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**SOUTHWEST DISTRICT LAW ENFORCEMENT
PLANNING COUNCIL, INC.**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

Year Ended June 30, 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

4/16/08

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Southwest District Law Enforcement
Planning Council, Inc.
Lake Charles, Louisiana

We have audited the accompanying statement of financial position of Southwest District Law Enforcement Planning Council, Inc. (a non-profit organization) as of June 30, 2007 and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 financial statements referred to above present fairly, in all material respects, the financial position of Southwest District Law Enforcement Planning Council, Inc. as of June 30, 2007, and the changes in its net assets and its cash flows 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 October 2, 2007, on our consideration of Southwest District Law Enforcement Planning Council, Inc.'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 read in conjunction with this report in considering the results of our audit.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso, CPAs, LLC

October 2, 2007

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Southwest District Law Enforcement Planning Council, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2007

ASSETS

	2007	2006
CURRENT ASSETS		
Cash and cash equivalents	\$ 119,195	\$ 160,188
Investments	187,105	111,599
District dues receivable	73,751	95,652
Grants receivable	2,892	15,126
Total current assets	<u>382,943</u>	<u>382,565</u>
PROPERTY AND EQUIPMENT (Note A-5)		
Furniture, fixtures and equipment	17,485	17,485
Building and improvements	74,550	73,385
	<u>92,035</u>	<u>90,870</u>
Less accumulated depreciation	<u>(38,280)</u>	<u>(34,967)</u>
	53,755	55,903
OTHER ASSETS		
Deposits - utilities	<u>770</u>	<u>770</u>
Total Assets	<u>\$ 437,468</u>	<u>\$ 439,238</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	376	\$ 368
Accrued expenses	-	125
Grants payable	-	7,500
Total current liabilities	376	7,993
NET ASSETS		
Unrestricted	<u>437,092</u>	<u>431,245</u>
Total Liabilities and Net Assets	<u>\$ 437,468</u>	<u>\$ 439,238</u>

The accompanying notes are an integral part of these statements.

Southwest District Law Enforcement Planning Council, Inc.

STATEMENT OF ACTIVITIES

**Year ended June 30, 2007
with comparative totals for 2006**

	2007			2006
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	TOTAL
PUBLIC SUPPORT AND REVENUES				
Government grants	\$ -	\$ 67,691	\$ 67,691	\$ 74,608
District dues	73,751	-	73,751	95,652
Interest income	8,140	-	8,140	4,485
Miscellaneous income	6	-	6	4,703
Net assets released from restrictions:	67,691	(67,691)	-	-
Total public support and revenues	149,588	-	149,588	179,448
EXPENSES				
Program service	67,815	-	67,815	74,622
Management and general	75,926	-	75,926	61,338
Total expenses	143,741	-	143,741	135,960
CHANGE IN NET ASSETS	5,847	-	5,847	43,488
NET ASSETS AT BEGINNING OF YEAR	431,245	-	431,245	387,757
NET ASSETS AT END OF YEAR	\$ 437,092	\$ -	\$ 437,092	\$ 431,245

The accompanying notes are an integral part of these statements.

Southwest District Law Enforcement Planning Council, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

**Year ended June 30, 2007
with comparative totals for 2006**

	Program	Supporting	Total Program and Supporting	
	Services	Services	Service Expenses	
			2007	2006
Salaries	\$ 25,766	\$ 37,144	\$ 62,910	\$ 62,666
Payroll taxes	1,053	3,771	4,824	4,384
Retirement	2,831	8,804	11,635	11,385
Insurance	-	4,035	4,035	1,778
Legal and professional	-	3,500	3,500	3,000
Occupancy	-	9,675	9,675	9,399
Other costs	-	2,485	2,485	706
Postage and supplies	415	2,475	2,890	3,447
Training	37,750	-	37,750	34,650
Travel	-	724	724	1,226
Total before depreciation	67,815	72,613	140,428	132,641
Depreciation	-	3,313	3,313	3,319
Total expenses	\$ 67,815	\$ 75,926	\$ 143,741	\$ 135,960

The accompanying notes are an integral part of these statements.

Southwest District Law Enforcement Planning Council, Inc.

