

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
AUDITED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION**

JUNE 30, 2004

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM

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LEGG & LEGG, LLP

Certified Public Accountants

Billy L. Legg, CPA

James C. Legg, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Illinois Law Enforcement Alarm System

We have audited the accompanying basic financial statements of the Illinois Law Enforcement Alarm System as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of Illinois Law Enforcement Alarm Systems 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 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Illinois Law Enforcement Alarm System as of June 30, 2004, and the respective changes in financial position and 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 January 20, 2006, on our consideration of the Illinois Law Enforcement Alarm System'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 conjunction with this report in considering the results of our audit.

Management's discussion and analysis information is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Management's discussion and analysis information is omitted from these financial statements.

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM

Statement of Net Assets

June 30, 2004

Assets

Current assets

Cash 14,340

Total Assets 14,340 \$ 14,340

Liabilities

Current liabilities

Total Current Liabilities - -

Net Assets

Unrestricted 14,340

Total Net Assets 14,340

Total Liabilities and Net Assets \$ 14,340

See Notes to Financial Statements

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2004

Operating Revenues:

State of Illinois:	
Grant Income	\$ 6,426,025
Other income	<u>20,299</u>
Total Operating Revenues	<u><u>6,446,324</u></u>

Operating Expenses:

Program Services

Regional WMD Teams	188,846
Communications Equipment	436,178
Local Agency Masks	5,801,001
Conference	<u>3,176</u>
Total Program Services	<u><u>6,429,201</u></u>

Supporting Services

Management and general	<u>2,783</u>
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Total Supporting Services	<u><u>2,783</u></u>
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Total Operating Expenses	<u><u>6,431,984</u></u>
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Operating Income	<u>14,340</u>
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Increase in Net Assets	14,340
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Net Assets, beginning of year	<u>0</u>
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Net Assets, end of year	<u><u>\$ 14,340</u></u>
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See Notes to Financial Statements

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM

Statement of Cash Flows

For the Year Ended June 30, 2004

Cash Flows From Operating Activities

State grants	\$ 6,426,025
Conference Income	20,299
Paid to Law Enforcement Agencies and Vendors	<u>(6,431,984)</u>
Net cash used in operating activities	<u>14,340</u>
Net increase in cash	14,340
Cash - Beginning of year	0
Cash - End of year	<u>\$ 14,340</u>

See Notes to Financial Statements

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Notes to Financial Statements
June 30, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Illinois Law Enforcement Alarm System (ILEAS) was formed in 2002 as an alliance of all law enforcement agencies in the State of Illinois for the purpose of mutual aid, homeland security and the combining of resources for public safety.

ILEAS represents all the sheriff's offices and several hundred police departments in Illinois. ILEAS has a program to distribute a gas mask to every police officer in Illinois. ILEAS also provided a \$4 million grant to local agencies for homeland security equipment and training. Regional Containment Teams have been trained and equipped to provide the first line of defense during weapons of mass destruction incidents.

ILEAS has established and manages a state-wide mutual aid plan whereby, member departments can "pre-plan" disaster and crisis mutual aid. If a department needs assistance during an incident, ILEAS can share that burden by notifying and coordinating the pre-plan mutual aid agencies responses.

The mission of ILEAS is to meet the needs of law enforcement throughout the State of Illinois in matters of mutual aid, emergency response and the combining of resources for public safety.

Measurement focus, basis of accounting, and financial statement presentation

The 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.

Grants and entitlements and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the Organization receives cash.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Organization maintains bank accounts at one bank. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000.

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Notes to Financial Statements
June 30, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Allocation of Expenses

The costs of providing the various program services and other activities have been summarized on a functional basis in the statement of revenues, expenses, and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services on the basis of benefits received.

Use of Estimates

The preparation of the accompanying 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contingencies

As of June 30, 2004, the Organization did not have any pending litigation or potential nondisclosed liabilities.

LEGG & LEGG, LLP

Certified Public Accountants

Billy L. Legg, CPA

James C. Legg, CPA

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

To the Board of Directors
Illinois Law Enforcement Alarm System

We have audited the basic financial statements of the Illinois Law Enforcement Alarm System as of and for the year ended June 30, 2004, and have issued our report thereon dated January 20, 2006. 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 Illinois Law Enforcement Alarm System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We note no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Illinois Law Enforcement Alarm System'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 accounts. 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 management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


January 20, 2006

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LEGG & LEGG, LLP

Certified Public Accountants

Billy L. Legg, CPA

James C. Legg, CPA

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors
Illinois Law Enforcement Alarm System

Compliance

We have audited the compliance of Illinois Law Enforcement Alarm System with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended June 30, 2004. Illinois Law Enforcement Alarm System's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Illinois Law Enforcement Alarm System's management. Our responsibility is to express an opinion on Illinois Law Enforcement Alarm System's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Government, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Illinois Law Enforcement Alarm System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Illinois Law Enforcement Alarm System's compliance with those requirements.

In our opinion, Illinois Law Enforcement Alarm System complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Illinois Law Enforcement Alarm System is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Illinois Law Enforcement Alarm System's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than specified parties.

Jess & Jess LLP

January 20, 2006

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2004**

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Federal Emergency Management Agency Pass-through Programs from: Illinois Emergency Management Agency:			
ILEASPPE	97.074	497-58810-1900-01	\$5,801,001
ILEASRCT	97.074	497-58810-1900-01	\$ 188,846
2 ILEASRCT2	97.074	497-58810-1900-01	<u>\$ 436,178</u>
Total expenditures of federal awards			<u>\$6,426,025</u>

See accompanying notes to schedule of expenditures of federal awards

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004**

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Illinois Law Enforcement Alarm System.
2. There were no reportable conditions disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Illinois Law Enforcement Alarm System which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. There were no reportable conditions disclosed during the audit of internal control over major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Illinois Law Enforcement Alarm System expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award program for the Illinois Law Enforcement Alarm System.
7. The programs tested as major programs were: ILEASPPE, CFDA 97.074, ILEASCRT, CFDA 97.074 and 2ILEASRCT2, CFDA 97.074.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The Illinois Law Enforcement Alarm System qualified as a high-risk auditee.

FINDINGS—FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS—MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

SCHEDULE OF PRIOR AUDIT FINDINGS

N/A

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED JUNE 30, 2004**

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Illinois Law Enforcement Alarm System and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and None-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.