CRIMINAL JUSTICE COORDINATING COUNCIL

Basic Financial Statements and Supplementary Information

Years Ended December 31, 2017 and 2016

With Independent Auditors' Report

CLARK SCHAEFER HACKETT
CPAS & ADVISORS

Council Members
Criminal Justice Coordinating Council
One Government Center, Suite 1720
Toledo, Ohio 43604

We have reviewed the *Independent Auditors' Report* of the Criminal Justice Coordinating Council, Lucas County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2017 through December 31, 2017. 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.

Dave Yost
Auditor of State

July 10, 2018

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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, 2017 and 2016, 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, 2017 and 2016, 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.

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 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 26 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 21, 2018 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 the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Criminal Justice Coordinating Council's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Toledo, Ohio
June 21, 2018

LUCAS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016
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, 2017 and 2016. Please read it in conjunction with the Council's financial statements, which follow this section.

Financial Highlights

Key financial highlights for 2017 are as follows:

- In total, Net Position decreased $335,950 or (153.3%) from 2016, resulting in ending net position of ($555,103) at December 31, 2017.

- Total Assets and Deferred Outflows of Resources increased $859,620 or (27.1%), including capital asset additions of $21,998 during 2017.

- Total Liabilities and Deferred Inflows of Resources increased by $1,195,570 or (35.3%) from 2016. Current liabilities increased by $413,263 or (74.5%). The Council recorded a net pension liability of $3,448,241 in 2017. Deferred inflows of resources decreased $59,256 or (25.9%). Deferred inflows at December 31, 2017 included grant revenues from the Annie E. Casey Foundation which is a privately funded grant, the SAFETI grant, the Law Enforcement State Homeland Security Program (LESHSP, formerly LETPP), and the MacArthur Foundation Safety and Justice Challenge grant. The decrease resulted from the termination of LESHSP grant.

- The Council had $4,648,522 in operating expenses and $4,400,453 in operating revenues in 2017. Non-operating revenues and expenses netted to $2,407 in 2017.

- Grants administered by the Council increased $419,693 or (60.3%) from 2016.

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, 2017 and 2016 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.

The Statements of Cash Flows reports 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 is 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 2017 and 2016?" 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016

UNAUDITED

Statements of Net Position

The major components of the Statement of Net Position at December 31, 2017, 2016 and 2015 are reflected below:

	2017	2016	2015
Assets			
Current Assets	$ 2,602,131	$ 1,998,678	$ 1,860,739
Capital Assets	83,396	151,685	236,945
Deferred Outflows of Resources - Pension	1,345,052	1,020,596	367,418
Total Assets and Deferred Outflows	$ 4,030,579	$ 3,170,959	$ 2,465,102
Current Liabilities	$ 968,023	$ 554,760	$ 608,825
Net Pension Liability	3,448,241	2,606,678	1,798,192
Total Liabilities	4,416,264	3,161,438	2,407,017
Deferred Inflows			
Deferred Inflows of Resources - Grants	148,895	$ 178,468	$ 191,752
Deferred Inflows of Resources - Pension	20,523	50,206	31,591
Total Deferred Inflows	169,418	228,674	223,343
Net Position			
Investment in Capital Assets	83,396	151,685	236,945
Unrestricted Net Position	(638,499)	(370,838)	(402,203)
Total Net Position	(555,103)	(219,153)	(165,258)
Total Liabilities, Deferred Inflows, and Net Position	$ 4,030,579	$ 3,170,959	$ 2,465,102

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016
UNAUDITED

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.

On January 1, 2015, the Council implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27", which significantly revises accounting for pension costs and liabilities. As a result, the Council is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. Net pension liability increased $841,563 in fiscal year 2017. The net pension liability recognized by the Council at December 31, 2017 was $3,448,241.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016
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, 2017, 2016 and 2015 are reflected below:

