



Dave Yost • Auditor of State

**SOUTHWEST OHIO REGIONAL COUNCIL OF GOVERNMENTS
BUTLER COUNTY**

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Dave Yost • Auditor of State

Southwest Ohio Regional Council of Governments
Butler County
1910 Fairgrove Avenue, Suite E
Hamilton, Ohio 45011

To the Members of Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

November 10, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Southwest Ohio Regional Council of Governments
Butler County
1910 Fairgrove Avenue, Suite E
Hamilton, Ohio 45011

To the Members of Council:

We have audited the accompanying financial statements of Southwest Ohio Regional Council of Governments, Butler County, Ohio, (the Council), as of and for the year ended December 31, 2010. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Council has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Council's larger (i.e. major) funds separately. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Councils to reformat their statements. The Council has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2010, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Southwest Ohio Regional Council of Governments, Butler County, Ohio, as of December 31, 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Council has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

November 10, 2011

**SOUTHWEST OHIO REGIONAL COUNCIL OF GOVERNMENTS
BUTLER COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>
Cash Receipts:	
Earnings on Investment	<u>\$12,920</u>
Total Cash Receipts	<u>12,920</u>
Cash Disbursements:	
Current Disbursements:	
Purchased Services	40,815
Bank Fees	<u>462</u>
Total Cash Disbursements	<u>41,277</u>
Total Receipts (Under) Disbursements	<u>(28,357)</u>
Fund Cash Balances, January 1	<u>69,998</u>
Fund Cash Balances, December 31	<u><u>\$41,641</u></u>

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

**SOUTHWEST OHIO REGIONAL COUNCIL OF GOVERNMENTS
BUTLER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Fiduciary Fund Type</u>
	<u>Agency Fund</u>
Cash Receipts:	
Member Contributions	<u>\$32,976,046</u>
Total Cash Receipts	<u>32,976,046</u>
Cash Disbursements:	
On-behalf Waiver Match Payments	<u>25,718,932</u>
Total Disbursements	<u>25,718,932</u>
Total Receipts Over Disbursements	<u>7,257,114</u>
Fund Cash Balances, January 1	<u>0</u>
Fund Cash Balances, December 31	<u><u>\$7,257,114</u></u>

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

**SOUTHWEST OHIO REGIONAL COUNCIL OF GOVERNMENTS
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Southwest Ohio Regional Council of Governments, Butler County, Ohio (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 activity from July 1, 2009 to December 31, 2009, is summarized in Note 5. The Council is governed by a 4 member board consisting of the Superintendents of the member County Boards of Developmental Disabilities. The participating subdivisions are: Butler, Clermont, Hamilton, 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. These funds are deposited in the Council's depository account 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.

During 2010 the Council conducted a joint marketing project and made Medicaid match payments to the state on behalf of some members. In future years the council intends to promote cooperative agreements and contracts among members as well as with other governmental, public and private agencies. This may include employing staff and contract for services of consultants and experts.

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 and Investments

The Council deposits all funds in an interest bearing checking account and holds a certificate of deposit at a local financial institution.

D. Fund Accounting

The Council uses fund accounting to segregate cash deposits that are restricted as to 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.

**SOUTHWEST OHIO REGIONAL COUNCIL OF GOVERNMENTS
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

2. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. The council has no private purpose trust funds.

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 account for member contributions that in 2010 consisted of 25% of a county board of developmental disability waiver budget, state reconciliation refunds due member counties, or state subsidy payments paid to the Council on behalf of a member county board. The member contributions were used to make State Medicaid match payments on behalf of county boards for invoices forwarded to the Council from the member counties.

E. Budgetary Process

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

F. 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. The Council has not acquired any property, plant or equipment.

2. Equity in Pooled Deposits

The Council maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amounts of deposits at December 31 were as follows:

	2010
Demand deposits	\$2,458,755
Certificates of deposit	4,840,000
Total deposits	7,298,755

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

3. Member Cash Balances

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

Participating Members (Counties)	2010
Butler	\$1,690,694
Clermont	356,851
Hamilton	2,481,767
Warren	<u>2,727,802</u>
Total	<u>\$7,257,114</u>

**SOUTHWEST OHIO REGIONAL COUNCIL OF GOVERNMENTS
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)**

4. Risk Management

The Council has not obtained general liability insurance. The Council has no property or vehicles. The Council is uninsured.

5. Council Start-Up Financial Activity

The Council commenced operations on July 1, 2009. The Council received advertising commitment funds from each of the four member County Boards of Developmental Disabilities. The activity between July 1, 2009 and December 31, 2009, is summarized as follows:

	<u>Total</u>
Balance at July 1, 2009	\$0
Advertisement Commitments:	
<i>Butler County</i>	15,000
<i>Clermont County</i>	15,000
<i>Hamilton County</i>	25,000
<i>Warren County</i>	15,000
Interest Income	27
Bank Service Charges	<u>(29)</u>
Balance at December 31, 2009	\$69,998

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Dave Yost • Auditor of State

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

Southwest Ohio Regional Council of Governments
Butler County
1910 Fairgrove Avenue, Suite E
Hamilton, Ohio 45011

To the Members of Council:

We have audited the financial statements of the Southwest Regional Council of Governments, Butler County, Ohio, (the Council), as of and for the year ended December 31, 2010, and have issued our report thereon dated November 10, 2011, wherein we noted the Council followed accounting practices the Auditor of State permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Council's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Council's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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, providing an opinion 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*.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242

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Southwest Ohio Regional Council of Governments
Butler County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We did note a certain matter not requiring inclusion in this report that we reported to the Council's management in a separate letter dated November 10, 2011.

We intend this report solely for the information and use of management, the Members of Council, and others within the Council. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

November 10, 2011



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SOUTHWEST OHIO REGIONAL COUNCIL OF GOVERNMENTS

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 13, 2011**