



**PERRY**

**& Associates CPAs**

**PASSION** *Beyond the Numbers*

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM  
TRUMBULL COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED JUNE 30, 2022 - 2021**



OHIO AUDITOR OF STATE  
KEITH FABER



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Members of the Judicial Advisory Board and Facility Governing Board  
Northeast Ohio Community Alternative Program  
411 Pine Avenue Southeast  
Warren, Ohio 44483

We have reviewed the *Independent Auditor's Report* of Northeast Ohio Community Alternative Program, Trumbull County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2020 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Northeast Ohio Community Alternative Program is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

May 10, 2023

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**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM  
TRUMBULL COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

Northeast Ohio Community Alternative Program  
Trumbull County  
411 Pine Avenue Southeast  
Warren, OH 44483

To the Members of the Judicial Advisory Board and Facility Governing Board:

### ***Report on the Audit of the Financial Statements***

We have audited the financial statements of the Northeast Ohio Community Alternative Program, Trumbull County, Ohio (the Facility), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements.

### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Facility, as of June 30, 2022 and 2021, or the changes in financial position thereof for the year then ended.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Facility, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the financial statements are prepared by Facility on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Facility's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Facility's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Facility's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2023, 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 grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Facility's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Facility's internal control over financial reporting and compliance.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

March 3, 2023



**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION  
COMMUNITY BASED CORRECTIONAL FACILITY  
NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM  
TRUMBULL COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>State Appropriations and Grants</u>				<u>Offender Funds</u>			Totals (Memorandum Only)
	ODRC Fund 990	Day Reporting Center Fund 991	Federal Fund 992	Capital Fund Fund 993	Resident Program	Commissary & Offender Personal Funds	Employee Health Insurance	
<b>Cash Receipts</b>								
Intergovernmental	\$ 6,078,013	\$ 361,891	\$ 18,951	\$ 700,399	\$ 24,851	\$ 12,521	\$ 1,182,396	\$ 8,379,022
Receipts for Offenders	-	-	-	-	-	158,593	-	158,593
Collections from offenders	-	-	-	-	882	-	-	882
Commissions	-	-	-	-	116,582	22,967	-	139,549
Reimbursement	-	-	-	-	15	134	-	149
<b>Total Cash Receipts</b>	<b>6,078,013</b>	<b>361,891</b>	<b>18,951</b>	<b>700,399</b>	<b>142,330</b>	<b>194,215</b>	<b>1,182,396</b>	<b>8,678,195</b>
<b>Cash Disbursements</b>								
Current:								
Personnel	4,691,493	206,551	602	-	-	-	1,013,189	5,911,835
Operating costs	1,114,998	10,355	-	602,220	26,372	1,008	-	1,754,953
Program costs	193,729	-	19,466	-	3,449	19,303	-	235,947
Equipment	26,499	8,872	-	-	21,544	-	-	56,915
Offender Disbursements:								
Offender legal obligations	-	-	-	-	-	20	-	20
Offender reimbursements	-	-	-	-	-	13	-	13
Offender personal expenses	-	-	-	-	-	161,947	-	161,947
Offender savings paid at exit	-	-	-	-	-	7,642	-	7,642
<b>Total Cash Disbursements</b>	<b>6,026,719</b>	<b>225,778</b>	<b>20,068</b>	<b>602,220</b>	<b>51,365</b>	<b>189,933</b>	<b>1,013,189</b>	<b>8,129,272</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>51,294</b>	<b>136,113</b>	<b>(1,117)</b>	<b>98,179</b>	<b>90,965</b>	<b>4,282</b>	<b>169,207</b>	<b>548,923</b>
<b>Fund Cash Balances, July 1 (Restated)</b>	<b>836,736</b>	<b>238,676</b>	<b>2,273</b>	<b>(35,586)</b>	<b>197,648</b>	<b>38,413</b>	<b>112,293</b>	<b>1,390,453</b>
<b>Fund Cash Balances, June 30</b>	<b>\$ 888,030</b>	<b>\$ 374,789</b>	<b>\$ 1,156</b>	<b>\$ 62,593</b>	<b>\$ 288,613</b>	<b>\$ 42,695</b>	<b>\$ 281,500</b>	<b>\$ 1,939,376</b>
Unpaid Obligations/Open Purchase Orders	12,544	-	-	-	-	-	21,861	34,405

