

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

JUNE 30, 2006

LEGG & LEGG, LLP

Certified Public Accountants

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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 financial statements of the governmental activities and the business-type activities of the Illinois Law Enforcement Alarm System as of and for the year ended June 30, 2006, which collectively comprise the Organization's basic financial statements 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 governmental activities and business-type activities of the Illinois Law Enforcement Alarm System as of June 30, 2006, and the respective changes in financial position and cash flows where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2008 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Illinois Law Enforcement Alarm System's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Illinois Law Enforcement Alarm System. The schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Jay & Jay L.L.P.

January 22, 2008

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
STATEMENT OF NET ASSETS
 June 30, 2006

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and cash equivalents	\$ 88,635	\$ 70,837	\$ 159,472
Total Assets	<u>88,635</u>	<u>70,837</u>	<u>159,472</u>
Liabilities			
Total Liabilities			
Net Assets			
Unrestricted	88,635	70,837	159,472
Total net assets	<u>\$ 88,635</u>	<u>\$ 70,837</u>	<u>\$ 159,472</u>

The accompanying notes are an integral part of these financial statements

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2006**

Functions/Programs	Expenses	Charges for Services	Net (Expenses) Revenues and Changes in Net Assets		
			Primary Governmental Activities	Government Business-Type Activities	Total
Primary Government:					
Governmental Activities:					
General Government	\$ 20,854,797		\$ (20,854,797)		\$ (20,854,797)
Total governmental activities	<u>20,854,797</u>		<u>(20,854,797)</u>		<u>(20,854,797)</u>
Business-type activity:					
Conferences	10,468	\$ 60,324		\$ 49,856	49,856
Other	27,950	32,895		4,945	4,945
Total business-type activity	<u>38,418</u>	<u>93,219</u>		<u>54,801</u>	<u>54,801</u>
Total primary government	<u>\$ 20,893,215</u>	<u>\$ 93,219</u>	<u>(20,854,797)</u>	<u>54,801</u>	<u>(20,799,996)</u>
General revenues:					
Grants			20,628,927		20,628,927
Reimbursements			97,237		97,237
Total general revenues			<u>20,726,164</u>	<u>-</u>	<u>20,726,164</u>
Change in net assets			<u>(128,633)</u>	<u>54,801</u>	<u>(73,832)</u>
Net assets - beginning			<u>217,268</u>	<u>16,036</u>	<u>233,304</u>
Net assets - ending			<u>\$ 88,635</u>	<u>\$ 70,837</u>	<u>\$ 159,472</u>

The accompanying notes are an integral part of these financial statements

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2006

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 88,635
Total Assets	<u>88,635</u>
Liabilities	
Total Liabilities	<u>-</u>
Fund Balance	
Unreserved	88,635
Total Fund Balance	<u>\$ 88,635</u>

The accompanying notes are an integral part of these financial statements

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUND
 For the Year Ended June 30, 2006**

	<u>General Fund</u>
Revenues:	
Federal grants	\$ 18,718,678
Other grants	1,910,249
Reimbursements	<u>97,237</u>
Total Revenues	<u>20,726,164</u>
Expenditures:	
General Government: Programs	18,944,548
Disaster Relief	<u>1,910,249</u>
Total Expenditures	<u>20,854,797</u>
Net changes in fund balance	(128,633)
Fund balance - beginning	217,268
Fund balance - ending	<u><u>88,635</u></u>

The accompanying notes are an integral part of these financial statements

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2006**

Assets	
Current Assets:	
Cash and cash equivalents	\$ 70,837
Total Assets	<u>70,837</u>
Liabilities:	
Total Liabilities	<u>-</u>
Net Assets	
Unrestricted	70,837
Total Net Assets	<u>\$ 70,837</u>

The accompanying notes are a part of these financial statements

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND
For the Year Ended June 30, 2006**

Operating Revenues:	
Conferences	\$ 60,324
Other Dues	32,895
Total Operating Revenues	<u>93,219</u>
Operating Expenses:	
Conferences	10,468
Other	27,950
Total Operating Expenses	<u>38,418</u>
Operating income	<u>54,801</u>
Change in Net Assets	54,801
Total Net Assets - Beginning	<u>16,036</u>
Total Net Assets - Ending	<u>\$ 70,837</u>

The accompanying notes are an integral part of these financial statements

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2006**

Cash Flows From Operating Activities	
Conference income	\$ 60,324
Other	32,895
Payment to suppliers	<u>(38,418)</u>
Net cash provided by operating activities	<u>54,801</u>
Net increase in cash and cash equivalents	<u>54,801</u>
Balance - beginning of year	16,036
Balance - end of year	<u>\$ 70,837</u>

The accompanying notes are an integral part of these financial statements

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Notes to Financial Statements
June 30, 2006

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 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.

