



Dave Yost • Auditor of State

**CRIMINAL JUSTICE COORDINATING COUNCIL
LUCAS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Statements of Net Position	12
Statements of Revenues, Expenses, and Changes in Net Position	13
Statements of Cash Flows	14
Statements of Assets and Liabilities – Agency Fund.....	15
Notes to the Financial Statements	17
Supplemental Information:	
Schedules of Operating Revenues	28
Required Supplementary Information on GASB 68 Pension Liabilities	29
Schedule of Expenditures of Federal Awards.....	33
Notes to the Schedule of Expenditures of Federal Awards	34
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and other Matters Required by <i>Government Auditing Standards</i>	35
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and Internal Control Over Compliance Required by the Uniform Guidance.....	37
Schedule of Findings.....	39

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Criminal Justice Coordinating Council
Lucas County
One Government Center, Suite 1720
Toledo, Ohio 43604-2209

To the Council:

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, Lucas County, Ohio (the Council), as of and for the years ended December 31, 2015 and 2014, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Council's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, Lucas County, Ohio, as of December 31, 2015 and 2014, and the respective changes in financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended December 31, 2015, the Council adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. We did not modify our opinion regarding this matter.

Also, as discussed in Note 3 to the financial statements, for the years ended December 31, 2015 and 2014 the Council presented comparative information. Financial information for the comparative year (2014) was not restated to reflect the implementation of GASB Statement No. 68 as restatement of comparative year information is not required. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Council's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements

The Schedule of Operating Revenues and the Schedule of Federal Award Expenditures are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2016, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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 Council's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

September 13, 2016

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LUCAS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014
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, 2015 and 2014. Please read it in conjunction with the Council's financial statements, which follow this section.

Financial Highlights

Key financial highlights for 2015 are as follows:

- Net position, before cumulative effect of change in accounting principle, increased \$178,628.
- In total, Net Position decreased \$1,319,221 or (114.3%) from 2014, resulting in ending net position of (\$165,258) at December 31, 2015.
- Total Assets and Deferred Outflows of Resources increased \$563,628 or (29.6%), including net capital asset additions of \$20,152 during 2015.
- Total Liabilities and Deferred Inflows of Resources increased by \$1,882,849 or (251.9%) from 2014. Current liabilities grew by \$128,726 or 26.8%. The Council, in accordance with new accounting guidance, recorded a net pension liability of \$1,798,192 in 2015. Deferred inflows of resources decreased \$44,069 or (16.5%). Deferred revenue at December 31, 2015 included grant revenue from federally funded grants, the Annie E. Casey Foundation which is a privately funded grant, SAFETI, and the Law Enforcement State Homeland Security Program (LESHSP, formerly LETPP).
- The Council had \$4,260,390 in operating expenses and \$4,555,747 in operating revenues in 2015. Non-operating revenues and expenses netted to \$866 in 2015.
- Grants administered by the Council had a moderate increase of \$250,828 or (36.1%) from 2014.

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 and liabilities. The net position of the Council as of December 31, 2015 and 2014 represents the difference between the total assets and total liabilities.

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 YEARS ENDED DECEMBER 31, 2015 and 2014
UNAUDITED

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 2015 and 2014?" The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position answer this question. These statements include *all assets and liabilities* 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 those assets. 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.

