

CRIMINAL JUSTICE COORDINATING COUNCIL

**AUDITED FINANCIAL STATEMENTS
AND OTHER SUPPLEMENTARY INFORMATION
AND AUDITORS' REPORTS**

DECEMBER 31, 2003



**Auditor of State
Betty Montgomery**

Council Members
Criminal Justice Coordinating Council

We have reviewed the Independent Auditor's Report of the Criminal Justice Coordinating Council, Lucas County, prepared by Gilmore, Jasion & Mahler, LTD, for the audit period January 1, 2003 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Criminal Justice Coordinating Council is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

May 4, 2004

This Page is Intentionally Left Blank.

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	3
COMBINED BALANCE SHEET	4
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES	5
NOTES TO COMBINED FINANCIAL STATEMENTS.....	6 - 13
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	14
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	15
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	16 - 17
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	18 - 19
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	20
SCHEDULE OF STATUS OF PRIOR YEAR (2002) AUDIT FINDINGS.....	21

This Page is Intentionally Left Blank.

INDEPENDENT AUDITORS' REPORT

Council Members
Criminal Justice Coordinating Council
Toledo, Ohio

We have audited the accompanying combined financial statements of the Criminal Justice Coordinating Council as of and for the year ended December 31, 2003 as listed in the table of contents. These combined financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Criminal Justice Coordinating Council as of December 31, 2003, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Kevin M. Gilmore, CPA, CVA

In accordance with *Government Auditing Standards*, we have also issued our report, dated February 9, 2004 on our consideration of the Criminal Justice Coordinating Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

Adele M. Jasion, CPA

Andrew L. Mahler, CPA, CVA

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the combined financial statements taken as a whole.

J. Stephen Schult, CPA

Philip J. Newlove, CPA

Linda J. Hillstrom, CPA



February 9, 2004

**CRIMINAL JUSTICE COORDINATING COUNCIL
COMBINED BALANCE SHEET
December 31, 2003**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Types</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>
ASSETS AND OTHER DEBITS			
Current assets			
Cash	\$ 924,838	\$ 310,981	\$ 46,338
Accounts receivable	181,831	105,928	
Prepaid items	82,608	11,562	
Fixed assets			
Amount to be provided for accrued vacation and sick leave			
Total assets and other debits	<u>\$ 1,189,277</u>	<u>\$ 428,471</u>	<u>\$ 46,338</u>
LIABILITIES AND FUND EQUITIES			
Liabilities			
Accounts payable	\$ 37,938	\$ 177,865	\$ 0
Amounts held and due to others			46,338
Accrued wages and benefits	103,312		
Deferred revenue		216,548	
Total liabilities	<u>141,250</u>	<u>394,413</u>	<u>46,338</u>
Investment in general fixed assets			
Fund balances reserved for:			
Prepaid items	82,608	11,562	
Vested leave	106,832		
Encumbrances	32,415	43,420	
Unreserved:			
Fund balances designated for:			
Budget stabilization	244,335		
Equipment replacement	35,585		
Undesignated	546,252	(20,924)	
Total fund equity and other credits	<u>1,048,027</u>	<u>34,058</u>	<u>0</u>
Total liabilities and fund equities	<u>\$ 1,189,277</u>	<u>\$ 428,471</u>	<u>\$ 46,338</u>

<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	
\$ 0	\$ 0	\$ 1,282,157
		287,759
620,420		94,170
		620,420
	106,832	106,832
<u>\$ 620,420</u>	<u>\$ 106,832</u>	<u>\$ 2,391,338</u>
\$ 0	\$ 0	\$ 215,803
		46,338
	106,832	210,144
		216,548
<u>0</u>	<u>106,832</u>	<u>688,833</u>
620,420		620,420
		94,170
		106,832
		75,835
		244,335
		35,585
		525,328
<u>620,420</u>	<u>0</u>	<u>1,702,505</u>
<u>\$ 620,420</u>	<u>\$ 106,832</u>	<u>\$ 2,391,338</u>

The accompanying notes are an integral part of these financial statements.

