

CRIMINAL JUSTICE COORDINATING COUNCIL

Basic Financial Statements and Supplementary Information

Years Ended December 31, 2018 and 2017

With Independent Auditors' Report

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Council Members
Criminal Justice Coordinating Council
One Government Center Suite 1720
Toledo, OH 43604-2209

We have reviewed the *Independent Auditor's Report* of the Criminal Justice Coordinating Council, Lucas County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2018 through December 31, 2018. 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 black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 1, 2019

This page intentionally left blank.

TABLE OF CONTENTS

Independent Auditors' Report.....	1 - 2
Management's Discussion and Analysis	3 - 9
Basis Financial Statements:	
Statements of Net Position.....	10
Statements of Revenues, Expenses, and Change in Net Position	11
Statements of Cash Flows.....	12
Statements Assets and Liabilities – Agency Fund	13
Notes to the Basic Financial Statements	15 - 31
Supplementary Information:	
Schedules of Operating Revenues	32
Required Supplementary Information:	
Schedule of the Council's Proportionate Share of OPERS Net Pension Liability.....	34
Schedule of the Council's Pension Contributions.....	35
Schedule of the Council's Proportionate Share of OPERS Net OPEB Liability	36
Schedule of the Council's OPEB Contributions.....	37
Additional Information:	
Schedule of Expenditures of Federal Awards	38
Notes to the Schedule of Expenditures of Federal Awards.....	39
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	40 - 41
Report on Compliance for the Major Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	42 - 44
Schedule of Findings and Questioned Costs	45

This page intentionally left blank.

INDEPENDENT AUDITORS' REPORT

To the Council
Criminal Justice Coordinating Council
Toledo, Ohio:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the remaining fund information of the Criminal Justice Coordinating Council (the "Council"), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the remaining fund information of the Criminal Justice Coordinating Council, as of December 31, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

During the year ended December 31, 2018, the Council adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions*. As a result of the implementation of GASB Statement No. 75, the Council restated net position at January 1, 2018 for the change in accounting principle (See Note 12). Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of proportionate share of net pension liability and contributions and net OPEB liability and contributions listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The schedules of operating revenues on page 32 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2019 on our consideration of the Criminal Justice Coordinating Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Criminal Justice Coordinating Council's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Toledo, Ohio
June 13, 2019

LUCAS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018 and 2017
UNAUDITED

The following Management's Discussion and Analysis (MD&A) section of the Criminal Justice Coordinating Council's (the Council) financial report represents a discussion and analysis of the Council's financial performance during the fiscal years ended December 31, 2018 and 2017. Please read it in conjunction with the Council's financial statements, which follow this section.

Financial Highlights

Key financial highlights for 2018 are as follows:

- In total, Net Position decreased \$45,169 or (2.2%) from 2017's restated balance, resulting in ending net position of (\$2,059,784) at December 31, 2018.
- Total Assets and Deferred Outflows of Resources decreased \$663,797 or (16.5%), including capital asset additions of \$111,560 during 2018.
- Total Liabilities and Deferred Inflows of Resources increased by \$840,884 or (18.3%) from 2017. Current liabilities decreased by \$223,840 or (23.1%). The Council recorded a combined net pension and net OPEB (Other Post Employment Benefits) liability of \$3,811,472 in 2018. Deferred inflows of resources increased \$701,493 or (414.1%). Deferred inflows at December 31, 2018 included deferred grant revenues from the Law Enforcement State Homeland Security Program (LESHSP, formerly LETPP), and the MacArthur Foundation Safety and Justice Challenge grant. The vast majority of the increase resulted from deferred inflows of resources from net pension and OPEB.
- The Council had \$4,477,977 in operating expenses and \$4,473,165 in operating revenues in 2018. Non-operating revenues and expenses netted to \$2,321 in 2018.
- Grants administered by the Council decreased \$333,394 or (29.9%) from 2017.

Using This Annual Financial Report

This annual report consists of a series of financial statements and footnotes to those statements. These statements are prepared and organized so the reader can understand the Council 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. For a summary of the Council's significant accounting policies, please see footnote number two attached to the financial statements.

The Statements of Net Position, similar to a traditional balance sheet, presents information regarding assets, deferred outflows, liabilities and deferred inflows. The net position of the Council as of December 31, 2018 and 2017 represents the difference between the total assets and deferred outflows and total liabilities and deferred inflows.

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

LUCAS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018 and 2017
UNAUDITED

The Statements of Cash Flows report changes in cash and cash equivalent activities for the fiscal year resulting from operating activities, capital and related financing activities, non-capital financing activities, 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 on the Statements of Net Position at the end of the current fiscal year.

The Statements of Net Position – Agency Fund are used to account for resources held for the benefit of parties outside the Council. This fund is not reflected in the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position or the Statements of Cash Flows of the Council as the resources of the fund are not available to support the Council's own programs.

Reporting the Council as a Whole

Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position

While this document contains the fund used by the Council to provide its program, the view of the Council as a whole encompasses all financial transactions and asks the question, "How did we do financially during 2018 and 2017?" The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position answer this question. These statements include *all assets, deferred outflows, liabilities, and deferred inflows* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Council's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the Council as a whole, the *financial position* of the Council has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the continued availability of grant funds at the federal, state and local levels.

In the Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position, the Council is presented as one activity, business-type.

- Business-type activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided.

Reporting the Council's Fund

Fund Financial Statements

The Council has only one fund; therefore, additional fund level statements are not presented.

