



**WEST CENTRAL OHIO NETWORK
SHELBY COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2021-2020**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Executive Council
West Central Ohio Network
P. O. Box 379
1200 Children's Home Road
Sidney, Ohio 45365

We have reviewed the *Independent Auditor's Report* of the West Central Ohio Network, Shelby County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The West Central Ohio Network is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 05, 2022

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**WEST CENTRAL OHIO NETWORK
SHELBY COUNTY**

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313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
Ch. Clairsville, OH 43050
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

INDEPENDENT AUDITOR'S REPORT

West Central Ohio Network
Shelby County
PO Box 379
Sidney, Ohio 45365

To the Executive Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the West Central Ohio Network, Shelby County, Ohio (the Council), which comprises the cash balances, receipts and disbursements for each governmental fund and the fiduciary fund type combined totals as of and for the years ended December 31, 2021 and 2020, 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 each governmental and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020 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 2.

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 West Central Ohio Network as of December 31, 2021 and 2020, or the changes in financial position thereof for the years then ended.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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Basis for Opinion

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 West Central Ohio Network 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 2 of the financial statements, the financial statements are prepared by the West Central Ohio Network 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 a basis of accounting 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 2 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 West Central Ohio Network'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 West Central Ohio Network'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 West Central Ohio Network'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.

Emphasis of Matter

As discussed in Notes 12 and 13 to the financial statements, during 2021 and 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Council. We did not modify our opinion regarding this matter. As discussed in Note 12 to the 2020 financial statements, the Council made several changes to its reporting model. We did not modify our opinions regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2022 on our consideration of the West Central Ohio Network's internal control over financial reporting and on 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 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 West Central Ohio Network's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

April 29, 2022

West Central Ohio Network

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2021



	<u>General</u>
Cash Receipts	
Member Contributions for Services	\$949,630
Membership Fee	155,000
Intergovernmental	164,562
Investment Income	435
	<hr/>
<i>Total Cash Receipts</i>	1,269,627
	<hr/>
Cash Disbursements	
Administrative	896,925
Member Service Expenses	324,879
	<hr/>
<i>Total Cash Disbursements</i>	1,221,804
	<hr/>
<i>Excess of Receipts Over (Under) Disbursements</i>	47,823
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<i>Net Change in Fund Cash Balances</i>	47,823
	<hr/>
<i>Fund Cash Balances, January 1</i>	688,964
	<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$736,787</u>

See accompanying notes to the basic financial statements

West Central Ohio Network

Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)

All Fiduciary Fund Types

For the Year Ended December 31, 2021



	<u>Custodial</u>
Additions	
County Board Contribution	\$570,949
Critical Needs	462,250
Family Support Services	29,000
Home Choice	5,000
Room & Board	14,000
Supported Living	686,500
Unfunded Individuals	365,500
Waiver	11,961,438
Investment Income	54,052
	<hr/>
<i>Total Additions</i>	14,148,689
	<hr/>
Deductions	
County Board Contribution	1,195,492
Critical Needs	428,463
Family Support Services	37,759
Home Choice	3,534
Room & Board	35,617
Supported Living	449,308
Unfunded Individuals	510,176
Waiver	10,528,400
	<hr/>
<i>Total Deductions</i>	13,188,749
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<i>Net Change in Fund Balances</i>	959,940
	<hr/>
<i>Fund Cash Balances, January 1</i>	24,619,143
	<hr/>
<i>Fund Cash Balances, December 31</i>	\$25,579,083
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See accompanying notes to the basic financial statements



West Central Ohio Network Council of Government

PO Box 379, 1200 Childrens Home Rd, Sidney, OH 45365
Phone (937) 492-3958, (937) 710-6665

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1—Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the West Central Ohio Network Council of Governments, Shelby County, (the Council) as a body corporate and politic under Chapter 167 of the Ohio Revised Code. The Council commenced operations on September 1990. The Council is governed by a 12-member board consisting of the Superintendents of the member County Boards of Developmental Disabilities. The participating subdivisions are: Auglaize, Champaign, Darke, Hardin, Logan, Mercer, Miami, Preble, Sandusky, Shelby, Union, and Wyandot 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.