**CRIMINAL JUSTICE COORDINATING COUNCIL
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES
For The Year Ended December 31, 2003**

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Revenues			
Local government:			
City of Toledo	\$ 1,820,900	\$ 0	\$ 1,820,900
Lucas County	598,795		598,795
Grants	173,494	709,522	883,016
Contracts	475,114	465,758	940,872
Agency equipment		177,165	177,165
Interest	14,705		14,705
Other	58,399	121	58,520
	<hr/>	<hr/>	<hr/>
Total revenues	3,141,407	1,352,566	4,493,973
Expenditures			
Personnel	2,112,221		2,112,221
Computer services	264,920	404,118	669,038
Grant allocations		699,754	699,754
Support cost	238,221		238,221
Consultants	110,678	328,755	439,433
Capital outlay	442,959	36,718	479,677
Supplies	24,570		24,570
Other	59,867		59,867
	<hr/>	<hr/>	<hr/>
Total expenditures	3,253,436	1,469,345	4,722,781
Deficiency of revenues over expenditures	(112,029)	(116,779)	(228,808)
Fund balance – January 1, 2003	<hr/>	<hr/>	<hr/>
	1,160,056	150,837	1,310,893
Fund balance – December 31, 2003	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 1,048,027	\$ 34,058	\$ 1,082,085

The accompanying notes are an integral part of these financial statements.

CRIMINAL JUSTICE COORDINATING COUNCIL
NOTES TO COMBINED FINANCIAL STATEMENTS
December 31, 2003

Note 1—Summary of significant accounting policies

Description of the entity

The Criminal Justice Coordinating Council (CJCC) is an entity organized to promote cooperation and coordination between and among separate governmental units and agencies for improving the criminal justice system in the Toledo/Lucas County area through planning, analysis, technical assistance, training, and information management. The CJCC provides these services in three major areas. The first major area is the Northwest Ohio Regional Information System (NORIS) project which provides applications programming, computer training, computer hardware and network support services for an automated regional information system for local criminal justice agencies. Regional planning efforts is the second major area in which the CJCC provides services and includes providing planning, grants management, and coordination efforts for local criminal justice agencies and units of government. The third major area is an administrative services component that is responsible for coordinating activities between project areas.

Basis of accounting

All financial transactions for the governmental funds of the CJCC are reported on the modified accrual basis of accounting. Under this accounting method, revenues are recognized when they become both measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the CJCC, available means expected to be received within sixty days after year-end. Expenditures are generally recognized when the related fund liability is incurred. Agency fund assets and liabilities are recognized on the modified accrual basis of accounting, since this fund is custodial in nature and does not involve measurement of results of operations.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments on the expenditure of resources are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental fund types. Encumbrances outstanding at year end are reported as reservations of fund balances, since they do not constitute expenditures or liabilities.

Fund accounting

The CJCC maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds.

CRIMINAL JUSTICE COORDINATING COUNCIL
NOTES TO COMBINED FINANCIAL STATEMENTS-CONTINUED
December 31, 2003

Note 1—Summary of significant accounting policies – continued

Fund accounting - continued

The CJCC uses the following fund types and account groups:

Governmental fund type

General fund: This fund accounts for the general operating revenues and expenditures of the CJCC not recorded elsewhere. The primary revenue sources are local government fees and contracts.

Special revenue fund: This fund type is used to account for specified governmental revenues requiring separate accounting because of legal or regulatory provisions. Activity of the Action Fund and the NORIS Agency Fund is included in the Special Revenue Fund. The Action Fund includes revenues and expenditures related to various federal grants.

Fiduciary fund type

Agency fund: This fund type is used to account for and maintain assets held in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. Activity of the Metro Drug Task Force and the Toledo Police Department (TPD) Vice Unit accounts is included in this fund.

Account groups

General fixed assets account group: This account group is used to present the general fixed assets of the CJCC utilized in its general operations. General fixed assets include furniture, fixtures, equipment, vehicles, computer equipment, and building improvements.

