INTERGRATED LAW AND JUSTICE AGENCY FOR ORANGE COUNTY

Single Audit Report on Expenditures of Federal Awards

Year Ended June 30, 2007

INTERGRATED LAW AND JUSTICE AGENCY FOR ORANGE COUNTY

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Year Ended June 30, 2007

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To the Board of Directors
Integrated Law and Justice Agency for Orange County
Newport Beach, California

REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Integrated Law and Justice Agency for Orange County (the "Agency"), as of and for the year ended June 30, 2007 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management of the Integrated Law and Justice Agency for Orange County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
December 20, 2007

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To the Board of Directors
Integrated Law and Justice Agency for Orange County
Newport Beach, California

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of the Integrated Law and Justice Agency for Orange County (the "Agency") with the types of compliance requirements described in the U.S. Office of Management and Budget *(OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2007. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs are the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Agency's compliance with those requirements.

In our opinion, the Integrated Law and Justice Agency for Orange County has complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the Agency of Rancho Santa Margarita is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Agency of Rancho Santa Margarita's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency of Rancho Santa Margarita's internal control over compliance.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Integrated Law and Justice Agency for Orange County, as of and for the year ended June 30, 2007, and have issued our report thereon dated December 20, 2007. Our audit was performed for the purpose of forming our opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Directors, management of the Integrated Law and Justice Agency for Orange County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Irvine, California
December 20, 2007

INTEGRATED LAW AND JUSTICE AGENCY FOR ORANGE COUNTY

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2007

Federal Grantor/Pass-through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Program Identification Number	Federal Award Expenditures		Amounts Provided to Subrecipients
U.S. Department of Homeland Security:					
Passed through the State of California - Office of Emergency Services					
Urban Area Security Initiative	97.008	-	$ 1,267,996	* (1)	68,593
Subtotal			1,267,996		68,593
U.S. Department of Justice					
Direct Assistance:					
2002 COPS Technology Grant	16.710	-	428,035	*	76,484
Subtotal			428,035		76,484
Total expenditures of federal awards			$ 1,696,031		$ 145,077

* - Major program

(1) - Includes $263,697 of federal expenditures incurred in the previous year, however, were not reported in the SEFA for the year ended June 30, 2006.

See accompanying notes to schedule of expenditures of federal awards.

INTERGRATED LAW AND JUSTICE AGENCY FOR ORANGE COUNTY

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2007

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

(a) Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the Integrated Law and Justice Agency for Orange County (the "Agency") that are reimbursable under federal programs of federal financial assistance. For purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the Agency from non-federal organizations. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

(b) Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Expenditures reported include any property or equipment acquisitions incurred under the Federal program.

(c) Subrecipient Expenditures

During the fiscal year ended June 30, 2007, the Agency disbursed $76,484 of its 2002 COPS Technology Grant funds and $68,593 of its Urban Area Security Initiative funds to Agency members for the purchase of equipment as provided in the grant agreements.

INTERGRATED LAW AND JUSTICE AGENCY FOR ORANGE COUNTY

Schedule of Findings and Questioned Costs

Year Ended June 30, 2007

(A) Summary of Auditors' Results

1. An unqualified report was issued by the auditors on the financial statements of the auditee.

2. There were no material weaknesses in internal control over financial reporting, nor were there any significant deficiencies in internal controls as a result of the audit of the financial statements.

3. The audit disclosed no noncompliance which is material to the financial statements of the auditee.

4. There were no material weaknesses or other significant deficiencies in internal control over major programs of the auditee.

5. An unqualified report was issued by the auditors on compliance for major programs.

6. The audit disclosed no audit findings required by the auditors to be reported under paragraph .510(a) of OMB Circular A-133.

7. The major program of the auditee was the following:

   - Direct assistance from the U.S. Department of Justice, Community Oriented Policing (COPS) 2002 Tech Grant CFDA No. 16.710.

   - U.S. Department of Homeland Security passed through the Sate of California office of Emergency Services for the Urban Area Security Initiative (UASI) Grant CFDA No. 97.008.

8. The dollar threshold used to distinguish Type A and Type B programs was $300,000.

9. The auditee was not considered to be a low risk auditee for the year ended June 30, 2007 for purposes of major program determination, as defined by OMB Circular A-133 paragraph .530.

(B) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS

There are no auditors' findings required to be reported in accordance with GAGAS.

(C) Findings and Questioned Costs for Federal Awards as Defined in Paragraph .510(a) at OMB Circular A-133

There are no auditors' findings to be reported in accordance with paragraph .510(a) at OMB Circular A-133.

INTERGRATED LAW AND JUSTICE AGENCY FOR ORANGE COUNTY

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2007

No audit was preformed for the year ended June 30, 2006.