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# STATE OF LOUISIANA

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WHITE LAKE PRESERVATION, INC.  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA

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AUDIT REPORT  
ISSUED SEPTEMBER 15, 2004

**LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

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**LEGISLATIVE AUDITOR**

STEVE J. THERIOT, CPA

**DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT**

ALBERT J. ROBINSON, CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Four copies of this public document were produced at an approximate cost of \$18.52. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at [www.la.state.la.us](http://www.la.state.la.us). When contacting the office, you may refer to Agency ID No. 7234 or Report ID No. 04902651 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Director of Administration, at 225/339-3800.

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STEVE J. THERIOT, CPA  
LEGISLATIVE AUDITOR

OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
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August 31, 2004

Independent Auditor's Report  
on the Financial Statements

**WHITE LAKE PRESERVATION, INC.**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

We have audited the accompanying basic financial statements of the White Lake Preservation, Inc., a discrete component unit of the State of Louisiana, as of and for the year ended June 30, 2004. These financial statements are the responsibility of management of the White Lake Preservation, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the White Lake Preservation, Inc., as of June 30, 2004, and the changes in financial position, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that White Lake Preservation, Inc., will continue as a going concern. As explained in note 9 on page 18, Act 613 of the 2004 Regular Session of the Legislature, which is effective January 1, 2005, creates the White Lake Property Fund in the state treasury and creates the White Lake Property Advisory Board within the Department of Wildlife and Fisheries to administer, control, and manage the White Lake property. In addition, this Act requires that all revenues derived from the White Lake property are to be deposited in the White Lake Property Fund in the state treasury, which would eliminate all current sources of revenue to White Lake Preservation, Inc. As a result of this Act, White Lake Preservation, Inc.'s ability to continue operations subsequent to December 31, 2004, is unknown, which creates substantial doubt about its ability to continue as a going concern. Management's plans to cooperate with the transition are also explained in note 9. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.



In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2004, on our consideration of the White Lake Preservation, Inc.'s internal control over financial reporting and our tests of its compliance with certain laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 5 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 an opinion on the basic financial statements of White Lake Preservation, Inc. The Annual Fiscal Report to the Office of the Governor, Division of Administration, Office of Statewide Reporting and Accounting Policy is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us 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.

Respectfully submitted,



Steve J. Theriot, CPA  
Legislative Auditor

FVP:BQD:THC:ss

[WHITELK04]



### **WHITE LAKE PRESERVATION, INC. STATE OF LOUISIANA MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Management's Discussion and Analysis of White Lake Preservation, Inc.'s financial performance presents a narrative overview and analysis of White Lake Preservation, Inc.'s financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

#### **FINANCIAL HIGHLIGHTS**

White Lake Preservation, Inc.'s assets exceeded its liabilities at the close of fiscal year 2004 by \$695,551 which represents a 44.51% increase from last fiscal year. The net assets increased by \$214,243 (or 44.51%).

White Lake Preservation, Inc.'s revenue increased \$97,151 (or 10.67%) and the net results from operating activities decreased by \$11,324 (or 5.06%).

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

These financial statements consist of two sections - Management's Discussion and Analysis (this section) and the basic financial statements (including notes to the financial statements).

#### **BASIC FINANCIAL STATEMENTS**

The basic financial statements present information for White Lake Preservation, Inc., as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the balance sheet; the statement of revenues, expenses, and changes in fund net assets; and the statement of cash flows.

The statement of net assets (page 9) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of White Lake Preservation, Inc., is improving or deteriorating.

The statement of revenues, expenses, and changes in fund net assets (page 11) presents information showing how White Lake Preservation, Inc.'s assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The cash flow statement (page 13) presents information showing how White Lake Preservation, Inc.'s cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided by (used in) operating activities (indirect method) as required by GASB 34.



**FINANCIAL ANALYSIS OF THE ENTITY**

Statement of Net Assets  
As of June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Current assets	\$447,190	\$256,210
Capital assets, net	<u>271,842</u>	<u>248,975</u>
Total assets	<u>719,032</u>	<u>505,185</u>
Current liabilities	<u>23,481</u>	<u>23,877</u>
Net assets:		
Invested in capital assets	271,842	248,975
Unrestricted	<u>423,709</u>	<u>232,333</u>
Total net assets	<u><u>\$695,551</u></u>	<u><u>\$481,308</u></u>

Unrestricted net assets are those assets that do not have any limitations from legislative requirements, donor agreements, or grant requirements on what these amounts may be used for. Net assets of White Lake increased by \$214,243 from July 1, 2003, to June 30, 2004. One major cause of this increase was an operating contribution of cash totaling \$250,000.

Net assets of White Lake increased by \$481,308 from July 1, 2002, to June 30, 2003, its first year of operation. The major causes of this increase were an operating contribution of cash totaling \$250,000 and a capital contribution of equipment totaling \$257,603.

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Operating revenues	\$1,007,235	\$910,084
Operating expenses	<u>794,854</u>	<u>686,379</u>
Operating income	212,381	223,705
Nonoperating (expenses)	(838)	
Capital contributions	<u>2,700</u>	<u>257,603</u>
Net increase in net assets	<u><u>\$214,243</u></u>	<u><u>\$481,308</u></u>



**STATEMENT OF CASH FLOWS**

Another way to assess the financial health of White Lake is to look at the statement of cash flows. The statement of cash flows assists readers of this statement to assess the ability to generate future cash flows, the ability to meet obligations as they come due, and a need for external financing.

