



Dave Yost • Auditor of State

**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
3607 Hamilton Middletown Road
Hamilton, Ohio 45011

To the Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Southwest Ohio Computer Association Council of Governments, Butler County, Ohio (the Council), as of and for the years ended June 30, 2013 and 2012.

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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; 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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy 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.

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, 2013 and 2012, 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 combined cash balances of Southwest Ohio Computer Association Council of Governments, Butler County as of June 30, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2013, 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.



Dave Yost
Auditor of State

Columbus, Ohio

November 27, 2013

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

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013	2012
Operating Cash Receipts:		
Charges for Services	\$4,265,685	\$3,792,588
Miscellaneous	31,265	40,600
	4,296,950	3,833,188
<i>Total Operating Cash Receipts</i>		
Operating Cash Disbursements:		
Salaries	1,340,112	1,384,836
Employee Fringe Benefits	465,608	477,721
Purchased Services	1,244,517	1,130,008
Supplies and Materials	905,392	957,883
Other	36,941	34,401
	3,992,570	3,984,849
<i>Total Operating Cash Disbursements</i>		
<i>Operating Income (Loss)</i>	304,380	(151,661)
Non-Operating Receipts (Disbursements):		
Intergovernmental	489,822	410,944
Earnings on Investments (proprietary funds only)	8,503	15,194
Capital Outlay	(475,218)	(281,200)
	23,107	144,938
<i>Total Non-Operating Receipts (Disbursements)</i>		
<i>Net Change in Fund Cash Balances</i>	327,487	(6,723)
<i>Fund Cash Balances, July 1</i>	3,849,395	3,856,118
<i>Fund Cash Balances, June 30</i>	\$4,176,882	\$3,849,395
Reserve for Encumbrances	\$434,568	\$145,098

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**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012**

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.

The Council provides computer systems for the needs of the member Boards of Education as authorized by state statute guidelines. The Council serves thirty-three schools in Butler, Hamilton, Preble, and Warren counties. The Butler Technology and Career Development School (Butler Tech), one of the member educational providers, is the fiscal agent for the Council.

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

Cash received by the Council is deposited to the operating account of their fiscal agent; Butler Technology and Career Development. Butler Technology and Career Development distributes funds upon authorization of the Council. The chief fiscal officer for the Council is the Treasurer of Butler Technology and Career Development.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Cash with Fiscal Agent

In accordance with the Ohio Revised Code, the Council's cash is held and invested by the Treasurer of Butler Technology and Career Development, who acts as custodian for Council monies. The Council's assets are held in Butler Technology and Career Development's cash and investment pool, and are valued at the Treasurer's reported carrying amount. The Association's carrying amounts of cash on deposit with Butler Technology and Career Development at June 30, 2013 and 2012 was \$4,176,882 and \$3,849,395, respectively.

3. 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 2013 and 2012, 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, 2013 and 2012.

The Council also contributes to the State Teachers Retirement System of Ohio (STRS). STRS is a cost-sharing multiple-employer defined benefit pension plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits and participants as prescribed by the Ohio Revised Code. Contribution rates are also prescribed by the Ohio Revised Code. For 2013 and 2012, 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, 2013 and 2012.

4. Risk Management

Commercial Insurance

The Council has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



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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
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, Ohio (the Council), as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated November 27, 2013 wherein we noted the Council followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 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 Government'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 communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State

Columbus, Ohio

November 27, 2013



Dave Yost • Auditor of State

SOUTHWEST OHIO COMPUTER ASSOCIATION COG

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 17, 2013**