



**Auditor of State  
Betty Montgomery**



**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM  
TRUMBULL COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

NorthEast Ohio Community Alternative Program  
Trumbull County  
411 Pine Avenue S. E.  
Warren, Ohio 44483

To the Judicial Corrections Board:

We have audited the accompanying financial statements of NorthEast Ohio Community Alternative Program, Trumbull County, Ohio (the Facility) as of and for the years ended June 30, 2004, 2003 and 2002. These financial statements are the responsibility of the Facility's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Facility prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

The financial statement for 2002 presents only the receipts, disbursements, and cash balances related to State appropriations the Ohio Department of Rehabilitation and Corrections paid to the Facility. This statement is not intended to present the cash receipts, disbursements, and balances of all Facility funds for the year ended June 30, 2002.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and unpaid obligations of the NorthEast Ohio Community Alternative Program as of June 30, 2004 and 2003, and State Appropriations cash balances as of June 30, 2002, and the related cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2005 on our consideration of the Facility's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

NorthEast Ohio Community Alternative Program  
Trumbull County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the management, the Judicial Corrections Board, the Ohio Department of Rehabilitations and Corrections, and other officials authorized to receive this report under § 117.26, Ohio Revised Code and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 31, 2005

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM  
TRUMBULL COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
FOR THE YEAR ENDED JUNE 30, 2004**

	State Appropriations and Grants			Offender Funds			Totals
	ODRC 501-501	Federal Grant Match	Federal	Offender Personal Fund	Vending & Telephone Commissions	Other/ Miscellaneous	
<b>Cash Receipts:</b>							
Intergovernmental	\$ 3,188,444		\$ 105,023			\$ 54,987	\$ 3,348,454
Collections from Offenders				167,662			167,662
Commissions					31,885		31,885
Reimbursements					33,207		33,207
Transfer In/Out	(52,357)	52,357					
<b>Total Cash Receipts</b>	<b>3,136,087</b>	<b>52,357</b>	<b>105,023</b>	<b>167,662</b>	<b>65,092</b>	<b>54,987</b>	<b>3,581,208</b>
<b>Cash Disbursements:</b>							
Personnel	2,474,987	20,619	61,857				2,557,463
Operating costs	488,106	586	1,758		49,233	51,478	591,161
Program costs	114,246	31,152	93,455		2,741		241,594
Equipment	40,444				1,977		42,421
Offender Disbursements:							
Offender legal obligations				40,001			40,001
Offender personal costs				60,517	16,837		77,354
Offender reimbursements				7,728			7,728
Offender savings paid at exit				63,145			63,145
<b>Total Cash Disbursements</b>	<b>3,117,783</b>	<b>52,357</b>	<b>157,070</b>	<b>171,391</b>	<b>70,788</b>	<b>51,478</b>	<b>3,620,867</b>
Total Receipts Over/(Under) Disbursements	18,304		(52,047)	(3,729)	(5,696)	3,509	(39,659)
Fund Cash Balances, July 1, 2003	168,580			9,682	17,130		195,392
Fund Cash Balances, June 30, 2004	\$ 186,884		\$ (52,047)	\$ 5,953	\$ 11,434	\$ 3,509	\$ 155,733
Unpaid Obligations/Open Purchase Orders	\$ 38,702						

*The notes to the financial statements are an integral part of this statement.*

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM  
TRUMBULL COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
FOR THE YEAR ENDED JUNE 30, 2003**

