



OHIO AUDITOR OF STATE  
**KEITH FABER**





**SOUTHWEST OHIO COMPUTER ASSOCIATION COUNCIL OF GOVERNMENTS  
BUTLER COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Southwest Ohio Computer Association Council of Governments  
Butler County  
3611 Hamilton Middletown Road  
Hamilton, Ohio 45011

To the Members of Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each fund as of and for the years ended June 30, 2021 and 2020 and related notes of the Southwest Ohio Computer Association Council of Governments, Butler County, (the Council).

### ***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 the Council'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 the Council'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 statements, the Council 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 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 the Council 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 the 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 the Council as of June 30, 2021 and 2020, or 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 for each fund, and related notes of the Southwest Ohio Computer Association Council of Governments, Butler County as of and for the years ended June 30, 2021 and 2020 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 1.

***Emphasis of Matter***

As discussed in Note 7 to the financial statements for the year ended December 31, 2021 and Note 7 to the financial statements for the year ended December 31, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Council. 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 9, 2022, on our consideration of the Council'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 the Council's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio  
February 9, 2022

**SOUTHWEST OHIO COMPUTER ASSOCIATION COUNCIL OF GOVERNMENTS  
BUTLER COUNTY, OHIO**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>2021</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$6,220,097
Miscellaneous	81,222
<i>Total Operating Cash Receipts</i>	6,301,319
<b>Operating Cash Disbursements:</b>	
Salaries and Wages	1,949,032
Employee Fringe Benefits	697,910
Purchased Services	1,747,016
Supplies and Materials	1,698,605
Debt Service	
Redemption of Principal	207,404
Interest Charges	60,025
Other	70,774
<i>Total Operating Cash Disbursements</i>	6,430,766
<i>Operating Income (Loss)</i>	(129,447)
<b>Non-Operating Receipts (Disbursements):</b>	
Intergovernmental	387,213
Earnings on Investments	43,117
Capital Outlay	(516,191)
<i>Total Non-Operating Receipts (Disbursements)</i>	(85,861)
<i>Net Change in Fund Cash Balances</i>	(215,308)
Fund Cash Balances, July 1	8,109,964
Fund Cash Balances, June 30	\$7,894,656
Reserve for Encumbrances	877,420
Unencumbered Cash Balance, June 30	\$7,017,236

The Notes to the Financial Statements are an integral part of this statement.

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**SOUTHWEST OHIO COMPUTER ASSOCIATION COUNCIL OF GOVERNMENTS  
BUTLER COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The Southwest Ohio Computer Association Council of Governments, Butler County, Ohio (the Council), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Southwest Ohio Computer Association transitioned to a Council of Governments effective July 1, 2009, being organized under Chapter 167 of the Ohio Revised Code. The Council operates under a Board of Directors consisting of one member, either the superintendent or treasurer, from each of the member school districts for a perpetual term. From the Board of Directors, members are elected to an Executive Committee to make decisions on the operation of the Council for those powers specifically allocated to them in the Council Agreement.

The Council serves 52 public, non-public and community schools located in Butler, Darke, Hamilton, Montgomery, Preble, Clinton, and Warren counties. The Butler Technology and Career Development Schools (Butler Tech), one of the member educational providers, is the fiscal agent for the Council.

The Council is one of eighteen regional service organizations serving public school districts, career centers, educational service centers, community schools and other local governmental entities in the State of Ohio that make up the Ohio Educational Computer Network (OECN). These service organizations are known as Information Technology Centers (ITC). The OECN is a collective group of ITCs, authorized pursuant to Section 3301.075 of the Ohio Revised Code, and their member school districts. Such sites, in conjunction with the Ohio Department of Education, comprise a statewide delivery system to provide comprehensive, cost-efficient accounting, and other administrative and instructional computer services for participating Ohio school districts. The Council also provides technical services and support to local government entities and qualifying non-profit organizations.

The Council's management believes these financial statements present all activities for which the Council is financially accountable.

**B. Basis of Accounting**

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 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Council 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).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Cash and Investments**

Cash received by the Council is deposited to the operating account of the fiscal agent; Butler Tech who distributes funds upon authorization of the Council. The Chief Financial Officer for the Council is the Chief Financial Officer of Butler Tech. As of July 1, 2021, a Finance Director position was created to be the custodian of the Council funds. See Note 7, Subsequent Events, for additional information.

**SOUTHWEST OHIO COMPUTER ASSOCIATION COUNCIL OF GOVERNMENTS  
BUTLER COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021  
(Continued)**

**D. Fund Accounting**

The Council uses fund accounting to segregate cash and investments that are restricted as to use. The Council classifies its fund as an Enterprise Fund. This fund accounts for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges.

