

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

JUNE 30, 2009

LEGG & LEGG, LLP

Certified Public Accountants

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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 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, 2009, 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, 2009, 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 28, 2010 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.

Figg & Figg L.L.P.

January 28, 2011

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
STATEMENT OF NET ASSETS
June 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 94,433	\$ 323,862	\$ 418,295
Accounts receivable		49,727	49,727
Due from Governmental Fund		1,210	1,210
Prepaid rent	840,000		840,000
Capital assets net of depreciation:			
Leasehold improvements	1,480,583		1,480,583
Equipment	368,020		368,020
Vehicles	35,515		35,515
Total Assets	<u>2,818,551</u>	<u>374,799</u>	<u>3,193,350</u>
Liabilities			
Due to Proprietary Fund	1,210		1,210
Deferred revenue		46,300	46,300
Total Liabilities	<u>1,210</u>	<u>46,300</u>	<u>47,510</u>
Net Assets			
Invested in capital assets	1,884,118		1,884,118
Unrestricted	933,223	328,499	1,261,722
Total Net Assets	<u>\$ 2,817,341</u>	<u>\$ 328,499</u>	<u>\$ 3,145,840</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, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
Management and administration	\$ 588,489		\$ 626,229	\$ 37,740		\$ 37,740
Task force equipment	2,150,641		2,173,980	23,339		23,339
Planning, conferences, training and workshops	9,354,337		9,247,049	(107,288)		(107,288)
Credentialing	3,059,459		3,119,489	60,030		60,030
Total governmental activities	15,152,926		15,166,747	13,821		13,821
Business-type Activity:						
Administration and conferences	881,353	\$ 1,026,577			\$ 145,224	145,224
Total business-type activity	881,353	1,026,577			145,224	145,224
Total primary government	\$ 16,034,279	\$ 1,026,577	\$ 15,166,747	13,821	145,224	159,045
General Revenues:						
Interest income						
Total general revenues				5,555	2,771	8,326
				5,555	2,771	8,326
Change in net assets				19,376	147,995	167,371
Net assets - beginning				2,797,965	180,504	2,978,469
Net assets - ending				\$ 2,817,341	\$ 328,499	\$ 3,145,840

The accompanying notes are an integral part of these financial statements

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2009

	General Fund	Total Governmental Fund
Assets		
Cash and cash equivalents	\$ 94,433	\$ 94,433
Prepaid expenses	840,000	840,000
Total Assets	934,433	934,433
Liabilities		
Due to Proprietary Fund	1,210	1,210
Total Liabilities	1,210	1,210
Fund Balance		
Unreserved	933,223	933,223
Total Fund Balance	933,223	933,223
Total Liabilities and Fund Balance	934,433	

Reconciliation to Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities of \$2,140,241, net of accumulated depreciation of \$256,123, are not financial resources and therefore, are not reported in the funds.

1,884,118

Net assets of governmental activities

\$ 2,817,341

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended June 30, 2009

Reconciliation to Statement of Activities:

Net change in fund balance - governmental fund \$ (2,962)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$179,119) exceeded depreciation (\$156,781) in the current period.

22,338

Change in Net Assets of Governmental Activities

\$ 19,376

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, 2009

	<u>General Fund</u>
Revenues:	
Federal sources:	
Grants-in-aid	<u>\$ 14,692,632</u>
State sources:	
Grants-in-aid	<u>150,663</u>
Local sources:	
Interest income	5,555
Other	<u>323,452</u>
Total local sources	<u>329,007</u>
Total revenues	<u>15,172,302</u>
Expenditures:	
Current:	
Management and Administration	588,489
Training and reimbursements	14,564,437
Net capital outlay (current purchases less applicable current depreciation)	<u>22,338</u>
Total Expenditures	<u>15,175,264</u>
Increase of expenditures over revenues	(2,962)
Fund balance at beginning of year	<u>936,185</u>
Fund balance at end of year	<u><u>\$ 933,223</u></u>

