



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM
TRUMBULL COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED JUNE 30, 2024 - 2023**



65 East State Street
Columbus, Ohio 43215
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800-282-0370

Governing Board
Northeast Ohio Community Alternative Program
411 Pine Avenue Southeast
Warren, OH 44483

We have reviewed the *Independent Auditor's Report* of the Northeast Ohio Community Alternative Program, Trumbull County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2022 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink that reads "Tiffany L Ridenbaugh".

Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

June 25, 2025

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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 and Facility Governing Board:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Northeast Ohio Community Alternative Program, Trumbull County, Ohio (the Facility), which comprise the cash balances, receipts and disbursements for each fund as of and for the years ended June 30, 2024 and 2023, 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 fund as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions the Ohio Department of Rehabilitation and Corrections permits, 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, 2024 and 2023, or the changes in financial position thereof for the years then ended.

Basis for Opinion

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 the Facility on the accounting basis permitted by the financial reporting provisions of the Ohio Department of Rehabilitation and Corrections, 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 the Ohio Department of Rehabilitation and Corrections permits. 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.

Northeast Ohio Community Alternative Program
Trumbull County
Independent Auditor's Report

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 *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 11, 2025, 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 11, 2025

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, 2024**

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, 2024*

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	Geauga	Lake
Portage	Trumbull	

For the year ended June 30, 2024, 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. The agreement ended in fiscal year 2023 on June 30, 2023

Fund 992 - Federal Reports amounts received from the Federal government, including amounts passed through ODRC. The Facility received no direct federal funding in fiscal year 2024.

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.

Fund 995 – Misc. Local Grants Reports amounts received from local agencies in the form of grants. Such as the Trumbull County Combined Health District.

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, 2024
(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, 2024
(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 1/24th) 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 2024 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.

Leases and SBITAs

NEOCAP is the lessee in a triple net lease with the Lake County Commissioners to lease the Painesville, Oh facility for \$1.00 per year. The lease is a 3-year lease that automatically renews for 3 terms. NEOCAP also has a 3-year lease on copy machines for both male and female facilities. These leases do have a "loss of funding" clause that will allow for the termination of the lease in the event NEOCAP loses funding. The Facility has entered into Subscription-Based Information Technology Arrangements (SBITA) for several types of software including contracts related to cloud-based server backup. Microsoft Office, Mobile Texting, and website hosting software. Subscription disbursements are recognized when they are paid. Subscriptions are cancelable.

**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, 2024*
(Continued)

Note 3 – Budgetary Activity

Budgetary activity for ODRC 501-501 funding the year ending June 30, 2024 follows:

<u>2024 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
Appropriation Authority	Budgetary Expenditures	Variance
\$ 6,723,603	\$ 6,769,603	\$ (46,000)

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.

Health Insurance Fund, Resident Program Fund, and 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.

At June 30, 2024, \$122,536, \$86,453, and \$22,665, respectively of the Health Insurance Fund, Resident Program Fund, and Commissary Fund deposits were not insured or collateralized due to a reduced collateral requirement of 60% through OPCS.

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. 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, 2023 – June 30, 2025).

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**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, 2024*
(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

During 2024, 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, 2024 follows:

	<u>2024</u>
Cash and investments	\$ 1,128,405
Actuarial liabilities	\$ 1,332,867

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 10 percent, of their gross salaries and the Facility contributed an amount equaling 14 percent, of participants' gross salaries. The Facility has paid all contributions required through June 30, 2024.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit 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 calendar year 2024.

**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, 2024*
(Continued)

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the Facility are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. The Facility's counsel cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 10 – Related Party Transactions

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 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency ended in April 2023. During 2023, the Facility received COVID-19 funding.

During fiscal year 2023, NEOCAP was awarded a COVID-19 Detection & Mitigation in Confinement Facilities (CF23) Subgrant for the period of November 1, 2022 through October 31, 2023 in the amount of \$67,000. This grant is a reimbursement grant where expenditures are created by NEOCAP in fiscal year 2023, but reimbursements were not received until fiscal year 2024. These amounts are reflected as general government expenditures in Fund 995 and independently listed within the fund on the accompanying financial statement.

**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, 2023**

	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	Misc Grants Fund 995	Resident Program	Offender Personal Funds				
Cash Receipts											
Intergovernmental	\$ 6,295,852	\$ 217,135	\$ -	\$ 277,081	\$ -	\$ -	\$ -	\$ -	\$ 1,225,922	\$ 8,015,990	
Receipts for Offenders	-	-	-	-	-	-	-	-	117,969	117,969	
Collections from offenders	-	-	-	-	-	-	-	-	71,354	71,354	
Commissions	-	-	-	-	-	125,058	21,925	-	-	146,983	
Reimbursement	-	-	-	-	-	977	172	-	-	1,149	
Total Cash Receipts	6,295,852	217,135	-	277,081	-	126,035	211,420	1,225,922	8,353,445		
Cash Disbursements											
Current:											
Personnel	5,126,253	294,823	-	-	-	-	-	-	1,073,417	6,494,493	
Operating costs	1,175,066	10,019	-	-	25,948	90,776	1,810	40	-	1,303,659	
Program costs	221,518	1,111	-	-	13,400	25,647	19,492	-	-	281,168	
Equipment	15,337	29,375	-	336,830	-	122,144	-	-	-	503,686	
Offender Disbursements:											
Offender legal obligations	-	-	-	-	-	-	-	10	-	10	
Offender personal expenses	-	-	-	-	-	-	173,941	-	-	173,941	
Offender savings paid at exit	-	-	-	-	-	-	7,384	-	-	7,384	
Total Cash Disbursements	6,538,174	335,328	-	336,830	39,348	238,567	202,637	1,073,457	8,764,341		
Excess of Receipts Over (Under) Disbursements	(242,322)	(118,193)	-	(59,749)	(39,348)	(112,532)	8,783	152,465	(410,896)		
Fund Cash Balances, July 1	888,030	374,789	1,156	62,593	-	288,613	42,695	281,500	1,939,376		
Fund Cash Balances, June 30	\$ 645,708	\$ 256,596	\$ 1,156	\$ 2,844	\$ (39,348)	\$ 176,081	\$ 51,478	\$ 433,965	\$ 1,528,480		
Unpaid Obligations/Open Purchase Orders											
				396,622							

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, 2023*

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	Geauga	Lake
Portage	Trumbull	

For the year ended June 30, 2023, 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:

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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).