**E. Property, Plant, and Equipment**

The Council records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**F. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. The financial statements do not include a liability for unpaid leave under the basis of accounting used by the Council.

**2. Cash with Fiscal Agent**

In accordance with the Ohio Revised Code, the Council's cash is held and invested by the Chief Financial Officer of Butler Tech, who acts as custodian for Council monies. The Council's assets are held in Butler Tech's cash and investment pool and are valued at the district's reported carrying amount. The Council's carrying amounts of cash on deposit with Butler Tech at June 24, 2021 was \$7,810,937 which was transferred to the Council's Finance Director on that date. See Note 7, Subsequent Events, for additional information.

**3. Budgetary Process**

The Ohio Revised Code does not require the Council to follow the statutory budget process. However, management prepares a budget for internal monitoring and reporting. Budgetary activity for the year ended June 30, 2021 follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$6,558,619	\$6,731,649	\$173,030
Expenditures	\$7,195,641	\$7,824,377	(\$628,736)

Budgeted expenditures include prior year encumbrances and current year appropriations, and actual expenditures include actual disbursements and current year encumbrances.

**SOUTHWEST OHIO COMPUTER ASSOCIATION COUNCIL OF GOVERNMENTS  
BUTLER COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021  
(Continued)**

**4. Retirement Systems**

The Council contributes to the School Employees Retirement System of Ohio (SERS). SERS is a cost-sharing multiple-employer defined benefit pension plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Contribution rates are also prescribed by the Ohio Revised Code. For 2021, members of SERS contributed 10% of their gross salaries. The Council contributed an amount equal to 14% of participants' gross salaries. The Council paid all contributions required through June 30, 2021.

**5. Risk Management**

**Commercial Insurance** - The Council has obtained commercial insurance for the following risks:

Comprehensive property and general liability;  
Cyber and Technology Insurance; and  
Errors and omissions

The Council also provides health insurance, dental, life and vision coverage to full-time employees through its fiscal agent, Butler Tech.

**6. Long-Term Debt**

The Council has two long-term debt obligations at June 30, 2021.

On March 10, 2015 the Council secured a loan in the amount of \$2,500,000 with a net interest cost of 3.5% for the construction of a new building. The loan was issued for a period of 15 years with a final maturity of December 1, 2029. Per the terms of the loan agreement, the Council has the ability to pay the loan in full before the original maturity date without penalty. As of June 30, 2021, the Council has not made any additional principal payments beyond the required annual payments. Annual principal payments are due December 1 of each year and interest payments are due June 1 and December 1 of each year.

In August 2017, the Council was approved for an interest-free Local Government Innovation Fund (LGIF) loan from the Ohio Department of Development to build a fiber network in Butler County. This loan is payable over ten years and no payment is due the first year. During the 2018-19 fiscal year, the Council received \$359,230 in funding from the Ohio Department of Development. The Council received an initial project payment of \$100,000 in fiscal year 2017. The project was completed in December 2018 and repayment of the loan began in November 2020. Annual principal payments are due quarterly in January, April, July and October of each year.

A summary of the Council's outstanding debt and amortization schedule at June 30, 2021 is summarized on the following page.

**SOUTHWEST OHIO COMPUTER ASSOCIATION COUNCIL OF GOVERNMENTS  
BUTLER COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021  
(Continued)**

The following table summarizes the Council's debt activity for the year:

<b>Governmental Activities:</b>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
2015 Construction Loan	12/1/2029	\$1,790,000	\$0	\$150,000	\$1,640,000
2018 LGIF Loan	12/1/2028	\$459,230	\$0	\$57,404	\$401,826
<b>Total Long-Term Debt</b>		<u>\$2,249,230</u>	<u>\$0</u>	<u>\$207,404</u>	<u>\$2,041,826</u>

The annual loan payments for the Council's debt obligations are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	\$205,923	\$54,600	\$260,523
2023	\$210,923	\$48,913	\$259,836
2024	\$215,923	\$43,050	\$258,973
2025	\$220,923	\$37,012	\$257,935
2026	\$225,923	\$30,800	\$256,723
2027-30	<u>\$962,211</u>	<u>\$56,700</u>	<u>\$1,018,911</u>
	\$2,041,826	\$271,075	\$2,312,901

**7. COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures impacted the second half of fiscal year 2020 and may impact subsequent periods of the Council. The Council's investment portfolio and other employee benefit plan in which the Council 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. The impact on the Council's future operating costs, revenues and any recovery from emergency funding, either federal or state, cannot be estimated.