LUCAS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018 and 2017
UNAUDITED

Statements of Net Position

The major components of the Statement of Net Position at December 31, 2018, 2017 and 2016 are reflected below:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Assets and Deferred Outflows of Resources			
Current assets	\$ 2,545,174	\$ 2,602,131	\$ 1,998,678
Capital assets	142,670	83,396	151,685
Deferred outflows of resources	<u>678,938</u>	<u>1,345,052</u>	<u>1,020,596</u>
Total assets and deferred outflows	<u>\$ 3,366,782</u>	<u>\$ 4,030,579</u>	<u>\$ 3,170,959</u>
Liabilities, Deferred Inflows of Resources, and Net Position			
Current Liabilities	\$ 744,183	\$ 968,023	\$ 554,760
Long Term Liabilities	3,811,472	3,448,241	2,606,678
Deferred inflows of resources	<u>870,911</u>	<u>169,418</u>	<u>228,674</u>
Total liabilities and deferred inflows	<u>5,426,566</u>	<u>4,585,682</u>	<u>3,390,112</u>
Net Position			
Investment in capital assets	142,670	83,396	151,685
Unrestricted net position	<u>(2,202,454)</u>	<u>(638,499)</u>	<u>(370,838)</u>
Total Net Position	<u>(2,059,784)</u>	<u>(555,103)</u>	<u>(219,153)</u>
Total liabilities, deferred inflows, and net position	<u>\$ 3,366,782</u>	<u>\$ 4,030,579</u>	<u>\$ 3,170,959</u>

LUCAS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018 and 2017
UNAUDITED

Total assets and deferred outflows decreased \$663,797 or (16.5%) in fiscal year 2018. The change in total assets and deferred outflows was primarily due to the change in deferred outflows related to pension and other postemployment benefits (OPEB). Grants receivable and accounts receivable each had a considerable decrease of 49.8% and 59.2%, respectively, while cash and cash equivalents had a slight increase of 5.3% or \$104,108 from 2017.

Total assets and deferred outflows increased \$859,620 or (27.1%) in fiscal year 2017. The change in total assets and deferred outflows was due mainly to deferred outflows related to pension, grants receivable, and an increase in cash and cash equivalents of 25.5% or \$399,526 from 2016.

In addition to GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" that was implemented in 2015, the Council implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" for the year ended December 31, 2018. These Statements significantly revise accounting for pension and OPEB costs and liabilities. As a result, the Council is reporting liabilities and deferred inflows/outflows of resources related to pension and other postemployment benefits (OPEB) on the accrual basis of accounting. These additional liabilities and deferred inflows/outflows of resources substantially impact the Council's unrestricted net position resulting in a further reduction of \$1,563,955 from 2017. The net pension liability and OPEB liability recognized by the Council at December 31, 2018 were \$2,262,262 and \$1,549,210, respectively.

Current liabilities decreased \$223,840 or (23.12%) in fiscal year 2018 due mainly to decreased grants payable at December 31. Total liabilities increased 3.2% resulting mostly from an increase in the proportionate share of the other postemployment benefits (OPEB) liability.

Current liabilities increased \$413,263 or (74.7%) in fiscal year 2017 due mainly to increased grants payable at December 31. Total liabilities increased 39.7% resulting mainly from an increase in the proportionate share of the net pension liability and an increase in grants payable.

What are the Council's Revenue Sources? The Council receives much of its revenue from contract services to the City of Toledo and Lucas County and operating grants. Sources of these grants are federal, state and local. The Council has multiple functions, with the major function being improving the justice system in the Toledo/Lucas County area, and all revenue is used to support this function.

LUCAS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018 and 2017
UNAUDITED

Statements of Revenues, Expenses and Changes in Net Position

The major components of the Statements of Revenues, Expenses and Changes in Net Position for fiscal years ended December 31, 2018, 2017 and 2016 are reflected below:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Operating Revenues	\$ 4,473,165	\$ 4,400,453	\$ 4,283,624
Operating Expenses	<u>4,477,977</u>	<u>4,648,522</u>	<u>4,227,368</u>
Operating income (loss) before depreciation	<u>(4,812)</u>	<u>(248,069)</u>	<u>56,256</u>
Depreciation	<u>42,678</u>	<u>90,288</u>	<u>112,134</u>
Operating income (loss)	(47,490)	(338,357)	(55,878)
Grant revenues	782,574	1,115,968	696,275
Less: grant allocations to subrecipients	(782,574)	(1,115,968)	(696,275)
Interest income	<u>2,321</u>	<u>2,407</u>	<u>1,983</u>
Total non-operating revenues and expenses	<u>2,321</u>	<u>2,407</u>	<u>1,983</u>
Changes in net position	(45,169)	(335,950)	(53,895)
Net position at beginning of year	(555,103)	(219,153)	(165,258)
Cummulative effect of change in accounting principle	<u>(1,459,512)</u>	<u>-</u>	<u>-</u>
Net position at end of the year	<u>\$ (2,059,784)</u>	<u>\$ (555,103)</u>	<u>\$ (219,153)</u>

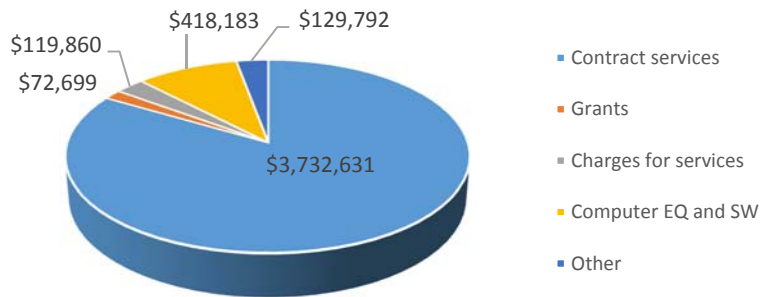
LUCAS COUNTY

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018 and 2017
UNAUDITED

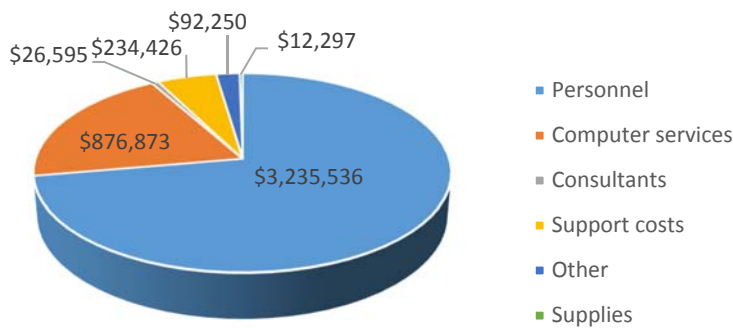
In fiscal year 2018, operating revenues increased 1.7% primarily from an increase in grant revenue and an increase in reimbursed computer supply purchases. Operating expenses decreased 3.7% as an outcome of each expense category decreasing slightly compared to 2017.