General long-term debt account group: This account group is used to account for all long-term obligations of the CJCC, including all long-term accrued vacation and sick leave pay.

Total (memorandum only) columns

Total columns on the combined statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Such data is not comparable to a consolidation, since interfund eliminations have not been made.

Accounts receivable

Accounts receivable are comprised of grants, contracts, and other receivables primarily from governmental entities. Receivables are considered fully collectible at December 31, 2003, and reflect market value.

Prepaid items

Prepaid items and the portion of the fund balance reserved for prepaid items represent computer maintenance and other agreements paid in or prior to 2003 that expire in 2004 or later.

CRIMINAL JUSTICE COORDINATING COUNCIL
NOTES TO COMBINED FINANCIAL STATEMENTS-CONTINUED
December 31, 2003

Note 1—Summary of significant accounting policies – continued

Fixed assets

All fixed assets which are acquired for general governmental and other purposes are reported as expenditures in the fund that finances the asset acquisition, and are capitalized in the General Fixed Assets Account Group. Fixed assets are recorded at cost. The CJCC has elected not to record depreciation in the General Fixed Assets Account Group, in accordance with generally accepted accounting principles for governmental entities.

Accumulated unpaid vacation and sick leave

Accumulated unpaid vested vacation and sick pay are recorded as accrued wages and benefits on the financial statements. The CJCC employees accumulate sick leave at a rate of 15 days per year. Upon retirement, if the employee has completed twenty or more years of service with the CJCC, reimbursement for sick leave shall be at one-half (50%) of the employee's final rate of pay up to a maximum of 500 hours of accumulated but unused sick leave. Payments at retirement for accumulated sick leave are calculated using the rate of compensation at the date of retirement.

The CJCC employees accumulate vacation leave at a rate of between two and five weeks per year, depending on their length of service. The CJCC policy restricts employees from carrying forward more than 240 hours of vacation leave per calendar year. Any unused leave is paid out upon termination or retirement.

Deferred revenues

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*, the CJCC has recorded deferred revenue for cash received related to expenditure-driven grant programs.

Fund balances

The combined balance sheet of the CJCC includes reserves of fund equity for encumbrances, prepaid expenses, vested leave and budget stabilization. In addition, management has identified designations of fund equity as presented in the combined balance sheet.

Note 2—Funding and revenue recognition

Local government appropriations

Annually, the CJCC applies to the City of Toledo and Lucas County to obtain funds for operations. These governmental entities then approve an annual appropriation for the CJCC which may or may not be equal to the requested amount. The appropriated funds are received by the CJCC throughout the year, and are recorded as revenue in the year to which the appropriations relate. For the year ended December 31, 2003, 58% and 19% of total general fund revenues were received from the City of Toledo and Lucas County, respectively. At December 31, 2003, accounts receivable in the general fund and special revenue fund from the City of Toledo totaled \$151,742 and \$25,236, respectively.

**CRIMINAL JUSTICE COORDINATING COUNCIL
NOTES TO COMBINED FINANCIAL STATEMENTS-CONTINUED
December 31, 2003**

Note 2—Funding and revenue recognition - continued

Grants

The CJCC receives funds, which are administered through the Office of Criminal Justice Services and Department of Youth Services, from federal grants. The federal grants provide for the funds to be distributed to the CJCC and to other agencies and units of government for use in providing specified services.

Contracts

The services of NORIS are provided to various agencies and units of government under annual contract agreements. Revenue from contracts is primarily recorded ratably over the contract periods.

Agency equipment

Agency equipment revenues represent reimbursement for computer hardware and other equipment purchased on behalf of local criminal justice agencies by the NORIS Agency Fund.

Note 3—Cash and investments

General and special revenue funds

Cash resources of the general and special revenue funds are combined to form a pool of cash and cash equivalents. The CJCC considers highly liquid investments with original maturities of three months or less to be cash and cash equivalents. Deposits are carried at cost. The carrying amount of deposits is separately displayed on the combined balance sheet as “Cash.”