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

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION  
COMMUNITY BASED CORRECTIONAL FACILITY**

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM**

*TRUMBULL COUNTY*

*Notes to the Financial Statements*

*For the Year Ended June 30, 2022*

**Note 1 – Reporting Entity**

The Northeast Ohio Community Alternative Program (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 185 offenders. A Facilities Governing Board oversees the Facility's operations. Common pleas judges from the counties of Ashtabula, Geauga, Lake, Portage, and Trumbull the Facility serves comprise a Judicial Advisory Board. The Judicial Advisory Board appoints two-thirds of the members of the Facility Governing Board and advises the Facilities Governing Board regarding Facility matters. The Judicial Advisory Board includes at least one common pleas court judge from each county the Facility serves. The Facility serves the following counties:

Ashtabula	Gauga	Lake
Portage	Trumbull	

For the year ended June 30, 2022, the financial statement presents all funds related to the Facility.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Facility's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

***Fund Accounting***

The Facility uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Facility are presented below:

***State Appropriations and Grants***

***Fund 990 - 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.

***Fund 991 - Day Reporting Center*** agreement between Trumbull County Adult Probation, Trumbull Court of Common Pleas, and the Facility to fund the general operating costs of running a reporting program and funded through a Probation Improvement Grant issued by ODRC.

***Fund 992 - Federal*** Reports amounts received from the Federal government, including amounts passed through ODRC. Such as Prison Rape Elimination Act funds given to Facility to upgrade surveillance equipment, CARES Act funding or Coronavirus Emergency Supplemental Funding (CESF received).

***Fund 993 - Capital CAP 003*** Reports amounts received from the ODRC to finance all or part of the cost of the renovating or building facilities.

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION  
COMMUNITY BASED CORRECTIONAL FACILITY**

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM**

*TRUMBULL COUNTY*

*Notes to the Financial Statements*

*For the Year Ended June 30, 2022*

*(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Offender Funds***

***Resident Program Fund*** ORC 2301.58 established the Resident Program Fund. Upon approval of the facility governing board, the director of the CBCF may establish a Resident Program Fund. The director shall deposit in the fund all revenues received by the facility from commissions on telephone systems, commissary operations, and reimbursable costs such medical services, and similar services.

Previously, CBCFs maintained separate Telephone Commission Funds as well as "Other" Funds for similar services (i.e. vending commissions). The Facility Governing Board approved and transferred the balance of these accounts to the Resident Program Fund on April 6, 2007. These funds have been combined to establish the Resident Program Fund pursuant to House Bill 162 that established ORC 2301.58.

***Commissary and Offender Personal Funds*** During November of 2020, the Facility developed a Commissary and migrated all Offender Personal Funds, including negative balances, from the Resident Program Fund (RPF) into the commissary Fund platform. This fund reports amounts the Facility receives and holds in a custodial capacity for each offender while confined. The Facility holds personal funds 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 of the offender from the commissary fund. Commissions earned from the commissary are held in this account and used to fund resident incentive programs, cover negative fund balances, and used for other programs that benefit the residents.

***Other Funds***

***Employee Health Insurance Fund*** This self-funded health insurance fund accounts for insurance premium payments from other funds to pay medical, dental, and prescription claims of employees enrolled in the health insurance plan.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the Ohio Department of Rehabilitation and Corrections. This basis is similar to the cash receipts and disbursements accounting basis. The Facility recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

All monthly reconciliations with the Facility's fiscal agent (Trumbull County Auditor) are balances on a cash basis as described above. However, when reporting expenditures vs. budget to the Ohio Department of Rehabilitation and Corrections for bi-annual reporting and the basis of refund determination the totals are generated on an accrual basis. This is due to the Facility having 90 days following the end of the fiscal year to close out open expenditures. Totals in Note 3 (Budgetary Activity) and Note 5 (Refund to ODRC) are represented in accrual basis.

