

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM

Urbana, Illinois

**Financial Statements
and Supplementary Information**

For the Year Ended

June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Illinois Law Enforcement Alarm System
Urbana, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of Illinois Law Enforcement Alarm System (the Organization) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Organization as of June 30, 2024, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The accompanying Schedules 1, 2, and 4, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 supplementary information 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 January 20, 2025, on our consideration of the Organization'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 solely 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 effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.

MH CPA PLLC

Champaign, Illinois

January 20, 2025

Illinois Law Enforcement Alarm System
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2024

Introduction

As management of the Illinois Law Enforcement Alarm System (ILEAS), we offer readers of these financial statements this narrative overview and analysis of the financial activities of ILEAS for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements and notes to the basic financial statements contained within this report.

Financial Highlights

- The total assets of ILEAS presented on a government-wide basis in the Statement of Net Position (page 12) exceeded total liabilities at June 30, 2024 by \$3,686,836 (*total net position*). Of this amount, \$273,702 (*unrestricted*) may be used to meet ILEAS' ongoing obligations to creditors. The remainder is *invested in capital assets, which is* \$3,413,134.
- ILEAS' *net position end of year* increased during the current year by \$2,824,817 (page 13).
- ILEAS' governmental fund (page 16) reported combined ending fund balances of -\$187,931, a decrease of \$225,248 in comparison to the prior year ending fund balances of \$37,317.
- In the General Fund, the ending fund balance was -\$187,931, or -1.6%, of total General Fund expenditures, a decrease of \$225,248.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to ILEAS' basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information intended to furnish additional detail to support ILEAS' management of federally funded programs.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of ILEAS' finances, in a manner similar to a private-sector business.

The first of these government-wide statements is the Statement of Net Position. This is the statement of position presenting information that includes all of ILEAS' assets and liabilities. The difference between the assets and the liabilities is ILEAS' net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of ILEAS as a whole is improving or deteriorating.

The second government-wide statement is the Statement of Activities. This statement reports how ILEAS' net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

Government-wide financial statements distinguish government activities of ILEAS that are principally supported by grants from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of ILEAS relate to the Federal and State of Illinois grants received and managed by ILEAS. ILEAS has one business-type activity fund which includes agency dues

Illinois Law Enforcement Alarm System
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2024

revenues, ILEAS Conference revenues and income pertaining to certain ILEAS Training Center activity. The expenses of the Business-Type Activity fund relate to certain expenses of the ILEAS Training Center, along with ILEAS Conference expenses and other miscellaneous expenses which are not allowed under grant guidance.

The ILEAS Foundation, a legally separate entity for which ILEAS is financially accountable, is included with the financial statements of ILEAS. The financial information for the ILEAS Foundation, a discretely presented component unit, is reported separately from the financial information presented for ILEAS itself, and is reflected in the *Component Unit* reference in the financial statements.

The government-wide financial statements can be found on pages 12-13 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. ILEAS uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on ILEAS' most significant funds rather than ILEAS as a whole. Major funds are reported separately while all others are combined into a single, aggregate presentation.

ILEAS' governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide statements. However, the focus is very different, with fund statements providing a distinctive view of each of ILEAS' governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 16-19 of this report.

Proprietary Funds

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. ILEAS maintains one enterprise-type proprietary fund.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to a private business enterprise and presented as business-type activities in the government-wide financial statements. ILEAS utilizes one enterprise fund. The basic proprietary fund financial statements can be found on pages 20-22 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-40 of this report.

Illinois Law Enforcement Alarm System
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2024

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents additional supplementary information to further explain and support ILEAS' management of federally funded programs. Supplementary information is presented beginning on page 41.

Government-wide Financial Analysis

The government-wide financial statements can be found on pages 12 and 13 of this report. The total net position may serve over time as a useful indicator of a government's financial position. In this case, ILEAS' total net position was \$3,686,836 at the close of the most recent fiscal year representing a net increase of \$2,824,817 (328%) over the prior year. Both Assets and Liabilities increased in the Governmental Activities, mostly due to the increase of Capital Assets due to the remodeling of the ILEAS Training Center.

The following table reflects the condensed Statement of Net Position.

Table 1
Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$ 2,452,290	\$ 1,839,872	\$ 561,665	\$ 564,874	\$ 3,013,955	\$ 2,404,746
Capital Assets	3,407,634	568,706	5,500	5,500	3,413,134	574,206
Total Assets	5,859,924	2,408,578	567,165	570,374	6,427,089	2,978,952
Long-Term Liabilities	209,932	211,152	1,977	2,901	211,909	214,053
Other Liabilities	2,414,550	1,802,555	113,794	88,629	2,528,344	1,891,184
Total Liabilities	2,624,482	2,013,707	115,771	91,530	2,740,253	2,105,237
Deferred Inflows of Resources	-	-	-	11,696	-	11,696
Net Position						
Net Investment in						
Capital Assets	3,407,634	568,706	5,500	5,500	3,413,134	574,206
Unrestricted	(172,192)	(173,835)	445,894	461,648	273,702	287,813
Total Net Position	\$ 3,235,442	\$ 394,871	\$ 451,394	\$ 467,148	\$ 3,686,836	\$ 862,019

Unrestricted net position (\$273,702), the portion that can be used to finance the day-to-day operations without constraints, decreased \$14,111 or 4.9%. This is partly due to the increase in the Business Fund Accounts Payable, which increased \$50,675 from prior the Fiscal Year. Net Investment in Capital Assets (e.g., Equipment, Vehicles, Leased Assets, Leasehold Improvements) increased \$2,838,928 or 494%, due to the addition of Construction in Progress of \$2,274,944, addition of fixed assets totaling \$264,233 and addition of software of \$399,996.

Illinois Law Enforcement Alarm System
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2024

The following table summarizes the revenues and expenses of ILEAS' activities:

Table 2
Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues						
Charges for Services	\$ -	\$ -	\$ 236,256	\$ 240,214	\$ 236,256	\$ 240,214
Oper. Grants and Contr.	8,660,990	7,456,184	-	-	8,660,990	7,456,184
Capital Grants and Contr.	2,939,173	181,443	-	-	2,939,173	181,443
General Revenues						
Interest Income	-	-	6,549	4,241	6,549	4,241
Other Income	815	182	-	-	815	182
Total Revenues	<u>11,600,978</u>	<u>7,637,809</u>	<u>242,805</u>	<u>244,455</u>	<u>11,843,783</u>	<u>7,882,264</u>
Expenses:						
Management & Administration	326,062	305,578	-	-	326,062	305,578
Training & Reimbursement	8,434,345	7,207,607	-	-	8,434,345	7,207,607
Operating Expenses	-	-	253,349	255,412	253,349	255,412
Interest Expense	-	-	5,210	4,030	5,210	4,030
Total Expenses	<u>8,760,407</u>	<u>7,513,185</u>	<u>258,559</u>	<u>259,442</u>	<u>9,018,966</u>	<u>7,772,627</u>
Change in Net Position	2,840,571	124,624	(15,754)	(14,987)	2,824,817	109,637
Beginning Net Position	394,871	270,247	467,148	482,135	862,019	752,382
Ending Net Position	<u>\$ 3,235,442</u>	<u>\$ 394,871</u>	<u>\$ 451,394</u>	<u>\$ 467,148</u>	<u>\$ 3,686,836</u>	<u>\$ 862,019</u>

Revenues for ILEAS are generated from multiple sources with the majority of revenue derived from Operating Grant Income in the Governmental Activities. 73% of Total Revenues in 2024 were from Operating Grant Revenue. There was an overall increase to Operating Grant Income of \$1,204,806 or 16% from 2023, much of this due to the addition of the Less Lethal Alternatives Grant (\$629,760) along with increase of expenditures in the Narcan grants expended in FY 2024 verses FY 2023 (\$274,608).

