

CRIMINAL JUSTICE COORDINATING COUNCIL

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

DECEMBER 31, 2005 AND 2004



**Auditor of State
Betty Montgomery**

Council Members
Criminal Justice Coordinating Council
One Government Center
Suite 1729
Toledo, Ohio 43604

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, 2005 through December 31, 2005. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

May 31, 2006

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GILMORE, JASION & MAHLER, LTD

INDEPENDENT AUDITORS' REPORT

Council Members
Criminal Justice Coordinating Council
Toledo, Ohio

We have audited the accompanying statements of net assets of the Criminal Justice Coordinating Council as of December 31, 2005 and 2004, and the related statements of revenue, expenses and changes in net assets, cash flows and net assets—agency fund for the years then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

Kevin M. Gilmore, CPA, CVA

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Criminal Justice Coordinating Council as of December 31, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Adele M. Jasion, CPA

Andrew L. Mahler,
CPA, CVA, CFFA

In accordance with *Government Auditing Standards*, we have also issued our report, dated January 27, 2006 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audits.

J. Stephen Schult, CPA

Philip J. Newlove, CPA

The management's discussion and analysis on pages 5 and 6 are not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Linda J. Hillstrom, CPA

Debra S. Gossman, CPA

Our audits were conducted for the purpose of forming an 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 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 basic financial statements. The other accompanying supplementary information is presented for the purpose of additional analysis 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 financial statements taken as a whole.

Gilmore, Jason & Mahler, LTD

January 27, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The following Management's Discussion and Analysis (MD&A) section of the Criminal Justice Coordinating Council (the Council's) financial report represents a discussion and analysis of the Council's financial performance during the fiscal year ended December 31, 2005. Please read it in conjunction with the Council's financial statements, which follow this section.

Financial Highlights

Key financial highlights for 2005 are as follows:

- In total, Net Assets increased \$209,943 or a 16.87% over 2004. Ending Net Assets amounted to \$1,454,216 at December 31, 2005.
- Total Assets increased \$305,146 or 15.98%, including net capital asset additions of \$328,655 during 2005.
- Total Liabilities increased by \$95,203 or a 14.32% from 2004.
- The CJCC had \$4,089,228 in operating expenses and \$4,316,693 in operating revenues. Non-operating revenue and expense totaled \$139,917.
- Grants administered by CJCC decreased \$222,764 or (15.74%) from 2004.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the CJCC as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at our specific financial conditions.

The Statements of Net Assets, similar to a traditional balance sheet, present information regarding assets and liabilities. The net assets of CJCC as of December 31, 2005 represent the difference between the total assets and total liabilities.

The Statements of Revenues, Expenses, and Changes in Net Assets, similar to a traditional Profit and Loss (P&L) Statement, report the operating and non-operating revenues and expenses, which upon combining determine the total change in net assets for the current year.

The Statements of Cash Flows report cash and cash equivalent activities for the fiscal year resulting from operating activities, capital and related financing, and investing activities. The net result of these activities added to the beginning of the year's cash and cash equivalents balance reconciles to the cash and cash equivalents balance at the end of the current fiscal year.

The Statements of Net Assets – Agency Fund are used to account for resources held for the benefit of parties outside CJCC. These statements are not reflected in the Statements of Net Assets, the Statements of Revenue, Expenses and Changes in Net Assets or the Statements of Cash Flows as the resources of the fund are not available to support the CJCC's own programs.

Contacting the Criminal Justice Coordinating Council's Financial Management

This financial report is designed to provide our citizens, taxpayers, patrons and creditors with a general overview of the Council's finances and to show the Council's accountability for the funds it receives or spends. If you have any questions about this report or need additional financial information, contact the Director of Administrative Services, Criminal Justice Coordinating Council, One Government Center, Suite 1720, Toledo, OH 43604 or call (419) 213-3800.