Ohio statutes require that deposits be placed in eligible banks located in Ohio. Any public depository in which the CJCC places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such, municipal corporation or other authority.

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 100,000	\$ 100,000
Category 3	1,135,819	1,123,019
	\$ 1,235,819	\$ 1,223,019

At December 31, 2003, FDIC covered \$100,000 of CJCC’s deposits (bank balances). All remaining deposits were classified as Category 3 pursuant to GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*. Category 3 deposits are collateralized with securities held by the pledging institution’s trust department but not in the CJCC’s name. The carrying value of all cash deposits approximates fair value.

Agency funds

Agency fund cash accounts represent bank balance deposits totaling \$42,504 insured up to \$100,000 by the National Credit Union Administration, and several petty cash and discreet cash on hand funds which were unsecured at December 31, 2003.

CRIMINAL JUSTICE COORDINATING COUNCIL
NOTES TO COMBINED FINANCIAL STATEMENTS-CONTINUED
December 31, 2003

Note 4—Agency fund

A summary of the changes in the assets and liabilities of the agency fund is as follows:

Metro Drug Task Force and TPD Vice Unit	Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
Assets:				
Cash	\$ 82,081	\$ 278,236	\$ 313,979	\$ 46,338
Due to:				
Task Force and TPD	\$ 82,081	\$ 278,236	\$ 313,979	\$ 46,338

Note 5—General fixed assets

A summary of the changes in the general fixed assets, by asset type, is as follows:

	Balance January 1, 2003	Additions	Disposals	Balance December 31, 2003
Leasehold improvements	\$ 24,564	\$ 127,987	\$ 21,364	\$ 131,187
Furniture and fixtures	35,159	5,965		41,124
Computer equipment	87,476	333,989	1,200	420,265
Office equipment	18,721	1,400	9,827	10,294
Vehicles	17,550			17,550
Total	\$ 183,470	\$ 469,341	\$ 32,391	\$ 620,420

Note 6—Lease commitments

Operating leases

The CJCC rented office facilities for \$10,342 per month under a lease agreement that expired on March 31, 2003. The CJCC signed an amendment to extend the lease for a portion of that office facility until July 31, 2003 for \$2,899 per month. All expenses for operating and maintaining the facilities were paid by the CJCC under these leases.

Beginning April 1, 2003, the CJCC entered into an operating lease for a new office facility under a subleasing agreement with the City of Toledo. This lease has a five-year term with monthly rent payments of \$11,250. This amount includes operating expenses such as electricity and maintenance. As part of this lease agreement, the first four rent payments were applied as a supplement towards agreed upon build-out items paid for by the CJCC. Total rent expense under all building leases for the year ended December 31, 2003 was \$95,972.

CRIMINAL JUSTICE COORDINATING COUNCIL
NOTES TO COMBINED FINANCIAL STATEMENTS-CONTINUED
December 31, 2003

Note 6—Lease commitments-continued

The CJCC entered into a thirty-six month operating lease for a copier in August 2001. Total payments which include copier supplies and the lease expense amounted to \$15,109 for the year ended December 31, 2003.

The minimum future annual rental commitment under all CJCC leases at December 31, 2003 is as follows:

<u>Year</u>	<u>Total</u>
2004	\$ 142,639
2005	135,000
2006	135,000
2007	135,000
2008	33,750
	<u>\$ 581,389</u>

Note 7—Pension and other post-employment obligations

PERS

The employees of the CJCC are covered by the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code (ORC) provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4262, calling (614)-466-2085 or accessing the PERS web site at www.opers.org.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. During 2003, the employer contribution rate was 13.55% of covered payroll for the period January through December 2003. The CJCC's contributions to PERS for the years ending December 31, 2003, 2002 and 2001 were \$215,249, \$206,872 and \$205,611, respectively, and were equal to the required contribution for those years.