Total Expenses for Governmental Activities and Business-Type Activities for FY 24 increased \$1,246,339 or 16%. Again, some of the increase in expense is due to the increase of the Narcan grant expenses of \$274,608. The Less Lethal Alternatives Grant added \$629,760 to Total Expenses from prior year. Additionally, there was \$176,188 made available in the PAR fund, which was used for Shields and Night Vision Units, along with \$104,682 expended on Long Range Acoustical Devices.

Illinois Law Enforcement Alarm System
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2024

Financial Analysis of the Funds

Fund financial statements for ILEAS' governmental funds are presented on pages 16 through 19. Fund financial statements for ILEAS' proprietary fund are presented on pages 20 through 22.

In the Governmental Fund, total Assets increased \$177,273 or 8% largely due to the decrease in Payroll draw funds received at the end of Fiscal Year 2023 compared to Fiscal Year 2024. Liabilities increased \$402,521 or 19%, mostly due to the increase in Accounts Payable of \$1,251,239 from increased equipment orders along with the decrease of Unearned Revenue of \$666,709 because of the decrease in Payroll draw. Revenues have increased approximately 49% or \$3,737,498, which reflects the increase in State Grant Revenue, in particular the \$2,138,665 from the DCEO Grant for improvements to the ILEAS Training Center and the \$947,520 increase in Preparedness and Response Grants from the State of Illinois in comparison to the prior year. Expenditures have increased approximately 52% or \$3,962,750, which includes the Less Lethal Grant expenditures of \$629,760 and the \$2,138,664 from the DCEO Grant for improvements to ILEAS Training Center.

In the Proprietary Fund, Total Assets have remained consistent from prior year. Cash has increased \$40,435 and the amount Due from the Governmental Fund has decreased \$209,474. There is no longer a Lease Receivable in the Fiscal Year 24 Assets, as there was \$12,670 in the prior year. Total Liabilities have increased \$12,545 and expenses decreased \$883 from 2023 to 2024. Revenues decreased overall \$1,650 or .7%. Training Center Subscriptions decreased \$13,162, much of that due to the loss of one client for which classes occurred in Fiscal Year 23 but did not take place in Fiscal Year 24 and resulted in \$9,000 less revenue. ILEAS did receive an increase of \$8,675 in Conference Revenues and \$5,970 of increase in Revenues in Training Center Leases, as a new tenant became a Lessee. There are no restrictions, commitments or other limitations which would significantly affect the ability of fund resources for future use.

Capital Asset Administration:

ILEAS' investment in capital assets includes Leasehold Improvements, Equipment and Vehicles and Construction in Progress. The investment in capital assets as of June 30, 2024, was \$3,413,134 (net of accumulated depreciation), an increase of \$2,838,928 over last year. Much of the increase was due to the addition of \$2,274,943 of Construction in Progress and \$264,333 of new equipment along with \$23,978 retirement of the phone system at the ILEAS Training Center.

The following Comparative Statement of Capital Assets, net of depreciation shows the change in assets for the governmental activities and the business-type activities.

Illinois Law Enforcement Alarm System
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2024

Table 3
Comparative Statement of Capital Assets

	Governmental Activities		Business-type Activities	
	2024	2023	2024	2023
Leasehold Improvements	\$ 258,083	\$ 339,583	\$ -	\$ -
Equipment & Vehicles	272,393	23,039	-	-
Vehicles	20,775	24,641	5,500	5,500
Software	399,996	-	-	-
Construction in Progress	2,456,387	181,443	-	-
	<u>\$ 3,407,634</u>	<u>\$ 568,706</u>	<u>\$ 5,500</u>	<u>\$ 5,500</u>

There were \$264,233 in Equipment added to the Fixed Asset listing along with the \$23,978 retired phone system. \$2,274,944 was added as Construction in Progress representing expenditures towards the ILEAS Training Center renovations which should be completed in Fiscal Year 2025. The renovation expenses were mostly for parking lot improvements and the main remodeling work completed by the General Contractor.

Additional information on ILEAS' Capital Assets can be found in Note 7 of this report.

Debt Administration:

The following is a Comparative Statement of Long-term debt for the governmental activities and the business-type activities.

Table 4
Comparative Statement of Long-Term Debt

	Governmental Activities		Business-type Activities	
	2024	2023	2024	2023
Accrued Compensated Absences	<u>\$ 209,932</u>	<u>\$ 211,152</u>	<u>\$ 1,977</u>	<u>\$ 2,901</u>

At the end of the current fiscal year, ILEAS had long-term debt outstanding of \$211,909 which represents the total of Accrued Compensated Absences. There is no other long-term debt. The balance of Accrued Compensated Absences has decreased \$2,144 from prior year, which represents a 1% decrease. ILEAS has assumed all compensated absences to be due within one year. Since grant funding is established for a period of greater than one year, the payment of these accruals should not affect future planned services.

Additional information on ILEAS' long-term debt can be found in Note 9 of this report.

Illinois Law Enforcement Alarm System
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2024

Economic Factors and Future Years:

A majority of ILEAS' budget is Federally funded. ILEAS has been part of the Homeland Security Grant Program (HSGP) for a number of years and has no reason to believe that this will not remain at consistent financial levels in the future years. ILEAS has received fiscal year 2024 HSGP grants and will begin the budget process for fiscal year 2025. ILEAS has also received funding directly from the State of Illinois via the Preparedness and Response State Grants. Additionally, ILEAS received \$75,000 of funding from the State for Special Teams Equipment purchases through the 911 Grant Program. These grants provide financial assistance for expenses that cannot be paid via the Homeland Security Grant Program. Additionally, ILEAS has received grants, starting in 2018, from the Illinois Department of Public Health, for distribution of Narcan to Law Enforcement professionals, which now has turned into seven one-year grants for the same purpose. As of this writing, the Narcan Grant is scheduled to be finished at September 30, 2025 but staff is looking at extending this grant program. The Less Lethal Alternatives for Law Enforcement Grant is scheduled to be completed at June 30, 2025 but staff would be interested in additional years of these one year State Grants from the Illinois Criminal Justice Information Authority (ICJIA). Be that as it may, management has looked for ways to diversify in order to improve operations and to possibly create other revenue streams outside of grants. With the evolution of the ILEAS Training Center, there may be more opportunity to conduct larger training events that could be more profitable.

There are currently no known contingencies that would force a major change in ILEAS' budgeting or spending.

Request for Information:

This financial report is designed to provide a general overview of ILEAS' finances, comply with finance related laws and regulations, and demonstrate ILEAS' commitment to public accountability to all those with an interest in ILEAS' finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Janet Plotner, Finance Manager, ILEAS, 1701 East Main Street, Urbana, IL 61802.