In fiscal year 2017, operating revenues increased 2.7% primarily from an increase in contract services. Expenditures increased 10% as a result of increased personnel expenses.

2018 Operating Revenue



2018 Operating Expenses



LUCAS COUNTY

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018 and 2017
UNAUDITED**

Statements of Cash Flows

In fiscal year 2018, cash and cash equivalents increased \$104,108. Net cash provided by operating activities increased \$50,483 primarily due to an increase in cash received for services. Net cash used in non-capital financing activities increased \$256,253 related to timing in receiving and disbursing grant funds. Net cash used in capital and related financing activities increased \$89,562 and net cash from investing activities slightly decreased \$86 in fiscal year 2018.

In fiscal year 2017, cash and cash equivalents increased \$399,526. Net cash provided by operating activities decreased \$38,951 primarily due to an increase in cash paid to employees. Net cash used in non-capital financing activities increased \$219,490 predominantly due to an increase in grant revenue and grant related activities. Net cash used in capital and related financing activities decreased \$4,876 and net cash from investing activities slightly increased \$424 in fiscal year 2017.

Cash flows for fiscal years ended December 31, 2018, 2017 and 2016 are reflected below:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities	\$ 337,356	\$ 286,873	\$ 325,824
Cash flows from non-capital financing activities	(124,009)	132,244	(87,246)
Cash flows from capital and related financing activities	(111,560)	(21,998)	(26,874)
Cash flows from investing activities	2,321	2,407	1,983
Net increase in cash	<u>\$ 104,108</u>	<u>\$ 399,526</u>	<u>\$ 213,687</u>

Capital Assets and Debt Administration

At the end of fiscal year 2018, the Council had \$142,670 investment in capital assets as compared to \$83,396 at December 31, 2017. The Council had no debt during 2018.

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 financial information, contact the Director of Administrative Services, Criminal Justice Coordinating Council, One Government Center, Suite 1720, Toledo, OH 43604 or call (567) 200-6850.

LUCAS COUNTY

STATEMENTS OF NET POSITION
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 1,977,644	\$ 1,749,528
Cash and cash equivalents - Restricted	90,493	214,501
Accounts receivable	56,179	137,861
Grants Receivable	96,833	192,926
Prepaid expenses	324,025	307,315
Total current assets	<u>2,545,174</u>	<u>2,602,131</u>
Non-current assets		
Property and equipment	1,481,625	1,405,923
Accumulated depreciation	(1,338,955)	(1,322,527)
Net property and equipment	<u>142,670</u>	<u>83,396</u>
Deferred outflows of resources		
Pension	564,933	1,345,052
OPEB	114,005	-
Net deferred outflows of resources	<u>678,938</u>	<u>1,345,052</u>
Total Assets and Deferred Outflows	<u>\$ 3,366,782</u>	<u>\$ 4,030,579</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current liabilities		
Accounts payable	\$ 82,292	\$ 163,801
Grants payable	176,475	369,025
Accrued payroll and related expenses	147,184	109,167
Matured compensated absences payable	338,232	326,030
Total current liabilities	<u>744,183</u>	<u>968,023</u>
Long term liabilities		
Net pension liability	2,262,262	3,448,241
Net OPEB liability	1,549,210	-
Total long term liabilities	<u>3,811,472</u>	<u>3,448,241</u>
Total liabilities	<u>4,555,655</u>	<u>4,416,264</u>
Deferred inflows of resources		
Grants	107,907	148,895
Pension	619,038	20,523
OPEB	143,966	-
Total deferred inflows of resources	<u>870,911</u>	<u>169,418</u>
Net Position		
Investment in capital assets	142,670	83,396
Unrestricted net position	(2,202,454)	(638,499)
Total net position	<u>\$ (2,059,784)</u>	<u>\$ (555,103)</u>
Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 3,366,782</u>	<u>\$ 4,030,579</u>

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

LUCAS COUNTY

STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenues		
Contract services	\$ 3,732,631	\$ 3,831,949
Grants	72,699	36,321
Charges for services	119,860	141,461
Computer equipment and software	418,183	253,747
Other	129,792	136,975
	<u>4,473,165</u>	<u>4,400,453</u>
Operating expenses		
Personnel	3,235,536	3,293,245
Computer services	876,873	950,959
Consultants	26,595	34,068
Support costs	234,426	243,008
Other	92,250	109,756
Supplies	12,297	17,486
	<u>4,477,977</u>	<u>4,648,522</u>
Operating loss before depreciation	(4,812)	(248,069)
Depreciation	<u>42,678</u>	<u>90,288</u>
Operating loss	(47,490)	(338,357)
Non-operating revenue and expense		
Grant revenues	782,574	1,115,968
Less: Grant allocations to subrecipients & vendors	(782,574)	(1,115,968)
Interest income	2,321	2,407
	<u>2,321</u>	<u>2,407</u>
Change in net position	(45,169)	(335,950)
Net position (deficit) at beginning of the year	(555,103)	(219,153)
Cumulative effect of change in accounting principle	<u>(1,459,512)</u>	<u>-</u>
Net position (deficit) at end of the year	<u><u>(2,059,784)</u></u>	<u><u>(555,103)</u></u>