Statement of Cash Flows  
For the Years Ended June 30, 2004 and 2003

	2004	2003
Cash provided (used) by:		
Operating activities	\$254,871	\$232,040
Capital and related financing activities	(71,243)	(12,883)
Investing activities	2,205	
Net increase in cash	185,833	219,157
Cash, beginning of year	219,157	NONE
Cash, end of year	\$404,990	\$219,157

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2004, White Lake Preservation, Inc., had \$271,842 invested in capital assets, net of accumulated depreciation, which included the following:

Donated equipment	\$252,303
Purchased equipment	88,326
Total	340,629
Less accumulated depreciation	68,787
Invested in capital assets	\$271,842

**Debt**

White Lake Preservation, Inc., had no outstanding bonds or notes at year-end.



**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

White Lake Preservation, Inc.'s management officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The number of days during hunting season will decrease during the next fiscal year because of the possibility that we will no longer be selling hunts after December 31, 2004.
- Agricultural leases will increase \$1 per acre for each base acre as per contracts. The December 2004 payment should be received by White Lake Preservation, Inc. However, the March 2005 payment may not be received.
- Alligator egg income will increase because of an increase in total allowed harvested eggs. In the prior year, approximately 6,100 eggs were harvested. For the June 30, 2005 year, it is estimated that 8,000 eggs will be harvested.
- Operating contribution from BP America Production should be received in December 2004 in the amount of \$250,000.
- No Seismic income is expected for the 2005 fiscal year.

As explained in note 9 on page 18, Act No. 613 of the 2004 Regular Sessions of the Legislature, effective January 1, 2005, creates a White Lake Property Fund in the state treasury and creates a White Lake Property Advisory Board to advise the Louisiana Wildlife and Fisheries Commission and the Department of Wildlife and Fisheries regarding the required operation and management of the White Lake property. Management plans to cooperate and participate in the transition of management, responsibility and authority from White Lake Preservation, Inc., to the Louisiana Department of Wildlife and Fisheries and the White Lake Property Advisory Board.

**CONTACTING WHITE LAKE PRESERVATION, INC.'S MANAGEMENT**

This financial report is designed to provide our residents, taxpayers, customers, and investors with a general overview of White Lake Preservation, Inc.'s finances and to show White Lake Preservation, Inc.'s accountability for the money it receives. If you have questions about this report or need additional financial information, contact White Lake Preservation, Inc., at 710 W. Prien Lake Road, Suite 202A, Lake Charles, Louisiana.



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**WHITE LAKE PRESERVATION, INC.**  
**STATE OF LOUISIANA****Statement of Net Assets, June 30, 2004****ASSETS**

## Current assets:

Cash (note 2)	\$404,990
Prepaid items (note 3)	42,200
Total current assets	<u>447,190</u>
Noncurrent assets - capital assets, net of depreciation (note 4)	271,842
Total assets	<u><u>719,032</u></u>

**LIABILITIES**

## Current liabilities:

Deferred revenue	12,957
Accounts payable	6,943
Payroll taxes payable	3,581
Total current liabilities	<u><u>23,481</u></u>

**NET ASSETS**

Invested in capital assets	271,842
Unrestricted	<u>423,709</u>
Total net assets	<u><u>\$695,551</u></u>

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





**WHITE LAKE PRESERVATION, INC.**  
**STATE OF LOUISIANA**

**Statement of Revenues, Expenses,  
and Changes in Net Assets  
For the Year Ended June 30, 2004**

**OPERATING REVENUES**

Charges for services:	
Fund-raising hunting fees	\$253,000
Agricultural leases	182,807
Hunting leases	102,583
Seismic income	102,500
Alligator eggs	61,930
Lottery hunt fees	25,000
Trapping income	25,000
Crawfish income	2,250
Lottery fishing fees	1,230
Surface leases	935
Total charges for services	<u>757,235</u>
Other operating revenues - contributions (note 7)	<u>250,000</u>
Total operating revenues	<u>1,007,235</u>

**OPERATING EXPENSES**

Salaries	222,106
Insurance	159,680
Contract labor	92,987
Legal and professional	70,967
Hunting event expenses	55,983
Depreciation	48,033
Repairs and maintenance	38,610
Fuel and automobile repairs	37,217
Materials and supplies	19,660
Payroll taxes	16,164
Rent	13,974
Communications	7,727
Utilities	6,839
Office supplies	3,877
Other operating expenses	1,030
Total operating expenses	<u>794,854</u>

(Continued)

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



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**WHITE LAKE PRESERVATION, INC.**  
**STATE OF LOUISIANA**  
**Statement of Revenues, Expenses,**  
**and Changes in Net Assets, 2004**

<b>OPERATING INCOME</b>	\$212,381
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest income	2,205
Loss on disposal of equipment	(3,043)
Net nonoperating expenses	<u>(838)</u>
<b>INCOME BEFORE OTHER REVENUES</b>	211,543
<b>Capital contributions (note 7)</b>	<u>2,700</u>
<b>Change in net assets</b>	214,243
<b>TOTAL NET ASSETS AT BEGINNING OF YEAR</b>	<u>481,308</u>
<b>TOTAL NET ASSETS AT END OF YEAR</b>	<u><u>\$695,551</u></u>

(Concluded)

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



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**WHITE LAKE PRESERVATION, INC.**  
**STATE OF LOUISIANA****Statement of Cash Flows**  
**For the Year Ended June 30, 2004****Cash flows from operating activities:**

Cash received from customers and users	\$767,167
Cash received from contributors	250,000
Payments to employees and for related payroll taxes	(241,550)
Payments to suppliers	<u>(520,746)</u>
Net cash provided by operating activities	<u>254,871</u>

**Cash flows from capital and related financing activities:**

Proceeds from sale of equipment	4,200
Payments for capital acquisitions	<u>(75,443)</u>
Net cash used by capital and related financing activities	<u>(71,243)</u>