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Statement of Net Position
June 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 154,545	\$ 278,504	\$ 433,049	\$ 47,886
Receivables:				
Grants Receivable	2,381,599	-	2,381,599	-
Accounts Receivable	-	176,287	176,287	-
Dues Receivable, Net of Allowance for Doubtful Receivables of \$840	-	2,160	2,160	-
Merchandise Inventory	-	-	-	3,487
Due from ILEAS Foundation	-	5,256	5,256	-
Internal Balance	(83,854)	83,854	-	-
Prepaid Expenses	-	15,604	15,604	-
Total Current Assets	2,452,290	561,665	3,013,955	51,373
Capital Assets, Net of Accumulated Depreciation and Amortization				
	3,407,634	5,500	3,413,134	-
Total Assets	5,859,924	567,165	6,427,089	51,373
LIABILITIES				
Current Liabilities				
Due to ILEAS	-	-	-	5,256
Accounts Payable	2,261,944	64,794	2,326,738	2,113
Accrued Payroll	118,576	2,367	120,943	-
Unearned Revenue	34,030	614	34,644	8,790
Line of Credit	-	46,019	46,019	-
Non-Current Liabilities				
Due Within One Year	209,932	1,977	211,909	-
Total Liabilities	2,624,482	115,771	2,740,253	16,159
NET POSITION				
Net Investment in Capital Assets	3,407,634	5,500	3,413,134	-
Unrestricted	(172,192)	445,894	273,702	35,214
Total Net Position	\$ 3,235,442	\$ 451,394	\$ 3,686,836	\$ 35,214

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Statement of Activities
For the Year Ended June 30, 2024

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Management and Administration	\$ 326,062	\$ -	\$ 326,062	\$ -	\$ -	\$ -	\$ -
Training and Reimbursements	8,434,345	-	8,334,928	2,939,173	2,839,756	-	2,839,756
Total Governmental Activities	8,760,407	-	8,660,990	2,939,173	2,839,756	-	2,839,756
Business-Type Activities:							
Operating Expenses	258,559	236,256	-	-	-	(22,303)	(22,303)
Total Primary Government	<u>\$ 9,018,966</u>	<u>\$ 236,256</u>	<u>\$ 8,660,990</u>	<u>\$ 2,939,173</u>	<u>2,839,756</u>	<u>(22,303)</u>	<u>2,817,453</u>
General Revenues:							
Interest Income					-	6,549	6,549
Other Income					815	-	815
Total General Revenues					<u>815</u>	<u>6,549</u>	<u>7,364</u>
Change in Net Position					2,840,571	(15,754)	2,824,817
Net Position, Beginning of Year					<u>394,871</u>	<u>467,148</u>	<u>862,019</u>
Net Position, End of Year					<u>\$ 3,235,442</u>	<u>\$ 451,394</u>	<u>\$ 3,686,836</u>

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Statement of Activities - Component Unit
For the Year Ended June 30, 2024

Support and Revenue

Conferences	\$ 31,780
Contributions	2,272
Sales of Inventory, Net of Costs of \$7,522	(4,502)
Miscellaneous Income	3,033
Total Support and Revenue	<u>32,583</u>

Expenses

Program Services	13,813
Supporting Services	7,180
Total Expenses	<u>20,993</u>

Changes in Net Assets

11,590

Net Assets Without Donor Restrictions,* Beginning of Year23,624**Net Assets Without Donor Restrictions,* End of Year**\$ 35,214

* This item is presented on Exhibit A as Net Position - Unrestricted

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Statement of Functional Expenses - Component Unit
For the Year Ended June 30, 2024

		<u>Supporting Services</u>	
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Contractual Services (Labor)	\$ 5,010	\$ 1,670	\$ 6,680
Conferences	6,403	-	6,403
Professional Fees	-	2,812	2,812
Occupancy	2,400	-	2,400
Insurance	-	1,819	1,819
Miscellaneous	-	879	879
Total Expenses	<u>\$ 13,813</u>	<u>\$ 7,180</u>	<u>\$ 20,993</u>

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Balance Sheet - Governmental Fund
June 30, 2024

	<u>General Fund</u>
ASSETS	
Assets	
Cash and Cash Equivalents	\$ 154,545
Grants Receivable	<u>2,155,928</u>
Total Assets	<u><u>\$ 2,310,473</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Due to Proprietary Fund	\$ 83,854
Accounts Payable	2,261,944
Accrued Payroll	118,576
Unearned Revenue	<u>34,030</u>
Total Liabilities	2,498,404
Fund Balance	
Unassigned	<u>(187,931)</u>
Total Liabilities and Fund Balance	<u><u>\$ 2,310,473</u></u>

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Reconciliation of the Balance Sheet - Governmental Fund
to the Statement of Net Position
June 30, 2024

Total Fund Balance, Governmental Fund	\$ (187,931)
Capital Assets, Net of Depreciation and Amortization Used in Governmental Activities	3,407,634
Grants Receivable	225,671
Accrued Compensated Absences Related to Governmental Activities	<u>(209,932)</u>
Net Position of Governmental Activities	<u><u>\$ 3,235,442</u></u>

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund
For the Year Ended June 30, 2024

	<u>General Fund</u>
Revenues	
Federal Grants	\$ 5,898,666
State Grants	5,475,826
Other Income	815
Total Revenues	<u>11,375,307</u>
Expenditures	
Current:	
Management and Administration	326,062
Training and Reimbursements	8,335,320
Capital Outlay:	
Training and Reimbursements	2,939,173
Total Expenditures	<u>11,600,555</u>
Net Change in Fund Balance	(225,248)
Fund Balance, Beginning of Year	<u>37,317</u>
Fund Balance, End of Year	<u><u>\$ (187,931)</u></u>

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Reconciliation of the Statement of
Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2024

Net Change in Fund Balance, Total Governmental Fund	\$ (225,248)
Change in Accrued Compensated Absences Related to Governmental Activities	1,220
Change in Grants Receivable	225,671
Remove Capital Expenditures Related to Capital Assets	2,939,173
Depreciation and Amortization on Capital Assets	<u>(100,245)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 2,840,571</u></u>

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM

Statement of Net Position -

Proprietary Fund

June 30, 2024

	Enterprise Fund
	Business Fund
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 278,504
Accounts Receivable	176,287
Dues Receivable, Net of Allowance for Doubtful Receivables of \$840	2,160
Due from Governmental Fund	83,854
Due from ILEAS Foundation	5,256
Prepaid Expenses	15,604
Total Current Assets	561,665
Capital Assets, Net of Accumulated Depreciation	5,500
Total Assets	567,165
LIABILITIES	
Current Liabilities	
Accounts Payable	64,794
Accrued Payroll	2,367
Accrued Compensated Absences	1,977
Unearned Revenue	614
Line of Credit	46,019
Total Liabilities	115,771
NET POSITION	
Net Investment in Capital Assets	5,500
Unrestricted	445,894
Total Net Position	\$ 451,394

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Statement of Revenues, Expenses, and Changes in Net Position -
Proprietary Fund
For the Year Ended June 30, 2024

	Enterprise Fund <hr/> Business Fund <hr/>
Operating Revenues	
Membership Dues	\$ 101,880
Training Center Income	31,686
Training Center Lease Income	48,920
Conferences	48,725
Management Services Income	5,000
Other Income	45
Total Operating Revenues	<hr/> 236,256 <hr/>
Operating Expenses	
Agency Program Expenses	75,015
Conference Expenses	70,681
General Administrative Expenses	59,079
Insurance	42,915
Management Services Expenses	5,659
Total Operating Expenses	<hr/> 253,349 <hr/>
Operating Loss	<hr/> (17,093) <hr/>
Non-Operating Revenues (Expenses)	
Interest Income	6,549
Interest Expense	(5,210)
Total Non-Operating Revenues	<hr/> 1,339 <hr/>
Change in Net Position	(15,754)
Net Position, Beginning of Year	<hr/> 467,148 <hr/>
Net Position, End of Year	<hr/> <hr/> \$ 451,394 <hr/> <hr/>

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Statement of Cash Flows -
Proprietary Fund
For the Year Ended June 30, 2024