These statements include adequate disclosure of material matters the Ohio Department of Rehabilitation and Corrections requires.

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION  
COMMUNITY BASED CORRECTIONAL FACILITY**

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM**

*TRUMBULL COUNTY*

*Notes to the Financial Statements*

*For the Year Ended June 30, 2022*

*(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Budgetary Process***

***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.

***Encumbrances*** Disbursements from State appropriations and Grants are subject to Trumbull County's payment approval process. 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 3 include cash disbursed against the current year budget plus amounts spent within ninety days of June 30 to liquidate year-end commitments. Amounts not liquidated within ninety days of June 30 are subject to the ODRC \$490,000 reserve allowance (approximately 1/24<sup>th</sup>) or if by an extension. If the balance of the one-twentyfourth reserve exceeds its limit those funds are refunded to ODRC (See Note 5).

A summary of 2022 budgetary activity appears in Note 3.

***Deposits***

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 deposit and investment pool, valued at the County Treasurer's reported carrying amount. The Facility holds offenders' cash in demand deposit accounts.

The Facility holds no investments.

***Capital Assets***

The Facility records disbursements for acquisitions of capital assets when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Note 3 – Budgetary Activity**

Budgetary activity for ODRC 501-501 funding the year ending June 30, 2022 follows:

2022 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$ 6,078,013	\$ 5,574,550	\$ 503,463

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION  
COMMUNITY BASED CORRECTIONAL FACILITY**

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM**

*TRUMBULL COUNTY*

*Notes to the Financial Statements*

*For the Year Ended June 30, 2022*

*(Continued)*

**Note 4 – 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.

**Resident Program Fund**

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation

At June 30, 2022, \$83,810 of Resident Program Fund deposits were not insured or collateralized, contrary to Ohio law.

**Commissary Fund**

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Employee Health Insurance Fund**

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation

At June 30, 2022, \$31,500 of Employee Health Insurance Fund deposits were not insured or collateralized, contrary to Ohio law.

**Note 5 – Refund to ODRC**

The agreement between the County and ODRC permits the Facility to retain a maximum of one-twentyfourth of the grant award after liquidating encumbrances outstanding at June 30. The Facility must refund any excess over this amount to ODRC. As of July 1, 2021, the ODRC operating grant became a biannual grant. No amounts are payable or due to ODRC until the end of the current period (July 1, 2022 – June 30, 2023).

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION  
COMMUNITY BASED CORRECTIONAL FACILITY**

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM**

*TRUMBULL COUNTY*

*Notes to the Financial Statements*

*For the Year Ended June 30, 2022*

*(Continued)*

**Note 6 - Risk Management**

Workers' compensation coverage is provided by the State of Ohio. The Facility pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history.

***Commercial Insurance***

The Facility has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Errors and omissions;
- Public officials' liability;
- Law enforcement liability;
- Rental building contents; and
- Flood building and contents

During 2022, the Facility paid \$0 for losses that exceeded insurance coverage.

***Self-Insurance***

The Facility is also self-insured for health and dental insurance. The Self-Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an actuarially determined total cost per policy year. A comparison of Self-Insurance Fund cash to the paid expenditures as of June 30, 2022 follows:

	<u>2022</u>
Cash and investments	\$ 1,182,396
Actuarial liabilities	\$ 1,013,189

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Facility's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION  
COMMUNITY BASED CORRECTIONAL FACILITY**

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM**

*TRUMBULL COUNTY*

*Notes to the Financial Statements*

*For the Year Ended June 30, 2022*

*(Continued)*

**Note 7 - Defined Benefit Pension Plans (Continued)**

***Ohio Public Employees Retirement System (Continued)***

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 6 percent, of their gross salaries and the Facility contributed an amount equaling 18 percent, of participants' gross salaries. The Facility has paid all contributions required through June 30, 2022.