**Cash flows from investing activities:**

Interest earned	<u>2,205</u>
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**Net increase in cash**

185,833

**Cash at beginning of year**219,157**Cash at end of year**\$404,990

(Continued)

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



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**WHITE LAKE PRESERVATION, INC.**  
**STATE OF LOUISIANA**  
**Statement of Cash Flows, 2004**

**Reconciliation of operating income to net cash**

**provided by operating activities:**

Operating income	\$212,381
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	48,033
Changes in assets and liabilities:	
(Increase) in prepaid items	(5,147)
Decrease in accounts payable	(7,048)
Decrease in payroll taxes payable	(3,280)
Increase in deferred revenue	9,932
	<hr/>
Net cash provided by operating activities	<u>\$254,871</u>

**Noncash investing, capital, and financing activities:**

Contribution of capital assets	\$2,700
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(Concluded)

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



**WHITE LAKE PRESERVATION, INC.  
STATE OF LOUISIANA**

Notes to the Financial Statements  
As of and for the Year Ended June 30, 2004

**INTRODUCTION**

The White Lake Preservation, Inc., (Corporation) is a component unit of the State of Louisiana. The Corporation was created as a nonprofit corporation on June 18, 2003, primarily to manage approximately 71,130 acres donated to the state by BP America Production, Inc. (BP). Management of the Corporation is vested in a Board of Directors elected by the membership of the Corporation (the Board). The Corporation is organized exclusively for charitable, educational, and scientific purposes, including for such purposes as (1) ensure the protection of the natural resources of the property managed by the Corporation; (2) preserve, protect, and promote the biological diversity on the property managed by the Corporation; (3) undertake land and water management projects that enhance or restore natural wetland and upland habitats on the property; and (4) promote environmental education and research, to do all such other things as are incidental to the purposes of the Corporation or necessary or desirable in order to accomplish them, and otherwise engage in any lawful activity for which nonprofit corporations may be formed under the Louisiana Nonprofit Corporation Law.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB.

**B. REPORTING ENTITY**

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The White Lake Preservation, Inc., is considered a discrete component unit of the State of Louisiana because the state has a cooperative endeavor agreement with the Corporation to operate, manage, and supervise all activities on the White Lake property consistent with the "Conservation Purposes" in the act of donation by BP to the state. The accompanying financial statements present information only as to the transactions of the White Lake Preservation, Inc. Annually, the State of Louisiana issues basic financial statements. Those basic financial statements are audited by the Louisiana Legislative Auditor.

**C. BASIS OF ACCOUNTING**

For financial reporting purposes, the White Lake Preservation, Inc., is treated as a special-purpose government engaged only in business-type activities. All activities of the White Lake Preservation, Inc., are accounted for within a single proprietary (enterprise) fund. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statement. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The financial statements of the White Lake Preservation, Inc., have been presented using the economic



resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

GASB Statement Number 20 (effective for financial statements for periods beginning after December 15, 1993) provides guidance on accounting and financial reporting for proprietary fund types and allows proprietary fund types to choose one of two options in applying pronouncements issued by the Financial Accounting Standards Board (FASB) after November 30, 1989. White Lake Preservation, Inc., has elected to use the first option for reporting its activities. The Corporation applies all GASB pronouncements and FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Changes to FASB statements and interpretations, APB Opinions, and ARBs issued after November 30, 1989, would not apply unless adopted by GASB.

**D. BUDGET PRACTICES**

The White Lake Preservation, Inc., did not prepare an annual budget for the year ended June 30, 2004.

**E. CASH**

Cash consists of demand deposits.

**F. CAPITAL ASSETS**

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets, generally seven years for equipment and five years for vehicles.

**G. COMPENSATED ABSENCES AND EMPLOYMENT RELATED BENEFITS**

Although White Lake Preservation, Inc., has three employees, these employees do not currently earn leave or have pension, health, or life insurance benefits.

**2. CASH**

Cash (book balances) is composed of \$404,990 of demand deposits at June 30, 2004.

At June 30, 2004, the White Lake Preservation, Inc., has \$408,385 in deposits (collected bank balances) at two separate banks, of which \$268,028 are exposed to custodial credit risk as they are uncollateralized.

**3. PREPAID ITEMS**

Prepaid expenses at June 30, 2004, consist of payments for insurance of \$29,095, rent payments of \$12,730, and a security deposit of \$375 for a Wildlife and Fisheries point-of-sale terminal to purchase hunting and fishing licenses.



**4. CHANGES IN CAPITAL ASSETS**

	Balance July 1, 2003	Additions	Retirements	Balance June 30, 2004
Equipment	\$270,486	\$75,443	\$5,300	\$340,629
Less accumulated depreciation	21,511	48,033	757	68,787
Capital assets net	\$248,975	\$27,410	\$4,543	\$271,842

**5. LEASE OBLIGATIONS**

The White Lake Preservation, Inc., leased office space and a postage machine on a month-to-month basis during the year ended June 30, 2004. The Corporation also has a five year cancelable lease for approximately 640 acres of land. Rental payments during the year ended June 30, 2004, totaled \$13,974.

**6. LITIGATION AND CLAIMS**

White Lake Preservation, Inc., is a defendant in litigation which seeks a declaratory judgment that a Cooperative Endeavor Agreement (CEA) between White Lake Preservation, Inc., and the State of Louisiana dated July 8, 2002, “must be authorized by the Louisiana Legislature or is otherwise unconstitutional.” The litigation also seeks a declaratory judgment that the CEA “cannot convey jurisdiction over wildlife, aquatic life, the beds and bottoms of rivers, streams, bayous, lagoons, lakes and bays” within the confines of a tract of land known as the “White Lake property” because the Louisiana Wildlife and Fisheries Commission has sole jurisdiction over such matters. On August 21, 2003, the suit was dismissed; however, the plaintiffs have appealed to the First Circuit Court of Appeal. That appeal is presently pending. It is the opinion of management and counsel that the disposition or ultimate determination of the lawsuit cannot be determined.

