



OHIO AUDITOR OF STATE  
**KEITH FABER**





**SOUTHWESTERN OHIO COUNCIL OF GOVERNMENTS  
WARREN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – General Fund For the Fiscal Year Ended December 31, 2018 .....	3
Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – Agency Fund For the Fiscal Year Ended December 31, 2018 .....	4
Notes to the Financial Statements For the Fiscal Year Ended December 31, 2018 .....	5
Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – General Fund For the Fiscal Year Ended December 31, 2017 .....	9
Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – Agency Fund For the Fiscal Year Ended December 31, 2017 .....	10
Notes to the Financial Statements For the Fiscal Year Ended December 31, 2017 .....	11
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash  
11117 Kenwood Road  
Blue Ash, Ohio 45242-1817  
(513) 361-8550 or (800) 368-7419  
SouthwestRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

Southwestern Ohio Council of Governments  
Warren County  
412 S. East Street  
Lebanon, Ohio 45036

To the Board of Directors:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each fund and related notes of the Southwestern Ohio Council of Governments, Warren County, (the Council) as of and for the years ended December 31, 2018 and 2017.

### ***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 District'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 District'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 1B 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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits. . 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 December 31, 2018 and 2017, 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 of the Southwestern Ohio Council of Governments, Warren County as of and for the years ended December 31, 2018 and 2017 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 1B.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 2019, 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

August 8, 2019

*Southwestern Ohio Council of Governments  
 Combined Statement of Receipts, Disbursements  
 and Changes in Fund Balances (Regulatory Cash Basis)  
 General Fund  
 For the Year Ended December 31, 2018*

	General
<b>Cash Receipts</b>	
Member Contributions	\$177,000
Member Contributions for Financial Services	951,406
Non-Agency Programs	235,907
Earnings on Investments	11,569
<i>Total Cash Receipts</i>	1,375,882
<b>Cash Disbursements</b>	
General Government	1,172,009
Contracts DODD	1,352
<i>Total Cash Disbursements</i>	1,173,361
<i>Excess of Receipts Over (Under) Disbursements</i>	202,521
<i>Net Change in Fund Cash Balances</i>	202,521
<i>Fund Cash Balances, January 1</i>	397,395
<b>Fund Cash Balances, December 31</b>	
Unassigned (Deficit)	599,916
<i>Fund Cash Balances, December 31</i>	\$599,916

*See accompanying notes to the basic financial statements*

*Southwestern Ohio Council of Governments*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Agency Fund*  
*For the Year Ended December 31, 2018*

	Agency
<b>Operating Cash Receipts</b>	
Member Contributions for Waiver TCM-MAC	\$59,777,277
Program Receipts	3,966,604
Investment Income	502,686
	64,246,567
<i>Total Operating Cash Receipts</i>	<i>64,246,567</i>
<b>Operating Cash Disbursements</b>	
Contracts-DODD	56,653,916
Services to Families	2,774,117
Other	49,090
	59,477,123
<i>Total Operating Cash Disbursements</i>	<i>59,477,123</i>
<i>Operating Income (Loss)</i>	<i>4,769,444</i>
	<i>4,769,444</i>
<i>Net Change in Fund Cash Balances</i>	<i>4,769,444</i>
<i>Fund Cash Balances, January 1</i>	<i>10,686,778</i>
	<i>10,686,778</i>
<i>Fund Cash Balances, December 31</i>	<i>\$15,456,222</i>
	<i>\$15,456,222</i>
<i>See accompanying notes to the basic financial statements</i>	



**SOUTHWESTERN OHIO COUNCIL OF GOVERNMENTS  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Southwestern Ohio Regional Council of Governments, Warren County, (the Council) as a body corporate and politic under Chapter 167 of the Ohio Revised Code. The Council commenced operations on July 1, 2009. The Council is governed by a 6 member board consisting of the Superintendents of the member County Boards of Developmental Disabilities. The participating subdivisions are: Butler, Clermont, Greene, Hamilton, Montgomery and Warren counties.

The Council provides a financial function for its members to provide the best possible services to the persons with developmental disabilities. The Council receives obligated financial support from its members which funds are deposited and are eligible to accrue interest. The Council pays for member county obligations and other related services to and for persons with developmental disabilities enrolled in its member boards.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits**

The Council deposits funds in interest bearing checking accounts.

The Council invests with Star Ohio and has an approved investment policy from the Ohio Treasurer of State. Counties participating in Star Ohio in 2018: Butler, Greene, Hamilton, Montgomery and Warren.

**D. Fund Accounting**

The Council uses fund accounting to segregate cash and investments that are restricted as to the use. The Council classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds.