STATEMENT OF CASH FLOWS

**Year ended June 30, 2007
with comparative totals for 2006**

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 5,847	\$ 43,488
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,313	3,319
Net (increase) decrease in:		
District dues receivable	21,901	(48,404)
Grant receivable	12,234	(5,035)
Net increase (decrease) in:		
Accounts payable	9	132
Accrued expenses	(125)	125
Grant payable	(7,500)	7,500
	<u>35,679</u>	<u>1,125</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Certificate of deposit investment	(71,554)	-
Dividend reinvestment	(3,953)	(3,079)
Building improvement	(1,165)	(2,408)
	<u>(76,672)</u>	<u>(5,487)</u>
Net cash (used) by investing activities		
Net decrease in cash and cash equivalents	(40,993)	(4,362)
Cash and cash equivalents, beginning of year	<u>160,188</u>	<u>164,550</u>
Cash and cash equivalents, end of year	<u>\$ 119,195</u>	<u>\$ 160,188</u>

The accompanying notes are an integral part of these statements.

Southwest District Law Enforcement Planning Council, Inc.

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Purpose

The Southwest District Law Enforcement Planning Council, Inc. (the Council) is a non-profit corporation formed under the laws of the State of Louisiana for the purpose of providing local planning activities to the various law enforcement agencies within Calcasieu, Beauregard, Allen, Cameron, and Jefferson Davis Parishes. The Council identifies the problems and needs of these numerous agencies and develops a long-range master plan to implement improvements through the use of resources available under the provisions of The Omnibus Crime Control, Safe Streets Act of 1968 and Violence Against Women's Act. In addition, the Council administers grants for these subrecipients that provide for law enforcement assistance programs such as basic training received at local training academies.

2. Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

3. Financial Statement Presentation

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, Southwest District Law Enforcement Planning Council, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, which represent the expendable resources that are available for operations at management's discretion; temporarily restricted net assets, which represent resources restricted by donor's as to purpose or by the passage of time; and permanently restricted net assets, which represent resources whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Council. The Council did not have any permanently restricted net assets this year.

4. Revenue Recognition

Membership Dues

Membership dues are determined at the completion of the fiscal year and are based on actual expenses incurred that were not reimbursed by the grants received from the Louisiana Commission on Law Enforcement. Membership dues are recognized as revenues on a pro rata basis over the period to which the membership relates. These dues are assessed in arrears and are shown as receivable at June 30, 2007.

Government Grants

The Council receives its grant support from the Louisiana Commission on Law Enforcement. All of the Council's grants are cost reimbursement type grants, which means that the Council does not recognize revenue from them until it has incurred allowable expenses under the terms of the grants. Further, each grant has restrictions on how the Council may use its funds, thereby creating a temporarily restricted net asset until the restrictions are satisfied. When the restrictions are

Southwest District Law Enforcement Planning Council, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Revenue Recognition (Continued)

satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

5. Property and Equipment

Equipment is stated at cost at the date of the acquisition and any donated fixed assets are recorded as support at their estimated fair value at the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Depreciation amounted to \$3,313 for the year ended June 30, 2007. The useful lives of equipment for purposes of computing depreciation are:

Furniture, fixtures, and equipment	5 – 10 Years
Buildings	39 Years
Improvements	15 Years

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. The Council follows the practice of capitalizing all expenditures for all property and equipment in excess of \$100.

6. Income Tax Status

The Council qualifies as a tax-exempt organization under Section 501 (c)(4) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, the organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code.

7. Prior Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended June 30, 2006, from which the statements for the summarized information was derived.

8. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's 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.

Southwest District Law Enforcement Planning Council, Inc

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Investments

Investments in marketable equity securities with readily determinable fair values are stated at fair market value. Donated investments are reflected as contributions at their market values at date of receipt. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

10. Concentration of Revenue and Support

The Council receives \$73,751 (49%) of its revenue through district dues assessed to the law enforcement agencies which the Council serves. If the Council no longer received these dues, or there were significant reductions in the amounts received from the law enforcement agencies, the operations of the Council could be adversely impacted.

NOTE B - ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Council uses the allowance method to provide for uncollectible dues receivable. However, for the year ended June 30, 2007, there were no amounts that were deemed uncollectible by management.

