



OHIO AUDITOR OF STATE
KEITH FABER



**CONNECT
CUYAHOGA COUNTY
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JUNE 30, 2020 AND 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Connect
Cuyahoga County
5700 West Canal Road
Valley View, Ohio 44125

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Connect, Cuyahoga County, Ohio, as of and for the years ended June 30, 2020 and 2019.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to Connect'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 Connect's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though Connect does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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 statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Connect, as of June 30, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Connect, as of June 30, 2020 and 2019, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of Connect. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2021, on our consideration of Connect'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 Connect's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 10, 2021

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Connect
Cuyahoga County
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended June 30, 2020

Operating Cash Receipts	
Charges for Services	\$ 5,009,100
	<u>5,009,100</u>
Operating Cash Disbursements	
Salaries	2,593,660
Employee Fringe Benefits	768,492
Purchased and Contracted Services	1,510,746
Supplies and Materials	1,187,533
Capital Outlay	231,969
Other	6,602
	<u>6,299,002</u>
<i>Total Operating Cash Disbursements</i>	<u>6,299,002</u>
<i>Operating Income (Loss)</i>	<u>(1,289,902)</u>
Non-Operating Receipts	
State Source Receipts	317,455
Earnings on Investments	18,201
	<u>335,656</u>
<i>Total Non-Operating Receipts</i>	<u>335,656</u>
<i>Net Change in Fund Cash Balances</i>	<u>(954,246)</u>
<i>Fund Cash Balances, July 1</i>	<u>3,527,605</u>
<i>Fund Cash Balances, June 30</i>	<u>\$ 2,573,359</u>

See accompanying notes to the basic financial statements

Connect, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 1 – Reporting Entity

On June 30, 2006, members of the board of the Lakeshore Northeast Ohio Computer Association, now known as Connect, passed a resolution approving the termination of the agreement under which Connect was established (Ohio Revised Code Section 3313.92). Effective July 1, 2006, Connect was re-established as a Regional Council of Governments pursuant to Ohio Revised Code Section 167. The mission of Connect is to provide quality, cost-effective services that enable member school districts individually, and interactively, to manage data and utilize technology effectively for educational and administrative purposes. The Treasurer of the Educational Service Center of Northeast Ohio (ESC) acts as the Fiscal Agent of Connect.

The current Board is made of the Superintendents from the ESC of Northeast Ohio, Lorain County ESC, Medina County ESC and the Director of the Ohio Schools Council.

Connect management believes these financial statements present all activities for which Connect is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-203(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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).

Fund Accounting

Connect 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.

Basis of Accounting

Connect maintains its accounting records in accordance with the principles of “fund” accounting. Fund accounting is a concept developed to meet the needs of government entities in which legal or other restraints require the recording of specific receipts and disbursements. Connect uses an enterprise fund to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for public policy, management control, accountability or other purposes.

Connect, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 2 – Summary of Significant Accounting Policies – (Continued)

Budgetary Process

Connect is not required to follow the budgetary process, but has decided to adopt a formal budget annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control. The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of July 1.

Encumbrances

Connect reserves (encumbers) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

Deposits and Investments

Connect's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

Connect records disbursements for acquisitions of property, plant, and equipment 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. Unpaid leave is not reflected as a liability in the financial statements.

Note 3 – Deposits and Investments

Connect maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at June 30 was as follows:

	<u>2020</u>
Demand deposits	\$1,372,827
Investments	1,200,532
Total Deposits and Investments	<u>\$2,573,359</u>

Connect, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 3 – Deposits and Investments (Continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, Connect will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2020, \$394,783 of Connect's total bank balance of \$1,559,078 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Connect's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

Connect has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to Connect and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Note 4 – Budget Stabilization Fund

Connect maintains a budget stabilization fund established in response to an Ohio Administrative Code requirement that has since been eliminated through legislative action. Connect's Board has maintained this fund as a reserve and designated those funds to be used for investment purposes. New members joining Connect contribute to this fund on a per student amount determined at the time they join Connect. As of June 30, 2020 the stabilization fund balance is \$1,202,458.

Note 5 – Risk Management

Connect is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2020, Connect contracted with several companies for various types of insurance.

Full time employees of Connect are also provided with health insurance and dental and vision insurance coverage through a private carrier.

Note 6 – Defined Benefit Pension Plans

School Employees Retirement System

Connect's employees belong to the School Employees' Retirement System (SERS). SERS 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. SERS members contributed 10%, of their gross salaries and Connect contributed an amount equaling 14%, of participants' gross salaries. Connect has paid all contributions required through June 30, 2020.

Connect, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 7 – Postemployment Benefits

School Employees Retirement System

Postemployment Benefits

In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers a postemployment benefit plan.

Health Care Plan

In addition to a cost-sharing multiple employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers a postemployment benefit plan. Health Care Plan Sections 3309.375 and 3309.69 of the Ohio Revised Code permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Ohio Revised Code provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plan. The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer 14% contribution to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, SERS did not allocate any employer contributions to the Health Care fund. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. By statute no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the minimum compensation level was established at \$19,600. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Note 8 – Related Party Transactions

In fiscal year 2020, Connect received service fee contributions from member school districts in the amount of \$5,009,100. These contributions are reflected as Operating Cash Receipts – Service Fees, in the accompanying financial statement.