ILEAS is divided into 8 geographic regions which are based in Illinois Emergency Management Agency regions. Each region elects a chief-of-police and a sheriff to act as regional co-chairs. The ILEAS Governing Board is made up of:

- 16 Regional Co-Chairs
- 2 Representatives from Chicago PD
- 1 Representative from the Illinois State Police
- 1 Representative from the Illinois Sheriff's Association
- 1 Representative from the Illinois Association of Chiefs of Police

Any of the Governing Board members can appoint a permanent delegate to the Board. Additionally, ILEAS has added advisory, non-voting ex-officio members to the Governing Board. The President of ILEAS has appointed an Executive Committee consisting of elected Governing Board Officers to manage the day to day activities. ILEAS has hired contractors to administer the Federal Homeland Security grants which make up a majority of ILEAS funds.

ILEAS is both a coalition/consortium of local agencies as established by law in Illinois and a non-profit corporation which share identical officers and by-laws. The Governing Board generally meets in Springfield on a monthly basis.

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

In the government-wide statement of net assets and the statement of activities, both governmental and business-type activities 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, entitlements, and interest associated with the current fiscal period are all considered susceptible to accrual and 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.

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Notes to Financial Statements
June 30, 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting, and financial statement presentation (continued)

Fund accounting

The accounts of ILEAS are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary.

The funds of the financial reporting entity are described below:

Governmental Fund – This is used to account for all grant activities in the Organization.

Proprietary Fund - This is used to account for business-type activities provided through the Organization. These activities are financed primarily by conference activities.

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 reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

Cash and Cash Equivalents

For purposes of the statement 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. The amount in excess of the FDIC limit totaled \$213,520 as of June 30, 2006.

NOTE 3 – CONTIGENCIES

Litigation

As of June 30, 2006, the Organization did not have any pending litigation or potential nondisclosed liabilities.

LEGG & LEGG, LLP

Certified Public Accountants

Billy L. Legg, CPA

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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

To the Board of Directors
Illinois Law Enforcement Alarm System

We have audited the financial statements of the governmental activities and the business-type activities of the Illinois Law Enforcement Alarm System as of and for the year ended June 30, 2006, which collectively comprise the Organizations basic financial statements, and have issued our report thereon dated January 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.


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 amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of 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 22, 2008

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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, 2006. 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, 2006.

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.

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.

Jagg & Jagg L.L.P.

January 22, 2008

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

<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:			
603ILEASMCP	97.067	497-58810-1900-01	\$ 901,293
603ILEAICLR	97.067	497-58810-1900-01	1,959,314
603ILEASTAR	97.067	497-58810-1900-01	1,699,680
603ILEASVHF	97.067	497-58810-1900-01	1,017,500
603ILEASMRT	97.067	497-58810-1900-01	2,115
604ILEASADM	97.067	497-58810-1900-01	12,393
6004PDILEAS	97.074	497-58810-1900-01	285,499
6004ILECRED	97.074	497-58810-1900-01	702,012
604ILEASEQU	97.074	497-58810-1900-01	1,000,000
604ILEAICLR	97.074	497-58810-1900-01	1,143,060
604ILEASMCP	97.074	497-58810-1900-01	1,652,686
604ILEASTAR	97.074	497-58810-1900-01	1,357,611
604ILEASTR2	97.074	497-58810-1900-01	1,209,036
604ILEASSRT	97.074	497-58810-1900-01	47,805
604ILEAICLR2	97.074	497-58810-1900-01	173,996
605ILEASADM	97.073	497-58810-1900-01	287,822
605ILEASCON	97.073	497-58810-1900-01	158,623
605ILEASSRT	97.073	497-58810-1900-01	2,952,719

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006**

<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:			
605ILEGRANT	97.073	497-58810-1900-01	2,053,089
605ILEASTRN	97.073	497-58810-1900-01	50,361
605ILEASOTB	97.073	497-58810-1900-01	138,805
605ILEASCRE	97.073	497-58810-1900-01	46,717
605ILEASHEL	97.073	497-58810-1900-01	<u>92,412</u>
Total expenditures of federal awards			<u>\$18,944,548</u>

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006**

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: 603ILEASMCP-CFDA 97.067, 603ILEAICLR-CFDA 97.067, 603ILEASTAR-CFDA 97.067, 603ILEASVHF-CFDA 97.067, 604ILEASEQU-CFDA 97.074, ILEAICLR-CFDA 97.074, 604ILEASMCP-CFDA 97.074, 604ILEASTAR-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, 2006**

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.