**7. OPERATING AND CAPITAL CONTRIBUTIONS**

The State of Louisiana and BP, the company that donated the White Lake property to the State of Louisiana, executed a Memorandum of Understanding (MOU) on July 8, 2002, that specified various terms the parties agreed to regarding the donation of the White Lake property to the state. One of the terms of this MOU states that BP will donate \$250,000 per year for five years to White Lake Preservation, Inc., to aid the corporation in having the necessary revenues to manage and provide oversight for the White Lake property. BP has donated \$250,000 to White Lake Preservation, Inc., for the fiscal year ended June 30, 2004, which has been recorded in the financial statements as other operating revenues - contributions.

Another term of the MOU was that BP would donate movable property to White Lake Preservation, Inc. To meet this term, BP executed two separate donation agreements dated July 8, 2002, and September 16, 2002. These assets are recorded in the financial statements as capital contributions at the estimated fair value of the assets at the date of donation.



**8. RELATED PARTY TRANSACTIONS**

The White Lake Preservation, Inc., purchased supplies of approximately \$5,983 from Lougon's Shopping Center for the year ended June 30, 2004. The owner of Lougon's Shopping Center is a brother of an employee of White Lake Preservation, Inc.

**9. SUBSEQUENT EVENTS**

The CEA between White Lake Preservation, Inc., and the State of Louisiana, dated July 8, 2002, transferred into and vested in White Lake Preservation, Inc., the operation, management, and supervision of all activities on the White Lake property, as required by the MOU between BP and the State of Louisiana. As stated in the CEA, "This agreement shall be in force and effect for as long as White Lake Preservation, Inc. shall properly operate and manage the White Lake Property in accordance with the terms and conditions set forth in the Donation and this Agreement."

Senate Bill No. 118 was signed by the Governor of Louisiana in July 2004 and became Act No. 613. Effective January 1, 2005, this Act creates a White Lake Property Fund in the state treasury and creates a White Lake Property Advisory Board, which advises the Louisiana Wildlife and Fisheries Commission and the Department of Wildlife and Fisheries regarding the required operation and management of the White Lake property. All revenues from the White Lake property are required by this Act to be deposited into the state treasury to the credit of the White Lake Property Fund. The monies in the fund shall be available only for the operation, maintenance, administration, control, management, or enhancement of the White Lake property and to promote its wildlife and ecosystem conservation and for education and research purposes associated directly with the White Lake property.

This Act directly conflicts with the "Act of Donation by BP America Production Company to the State of Louisiana," the "Memorandum of Understanding between BP America Production Company and the State of Louisiana," and the "Cooperative Endeavor Agreement between White Lake Preservation, Inc., and the State of Louisiana," all of which are dated July 8, 2002.

The Executive Counsel to the Governor of the State of Louisiana has requested that White Lake Preservation, Inc., and BP America Production Company cooperate and participate in the transition of management, responsibility and authority from White Lake Preservation, Inc., to the Louisiana Department of Wildlife and Fisheries and the White Lake Property Advisory Board. The Board of Directors of White Lake Preservation, Inc., and the officials of BP have agreed to cooperate in the transition and have so advised Executive Counsel of the Governor and the Secretary of the Department of Wildlife and Fisheries.



**WHITE LAKE PRESERVATION, INC.  
STATE OF LOUISIANA  
SUPPLEMENTAL FINANCIAL INFORMATION**

**ANNUAL FISCAL REPORT TO THE OFFICE OF THE GOVERNOR,  
DIVISION OF ADMINISTRATION,  
OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY  
As of and for the Year Ended June 30, 2004**

The annual fiscal report presents the financial position of the White Lake Preservation, Inc., as of June 30, 2004, and the results of its changes in fund net assets and its cash flows for the year then ended. This report contains information in the format requested by the Office of Statewide Reporting and Accounting Policy for consolidation into the Louisiana Comprehensive Annual Financial Report.





**STATE OF LOUISIANA  
WHITE LAKE PRESERVATION, INC.**

**COMPONENT UNIT FINANCIAL REPORT  
(Compiled)**

**JUNE 30, 2004**

STATE OF LOUISIANA  
WHITE LAKE PRESERVATION, INC.

June 30, 2004

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STATE OF LOUISIANA

Annual Financial Statements  
Fiscal Year Ending June 30, 2004

WHITE LAKE PRESERVATION, INC.

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

Legislative Auditor  
PO Box 94397  
Baton Rouge, Louisiana 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, John S. Campbell, Jr., Treasurer of White Lake Preservation, Inc. who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of White Lake Preservation, Inc. at June 30, 2004, 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 prescribed before me, this 31<sup>st</sup> day of August, 2004.

~~JOHN S. CAMPBELL, JR.~~  
Signature of Agency Official

Marc Whitfield  
NOTARY PUBLIC

Prepared by: John S. Campbell, Jr.  
Title: Treasurer  
Telephone No.: 225-387-3221  
Date: August 31, 2004

**MARC S. WHITFIELD**  
Notary Public  
State Bar # 18534  
East Baton Rouge Parish, Louisiana  
My Commission Expires at Death

STATE OF LOUISIANA  
WHITE LAKE PRESERVATION, INC.