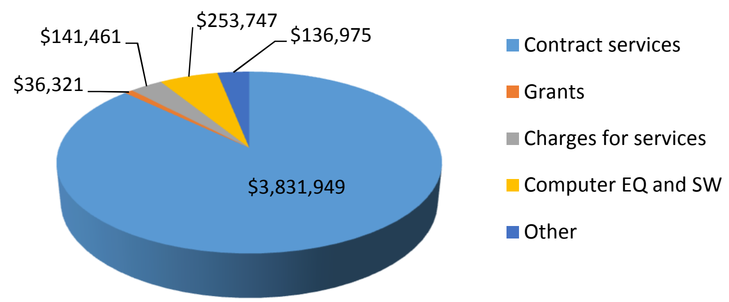
	2017	2016	2015
Operating Revenues	$ 4,400,453	$ 4,283,624	$ 4,555,747
Operating Expenses	4,648,522	4,227,368	4,260,390
Operating Income before depreciation	(248,069)	56,256	295,357
Depreciation	90,288	112,134	117,595
Operating Income	(338,357)	(55,878)	177,762
Grant Revenues	1,115,968	696,275	946,076
Less: Grant Allocations to Subrecipients	(1,115,968)	(696,275)	(946,076)
Interest Income	2,407	1,983	866
Total Non-Operating Revenues and Expenses	2,407	1,983	866
Changes in Net Position	(335,950)	(53,895)	178,628
Net Position at beginning of the year	(219,153)	(165,258)	1,153,963
Cumulative effect of change in accounting principle	-	-	(1,497,849)
Net position at end of the year	$ (555,103)	$ (219,153)	$ (165,258)

LUCAS COUNTY

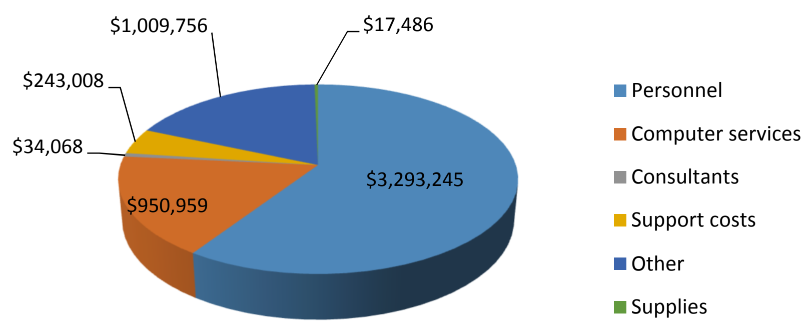
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016
UNAUDITED

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.

2017 Operating Revenue



2017 Operating Expenses



MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016
UNAUDITED

Statements of Cash Flows

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, 2017, 2016 and 2015 are reflected below:

	2017	2016	2015
Cash flows from operating activities	$ 286,873	$ 325,824	$ 221,988
Cash flows from non-capital financing activities	132,244	(87,246)	52,643
Cash flows from capital and related financing activities	(21,998)	(26,874)	(18,726)
Cash flows from investing activities	2,407	1,983	866
Net increase in cash	399,526	213,687	256,771

Capital Assets and Debt Administration

At the end of fiscal year 2017, the Council had $83,396 net investment in capital assets as compared to $151,685 at December 31, 2016. The Council had no debt during 2017.

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, 2017 and 2016

	2017	2016
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets		
Cash and cash equivalents	$ 1,749,528	$ 1,482,246
Cash and cash equivalents - Restricted	214,501	82,257
Accounts receivable	137,861	143,619
Grants receivable	192,926	18,539
Prepaid expenses	307,315	272,017
Total current assets	2,602,131	1,998,678
Non-current assets		
Property and equipment	1,405,923	1,383,925
Accumulated depreciation	(1,322,527)	(1,232,240)
Net property and equipment	83,396	151,685
Deferred Outflows of Resources		
Pension	1,345,052	1,020,596
Total Assets and Deferred Outflows	$ 4,030,579	$ 3,170,959
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current liabilities		
Accounts payable	$ 163,801	$ 84,121
Grants payable	369,025	67,965
Accrued payroll and related expenses	109,167	101,010
Matured compensated absences payable	326,030	301,664
Total current liabilities	968,023	554,760
Long term liability		
Net pension Liability	3,448,241	2,606,678
Total liabilities	4,416,264	3,161,438
Deferred inflows of resources		
Grants	148,895	178,468
Pension	20,523	50,206
	169,418	228,674
Net position		
Investment in capital assets	83,396	151,685
Unrestricted net position (deficit)	(638,499)	(370,838)
Total Net Position	$ (555,103)	$ (219,153)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 4,030,579	$ 3,170,959