	<u>Enterprise Fund</u> <u>Business Fund</u>
Cash Flows from Operating Activities	
Receipts from Users and Members	\$ 62,504
Payments to Employees	(73,823)
Payments to Suppliers	(135,333)
Net Cash Provided by Operating Activities	<u>(146,652)</u>
Cash Flows from Non-Capital Financing Activities	
Proceeds from Line of Credit	296,019
Repayments on Line of Credit	(317,489)
Interest Paid on Line of Credit	(5,210)
Net Cash Used in Non-Capital Financing Activities	<u>(26,680)</u>
Cash Flows from Investing Activities	
Decrease in Due from Governmental Fund	209,474
Increase in Due from ILEAS Foundation	(2,256)
Interest	6,549
Net Cash Provided by Investing Activities	<u>213,767</u>
Net Increase in Cash and Cash Equivalents	40,435
Cash and Cash Equivalents, Beginning of Year	<u>238,069</u>
Cash and Cash Equivalents, End of Year	<u>\$ 278,504</u>
Cash Flows from Operating Activities	
Operating Loss	\$ (17,093)
Adjustment to Reconcile Operating Loss to	
Net Cash Provided by Operating Activities:	
Change in Assets and Liabilities:	
Decrease in Receivables	(162,450)
Increase in Prepaid Expenses	(1,124)
Increase in Accounts Payable	50,675
Decrease in Accrued Payroll	(4,434)
Decrease in Accrued Compensated Absences	(924)
Increase in Unearned Revenue	394
Decrease in Deferred Inflow	(11,696)
Total Adjustments	<u>(129,559)</u>
Net Cash Provided by Operating Activities	<u>\$ (146,652)</u>

See Accompanying Notes

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Notes to the Basic Financial Statements
June 30, 2024

1. Nature of Organization

Illinois Law Enforcement Alarm System (the Organization or 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. The Organization represents all the sheriff's offices and several hundred police departments in Illinois.

The mission of the Organization 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.

The Organization 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, the Organization can share that burden by notifying and coordinating the pre-plan mutual aid agencies' responses.

The Organization is divided into eight 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 Organization's Governing Board is made up of:

- 16 Regional Co-Chairs
- 2 Representatives from the Chicago Police Department
- 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, the Organization has added advisory, non-voting ex-officio members to the Governing Board. The President of the Organization has appointed an Executive Committee consisting of elected Governing Board Officers to manage the day-to-day activities. The Organization has hired staff to administer the Federal Homeland Security grants which make up a majority of the Organization's funds.

The Organization is a coalition/consortium of local agencies as established by law in Illinois, however, the Organization is not considered a component unit of any other government entity.

The Illinois Law Enforcement Alarm System Foundation (the Foundation) is a nonprofit corporation organized under the laws of the State of Illinois to develop support for the Organization.

The Foundation is considered a component unit of the Organization under the accounting standards followed by the Organization; however, the Foundation is a separate legal entity. The Foundation's only program relates to the support of the operational and capital needs of the Organization that lack adequate funding through the Organization's available resources. The Foundation's revenue sources are donations, grants, sales of ILEAS merchandise, and fees for conferences.

2. Summary of Significant Accounting Policies

The financial statements of the Organization are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments. U.S. GAAP includes all relevant GASB pronouncements plus other sources of accounting and financial reporting guidance noted in GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

a. Financial Reporting Entity

The definition of what constitutes the entity of the Organization is based on the guidelines set forth in GASB Statement Number 14, as amended by GASB Statements Number 61, 84, 85, and 97. The primary government of the Organization consists of the funds presented herein as a governmental fund and a proprietary fund.

According to GASB Statement Number 14, as amended, a legally separate organization should be included as a component unit of the primary government if the primary government is financially accountable for the legally separate organization. Financial accountability is determined as follows:

1. The Organization is fiscally dependent on the primary government and there is a potential for the Organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or
2. The primary government appoints a voting majority of the Organization's governing body, and:
 - It is able to impose its will on the Organization
 - There is a potential for the Organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government

As required by U.S. GAAP, these financial statements present the financial reporting entity of the Organization, including the Foundation, which is a discretely presented component unit. The Foundation is a discretely presented component unit because the resources received and held by the Foundation are entirely for the direct benefit of the Organization, the Organization has the ability to access those resources, and those resources are significant to the Organization.

The assets, liabilities, net assets, revenue, and expenses of the Foundation are included in the basic financial statements presented in Exhibits A, C, and D. There are no other entities for which the nature and significance of their relationship with the Organization are such that exclusion would cause the Organization's financial statements to be materially misstated or incomplete.

b. Basic Financial Statements

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the Organization as a whole. They include all funds of the Organization and the discretely presented component unit, with the exception that the discretely presented component unit is presented in a separate Statement of Activities that follows the Organization's. The Statement of Functional Expenses relates only to the component unit. The Statement of Net Position and the Statements of Activities include the governmental activities, business-type activities, and the discretely presented component unit. The Organization's governmental activities generally are financed through intergovernmental revenue and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Internal balances and activities within the Organization's funds are eliminated in the government-wide financial statements. Activities between the Organization's primary government and the discretely presented component unit are not eliminated.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting (as described in Note 2.c).

Fund Financial Statements

Fund financial statements of the Organization 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. The Organization's funds are organized into two major categories: governmental and proprietary funds. An emphasis is placed on major funds within these categories. A fund is considered major if it is the primary operating fund of the Organization or meets the following criteria:

1. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual fund are at least 10 percent of the corresponding total for all funds of that category or type.
2. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual fund are at least 5 percent of the corresponding total for all funds combined.

The Organization also may report certain funds as major, based on their importance to users of the financial statements.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting (as described in Note 2.c.).

The proprietary fund financial statements are reported on the accrual basis of accounting (as described in Note 2.c.).

The fund types of the Organization are described below:

Governmental Fund

The focus of the governmental fund's measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Organization:

General Fund – The General Fund is the primary operating fund of the Organization and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Proprietary Fund

Enterprise Fund – An Enterprise Fund is used to account for business-like activities provided to the general public. The measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

Business Fund – The Business Fund is used to account for business-like activities provided to support activities of the General Fund.

c. Basis of Accounting

Accrual

Governmental activities and business-type activities in the government-wide financial statements and the enterprise fund financial statements are presented on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when it becomes both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Organization considers receipts within 90 days of year-end to be available. Expenditures generally are recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when payment is due.

Grants are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measured and available only when cash is received by the Organization.

d. Cash and Cash Equivalents

Cash and cash equivalents include deposits at financial institutions, short-term investments with original maturities at issuance of three months or less, and funds held in money market mutual funds at depository banks.

e. Receivables

Receivables are reported at the estimated net realizable amounts from third-party payers and others for services rendered. Receivables are stated at the amount management expects to collect on outstanding balances. The allowance for doubtful receivables at June 30, 2024 was \$840.

f. Interfund Balances

Receivables and payables between funds are reported as due from and due to other funds, respectively. Amounts not expected to be repaid within a reasonable time are considered interfund transfers. In governmental funds, amounts due from other funds expected to be repaid within a reasonable time, but beyond one year from June 30, 2024, as well as other long-term receivables are offset by non-spendable fund balance because they do not represent

expendable, available financial resources. The amounts due among the funds at June 30, 2024, relate to working capital loans with no specific repayment schedule; however, repayment is expected within the next fiscal year.

g. Prepaid Expenditures/Expenses

Prepaid expenditures/expenses such as for insurance or service contracts are recorded as assets and expended/expensed over the term when the services are received.

h. Capital Assets

The Organization capitalized assets with initial individual unit values over \$5,000 and useful lives in excess of two years. Capital assets purchased for use in governmental activities are recorded as expenditures in governmental fund financial statements at the time of purchase. Capital assets are reported in the government-wide financial statements offset by accumulated depreciation and amortization.