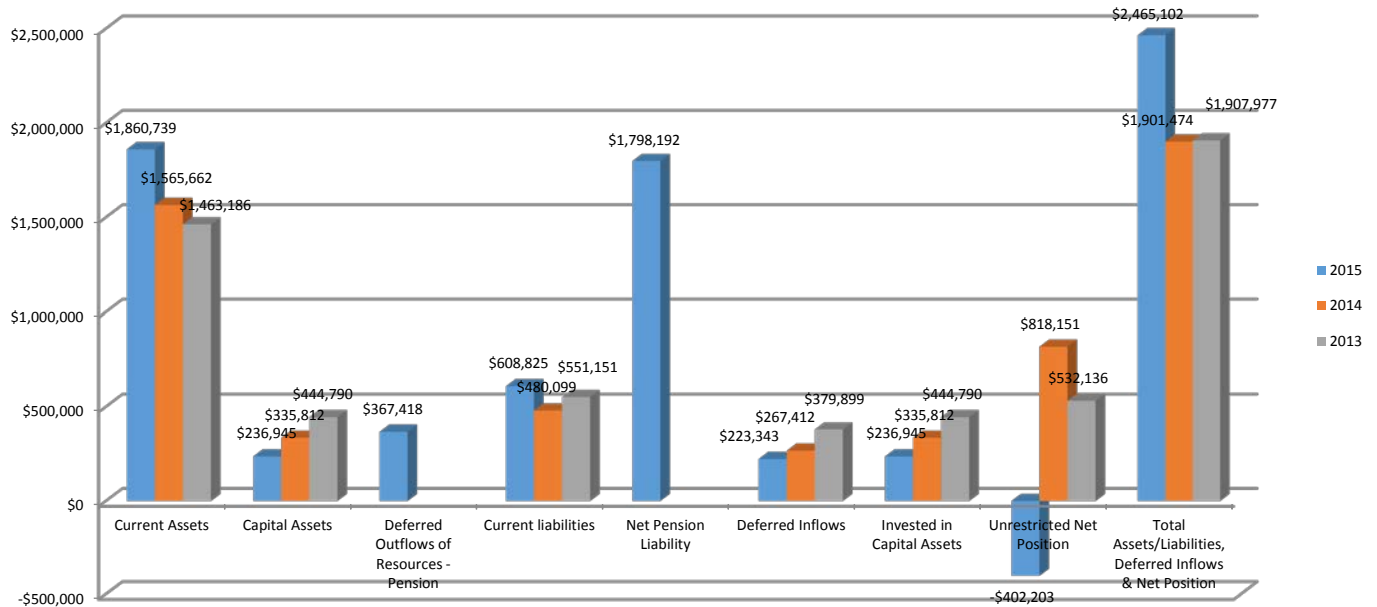
LUCAS COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014
UNAUDITED**

Statements of Net Position

The major components of the Statement of Net Position at December 31, 2015, 2014 and 2013 are reflected below:

	2015	2014	2013
Assets			
Current Assets	\$ 1,860,739	\$ 1,565,662	\$ 1,463,187
Capital Assets	236,945	335,812	444,790
Deferred Outflows of Resources - Pension	367,418	-	-
Total Assets and Deferred Outflows	\$ 2,465,102	\$ 1,901,474	\$ 1,907,977
Current Liabilities	\$ 608,825	\$ 480,099	\$ 551,152
Pension Liability	1,798,192	-	-
Total Liabilities	2,407,017	480,099	551,152
Deferred Inflows			
Deferred Inflows of Resources - Grants	191,752		
Deferred Inflows of Resources - Pension	31,591	267,412	379,899
Total Deferred Inflows	223,343	267,412	379,899
Net Position			
Net Investment in Capital Assets	236,945	335,812	444,790
Unrestricted Net Position	(402,203)	818,151	532,136
Total Net Position	(165,258)	1,153,963	976,926
Total Liabilities, Deferred Inflows, and Net Position	\$ 2,465,102	\$ 1,901,474	\$ 1,907,977



LUCAS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014
UNAUDITED

Total assets and deferred outflows increased \$563,628 or 29.6% in fiscal year 2015. The change in total assets and deferred outflows were due to deferred outflows related to pension and an increase in cash and cash equivalents of 23.5% or \$256,771 from 2014.

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. The change resulted in a \$1,220,354 reduction in the Council's unrestricted net position. The net pension liability recognized by the Council at December 31, 2015 was \$1,798,192.

Current liabilities increased \$128,726 or 26.8% in fiscal year 2015, due to a rise in outstanding accounts payable, grants payable, accrued payroll and related expenses, and matured compensated absences payable at December 31. Total liabilities had a significant increase of 401.4% as a result of recording the net pension liability of \$1,798,192 for the GASB 68 implementation.