June 30, 2004

BOARD OF DIRECTORS

Donald R. "Boysie" Bollinger  
John S. Campbell, Jr.  
Senator Fred Hoyt  
Bert Jones  
E. Anne "Annie" Smith  
Bernard E. "Bernie" Boudreaux  
Glenn A. DaGian  
James H. Jenkins, Jr.  
Josephe Oran Richard

# McELROY, QUIRK & BURCH

A Professional Corporation • Certified Public Accountants • Since 1925  
800 Kirby Street • P.O. Box 3070 • Lake Charles, LA 70602-3070  
337 433-1063 • Fax 337 436-6618 • Web page: www.mqb-cpa.com

Carl W. Comeaux, CPA  
Barbara Hutson Gonzales, CPA  
Martin L. Chehotsky, CPA, CFE  
Robert M. Gani, CPA, MT  
Mollie C. Broussard, CPA



Billy D. Fisher, CPA  
Jason L. Guillory, CPA  
Greg P. Naquin, CPA, CFP™  
Joe G. Peshoff II, CPA, CVA

Charles P. Quirk, CPA, Retired  
Ortray J. Woods Jr., CPA, Inactive  
Robert F. Cargile, CPA, Inactive  
William A. Mancuso, CPA, Retired  
Judson J. McCann Jr., CPA, Retired

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CFE - Certified Fraud Examiner  
MT - Masters of Taxation  
CVA - Certified Valuation Analyst  
CFP - Certified Financial Planner

## REPORT OF ACCOUNTANTS

Board of Directors  
White Lake Preservation, Inc.  
Baton Rouge, Louisiana

We have compiled the accompanying general purpose financial statements of White Lake Preservation, Inc. (a nonprofit organization), a component unit of the State of Louisiana, as of and for the year ended June 30, 2004, as listed in the table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying general purpose financial statements of White Lake Preservation, Inc. and, accordingly, do not express an opinion or any other form of assurance on them.

We are not independent with respect to White Lake Preservation, Inc.

*McElroy, Quirk & Burch*  
Lake Charles, Louisiana  
July 22, 2004

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of White Lake Preservation, Inc.'s financial performance presents a narrative overview and analysis of White Lake Preservation, Inc.'s financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the report of accountants presented on page 5 and White Lake Preservation, Inc.'s financial statements, which begin on page 11.

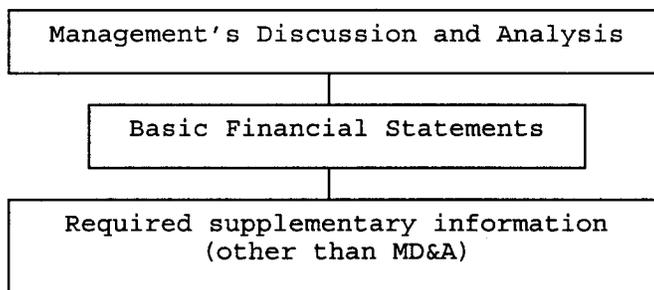
### FINANCIAL HIGHLIGHTS

White Lake Preservation, Inc.'s assets exceeded its liabilities at the close of fiscal year 2004 by \$695,551 which represents a 44.51% increase from last fiscal year. The net assets increased by \$214,243 (or 44.51%).

White Lake Preservation, Inc.'s operating revenue increased \$97,151 (or 10.67%) and the net results from operating activities decreased by \$11,324 (or 5.06%).

### OVERVIEW OF THE FINANCIAL STATEMENTS

The following graph illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including notes to the financial statements), and required supplementary information.

**BASIC FINANCIAL STATEMENTS**

The basic financial statements present information for White Lake Preservation, Inc. as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the balance sheet; the statement of revenues, expenses, and changes in fund net assets; and the statement of cash flows.

The balance sheet (page 11) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of White Lake Preservation, Inc. is improving or deteriorating.

The statement of revenues, expenses, and changes in fund net assets (page 12-13) presents information showing how White Lake Preservation, Inc.'s assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The cash flow statement (page 15-16) presents information showing how White Lake Preservation, Inc.'s cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided by (used in) operating activities (indirect method) as required by GASB 34.

**FINANCIAL ANALYSIS OF THE ENTITY**

Statement of Net Assets  
As of June 30, 2004 and 2003

	2004	2003
Current and other assets	\$ 447,190	\$ 256,210
Capital assets, net	271,842	248,975
Total assets	719,032	505,185
Other current liabilities	23,481	23,877
Net assets:		
Invested in capital assets	271,842	248,975
Unrestricted	423,709	232,333
	695,551	481,308

Unrestricted net assets are those assets that do not have any limitations from legislative requirements, donor agreements, or grant requirements on how these amounts may be spent. Net assets of White Lake increased by \$214,243 from July 1, 2003 to June 30, 2004. One major cause of this increase was an operating contribution totaling \$250,000.

Net assets of White Lake increased by \$481,308 from July 1, 2002 to June 30, 2003, its first year of operation. One major cause of this increase was an operating contributions of cash totaling \$250,000 and a capital contribution of equipment totaling \$257,603.