Retirement Rates	Year	Member Rates	Employer Rates
OPERS - Local	2022	6%	18%

OPERS member rate is 10%, while the employer rate is 14%. The Facility pays a portion of the member rate.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during fiscal year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4 percent during fiscal year 2022.

**Note 9 – Related Party Transactions**

The Facility runs the Trumbull Day Reporting Center out of the Stone Building on the Second Floor in Warren, Ohio and this space was donated for \$0 per year by the Trumbull County Commissioners.

The Facility runs a second location dedicated to females out of 1955 Blasé Nemeth Road, Painesville, Ohio and this building is rented from the Lake County Commissioners for \$1 per year with a triple net lease.

**Note 10 – Prior Period Restatement**

The following adjustments are reflected in the January 1, 2022 fund balances:

	Resident Program Fund
December 31, 2021 audited balances	\$ 203,207
To properly record FY21 operating expenses that were incorrectly recorded in FY22.	(5,559)
January 1, 2022 balances	\$ 197,648

The Facility made adjustments to accurately report beginning fund balance.

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION  
COMMUNITY BASED CORRECTIONAL FACILITY**

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM**

*TRUMBULL COUNTY*

*Notes to the Financial Statements  
For the Year Ended June 30, 2022*

*(Continued)*

**Note 11 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Facility. The impact on the Facility's future operating costs, revenues, and recovery from emergency funding, either federal or state, cannot be estimated.

During 2022, the Facility received \$18,951 as an on-behalf of the CARES ACT Grant from the Ohio Department of Rehabilitation and Corrections. These amounts are reflected as general government expenditures in Fund 992 – Federal and independently listed within the fund on the accompanying financial statements.



**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION  
COMMUNITY BASED CORRECTIONAL FACILITY  
NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM  
TRUMBULL COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
FOR THE YEAR ENDED JUNE 30, 2021**

	State Appropriations and Grants				Offender Funds			Employee Health Insurance	Totals (Memorandum Only)
	ODRC Fund 990	Day Reporting Center Fund 991	Federal Fund 992	Capital Fund Fund 993	Resident Program	Offender Personal Funds	Commissary		
<b>Cash Receipts</b>									
Intergovernmental	\$ 6,017,420	\$ 330,159	\$ 137,492	\$ 105,049	\$ -	\$ -	\$ 10,000	\$ 1,437,001	\$ 8,037,121
Receipts from Offenders	-	-	-	-	-	-	69,177	-	\$ 69,177
Collections from offenders	-	-	-	-	-	11,307	61,223	-	72,530
Commissions	-	-	-	-	132,006	-	-	-	132,006
Reimbursement	-	-	-	-	16,059	-	117	-	16,176
<b>Total Cash Receipts</b>	<b>6,017,420</b>	<b>330,159</b>	<b>137,492</b>	<b>105,049</b>	<b>148,065</b>	<b>11,307</b>	<b>140,517</b>	<b>1,437,001</b>	<b>8,327,010</b>
<b>Cash Disbursements</b>									
Current:									
Personnel	4,566,743	260,220	49,223	-	-	-	-	1,396,674	6,272,860
Operating costs	1,075,910	7,509	19,718	58,249	26,613	-	36,073	-	1,224,072
Program costs	182,454	-	51,524	-	12,321	-	1,671	-	247,970
Equipment	75,853	939	15,735	85,230	25,066	-	-	-	202,823
Capital project	-	-	-	-	-	-	-	-	-
Offender Disbursements:									
Offender legal obligations	-	-	-	-	-	30	170	-	200
Offender reimbursements	-	-	-	-	-	304	6	-	310
Offender personal expenses	-	-	-	-	-	11,148	59,932	-	71,080
Offender savings paid at exit	-	-	-	-	-	3,413	4,252	-	7,665
<b>Total Cash Disbursements</b>	<b>5,900,960</b>	<b>268,668</b>	<b>136,200</b>	<b>143,479</b>	<b>64,000</b>	<b>14,895</b>	<b>102,104</b>	<b>1,396,674</b>	<b>8,026,980</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>116,460</b>	<b>61,491</b>	<b>1,292</b>	<b>(38,430)</b>	<b>84,065</b>	<b>(3,588)</b>	<b>38,413</b>	<b>40,327</b>	<b>300,030</b>
<b>Fund Cash Balances, July 1</b>	<b>720,276</b>	<b>177,185</b>	<b>981</b>	<b>2,844</b>	<b>114,252</b>	<b>2,919</b>	<b>-</b>	<b>71,966</b>	<b>1,090,423</b>
<b>Fund Cash Balances, June 30</b>	<b>\$ 836,736</b>	<b>\$ 238,676</b>	<b>\$ 2,273</b>	<b>\$ (35,586)</b>	<b>\$ 198,317</b>	<b>\$ (669)</b>	<b>\$ 38,413</b>	<b>\$ 112,293</b>	<b>\$ 1,390,453</b>
Unpaid Obligations/Open Purchase Orders	405,478	-	-	-	-	-	-	38,057	443,535