**SOUTHWESTERN OHIO COUNCIL OF GOVERNMENTS  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

- i. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Council disburses these funds as directed by the individual, organization or other government. The Council's agency funds at the end of 2018 consisted of a percentage of county board of developmental disabilities waiver match funds, state reconciliation funds, state subsidy payments paid to the Council on behalf of member county boards and program funds used for services to families and residual funds from the above mentioned types from previous years. The member contributions were used to make State Medicaid match payments, other state required payments and services to families on behalf of the county boards indicated by approved invoices forwarded to the Council by the member county boards and families enrolled on member county programs.

**E. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Council must observe constraints imposed upon the use of its governmental-fund resources.

The classifications are as follows:

**1. Nonspendable**

The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The Council has no nonspendable fund balances.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions. The Council has no restricted fund balances.

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements. The Council has no committed fund balances.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Council or an official delegated that authority by resolution, or by State Statute. The Council has no assigned fund balances.

**SOUTHWESTERN OHIO COUNCIL OF GOVERNMENTS  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**5. Unassigned**

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

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

**F. Budgetary Process**

The Council is not subject to the budgetary requirements of Chapter 5705 of the Ohio Revised Code.

**G. Property, Plant, Equipment**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employments or retirement, employees are entitled to cash payments for unused all-purpose leave. Unpaid leave is not reflected as a liability under the Council's cash basis of accounting.

**I. Employer Contributions to Cost-Sharing Pension Plans**

The employees of the Council are covered by the Ohio Public Employees Retirement System (OPERS) which administers three separate pension plans. The Council recognizes the disbursement for employer contributions to cost-share pension plans when they are paid. The employer contributions include portions for pension benefits and for postretirement health care benefits.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 10% of qualifying gross wages for all employees year ending December 31, 2018. The 2018 contribution rate for local government employers was 14% of covered payroll. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records.

**2. Equity in Pooled Deposits**

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool. The Council maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits and investments at December 31 was as follows:

**SOUTHWESTERN OHIO COUNCIL OF GOVERNMENTS  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**2. Equity in Pooled Deposits (Continued)**

Demand Deposits:           \$16,056,138

**3. Member Cash Balances**

Fund integrity of the Council accounting records reflects an agency fund to each County member. The fund cash balances of the County members as reflected in agency funds were as follows:

Participating Members (Counties)

Butler	\$110,457
Clermont	\$361,047
Greene	\$724,224
Hamilton	\$2,061,202
Montgomery	\$351,745
Warren	\$11,847,547

**4. Risk Management**

The Council has obtained general liability insurance. The Council has no property or vehicles.

*Southwestern Ohio Council of Governments  
 Combined Statement of Receipts, Disbursements  
 and Changes in Fund Balances (Regulatory Cash Basis)  
 General Fund  
 For the Year Ended December 31, 2017*

	General
<b>Cash Receipts</b>	
Member Contributions	\$198,000
Member Contributions for Financial Services	790,813
Non-Agency Programs	263,132
Earnings on Investments	2,772
	1,254,717
<b>Cash Disbursements</b>	
General Government	1,091,199
Contracts DODD	7,294
	1,098,494
<i>Total Cash Receipts</i>	<i>1,254,717</i>
<i>Total Cash Disbursements</i>	<i>1,098,494</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>156,223</i>
Other Financing Receipts (Disbursements)	
Transfers - Out	(7,388)
<i>Total Other Financing Receipts (Disbursements)</i>	<i>(7,388)</i>
<i>Net Change in Fund Cash Balances</i>	<i>148,835</i>
<i>Fund Cash Balances, January 1</i>	<i>248,560</i>
<b>Fund Cash Balances, December 31</b>	
Unassigned (Deficit)	397,395
<i>Fund Cash Balances, December 31</i>	<i>\$397,395</i>

*See accompanying notes to the basic financial statements*

*Southwestern Ohio Council of Governments  
 Combined Statement of Receipts, Disbursements  
 and Changes in Fund Balances (Regulatory Cash Basis)  
 Agency Fund  
 For the Year Ended December 31, 2017*

	Agency
<b>Operating Cash Receipts</b>	
Member Contributions for Waiver TCM-MAC	\$49,206,195
Program Receipts	3,706,871
Investment Income	184,179
<i>Total Operating Cash Receipts</i>	<i>53,097,245</i>
 <b>Operating Cash Disbursements</b>	
Contracts-DODD	54,310,281
Services to Families	2,886,472
Other	86,226
<i>Total Operating Cash Disbursements</i>	<i>57,282,979</i>
 <i>Operating Income (Loss)</i>	 <i>(4,185,734)</i>
 Other Financing Receipts (Disbursements)	
Transfers - In	7,388
<i>Total Other Financing Receipts (Disbursements)</i>	<i>7,388</i>
 <i>Net Change in Fund Cash Balances</i>	 <i>(4,178,345)</i>
 <i>Fund Cash Balances, January 1</i>	 <i>14,865,123</i>
 <i>Fund Cash Balances, December 31</i>	 <i>\$10,686,778</i>
 <i>See accompanying notes to the basic financial statements</i>	