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 YEARS ENDED DECEMBER 31, 2015 and 2014
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, 2015, 2014 and 2013 are reflected below:

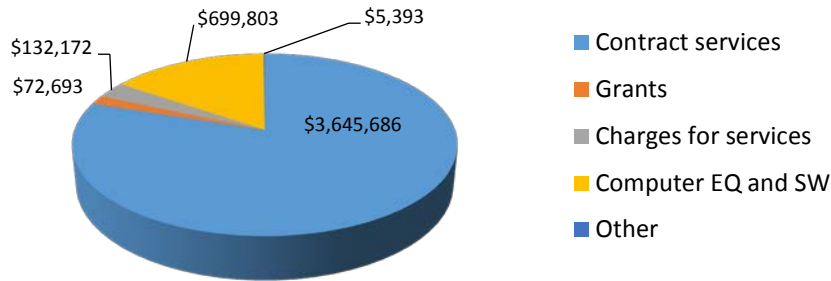
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating Revenues	\$ 4,555,747	\$ 4,174,010	\$ 4,501,287
Operating Expenses	<u>4,260,390</u>	<u>3,838,356</u>	<u>4,049,222</u>
Operating Income before depreciation	<u>295,357</u>	<u>335,654</u>	<u>452,065</u>
Depreciation	<u>117,595</u>	<u>160,170</u>	<u>173,964</u>
Operating Income	177,762	175,484	278,101
Grant Revenues	946,076	695,248	693,390
Less: Grant Allocations to Subrecipients	(946,076)	(695,248)	(693,390)
Interest Income	<u>866</u>	<u>1,553</u>	<u>1,143</u>
Total Non-Operating Revenues and Expenses	<u>866</u>	<u>1,553</u>	<u>1,143</u>
Changes in Net Position	178,628	177,037	279,244
Net Position at beginning of the year	1,153,963	976,926	697,682
Cumulative effect of change in accounting principle	<u>(1,497,849)</u>	<u>-</u>	<u>-</u>
Net position at end of the year	<u>\$ (165,258)</u>	<u>\$ 1,153,963</u>	<u>\$ 976,926</u>

LUCAS COUNTY

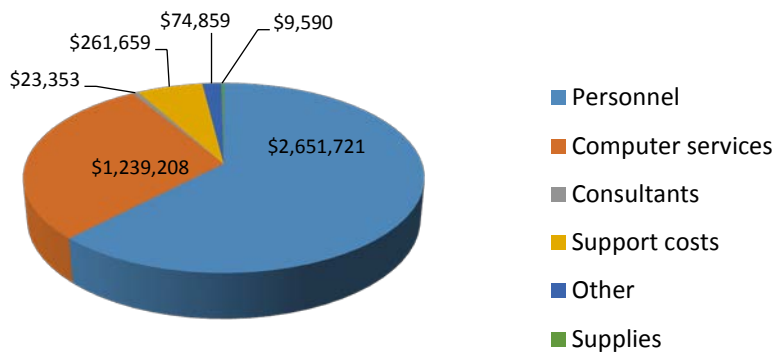
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014
 UNAUDITED

In fiscal year 2015, operating revenues increased 9.1% primarily from an increase in contract revenue and reimbursed computer supply purchases. Expenditures increased 11.0% as a result of increased computer hardware and software costs.

2015 Operating Revenue



2015 Operating Expenses



LUCAS COUNTY

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2015 and 2014
UNAUDITED**

Statements of Cash Flows

In fiscal year 2015, cash and cash equivalents increased \$256,771 in 2015. Net cash provided by operating activities decreased \$177,129 primarily due to an increase in cash paid to others. Net cash used in non-capital financing activities increased \$184,275 predominantly due to an increase in grant revenue and grant related activities. Net cash from capital and related financing activities decreased \$32,466 primarily due to fewer additions of fixed assets in fiscal year 2015. Net cash from investing activities decreased \$687.

Cash flows for fiscal years ended December 31, 2015, 2014 and 2013 are reflected below:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities	\$ 221,988	\$ 399,117	\$ (145,823)
Cash flows from non-capital financing activities	52,643	(131,632)	(18,360)
Cash flows from capital and related financing activities	(18,726)	(51,192)	(90,477)
Cash flows from investing activities	866	1,553	1,143
Net increase in cash	<u>\$ 256,771</u>	<u>\$ 217,846</u>	<u>\$ (253,517)</u>

Capital Assets and Debt Administration

At the end of fiscal year 2015, the Council had \$236,945 net investment in capital assets as compared to \$335,812 at December 31, 2014. Council had no debt during 2015.

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 (419) 213-3800.