CRIMINAL JUSTICE COORDINATING COUNCIL
STATEMENTS OF NET ASSETS
December 31, 2005 and 2004

	2005	2004
ASSETS		
Current assets		
Cash and cash equivalents	\$ 812,306	\$ 1,130,270
Accounts receivable	605,818	183,664
Grants receivable	28,840	27,801
Prepaid expenses	136,117	107,416
Total current assets	1,583,081	1,449,151
Non-current assets		
Property and equipment	1,043,761	715,106
Accumulated depreciation	(412,624)	(255,185)
Net property and equipment	631,137	459,921
Total assets	\$ 2,214,218	\$ 1,909,072
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 213,516	\$ 87,757
Grants payable	166,719	185,631
Accrued payroll and related expenses	122,300	105,271
Accrued vacation and sick	130,937	126,792
Deferred revenue	126,530	159,348
Total current liabilities	760,002	664,799
Net assets		
Invested in property and equipment	631,137	459,921
Reserved for:		
Carryover grant allocations	219,854	201,973
Unrestricted net assets	603,225	582,379
Total net assets	\$ 1,454,216	\$ 1,244,273

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

CRIMINAL JUSTICE COORDINATING COUNCIL
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
For the Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Operating revenues		
Contract services	\$ 3,125,248	\$ 2,909,326
Grants	582,985	193,992
Computer equipment and software	383,504	177,734
Other	224,956	146,824
	<hr/>	<hr/>
Total operating revenues	4,316,693	3,427,876
Operating expenses		
Personnel	2,159,409	2,269,936
Computer services	1,188,185	582,025
Consultants	398,533	471,742
Support costs	287,975	271,017
Other	42,280	50,417
Supplies	12,846	30,420
	<hr/>	<hr/>
Total operating expenses	4,089,228	3,675,557
Operating income (loss) before depreciation	227,465	(247,681)
Depreciation	157,439	93,648
	<hr/>	<hr/>
Operating income (loss)	70,026	(341,329)
Non-operating revenue and expense		
Grant revenues	1,192,455	1,415,219
Less: Grant allocations to subrecipients	(1,070,932)	(1,267,057)
Interest income	18,394	6,837
	<hr/>	<hr/>
Total non-operating revenue, net	139,917	154,999
Change in net assets	209,943	(186,330)
Net assets at beginning of the year	1,244,273	1,430,603
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Net assets at end of the year	<u>\$ 1,454,216</u>	<u>\$ 1,244,273</u>

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

CRIMINAL JUSTICE COORDINATING COUNCIL
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2005 and 2004

	2005	2004
Cash flows from operating activities		
Cash received for services	\$ 3,861,721	\$ 3,435,603
Cash paid to employees	(2,138,235)	(2,248,017)
Cash paid to others	(1,832,761)	(1,366,301)
Net cash used in operating activities	(109,275)	(178,715)
Cash flows from non-capital financing activities		
Cash received from grants	1,153,592	1,426,586
Cash paid for grant allocations	(1,052,020)	(1,259,291)
Net cash provided by non-capital financing activities	101,572	167,295
Cash flows from capital and related financing activities		
Purchase of property and equipment	(328,655)	(100,966)
Net cash used in financing activities	(328,655)	(100,966)
Cash flows from investing activities		
Interest received on cash and cash equivalents	18,394	6,837
Net cash provided by investing activities	18,394	6,837
Net decrease in cash	(317,964)	(105,549)
Cash at beginning of year	1,130,270	1,235,819
Cash at end of year	\$ 812,306	\$ 1,130,270
Reconciliation of operating income (loss) to net cash used in operating activities		
Operating income (loss)	\$ 70,026	\$ (341,329)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation	157,439	93,648
Loss on disposal of property and equipment	0	2,747
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(422,154)	64,927
Prepaid expenses	(28,701)	(13,246)
Increase (decrease) in:		
Accounts payable	125,759	49,819
Accrued payroll and related expenses	17,029	1,959
Accrued vacation and sick	4,145	19,960
Deferred revenue	(32,818)	(57,200)
Net cash used in operating activities	\$ (109,275)	\$ (178,715)