Capital assets are valued at actual or estimated historical cost while donated capital assets are valued at their estimated acquisition value on the date donated. Depreciation is calculated on capital assets, other than land and assets that appreciate in value, using the straight-line method, mid-year convention over the estimated useful lives of the assets. Leased assets are amortized using the straight-line method over the lease term. The estimated useful lives used by the Organization include:

Assets	Years
Buildings and Leasehold Improvements	20-50 years
Equipment and Vehicles	5-25 years

The Organization has one intangible asset, grant management software, subject to capitalization, which was placed into service June 30, 2024. There was no amortization for Fiscal Year 2024. The useful life is expected to be 3-5 years.

i. Unearned Revenue

Governmental Activities and General Fund – Grant funds received under agreements that require the provision of services by the Organization are recognized as revenue to the extent that expenses have been incurred for the purpose specified by the grantor. The excess of grant funds received over grant expenditures incurred is accounted for as unearned revenue. The excess of grant expenditures over grant funds received is accounted for as grants receivable to the extent that additional grant revenue has been awarded and will be paid.

Business-Type Activities and Business Fund – Unearned revenue consists of prepayments received on rental agreements and other contractual agreements.

j. Deferred Outflows/Inflows of Resources

The financial statement element, deferred outflows of resources, represents a consumption of equity that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Organization has no item that qualifies for reporting in this category as of June 30, 2024.

The financial statement element, deferred inflows of resources, represents an acquisition of equity that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Organization has no item that qualifies for reporting in this category as of June 30, 2024.

k. Restricted Net Position

Assets that are not available to finance the general operations of the Organization are reported as restricted on the Statement of Net Position. The Organization's policy is to apply restricted resources first when an expense is incurred for a purpose for which restricted and unrestricted net position is available.

l. Fund Balance

Fund balances are classified as follows:

Non-Spendable – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

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

Committed – Amounts that can be used only for specific purposes determined by a resolution by the Governing Board.

Assigned – Amounts that are constrained by the Governing Board's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by (a) the Governing Board itself or (b) a body or official to which the Governing Board has delegated the authority to assign amounts to be used for specific purposes. The Organization's highest level of decision-making authority is the Governing Board, who is authorized to assign amounts to a specific purpose through its appropriations power.

Unassigned – All amounts not included in other spendable classifications (the General Fund is the only fund that reports a positive unassigned fund balance amount).

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balance is available, the Organization considers restricted funds to have been spent first. When an expenditure is incurred for which

committed, assigned, or unassigned fund balances are available, the Organization considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Governing Board has provided otherwise in its commitment or assignment actions.

m. Program Revenues

Program Revenues on the Statement of Activities include the following:

Governmental Activities

Operating Grants and Contributions	Grants and contributions used to support training and education programs, management and administration, and to provide support and equipment for agencies.
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Capital Grants and Contributions	Grants and contributions used to purchase equipment and software to support training and education programs.
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Business-type Activities

Charges for Services	Fees charged for membership, programs, conferences, and other services provided for member agencies and other parties.
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n. Operating and Non-Operating Revenues and Expenses of Proprietary Fund

Operating revenues and expenses for the proprietary fund are those that result from providing services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

o. Compensated Absences

It is the Organization's policy to permit employees to accumulate earned but unused paid leave to a limit of 252 hours, 84 of which may be carried to the next calendar year. All paid leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

p. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The significant estimates of the primary government of the Organization at June 30, 2024 include the allowance for doubtful receivables and allowable costs on grants from governmental agencies.

3. Reconciliation of Fund Statements to Government-Wide Statements

A reconciliation is provided with the balance sheet – governmental funds (Exhibit E-1) to explain the differences between total fund balances in the balance sheet – governmental funds and net position for governmental activities on the government-wide Statement of Net Position. The major differences are due to:

- a. Capital Assets, net of depreciation and amortization, are used across all funds and will be recorded on government-wide financial statements, but not on the fund financial statements.
- b. Grant revenues earned but not received within 90 days of year-end are not reported in the governmental fund, while they are receivables on the Statement of Net Position.
- c. The value of long-term liabilities, including compensated absences, which are not reported in governmental funds.

A reconciliation is provided with the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund (Exhibit F-1) to explain the difference between the change in fund balance in the governmental fund and the change in net position for governmental activities on the government-wide Statement of Activities. The major differences are due to:

- a. Depreciation and amortization expenses on capital assets are not reported in the governmental fund, while they are expenses on the Statement of Activities.
- b. The change in accrued compensated absences is not a governmental fund expenditure, while it is an expense on the Statement of Activities.
- c. Grant revenues earned but not received within 90 days of year-end are not reported in the governmental fund revenue, while they are revenue on the Statement of Activities.
- d. Capital outlay expenditures are not reported in the Statement of Activities, while they are expenditures of the governmental fund.

4. Budgets

The Organization's General Fund is not required by Illinois Statute to pass an annual legal budget and appropriations document.

5. Cash and Cash Equivalents

Custodial Credit Risk – Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Organization's bank deposits may not be returned to it. It is the Organization's policy to collateralize all uninsured deposits. At June 30, 2024, the cash and cash equivalents book balance of \$433,049 reconciled to

a bank balance of \$543,653. Of the Organization's bank balance, \$285,586 was not insured by federal deposit insurance but was collateralized by pledged securities not held in the Organization's name. The pledged securities had a fair value of \$1,534,965 at June 30, 2024.

Cash Equivalents

At June 30, 2024, the Organization held the following cash equivalents:

Money Market Accounts	<u>\$ 8,067</u>
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6. Grants Receivable

As of June 30, 2024, the Organization had state and federal grants receivables totaling \$2,381,599. Of this total, approximately 35 percent of the governmental activities' assets, or \$2,064,191, and 80 percent of the General Fund's assets, or \$1,838,520 is receivable from the Illinois Emergency Management Agency (IEMA). Additionally, \$274,005 is receivable from the City of Urbana for a Illinois Department of Commerce and Economic Opportunity sub-award, which is approximately 12 percent of the General Fund's assets at June 30, 2024.

7. Capital Assets

The following is a summary of the changes in capital assets of the governmental activities for the year ended June 30, 2024:

	June 30, 2023	Additions	Deductions	June 30, 2024
Non-Depreciable Capital Assets:				
Construction in Progress	\$ 181,443	\$ 2,274,944	\$ -	\$ 2,456,387
Depreciable Capital Assets:				
Leasehold Improvements	1,630,000	-	-	1,630,000
Equipment	661,985	264,233	23,978	902,240
Vehicles	155,947	-	-	155,947
Software	-	399,996	-	399,996
Total Depreciable Capital Assets	<u>2,447,932</u>	<u>664,229</u>	<u>23,978</u>	<u>3,088,183</u>
Accumulated Depreciation:				
Leasehold Improvements	1,290,417	81,500	-	1,371,917
Equipment	638,946	14,879	23,978	629,847
Vehicles	131,306	3,866	-	135,172
Total Accumulated Depreciation	<u>2,060,669</u>	<u>100,245</u>	<u>23,978</u>	<u>2,136,936</u>
Total Capital Assets, Net	<u>\$ 568,706</u>	<u>\$ 2,838,928</u>	<u>\$ -</u>	<u>\$ 3,407,634</u>

Depreciation and amortization expense was \$100,245 for the year ended June 30, 2024 and charged fully to the training function.

The following is a summary of changes in the capital assets of the business-type activities for the year ended June 30, 2024:

	June 30, 2023	Additions	Deductions	June 30, 2024
Cost				
Vehicles	\$ 55,000	\$ -	\$ -	\$ 55,000
Accumulated Depreciation				
Vehicles	49,500	-	-	49,500
Capital Assets, Net	<u>\$ 5,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,500</u>

There was no depreciation expense for business-type activities in Fiscal Year 2024. The vehicles maintain a \$5,500 salvage value.