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

LUCAS COUNTY

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Cash received for services	\$ 4,541,412	\$ 4,371,066
Cash paid to employees	(2,873,003)	(2,773,298)
Cash paid to others	(1,331,053)	(1,310,895)
Net cash provided by operating activities	<u>337,356</u>	<u>286,873</u>
Cash flows from non-capital financing activities		
Cash received from grants	851,115	947,152
Cash paid for grant allocations	(975,124)	(814,908)
Net cash provided by (used in) non-capital financing activities	<u>(124,009)</u>	<u>132,244</u>
Cash flows from capital and related financing activities		
Purchase of property and equipment	<u>(111,560)</u>	<u>(21,998)</u>
Cash flows from investing activities		
Interest received from cash and cash equivalents	<u>2,321</u>	<u>2,407</u>
Net increase in cash	104,108	399,526
Cash and cash equivalents at beginning of year	<u>1,964,029</u>	<u>1,564,503</u>
Cash and cash equivalents at end of year	<u>\$ 2,068,137</u>	<u>\$ 1,964,029</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ (47,490)	\$ (338,357)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	42,678	90,288
Loss on disposal of assets	9,608	-
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	81,682	5,758
Prepaid expenses	(16,710)	(35,298)
Deferred outflows - pension	780,119	(324,456)
Deferred outflows - OPEB	(90,359)	-
Increase (decrease) in:		
Accounts payable	(81,509)	79,680
Accrued payroll and related expenses	38,017	8,157
Accrued vacation and sick	12,202	24,366
Deferred inflows	(13,436)	(35,145)
Net pension liability	(1,185,979)	841,563
Net OPEB liability	66,052	-
Deferred inflows - pension	598,515	(29,683)
Deferred inflows - OPEB	143,966	-
Net cash provided by operating activities	<u>\$ 337,356</u>	<u>\$ 286,873</u>

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

LUCAS COUNTY

STATEMENTS OF ASSETS AND LIABILITIES – AGENCY FUND
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Restricted cash	\$ 7,146	\$ 18,733
Total assets	<u>7,146</u>	<u>18,733</u>
LIABILITIES		
Liabilities - amounts held for others	<u>7,146</u>	<u>18,733</u>
Total liabilities	<u>\$ 7,146</u>	<u>\$ 18,733</u>

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

This page intentionally left blank.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

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 planning, grants management, and coordinating 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) Drug and Vice Narcotics Unit is included in this fund. Agency funds are custodial in nature and do not involve measurement of results of operations.

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 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.

LUCAS COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

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.

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, 2018 and 2017. 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, 2018 and 2017, 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. In 2017, the Council approved to increase the threshold for capitalizing an asset from \$1,000 to a cost over \$5,000. 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 liability is accrued using the vesting method. 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 the employee's final rate of pay for no more than one-third (1/3) of their accrued but unused sick leave credit, not to exceed three hundred and twenty (320) hours. 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 between two and five weeks per year, depending on their length of service. The Council policy restricts employees from carrying forward more than three (3) years of vacation accrual per calendar year. Any unused leave is paid out upon termination or retirement.

Economic dependency

The Council provides services to the City of Toledo and Lucas County. For the years ended December 31, 2018 and 2017, 43% and 42% of total operating revenues were received from City of Toledo and 15% and 15% of

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

total operating revenues were received from Lucas County, respectively. At December 31, 2018 and 2017, accounts receivable related to allocated revenue from the City of Toledo and Lucas County totaled \$0.

Net position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Investment in capital assets represent capital assets, reduced by accumulated depreciation.

Restricted assets

Restricted assets consist of monies and other resources which are restricted by specific agreements. At December 31, 2018 and 2017, restricted cash and cash equivalents for grant allocations represent restricted assets for payment of future grant funding requests by subrecipients.

Pension and other postemployment benefits (OPEB)

For purposes of measuring the net pension and OPEB liabilities, information about the fiduciary net position of the pension and OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the Ohio Public Employees Retirement System of Ohio (OPERS). For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. OPERS reports investments at fair value.

Deferred outsources and deferred inflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources that represent a consumption of net position that applies to a future period(s), and so will not be recognized as an outflow of resource (expense) until then. For the Council, deferred outflows of resources are reported on the statement of net position for pension and OPEB, which are explained in Notes 6 and 7.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources that represent an acquisition of net position that applies to a future period(s), and so will not be recognized as an inflow of resource until then. For the Council, deferred inflows of resources are reported on the statement of net position for pension and OPEB, which are explained in Notes 6 and 7.

3. CASH AND INVESTMENTS

The Council has designated Fifth Third Bank for the deposit of funds and the Toledo Police Federal Credit Union for the deposit of the Council's Agency Funds. The Council's cash and cash equivalents are primarily subject to custodial credit risk, as further explained below.

Custodial credit risk is the risk that, in the event of bank failure, the Council's deposits may not be returned to it. Protection of the Council's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution, or by a single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of Council funds shall be required to pledge as security for repayment of all public monies.

LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

At December 31, 2018 and 2017, the carrying value of the Council’s deposits is as follows:

	Demand Deposits	
	2018	2017
Carrying Amount	\$ 2,075,283	\$ 1,982,762
Bank Balance	\$ 2,372,253	\$ 2,069,085

Of the bank balance, \$250,000 was insured by the Federal Depository Insurance Corporation and \$7,146 was insured by the National Credit Union Association (NCUA), and \$2,115,107 was uninsured and collateralized by securities held by the pledging institution’s trust department, not in the Council’s name.

At December 31, 2018 and 2017, the Council had no investments.