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

**CRIMINAL JUSTICE COORDINATING COUNCIL
STATEMENTS OF NET ASSETS - AGENCY FUND
December 31, 2005 and 2004**

	2005	2004
ASSETS		
Restricted cash	\$ 25,041	\$ 35,818
Total assets	\$ 25,041	\$ 35,818
LIABILITIES AND NET ASSETS		
Liabilities - amounts held for others	\$ 25,041	\$ 35,818
Net assets	0	0
Total liabilities and net assets	\$ 25,041	\$ 35,818

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

CRIMINAL JUSTICE COORDINATING COUNCIL
NOTES TO FINANCIAL STATEMENTS-CONTINUED
December 31, 2005 and 2004

Note 1-Reporting entity

Description of the entity

The Criminal Justice Coordinating Council (the Council) 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 Council 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 Council 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.

The Agency 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. Agency funds are custodial in nature and do not involve measurement of results of operations.

Note 2-Summary of significant accounting policies

The basic financial statements of the Council have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. The Council's significant accounting policies are described below:

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred. All transactions are accounted for in a single enterprise fund.

Revenue from charges for services is reported as operating revenues. Expenses from employee wages and benefits, purchases of services, materials and supplies and other miscellaneous expenses are reported as operating expenses.

Non-operating revenues and expenses are all revenues and expenses not meeting the definition of operating revenues and expenses. Non-operating revenues and expenses include revenues and expenses from grant management, capital and related financing activities, and investing activities. Expenses relating to disbursements of grant allocations to subrecipients are reported as non-operating expenses.

CRIMINAL JUSTICE COORDINATING COUNCIL
NOTES TO FINANCIAL STATEMENTS-CONTINUED
December 31, 2005 and 2004

Note 2—Summary of significant accounting policies - continued

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Council follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles, Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict or contradict GASB pronouncements.

Cash and cash equivalents

For purposes of the statements of cash flows, the Council considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts receivable

Accounts receivable are comprised of contracts, and other receivables primarily from governmental entities. Receivables are considered fully collectible at December 31, 2005 and 2004, and reflect market value. Accordingly, no allowance for doubtful accounts is deemed necessary. When amounts are deemed to be uncollectible, they are expensed in the year in which that determination is made.

Prepaid expenses

Prepaid expenses represent computer maintenance and other agreements paid in or prior to December 31, 2005 and 2004 and expire in subsequent years.

Property and equipment

Property and equipment are stated at cost (or estimated historical cost) and updated for the costs of additions and retirements during the year. The Council capitalizes assets with a cost over \$1,000. Depreciation of property and equipment is based upon the estimated useful lives, ranging from three to forty years, of the various assets and is computed using the straight-line method.

Compensated absences

The Council follows GASB No. 16, *Accounting for Compensated Absences*, which requires that a liability be accrued for sick leave and vacation if it is probable that the employee will be compensated through a cash payment. The Council 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 Council, 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 Council employees accumulate vacation leave at a rate of between two and five weeks per year, depending on their length of service. The Council 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.

**CRIMINAL JUSTICE COORDINATING COUNCIL
NOTES TO FINANCIAL STATEMENTS-CONTINUED
December 31, 2005 and 2004**

Note 2–Summary of significant accounting policies - continued

Economic dependency

The Council provides services to the City of Toledo and Lucas County. For the years ended December 31, 2005 and 2004, 38% and 44% of total operating revenues were received from City of Toledo and 9% and 16% of total operating revenues were received from Lucas County, respectively. At December 31, 2005 and 2004, accounts receivable from the City of Toledo totaled \$141,189 and \$133,008, respectively.