8. Unearned Revenue

As of June 30, 2024, the Organization's governmental activities and General Fund had unearned revenues related to federal grants passed through IEMA in the amount of \$34,030.

9. Long-Term Liabilities

The following is a summary of changes in the Organization's long-term liabilities of the governmental activities for the year ended June 30, 2024:

	June 30, 2023	Issued	Retired	June 30, 2024	Due Within One Year
Accrued Compensated					
Absences	<u>\$ 211,152</u>	<u>\$ 208,081</u>	<u>\$ (209,301)</u>	<u>\$ 209,932</u>	<u>\$ 209,932</u>

The following is a summary of changes in the Organization's long-term liabilities of the business-type activities for the year ended June 30, 2024:

	June 30, 2023	Issued	Retired	June 30, 2024	Due Within One Year
Accrued Compensated					
Absences	<u>\$ 2,901</u>	<u>\$ 4,622</u>	<u>\$ (5,546)</u>	<u>\$ 1,977</u>	<u>\$ 1,977</u>

The Organization has assumed all compensated absences to be due within one year.

10. Short-Term Debt

The Organization maintains a revolving line of credit agreement with a bank on which it may borrow up to \$250,000. The line of credit is used for operating purposes. The agreement runs through August 27, 2025 (following its renewal as of August 27, 2024).

The line of credit bears interest at the U.S. Prime Rate, as published in the Wall Street Journal, plus 90 basis points and is secured by all the deposit accounts of the Organization held at the bank. This line of credit had a balance of \$46,019 as of June 30, 2024 and the interest rate was 8.9 percent. Total interest paid on the line of credit in Fiscal Year 2024 was \$5,210.

Each of the following shall constitute an event of default under this agreement: payment default, default on any other debt, the filing by or against the Organization of any proceeding in bankruptcy, receivership, insolvency, reorganization, liquidation, conservatorship, or similar proceeding, any assignment by the Organization for the benefit of creditors, a default with respect to any other indebtedness that results in acceleration of such debt, foreclosure or forfeiture of any collateral, entry of a final judgement against the Organization that is not discharged, material adverse change to the Organization's business, assets, operations, or financial condition, any cessation of the Organization's business as a going concern, providing false, erroneous or misleading information to obtain the loan, failure of the Organization to provide additional collateral in the event the current collateral becomes defective or worthless, and revocation of the Organization's guarantee. If an event of default occurs under this agreement, the lender is no longer obligated to make advances, the outstanding principal and accrued interest will be immediately due and payable without demand, at the lender's option, the note will bear interest at the default rate (five percentage points in excess of the current interest rate) from the date of occurrence, and the lender may exercise any of the rights and remedies available under the loan agreement or under applicable law. With a 60-day written notice, the lender may terminate this agreement with or without cause and demand full payment of the entire principal and accrued and unpaid interest on the balance. The lender will also have no further obligation to advance funds to the Organization.

The following is a summary of changes in the Organization's short-term liabilities of the business-type activities for the year ended June 30, 2024:

	June 30, 2023	Issued	Retired	June 30, 2024
Line of Credit	<u>\$ 67,489</u>	<u>\$ 296,019</u>	<u>\$ 317,489</u>	<u>\$ 46,019</u>

11. Leases

The Organization leases a facility from Champaign County, Illinois, used for all its operations. The lease runs through December 31, 2032, but is terminable by either party with notice of nine months. The total expense incurred for the lease in the year ended June 30, 2024 was \$448,891. The lease payments run on a calendar year and the future minimum lease payments listed below

for calendar years 2025 through 2032 are using the maximum annual increase of 5 percent per year. However, actual annual increase rates will be based on the CPI-U rate changes from year to year. Future minimum lease payments are as follows:

Fiscal Year	
2025	\$ 471,010
2026	494,561
2027	519,289
2028	545,253
2029	572,516
Thereafter	2,234,560
Total	<u>\$ 4,837,189</u>

The Organization leases space to various entities on short-term leases (less than 12 months). Total lease income was \$48,920, which is reported in the business-type activities and Business Fund.

12. Future Commitments

Through the date of the independent auditor's report, the Organization has entered into contracts related to various service agreements. Minimum annual commitments under these agreements for governmental activities are as follows:

Fiscal Year	
2025	\$ 722,644
2026	476,808
Total	<u>\$ 1,199,452</u>

Minimum annual commitments under these agreements for business-type activities are as follows:

Fiscal Year	
2025	<u>\$ 24,000</u>

The Organization has also entered into three contracts related to the renovation of its leased building. The total amount of the remaining commitment on those contracts is \$427,821. This project is expected to be completed in Fiscal Year 2025 and is being funded by a grant.

The Organization has also entered into contracts for various grant-funded training and equipment purchases for distribution to other agencies. The total amount of the remaining commitment on those contracts is \$2,217,905. These commitments are expected to be expenditures, and equivalent grant revenue, in Fiscal Year 2025.

13. Contingencies

During the year ended June 30, 2024, there were no significant reductions in insurance coverage and there were no settlement amounts that have exceeded insurance coverage or that have not been covered by insurance in the past three years.

The Organization participates in a number of federal and state funded grant programs. Under the terms of these programs, periodic audits or examinations may be required, and certain costs may be questioned as not being appropriate expenses under the terms of these programs. Such audits or examinations could lead to reimbursements to grantor agencies. Based on prior experience, the Organization's management believes an audit or examination would not result in any material disallowed costs for grant revenue recorded in these financial statements or from prior years.

14. Concentration of Revenues

For the year ended June 30, 2024, the Organization had the following concentrations of revenues:

- Approximately 69 percent of the revenues of the governmental activities, or \$8,008,600, and 68 percent of the revenues of the General Fund, or \$7,782,929, was earned from state and federal passthrough grants from the Illinois Emergency Management Agency.
- Approximately 20 percent of the revenues of the governmental activities and of the General Fund, or \$2,320,108, was earned from a grant from the Illinois Department of Commerce and Economic Opportunity.
- The Organization provides fulfillment services and storage space (under an annual lease) to Louisiana State University. Revenue of \$31,824 was received from Louisiana State University, which is approximately 13 percent of the business-type activities' revenues.

15. Related-Party Transactions and Balances

During the year ended June 30, 2024, the Organization was reimbursed \$3,464 for expenses paid by the Organization on behalf of the Foundation. The Organization subleases space to the Foundation and provides administrative services for the Foundation. The agreement term is 24 months and runs through June 30, 2025. During the year ended June 30, 2024, the Organization recorded revenue of \$2,400 and \$5,000 for rent and services, respectively. At June 30, 2024, the Organization has an outstanding receivable balance of \$5,256 due from the Foundation.

16. New Government Accounting Standards

In December 2023, GASB issued GASB Statement No. 102 (GASB 102), *Certain Risk Disclosures*. The provisions of GASB 102 require that risks related to government vulnerabilities due to certain concentrations or constraints are provided to users of the financial statements. GASB 102 will be effective for the Organization's Fiscal Year 2025.

In May 2024, GASB issued GASB Statement No. 103 (GASB 103), *Financial Reporting Model Improvements*. The provisions of GASB 103 improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. GASB 103 will be effective for the Organization's Fiscal Year 2026.

In September 2024, GASB issued GASB Statement No. 104 (GASB 104), *Disclosure of Certain Capital Assets*. The provisions of GASB 104 require separate disclosure of intangible assets by major class and additional disclosures for capital assets held for sale. GASB 104 will be effective for the Organization's Fiscal Year 2026.

The Organization's management is currently reviewing what impact, if any, these new standards will have on its future financial statements and disclosures. Early adoption is allowed but has not been selected for each of these Statements.