LUCAS COUNTY
STATEMENTS OF NET POSITION
 December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets		
Cash and cash equivalents	\$ 1,181,313	\$ 977,186
Cash and cash equivalents - Restricted	169,503	116,859
Accounts receivable	217,778	131,217
Grants receivable	15,285	46,329
Prepaid expenses	<u>276,860</u>	<u>294,071</u>
Total current assets	1,860,739	1,565,662
Non-current assets		
Property and equipment	1,375,626	1,477,622
Accumulated depreciation	<u>(1,138,681)</u>	<u>(1,141,810)</u>
Net property and equipment	<u>236,945</u>	<u>335,812</u>
Deferred Outflows of Resources		
Pension	<u>367,418</u>	<u>-</u>
Total Assets and Deferred Outflows	<u>\$ 2,465,102</u>	<u>\$ 1,901,474</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current liabilities		
Accounts payable	\$ 80,867	\$ 66,406
Grants payable	146,468	57,003
Accrued payroll and related expenses	119,037	100,849
Matured compensated absences payable	<u>262,453</u>	<u>255,841</u>
Total current liabilities	<u>608,825</u>	<u>480,099</u>
Long term liability		
Net pension Liability	<u>1,798,192</u>	<u>-</u>
Total liabilities	<u>2,407,017</u>	<u>480,099</u>
Deferred inflows of resources		
Grants	191,752	267,412
Pension	<u>31,591</u>	<u>-</u>
Total deferred inflows of resources	223,343	267,412
Net position		
Net investment in capital assets	236,945	335,812
Unrestricted net position	<u>(402,203)</u>	<u>818,151</u>
Total Net Position	<u>(165,258)</u>	<u>1,153,963</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 2,465,102</u>	<u>\$ 1,901,474</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenues		
Contract services	\$ 3,645,686	\$ 3,434,635
Grants	72,693	78,639
Charges for services	132,172	150,316
Computer equipment and software	699,803	486,404
Other	5,393	24,016
	<hr/>	<hr/>
Total operating revenues	4,555,747	4,174,010
Operating expenses		
Personnel	2,651,721	2,527,786
Computer services	1,239,208	964,627
Consultants	23,353	34,707
Support costs	261,659	215,072
Other	74,859	82,577
Supplies	9,590	13,587
	<hr/>	<hr/>
Total operating expenses	4,260,390	3,838,356
Operating income before depreciation	295,357	335,654
Depreciation	<hr/> 117,595	<hr/> 160,170
Operating income	177,762	175,484
Non-operating revenue and expense		
Grant revenues	946,076	695,248
Less: Grant allocations to subrecipients & vendors	(946,076)	(695,248)
Interest income	866	1,553
	<hr/>	<hr/>
Total non-operating revenue, net	866	1,553
Change in net position	178,628	177,037
Net position at beginning of the year	1,153,963	976,926
Cumulative effect of change in accounting principle	<hr/> (1,497,849)	<hr/> -
Net position at end of the year	<hr/> <u>\$ (165,258)</u>	<hr/> <u>\$ 1,153,963</u>

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

LUCAS COUNTY

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Cash received for services	\$ 4,461,391	\$ 4,282,578
Cash paid to employees	(2,662,406)	(2,556,801)
Cash paid to others	(1,576,997)	(1,326,661)
Net cash provided by operating activities	<u>221,988</u>	<u>399,117</u>
Cash flows from non-capital financing activities		
Cash received from grants	909,255	588,747
Cash paid for grant allocations	(856,612)	(720,379)
Net cash used in non-capital financing activities	<u>52,643</u>	<u>(131,632)</u>
Cash flows from capital and related financing activities		
Purchase of property and equipment	(20,152)	(51,192)
Proceeds from sale of capital assets	1,426	-
Net cash used in capital and related financing activities	<u>(18,726)</u>	<u>(51,192)</u>
Cash flows from investing activities		
Interest received on cash and cash equivalents	<u>866</u>	<u>1,553</u>
Net increase in cash and cash equivalents	256,771	217,845
Cash and cash equivalents at beginning of year	<u>1,094,045</u>	<u>876,200</u>
Cash and cash equivalents at end of year	<u>\$ 1,350,816</u>	<u>\$ 1,094,045</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 177,762	\$ 175,484
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	117,595	160,170
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(86,561)	115,466
Prepaid expenses	17,211	817
Deferred outflows - pension	(107,690)	
Increase (decrease) in:		
Accounts payable	14,461	(16,908)
Accrued payroll and related expenses	18,188	2,245
Accrued vacation and sick	6,611	(31,258)
Deferred revenue	(7,795)	(6,898)
Net pension liability	40,615	-
Deferred inflows - pension	31,591	-
Net cash provided by operating activities	<u>\$ 221,988</u>	<u>\$ 399,117</u>