Net assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, reduced by accumulated depreciation. Restricted net assets consist of monies and other resources which are restricted by specific agreements. At December 31, 2005 and 2004, restricted net assets for grant allocations represent net assets restricted for payment of future grant funding requests by sub recipients.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

Note 3–Cash and investments

The investments and deposits of the Council’s monies are governed by the provisions of the Ohio Revised Code (ORC). These statutes require that deposits be placed in eligible banks located in Ohio. Any public depository in which the Council 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. At December 31, 2005, the carrying value of the Council’s deposits is as follows:

	Carrying Amount	Bank Balance
Insured (FDIC)	\$ 100,000	\$ 100,000
Category 3	712,306	778,888
	\$ 812,306	\$ 878,888

As noted above, FDIC insurance covered approximately \$100,000 of the Council’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 Council’s name. The carrying value of all cash deposits approximates fair value.

CRIMINAL JUSTICE COORDINATING COUNCIL
NOTES TO FINANCIAL STATEMENTS-CONTINUED
December 31, 2005 and 2004

Note 4—Property and equipment

A summary of the changes in property and equipment, by asset type, is as follows:

	Balance January 1, 2005	Additions	Disposals	Balance December 31, 2005
Property and equipment:				
Leasehold improvements	\$ 130,425	\$ 30,622	\$	\$ 161,047
Furniture and fixtures	41,124			41,124
Computer equipment	515,713	298,033		813,746
Office equipment	10,294			10,294
Vehicles	17,550			17,550
Total property and equipment	715,106	328,655		1,043,761
Total accumulated depreciation	(255,185)	(157,439)		(412,624)
Net property and equipment	<u>\$ 459,921</u>	<u>\$ 171,216</u>	<u>\$</u>	<u>\$ 631,137</u>
	Balance January 1, 2004	Additions	Disposals	Balance December 31, 2004
Property and equipment:				
Leasehold improvements	\$ 131,187	\$ 2,438	\$ 3,200	\$ 130,425
Furniture and fixtures	41,124			41,124
Computer equipment	420,265	98,528	3,080	515,713
Office equipment	10,294			10,294
Vehicles	17,550			17,550
Total property and equipment	620,420	100,966	6,280	715,106
Total accumulated depreciation	(165,070)	(93,648)	(3,533)	(255,185)
Net property and equipment	<u>\$ 455,350</u>	<u>\$ 7,318</u>	<u>\$ 2,747</u>	<u>\$ 459,921</u>

CRIMINAL JUSTICE COORDINATING COUNCIL
NOTES TO FINANCIAL STATEMENTS-CONTINUED
December 31, 2005 and 2004

Note 5—Lease commitments

Operating leases

In April, 2003, the Council 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. Total rent expense under this building lease for the years ended December 31, 2005 and 2004 was \$135,000.

The Council entered into a thirty-six month operating lease for a copier in November 2004. Total payments which include copier supplies and the lease expense amounted to \$4,509 and \$13,193, respectively, for the years ended December 31, 2005 and 2004.

The minimum future annual rental commitment under all the Council leases at December 31, 2005 is as follows:

<u>Year</u>	
2006	\$ 139,509
2007	139,509
2008	38,259
2009	4,133
	<u>\$ 321,410</u>

Note 6—Pension and other post-employment obligations

PERS

The employees of the Council 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) 222-6701 or 800-222-7377 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 2005 and 2004, the employer contribution rate was 13.55% of covered payroll for the period January through December. The Council's contributions to PERS for the years ending December 31, 2005, 2004 and 2003 were \$219,810, \$227,091 and \$215,249, respectively, and were equal to the required contribution for those years. The accrued portion related to PERS expense as of December 31, 2005 and 2004 is \$48,577 and \$34,183, respectively.

CRIMINAL JUSTICE COORDINATING COUNCIL
NOTES TO FINANCIAL STATEMENTS-CONTINUED
December 31, 2005 and 2004

Note 6—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 retirees with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. 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 4.0% 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 355,287. For the year ended December 31, 2005, expenditures for post retirement benefits for the Council were approximately \$64,888. As of December 31, 2004, the estimated net assets available for future OPEB payment were approximately \$10.8 billion. The actuarially accrued liability and the assets unfunded actuarially accrued liability at December 31, 2004, were approximately \$29.5 billion and \$18.7 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 4.0% 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.

