

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
AUDITED FINANCIAL STATEMENTS**

JUNE 30, 2007

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM

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LEGG & LEGG, LLP

Certified Public Accountants

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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, 2007, 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, 2007, 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 November 3, 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 important for assessing 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.

Jogg & Jogg L.L.P.

November 3, 2008

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
STATEMENT OF NET ASSETS
June 30, 2007**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and cash equivalents	\$ 19,811	\$ 148,014	\$ 167,825
Accounts receivable	16,039		16,039
Total Assets	<u>35,850</u>	<u>148,014</u>	<u>183,864</u>
Liabilities			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets			
Unrestricted	35,850	148,014	183,864
Total net assets	<u>\$ 35,850</u>	<u>\$ 148,014</u>	<u>\$ 183,864</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, 2007

Functions/Programs	Expenses	Charges for Services	Net (Expenses) Revenues and Changes in Net Assets		
			Governmental Activities	Primary Government Business-Type Activities	Total
Primary Government: Governmental Activities: General Government	\$ 11,315,296		\$ (11,315,296)		\$ (11,315,296)
Total governmental activities	<u>11,315,296</u>	<u>-</u>	<u>(11,315,296)</u>		<u>(11,315,296)</u>
Business-type activity: Conferences	32,722	\$ 116,467		\$ 83,745	83,745
Other	32,001	25,433		(6,568)	(6,568)
Total business-type activity	<u>64,723</u>	<u>141,900</u>		<u>77,177</u>	<u>77,177</u>
Total primary government	<u>\$ 11,380,019</u>	<u>\$ 141,900</u>	<u>(11,315,296)</u>	<u>77,177</u>	<u>(11,238,119)</u>
General revenues: Grants			11,262,511		11,262,511
Total general revenues			<u>11,262,511</u>	<u>-</u>	<u>11,262,511</u>
Change in net assets			(52,785)	77,177	24,392
Net assets - beginning			88,635	70,837	159,472
Net assets - ending			<u>\$ 35,850</u>	<u>\$ 148,014</u>	<u>\$ 183,864</u>

The accompanying notes are an integral part of these financial statements

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2007

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 19,811
Accounts receivable	<u>16,039</u>
Total Assets	<u>35,850</u>
Liabilities	
Total Liabilities	<u>-</u>
Fund Balance	
Unreserved	35,850
Total Fund Balance	<u>\$ 35,850</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, 2007

	<u>General Fund</u>
Revenues:	
Federal grants	\$ 11,262,511
Total Revenues	<u>11,262,511</u>
Expenditures:	
General Government: Programs	<u>11,315,296</u>
Total Expenditures	<u>11,315,296</u>
Net changes in fund balance	(52,785)
Fund balance - beginning	88,635
Fund balance - ending	<u>\$ 35,850</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, 2007

Assets

Current Assets:

Cash and cash equivalents \$ 148,014

Total Assets 148,014

Liabilities:

Total Liabilities -

Net Assets

Unrestricted 148,014

Total Net Assets \$ 148,014

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, 2007

Operating Revenues:	
Conferences	\$ 116,467
Other	24,050
Interest	<u>1,383</u>
 Total Operating Revenues	 <u>141,900</u>
Operating Expenses:	
Conferences	32,722
Other	<u>32,001</u>
 Total Operating Expenses	 <u>64,723</u>
 Operating income	 <u>77,177</u>
 Change in Net Assets	 77,177
 Total Net Assets - Beginning	 <u>70,837</u>
 Total Net Assets - Ending	 <u>\$ 148,014</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, 2007**

Cash Flows From Operating Activities

Conference income	\$ 116,467
Other	25,433
Payment to suppliers	<u>(64,723)</u>
Net cash provided by operating activities	<u>77,177</u>
Net increase in cash and cash equivalents	<u>77,177</u>
Balance - beginning of year	70,837
Balance - end of year	<u><u>\$ 148,014</u></u>

The accompanying notes are an integral part of these financial statements

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Notes to Financial Statements
June 30, 2007

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, 2007

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 two banks. 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 \$125,556 as of June 30, 2007.

NOTE 3 – CONTIGENCIES

Litigation

As of June 30, 2007, the Organization did not have any pending litigation or potential nondisclosed liabilities.