4. PROPERTY AND EQUIPMENT

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

	Balance 1/1/2018	Additions	Disposals	Balance 12/31/2018
Property and equipment:				
Leasehold improvements	\$ 161,047	\$ -	\$ -	\$ 161,047
Furniture and fixtures	36,493	-	-	36,493
Computer equipment	1,178,167	111,560	(35,858)	1,253,869
Office equipment	12,885	-	-	12,885
Vehicles	17,331	-	-	17,331
Total property and equipment	1,405,923	111,560	(35,858)	1,481,625
Accumulated Depreciation:				
Furniture and Fixtures	(33,990)	(877)	-	(34,867)
Computer Equipment	(1,098,541)	(41,141)	26,250	(1,113,432)
Office Equipment	(11,618)	(660)	-	(12,278)
Vehicles	(17,331)	-	-	(17,331)
Other	(161,047)	-	-	(161,047)
	<u>(1,322,527)</u>	<u>(42,678)</u>	<u>26,250</u>	<u>(1,338,955)</u>
Net property and equipment	<u>\$ 83,396</u>	<u>\$ 68,882</u>	<u>\$ (9,608)</u>	<u>\$ 142,670</u>

LUCAS COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

	Balance 1/1/2017	Additions	Disposals	Balance 12/31/2017
Property and equipment:				
Leasehold improvements	\$ 161,047	\$ -	\$ -	\$ 161,047
Furniture and fixtures	36,493	-	-	36,493
Computer equipment	1,156,169	21,998	-	1,178,167
Office equipment	12,885	-	-	12,885
Vehicles	17,331	-	-	17,331
Total property and equipment	<u>1,383,925</u>	<u>21,998</u>	<u>-</u>	<u>1,405,923</u>
Accumulated Depreciation:				
Furniture and Fixtures	(33,113)	(877)	-	(33,990)
Computer Equipment	(1,009,790)	(88,751)	-	(1,098,541)
Office Equipment	(10,958)	(660)	-	(11,618)
Vehicles	(17,331)	-	-	(17,331)
Other	(161,047)	-	-	(161,047)
	<u>(1,232,239)</u>	<u>(90,288)</u>	<u>-</u>	<u>(1,322,527)</u>
Net property and equipment	<u>\$ 151,686</u>	<u>\$ (68,290)</u>	<u>\$ -</u>	<u>\$ 83,396</u>

NOTE: Effective 1/1/2017, the fixed asset threshold was increased from \$1,000 to \$5,000. This resulted in fewer additions in property and equipment.

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 which expired April 2008. The current arrangement is a month to month lease 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, 2018 and 2017 was \$135,000 and \$135,000, respectively.

The Council entered into a sixty month operating lease for a copier in February 2014. Total payments which include copier supplies and the lease expense amounted to \$6,043 and \$5,566, respectively, for the years ended December 31, 2018 and 2017.

The minimum future annual rental commitment under all the Council leases at December 31, 2018 is as follows:

<u>Year</u>	
2019	614
	<u>\$ 614</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

6. DEFINED BENEFIT PENSION PLAN

Plan Description

The Council contributes to the Ohio Public Employees Retirement System of Ohio (OPERS), a cost-sharing multiple-employer defined benefit pension plan. OPERS administers three separate plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit plan with defined contribution features. While members may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Chapter 145 of the ORC assigns the Council to establish and amend benefit provisions to the OPERS Board of Trustees (Board). OPERS issues separate, publicly available financial report that includes the financial statements and required supplemental information. These reports may be obtained by contacting the OPERS at 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 1-800-222-PERS (7377) or www.opers.org/investments/cafr.shtml.

In accordance with GASB Statement No. 68, employers participating in the cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension liabilities of the plan. Although changes in the net pension liability generally are recognized as pension expense in the current period, GASB 68 requires certain items to be deferred and recognized as expense in the future periods. Deferrals for differences between projected and actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 3 to 9 years).

The net pension liability of the traditional pension plan and the Council's proportionate share of this net pension liability as of December 31, 2018 and 2017 are as follows:

	2018	2017
Net pension liability – all employers	\$ 15,688,061,327	\$ 22,708,299,469
Proportion of the net pension liability	0.014420%	0.015185%
Proportion share of net pension liability	\$ 2,262,262	\$ 3,448,241
Change in proportion of the net pension liability	-0.000765%	0.000136%

LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of December 31, 2018 and 2017:

	2018	2017
Deferred Outflows of Resources		
Net difference between projected and actual earnings on Pension plan investments	\$ -	513,522
Difference between expected and actual experience	2,310	4,674
Change in assumptions	270,355	546,934
Change in Council's proportionate share and difference in employer contributions	8,825	45,360
Council contributions subsequent to the measurement date	283,443	234,562
Total	\$ 564,933	1,345,052

	2018	2017
Deferred Inflows of Resources		
Net difference between projected and actual earnings on Pension plan investments	\$ 485,678	-
Change in Council's proportionate share and difference in employer contributions	88,778	-
Difference between expected and actual experience	44,582	20,523
Total	\$ 619,038	20,523

\$283,443 reported as deferred outflows of resources related to pension resulting from Council contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

	OPERS
2019	165,789
2020	(89,898)
2021	(213,867)
2022	(199,572)
	\$ (337,548)

Summary of Employer Pension Expense

Total pension expense recognized for the year ended December 31, 2018 including employer contributions and accruals associated with the recognition of the change in net pension liability and related deferrals is \$476,098.

