



OHIO AUDITOR OF STATE
KEITH FABER



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

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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 the Executive Committee:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Southwest Ohio Computer Association Council of Governments, Butler County, Ohio (the Council), which comprises the cash balances, receipts and disbursements for the proprietary fund type as of and for the years ended June 30, 2023 and 2022, 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 the proprietary fund type as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 1.

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 Council, as of June 30, 2023 and 2022, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Council, 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 1 of the financial statements, the financial statements are prepared by the Council on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council'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 Council'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 April 10, 2024, 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. 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 Council'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 Council's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
April 10, 2024

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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, 2023**

	2023
Operating Cash Receipts:	
Charges for Services	\$6,493,416
Miscellaneous	10,936
<i>Total Operating Cash Receipts</i>	6,504,352
Operating Cash Disbursements:	
Salaries and Wages	2,021,911
Employee Fringe Benefits	782,596
Purchased Services	3,218,250
Supplies and Materials	1,740,367
Debt Service	
Redemption of Principal	210,923
Interest Charges	48,912
Other	53,576
<i>Total Operating Cash Disbursements</i>	8,076,535
<i>Operating Income (Loss)</i>	(1,572,183)
Non-Operating Receipts (Disbursements):	
Intergovernmental	2,436,108
Earnings on Investments	80,297
Capital Outlay	(497,774)
<i>Total Non-Operating Receipts (Disbursements)</i>	2,018,631
Net Change in Fund Cash Balances	446,448
Fund Cash Balances, July 1	7,403,535
Fund Cash Balances, June 30	\$7,849,983
Reserve for Encumbrances	1,588,683
Unencumbered Cash Balance, June 30	\$6,261,300

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

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023**

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 61 public, non-public and community schools located in Butler, Clermont, Darke, Hamilton, Montgomery, Preble, Clinton, and Warren counties. 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(C). 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(C) permit.

C. Deposits and Investments

The Council'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.

During the year 2023, the Council invested in STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, Certain External Investment Pools and Pool Participants. The Council measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(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. Deposits and Investments

The Council 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, 2023 was as follows:

Demand deposits	\$5,754,526
STAR Ohio	\$2,095,457

Protection of the Council's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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, 2023 follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$8,591,511	\$9,020,757	(\$429,246)
Expenditures	\$10,537,118	\$10,162,992	\$374,126

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, 2023
(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 2023, 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, 2023.

5. Risk Management

During fiscal year 2023, the Council contracted with the Butler Health Plan (BHP) for coverage which included the following risks: Healthcare, dental and vision. Life insurance coverage for employees are provided through a private carrier.

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

The Council has obtained commercial insurance for the following risks:

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

6. Long-Term Debt

The Council has two long-term debt obligations at June 30, 2023.

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, 2023, 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, 2023 is summarized on the following page

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023
(Continued)**

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

	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
2015 Construction Loan	12/1/2029	\$1,480,000	\$0	\$165,000	\$1,315,000
2018 LGIF Loan	12/1/2028	\$355,903	\$0	\$45,923	\$309,980
Total Long-Term Debt		<u>\$1,835,903</u>	<u>\$0</u>	<u>\$210,923</u>	<u>\$1,624,980</u>

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

Fiscal Year Ending June 30	Principal	Interest	Total
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>
	<u>\$1,624,980</u>	<u>\$167,562</u>	<u>\$1,792,542</u>

**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, 2022**

	2022
Operating Cash Receipts:	
Charges for Services	\$6,116,868
Miscellaneous	81,090
<i>Total Operating Cash Receipts</i>	<i>6,197,958</i>
Operating Cash Disbursements:	
Salaries and Wages	1,900,586
Employee Fringe Benefits	724,332
Purchased Services	2,935,950
Supplies and Materials	1,865,700
Debt Service	
Redemption of Principal	205,923
Interest Charges	54,600
Other	62,790
<i>Total Operating Cash Disbursements</i>	<i>7,749,881</i>
<i>Operating Income (Loss)</i>	<i>(1,551,923)</i>
Non-Operating Receipts (Disbursements):	
Intergovernmental	2,273,680
Earnings on Investments	5,161
Debt Proceeds	0
Capital Outlay	(1,218,039)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>1,060,802</i>
Net Change in Fund Cash Balances	<i>(491,121)</i>
Fund Cash Balances, July 1	7,894,656
Fund Cash Balances, June 30	\$7,403,535
Reserve for Encumbrances	706,419
Unencumbered Cash Balance, June 30	\$6,697,116

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

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

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 61 public, non-public and community schools located in Butler, Clermont, Darke, Hamilton, Montgomery, Preble, Clinton, and Warren counties. 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(C). 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(C) permit.

C. Deposits and Investments

The Council'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.

During the year 2022, the Council invested in STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, Certain External Investment Pools and Pool Participants. The Council measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022
(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.

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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. Deposits and Investments

The Council 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, 2022 was as follows:

Demand deposits	\$5,388,374
STAR Ohio	\$2,015,161

Protection of the Council's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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, 2022 follows:

	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues	\$7,986,218	\$8,476,799	(\$490,581)
Expenditures	\$10,036,700	\$9,674,339	\$362,361

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, 2022
(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 2022, 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, 2022.

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During fiscal year 2022, the Council contracted with the Butler Health Plan (BHP) for coverage which included the following risks: Healthcare and dental. Vision and life insurance for employees are provided through a private carrier.

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

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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, 2022, 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.

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A summary of the Council's outstanding debt and amortization schedule at June 30, 2022 is summarized on the following page

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022
(Continued)**

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

	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
2015 Construction Loan	12/1/2029	\$1,640,000	\$0	\$160,000	\$1,480,000
2018 LGIF Loan	12/1/2028	\$401,826	\$0	\$45,923	\$355,903
Total Long-Term Debt		<u>\$2,041,826</u>	<u>\$0</u>	<u>\$205,923</u>	<u>\$1,835,903</u>

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

Fiscal Year <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>
	<u>\$1,835,903</u>	<u>\$216,475</u>	<u>\$2,052,378</u>

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

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

To the Members of the Executive Committee:

We have audited, in accordance with the 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 the proprietary fund type as of and for the years ended June 30, 2023 and 2022 and the related notes to the financial statements of the Southwest Ohio Computer Association Council of Governments, Butler County, (the Council), and have issued our report thereon dated April 10, 2024, wherein we noted the Council followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 Council'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council'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 Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
April 10, 2024

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 4/23/2024

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