Statement of Revenues, Expenses, and Changes in Fund Net Assets  
For the Year Ended June 30, 2004 and 2003

	2004	2003
Operating revenues	\$1,007,235	\$ 910,084
Operating expenses	794,854	686,379
Operating income	212,381	223,705
Non-operating revenues	(838)	-
Capital contributions	2,700	257,603
Net increase in net assets	\$ 214,243	\$ 481,308

**STATEMENT OF CASH FLOWS**

Another way to assess the financial health of White Lake is to look at the statement of cash flows. The statement of cash flows assists readers of this statement to assess:

- The ability to generate future cash flows
- The ability to meet obligations as they come due
- A need for external financing

**Statement of Cash Flows**  
**For the Year Ended June 30, 2004 and 2003**

	2004	2003
Cash and cash equivalents provided used by:		
Operating activities	\$ 254,871	\$ 232,040
Capital financial Activities	(71,243)	(12,883)
Investing activities	2,205	-
Net increase in cash and cash Equivalents	185,833	219,157
Cash and cash equivalents Beginning of year	219,157	-
End of year	\$ 404,990	\$ 219,157

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2004, White Lake Preservation, Inc. had \$271,842 invested in capital assets, which included the following:

Donated equipment	\$ 252,303
Purchased equipment	88,326
	340,629
Less accumulated depreciation	68,787
	\$ 271,842

**Debt**

White Lake Preservation, Inc. had no outstanding bonds or notes at year end.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

White Lake Preservation, Inc.'s elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Number of days during hunting season will decrease during the next fiscal year due to the possibility that we will no longer be selling hunts after December 31, 2004.

- Agricultural leases will increase \$1 per acre for each base acre as per contracts. The December 2004 payment should be received by White Lake Preservation, Inc. However, the March 2005 payment may not be received.
- Gator egg income will increase due to increase in total allowed harvested eggs. In the prior year approximately 6,100 eggs were harvested. For the June 30, 2005 year it is estimated that 8,000 eggs will be harvested.
- Operating contribution from BP Amoco Production should be received in December 2004 in the amount of \$250,000.
- No seismic income is expected for the fiscal year June 30, 2005.

#### **CONTACTING WHITE LAKE PRESERVATION, INC.'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors with a general overview of White Lake Preservation, Inc.'s finances and to show White Lake Preservation, Inc.'s accountability for the money it receives. If you have questions about this report or need additional financial information, contact White Lake Preservation, Inc. at 710 W. Prien Lake Road, Suite 202A, Lake Charles, Louisiana.

STATE OF LOUISIANA  
WHITE LAKE PRESERVATION, INC.

STATEMENT OF NET ASSETS  
ENTERPRISE FUND  
June 30, 2004

**ASSETS**

Current assets:

Cash and cash equivalents	\$ 404,990
Prepaid insurance	29,095
Prepaid rent	12,730
Security deposit	<u>375</u>
Total current assets	447,190

Noncurrent assets:

Capital assets, net of depreciation	<u>271,842</u>
-------------------------------------	----------------

Total assets 719,032

**LIABILITIES**

Current liabilities:

Accounts payable	6,943
Deferred revenue	12,957
Payroll taxes payable	<u>3,581</u>

Total liabilities 23,481

**NET ASSETS**

Invested in capital assets	271,842
Unrestricted	<u>423,709</u>
Total net assets	<u><u>\$ 695,551</u></u>

See Accountants' Compilation Report

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

STATE OF LOUISIANA  
WHITE LAKE PRESERVATION, INC.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
ENTERPRISE FUND  
Year Ended June 30, 2004

Operating revenues:	
Charges for services	
Fund raising hunting leases	\$ 253,000
Agricultural leases	182,807
Hunting leases	102,583
Seismic income	102,500
Alligator eggs	61,930
Lottery hunt fees	25,000
Trapping income	25,000
Crawfish income	2,250
Lottery fishing fees	1,230
Surface leases	935
Total charges for services	<u>757,235</u>
Operating grants and contributions:	
Other	<u>250,000</u>
Total operating revenues	<u>1,007,235</u>
Operating expenses:	
Salaries	222,106
Insurance	159,680
Contract labor	92,987
Legal and professional	70,967
Hunting event expenses	55,983
Depreciation	48,033
Repairs and maintenance	38,610
Fuel and automobile repairs	37,217
Materials and supplies	19,660
Payroll taxes	16,164
Rent	13,974
Communications	7,727
Utilities	6,839
Office supplies	3,877
Other operating expenses	<u>1,030</u>
Total operating expenses	<u>794,854</u>

(continued on next page)

STATE OF LOUISIANA  
WHITE LAKE PRESERVATION, INC.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
ENTERPRISE FUND  
Year Ended June 30, 2004  
(Continued)

Operating income	<u>212,381</u>
Non-operating revenues (expenses)	
Interest and dividend income	2,205
Loss on sale of equipment	<u>(3,043)</u>
Total non-operating revenues (expenses)	<u>(838)</u>
Income before contributions	211,543
Capital contributions	
Bollinger Shipyards Lockport, L.L.C.	<u>2,700</u>
Change in net assets	214,243
Net assets, beginning of year	<u>481,308</u>
Net assets, end of year	<u><u>\$ 695,551</u></u>

See Accountants' Compilation Report

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

STATEMENT OF ACTIVITIES  
 ENTERPRISE FUND  
 Year Ended June 30, 2004

	Program Revenues				Net (Expense)
Expenses	Operating Charges for Services	Grants and Contributions	Capital Grants and Contributions		Revenue and Changes in Net Assets
<b>FUNCTIONS/PROGRAMS</b>					
Business-type activities:					
Natural resource					
Preservation	\$ 794,854	\$ 757,235	\$ 250,000	\$ 2,700	\$ 215,081
General revenues:					
Interest and dividend income					2,205
Loss on sale of equipment					(3,043)
Total general revenues					(838)
Changes in net assets					214,243
Net assets - beginning					481,308
Net assets - ending					\$ 695,551

See Accountants' Compilation Report

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

STATE OF LOUISIANA  
WHITE LAKE PRESERVATION, INC.

STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
Year Ended June 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from customers and users	\$ 767,167
Operating contributions	250,000
Payments to employees and for related payroll taxes	(241,550)
Payments to suppliers	(520,746)
Net cash provided by operating activities	<u>254,871</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments for capital acquisitions	(75,443)
Proceeds from sale of equipment	4,200
Net cash provided by capital and related financing Activities	<u>(71,243)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends earned	<u>2,205</u>
Net increase in cash and cash equivalents	185,833
Cash and cash equivalents:	
Beginning of year	<u>219,157</u>
End of year	<u>\$ 404,990</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	212,381
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	48,033
Changes in assets and liabilities:	
(Increase) in prepaid items	(5,147)
Increase in accounts payable	(7,048)
Increase in payroll taxes payable	(3,280)
Increase in deferred revenue	9,932
Net cash provided by operating activities	<u>\$ 254,871</u>

(continued on next page)

STATE OF LOUISIANA  
WHITE LAKE PRESERVATION, INC.

STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
Year Ended June 30, 2004  
(Continued)

Schedule of noncash investing, capital, and financing  
activities:

Contribution of capital assets	\$ 2,700
--------------------------------	----------

See Accountants' Compilation Report

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

STATE OF LOUISIANA  
WHITE LAKE PRESERVATION, INC.

NOTES TO FINANCIAL STATEMENTS  
As of and For the Year Ended June 30, 2004  
See Accountants' Compilation Report

INTRODUCTION

White Lake Preservation, Inc. is organized exclusively for charitable, educational, and scientific purposes, including for such purposes as (1) Ensure the protection of the natural resources of the property managed by the Corporation, (2) Preserve, protect and promote the biological diversity on the property managed by the Corporation, (3) Undertake land and water management projects that enhance or restore natural wetland and upland habitats on the property, and (4) Promote environmental education and research; to do all such other things as are incidental to the purposes of the Corporation or necessary or desirable in order to accomplish them; and otherwise to engage in any lawful activity for which nonprofit corporations may be formed under the Louisiana Nonprofit Corporation Law.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 White Lake Preservation, Inc. present information only as to the transactions of the programs of the White Lake Preservation, Inc. 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.

NOTES TO FINANCIAL STATEMENTS  
See Accountants' Compilation Report

The accounts of White Lake Preservation, Inc. are maintained in accordance with applicable statutory provisions and 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.

Accounting estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B. BUDGETARY ACCOUNTING

White Lake Preservation, Inc. did not maintain a budget for the year ended June 30, 2004.

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Deposits with financial institutions:

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposits. Under state law White Lake Preservation, Inc. may deposit funds within a fiscal agent bank selected by the Interim Emergency Board. Further, White Lake Preservation, Inc. may invest in time certificates of deposits of state banks organized under the laws of Louisiana, national banks having their principal

NOTES TO FINANCIAL STATEMENTS  
See Accountants' Compilation Report

office in 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 certified credit unions.

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

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of 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. The deposits at June 30, 2004, were secured as follows:

	<u>Cash</u>
Deposits in bank accounts per balance sheet	<u>\$ 404,990</u>
Bank balances:	
Insured or collateralized with securities held by the entity or its agency in the entity's name	140,357
Collateralized with securities held by the pledging institution's trust department or agent in the entity's name	-
Uncollateralized, including any securities held for the entity but not in the entity's name	<u>268,028</u>
Total bank balances	<u>\$ 408,385</u>

NOTES TO FINANCIAL STATEMENTS  
See Accountants' Compilation Report

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

<u>Banking Institution</u>	<u>Account Number</u>	<u>Program</u>	<u>Amount</u>
Bank of Gueydan	1010905		\$ 40,357
Bank One, NA	639197839		16,094
Bank One, NA	1601999467		351,934
Total			<u>\$ 408,385</u>

D. CAPITAL ASSETS

The fixed assets used in the Special Purpose Government Engages 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.

Capital asset activity for the year ending June 30, 2004, was as follows:

	<u>Balance 7/1/2003</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6/30/2004</u>
Equipment	\$ 270,486	\$ 75,443	\$ 5,300	\$ 340,629
Less accumulated depreciation	<u>21,511</u>	<u>48,033</u>	<u>757</u>	<u>68,787</u>
Capital assets, net	<u>\$ 248,975</u>	<u>\$ 27,410</u>	<u>\$ 4,543</u>	<u>\$ 271,842</u>

E. OPERATING LEASES

White Lake Preservation, Inc. leased office space, postage machine and maintained a 640 acre land lease on a month-to-month basis at June 30, 2004. Rental payments during the year ended June 30, 2004 totaled \$13,974.

NOTES TO FINANCIAL STATEMENTS  
See Accountants' Compilation Report

F. LITIGATION

White Lake Preservation, Inc. is a defendant in litigation which seeks "a declaratory judgment that a Cooperative Endeavor Agreement ("CEA") between White Lake Preservation, Inc. and the State of Louisiana dated July 8, 2002, "must be authorized by the Louisiana Legislature or is otherwise unconstitutional." The litigation also seeks a declaratory judgment that the CEA "cannot convey jurisdiction over wildlife, aquatic life, the beds and bottoms of rivers, streams, bayous, lagoons, lakes and bays" within the confines of a tract of land known as the "White Lake Property" because the Louisiana Wildlife and Fisheries Commission has sole jurisdiction over such matters.

White Lake Preservation, Inc. intends to defend vigorously the allegations made against it in this case.

G. RELATED PARTY TRANSACTION

White Lake Preservation, Inc. purchased supplies in the amount of \$5,982.95 from Lougon's Shopping Center for the year ended June 30, 2004. The owner of Lougon's Shopping Center is a brother of an employee of White Lake Preservation, Inc.

H. COMPENSATED ABSENCES AND PENSION BENEFITS

Although White Lake Preservation, Inc. has three employees, these employees do not currently earn leave or pension, health, and life insurance benefits.