The following table provides additional details on the pension benefit formulas, contribution requirements and significant assumptions used in the measurement of total pension liabilities for the retirement system:

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

OPERS	
Benefit Formula	<p>Benefits are calculated on the basis of age, final average salary (FAS) and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with 60 contributing months of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 or more years of service or at age 62 with 5 years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.</p> <p>The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.</p>
Cost-of-Living Adjustments	<p>Pre 1/7/2013 Retirees: 3.00% Simple Post 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple</p>
Contribution Rates	<p>Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2017 and 2018, employer rates for the State and Local Divisions were 14% of covered payroll. Member rates for the State and Local Divisions were 10% of covered payroll.</p>
Measurement Date	<p>December 31, 2017</p>
Actuarial Assumptions	<p>Valuation Date: December 31, 2017 Actuarial Cost Method: Individual entry age Investment Rate of Return: 7.50% Wage Inflation: 3.25% Projected Salary Increases: 3.25% - 10.75%, including wage inflation</p>
Mortality Rates	<p>RP-2014 health annuitant mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015 for males and 2010 for females. The mortality tables used in evaluating disability allowances were based on the RP-2014 disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables were determined by applying the MP-2015 mortality improvement scale to the above described tables.</p>
Date of Last Experience Study	<p>5 Year Period Ended December 31, 2015</p>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

OPERS																											
Investment Return Assumptions	<p>The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The following table displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Asset Class</th> <th style="text-align: center;">Target Allocation</th> <th style="text-align: center;">Long Term Expected Return*</th> </tr> </thead> <tbody> <tr> <td>Fixed Income</td> <td style="text-align: center;">23.0%</td> <td style="text-align: center;">2.20%</td> </tr> <tr> <td>Domestic Equities</td> <td style="text-align: center;">19.0%</td> <td style="text-align: center;">6.37%</td> </tr> <tr> <td>Real Estate</td> <td style="text-align: center;">10.0%</td> <td style="text-align: center;">5.26%</td> </tr> <tr> <td>Private Equity</td> <td style="text-align: center;">10.0%</td> <td style="text-align: center;">8.97%</td> </tr> <tr> <td>International Equities</td> <td style="text-align: center;">20.0%</td> <td style="text-align: center;">7.88%</td> </tr> <tr> <td>Other Investments</td> <td style="text-align: center;">18.0%</td> <td style="text-align: center;">5.26%</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 3px double black;">100.0%</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 3px double black;">5.66%</td> </tr> </tbody> </table> <p>* Returns presented as arithmetic means. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested for the Defined Benefit portfolio was 16.82% for 2017.</p>			Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	23.0%	2.20%	Domestic Equities	19.0%	6.37%	Real Estate	10.0%	5.26%	Private Equity	10.0%	8.97%	International Equities	20.0%	7.88%	Other Investments	18.0%	5.26%	Total	100.0%	5.66%
Asset Class	Target Allocation	Long Term Expected Return*																									
Fixed Income	23.0%	2.20%																									
Domestic Equities	19.0%	6.37%																									
Real Estate	10.0%	5.26%																									
Private Equity	10.0%	8.97%																									
International Equities	20.0%	7.88%																									
Other Investments	18.0%	5.26%																									
Total	100.0%	5.66%																									
Discount Rate	<p>The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.</p>																										
Sensitivity of Council's Proportionate Share of Net Pension Liabilities to Change in Discount Rate	<p>1% Decrease (6.50%)</p> <p>\$4,017,217</p>	<p>Current Discount Rate (7.50%)</p> <p>\$2,262,262</p>	<p>1% Increase (8.50%)</p> <p>\$799,175</p>																								

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

Defined Contribution Plans

OPERS also offers a defined contribution plan, the Member-Directed Plan (MD). The MD plan does not provide disability benefits, annual cost of living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

Combined Plans

OPERS also offer a combined plan. This is a cost-sharing multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefits. Employees electing the combined plan receive post-retirement health care benefits. OPERS provide retirement, disability, survivor and post-retirement health benefits to qualifying members of the combined plan.

Funding Policy

ORC provides OPERS statutory Council to set employee and employer contributions. The required contribution rates (as a percentage of covered payroll) for plan members and the Council are 10% and 14%, respectively.

The Council's contributions, which represent 100% of required employer contributions, for the year ended December 31, 2018 and for each of the two preceding years were \$283,443, \$247,727 and \$243,517.

7. DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and Combined plans. This trust is also used to fund health care for Member-Directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an other post employment benefit (OPEB) as described in GASB Statement No. 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

In accordance with GASB Statement No. 75, employers participating in the cost-sharing, multiple-employer plans are required to recognize a proportionate share of the collective net OPEB liabilities of the plan. Although changes in the net OPEB liability generally are recognized as OPEB expense in the current period, GASB 75 requires certain items to be deferred and recognized as expense in future periods. Deferrals for differences between projected and actual investment returns are amortized to OPEB expense over five years. Deferrals for employer contributions subsequent to the measurement date are amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees of 3.0916 years.

The net OPEB liability of OPERS and the Council’s proportionate share of this net OPEB liability as of December 31, 2018 are as follows:

	OPERS
Net OPEB liability – all employers	\$ 10,859,263,395
Proportion of the net OPEB liability	0.014266%
Proportionate share of the net OPEB liability	\$ 1,549,210
Change in proportion of the net OPEB liability	-0.000418%

Deferred outflows of resources and deferred inflows of resources for OPEB were related to the following sources as of December 31, 2018:

	OPERS
Deferred Outflows of Resources	
Difference between expected and actual experience	\$ 1,207
Change in assumptions	112,798
Total	<u>\$ 114,005</u>

	OPERS
Deferred Inflows of Resources	
Net difference between projected and actual earnings on OPEB plan investments	\$ 115,404
Change in Council’s proportionate share and difference in employer contributions	28,562
Total	<u>\$ 143,966</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	
2019	\$	11,999
2020		11,999
2021		(25,108)
2022		(28,851)
Total	\$	<u>(29,961)</u>

Summary of Employer OPEB Expense

Total OPEB expense recognized for the year ended December 31, 2018 including employer contributions and accruals associated with the recognition of the change in net OPEB liability and related deferrals is \$119,659.