The accompanying notes are an integral part of these financial statements

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
STATEMENT OF NET ASSETS
PROPRIETARY FUND (BUSINESS-TYPE ACTIVITIES)
June 30, 2009

Assets

Current Assets:

Cash and cash equivalents	\$ 323,862
Accounts receivable	49,727
Due from Governmental Fund	1,210

Total Assets	<u>374,799</u>
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Liabilities:

Current Liabilities

Deferred revenue	46,300
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Total Liabilities	<u>46,300</u>
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Net Assets

Unrestricted	328,499
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Total Liabilities and Net Assets	<u>\$ 374,799</u>
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ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUND (BUSINESS-TYPE ACTIVITIES)
For the Year Ended June 30, 2009

Operating Revenues:

Membership dues	\$ 17,050
Conferences	130,922
Management services income	451,268
Rebanding income	315,931
Training Center income	27,507
Training Center lease income	59,000
Miscellaneous income	24,899
Interest income	2,771
Total Operating Income	<u>1,029,348</u>

Operating Expenses:

Conferences	62,116
Contract salary	42,900
Management services expenses	413,177
Rebanding expenses	286,225
Training Center expenses	18,965
Advertising	3,519
Office expense	12,489
Insurance	6,108
Professional fees	3,729
Repair and maintenance	8,214
Travel	1,842
Other expenses	22,069

Total Operating Expenses	<u>881,353</u>
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Net Operating Revenues	<u>147,995</u>
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Change in Net Assets	147,995
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Total Net Assets - Beginning	<u>180,504</u>
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Total Net Assets - Ending	<u>\$ 328,499</u>
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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, 2009

Cash Flows From Operating Activities

Conference income	\$ 130,922
Membership dues	22,850
Management services	451,068
Rebating income	312,554
Training Center lease income	53,000
Training Center income	37,507
All other income	21,049
Payment to suppliers	<u>(881,353)</u>

Net cash provided by operating activities	<u>147,597</u>
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Cash flows from investing activities

Interest	<u>2,771</u>
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Net cash provided by investing activities	<u>2,771</u>
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Cash flows from financing activities

Advances to Governmental Fund	(136,757)
Repayments from Governmental Fund	<u>147,826</u>

Net cash provided by financing activities	<u>11,069</u>
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Net increase in cash and cash equivalents	161,437
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Balance - beginning of year	<u>162,425</u>
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Balance - end of year	<u><u>\$ 323,862</u></u>
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**Reconciliation of operating income to net cash provided
by operating activities:**

Total income	\$ 147,995
Less interest income	(2,771)
Operating income	<u>145,224</u>
Change in assets:	
Membership dues receivable	5,800
Accounts receivable	(49,727)
Deferred revenues	<u>46,300</u>

Net cash provided by operating activities	<u><u>\$ 147,597</u></u>
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The accompanying notes are an integral part of these financial statements

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Notes to Financial Statements
June 30, 2009

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. As required by U.S. generally accepted accounting principles, these financial statements include ILEAS and its component units, entities for which ILEAS is considered to be financially accountable. At June 30, 2009 no entities were considered a component unit of ILEAS. Also, ILEAS is not considered a component unit of any other government entity.

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.

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Notes to Financial Statements
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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, ILEAS 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

Custodial credit risk for deposits is the risk that, in event of a bank failure, the deposits of ILEAS might not be recovered. As of June 30, 2009, \$984,294 of its bank balance of \$1,234,294 exceeded the federal insured limits.

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Notes to Financial Statements
June 30, 2009

NOTE 3 – CAPITAL ASSETS

Capital assets, which include buildings and leasehold improvements, apparatus and vehicles, and equipment, reported in the government-wide financial statements are defined by ILEAS as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and leasehold improvements	20-50 years
Apparatus and vehicles	5-25 years
Equipment	5-20 years

NOTE 4 - RISK MANAGEMENT

ILEAS is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. In order to protect against such losses, ILEAS has purchased insurance from private insurance companies. The amount of coverage has not decreased nor have the amount of settlements exceeded coverage levels in place during any of the past three years. Insurance expense for the year ended June 30, 2009 was \$35,285.

NOTE 5 - CONTIGENCIES

Litigation

As of June 30, 2009, ILEAS did not have any pending litigation or potential nondisclosed liabilities.

NOTE 6 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 28, 2011, the date which the financial statements were available to be issued.

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Notes to Financial Statements
June 30, 2009

NOTE 7 - CAPITAL ASSETS

Capital assets for the year ending June 30, 2009 is as follows:

	Balance at July 1, 2008	Additions	Deductions	Balance at June 30, 2009
Governmental Activities:				
Capital assets:				
Leasehold improvements	\$ 1,630,000	\$ -	\$ -	\$ 1,630,000
Equipment	286,505	179,119	-	465,624
Vehicle	44,617	-	-	44,617
Total capital assets	1,961,122	179,119	-	2,140,241
Less accumulated depreciation for:				
Leasehold improvements	67,917	81,500	-	149,417
Equipment	28,391	69,213	-	97,604
Vehicles	3,034	6,068	-	9,102
Total accumulated depreciation	99,342	156,781	-	256,123
Government activities capital assets, net	1,861,780	22,338	-	1,884,118

Depreciation expense was charged to functions as follows in the Statement of Activities:

Governmental Activities:	
Training Center	156,781
Total governmental activities depreciation expense	\$ 156,781

NOTE 8 - LEASE COMMITMENTS

On September 1, 2007 ILEAS entered into a lease agreement with Champaign County, Illinois. The premises leased is approximately 23 acres, including a 120,000 square foot building and a 5 bay garage located at 1701 East Main Street, Urbana, Illinois. The term of the lease (3 years) commenced on September 1, 2007 and expires on December 31, 2010. ILEAS made a lump-sum lease payment of \$1,200,000. The lease provides ILEAS with two options of three years each to enter into a new lease agreement.

On April 1, 2009 the original three year lease period from September 1, 2007 through December 31, 2010 was extended until December 31, 2011. In consideration for the lease extension ILEAS paid the Landlord \$300,000 on June 4, 2009. The original "OPTION TO REOPEN" will continue in force starting with two three-year options to reopen; the first three-year option beginning on January 1, 2012.

A schedule of prepaid lease payments and lease expense is as follows:

Year Ended	Lease Expense	Prepaid Lease	
June 30, 2009	360,000	840,000	
June 30, 2010	360,000	480,000	
June 30, 2011	330,000	150,000	
June 30, 2012	150,000	-	Page 14

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 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, 2009, which collectively comprise Illinois Law Enforcement Alarm System's basic financial statements and have issued our report thereon dated January 28, 2011. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Illinois Law Enforcement Alarm System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Illinois Law Enforcement Alarm System's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs (item 2009-1) that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2009-1.

Illinois Law Enforcement Alarm System's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Illinois Law Enforcement Alarm System's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, board of directors 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.

Jr99 & Jr99 L.L.R.

January 28, 2011

LEGG & LEGG, LLP

Certified Public Accountants

Billy L. Legg, CPA

James C. Legg, CPA

INDEPENDENT AUDITOR'S 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 Illinois Law Enforcement Alarm System's compliance 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, 2009. 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 referred to above 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 identified in the accompanying schedule of findings and questioned costs 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 identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those compliance requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2009-1

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 compliance requirements referred to above. 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 internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Illinois Law Enforcement Alarm System's internal control over compliance.

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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Illinois Law Enforcement Alarm System's response to the findings identified in our audit are described in the accompany schedule of findings and questioned costs. We did not audit Illinois Law Enforcement Alarm System's response and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, board of directors, 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.

Jigg & Jigg L.L.P.

January 28, 2011

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Illinois Emergency Management Agency:			
2006 Equipment Grant	97.074	806ILEASEQU	127,909
2006 Equipment Grant	97.074	906ILEASEQU	185,880
2007 Equipment Grant	97.067	807ILEASEQU	50,000
2007 Equipment Grant	97.067	907ILEASEQU	1,048,533
2008 Equipment Grant	97.067	908ILEASEQU	759,677
2008 Equipment Grant	97.067	908ILESMAEQU	1,980
2006 Planning/Conference/Workshops Grant	97.074	806ILEASPLA	121,183
2006 Planning/Conference/Workshops Grant	97.074	906ILEASPLA	510,299
2007 Planning/Conference/Workshops Grant	97.067	807ILEASPLA	90,750
2007 Planning/Conference/Workshops Grant	97.067	907ILEASPLA	91,446
2008 Planning/Conference/Workshops Grant	97.067	908ILEASPLA	247,987
2006 Radiation Detection Grant	97.073	906ILEASRAD	1,426,219
2007 Citizen Preparedness Grant	97.067	907ILEASRAD	365,934
2006 Training Grant	97.074	806ILEASTRN	9,326
2006 Training Grant	97.074	906ILEASTRN	241,211
2007 Training Grant	97.067	807ILEASTRN	149,098
2007 Training Grant	97.067	907ILEASTRN	284,680
2008 Training Grant	97.067	908ILEASTRN	567,933
2006 WMD Special Response Teams Grant	97.074	806ILEASWMD	1,755
2006 WMD Special Response Teams Grant	97.074	906ILEASWMD	249,918
2007 WMD Special Response Teams Grant	97.067	807ILEASSRT	50,858
2007 WMD Special Response Teams Grant	97.067	907ILEASSRT	1,927,725
2006 ICLEAR/Credentialing	97.074	806ILICLEAR	92,315
2006 ICLEAR/Credentialing	97.074	906ILICLEAR	1,065,442
2007 ICLEAR/Credentialing	97.067	807ILICLEAR	256,355
2007 ICLEAR/Credentialing	97.067	907ILICLEAR	1,310,871
2008 ICLEAR/Credentialing	97.067	908ILICLEAR	422,666
2006 Management and Administration Grant	97.074	806ILEASADM	31,890
2007 Management and Administration Grant	97.067	807ILEASADM	102,870
2007 Management and Administration Grant	97.067	907ILEASADM	153,843
2008 Management and Administration Grant	97.067	908ILEASADM	152,627

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
2006 Chemical Buffer Zone Protection Program	97.078	906CBZILEAS	736,752
2006 Regional Distribution Site Security Teams Grant	97.074	806ILEASSEC	1,320
2008 Safe School Grant	97.067	908ILEASSEC	54,711
2007 Overtime and Backfill Grant	97.067	807ILEASOTB	71,097
2007 Overtime and Backfill Grant	97.067	907ILEASOTB	840,425
2008 Overtime and Backfill Grant	97.067	908ILEASOTB	39,985
2007 Business Mutual Aid Grant	97.067	807ILEASBMA	3,750
2007 Business Mutual Aid Grant	97.067	907ILEASBMA	29,296
2008 Business Mutual Aid Grant	97.067	908ILEASBMA	13,881
2007 Mobile Field Force Grant	97.067	807ILEASMFF	25,287
2007 Mobile Field Force Grant	97.067	907ILEASMFF	550,269
2007 Training and Outreach Coordinator Grant	97.067	807ILTRNCOR	1,365
2007 Training and Outreach Coordinator Grant	97.067	907ILTRNCOR	12,874
2007 State Homeland Grant Program	97.067	907ILEASEXC	30,381
2008 Support Planning Grant	97.067	908ILESMAADM	19,643
2008 IESMA Planning Grant	97.067	908ILESMAPLA	1,357
2008 Grants Management System Grant	97.067	908ILINDILU	58,200
2008 WMDSRT Equipment Grant	97.067	908ILWMDSRT	85,357
2008 Interoperable Emergency Communications Grant	97.001	908ILIECGP	10,200
2008 Local Law Enforcement Preparedness Programs Grant	97.067	908ILEASACC	7,302
Total U.S. Department of Homeland Security			<u>14,692,632</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$14,692,632</u></u>

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED JUNE 30, 2009**

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.

NOTE B – SUMMARY OF CFDA TOTALS

<u>CFDA Number</u>	<u>Total Expenditures</u>
97.067	9,881,013
97.073	1,426,219
97.074	2,638,448
97.078	<u>746,952</u>

Total Expenditures of Federal Awards by CFDA Number. \$ 14,692,632

NOTE C – SUBRECIPIENTS

The Organization provided no amount to subrecipients from federal programs.

NOTE D – NONMONETARY ASSISTANCE

The Organization did not receive non-cash assistance, federal insurance coverage or loan guarantees during the year.

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2009

Section I – Summary Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es) X yes none reported
- Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Reportable condition(s) identified that are not considered to be material weakness(es): X yes none reported

Type of auditor's report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? X yes no

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 2009**

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
97.074	2006 Equipment Grant
97.067	2007 Equipment Grant
97.067	2008 Equipment Grant
97.074	2006 Planning/Conference/Workshops Grant
97.067	2007 Planning/Conference/Workshops Grant
97.067	2008 Planning/Conference/Workshops Grant
97.073	2006 Radiation Detection Grant
97.067	2007 Citizen Preparedness Grant
97.074	2006 Training Grant
97.067	2007 Training Grant
97.067	2008 Training Grant
97.074	2006 WMD Special Response Teams Grant
97.067	2007 WMD Special Response Teams Grant
97.074	2006 ICLEAR/Credentialing
97.067	2007 ICLEAR/Credentialing
97.067	2008 ICLEAR/Credentialing
97.074	2006 Management and Administration Grant
97.067	2007 Management and Administration Grant
97.067	2008 Management and Administration Grant
97.078	2006 Chemical Buffer Zone Protection Program
97.078	2008 Chemical Buffer Zone Protection Program
97.074	2006 Regional Distribution Site Security Teams Grant
97.067	2008 Safe School Grant
97.067	2007 Overtime and Backfill Grant
97.067	2008 Overtime and Backfill Grant
97.067	2007 Business Mutual Aid Grant
97.067	2008 Business Mutual Aid Grant
97.067	2007 Mobile Field Force Grant
97.067	2007 Training and Outreach Coordinator Grant
97.067	2007 State Homeland Grant Program
97.067	2008 Support Planning Grant
97.067	2008 IESMA Planning Grant
97.067	2008 Grants Management System Grant
97.067	2008 WMDSRT Equipment Grant
97.067	2008 Local Law Enforcement Preparedness Programs Grant

Dollar threshold used to distinguish between
Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee:

yes X no

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2009

Section II - Financial Statements Findings

Finding Number: 2009-01

Federal Department: U.S. Department of Homeland Security
CFDA Number: 97.074, 97.067
Program Name: Management and Administration Grant

1. Condition:

All personnel are paid as independent contractors.

2. Criteria/specific requirements:

The Internal Revenue has specific facts in the determination of an employee or an independent contractor.

3. Questioned Costs:

4. Cause:

Management not aware if grant funds can be used for employee salaries.

5. Effect:

The organization could be liable for payroll taxes to Internal Revenue Service if personnel are determined to be employees.

6. Recommendation:

Review publication 15-A section two on who is considered an employee or independent contractor. Form SS-8 can be filed with the Internal Revenue Service for determination of the status of a worker for the purpose of federal employment taxes and income tax withholding.

7. Management's Response:

Management has consulted an attorney to review employee and independent contractor determination and grant requirements.

Section III – Federal Award Findings and Questioned Costs

FINDING NO. 2009-1

See Section II – Financial Statement Findings No. 2009-01

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2009

Finding Number 2008-1

Repeated in current year. See Finding 2009-1.