I. SUBSEQUENT EVENTS

The Cooperative Endeavor Agreement ("CEA") between White Lake Preservation, Inc. and the State of Louisiana, dated July 8, 2002, transferred into and vested in White Lake Preservation, Inc. the operation, management, and supervision of all activities on the White Lake Property, as required by Memorandum of Understanding between BP America Production Company and the State of Louisiana. As stated in the CEA, "This agreement shall be in force and effect for as long as White Lake Preservation, Inc. shall properly operate and manage the White Lake Property in accordance with the terms and conditions set forth in the Donation and this Agreement".

NOTES TO FINANCIAL STATEMENTS  
See Accountants' Compilation Report

Senate Bill No. 118 was signed by the Governor of Louisiana in July 2004 and became Act No. 613. Effective January 1, 2005, this Act creates a White Lake Property Fund in the state treasury and creates a White Lake Property Advisory Board which advises the Louisiana Wildlife and Fisheries Commission and the Department of Wildlife and Fisheries regarding the its required operation and management of the White Lake Property.

This Act directly conflicts with the "Act of Donation by BP America Production Company to the State of Louisiana", the "Memorandum of Understanding between BP America Production Company and the State of Louisiana" and the "Cooperative Endeavor Agreement ("CEA") between White Lake Preservation, Inc. and the State of Louisiana" all which dated July 8, 2002.

The Secretary/Treasurer of White Lake Preservation, Inc. stated that Executive Counsel to the Governor of the State of Louisiana has requested that White Lake Preservation, Inc. and BP America Production Company cooperate and participate in the transition of management, responsibility and authority from White Lake Preservation, Inc. to the Louisiana Department of Wildlife and Fisheries and the White Lake Property Advisory Board. The Board of Directors of White Lake Preservation, Inc. and the officials of BP America Production Company have agreed to cooperate in the transition and have so advised Executive Counsel of the Governor and the Secretary of the Department of Wildlife and Fisheries.

STATE OF LOUISIANA  
WHITE LAKE PRESERVATION, INC.

SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
Fiscal Year Ended June 30, 2004

<u>Name</u>	<u>Amount</u>
None	

STATE OF LOUISIANA  
WHITE LAKE PRESERVATION, INC.

SCHEDULE OF STATE FUNDING  
Fiscal Year Ended June 30, 2004

<u>Description of Funding</u>	<u>Amount</u>
None	

STATE OF LOUISIANA  
WHITE LAKE PRESERVATION, INC.

SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE  
Fiscal Year Ended June 30, 2004

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Principal Outstanding 6/30/2003</u>	<u>Redeemed (Issued)</u>	<u>Principal Outstanding 6/30/2004</u>	<u>Interest Rates</u>	<u>Interest Outstanding 6/30/2004</u>
None							

STATE OF LOUISIANA  
WHITE LAKE PRESERVATION, INC.

SCHEDULE OF NOTES PAYABLE  
Fiscal Year Ended June 30, 2004

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Principal Outstanding 6/30/2003</u>	<u>Redeemed (Issued)</u>	<u>Principal Outstanding 6/30/2004</u>	<u>Interest Rates</u>	<u>Interest Outstanding 6/30/2004</u>
None							

STATE OF LOUISIANA  
WHITE LAKE PRESERVATION, INC.

SCHEDULE OF BONDS PAYABLE  
Fiscal Year Ended June 30, 2004

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Principal Outstanding 6/30/2003</u>	<u>Redeemed (Issued)</u>	<u>Principal Outstanding 6/30/2004</u>	<u>Interest Rates</u>	<u>Interest Outstanding 6/30/2004</u>
None							

STATE OF LOUISIANA  
WHITE LAKE PRESERVATION, INC.

SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE AMORTIZATION  
Fiscal Year Ended June 30, 2004

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
None		

STATE OF LOUISIANA  
WHITE LAKE PRESERVATION, INC.

SCHEDULE OF CAPITAL LEASE AMORTIZATION  
Fiscal Year Ended June 30, 2004

<u>Fiscal Year</u> <u>Ending:</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
None				

STATE OF LOUISIANA  
WHITE LAKE PRESERVATION, INC.

SCHEDULE OF NOTES PAYABLE AMORTIZATION  
Fiscal Year Ended June 30, 2004

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
None		

STATE OF LOUISIANA  
WHITE LAKE PRESERVATION, INC.

SCHEDULE OF BONDS PAYABLE AMORTIZATION  
Fiscal Year Ended June 30, 2004

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
None		

**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

The following pages contain a report on compliance with laws and regulations and on internal control required by *Government Auditing Standards*, issued by the Comptroller General of the United States. The report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.







STEVE J. THERIOT, CPA  
LEGISLATIVE AUDITOR

OFFICE OF  
**LEGISLATIVE AUDITOR**  
STATE OF LOUISIANA  
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August 31, 2004

Report on Compliance and on Internal Control Over  
Financial Reporting Based on an Audit of the Financial Statements  
Performed in Accordance With *Government Auditing Standards*

**WHITE LAKE PRESERVATION, INC.**  
**STATE OF LOUISIANA**  
Baton Rouge, Louisiana

We have audited the accompanying basic financial statements of the White Lake Preservation, Inc., a discrete component unit of the State of Louisiana, as of and for the year ended June 30, 2004, and have issued our report thereon dated August 31, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the White Lake Preservation, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course or performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition.



WHITE LAKE PRESERVATION, INC. \_\_\_\_\_

This report is intended solely for the information and use of the White Lake Preservation, Inc., and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Steve J. Theriot, CPA  
Legislative Auditor

FVP:BQD:THC:ss

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