**SOUTHWEST OHIO COMPUTER ASSOCIATION COUNCIL OF GOVERNMENTS  
BUTLER COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021  
(Continued)**

**8. Subsequent Events**

On July 16, 2020 the Executive Committee of the Council voted to terminate the fiscal agent agreement with Butler Tech effective June 30, 2021 and approved the creation of a new Finance Director position to be responsible for all financial activities of the Council. The fiscal transition was completed with Butler Tech on June 24, 2021 after all payroll and other obligations had been completed for the 2021 fiscal year, and the cash-on-hand at that date of \$7,810,937 was transferred to the Finance Director of the Council. Revenues received between June 25 and June 30, 2021 by the Council in the amount of \$83,719 were deposited into the Council's operating account resulting in a final year-end balance of \$7,894,656 as shown on the financial statement for the year ending June 30, 2021.

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**SOUTHWEST OHIO COMPUTER ASSOCIATION COUNCIL OF GOVERNMENTS  
BUTLER COUNTY, OHIO**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>2020</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$5,763,741
Miscellaneous	75,110
<i>Total Operating Cash Receipts</i>	5,838,851
<b>Operating Cash Disbursements:</b>	
Salaries and Wages	1,826,271
Employee Fringe Benefits	670,433
Purchased Services	1,438,526
Supplies and Materials	1,658,610
Debt Service	
Redemption of Principal	145,000
Interest Charges	65,188
Other	49,624
<i>Total Operating Cash Disbursements</i>	5,853,652
<i>Operating Income (Loss)</i>	(14,801)
<b>Non-Operating Receipts (Disbursements):</b>	
Intergovernmental	386,919
Earnings on Investments	91,983
Capital Outlay	(168,271)
<i>Total Non-Operating Receipts (Disbursements)</i>	310,631
Net Change in Fund Cash Balances	295,830
Fund Cash Balances, July 1	7,814,134
Fund Cash Balances, June 30	\$8,109,964
Reserve for Encumbrances	549,257
Unencumbered Cash Balance, June 30	\$7,560,707

The Notes to the Financial Statements are an integral part of this statement.

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**SOUTHWEST OHIO COMPUTER ASSOCIATION COUNCIL OF GOVERNMENTS  
BUTLER COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The Southwest Ohio Computer Association Council of Governments, Butler County, Ohio (the Council), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Southwest Ohio Computer Association transitioned to a Council of Governments effective July 1, 2009, being organized under Chapter 167 of the Ohio Revised Code. The Council operates under a Board of Directors consisting of one member, either the superintendent or treasurer, from each of the member school districts for a perpetual term. From the Board of Directors, members are elected to an Executive Committee to make decisions on the operation of the Council for those powers specifically allocated to them in the Council Agreement.

The Council serves 52 public, non-public and community schools located in Butler, Darke, Hamilton, Montgomery, Preble, Clinton, and Warren counties. The Butler Technology and Career Development Schools (Butler Tech), one of the member educational providers, is the fiscal agent for the Council.

The Council is one of eighteen regional service organizations serving public school districts, career centers, educational service centers, community schools and other local governmental entities in the State of Ohio that make up the Ohio Educational Computer Network (OECN). These service organizations are known as Information Technology Centers (ITC). The OECN is a collective group of ITCs, authorized pursuant to Section 3301.075 of the Ohio Revised Code, and their member school districts. Such sites, in conjunction with the Ohio Department of Education, comprise a statewide delivery system to provide comprehensive, cost-efficient accounting, and other administrative and instructional computer services for participating Ohio school districts. The Council also provides technical services and support to local government entities and qualifying non-profit organizations.

The Council's management believes these financial statements present all activities for which the Council is financially accountable.

**B. Basis of Accounting**

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 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Council 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).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Cash and Investments**

Cash received by the Council is deposited to the operating account of the fiscal agent; Butler Tech who distributes funds upon authorization of the Council. The Chief Financial Officer for the Council is the Chief Financial Officer of Butler Tech.

**SOUTHWEST OHIO COMPUTER ASSOCIATION COUNCIL OF GOVERNMENTS  
BUTLER COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020  
(Continued)**

**D. Fund Accounting**

The Council uses fund accounting to segregate cash and investments that are restricted as to use. The Council classifies its fund as an Enterprise Fund. This fund accounts for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges.

**E. Property, Plant, and Equipment**

The Council records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**F. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. The financial statements do not include a liability for unpaid leave under the basis of accounting used by the Council.

**2. Cash with Fiscal Agent**

In accordance with the Ohio Revised Code, the Council's cash is held and invested by the Chief Financial Officer of Butler Tech, who acts as custodian for Council monies. The Council's assets are held in Butler Tech's cash and investment pool and are valued at the district's reported carrying amount. The Council's carrying amounts of cash on deposit with Butler Tech at June 30, 2020 was \$8,109,964.