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, 2017 and 2016

	2017	2016
Operating revenues		
Contract services	$ 3,831,949	$ 3,672,125
Grants	36,321	131,366
Charges for services	141,461	141,362
Computer equipment and software	253,747	230,840
Other	136,975	107,931
Total operating revenues	4,400,453	4,283,624
Operating expenses		
Personnel	3,293,245	2,899,018
Computer services	950,959	945,793
Consultants	34,068	30,142
Support costs	243,008	245,607
Other	109,756	94,640
Supplies	17,486	12,168
Total operating expenses	4,648,522	4,227,368
Operating income before depreciation	(248,069)	56,256
Depreciation	90,288	112,134
Operating income (loss)	(338,357)	(55,878)
Non-operating revenue and expense		
Grant revenues	1,115,968	696,275
Less: Grant allocations to subrecipients & vendors	(1,115,968)	(696,275)
Interest income	2,407	1,983
Total non-operating revenue, net	2,407	1,983
Change in net position	(335,950)	(53,895)
Net position (deficit) at beginning of the year	(219,153)	(165,258)
Net position (deficit) at end of the year	$ (555,103)	$ (219,153)

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

LUCAS COUNTY

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities		
Cash received for services	$ 4,371,066	$ 4,349,988
Cash paid to employees	(2,773,298)	(2,703,911)
Cash paid to others	(1,310,895)	(1,320,253)
Net cash provided by operating activities	286,873	325,824
Cash flows from non-capital financing activities		
Cash received from grants	947,152	687,532
Cash paid for grant allocations	(814,908)	(774,778)
Net cash (used in) and provided by non-capital financing activities	132,244	(87,246)
Cash flows from capital and related financing activities		
Purchase of property and equipment	(21,998)	(26,874)
Proceeds from sale of capital assets	-	-
Net cash used in capital and related financing activities	(21,998)	(26,874)
Cash flows from investing activities		
Interest received on cash and cash equivalents	2,407	1,983
Net increase in cash and cash equivalents	399,526	213,687
Cash and cash equivalents at beginning of year	1,564,503	1,350,816
Cash and cash equivalents at end of year	$ 1,964,029	$ 1,564,503
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	$ (338,357)	$ (55,878)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	90,288	112,134
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	5,758	74,159
Prepaid expenses	(35,298)	4,843
Deferred outflows - pension	(324,456)	(653,178)
Increase (decrease) in:		
Accounts payable	79,680	3,254
Accrued payroll and related expenses	8,157	(18,027)
Accrued vacation and sick	24,366	39,211
Deferred Inflows	(35,145)	(7,795)
Net pension liability	841,563	808,486
Deferred inflows - pension	(29,683)	18,615
Net cash provided by operating activities	$ 286,873	$ 325,824

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

LUCAS COUNTY

STATEMENTS OF ASSETS AND LIABILITIES – AGENCY FUND

December 31, 2017 and 2016

	2017	2016
ASSETS		
Restricted cash	$ 18,733	$ 17,561
Total assets	$ 18,733	$ 17,561
LIABILITIES		
Liabilities - amounts held for others	$ 18,733	$ 17,561
Total liabilities	$ 18,733	$ 17,561

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

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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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 (formerly Drug and Gang Reduction Team (DAGR)), 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. The Council's significant accounting policies are described below:

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

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

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

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, 2017 and 2016, and reflect market value. Accordingly, no allowance for doubtful accounts is deemed necessary. When amounts are deemed to be uncollectible, they are expensed in the year in which that determination is made.

Prepaid expenses
Prepaid expenses represent computer maintenance and other agreements paid in or prior to December 31, 2017 and 2016, 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, 2017 and 2016, 42% and 39% of total operating revenues were received from City of Toledo and 15% and

16% of total operating revenues were received from Lucas County, respectively. At December 31, 2017 and 2016, 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, 2017 and 2016, restricted cash and cash equivalents for grant allocations represent restricted assets for payment of future grant funding requests by subrecipients.

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. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At December 31, 2017 and 2016, the carrying value of the Council's deposits is as follows:

	Demand Deposits	
	2017	**2016**
Carrying Amount	$ 1,982,762	$ 1,582,064
Bank Balance	S 2,069,085	$ 1,637,526

Of the bank balance, $250,000 was insured by the Federal Depository Insurance Corporation and $18,733 was insured by the National Credit Union Association (NCUA), and $1,800,353 was uninsured and collateralized by securities held by the pledging institution's trust department, not in the Council's name.