17. Discretely Presented Component Unit

The following notes are provided for the Organization's component unit, the Foundation:

A. Summary of Significant Accounting Policies:

- i. The Foundation's financial statements have been prepared on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America, as provided by the Financial Accounting Standards Board (FASB). Net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions (Net Position – Unrestricted on Exhibit A) – Net assets that are not subject to donor-imposed stipulations

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time, or that must be maintained permanently by the Foundation.

- ii. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.
- iii. Grant funds received under agreements that require the provision of services by the Foundation are recognized as revenue to the extent that expenses have been incurred for the purpose specified by the grantor. The excess of grant funds received over grant

expenditures incurred is accounted for as unearned revenue. The excess of grant expenditures over grant funds received is accounted for as grants receivable to the extent that additional grant revenue has been awarded and will be paid. The Foundation had no grant revenue in Fiscal Year 2024.

- iv. The Foundation adopted FASB Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), in Fiscal Year 2022. The Foundation has elected to not apply the standard to short-term (term of twelve months or less) leases.
- v. Contract liabilities consist of advance payments, if any, and billings in excess of revenue recognized under the method of revenue recognition described above in item iv. The Foundation receives advanced payments for vendor space rentals at the Organization's annual conference. It is very unusual for the Foundation to have advanced payments and billings in excess of revenue recognized with a term of greater than one year; therefore, contract liabilities are usually all current.

Contract liabilities for the Foundation are presented as unearned revenue on the Statement of Net Position, which represents advanced payments received for the next scheduled conference. Unearned revenue for the Foundation at July 1, 2023, was \$13,050.

- vi. Revenue is recognized in accordance with FASB Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*, for the following revenue lines on the Statement of Activities: conferences and sales of inventory. Revenue from conferences and sales of inventory is recognized at a point in time when the conference or transaction takes place. The Organization has not recorded obligations for returns, refunds, or similar obligations.
- vii. The costs of providing the programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The following are the Foundation's allocation methodologies for expenses requiring allocation:

Expense Classification	Method of Allocation
Contractual Services (Labor)	Time and Effort

- viii. The preparation of 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 of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the reporting period. Accordingly, actual results could differ from these

estimates. The significant estimate of the Foundation at June 30, 2024 is the inventory valuation allowance. The inventory valuation allowance is based on management's estimate for the expected loss from future inventory sales at net realizable value.

- ix. The Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision of income taxes has been made in the financial statements.
- x. The Foundation has evaluated subsequent events through January 20, 2025, the date which the financial statements were available to be issued.

B. Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as of June 30, 2024:

Financial Assets at Year-End	
Cash and Cash Equivalents	\$ 47,886
Less those unavailable for general expenditures within one year:	<u>-</u>
Financial Assets available to meet cash needs for general expenditures within one year	<u>\$ 47,886</u>

The Foundation's goal is generally to maintain financial assets sufficient to meet operating expenses. The Foundation does not maintain a line of credit.

C. Inventory

The Foundation's inventory at June 30, 2024 consists entirely of merchandise held for sale. Inventory is stated at the lower of cost or net realizable value, with cost determined using the first-in, first-out (FIFO) method. Donated inventory is recorded at fair value at the date of donation. An inventory allowance of \$1,382 was recorded as of June 30, 2024. During Fiscal Year 2024, the Foundation incurred expense of \$5,052 for the write-down of inventory, which is presented within Costs of Sales of Inventory on Exhibit C.

D. Related-Party Transactions and Balance

During the year ended June 30, 2024, the Foundation incurred and/or paid \$3,464 to the Organization for reimbursement of expenses paid for by the Organization on behalf of the Foundation. The Organization subleases space to the Foundation and provides administrative services for the Foundation. The agreement term is 24 months and runs through June 30, 2025. The total payments during the term of the lease fall below the Foundation's \$5,000 threshold for capitalization. During the year ended June 30, 2024, the Foundation incurred expense of \$2,400 and \$5,000 for rent and services, respectively. At June 30, 2024, the Foundation has an outstanding payable balance of \$5,256 due to the Organization.

E. Contributed Services

For the year ended June 30, 2024, the Foundation received contributed services for managing the operations of the Foundation from the previous Executive Director of the Organization. The revenue and equivalent expense recorded for the contributed services was \$1,680 for the year ended June 30, 2024. This amount is included in Contributions on Exhibit C, is allocated between program services and support services on Exhibit C, and is included on the Contractual Services (Labor) line of Exhibit D.

F. Concentration of Revenues

For the year ended June 30, 2024, approximately 28 percent of the revenues of the Foundation relate to conference sponsorships contributed by two entities.

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Illinois Grant Accountability and Transparency - Consolidated Year-End Financial Report
For the Year Ended June 30, 2024

CSFA Number	Program Name	State Funding	Federal Funding	Other Funding	Total
420-00-2725	Provision of Services to the Public from Named Line GRF &/or FIF Source	\$ 2,320,108	\$ -	\$ -	\$ 2,320,108
482-00-1610	Rural IL Opioid Overdose Prevention-Naloxone Distribution	-	641,696	-	641,696
546-00-3082	Less Lethal Alternatives for Law Enforcement	629,760	-	-	629,760
588-40-0455	Homeland Security Grant Program	-	5,482,641	-	5,482,641
588-40-1467	September 11th Fund Program	75,000	-	-	75,000
588-40-1714	Preparedness & Response Grant Program	2,450,958	-	-	2,450,958
	All Other Costs Not Allocated	-	-	258,951	258,951
Total		<u>\$ 5,475,826</u>	<u>\$ 6,124,337</u>	<u>\$ 258,951</u>	<u>\$ 11,859,114</u>

Reconciliation of GATA CYEFR Expenses to Audited Operating Expenses

GATA CYEFR Expenses	\$ 11,859,114
Less: Capitalized Grant Expenses	(2,939,173)
Add: Depreciation and Amortization on Capital Assets	100,245
Less: Change in Accrued Compensated Absences Related to Governmental Activities	<u>(1,220)</u>
Audited Operating Expenses on Exhibit B	<u>\$ 9,018,966</u>