On September 9, 2004 the OPERS Retirement board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures the OPEB's health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

CRIMINAL JUSTICE COORDINATING COUNCIL
NOTES TO FINANCIAL STATEMENTS-CONTINUED
December 31, 2005 and 2004

Note 6—Pension and other post-employment obligations-continued

Under the HCPP, retirees for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

OPEB is financed through employer contributions and investment earnings thereon. PERS uses advance funding of its OPEB's on an actuarially determined basis. The most recent actuarial valuation of PERS' OPEB liability was performed as of December 31, 2004. The following significant actuarial assumptions were used in this valuation:

Funding method

An entry age normal actuarial cost method of valuation is used in the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability.

Assets valuation method

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

Investment return

The investment assumption rate was 8.00%.

Active employee total payroll

An annual increase of 4.00% compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.5% to 6.30%.

Health care costs

Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care cost were assumed to increase at 4.00% (the projected wage inflation rate).

Note 7—Ohio public employees deferred compensation program

The Council 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 FINANCIAL STATEMENTS-CONTINUED
December 31, 2005 and 2004

Note 8–Risk management

The Council 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 Council's settlements have exceeded the insurance coverage for each of the past three fiscal years.

The Council provides health insurance to its employees in conjunction with Lucas County. The County is self-insured for health and dental benefits. The Council 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 9–Settlement

On October 17, 1997, the Council entered into a settlement agreement with a computer consultant it sued for breach of contract. Under the terms of the agreement, the Council 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 2005 and 2004, the Council received four quarterly payments of \$7,500, totaling \$30,000, respectively, 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 Council for the consultant. The amount of proceeds, if any that will be received when the bankruptcy is settled is undeterminable.

Note 10–Commitments and contingencies

Grants

The Council received financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Council. However, in the opinion of the Council management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Council at December 31, 2005 and 2004.

**CRIMINAL JUSTICE COORDINATING COUNCIL
SCHEDULES OF OPERATING REVENUES
For the Years Ended December 31, 2005 and 2004**

	2005	2004
Operating revenues		
Contract services		
City of Toledo	\$ 1,694,269	\$ 1,520,900
Lucas County	386,924	538,916
Other	1,044,055	849,510
Total contract services	3,125,248	2,909,326
Grants		
SAFETI grant	460,112	81,455
Other grants	122,873	112,537
Total grants	582,985	193,992
Computer equipment and software		
Computer supply reimbursement	338,964	51,234
Software licenses	44,540	126,500
Total computer equipment and software	383,504	177,734
Other		
Agency equipment	38,506	53,995
Solitaire settlement	30,000	30,000
Miscellaneous	23,110	28,839
Website development	44,995	0
Metro personnel reimbursement	26,483	21,190
Record checks	61,862	12,800
Total other	224,956	146,824
Total operating revenues	\$ 4,316,693	\$ 3,427,876