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Fund 995 – Misc. Local Grants Reports amounts received from local agencies in the form of grants. Such as the Trumbull County Combined Health District.

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, 2023
(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, 2023*
(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 1/24th) 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 2023 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, 2023*
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Leases

NEOCAP is the lessee in a triple net lease with the Lake County Commissioners to lease the Painesville, Oh facility for \$1.00 per year. The lease is a 3-year lease that automatically renews for 3 terms. NEOCAP also has a 3-year lease on copy machines for both male and female facilities. These leases do have a "loss of funding" clause that will allow for the termination of the lease in the event NEOCAP loses funding.

Note 3 – Budgetary Activity

Budgetary activity for ODRC 501-501 funding the year ending June 30, 2023 follows:

2023 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$ 6,295,852	\$ 6,539,387	\$ (243,535)

Note: The budgetary numbers above reflect only amounts for FY2023. While the amounts show an overspending in FY2023, actual Budgetary Expenditures for the two-year grant cycle are less than the FY 2022/2023 two-year grant budget amount of \$12,373,865.

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.

Health Insurance Fund, Resident Program Fund, and Commissary Fund

Deposits

At June 30 2023, \$226,024 and \$26,175, respectively, of the Health Insurance Fund and Commissary Fund deposits were not insured or collateralized due to a reduced collateral requirement of 50% through OPCS. All deposits in the Resident Program Fund were 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, 2023
(Continued)*

Note 5 – Refund to ODRC (Continued)

Refund to ODRC		2023
Cash, July 1		\$ 381,235
Disbursements Against Prior Year Budget		-
Payable to ODRC, July 1		-
Sub-Total		381,235
501 Cash Receipts		12,373,865
Budgetary Basis Disbursements		(12,372,313)
Amount Subject to Refund, August 31		382,787
ODRC Stated Carry-Over Limit		(490,000)
Refundable to ODRC		\$ (107,213)

Calculation of Payable to ODRC		2023
Payable, July 1		\$ -
Cash Refunded		-
Refundable to ODRC, June 30		-
Payable to ODRC, July 1		\$ -

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; and
- Rental building contents;

During 2023, the Facility paid \$0 for losses that exceeded insurance coverage.

**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, 2023*
(Continued)

Note 6 - Risk Management (Continued)

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, 2023 follows:

	<u>2023</u>
Cash and investments	\$ 1,225,922
Actuarial liabilities	\$ 1,073,457

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 10 percent, of their gross salaries and the Facility contributed an amount equaling 14 percent, of participants' gross salaries. The Facility has paid all contributions required through June 30, 2023.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit 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 calendar year 2023.

Note 9 – Contingencies

Amounts grantor agencies pay to the Facility are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. The Facility's counsel cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 10 – 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

**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, 2023*
(Continued)

lease.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency ended in April 2023. During 2023, the Facility received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Facility. The impact on the Facility's future operating costs, revenues and additional recovery from emergency funding, either federal or state, cannot be estimated.

During fiscal year 2023, NEOCAP was awarded a COVID-19 Detection & Mitigation in Confinement Facilities (CF23) Subgrant for the period of November 1, 2022 through October 31, 2023 in the amount of \$67,000. This grant is a reimbursement grant where expenditures are created by NEOCAP in fiscal year 2023, but reimbursements were not received until fiscal year 2024. These amounts are reflected as general government expenditures in Fund 995 and independently listed within the fund on the accompanying financial statement.



**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 (Government Auditing Standards), the financial statements of the cash balances, receipts, and disbursements for each fund as of and for the years ended June 30, 2024 and 2023 and the related notes to the financial statements of the **Northeast Ohio Community Alternative Program**, Trumbull County, (the Facility) and have issued our report thereon dated March 11, 2025, 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 2024-001 that we consider to be a material weakness.

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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*

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*.

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 11, 2025

**NORTHEAST OHIO COMMUNITY ALTERNATIVE PROGRAM
TRUMBULL COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED JUNE 30, 2024-2023**

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

FINDING NUMBER 2024-001

Material Weakness

Cash Reconciliations

A necessary step in the internal control over financial reporting is to reconcile the bank balance to the accounting record's cash balance. Bank reconciliation means accounting for the differences between the bank statement's balances and the cash balances according to the Facility's records at a specific point in time.

During both fiscal years 2023 and 2024, our testing revealed the Employee Health Insurance account had outstanding checks that were not accounted for within the fund balances.

The fund balance at fiscal year-end should be the bank balance less outstanding checks. These checks should be recorded as expenses in the year the checks are written. The Financial Statements reflect the above adjustments.

The Facility should perform and complete monthly bank reconciliations that take outstanding items into account and include the outstanding items into the fund balance when checks are written, not when they are paid by the bank.

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, 2024-2023**

Finding Number	Finding Summary	Status	Additional Information
2022-001	Financial Reporting	Corrected	N/A

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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 7/8/2025

65 East State 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