Note 9 – 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of Connect. Connect's investment portfolio and the investments of the pension and other employee benefit plans in which Connect participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on Connect's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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Connect
Cuyahoga County
Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
For the Year Ended June 30, 2019

Operating Cash Receipts	
Charges for Services	\$ 5,739,696
<i>Total Operating Cash Receipts</i>	<u>5,739,696</u>
Operating Cash Disbursements	
Salaries	2,341,388
Employee Fringe Benefits	729,705
Purchased and Contracted Services	1,620,301
Supplies and Materials	1,229,602
Capital Outlay	105,133
Other	94,029
<i>Total Operating Cash Disbursements</i>	<u>6,120,158</u>
<i>Operating Income (Loss)</i>	<u>(380,462)</u>
Non-Operating Receipts	
State Source Receipts	381,168
Earnings on Investments	27,612
<i>Total Non-Operating Receipts</i>	<u>408,780</u>
<i>Net Change in Fund Cash Balances</i>	<u>28,318</u>
<i>Fund Cash Balances, July 1</i>	<u>3,499,287</u>
<i>Fund Cash Balances, June 30</i>	<u>\$ 3,527,605</u>

See accompanying notes to the basic financial statements

Connect, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 1 – Reporting Entity

On June 30, 2006, members of the board of the Lakeshore Northeast Ohio Computer Association, now known as Connect, passed a resolution approving the termination of the agreement under which Connect was established (Ohio Revised Code Section 3313.92). Effective July 1, 2006, Connect was re-established as a Regional Council of Governments pursuant to Ohio Revised Code Section 167. The mission of Connect is to provide quality, cost-effective services that enable member school districts individually, and interactively, to manage data and utilize technology effectively for educational and administrative purposes. The Treasurer of the Educational Service Center of Northeast Ohio (ESC) acts as the Fiscal Agent of Connect.

The current Board is made of the Superintendents from the ESC of Northeast Ohio, Lorain County ESC, Medina County ESC and the Director of the Ohio Schools Council.

Connect management believes these financial statements present all activities for which Connect is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-203(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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).

Fund Accounting

Connect 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.

Basis of Accounting

Connect maintains its accounting records in accordance with the principles of “fund” accounting. Fund accounting is a concept developed to meet the needs of government entities in which legal or other restraints require the recording of specific receipts and disbursements. Connect uses an enterprise fund to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for public policy, management control, accountability or other purposes.

Connect, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 2 – Summary of Significant Accounting Policies – (Continued)

Budgetary Process

Connect is not required to follow the budgetary process, but has decided to adopt a formal budget annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control. The Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of July 1.

Encumbrances

Connect reserves (encumbers) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

Deposits and Investments

Connect's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

Connect records disbursements for acquisitions of property, plant, and equipment 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. Unpaid leave is not reflected as a liability in the financial statements.

Note 3 – Deposits and Investments

Connect maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at June 30 was as follows:

	2019
Demand deposits	<u>\$2,345,273</u>
Investments	<u>1,182,332</u>
Total Deposits and Investments	<u><u>\$3,527,605</u></u>

Connect, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 3 – Deposits and Investments (Continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, Connect will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2019, \$776,036 of Connect's total bank balance of \$2,461,996 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Connect's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

Connect has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to Connect and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in 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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Note 4 – Budget Stabilization Fund

Connect maintains a budget stabilization fund established in response to an Ohio Administrative Code requirement that has since been eliminated through legislative action. Connect's Board has maintained this fund as a reserve and designated those funds to be used for investment purposes. New members joining Connect contribute to this fund on a per student amount determined at the time they join Connect. As of June 30, 2019 the stabilization fund balance is \$1,202,458.

Note 5 – Risk Management

Connect is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2019, Connect contracted with several companies for various types of insurance.

Full time employees of Connect are also provided with health insurance and dental and vision insurance coverage through a private carrier.

Note 6 – Defined Benefit Pension Plans

School Employees Retirement System

Connect's employees belong to the School Employees' Retirement System (SERS). SERS 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. SERS members contributed 10%, of their gross salaries and Connect contributed an amount equaling 14%, of participants' gross salaries. Connect has paid all contributions required through June 30, 2019.

Connect, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 7 – Postemployment Benefits

School Employees Retirement System

Postemployment Benefits

In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers a postemployment benefit plan.

Health Care Plan

In addition to a cost-sharing multiple employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers a postemployment benefit plan. Health Care Plan Sections 3309.375 and 3309.69 of the Ohio Revised Code permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Ohio Revised Code provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plan. The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer 14% contribution to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, SERS did not allocate any employer contributions to the Health Care fund. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. By statute no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the minimum compensation level was established at \$21,600. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Note 8 – Debt

Leases

Connect leases equipment under noncancelable leases. Connect disbursed \$75,642 to pay lease costs for the year ended June 30, 2019. All leases were paid off in fiscal year 2019.

Note 9 – Related Party Transactions

In fiscal year 2019, Connect received service fee contributions from member school districts in the amount of \$5,739,696. These contributions are reflected as Operating Cash Receipts – Service Fees, in the accompanying financial statement.

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OHIO AUDITOR OF STATE KEITH FABER



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

Connect
Cuyahoga County
5700 West Canal Road
Valley View, Ohio 44125

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements of Connect, Cuyahoga County, Ohio, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated February 10, 2021, wherein we noted Connect followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of Connect.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered Connect's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of Connect'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 Connect's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of reasonably assuring whether Connect's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. 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 Connect's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering Connect's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

February 10, 2021

OHIO AUDITOR OF STATE KEITH FABER



CONNECT

CUYAHOGA 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 3/2/2021

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