	State Appropriations and Grants			Offender Funds		Totals
	ODRC 501-501	Federal Grant Match	Federal	Offender Personal Fund	Vending & Telephone Commissions	
<b>Cash Receipts:</b>						
Intergovernmental	\$ 3,033,783		\$ 150,125			\$ 3,183,908
Collections from Offenders				226,679		226,679
Commissions					34,418	34,418
Reimbursements					14,403	14,403
Transfer In/Out	(50,008)	50,008				
Miscellaneous					1,261	1,261
<b>Total Cash Receipts</b>	<b>2,983,775</b>	<b>50,008</b>	<b>150,125</b>	<b>226,679</b>	<b>50,082</b>	<b>3,460,669</b>
<b>Cash Disbursements:</b>						
Personnel	2,286,351	21,640	64,921			2,372,912
Operating costs	541,939	631	1,893		44,507	588,970
Program costs	85,163	27,737	83,311			196,211
Equipment	37,183				31,880	69,063
Offender Disbursements:						
Offender legal obligations				54,157		54,157
Offender personal costs				81,933		81,933
Offender reimbursements				10,460		10,460
Offender savings paid at exit				85,489		85,489
<b>Total Cash Disbursements</b>	<b>2,950,636</b>	<b>50,008</b>	<b>150,125</b>	<b>232,039</b>	<b>76,387</b>	<b>3,459,195</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>33,139</b>			<b>(5,360)</b>	<b>(26,305)</b>	<b>1,474</b>
<b>Fund Cash Balances, July 1, 2002</b>	<b>135,441</b>			<b>15,042</b>	<b>43,435</b>	<b>193,918</b>
<b>Fund Cash Balances, June 30, 2003</b>	<b>\$ 168,580</b>			<b>\$ 9,682</b>	<b>\$ 17,130</b>	<b>\$ 195,392</b>

*The notes to the financial statements are an integral part of this statement.*



**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM  
TRUMBULL COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCE  
FOR THE YEAR ENDED JUNE 30, 2002**

	<u><b>ODRC 501-501</b></u>
<b>Cash Receipts:</b>	
Intergovernmental	\$ 3,105,438
Transfer In/(Out)	<u>(11,094)</u>
Total Cash Receipts	3,094,344
<b>Cash Disbursements:</b>	
Personnel	2,448,252
Operating costs	526,035
Program costs	<u>119,994</u>
Total Cash Disbursements	<u>3,094,281</u>
Total Receipts Over/(Under) Disbursements	63
Fund Cash Balance, July 1, 2001	<u>135,378</u>
Fund Cash Balance, June 30, 2002	<u><u>\$135,441</u></u>

*The notes to the financial statements are an integral part of this statement.*

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**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The NorthEast Ohio Community Alternative Program, Trumbull County, Ohio (the Facility) provides an alternative to prison incarceration for felony offenders. The Facility is the last step in the continuum of increasing punishment before prison incarceration. The Facility is a minimum security operation housing approximately 120 offenders. The Judicial Corrections Board administers the Facility. The Board includes at least one common pleas court judge from each county the Facility serves. The Facility serves the following counties:

Ashtabula County	Portage County
Geauga County	Trumbull County
Lake County	

For the year ended June 30, 2002, the accompanying financial statement presents only the activity of State appropriations received through the Ohio Department of Rehabilitations and Corrections. For the years ended June 30, 2004, and June 30, 2003, the financial statements present all funds related to the Facility.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary expenditures include amounts disbursed through the following September 30 but chargeable against the preceding year's budget.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash**

The Trumbull County Treasurer is the custodian of the Facility's grant funds and State appropriations. The County holds these Facility assets in the County's cash and investment pool, valued at the County Treasurer's reported carrying amount. The Facility holds offenders' cash in demand deposit accounts.

**D. Fund Accounting**

The Facility uses fund accounting to segregate amounts that are restricted as to use. The Facility has the following funds:

**State Appropriations and Grants**

**Ohio Department of Rehabilitation and Corrections (ODRC) 501-501 Funding:** ODRC grants this funding, appropriated from the State's General Fund, to the Facility to support general operating costs.

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**Federal Grant Match:** Reports amounts received to meet any Federal program matching fund requirements.

**Federal:** Reports amounts received from the Federal government passed through ODRC. The Facility received RSAT funding for contracting with instructors and specialists to aid in the rehabilitation of offenders.

**Offender Funds**

**Personal Fund:** Are amounts the Facility receives and holds in a custodial capacity for each offender while confined. The Facility holds personal funds, including salaries offenders earn while confined, and maintains separate balances for each offender. The Facility makes payments as directed by the offender or per program requirements. Upon release, the Facility pays remaining funds to the offender.

**Vending & Telephone Commissions Fund:** Reports amounts received from vending machines and telephone commissions generated by calls offenders place to locations outside the Facility. The Facility spends this money for programs and services benefiting the offenders.

**Other/Miscellaneous Fund:** This fund receives FEMA funding and any other miscellaneous receipts.

**E. Budgetary Process**

**1. Appropriations**

The Facility must budget its intended uses of ODRC 501-501 funding as part of its funding application to ODRC. After ODRC approves the budget, the Board formally adopts it. The Facility cannot spend or obligate (i.e., encumber) more than the appropriation. Facilities must obtain approval from ODRC to transfer amounts between budget categories.