The following table provides additional details on the OPEB contribution requirements and significant assumptions used in the measurement of total OPEB liabilities for the retirement system:

OPERS	
Contribution Rates	Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension and Combined plans was 1.0% during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0%.
Measurement Date	December 31, 2017
Actuarial Assumptions	<p>Valuation Date: December 31, 2016</p> <p>Rolled-Forward Measurement Date: December 31, 2017</p> <p>Actuarial Cost Method: Individual entry age</p> <p>Investment Rate of Return: 6.50%</p> <p>Single Discount Rate:</p> <p style="padding-left: 20px;">Current measurement date: 3.85%</p> <p style="padding-left: 20px;">Prior measurement date: 4.25%</p> <p>Municipal Bond Rate: 3.31%</p> <p>Wage Inflation: 3.25%</p> <p>Projected Salary Increases: 3.25% - 10.75%, including wage inflation</p> <p>Health Care Cost Trend Rate: 7.5% initial, 3.25% ultimate in 2028</p>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

OPERS																						
Mortality Rates	RP-2014 health annuitant mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015 for males and 2010 for females. The mortality tables used in evaluating disability allowances were based on the RP-2014 disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables were determined by applying the MP-2015 mortality improvement scale to the above described tables.																					
Date of Last Experience Study	5 Year Period Ended December 31, 2015																					
Investment Return Assumptions	<p>The long term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The following table displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Asset Class</th> <th style="text-align: center;">Target Allocation</th> <th style="text-align: center;">Long Term Expected Return*</th> </tr> </thead> <tbody> <tr> <td>Fixed Income</td> <td style="text-align: center;">34.0%</td> <td style="text-align: center;">1.88%</td> </tr> <tr> <td>Domestic Equities</td> <td style="text-align: center;">21.0%</td> <td style="text-align: center;">6.37%</td> </tr> <tr> <td>REITs</td> <td style="text-align: center;">6.0%</td> <td style="text-align: center;">5.91%</td> </tr> <tr> <td>International Equities</td> <td style="text-align: center;">22.0%</td> <td style="text-align: center;">7.88%</td> </tr> <tr> <td>Other Investments</td> <td style="text-align: center;">17.0%</td> <td style="text-align: center;">5.39%</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 3px double black;">100.0%</td> <td style="text-align: center; border-top: 1px solid black; border-bottom: 3px double black;">4.98%</td> </tr> </tbody> </table> <p>* Returns presented as arithmetic means. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested for the Health Care portfolio was 15.2% for 2017.</p>	Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	34.0%	1.88%	Domestic Equities	21.0%	6.37%	REITs	6.0%	5.91%	International Equities	22.0%	7.88%	Other Investments	17.0%	5.39%	Total	100.0%	4.98%
Asset Class	Target Allocation	Long Term Expected Return*																				
Fixed Income	34.0%	1.88%																				
Domestic Equities	21.0%	6.37%																				
REITs	6.0%	5.91%																				
International Equities	22.0%	7.88%																				
Other Investments	17.0%	5.39%																				
Total	100.0%	4.98%																				

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

OPERS			
Discount Rate	<p>A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50% and a municipal bond rate of 3.31%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.</p>		
Sensitivity of Council's Proportionate Share of Net OPEB Liabilities to Changes in Discount Rate	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
	\$2,058,242	\$1,549,210	\$1,137,476

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

OPERS			
Sensitivity of Council's Proportionate Share of Net OPEB Liabilities to Change in Health Care Cost Trend Rate	Current Health Care Cost Trend Rate Assumption		
	1% Decrease		1% Increase
	\$1,482,300	\$1,549,210	\$1,618,403
<p>Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.</p>			

Funding Policy

The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

For the year ended December 31, 2018, OPERS did not allocate any employer contributions to postemployment health care.

8. 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.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

9. 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% co-insured. 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 any of the past three fiscal years.

The Council provides health insurance to its employees in conjunction with Lucas County. Lucas 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.

10. 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 2018, 2017, and 2016, the Council did not receive any payments. Payments received are to be reimbursed to the County of Lucas and the City of Toledo 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.

11. 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 Council management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Council at December 31, 2018 and 2017.

12. CHANGE IN ACCOUNTING PRINCIPLE

For 2018, the Council implemented GASB Statement No. 85, *Omnibus 2017*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from GASB Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

LUCAS COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits. These changes were incorporated in the Council’s 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expenses. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

Net Position, December 31, 2017	\$ (555,103)
Adjustments:	
Net OPEB Liability	(1,483,158)
Deferred Outflow – Payments Subsequent to Measurement Date	23,646
Restated Net Position, December 31, 2017	\$ <u>(2,014,615)</u>

Other than employer contributions subsequent to the measurement date, the Council made no restatement for deferred outflows or inflows of resources as the information needed to generate these restatements was not available. Balances reported for the year ended December 31, 2017 have not been restated due to limitations on the information available from the retirement system. Additional information regarding net OPEB liabilities, related deferrals and pension expense is provided in Note 7.

LUCAS COUNTY

**Schedule of Operating Revenues
For the Years Ending December 31, 2018 and 2017**

	2018	2017
Operating revenues		
Contract services		
City of Toledo	\$ 1,945,256	\$ 1,844,238
Lucas County	669,170	669,235
CCNO	307,053	307,053
Other	811,152	1,011,423
Total contract services	3,732,631	3,831,949
Grants	72,699	36,321
Charges for services	119,860	141,461
Computer equipment and software	418,183	253,747
Other	129,792	136,975
	\$ 4,473,165	\$ 4,400,453

REQUIRED SUPPLEMENTARY INFORMATION

LUCAS COUNTY

Required Supplementary Information on GASB 68 Pension Liabilities
Schedule of The Council's Proportionate Share of OPERS Net Pension Liability
Ohio Public Employees Retirement System (OPERS) – Traditional Pension Plan

LAST FIVE YEARS

	Council's proportion of the net pension liability	Council's proportionate share of the net pension liability	Council's covered payroll	Council's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	0.014909%	\$1,757,577	\$1,763,893	99.64%	86.36%
2015	0.014909%	\$1,798,192	\$1,853,879	96.99%	86.45%
2016	0.015049%	\$2,606,678	\$1,940,407	134.34%	81.08%
2017	0.015185%	\$3,448,241	\$2,029,038	169.94%	77.25%
2018	0.014420%	\$2,262,262	\$1,905,592	118.72%	84.66%

Note: Information prior to 2014 was unavailable.