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor / Pass-through Entity / Program Title	Assistance Listing Number	Pass-through Grantor's Identifying Number	Receivable (Unearned) Revenue 6/30/2023	Grant Funds Received	Federal Expenditures	Receivable (Unearned) Revenue 6/30/2024	Total Provided to Subrecipients
U.S. Department of Homeland Security							
<i>Pass-through from Illinois Emergency Management Agency</i>							
Homeland Security Grant Program	*	97.067					
State Homeland Security Program:							
2019 State Homeland Security Program		19SHILPHCM	\$ 161,118	\$ 161,118	\$ -	\$ -	\$ -
2020 State Homeland Security Program		20ILEASSRT	(34)	90,660	198,179	107,485	-
		20SHILEGEN	-	10,745	10,745	-	-
		20ILEASCOM	1,749	1,749	-	-	-
2021 State Homeland Security Program		21SHILEPST	(458)	-	-	(458)	-
		21SHILTRHS	7,808	7,808	-	-	-
		21SHILTRET	110	110	-	-	-
		21SHILTRST	(32,524)	-	32,524	-	-
		21SHILECOM	(19,230)	70,639	104,964	15,095	-
		21SHILSTET	(75,156)	11,646	86,802	-	-
		21SHILESRT	12,480	23,449	11,993	1,024	-
		21SHILEPCY	(43,335)	7,134	50,469	-	-
		21SHILEPHS	4,797	4,797	-	-	-
		21SHILECAR	59,432	59,432	-	-	-
		21SHILEPET	15,661	15,661	-	-	-
2022 State Homeland Security Program		22SHILESRT	187,409	1,336,356	1,230,452	81,505	-
		22SHILEPHS	(296,660)	882,863	1,152,106	(27,417)	-
		22SHILTRHS	-	586,010	590,603	4,593	-
		22SHILTRDV	(99,907)	206,274	306,181	-	-
		22SHILECAR	-	287,345	311,484	24,139	-
		22SHILEIME	(18,278)	30,814	49,092	-	-
		22SHILECOM	(28,428)	489,539	576,325	58,358	-
2023 State Homeland Security Program		23SHILESRT	-	7,996	158,702	150,706	-
		23SHILEPHS	-	-	8,354	8,354	-
		23SHILTRHS	-	-	283	283	-
		23SHILEIME	-	516	481	(35)	-
		23SHILECOM	-	-	43,354	43,354	-
Urban Area Security Initiative:							
2020 Urban Area Security Initiative		20UAILEGEN	-	2,149	116,849	114,700	-
2021 Urban Area Security Initiative		21UAILECOM	(4,268)	8,004	12,807	535	-
		21UAILEPLN	(5,659)	-	5,543	(116)	-
		21UAILESRT	(15,294)	876	16,170	-	-
2022 Urban Area Security Initiative		22UAILESRT	28,089	69,730	42,800	1,159	-
		22UAILEIME	(11,609)	20,542	32,151	-	-
		22UAILEPLN	(29,366)	70,960	93,543	(6,783)	-
		22UAILECOM	(15,269)	58,173	77,303	3,861	-
		22UAILECAR	-	111,046	126,986	15,940	-
2023 Urban Area Security Initiative		23UAILEIME	-	942	912	(30)	-
		23UAILECOM	-	-	10,273	10,273	-
		23UAILESRT	-	1,653	23,559	21,906	-
		23UAILEPLN	-	-	652	652	-
Total U.S Department of Homeland Security			<u>(216,822)</u>	<u>4,636,736</u>	<u>5,482,641</u>	<u>629,083</u>	<u>-</u>
U.S. Department of Health and Human Services							
<i>Pass-through from Illinois Department of Public Health</i>							
Substance Abuse and Mental Health Services Grant Program							
2023 Rural Illinois Opioid Overdose Prevention -Naloxone Distribution	93.243	32180074K	2,821	560,228	557,407	-	-
2024 Rural Illinois Opioid Overdose Prevention -Naloxone Distribution		42180103L	-	59,660	84,289	24,629	-
Total U.S. Department of Health and Human Services			<u>2,821</u>	<u>619,888</u>	<u>641,696</u>	<u>24,629</u>	<u>-</u>
Total			<u>\$ (214,001)</u>	<u>\$ 5,256,624</u>	<u>\$ 6,124,337</u>	<u>\$ 653,712</u>	<u>\$ -</u>

* - Denotes a major program.

See Notes to the Schedule of Expenditures of Federal Awards

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

1. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal grant activity of Illinois Law Enforcement Alarm System (the Organization) for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the Organization, which are presented in conformity with accounting principles generally accepted in the United States of America.

The Organization did not use the 10 percent de minimis indirect cost rate for the year ended June 30, 2024.

2. Basis of Accounting

The schedule has been prepared on the accrual basis of accounting. Expenditures include all accounts payable representing liabilities for goods and services received as of June 30, 2024.

3. Capital Assets

Capital asset purchases that are presented as expenditures in the schedule may be capitalized as assets by the Organization for presentation in the government-wide financial statements of the governmental activities.

4. Sub-recipients

There were no sub-recipients for the year ended June 30, 2024.



CERTIFIED PUBLIC ACCOUNTANTS



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*

To the Governing Board
Illinois Law Enforcement Alarm System
Urbana, Illinois

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, the business-type activities, the discretely presented component unit, and each major fund of Illinois Law Enforcement Alarm System (the Organization), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated January 20, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Organization's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Organization's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MH CPA PLLC

Champaign, Illinois
January 20, 2025



CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Governing Board
Illinois Law Enforcement Alarm System
Urbana, Illinois

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Illinois Law Enforcement Alarm System's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2024. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs (Schedule 3).

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

MH CPA PLLC
Champaign, Illinois
January 20, 2025

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

1. Summary of Auditor's Results

- a. Type of auditor's report issued on the financial statements: Unmodified
- b. The auditor's report did disclose a material weakness in internal control over financial reporting but did not report a significant deficiency.
- c. The auditor's report did not disclose instances of noncompliance material to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.
- d. The auditor's report did not disclose a material weakness or report a significant deficiency in internal control over the major federal award program.
- e. Type of auditor's report issued on compliance for the major program: Unmodified
- f. The auditor's report did not disclose any findings required to be reported in accordance with 2 CFR section 200.516a.
- g. Major program:
 - U.S. Department of Homeland Security
Homeland Security Grant Program
Assistance Listing Number: 97.067
- h. The dollar threshold used to distinguish Type A and Type B programs was \$750,000.
- i. The auditee does not qualify as a low-risk auditee.

2. Findings Related to the Financial Statements

2024-001: Material Adjusting Journal Entry Identified as a Result of Procedures Applied by the Organization's External Auditors.

Material Weakness

Criteria

Management is responsible for the preparation of the financial statements. Part of this responsibility is the identification, calculation, and recording of all significant adjusting journal entries required to present the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Conditions

Our audit procedures identified a material misstatement of amounts in the financial statements provided to us by management. Subsequent to identifying the misstatement, we proposed, and management approved, an adjusting journal entry, which has corrected the identified misstatement in the financial statements.

Population of Items Tested

Our audit procedures identified one material adjusting journal entry to correct an error in the financial statements that had not been previously identified by the Organization's internal controls.

Cause of Conditions

Management did not record the purchase of grant management software as a capital asset addition.

Effects of Conditions

The Organization's financial statements as of and for the year ended June 30, 2024, were misstated prior to the application of auditing procedures by the Organization's external auditors.

Auditor's Recommendations

1. The Organization's management should record all adjusting journal entries necessary to report the account balances and transaction of the Organization prior to providing the trial balance summarization to the auditor for use in the annual financial statements audit.
2. If there are adjusting entries that management leaves knowingly for the auditor to propose as part of the audit, this fact should be made clear to the auditor prior to the engagement. In addition, a member of management possessing the necessary accounting skills, knowledge, or experience must review the adjusting journal entries and the supporting documentation and provide specific approval of the calculation and the drafted adjusting journal entries.

View of Responsible Official

Management of the Organization will take measures to ensure compliance with the finding noted above.

3. Findings and Questioned Costs Related to Federal Award Programs

None noted.

ILLINOIS LAW ENFORCEMENT ALARM SYSTEM
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

2023-001: Material Adjusting Journal Entry Identified as a Result of Procedures Applied by the Organization's External Auditors.

Material Weakness

Conditions

Our audit procedures identified a material misstatement of amounts in the amounts in the financial statements provided to us by management. Subsequent to identifying the misstatement, we proposed, and management approved, an adjusting journal entry, which has corrected the identified misstatement in the financial statements.

Auditor's Recommendations

1. The Organization's management should record all adjusting journal entries necessary to report the account balances and transaction of the Organization prior to providing the trial balance summarization to the auditor for use in the annual financial statements audit.
2. If there are adjusting entries that management leaves knowingly for the auditor to propose as part of the audit, this fact should be made clear to the auditor prior to the engagement. In addition, a member of management possessing the necessary accounting skills, knowledge, or experience must review the adjusting journal entries and the supporting documentation and provide specific approval of the calculation and the drafted adjusting journal entries.

Status

A similar issue is noted for the year ended June 30, 2024 as 2024-001.