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

LUCAS COUNTY

STATEMENTS OF ASSETS AND LIABILITIES – AGENCY FUND
December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Restricted cash	<u>\$ 18,135</u>	<u>\$ 17,244</u>
Total assets	<u>\$ 18,135</u>	<u>\$ 17,244</u>
LIABILITIES		
Liabilities - amounts held for others	<u>\$ 18,135</u>	<u>\$ 17,244</u>
Total liabilities	<u>\$ 18,135</u>	<u>\$ 17,244</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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 Gang Reduction Team (DAGR), formerly 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 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, 2015 AND 2014**

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, 2015 and 2014, 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, 2015 and 2014, and expire in subsequent years.

Property and equipment

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

Compensated absences

The Council follows GASB No. 16, Accounting for Compensated Absences, which requires that a liability be accrued for sick leave and vacation if it is probable that the employee will be compensated through a cash payment. The 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, 2015 and 2014, 40% and 41% of total operating revenues were received from City of Toledo and 14% and

LUCAS COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

14% of total operating revenues were received from Lucas County, respectively. At December 31, 2015 and 2014, there were no accounts receivable 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). Net investment in capital assets represent capital assets, reduced by accumulated depreciation and not any related debt.

Restricted assets

Restricted assets consist of monies and other resources which are restricted by specific agreements. At December 31, 2015 and 2014, restricted cash and cash equivalents for grant allocations represent restricted assets for payment of future grant funding requests by sub recipients.

3. CHANGES IN ACCOUNTING PRINCIPLES

Implementation of GASB Statement No. 68

The Council implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions in fiscal year 2015. GASB 68 requires employers participating in cost-sharing multiple-employer pension plans to recognize a proportionate share of the net pension liabilities of the plans. The Council participates in the Public Employees Retirement System of Ohio. A proportionate share of the net pension liabilities of the retirement system has been allocated to the Council, based on retirement plan contributions for Council employees. The cumulative effect of adopting GASB 68 was a \$1,497,849 reduction in the Council's unrestricted net position as of January 1, 2015. Balances reported for the year ended December 31, 2014 have not been restated due to limitations on the information available from the retirement system. Additional information regarding net pension liabilities, related deferrals and pension expense is provided in Note 7.

4. 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 moneys.

LUCAS COUNTY
**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

At December 31, 2015, the carrying value of the Council's deposits is as follows:

	Demand Deposits	
	<u>2015</u>	<u>2014</u>
Carrying Amount	\$ 1,368,951	\$ 1,111,289
Bank Balance	\$ 1,510,646	\$ 1,152,442

Of the bank balance, \$250,000 was insured by the Federal Depository Insurance Corporation and \$18,135 was insured by the National Credit Union Association (NCUA), and \$1,242,511 was uninsured and collateralized by securities held by the pledging institution's trust department, not in the Council's name.

At December 31, 2015 and 2014, the Council had no investments.

5. PROPERTY AND EQUIPMENT

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

	<u>Balance 1/1/2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/2015</u>
Property and equipment:				
Leasehold improvements	\$ 161,047	\$ -	\$ -	\$ 161,047
Furniture and fixtures	35,122	1,371		36,493
Computer equipment	1,251,237	18,781	(122,148)	1,147,870
Office equipment	12,885	-	-	12,885
Vehicles	17,331	-	-	17,331
Total property and equipment	<u>1,477,622</u>	<u>20,152</u>	<u>(122,148)</u>	<u>1,375,626</u>
Accumulated Depreciation:				
Furniture and Fixtures	(31,486)	(751)	-	(32,237)
Computer Equipment	(922,221)	(116,184)	120,723	(917,681)
Office Equipment	(9,724)	(660)	-	(10,384)
Vehicles	(17,331)	-	-	(17,331)
Other	(161,048)	-	-	(161,048)
	<u>(1,141,810)</u>	<u>(117,595)</u>	<u>120,723</u>	<u>(1,138,681)</u>
Net property and equipment	<u>\$ 335,812</u>	<u>\$ (97,443)</u>	<u>\$ (1,425)</u>	<u>\$ 236,945</u>