CRIMINAL JUSTICE COORDINATING COUNCIL
NOTES TO COMBINED FINANCIAL STATEMENTS-CONTINUED
December 31, 2003

Note 7—Pension and other post-employment obligations-continued

All benefits are established by legislature pursuant to Ohio Revised Code Chapter 145. Members are eligible for retirement benefits at age 60 with 5 years or 60 contributing months of service credit, at age 55 with 25 or more years of service credit, or at any age with 30 or more years of service credit. The annual benefit is based on 2.2 percent of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5 percent for years of service in excess of 30 years. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit amounts. Upon reaching minimum retirement age, benefits are vested at the time of eligibility for monthly benefits.

Other post-employment benefits

Public Employees Retirement System of Ohio also provides post-retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund post employment health care through their contributions to PERS. The employer contribution included 5.0% to fund health care for the year.

OPEB's are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely.

The number of active contributing participants for PERS was 364,881. For the year ended December 31, 2003, expenditures for post retirement benefits for CJCC were approximately \$79,421. As of December 31, 2002, the estimated net assets available for future OPEB payment were approximately \$10 billion. The actuarially accrued liability and the assets unfunded actuarially accrued liability at December 31, 2002, were approximately \$18.7 billion and \$8.7 billion, respectively.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB's. Under the new method, effective January 1, 1999, employer contributions, equal to 5% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

Note 8—Ohio public employees deferred compensation program

The CJCC employees participate in a statewide deferred compensation plan created in accordance with Internal Revenue Code section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The deferred wages and any earned income are not subject to taxes until actually received by the employee.

CRIMINAL JUSTICE COORDINATING COUNCIL
NOTES TO COMBINED FINANCIAL STATEMENTS-CONTINUED
December 31, 2003

Note 9–Risk management

The CJCC maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Property and equipment are 90% coinsured. A liability policy covers all employees, elected and appointed officials, board members, and volunteers. None of the CJCC's settlements have exceeded the insurance coverage for each of the past three fiscal years.

The CJCC provides health insurance to its employees in conjunction with Lucas County. The County is self-insured for health and dental benefits. The CJCC is charged for its participant's share of the cost for its covered employees. The unpaid claim liability, if any, has not been determined.

Note 10–Settlement

On October 17, 1997, the CJCC entered into a settlement agreement with a computer consultant it sued for breach of contract. Under the terms of the agreement, the CJCC received a settlement of \$800,000. The settlement is to be received in quarterly installments of \$7,500 plus the proceeds from an escrow account and any proceeds received from the settling defendant's bankruptcy trustee. Amounts related to the settlement are recorded as revenue when they are received. In 2003, the CJCC received four quarterly payments of \$7,500, totaling \$30,000, which were paid to the County of Lucas and the City of Toledo to reimburse the County and the City for funds they paid to the CJCC for the consultant. The amount of proceeds, if any that will be received when the bankruptcy is settled is undeterminable.

Note 11 – Implementation of GASB Statement No. 34

This report does not incorporate GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The CJCC intends to adopt this pronouncement at the required time, but has not completed its evaluation of the impact of implementing this statement. Therefore, the CJCC is unable to disclose the impact that adoption of these statements will have on its financial position and results of operations.

**CRIMINAL JUSTICE COORDINATING COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2003**

Federal Grantor/ Pass-through Grantor/ Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identification Number	Federal Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Passed through the Department of Youth Services:				
Juvenile Accountability Incentive Block	16.523		01JB-1000 02-JB-1000	\$ 286,816 203,707
Juvenile Accountability Incentive Block Administration	16.523		01-JB-ADM-0291 02-JB-ADM-0292	1,151 <u>12,536</u>
Total Juvenile Accountability Incentive Block				504,210
Juvenile Justice Delinquency Prevention Block (Title V)	16.548		01JV-1016	82,636
Juvenile Justice Delinquency Prevention Block (Title II)	16.548		02JJ-1095	77,762
Juvenile Justice Delinquency Prevention Block (Title II) Administration	16.548		02-JJ-ADM-0287	<u>9,703</u>
Total Juvenile Justice Delinquency Prevention Block (Title II)				87,465
Passed through the Office of Criminal Justice Services:				
Narcotics Control Block Grant	16.579	83-48-981000	02-DG-G01-9201	73,245
Anti-Drug Administration	16.579	83-48-981000	01-DG-ADM-7575 02-DG-ADM-7576	8,524 <u>30,269</u>
Total Narcotics Control Block				112,038
Violence Against Women Act Administration	16.588	83-48-981000	02-WF-ADM-8826	<u>15,613</u>
Total Expenditures of Federal Awards				<u><u>\$ 801,962</u></u>

The accompanying notes are an integral part of this schedule.