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

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION  
COMMUNITY BASED CORRECTIONAL FACILITY**

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM**

*TRUMBULL COUNTY*

*Notes to the Financial Statements*

*For the Year Ended June 30, 2021*

**Note 1 – Reporting Entity**

The Northeast Ohio Community Alternative Program (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 185 offenders. A Facilities Governing Board oversees the Facility's operations. Common pleas judges from the counties of Ashtabula, Geauga, Lake, Portage, and Trumbull the Facility serves comprise a Judicial Advisory Board. The Judicial Advisory Board appoints two-thirds of the members of the Facility Governing Board and advises the Facilities Governing Board regarding Facility matters. The Judicial Advisory Board includes at least one common pleas court judge from each county the Facility serves. The Facility serves the following counties:

Ashtabula	Gauga	Lake
Portage	Trumbull	

For the year ended June 30, 2021, the financial statement presents all funds related to the Facility.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Facility's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

***Fund Accounting***

The Facility uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Facility are presented below:

***State Appropriations and Grants***

***Fund 990 - 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.

***Fund 991 - Day Reporting Center*** agreement between Trumbull County Adult Probation, Trumbull Court of Common Pleas, and the Facility to fund the general operating costs of running a reporting program and funded through a Probation Improvement Grant issued by ODRC.

***Fund 992 - Federal*** Reports amounts received from the Federal government, including amounts passed through ODRC. Such as Prison Rape Elimination Act funds given to Facility to upgrade surveillance equipment, CARES Act funding or Coronavirus Emergency Supplemental Funding (CESF received).

***Fund 993 - Capital CAP 003*** Reports amounts received from the ODRC to finance all or part of the cost of the renovating or building facilities.

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION  
COMMUNITY BASED CORRECTIONAL FACILITY**

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM**

*TRUMBULL COUNTY*

*Notes to the Financial Statements*

*For the Year Ended June 30, 2021*

*(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Offender Funds***

***Resident Program Fund*** ORC 2301.58 established the Resident Program Fund. Upon approval of the facility governing board, the director of the CBCF may establish a Resident Program Fund. The director shall deposit in the fund all revenues received by the facility from commissions on telephone systems, commissary operations, and reimbursable costs such medical services, and similar services.

Previously, CBCFs maintained separate Telephone Commission Funds as well as "Other" Funds for similar services (i.e. vending commissions). The Facility Governing Board approved and transferred the balance of these accounts to the Resident Program Fund on April 6, 2007. These funds have been combined to establish the Resident Program Fund pursuant to House Bill 162 that established ORC 2301.58.

***Offender Personal Funds*** This fund reports 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.

***Commissary Fund*** In November of 2020, the facility developed a Commissary and migrated all Offender Personal Funds, including negative balances, from the Resident Program Fund (RPF) into the Commissary Fund platform. This fund reports amount the Facility receives and holds in a custodial capacity for each offender while confined. The Facility makes payments as directed by the offender or per program requirements. Upon release, the Facility pays remaining funds to the offender from the commissary fund. Commissions earned from the commissary are held in this account used to fund resident incentive programs, cover negative balances, and used for other programs that benefit the residents.