LUCAS COUNTY
**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

	Balance 1/1/2014	Additions	Disposals	Balance 12/31/2014
Property and equipment:				
Leasehold improvements	\$ 161,047	\$ -	\$ -	\$ 161,047
Furniture and fixtures	31,424	3,698		35,122
Computer equipment	1,816,421	48,534	(613,718)	1,251,237
Office equipment	9,585	3,300	-	12,885
Vehicles	17,331		-	17,331
Total property and equipment	<u>2,035,808</u>	<u>55,532</u>	<u>(613,718)</u>	<u>1,477,622</u>
Accumulated Depreciation:				
Furniture and Fixtures	(31,424)	(62)	-	(31,486)
Computer Equipment	(1,371,546)	(160,053)	609,378	(922,221)
Office Equipment	(9,669)	(55)	-	(9,724)
Vehicles	(17,331)	-	-	(17,331)
Other	(161,048)	-	-	(161,048)
	<u>(1,591,018)</u>	<u>(160,170)</u>	<u>609,378</u>	<u>(1,141,810)</u>
Net property and equipment	<u>\$ 444,790</u>	<u>\$ (104,638)</u>	<u>\$ (4,340)</u>	<u>\$ 335,812</u>

6. 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, 2015 was \$33,750 and 2014 was \$101,250 per year. For the years ended December 31, 2015 and 2014, the City of Toledo waived rent for nine months and three months, 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 \$3,753 and \$2,977, respectively, for the years ended December 31, 2015 and 2014.

The minimum future annual rental commitment under all the Council leases at December 31, 2015 is as follows:

<u>Year</u>	
2016	3,392
2017	3,392
2018	3,392
2019	565
	<u>\$ 10,741</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

7. 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 plans. 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 in active 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, 2015 are as follows:

	OPERS
Net pension liability – all employers	\$ 12,061,117,624
Proportion of the net pension liability	0.014909%
Proportion share of net pension liability	\$ 1,798,192

LUCAS COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of December 31, 2015:

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 95,946
Employer contributions subsequent to the measurement date	<u>271,472</u>
Total	<u>\$ 367,418</u>

	OPERS
Deferred Inflows of Resources	
Difference between expected and actual experience	<u>\$ 31,591</u>

\$271,472 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, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to the pensions will be recognized in pension expense as follows:

	OPERS
2016	\$ 9,410
2017	9,410
2018	21,548
2019	<u>23,987</u>
	<u>\$ 64,355</u>

Summary of Employer Pension Expense

Total pension expense recognized for the year ended December 31, 2015 including employer contributions and accruals associated with recognition of net pension liability and related deferrals is presented below:

	OPERS
Employer contributions	\$ 271,472
GASB 68 accruals	<u>(35,484)</u>
Total pension expense	<u>\$ 235,988</u>

LUCAS COUNTY
**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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	<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	Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, an annual 3% cost-of-living adjustment is provided on the member's base benefit.
Contribution Rates	Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2014, 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, 2014
Actuarial Assumptions	<p>Valuation Date: December 31, 2014 Actuarial Cost Method: Individual entry age Investment Rate of Return: 8.00% Wage Inflation: 3.75% Projected Salary Increases: 4.25% - 10.05%, including wage inflation Cost-of-Living Adjustments: 3.00% Simple</p>
Mortality Rates	RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disabled male mortality rates were used set forward two years. For females, 100% of the disabled female mortality rates were used.
Date of Last Experience Study	December 31, 2010