**CRIMINAL JUSTICE COORDINATING COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2005**

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		04-JB-013-L011	\$ 80,677
Juvenile Accountability Incentive Block Administration	16.523		03-JB-ADM-0291	6,497
Total Juvenile Accountability Incentive Block				<u>87,174</u>
Juvenile Justice Delinquency Prevention Block (Title II)	16.548		03-JJ-RPU-1095	14,484
			04-JJ-RPU-1095	96,568
			05-JJ-RPU-1095	3,761
Juvenile Justice Delinquency Prevention Block (Title II) Administration	16.548		03-JJ-ADM-0287	9,962
			04-JJ-ADM-0287	<u>20,000</u>
Total Juvenile Justice Delinquency Prevention Block (Title II)				144,775
Passed through the Office of Criminal Justice Services:				
Narcotics Control Block Grant	16.579	83-48-981000	03-DG-RPU-1037	147,685
			04-DG-RPU-1047	538,361
Anti-Drug Administration	16.579	83-48-981000	03-DG-ADM-7575	17,024
			04-DG-ADM-7575	<u>46,117</u>
Total Narcotics Control Block				749,187
Violence Against Women Block Grant	16.588		03-WF-RPU-1038	41,816
			04-WF-RRU-1048	171,936
Violence Against Women Act Administration	16.588	83-48-981000	03-WF-ADM-8826	2,412
			04-WF-ADM-8826	<u>14,064</u>
Total Violence Against Women Block Grant				230,228
NORIS CRS - Next Generation	16.580		04-PS-PSN-340	25,000
NORIS AFIS/VPN Project	16.544		00-RU-NCV-9252	97,813
Passed through the Office of the Clerk of Court Toledo Municipal Court				
System Approach for Effective Tracking and Identification Grant	16.710		03-WE-BX-0027	<u>367,727</u>
Total Expenditures of Federal Awards				<u>\$ 1,701,904</u>

**CRIMINAL JUSTICE COORDINATING COUNCIL
NOTES TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
December 31, 2005**

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 Council which had activity during the year ended December 31, 2005. This schedule has been prepared on the cash basis of accounting. Grant revenues are recorded for financial reporting purposes when the Council has met the qualifications for the respective grants. Certain funds are passed on to subrecipients upon receipt.

Note 2–Subrecipient grants

The Council 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	\$ 80,677
Juvenile Justice Delinquency Prevention Block (Title II)	16.548	114,813
Violence Against Women Block Grant	16.588	213,752
Narcotics Control Block Grant	16.579	<u>686,045</u>
		<u>\$ 1,095,287</u>

GILMORE, JASION & MAHLER, LTD

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*

Council Members
Criminal Justice Coordinating Council
Toledo, Ohio

We have audited the financial statements of the Criminal Justice Coordinating Council (the Council) as of and for the year ended December 31, 2005, and have issued our report thereon, dated January 27, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 financial statements and not to provide an opinion 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 reportable 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 caused by error or fraud in amounts that would be material in relation to the 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.

Kevin M. Gilmore, CPA, CVA

Adele M. Jasion, CPA

Andrew L. Mahler,
CPA, CVA, CFFA

J. Stephen Schult, CPA

Philip J. Newlove, CPA

Linda J. Hillstrom, CPA

Debra S. Gossman, CPA

Compliance and Other Matters

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 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 that are required to be reported under *Government Auditing Standards*.

However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the Council in a separate letter dated January 27, 2006.

This report is intended solely for the information and use of the Council members, the Council'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, Jasion & Mahler, LTD

January 27, 2006

GILMORE, JASION & MAHLER, LTD

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON 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 (the Council) 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, 2005. 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 Council'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 Council's compliance with those requirements.

In our opinion, the Council 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, 2005.

Internal Control Over Compliance

The management of the Council 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 Council'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.

Kevin M. Gilmore, CPA, CVA

Adele M. Jasion, CPA

Andrew L. Mahler,
CPA, CVA, CFFA

J. Stephen Schult, CPA

Philip J. Newlove, CPA

Linda J. Hillstrom, CPA

Debra S. Gossman, 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 caused by error or fraud 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 Council 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

January 27, 2006

**CRIMINAL JUSTICE COORDINATING COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2005**

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)?	None reported
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>
16.579	Narcotics Control Block Grant
16.710	System Approach for Effective Tracking and Identification Grant

Dollar threshold used to distinguish between type A and type B programs	\$300,000
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Auditee qualified as low-risk auditee?	Yes
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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 (2004) AUDIT FINDINGS**

There were no reportable findings for the year ended December 31, 2004.



**Auditor of State
Betty Montgomery**

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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
JUNE 13, 2006**