**3. Budgetary Process**

The Ohio Revised Code does not require the Council to follow the statutory budget process. However, management prepares a budget for internal monitoring and reporting. Budgetary activity for the year ended June 30, 2020 follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$6,268,730	\$6,317,753	\$49,023
Expenditures	\$7,949,889	\$6,571,180	\$1,378,709

Budgeted expenditures include prior year encumbrances and current year appropriations, and actual expenditures include actual disbursements and current year encumbrances.

**SOUTHWEST OHIO COMPUTER ASSOCIATION COUNCIL OF GOVERNMENTS  
BUTLER COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020  
(Continued)**

**4. Retirement Systems**

The Council contributes to the School Employees Retirement System of Ohio (SERS). SERS is a cost-sharing multiple-employer defined benefit pension plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Contribution rates are also prescribed by the Ohio Revised Code. For 2020, members of SERS contributed 10% of their gross salaries. The Council contributed an amount equal to 14% of participants' gross salaries. The Council paid all contributions required through June 30, 2020.

**5. Risk Management**

**Commercial Insurance** - The Council has obtained commercial insurance for the following risks:

Comprehensive property and general liability;  
Cyber and Technology Insurance; and  
Errors and omissions

The Council also provides health insurance, dental, life and vision coverage to full-time employees through its fiscal agent, Butler Tech.

**6. Long-Term Debt**

The Council has two long-term debt obligations at June 30, 2020.

On March 10, 2015 the Council secured a loan in the amount of \$2,500,000 with a net interest cost of 3.5% for the construction of a new building. The loan was issued for a period of 15 years with a final maturity of December 1, 2029. Per the terms of the loan agreement, the Council has the ability to pay the loan in full before the original maturity date without penalty. As of June 30, 2020, the Council has not made any additional principal payments beyond the required annual payments. Annual principal payments are due December 1 of each year and interest payments are due June 1 and December 1 of each year.

In August 2017, the Council was approved for an interest-free Local Government Innovation Fund (LGIF) loan from the Ohio Department of Development to build a fiber network in Butler County. This loan is payable over ten years and no payment is due the first year. During the 2018-19 fiscal year, the Council received \$359,230 in funding from the Ohio Department of Development. The Council received an initial project payment of \$100,000 in fiscal year 2017. The project was completed in December 2018 and no repayment has occurred as of June 30, 2020. The first payment is anticipated for September 2020.

A summary of the Council's outstanding debt and amortization schedule at June 30, 2020 is summarized on the following page.

**SOUTHWEST OHIO COMPUTER ASSOCIATION COUNCIL OF GOVERNMENTS  
BUTLER COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2020  
(Continued)**

The following table summarizes the Council's debt activity for the year:

<b>Governmental Activities:</b>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
2015 Construction Loan	12/1/2029	\$1,935,000	\$0	\$145,000	\$1,790,000
2018 LGIF Loan	12/1/2028	\$459,230	\$0	\$0	\$459,230
<b>Total Long-Term Debt</b>		<u>\$2,394,230</u>	<u>\$0</u>	<u>\$145,000</u>	<u>\$2,249,230</u>

The annual loan payments for the Council's debt obligations are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$200,000	\$60,025	\$260,025
2022	\$210,000	\$54,600	\$264,600
2023	\$215,000	\$48,913	\$263,913
2024	\$220,000	\$43,050	\$263,050
2025	\$225,000	\$37,012	\$262,012
2026-30	\$1,179,230	\$87,500	\$1,266,730
	<u>\$2,249,230</u>	<u>\$331,100</u>	<u>\$2,580,330</u>

**7. COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures impacted the second half of fiscal year 2020 and may impact subsequent periods of the Council. The Council's investment portfolio and other employee benefit plan in which the Council 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. The impact on the Council's future operating costs, revenues and any recovery from emergency funding, either federal or state, cannot be estimated.



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

Southwest Ohio Computer Association Council of Governments  
Butler County  
3607 Hamilton Middletown Road  
Hamilton, Ohio 45011

To the Members of 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 statements of the Southwest Ohio Computer Association Council of Governments, Butler County, (the Council) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, and have issued our report thereon dated February 9, 2022, wherein we noted the Council followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 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 the Council.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Council'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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Council'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 the Council'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 the Council'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 determination of 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 the Council's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio  
February 9, 2022

# OHIO AUDITOR OF STATE KEITH FABER



**SOUTHWEST OHIO COMPUTER ASSOCIATION COUNCIL OF GOVERNMENTS**

**BUTLER 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 2/24/2022**

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

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