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

	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 2014 and the long-term expected real rates of return:</p> <table border="1"> <thead> <tr> <th>Asset Class</th> <th align="center">Target Allocation</th> <th align="center">Long Term Expected Return*</th> </tr> </thead> <tbody> <tr> <td>Fixed Income</td> <td align="center">23.0%</td> <td align="center">2.31%</td> </tr> <tr> <td>Domestic Equity</td> <td align="center">19.9%</td> <td align="center">5.84%</td> </tr> <tr> <td>Real Estate</td> <td align="center">10.0%</td> <td align="center">4.25%</td> </tr> <tr> <td>Private Equity</td> <td align="center">10.0%</td> <td align="center">9.25%</td> </tr> <tr> <td>International Equity</td> <td align="center">19.1%</td> <td align="center">7.40%</td> </tr> <tr> <td>Other Investments</td> <td align="center">18.0%</td> <td align="center">4.59%</td> </tr> <tr> <td>Total</td> <td align="center"><u>100.0%</u></td> <td align="center"><u>5.28%</u></td> </tr> </tbody> </table> <p>*Returns presented as arithmetic means</p>			Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	23.0%	2.31%	Domestic Equity	19.9%	5.84%	Real Estate	10.0%	4.25%	Private Equity	10.0%	9.25%	International Equity	19.1%	7.40%	Other Investments	18.0%	4.59%	Total	<u>100.0%</u>	<u>5.28%</u>
Asset Class	Target Allocation	Long Term Expected Return*																									
Fixed Income	23.0%	2.31%																									
Domestic Equity	19.9%	5.84%																									
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Other Investments	18.0%	4.59%																									
Total	<u>100.0%</u>	<u>5.28%</u>																									
Discount Rate	<p>The discount rate used to measure the total pension liability was 8.0%. 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 Authority's Proportionate Share of Net Pension Liability to Changes in Discount Rate	1% Decrease (7.00%) \$3,308,158	Current Discount Rate (8.00%) \$1,798,192	1% Increase (9.00%) \$526,437																								

LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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 2013, OPERS allocated 1.0% of the employer contribution rate to fund the health care program for retirees, and this rate was increased to 2.0% for calendar year 2014 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, 2015 and for each of the two preceding years were \$271,657, \$259,728 and \$246,946.

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.

LUCAS COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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 2015 and 2014, the Council did not receive any payments. In 2013, the Council received one payment totaling \$500, which was paid to the County of Lucas and the City of Toledo to reimburse the County and the City for funds they paid to the Council for the consultant. The amount of proceeds, if any that will be received when the bankruptcy is settled is undeterminable.

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, 2015 and 2014.

LUCAS COUNTY

**Schedules of Operating Revenues
For the Years Ending December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Operating revenues		
Contract services		
City of Toledo	\$ 1,720,000	\$ 1,720,000
Lucas County	659,431	568,060
CCNO	303,402	287,465
Other	962,853	859,110
Total contract services	<u>3,645,686</u>	<u>3,434,635</u>
Grants	72,693	78,639
Charges for services	132,172	150,316
Computer equipment and software	699,803	486,404
Other	<u>5,393</u>	<u>24,016</u>
	<u>\$ 4,555,747</u>	<u>\$ 4,174,010</u>

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 TWO YEARS

<i>Traditional Plan</i>	2014	2013
Council's proportion of the collective net pension liability	.014909%	.014909%
Council's proportionate share of the collective net pension liability	\$ 1,798,192	\$ 1,757,577
Council's covered employee payroll	\$ 1,853,879	\$ 1,763,896
Council's proportionate share of the collective net pension liability as a percentage of the employer's covered-employee payroll	96.99%	99.64%
Pension plan's fiduciary net position as a percentage of the total pension liability	86.45%	86.36%

Note: Information prior to 2013 was unavailable.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

LUCAS COUNTY

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

LAST THREE YEARS

<i>Traditional Plan</i>	2015	2014	2013
Statutorily required employer contribution	\$ 271,657	\$ 259,543	\$ 246,946
Amount of contributions recognized by the pension plan in relation to the statutorily required employer contribution	\$ 271,657	\$ 259,543	\$ 246,946
Difference between statutorily required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily required employer contribution	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 1,940,407	\$ 1,853,879	\$ 1,763,896
Contribution as a percentage of the employer's covered-employee payroll	14.00%	14.00%	14.00%

Note: Information prior to 2013 was unavailable.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

LUCAS COUNTY

**Notes To Required Supplementary Information
For the Year Ended December 31, 2015
Ohio Public Employees Retirement System (OPERS)**

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2015 and 2014.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

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**CRIMINAL JUSTICE COORDINATING COUNCIL
LUCAS COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