At December 31, 2017 and 2016, 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 1/1/2017	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	1,383,925	21,998	-	1,405,923
Accumulated Depreciation:				
Furniture and Fixtures	(33,113)	(877)	-	(33,990)
Computer Equipment	(1,009,789)	(88,751)	-	(1,098,540)
Office Equipment	(10,958)	(660)	-	(11,618)
Vehicles	(17,331)	-	-	(17,331)
Other	(161,048)	-	-	(161,048)
	(1,232,239)	(90,288)	-	(1,322,527)
Net property and equipment	$ 151,686	$ (68,290)	$ -	$ 83,396

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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

	Balance 1/1/2016	Additions	Disposals	Balance 12/31/2016
Property and equipment:				
Leasehold improvements	$ 161,047	$ -	$ -	$ 161,047
Furniture and fixtures	36,493	-	-	36,493
Computer equipment	1,147,870	26,874	(18,575)	1,156,169
Office equipment	12,885	-	-	12,885
Vehicles	17,331	-	-	17,331
Total property and equipment	1,375,626	26,874	(18,575)	1,383,925
Accumulated Depreciation:				
Furniture and Fixtures	(32,236)	(877)	-	(33,113)
Computer Equipment	(917,767)	(110,597)	18,575	(1,009,789)
Office Equipment	(10,298)	(660)	-	(10,958)
Vehicles	(17,331)	-	-	(17,331)
Other	(161,048)	-	-	(161,048)
	(1,138,680)	(112,134)	18,575	(1,232,239)
Net property and equipment	$ 236,946	$ (85,260)	$ -	$ 151,686

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, 2017 and 2016 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 $5,566 and $4,837, respectively, for the years ended December 31, 2017 and 2016.

The minimum future annual rental commitment under all the Council leases at December 31, 2017 is as follows:

Year	
2018	$ 3,529
2019	588
	$ 4,117

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, 2017 are as follows:

	OPERS
Net pension liability – all employers	$ 22,708,299,469
Proportion of the net pension liability	0.015185%
Proportion share of net pension liability	$ 3,448,241
Change in proportion of the net pension liability	0.000136%

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

		OPERS
Deferred Outflows of Resources		
Net difference between projected and actual earnings on Pension plan investments	$	513,522
Difference between expected and actual experience		4,674
Change in assumptions		546,934
Change in Council's proportionate share and difference in employer contributions		45,360
Council contributions subsequent to the measurement date		234,562
Total	$	1,345,052

		OPERS
Deferred Inflows of Resources		
Difference between expected and actual experience	$	20,523

$234,562 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, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to the pensions will be recognized in pension expense as follows:

		OPERS
2018	$	467,416
2019		454,804
2020		182,800
2021		(15,053)
	$	1,089,967

Summary of Employer Pension Expense

Total pension expense recognized for the year ended December 31, 2017 including employer contributions and accruals associated with recognition of the change in net pension liability and related deferrals is $723,045.

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:

	OPERS
Benefit Formula	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. 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.
Cost-of-Living Adjustments	**Pre 1/7/2013 Retirees:** 3.25% Simple **Post 1/7/2013 Retirees:** 3.25% Simple through 2018, then 2.15% Simple
Contribution Rates	Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2016, 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.
Measurement Date	December 31, 2016
Actuarial Assumptions	**Valuation Date:** December 31, 2016 **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
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 in MP-2015 mortality improvement scale to the above described tables.
Date of Last Experience Study	5 Year Period Ended December 31, 2015

<table>
<tr><th></th><th>OPERS</th></tr>
<tr><td>Investment Return Assumptions</td><td>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 2016 and the long-term expected real rates of return:
<table>
<tr><th>Asset Class</th><th>Target Allocation</th><th>Long Term Expected Return*</th></tr>
<tr><td>Fixed Income</td><td>23.0%</td><td>2.75%</td></tr>
<tr><td>Domestic Equity</td><td>20.7%</td><td>6.34%</td></tr>
<tr><td>Real Estate</td><td>10.0%</td><td>4.75%</td></tr>
<tr><td>Private Equity</td><td>10.0%</td><td>8.97%</td></tr>
<tr><td>International Equity</td><td>18.3%</td><td>7.95%</td></tr>
<tr><td>Other Investments</td><td>18.0%</td><td>4.92%</td></tr>
<tr><td>Total</td><td>100.0%</td><td>5.66%</td></tr>
</table>
*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 is 8.3% for 2016.</td></tr>
<tr><td>Discount Rate</td><td>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.</td></tr>
<tr><td>Sensitivity of Council’s Proportionate Share of Net Pension Liability to Change in Discount Rate</td><td>
<table>
<tr><th>1% Decrease (6.50%)</th><th>Current Discount Rate (7.50%)</th><th>1% Increase (8.50%)</th></tr>
<tr><td>$5,267,957</td><td>$3,448,241</td><td>$1,931,827</td></tr>
</table></td></tr>
</table>

Change in assumptions

In 2016 measurement period, changes in assumptions were made based upon an 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.

