



Dave Yost • Auditor of State

**THE EMPLOYMENT CONNECTION
HOCKING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balance (Cash Basis) - For the Years Ended December 31, 2013 and 2012.....	3
Notes to the Financial Statement.....	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	9

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

The Employment Connection
Hocking County
1369 E. Front Street
Logan, Ohio 43138

To the Council:

Report on the Financial Statement

We have audited the accompanying financial statement and related notes of The Employment Connection, Hocking County, Ohio ("TEC"), as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting this financial statement in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statement, TEC prepared the financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of TEC as of December 31, 2013 and 2012, or changes in financial position thereof, for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances of The Employment Connection, Hocking County, Ohio, as of December 31, 2013 and 2012, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2014, on our consideration of TEC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TEC's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

November 18, 2014

**THE EMPLOYMENT CONNECTION
HOCKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE (CASH BASIS)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Cash Receipts		
Intergovernmental - Federal	\$ 370,022	\$ 635,933
Intergovernmental - County	743,061	812,110
Miscellaneous	21,016	530
Perry County Loan	<u>78,000</u>	
<i>Total Cash Receipts</i>	<u>1,212,099</u>	<u>1,448,573</u>
Cash Disbursements		
Salaries and Benefits	912,310	912,354
Grant Expenses	166,190	308,290
Transportation	14,227	25,676
Professional Services	67,140	88,275
Occupancy	17,727	17,545
Training	3,007	3,922
Insurance	2,792	3,430
Miscellaneous Fees	220	1,440
Telephone	4,701	3,585
Supplies	725	13,197
Dues/Publications	662	300
Travel	<u>39,634</u>	<u>39,231</u>
<i>Total Cash Disbursements</i>	<u>1,229,335</u>	<u>1,417,245</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(17,236)</u>	<u>31,328</u>
<i>Cash Balance, January 1</i>	<u>74,472</u>	<u>43,144</u>
Cash Balance, December 31		
Unassigned (Deficit)	<u>57,236</u>	<u>74,472</u>
<i>Cash Balance, December 31</i>	<u>\$ 57,236</u>	<u>\$ 74,472</u>

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

This page intentionally left blank.

**THE EMPLOYMENT CONNECTION
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Employment Connection Hocking County, Ohio (the "TEC") is a Regional Council of Governments pursuant to Chapter 167 of the Ohio Revised Code. The Council is comprised of a six member Board, appointed by the member counties. TEC provides employment services to persons with developmental disabilities in its respective counties. TEC includes Perry, Fairfield, and Hocking County.

TEC's management believes this financial statement presents all activities for which TEC is financially accountable.

B. Accounting Basis

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. TEC recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

This Statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

C. Administrative Agent

The Mid-East Ohio Regional Council is the administrative agent for TEC. TEC made contributions totaling \$13,837 and \$24,813, respectively, in 2103 and 2012 to the Mid-East Ohio Regional Council for office costs and contract services.

D. Deposits

TEC had one primary, interest-bearing checking account during the period.

E. Cash Balance

Cash balance is divided into five classifications based primarily on the extent to which TEC must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

TEC classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**THE EMPLOYMENT CONNECTION
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Fund Balance (Continued)

2. Restricted

Cash balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

The Board can *commit* amounts via formal action (resolution). TEC must adhere to these commitments unless the Board amends the resolution. Committed cash balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned cash balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by TEC Board or a TEC official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned cash balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

TEC applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Property, Plant, and Equipment

TEC records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

G. Accumulated Leave

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

**THE EMPLOYMENT CONNECTION
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2013 AND 2012
(Continued)**

2. Equity in Pooled Deposits

The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2013	2012
Demand deposits	\$57,236	\$74,472

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation. .

3. Debt

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Perry County Loan	\$78,000	0%

TEC obtained a loan of \$78,000 from the Perry County Board of Developmental Disabilities in June 2013. The loan was to be used to cover cash flow issues at TEC. The loan is uncollateralized and contains no set repayment schedule or covenants.

4. Retirement System

TEC'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.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and TEC contributed an amount equaling 14% of participants' gross salaries. TEC has paid all contributions required through December 31, 2013.

5. Risk Management

Commercial Insurance

TEC has obtained commercial insurance for the following risks:

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

6. Contingent Liabilities

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

This page intentionally left blank.



Dave Yost • Auditor of State

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

The Employment Connection
Hocking County
1369 E. Front Street
Logan, Ohio 43138

To the Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statement of The Employment Connection, Hocking County, Ohio ("TEC"), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statement, and have issued our report thereon dated November 18, 2014, wherein we noted TEC followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of TEC's financial statement. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

November 18, 2014



Dave Yost • Auditor of State

THE EMPLOYMENT CONNECTION

HOCKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 16, 2014