FEDERAL GRANTOR Pass-through Grantor Program Files	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Disbursements
U.S. DEPARTMENT OF JUSTICE				
Passed through the Ohio Department of Youth Services				
Juvenile Justice Delinquency Prevention				
Juvenile Justice Delinquency Prevention Block (Title II)	16.540	12-JJ-1095	\$ 25,568	\$ 25,568
Juvenile Justice Delinquency Prevention Block (Title II)	16.540	13-JJ-RPU-1095	53,604	53,604
Juvenile Justice Delinquency Prevention Block (Title II)	16.540	13-JJ-RPU-1095S	40,257	40,257
Total Juvenile Justice Delinquency Prevention			<u>119,429</u>	<u>119,429</u>
Juvenile Accountability				
Juvenile Accountability Block Grant	16.523	12-JB-1000	20,128	20,128
Total Juvenile Accountability			<u>20,128</u>	<u>20,128</u>
Passed through Ohio Office of Criminal Justice Services				
Violence Against Women Act				
STOP Violence Against Women Block Grant	16.588	13-WF-1088	30,378	30,378
STOP Violence Against Women Block Grant	16.588	14-WF-1088	145,014	145,014
Violence Against Women Act - Administration	16.588	13-WF-ADM-8826	5,390	5,390
Violence Against Women Act - Administration	16.588	14-WF-ADM-8826	3,722	3,722
Total Violence Against Women Act			<u>184,504</u>	<u>184,504</u>
United States Department of Justice, Bureau of Justice Assistance				
Justice Assistance Grant - Direct Grant				
Justice Assistance Grant Collaboration Project	16.738	12-DJ-BX-3495	771	771
Justice Assistance Grant Collaboration Project	16.738	13-DJ-BX-0206	9,599	9,599
Justice Assistance Grant Collaboration Project	16.738	14-DJ-BX-0940	224,223	224,223
Justice Assistance Grant Administration	16.738	13-JG-ADM-7575	2,307	2,307
Justice Assistance Grant Administration	16.738	14-JG-ADM-7575	4,899	4,899
Total Justice Assistant Grant			<u>241,799</u>	<u>241,799</u>
Second Chance Act Grant - Direct Grant				
Lucas County Reentry	16.812	2013-CZ-BX-0035	192,167	192,167
Lucas County Reentry - Administration	16.812	2013-SCA-ADM-1414	7,706	7,706
Total Second Chance Act			<u>199,873</u>	<u>199,873</u>
Juvenile Second Chance Act Grant - Direct Grant				
Youth Reentry Program with emphasis on Family Support	16.812	2014-CZ-BX-0012	6,867	6,867
Youth Reentry Program with emphasis on Family Support - Administration	16.812	2014-SCA-ADM-1500	40,874	40,874
Total Juvenile Second Chance Act			<u>47,741</u>	<u>47,741</u>
Total Second Chance and Juvenile Chance Act Grant			247,614	<u>247,614</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 813,474</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE

**CRIMINAL JUSTICE COORDINATING COUNCIL
LUCAS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2015**

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, Lucas County, Ohio (the Council) under programs of the federal government for the year ended December 31, 2015. The information on this Schedule is prepared 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 as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Council has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - SUBRECIPIENTS

The Council passes certain federal awards received from Department of Justice to other governments or not-for-profit agencies (subrecipients). As Note B describes the Council reports expenditures of Federal awards to subrecipients when paid in cash. As a subrecipient, the Council has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Criminal Justice Coordinating Council
Lucas County
One Government Center, Suite 1720
Toledo, Ohio 43604-2209

To the Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business type activities, and the remaining fund information of the Criminal Justice Coordinating Council, Lucas County, Ohio (the Council) as of and for the year ended December 31, 2015 and 2014, and the related notes to the financial statements which collectively comprise the Council's basic financial statements and have issued our report thereon dated September 13, 2016, wherein we noted the Council adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. We also noted the Council presented comparative information and the Council did not restate the comparative year (2014) information to reflect the implementation of GASB Statement No. 68.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Council's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Council's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

September 13, 2016



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Criminal Justice Coordinating Council
Lucas County
One Government Center, Suite 1720
Toledo, Ohio 43604-2209

To the Council:

Report on Compliance for the Major Federal Program

We have audited the Criminal Justice Coordinating Council, Lucas County Ohio's (the Council) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Criminal Justice Coordinating Council's major federal program for the year ended December 31, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Council's major federal program.

Management's Responsibility

The Council's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Council's compliance for the Council's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect 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 our audit provides a reasonable basis for our compliance opinion on the Council's major 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 Criminal Justice Coordinating Council complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2015.

Report on Internal Control Over Compliance

The Council's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Council's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 would not necessarily 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.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

September 13, 2016

**CRIMINAL JUSTICE COORDINATING COUNCIL
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Justice Assistance Grant CFDA # 16.738
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

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
SEPTEMBER 29, 2016**