***Other Funds***

***Employee Health Insurance Fund*** This self-funded health insurance fund accounts for insurance premium payments from other funds to pay medical, dental, and prescription claims of employees enrolled in the health insurance plan.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the Ohio Department of Rehabilitation and Corrections. This basis is similar to the cash receipts and disbursements accounting basis. The Facility recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION  
COMMUNITY BASED CORRECTIONAL FACILITY**

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM**

*TRUMBULL COUNTY*

*Notes to the Financial Statements*

*For the Year Ended June 30, 2021*

*(Continued)*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Basis of Accounting***

All monthly reconciliations with the Facility's fiscal agent (Trumbull County Auditor) are balances on a cash basis as described above. However, when reporting expenditures vs. budget to the Ohio Department of Rehabilitation and Corrections for annual reporting and the basis of refund determination the totals are generated on an accrual basis. This is due to the Facility having 90 days following the end of the fiscal year to close out open expenditures. Totals in Note 3 (Budgetary Activity) and Note 5 (Refund to ODRC) are represented in accrual basis.

These statements include adequate disclosure of material matters the Ohio Department of Rehabilitation and Corrections requires.

***Budgetary Process***

***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.

***Encumbrances*** Disbursements from State appropriations and Grants are subject to Trumbull County's payment approval process. 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 3 include cash disbursed against the current year budget plus amounts spent within ninety days of June 30 to liquidate year-end commitments. Amounts not liquidated within ninety days of June 30 are subject to the ODRC 490,000 reserve allowance (approximately 1/24<sup>th</sup>) or if permit by an extension. If the balance of the one-twenty fourth reserve exceeds its limit those funds are refunded to ODRC (See Note 5).

A summary of 2021 budgetary activity appears in Note 3.

***Deposits***

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 deposit and investment pool, valued at the County Treasurer's reported carrying amount. The Facility holds offenders' cash in demand deposit accounts.

The Facility holds no investments.

***Capital Assets***

The Facility records disbursements for acquisitions of capital assets when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION  
COMMUNITY BASED CORRECTIONAL FACILITY**

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM**

*TRUMBULL COUNTY*

*Notes to the Financial Statements*

*For the Year Ended June 30, 2021*

*(Continued)*

**Note 3 – Budgetary Activity**

Budgetary activity for ODRC 501-501 funding the year ending June 30, 2021 follows:

2021 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$ 5,876,981	\$ 6,106,413	\$ (229,432)

Note: ODRC switched to a two-year grant cycle in FY2020. The budgetary numbers above reflect only amounts for FY2021. While the amounts show an overspending in FY2021, actual Budgetary Expenditures for the two-year grant cycle are equal to the FY 2020/2021 two-year grant budget amount of \$11,753,962. Due to the COVID-19 pandemic, the ODRC extended the FY20/21 CBCF Grant Expenditure Period from June 30, 2021 to August 31, 2021 and all encumbrances from this period must be paid by November 15, 2021.

**Note 4 – 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**

Deposits are insured by the Federal Deposit Insurance Corporation.

**Employee Health Insurance Fund**

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 5 – Refund to ODRC**

The agreement between the County and ODRC permits the Facility to retain a maximum of one-twenty fourth 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 to ODRC for the year ending June 30. 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 refunds amounts computed below in the fiscal year following the computation below.

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION  
COMMUNITY BASED CORRECTIONAL FACILITY**

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM**

*TRUMBULL COUNTY*

*Notes to the Financial Statements*

*For the Year Ended June 30, 2021*

*(Continued)*

**Note 5 – Refund to ODRC (Continued)**

<b>Refund to ODRC</b>	
	2021
Cash, July 1	\$ 381,236
Disbursements Against Prior Year Budget	-
Payable to ODRC, July 1	-
Sub-Total	381,236
501 Cash Receipts	11,753,962
Budgetary Basis Disbursements	(11,753,962)
Amount Subject to Refund, August 31	381,236
ODRC Stated Carry-Over Limit	(490,000)
Refundable to ODRC	\$ (108,764)

**Note 6 - Risk Management**

Workers' compensation coverage is provided by the State of Ohio. The Facility pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history.