NOTE C - GRANTS FROM GOVERNMENT AGENCIES

A summary of grants from governmental agencies during the year ended June 30, 2007 is as follows:

Federal Funds:

Drug Administration Funds	04/01/06 - 03/31/07	14,300
Juvenile Administration Funds	10/01/05 - 09/30/06	-
Juvenile Administration Funds	10/01/06 - 9/30/07	1,477
CVA Administration Funds	03/01/06 - 02/28/07	6,663
CVA Administration Funds	03/01/07 - 02/28/08	3,335
ACT 562 Equipment Administration Funds	07/01/06 - 06/01/07	<u>4,166</u>
		29,941

State Reimbursed Funds:

Basic Training	07/01/06 - 06/30/07	32,250
Corrections Training	07/01/06 - 06/30/07	<u>5,500</u>
		<u>37,750</u>

Total \$ 67,691

Southwest District Law Enforcement Planning Council, Inc.

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2007

NOTE D - STATEMENT OF CASH FLOWS

For purposes of the Statement of Cash Flows, the Council considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE E - INVESTMENTS

The Council's investments at June 30, 2007 consisted of the following:

	<u>FMV</u>
Certificate of Deposit - Cameron State Bank	\$ 71,553
Certificate of Deposit - Jeff Davis Bank	67,314
Certificate of Deposit - First Federal Savings and Loan	<u>48,238</u>
	\$ 187,105

NOTE F - COMPENSATED ABSENCES

Employees of the Council are entitled to paid vacation, paid sick days, and personal days off depending on job classification, length of service and other factors. In addition, members of management have contracts or agreements with the Council that provide for compensated absences. The value of these compensated absences was not recorded due to their immateriality. The Council's policy is to recognize the costs of compensated absences when actually paid to employees.

NOTE G - RETIREMENT PLAN

The Southwest District Law Enforcement Planning Council, Inc. maintains a simplified employee pension plan (SEP) that covers all full-time personnel who have completed three years of continuous service. Contributions to the plan were based on twenty-five percent of gross wages. The total contributions amounted to \$11,635 for the year ended June 30, 2007.

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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 Directors
The Southwest District Law Enforcement
Planning Council, Inc.
Lake Charles, Louisiana

We have audited the financial statements of Southwest District Law Enforcement Planning Council, Inc. (a nonprofit corporation) as of and for the year ended June 30, 2007, and have issued our report thereon dated October 2, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Southwest District Law Enforcement Planning Council, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwest District Law Enforcement Planning Council, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 organization'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 organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting (2007-1).

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 organization'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 and, accordingly, would not necessarily disclose all significant

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deficiencies that are also considered to be material weaknesses. However, of the significant deficiency described above, we consider item 2007-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwest District Law Enforcement Planning Council, Inc.'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 that are required to be reported under *Government Auditing Standards*.

Southwest District Law Enforcement Planning Council, Inc.'s response to the findings identified in our audit is described in the accompanying management corrective action plan. We did not audit Southwest District Law Enforcement Planning Council, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

McMullen and Mancuso, CPAs, LLC

McMullen and Mancuso, CPAs, LLC

October 2, 2007

Southwest District Law Enforcement Planning Council, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2007

We have audited the financial statements of Southwest District Law Enforcement Planning Council, Inc. as of and for the year ended June 30, 2007, and have issued our report thereon dated October 2, 2007. 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 June 30, 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 Weaknesses Yes No Other Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section II Financial Statement Findings

2007-1 We consider the following matter to be a material weakness. The Organization has only one employee who is responsible for all accounting and reporting functions. The size of the Organization's accounting staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

Southwest District Law Enforcement Planning Council, Inc.

SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2007

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
2006-1 The Organization has only one employee who is responsible for all accounting and reporting functions. Therefore, it is not possible to have segregation of duties consistent with appropriate internal control objectives over all phases of accounting.	Unresolved. See current year finding 2007-1.

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT

Southwest District Law Enforcement Planning Council, Inc.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Year Ended June 30, 2007

SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
2007-1 The Organization has only one employee who is responsible for all accounting and reporting functions. Therefore, it is not possible to have segregation of duties consistent with appropriate internal control objectives over all phases of accounting.	Management is aware of the internal control problem and the Board takes an active oversight of financial matters to mitigate the control weaknesses. However, due to the small size of the Organization it is not possible to have appropriate segregation of duties.

THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT