

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

**JUNE 30, 2014**

**LEGG & LEGG, LLP**

**Certified Public Accountants**

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM**  
**AUDITED FINANCIAL REPORT**  
**JUNE 30, 2014**

# ILLINOIS LAW ENFORCEMENT ALARM SYSTEM

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Statement of Net Assets	3
Statement of Activities	4
Balance Sheet—Governmental Fund	5
Statement of Revenues, Expenditures, and Changes in Fund Balance— Governmental Fund	6-7
Statement of Net Assets – Proprietary Funds	8
Statement of Revenues, Expenses, and Changes in Fund Net Assets— Proprietary Funds	9
Statement of Cash Flows—Proprietary Funds	10
Notes to Basic Financial Statements	11-16
Independent Auditor's 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	17-18
Independent Auditor's Report on Compliance for each major program and on Internal over Compliance required by OMB Circular A-133	19-20
Schedule of Expenditures of Federal Financial Awards	21-22
Notes to Schedule of Expenditures of Federal Awards	23
Schedule of Findings and Questioned Costs	24-25

---

# *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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the business-type activities of Illinois Law Enforcement Alarm System as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## 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 the business-type activities, of the Illinois Law Enforcement Alarm System, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

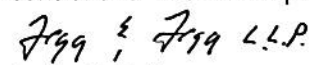
Management has omitted management discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### Other Information

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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 18, 2015, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Illinois Law Enforcement Alarm System's internal control over financial reporting and compliance.

  
Springfield, IL

March 18, 2015

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM**  
**STATEMENT OF NET ASSETS**  
**June 30, 2014**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 598,668	\$ 912,251	\$ 1,510,919
Grants receivable	719,903		
Amounts due from contracts		5,131	5,131
Dues receivable		2,030	2,030
Merchandise inventory		5,097	5,097
Due from Governmental Fund		1,002	1,002
Prepaid expenses	325,063	8,793	333,856
Capital assets net of depreciation:			
Leasehold improvements	1,073,083		1,073,083
Equipment	57,000		57,000
Vehicles	34,334		34,334
<b>Total Assets</b>	<b>2,808,051</b>	<b>934,304</b>	<b>3,742,355</b>
<b>STATEMENT OF ACTIVITIES</b>			
<b>Liabilities</b>			
Due to Proprietary Fund	1,002		1,002
Accounts payable	655,882	21,366	677,248
Deferred revenue	623,295	13,033	636,328
<b>Total Liabilities</b>	<b>1,280,179</b>	<b>34,399</b>	<b>1,314,578</b>
<b>Net Assets</b>			
Invested in capital assets	1,164,417		1,164,417
Restricted for:			
Lease commitments	325,063		325,063
Grant projects	38,392		38,392
Unrestricted		899,905	899,905
<b>Total Net Assets</b>	<b>\$ 1,527,872</b>	<b>\$ 899,905</b>	<b>\$ 2,427,777</b>

The accompanying notes are an integral part of these financial statements

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM**  
**For the Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Business-Type Activities	Total
<b>Primary Government:</b>						
Governmental Activities:						
Management administration	\$325,669		\$ 314,988	\$(10,681)		\$ (10,681)
Task force equipment	2,282,364		452,611	(1,829,753)		(1,829,753)
Planning, conferences, training and workshops	5,831,231		7,681,103	1,849,872		1,849,872
Credentialing	211,296		211,296	-		-
Total governmental activities	8,650,560		8,659,998	9,438		9,438
Business-type Activity:						
Administration and projects	461,587	\$ 515,532	580		\$ 54,525	54,525
Total business-type activity	461,587	515,532			54,525	54,525
<b>Total primary government</b>	<b>\$9,112,147</b>	<b>\$515,532</b>	<b>\$8,660,578</b>	<b>\$9,438</b>	<b>54,525</b>	<b>63,963</b>
General Revenues:						
Interest income					1,605	1,605
Total general revenues					1,605	1,605
Change in net assets				9,438	56,130	65,568
Net assets - beginning				1,518,434	843,775	2,362,209
Net assets - ending				\$ 1,527,872	\$ 899,905	\$ 2,427,777

The accompanying notes are an integral part of these financial statements

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
BALANCE SHEET  
GOVERNMENTAL FUND  
June 30, 2014**

	<b>General Fund</b>	<b>Total Governmental Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 598,668	\$ 598,668
Grants receivable	719,903	719,903
Prepaid lease	325,063	325,063
<b>Total Assets</b>	<b>1,643,634</b>	<b>1,643,634</b>
<b>Liabilities</b>		
Deferred revenue	623,295	623,295
Due to Proprietary Fund	1,002	1,002
Accounts payable	655,882	655,882
<b>Total Liabilities</b>	<b>1,280,179</b>	<b>1,280,179</b>
<b>Fund Balance</b>		
Restricted for:		
Lease commitments	325,063	325,063
Grant projects	38,392	38,392
<b>Total Fund Balance</b>	<b>363,455</b>	<b>363,455</b>
<b>Total Liabilities and Fund Balance</b>	<b>1,643,634</b>	

**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 \$2,194,933 net of accumulated depreciation of \$1,030,516 are not financial resources and therefore, are not reported in the funds.

1,164,417

Net assets of governmental activities

\$ 1,527,872

The accompanying notes are an integral part of these financial statements



**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
**For the Year Ended June 30, 2014**

**Reconciliation to Statement of Activities:**

Net change in fund balance - governmental fund \$ 114,896

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 depreciation (\$123,747) exceeded capital outlays (\$18,289) in the current period. (105,458)

Change in Net Assets of Governmental Activities \$ 9,438

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, 2014**

	<u>General Fund</u>
<b>Revenues:</b>	
Federal sources:	
Grants-in-aid	<u>\$ 8,659,998</u>
Total revenues	<u>8,659,998</u>
<b>Expenditures:</b>	
Current:	
Management and Administration	325,669
Training and reimbursements	8,324,892
Net capital outlay (current purchases less applicable current depreciation)	<u>(105,458)</u>
Total Expenditures	<u>8,545,103</u>
Increase revenues over expenditures	114,895
Fund balance at beginning of year	<u>248,560</u>
Fund balance at end of year	<u><u>\$ 363,455</u></u>

The accompanying notes are an integral part of these financial statements

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS (BUSINESS-TYPE ACTIVITIES)  
June 30, 2014**

	<b>Business Fund</b>	<b>Foundation Fund</b>	<b>Total</b>
<b>Assets:</b>			
Current Assets			
Cash and cash equivalents	\$ 833,218	\$ 79,033	\$ 912,251
Amounts due from contracts	5,131		5,131
Dues recievable	2,030		2,030
Merchandise inventory		5,097	5,097
Due from Governmental Fund	1,002		1,002
Due from ILEAS Foundation	3,000		3,000
Due from FEMA			-
Prepaid expenses	8,793		8,793
Total Assets	<u>853,174</u>	<u>84,130</u>	<u>937,304</u>
<b>Liabilities:</b>			
Current Liabilities:			
Accounts payable	21,231	135	21,366
Deferred revenue	13,033		13,033
Due to Business Fund		3,000	3,000
Total Liabilities	<u>34,264</u>	<u>3,135</u>	<u>37,399</u>
<b>Net Assets:</b>			
Unrestricted	818,910	80,995	899,905
Total Liabilities and Net Assets	<u>\$ 853,174</u>	<u>\$ 84,130</u>	<u>\$ 937,304</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 FUNDS (BUSINESS-TYPE ACTIVITIES)**  
**For the Year Ended June 30, 2014**

	<b>Business Fund</b>	<b>Foundation Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Conferences	\$ 94,420	\$ 29,227	\$ 123,647
Contributions		580	580
Management services income	249,162		249,162
Training Center income	17,611		17,611
Training Center lease income	108,977		108,977
Gain on sale of inventory		3,150	3,150
Grant from Foundation Fund	8,000		
All other income	2,820	2,165	4,985
<b>Total Operating Income</b>	<b>480,990</b>	<b>35,122</b>	<b>516,112</b>
<b>Operating Expenses:</b>			
Conference expenses	86,355	5,261	91,616
General administrative expenses	94,156	1,642	1,642
Management services expenses	193,618		193,618
Agency program expenses	28,424		28,424
Advertising and promotion	1,386		1,386
Insurance	39,394	2,024	41,418
Grant to Business Fund		8,000	8,000
Repair and maintenance	1,327		1,327
<b>Total Operating Expenses</b>	<b>444,660</b>	<b>16,927</b>	<b>461,587</b>
<b>Net Operating Revenues</b>	<b>36,330</b>	<b>18,195</b>	<b>54,525</b>
<b>Nonoperating Revenues:</b>			
Interest income	1,605		1,605
<b>Change in Net Assets</b>	<b>37,935</b>	<b>18,195</b>	<b>56,130</b>
<b>Total Net Assets - Beginning</b>	<b>780,975</b>	<b>62,800</b>	<b>843,775</b>
<b>Total Net Assets - Ending</b>	<b>\$ 818,910</b>	<b>\$ 80,995</b>	<b>\$ 899,905</b>

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, 2014**

	<b>Business Fund</b>	<b>Foundation Fund</b>	<b>Total</b>
<b>Cash Flows From Operating Activities:</b>			
Conference income	\$ 94,420	\$ 29,227	\$ 123,647
Membership dues	104,055		104,055
Management services	390,809		390,809
Contributions		580	580
Training Center lease income	91,827		91,827
Training Center income	17,611		17,611
Sale of inventory		9,146	9,146
Grant from Foundation Fund	8,000		8,000
All other income	2,820	2,165	4,985
Payment to suppliers	(555,871)	(22,390)	(578,261)
Net cash provided by operating activities	<u>153,671</u>	<u>18,728</u>	<u>172,399</u>
<b>Cash Flows From Investing Activities:</b>			
Interest	1,605		1,605
Net cash provided by investing activities	<u>1,605</u>		<u>1,605</u>
<b>Cash Flows From Financing Activities</b>			
Payments from Governmental Fund and Affiliates	193,079		193,079
Net cash provided by Governmental Fund Affiliates	<u>193,079</u>		<u>193,079</u>
 Net increase in cash and cash equivalents	 348,355	 18,728	 367,083
Balance - beginning of year	<u>484,863</u>	<u>60,305</u>	<u>545,168</u>
Balance - end of year	<u>\$ 833,218</u>	<u>\$ 79,033</u>	<u>\$ 912,251</u>
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Total income	\$ 37,935	\$ 18,195	\$ 56,130
Less interest income	(1,605)		(1,605)
Operating income	<u>36,330</u>	<u>18,195</u>	<u>54,525</u>
Change in assets:			
Membership dues receivable	104,055		104,055
Amounts due from contracts	141,647		141,647
Prepaid expenses	3,908		3,908
Merchandise inventory		564	564
Accounts payable	(115,119)	(31)	(115,150)
Accrued insurance	(17,150)		(17,150)
Deferred revenues			-
Net cash provided by operating activities	<u>\$ 153,671</u>	<u>\$ 18,728</u>	<u>\$ 172,399</u>

The accompanying notes are an integral part of these financial statements

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM**  
**Notes to Financial Statements**  
**June 30, 2014**

**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.

The Organization's financial statements are prepared in accordance with generally accepted accounting principals (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies in GAAP and used by ILEAS are discussed below.

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 on 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 staff to administer the Federal Homeland Security grants which make up a majority of ILEAS funds.

ILEAS is a public agency created by Counties, Municipalities and other units of government pursuant to the Illinois Intergovernmental Cooperation Act (5 ILS 220/1 et seq.). 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, 2014 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.

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM**  
**Notes to Financial Statements**  
**June 30, 2014**

**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.

**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 Funds – There are two proprietary funds that are used to account for business-type activities provided through the Organization. A business account was established to record activities financed primarily by conferences, management services and other non-grant related activities. In addition, the Illinois Law Enforcement Alarm System Foundation was created to fund increased training and exercises for Illinois law enforcement agencies, to further the education and to sharpen skills of police officers, sheriff's deputies, and other law enforcement personnel with regard to Homeland Security. The Foundation is a tax-exempt organization under section 501 (c) (3) of the Internal Revenue Code and any contributions received are tax deductible under section 170 of the code and is not a private foundation. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for tax years ending 2011, 2012, 2013 and 2014 are subject to examination by the IRS, generally for three years after they were filed.

**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.

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM**  
**Notes to Financial Statements**  
**June 30, 2014**

**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**

The total cash held by the Organization at year end includes \$1,424,257 in monies that are not covered by insurance provided by the federal government. It is the opinion of management that the solvency of the referenced financial institution is not of particular concern at this time.

**NOTE 3 – INVENTORY VALUATION**

Inventories available for sale consist of supplies and are stated at the lower of cost or market.

**NOTE 4 – GRANTS RECEIVABLE**

At year-end ILEAS had approved grants receivable from the Department of Homeland Security in the amount of \$ 719,903.

**NOTE 5 – CAPITAL ASSETS POLICY**

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 6 – DEFINING OPERATING REVENUES AND EXPENSES**

The Organization's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the Organization's Business Fund and the Foundation Fund consist of management services, member dues, conferences, rentals and unrestricted contributions and the cost of providing these services. Investment income is reported as nonoperating.



**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM**  
**Notes to Financial Statements**  
**June 30, 2014**

**NOTE 7– GOVERNMENT-WIDE AND PROPRIETARY FUND NET ASSETS**

Government-wide and proprietary fund net assets are divided into three components:

- Investment in capital assets, cost of capital assets less accumulated depreciation.
- Restricted net assets-consist of net assets that are restricted by the Organization or by the state and federal enabling legislation.
- Unrestricted-all other net assets are reported in this category.

**NOTE 8– GOVERNMENTAL FUND BALANCES**

In the governmental fund financial statements, fund balances are classified as follows:

- Restricted-Amounts that can be spent only for specific purposes because of state or federal laws or externally imposed conditions by grantors.

**NOTE 9 – PURPOSE OF DUE TO/FROM OTHER FUNDS**

Due to/from transactions are used for short term interfund loans. The outstanding balance for the grant fund is the result of a time lag between the date the grant revenue was received and the date the qualifying expenditure was made.

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM**  
**Notes to Financial Statements**  
**June 30, 2014**

**NOTE 10 - CAPITAL ASSETS**

Capital assets for the year ending June 30, 2014 is as follows:

	Balance at June 30, 2013	Additions	Deduction s	Balance at June 30, 2014
Governmental Activities:				
Capital assets:				
Leasehold improvements	\$ 1,630,000		\$ -	\$ 1,630,000
Equipment	492,089	\$ 18,289	-	510,378
Vehicle	54,554		-	54,554
Total capital assets	<u>2,176,643</u>	<u>18,289</u>	<u>-</u>	<u>2,194,932</u>
Less accumulated depreciation for:				
Leasehold improvements	475,417	81,500	-	556,917
Equipment	418,497	34,882	-	453,379
Vehicles	12,853	7,366	-	20,219
Total accumulated depreciation	<u>906,767</u>	<u>123,748</u>	<u>-</u>	<u>1,030,515</u>
Government activities capital assets, net	<u>1,269,876</u>	<u>(105,459)</u>	<u>-</u>	<u>1,164,417</u>

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

Governmental Activities:	
Training Center	105,516
Total governmental activities depreciation expense	<u>\$ 105,516</u>

**NOTE 11 - 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 expired on December 31, 2010.

On April 9, 2009 the original lease was amended and extended to December 31, 2011 (first extension).

On November 1, 2009 the original lease was extended to December 31, 2012 (second extension).

On November 1, 2010 the original lease was extended to December 31, 2013 (third extension).

On September 23, 2014 the original lease was extended until December 31, 2016.

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

	Lease Expense	Prepaid Lease
For the year ended June 30, 2014	427,472	\$325,063
For the year ended June 30, 2015	432,154	
For the year ended June 30, 2016	432,658	
For the six months ended December 31, 2016	218,476	

## **ILLINOIS LAW ENFORCEMENT ALARM SYSTEM**

### **Notes to Financial Statements June 30, 2014**

#### **NOTE 12- 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, 2014 was \$39,393.

#### **NOTE 13 - CONTINGENCIES**

##### **Litigation**

As of June 30, 2014, ILEAS did not have any pending litigation or potential nondisclosed liabilities.

#### **NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through March 18, 2015, the date which the financial statements were available to be issued.

---

# **LEGG & LEGG, LLP**

Certified Public Accountants

---

Billy L. Legg, CPA

James C. Legg, CPA

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDNACE WITH GOVERNMENT AUDITING STANDARDS.**

To the Board of Directors  
Illinois Law Enforcement Alarm System

We have audited, in accordance with the 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, the financial statements of the governmental activities and the business-type activities of Illinois Law Enforcement Alarm System, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Illinois Law Enforcement Alarm System's basic financial statement's and have issued our report thereon dated March 18, 2015.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Illinois Law Enforcement Alarm System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Illinois Law Enforcement Alarm System's internal control. Accordingly, we do not express an opinion on the effectiveness of Illinois Law Enforcement Alarm System's internal control.

*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. *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.

Our consideration of internal control 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 material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Illinois Law Enforcement Alarm System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of law, 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 *Governmental Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Jagg & Jagg LLP*

Springfield, IL

March 18, 2015

---

# **LEGG & LEGG, LLP**

Certified Public Accountants

---

Billy L. Legg, CPA

James C. Legg, CPA

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors  
Illinois Law Enforcement Alarm System

### **Report on Compliance for Each Major Federal Program**

We have audited Illinois Law Enforcement Alarm System's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Illinois Law Enforcement Alarm System's major federal programs for the year ended June 30, 2014. 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.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Illinois Law Enforcement Alarm System's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Governments, 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Illinois Law Enforcement Alarm System's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Illinois Law Enforcement Alarm System complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control over Compliance

Management of Illinois Law Enforcement Alarm System is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Illinois Law Enforcement Alarm System's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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.

*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, or 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Jagga & Jagga L.L.P.*

Springfield, IL

March 18, 2015

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Illinois Emergency Management Agency:			
2010 State Homeland Security Program	97.067	10ILEAPSAP	28,425
		10ILECRED	1,200
		10ILEASEOC	4,909
		10ILEASEQU	320,995
		10ILEASSEC	17,225
		10ILEASSRT	49,509
2011 State Homeland Security Program	97.067	11ILEASADM	140,607
		11ILEASCON	179,430
		11ILECRED	210,138
		11ILEAPRND	8,172
		11ILEAPSAP	184,968
		11ILEASSEC	51,928
		11ILEASSRT	2,618,230
		11ILEIMERT	11,016
2012 State Homeland Security Program	97.067	12ILEASADM	204,281
		12ILEASSRT	1,584,971
		12ILEITECS	17
		12ILEASCAR	310,897
		12ILEASCCP	2,500
		12ILEASIMT	9,958
		12ILEASPLN	511,100
		12ILEASSEC	175,182
		12ILEASTRN	453,150
		121LEEMNET	94,855
		12ILEIMERT	61,727
		12STARCOM	450,420
2013 State Homeland Security Program	97.067	13ILEAPSAP	18,518
		13ILEASADM	49,001
		13ILEASCAR	43,323
		13ILEASIMT	2,529
		13ILEASPLN	303,618
		13ILEASSEC	4,277
		13ILEASSRT	434,620
		13ILEASTRN	350,928
		13ILEIMERT	31,172



SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
2011 Urban Area Security Initiative	97.067	11UASISEC	37,690
2012 Urban Area Security Initiative		12UASISEC	100,000
		12UASIPSAP	44,193
2013 Urban Area Security Initiative		13UASISEC	27,042
		13UASIPSAP	8,438
Total			9,141,159
2010 Interoperable Emergency Communications Program	97.005	10IECGPILE	16,917
Total			16,917
Total U.S. Department of Homeland Security			9,158,076
U.S. DEPARTMENT OF COMMERCE			
Passed through Illinois Emergency Management Agency:			
2013 Telecommunications and Information System	11.549	13 SLIGPILE	125,271
Total U.S. Department of Commerce			125,271
TOTAL EXPENDITURES OF FEDERAL AWARDS			9,283,347

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEARS ENDED JUNE 30, 2014**

**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 Non-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>
11.549	125,271
97.005	16,917
97.067	<u>9,141,159</u>
Total Expenditures of Federal Awards by CFDA Number	<u>\$ 9,283,347</u>

**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, 2014**

**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)             yes        X   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):             yes        X   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?**             yes        X   no

**ILLINOIS LAW ENFORCEMENT ALARM SYSTEM  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
For the Year Ended June 30, 2014**

**Identification of major programs:**

<b>CFDA Number (s)</b>	<b>Name of Federal Program or Cluster</b>
97.067	State Homeland Security Program
97.067	Urban Area Security Initiative
97.005	Interoperable Emergency Communications Program
11.549	Telecommunications and Information System

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

\$ 300,000

**Auditee qualified as low-risk auditee:**

yes X no