSION  
 SCHEDULE OF CAPITAL LEASE AMORTIZATION  
 For The Year Ended December 31, 2007 – NOT APPLICABLE**

Ending:	Payment	Interest	Principal	Balance
2009	\$ _____	\$ _____	\$ _____	\$ _____ --
2010	_____	_____	_____	_____ --
2011	_____	_____	_____	_____ --
2012	_____	_____	_____	_____ --
2013	_____	_____	_____	_____ --
2014-2018	_____	_____	_____	_____ --
2019-2023	_____	_____	_____	_____ --
2024-2028	_____	_____	_____	_____ --
2029-2033	_____	_____	_____	_____ --
 Total	 \$ <u>      --</u>	 \$ <u>      --</u>	 \$ <u>      --</u>	 \$ <u>      --</u>

**STATE OF LOUISIANA  
 LA NAVAL WAR MEMORIAL COMMISSION  
 SCHEDULE OF NOTES PAYABLE AMORTIZATION  
 For the Year Ended December 31, 2007 – NOT APPLICABLE**

Fiscal Year Ending:	Principal	Interest
2009	\$ _____	\$ _____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014-2018	_____	_____
2019-2023	_____	_____
2024-2028	_____	_____
2029-2033	_____	_____
<b>Total</b>	<b>\$ _____ --</b>	<b>\$ _____ --</b>

**STATE OF LOUISIANA  
LA NAVAL WAR MEMORIAL COMMISSION**

**SCHEDULE OF BONDS PAYABLE AMORTIZATION  
For The Year Ended December 31, 2007- NOT APPLICABLE**

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2009	\$ _____	\$ _____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
Total	\$ _____	\$ _____

**STATE OF LOUISIANA**  
**LA NAVAL WAR MEMORIAL COMMISSION**  
**COMPARISON FIGURES**

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

	<u>2007</u>	<u>2006</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 827,672	\$ 698,029	\$129,643	\$ 18.57%
Expenses	930,802	928,786	2,016	0.22%
2) Capital assets	2,632,637	2,742,237	(109,600)	3.99%
Long-term debt	27,824	30,467	(2,643)	8.68%
Net Assets	2,800,935	2,904,065	(103,130)	3.55%
Explanation for change:	_____			
	_____			
	_____			