**2. Encumbrances**

Disbursements from State appropriations and Grants are subject to the payment approval process of Trumbull County. The County Auditor must approve (i.e., certify and encumber) certain payments when the Facility commits to make a payment. The budgetary disbursement amounts reported in Note 2 include cash disbursed against the current year budget plus amounts spent within ninety days of June 30 to liquidate year-end commitments. Amounts budgeted for commitments not liquidated within ninety days of June 30 are subject to refund to ODRC, unless ODRC approves an extension. (See Note 4.)

A summary of 2004, 2003 and 2002 budgetary activity appears in Note 2.

**F. Property, Plant and Equipment**

The Facility records acquisitions of property, plant and equipment as capital project or equipment disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Commission uses.

**2. BUDGETARY ACTIVITY**

Budgetary activity for ODRC 501-501 funding for the years ending June 30, 2004, 2003 and 2002 follows:

2004 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$3,188,444	\$3,170,140	\$18,304

2003 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$3,033,783	\$3,000,644	\$33,139

2002 Budgeted vs. Actual Budgetary Basis Expenditures		
Budget	Budgetary Expenditures	Variance
\$3,105,438	\$3,105,375	\$63

**3. COLLATERAL ON DEPOSITS AND INVESTMENTS**

**Grants and State Appropriations**

The County Treasurer is responsible for collateralizing deposits and investments for grants and State appropriations the County holds as custodian for the Facility.

**Offender Funds**

**Deposits**

The Facility has Federal Deposit Insurance Corporation coverage of \$100,000 for Offender Funds. There were no uncollateralized amounts at June 30, 2004, 2003 and 2002.

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004, 2003 AND 2002  
(Continued)**

**4. REFUND TO ODRC**

The agreement between the County and ODRC permits the Facility to retain a maximum of one-twelfth of the grant award after liquidating encumbrances outstanding at June 30. The Facility must refund any excess over this amount to ODRC. The schedule below computes the refund, if any, to ODRC for the years ending June 30, 2004, 2003 and 2002. Disbursements below include cash paid to liquidate encumbrances outstanding at June 30 and exclude disbursements made during the fiscal year against amounts encumbered the prior June 30. The Facility was not obligated to pay refunded amounts in the fiscal year following the computation below.

	Refund to ODRC		
	2004	2003	2002
Cash, July 1	\$ 168,580	\$ 135,441	\$ 135,378
Receipts	3,188,444	3,033,783	3,105,438
Disbursements	(3,170,140)	(3,000,644)	(3,105,375)
Cash, June 30	186,884	168,580	135,441
Less cash to be retained	(186,884)	(168,580)	(135,441)
Refund to ODRC	\$ -	\$ -	\$ -

**5. RETIREMENT SYSTEMS**

The Facility's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004, 2003 and 2002, OPERS members contributed 8.5 percent of their gross salaries to OPERS. The Facility contributed an amount equal to 13.55 percent of participants' gross salaries. The Facility has paid all contributions required through June 30, 2004.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Facility has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Vehicles.
- Errors and omissions.



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

NorthEast Ohio Community Alternative Program  
Trumbull County  
411 Pine Avenue S. E.  
Warren, Ohio 44483

To the Judicial Corrections Board:

We have audited the financial statements of the NorthEast Ohio Community Alternative Program, Trumbull County, Ohio (the Facility) as of and for the years ended June 30, 2004, 2003, and 2002 and have issued our report thereon dated March 31, 2005. Our audit for the year ended June 30, 2002 included only State appropriations the Ohio Department of Rehabilitation and Corrections paid to the Facility. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the Facility's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that we must report under *Government Auditing Standards*. However, we noted certain other immaterial instances of noncompliance that do not require inclusion in this report, that we have reported to management of the Facility in a separate letter dated March 31, 2005.

#### **Internal Control over Financial Reporting**

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

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the Facility's management in a separate letter dated March 31, 2005.

This report is intended solely for the information and use of the management, the Judicial Corrections Board, and the Ohio Department of Rehabilitation and Corrections, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 31, 2005





**Auditor of State  
Betty Montgomery**

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**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM**

**TRUMBULL COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 24, 2005**