**SOUTHWESTERN OHIO COUNCIL OF GOVERNMENTS  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Southwestern Ohio Regional Council of Governments, Warren County, (the Council) as a body corporate and politic under Chapter 167 of the Ohio Revised Code. The Council commenced operations on July 1, 2009. The Council is governed by a 6 member board consisting of the Superintendents of the member County Boards of Developmental Disabilities. The participating subdivisions are: Butler, Clermont, Greene, Hamilton, Montgomery and Warren counties.

The Council provides a financial function for its members to provide the best possible services to the persons with developmental disabilities. The Council receives obligated financial support from its members which funds are deposited and are eligible to accrue interest. The Council pays for member county obligations and other related services to and for persons with developmental disabilities enrolled in its member boards.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits**

The Council deposits funds in interest bearing checking accounts.

The Council began investing with Star Ohio and has an approved investment policy from the Ohio Treasurer of State. Counties participating in Star Ohio in 2017: Butler, Greene, Hamilton, and Warren.

**D. Fund Accounting**

The Council uses fund accounting to segregate cash and investments that are restricted as to the use. The Council classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds.

**SOUTHWESTERN OHIO COUNCIL OF GOVERNMENTS  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

- i. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Council disburses these funds as directed by the individual, organization or other government. The Council's agency funds at the end of 2016 consisted of a percentage of county board of developmental disabilities waiver match funds, state reconciliation funds, state subsidy payments paid to the Council on behalf of member county boards and program funds used for services to families and residual funds from the above mentioned types from previous years. The member contributions were used to make State Medicaid match payments, other state required payments and services to families on behalf of the county boards indicated by approved invoices forwarded to the Council by the member county boards and families enrolled on member county programs.

**E. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Council must observe constraints imposed upon the use of its governmental-fund resources.

The classifications are as follows:

**1. Nonspendable**

The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The Council has no nonspendable fund balances.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions. The Council has no restricted fund balances.

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements. The Council has no committed fund balances.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Council or an official delegated that authority by resolution, or by State Statute. The Council has no assigned fund balances.



**SOUTHWESTERN OHIO COUNCIL OF GOVERNMENTS  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**5. Unassigned**

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

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

**F. Budgetary Process**

The Council is not subject to the budgetary requirements of Chapter 5705 of the Ohio Revised Code.

**G. Property, Plant, Equipment**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employments or retirement, employees are entitled to cash payments for unused all-purpose leave. Unpaid leave is not reflected as a liability under the Council's cash basis of accounting.

**I. Employer Contributions to Cost-Sharing Pension Plans**

The employees of the Council are covered by the Ohio Public Employees Retirement System (OPERS) which administers three separate pension plans. The Council recognizes the disbursement for employer contributions to cost-share pension plans when they are paid. The employer contributions include portions for pension benefits and for postretirement health care benefits.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 10% of qualifying gross wages for all employees year ending December 31, 2017. The 2017 contribution rate for local government employers was 14% of covered payroll. Required employer contributions are equal to 100% of the dollar amount billed to each employer and must be extracted from the employer's records.

**2. Equity in Pooled Deposits**

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool. The Council maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits and investments at December 31 was as follows:

Demand Deposits:	\$11,084,173
------------------	--------------

**SOUTHWESTERN OHIO COUNCIL OF GOVERNMENTS  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

**3. Member Cash Balances**

Fund integrity of the Council accounting records reflects an agency fund to each County member. The fund cash balances of the County members as reflected in agency funds were as follows:

Participating Members (Counties)

Butler	\$68,929
Clermont	\$297,649
Greene	\$43,930
Hamilton	\$885,814
Montgomery	\$71,313
Warren	\$9,319,143

**4. Risk Management**

The Council has obtained general liability insurance. The Council has no property or vehicles.



Corporate Centre of Blue Ash  
11117 Kenwood Road  
Blue Ash, Ohio 45242-1817  
(513) 361-8550 or (800) 368-7419  
SouthwestRegion@ohioauditor.gov

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

Southwestern Ohio Council of Governments  
Warren County  
412 S. East Street  
Lebanon, Ohio 45036

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 the Southwestern Ohio Council of Governments, Warren County, (the Council) as of and for the year ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated August 8, 2019 wherein we noted the Council followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial 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 statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of 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

August 8, 2019

# OHIO AUDITOR OF STATE KEITH FABER



**SOUTHWESTERN OHIO COUNCIL OF GOVERNMENTS**

**WARREN COUNTY**

### **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 27, 2019**