**CRIMINAL JUSTICE COORDINATING COUNCIL
NOTES TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
December 31, 2003**

Note 1—Basis of presentation

The federal grant operations are included in the scope of the Office of Management and Budget's (OMB) Circular A-133 audit (Single Audit). The Single Audit was performed in accordance with the provisions of the OMB *Compliance Supplement for Single Audits of States, Local Government, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the combined financial statements.

The accompanying schedule of expenditures of federal awards includes all federal grants to the CJCC which had activity during the year ended December 31, 2003. This schedule has been prepared on the cash basis of accounting. Grant revenues are recorded for financial reporting purposes when the CJCC has met the qualifications for the respective grants. Certain funds are passed on to subrecipients upon receipt.

Note 2—Subrecipient grants

The CJCC provided disbursements under federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided To Subrecipients</u>
Juvenile Accountability Incentive Block	16.523	\$ 490,523
Juvenile Justice Delinquency Prevention Block (Title V)	16.548	82,636
Juvenile Justice Delinquency Prevention Block (Title II)	16.548	<u>77,762</u>
		<u>\$ 650,921</u>

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

Council Members
Criminal Justice Coordinating Council
Toledo, Ohio

We have audited the combined financial statements of the Criminal Justice Coordinating Council (CJCC) as of and for the year ended December 31, 2003, and have issued our report thereon, dated February 9, 2004. 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

As part of obtaining reasonable assurance about whether the Criminal Justice Coordinating Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Criminal Justice Coordinating Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the combined financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the combined financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the CJCC in a separate letter dated February 9, 2004.

Kevin M. Gilmore, CPA, CVA

Adele M. Jasion, CPA

Andrew L. Mahler, CPA, CVA

J. Stephen Schult, CPA

Philip J. Newlove, CPA

Linda J. Hillstrom, CPA

This report is intended solely for the information and use of the Council members, the CJCC's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gilmore, Jason & Mahler, LTD

February 9, 2004

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Council Members
Criminal Justice Coordinating Council
Toledo, Ohio

Compliance

We have audited the compliance of the Criminal Justice Coordinating Council (CJCC) with the types of compliance requirements described in the U.S. Office of Management and Budget's (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2003. The Criminal Justice Coordinating Council'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 each of its major federal programs is the responsibility of the Criminal Justice Coordinating Council's management. Our responsibility is to express an opinion on the Criminal Justice Coordinating Council'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 CJCC'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 CJCC's compliance with those requirements.

Kevin M. Gilmore, CPA, CVA

Adele M. Jasion, CPA

In our opinion, the CJCC complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

Andrew L. Mahler, CPA, CVA

Internal Control Over Compliance

The management of the CJCC 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 CJCC's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

J. Stephen Schult, CPA

Philip J. Newlove, CPA

Linda J. Hillstrom, CPA

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Council Members, the CJCC management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Gilmore, Jason ; Mahler, LTD

February 9, 2004

**CRIMINAL JUSTICE COORDINATING COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2003**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weakness(es)?	No
Type of auditors’ report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No

Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Program</u>
16.523	Juvenile Accountability Incentive Block
Dollar threshold used to distinguish between type A and type B programs	\$300,000

Auditee qualified as low-risk auditee? No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

**CRIMINAL JUSTICE COORDINATING COUNCIL
SCHEDULE OF STATUS OF PRIOR YEAR (2002) AUDIT FINDINGS**

There were no reportable findings for the year ended December 31, 2002.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CRIMINAL JUSTICE COORDINATING COUNCIL

LUCAS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 20, 2004**