***Commercial Insurance***

The Facility has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Errors and omissions;
- Public officials' liability;
- Law enforcement liability;
- Rental building contents; and
- Flood building and contents

During 2021, the Facility paid \$0 for losses that exceeded insurance coverage.

***Self-Insurance***

The Facility is also self-insured for health and dental insurance. The Self-Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an actuarially determined total cost per policy year. A comparison of Self-Insurance Fund cash to the paid expenditures as of June 30, 2021 follows:

	2021
Cash and investments	\$ 1,437,001
Actuarial liabilities	\$ 1,396,673

**OHIO DEPARTMENT OF REHABILITATION AND CORRECTION  
COMMUNITY BASED CORRECTIONAL FACILITY**

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM**

*TRUMBULL COUNTY*

*Notes to the Financial Statements*

*For the Year Ended June 30, 2021*

*(Continued)*

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Facility employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 6 percent, of their gross salaries and the Facility contributed an amount equaling 18 percent, of participants' gross salaries. The Facility has paid all contributions required through June 30, 2021.

Retirement Rates	Year	Member Rates	Employer Rates
OPERS - Local	2021	6%	18%

OPERS member rate is 10%, while the employer rate is 14%. The Facility pays a portion of the member rate.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during fiscal year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4 percent during fiscal year 2021.

**Note 9 – Related Party Transactions**

The Facility runs the Trumbull Day Reporting Center out of the Stone Building on the Second Floor in Warren, Ohio and this space was donated for \$0 per year by the Trumbull County Commissioners.

The Facility runs a second location dedicated to females out of 1955 Blasé Nemeth Road, Painesville, Ohio and this building is rented from the Lake County Commissioners for \$1 per year with a triple net lease.

**Note 10 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Facility. The impact on the Facility's future operating costs, revenues, and recovery from emergency funding, either federal or state, cannot be estimated.

During 2021, the Facility received \$48,392 as an on-behalf grant from the Ohio Department of Rehabilitation and Corrections. These amounts are reflected as general government expenditures in Fund 992 – Federal and independently listed within the fund on the accompanying financial statements.

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

Northeast Ohio Community Alternative Program  
Trumbull County  
411 Pine Avenue Southeast  
Warren, OH 44483

To the Members of the Judicial Advisory Board and Facility Governing Board:

We have audited, 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, the financial statements of **Northeast Ohio Community Alternative Program**, Trumbull County, (the Facility) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, and have issued our report thereon dated March 3, 2023, wherein we noted the Facility followed financial reporting provisions the Ohio Department of Rehabilitation and Corrections permits.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Facility's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Northeast Ohio Community Alternative Program  
Trumbull County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*

**Purpose of this Report**

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



**Perry and Associates**  
Certified Public Accountants, A.C.  
*Marietta, Ohio*

March 3, 2023

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM  
TRUMBULL COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED JUNE 30, 2022-2021**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2022-001**

**Material Weakness**

**Financial Reporting**

Accurate financial reporting is the responsibility of the Business Manager and is essential to ensure information provided to the readers of the financial statements is accurate. Footnote disclosures should be accurate based on underlying source documentation and governmental accounting standards.

During 2022 and 2021, financial statements were not always presented correctly. The following errors were noted:

- The Facility incorrectly reported Fiscal Year 2021 operating cost expenses and program cost expenses in Fiscal Year 2022.

As a result, adjustments were made in order to fairly present the annual financial report. The financial statements and footnotes reflect these reclassifications and modifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements.

We also recommend the Facility ensure all applicable footnote disclosures are accurately reported.

**Officials' Response** – We did not receive a response from officials to this finding.

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM  
TRUMBULL COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2022-2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Financial Reporting	Not Corrected	Repeated as Finding 2022-001

# OHIO AUDITOR OF STATE KEITH FABER



## NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM

### TRUMBULL COUNTY

#### AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/23/2023

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)