Amounts presented as the Council's measurement date, which is the prior year.

Notes to Schedule

Change in assumptions. In 2017, changes in assumptions were made based upon the updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

LUCAS COUNTY

Required Supplementary Information on GASB 68 Pension Liabilities
Schedule of The Council's Pension Contributions
Ohio Public Employees Retirement System (OPERS)—Traditional Pension Plan

LAST SIX YEARS

	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Council's covered payroll	Contributions as a percentage of covered payroll
2013	\$229,306	(\$229,306)	\$ -	\$1,763,896	13.00%
2014	\$222,465	(\$222,465)	\$ -	\$1,853,879	12.00%
2015	\$232,849	(\$232,849)	\$ -	\$1,940,407	12.00%
2016	\$243,517	(\$243,517)	\$ -	\$2,029,038	12.00%
2017*	\$247,727	(\$247,727)	\$ -	\$1,905,592	13.00%
2018	\$283,443	(\$283,443)	\$ -	\$2,024,593	14.00%

Note: Information prior to 2013 was unavailable.

* 2017 amounts were updated based on revised information.

LUCAS COUNTY

Required Supplementary Information on GASB 75 OPEB Liabilities
Schedule of The Council's Proportionate Share of OPERS Net OPEB Liability
Ohio Public Employees Retirement System (OPERS)—Traditional Pension Plan

LAST TWO YEARS

	Council's proportion of the net OPEB liability	Council's proportionate share of the net OPEB liability	Council's covered payroll	Council's proportionate share of the net OPEB liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2017	0.014684%	\$1,483,158	\$2,029,038	73.10%	54.05%
2018	0.014266%	\$1,549,210	\$1,905,592	81.30%	54.14%

Note: Information prior to 2017 was unavailable.

Amounts presented as the Council's measurement date, which is the prior year.

LUCAS COUNTY

Required Supplementary Information on GASB 75 OPEB Liabilities
Schedule of The Council's OPEB Contributions
Ohio Public Employees Retirement System (OPERS)—Traditional Pension Plan

LAST SIX YEARS

	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Council's covered payroll	Contributions as a percentage of covered payroll
2013	\$17,639	(\$17,639)	\$ -	\$1,763,896	1.00%
2014	\$37,078	(\$37,078)	\$ -	\$1,853,879	2.00%
2015	\$38,808	(\$38,808)	\$ -	\$1,940,407	2.00%
2016	\$40,581	(\$40,581)	\$ -	\$2,029,038	2.00%
2017	\$23,646	(\$23,646)	\$ -	\$1,905,592	1.00%
2018	\$ -	(\$ -)	\$ -	\$2,024,593	0.00%

Note: Information prior to 2013 was unavailable.

Criminal Justice Coordinating Council
 Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>				
<i>(Passed through City of Toledo)</i>				
HOME Investment Partnerships Program	14.239	46-2780	-	<u>6,370</u>
Total U.S. Department of Housing and Urban Development				<u>6,370</u>
<u>U.S. Department of Justice</u>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738		151,845	<u>155,705</u>
Second Chance Act Reentry Initiative	16.812		231,967	<u>375,003</u>
<i>(Passed through Ohio Department of Youth Services)</i>				
Juvenile Justice and Delinquency Prevention	16.540	13-JJ-RPU-1095S		14,743
Juvenile Justice and Delinquency Prevention	16.540	15-JJ-RPU-1095		69,925
Juvenile Justice and Delinquency Prevention	16.540	15-JJ-DMC-0288 (FY16-17)		10,000
Juvenile Justice and Delinquency Prevention	16.540	16-JJ-RPU-1095A		51,919
Juvenile Justice and Delinquency Prevention	16.540	16-JJ-DMC-0288		<u>5,477</u>
Total Juvenile Justice and Delinquency Prevention			136,587	<u>152,064</u>
<i>(Passed through Office of Criminal Justice Services)</i>				
Violence Against Women Formula Grants	16.588	15-WF-1088		846
Violence Against Women Formula Grants	16.588	16-WF-1088		105,114
Violence Against Women Formula Grants	16.588	16-WF-ADM-8826		8,444
Violence Against Women Formula Grants	16.588	17-WF-1088		106,792
Violence Against Women Formula Grants	16.588	17-WF-ADM-8826		<u>9,093</u>
Total Violence Against Women Formula Grants			<u>212,752</u>	<u>230,289</u>
Total U.S. Department of Justice				<u>913,061</u>
Total			\$ <u>733,151</u>	\$ <u>919,431</u>

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Criminal Justice Coordinating Council (the "Council") under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Council.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Council has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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***INDEPENDENT AUDITORS' REPORT**

To the Council
Criminal Justice Coordinating Council
Toledo, Ohio:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the remaining fund information of the Criminal Justice Coordinating Council (the "Council") as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated June 13, 2019, wherein we noted the Council implemented Governmental Accounting Standards Board Statement No. 75.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from 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*.

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Toledo, Ohio
June 13, 2019

**REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE****INDEPENDENT AUDITORS' REPORT**

To the Council
Criminal Justice Coordinating Council
Toledo, Ohio:

Report on Compliance for the Major Federal Program

We have audited the Criminal Justice Coordinating Council's (the "Council") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Council's major federal program for the year ended December 31, 2018. The Council's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Council's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on the Major Federal Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the remaining fund information of the Council as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements. We issued our report thereon dated June 13, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is present for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Toledo, Ohio
June 13, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

Federal Awards

Internal Control over major program:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major program:	unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	none
Identification of major program:	
<i>CFDA 16.812 – Second Chance Act Reentry Initiative</i>	
Dollar threshold to distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Schedule of Prior Audit Findings

None

This page intentionally left blank.

OHIO AUDITOR OF STATE
KEITH FABER



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
JULY 16, 2019**