Defined Contribution Plans
OPERS also offer 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.

Post-Retirement Health Care Benefits
OPERS currently provides post-employment health care benefits to retirees with ten or more years of qualifying service credit. These benefits are advanced-funded on an actuarially determined basis and are financed through employer contributions and investment earnings. OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS. Under the Ohio Revised Code, funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. For calendar year 2016, OPERS allocated 2.0% of the employer contribution rate to fund the health care program for retirees, and this rate was decreased to 1.0% for calendar year 2017 as recommended by the OPERS actuary.

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, 2017 and for each of the two preceding years were $234,562, $243,517, and $232,849.

The Council’s contributions allocated to fund post-retirement health care benefits, which represent 100% of required employer contributions, for the year ended December 31, 2017 and for each of the two preceding years were $18,043, $40,586, and $38,623.

7. OHIO PUBLIC EMPLOYEES DEFERRED COMPENSATION PROGRAM

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

8. RISK MANAGEMENT

The Council maintains comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Property and equipment are 90% 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.

9. SETTLEMENT

On October 17, 1997, the Council entered into a settlement agreement with a computer consultant it sued for breach of contract. Under the terms of the agreement, the Council received a settlement of $800,000. The settlement is to be received in quarterly installments of $7,500 plus the proceeds from an escrow account and any proceeds received from the settling defendant's bankruptcy trustee. Amounts related to the settlement are recorded as revenue when they are received. In 2017, 2016, and 2015, 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.

10. COMMITMENTS AND CONTINGENCIES

Grants

The Council received financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Council. However, in the opinion of Council management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Council at December 31, 2017 and 2016.

LUCAS COUNTY

Schedule of Operating Revenues
For the Years Ending December 31, 2017 and 2016

	2017	2016
Operating revenues		
Contract services		
City of Toledo	$ 1,844,238	$ 1,685,750
Lucas County	669,235	664,785
CCNO	307,053	307,053
Other	1,011,423	1,014,537
Total contract services	3,831,949	3,672,125
Grants	36,321	131,366
Charges for services	141,461	141,362
Computer equipment and software	253,747	230,840
Other	136,975	107,931
	$ 4,400,453	$ 4,283,624

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)

LAST FOUR MEASUREMENT YEARS

Traditional Plan	**2017**	**2016**	**2015**	**2014**
Council's proportion of the collective net pension liability	0.015185%	0.015049%	0.014909%	.014909%
Council's proportionate share of the collective net pension liability	$3,448,241	$2,606,678	$1,798,192	$1,757,577
Council's covered employee payroll	$2,029,038	$1,940,407	$1,853,879	$1,763,896
Council's proportionate share of the collective net pension liability as a percentage of the employer's covered payroll	169.94%	134.34%	96.99%	99.64%
Pension plan's fiduciary net position as a percentage of the total pension liability	77.25%	81.08%	86.45%	86.36%

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 Liability
Schedule of the Council's Contributions
Ohio Public Employees Retirement System (OPERS)

LAST FIVE YEARS

Traditional Plan	**2017**	**2016**	**2015**	**2014**	**2013**
Contractually required contributions	$ 234,562	$ 243,517	$ 232,849	$ 222,465	$ 229,306
Contributions in relation to the contractually required contributions	$ 234,562	$ 243,517	$ 232,849	$ 222,465	$ 229,306
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Council's covered payroll	$ 1,804,323	$ 2,029,038	$ 1,940,407	$ 1,853,879	$ 1,763,896
Contributions as a percentage of covered payroll	13.00%	12.00%	12.00%	12.00%	13.00%

Note: Information prior to 2013 was unavailable.

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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, 2017 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 21, 2018.

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 21, 2018

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 24, 2018