Note 2—Summary of Significant Accounting Policies

Basis of Presentation

These financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Council are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund is available to the Council for any purpose provided it is expended or transferred according to the general laws of Ohio.

Fiduciary Fund Fiduciary funds include pension and other employee benefit trust funds, private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Council's custodial funds account for a percentage of county board of developmental disabilities 2021 waiver match funds, state reconciliation funds, state subsidy payments, and residual funds from the above mentioned types from previous years. The member contributions were used to make state Medicaid match payments and other state required payments on behalf of the county boards indicated by approved invoices forwarded to the Council by the member county boards.



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Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2—Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the Council are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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.

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.

Budgetary Process

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

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.

Accumulated Leave

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

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:

Nonspendable The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Council and the nonspendable portion of the corpus in permanent funds. The Council has an unclaimed monies fund.



West Central Ohio Network Council of Government

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Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2—Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end. The Council has no assigned fund balances.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental 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 assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3—Compliance

The Council has zero budgetary violations to disclose.

Note 4—Budgetary Activity

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



West Central Ohio Network Council of Government

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Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5—Deposits and Investments

To improve cash management, cash received by the Council is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments.

A summary of the Council's deposit and investment accounts are as follows:

	2021
Cash Management Pool:	
Demand deposits	\$1,554,418
Certificates of deposit	2,600,000
Total deposits	4,154,418
STAR Ohio	22,161,452
Total investments	22,161,452
<i>Total carrying amount of deposits and investments held in the Pool (ties to FS)</i>	<u>\$26,315,870</u>

The Council does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Council had \$0 in unremitted employee payroll withholdings.

The Council holds shares in Star Ohio and Government Insured Deposit Program (GIDP). As of December 31, 2021, the following counties and WestCON each themselves held the following shares in Star Ohio or GIDP:

Star Ohio-Auglaize	2,008,162
Star Ohio-Champaign	142,852
Star Ohio-Darke	984,173
Star Ohio-Hardin	77,612
Star Ohio-Logan Housing	239,747
Star Ohio-Logan Playground	139,985
Star Ohio-Mercer	2,749,773
Star Ohio-Miami	6,441,115
Star Ohio-Preble	30,102
Star Ohio-Sandusky	3,524,210
Star Ohio-Shelby	406,924
Star Ohio-Union	2,527,726
Star Ohio-WestCON	632,008
GIDP-Logan	2,257,063



West Central Ohio Network Council of Government

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Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5—Deposits and Investments (Continued)

Monthly interest earned from these Star Ohio/GIDP accounts are reinvested into the respective county or WestCON's total shares.

At year ending December 31, 2021, the following Counties independently held Certificate of deposit:

County	Number of CDs	Total
Auglaize Investment	1	245,000
Darke Investment	2	490,000
Mercer Investment	2	490,000
Sandusky Investment	3	640,000
Union Investment	3	735,000

In previous notes, the Council reported an investment in General Motor Corporation equity security, which is not an eligible investment for the Council under Ohio law. However, this security has no value. The Council's original investment in these securities was \$70,000 and the loss on investment would have been written off in a previous audit. On March 30, 2021, the security was liquidated, and proceeds were receipted into the General Fund.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation) or collateralized through 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

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 6—Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Council 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 cost.

Commercial Insurance

The Council has obtained commercial insurance for the following risks:

- Employee health and life



West Central Ohio Network Council of Government

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Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6—Risk Management (Continued)

Risk Pool Membership

The Council is a member of Ohio School Plan (the Pool). The Pool assumes the risk of loss up to the limits of the Council policy. The pool covers the following risks:

- Comprehensive property and general liability;
- Auto;
- Errors and omissions;
- Crime;
- Cyber; and
- Pollution

Note 7—Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The employees of the Council belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries, and the Council contributed an amount equaling 14% of participants' gross salaries. The Council has zero outstanding contribution required to be remitted to OPERS as of December 31, 2021 as noted in Note 5.

Note 8—Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 9—Debt

Leases

The Council leases a building located at 1200 Childrens Home Road, Sidney, OH 45365. The Council disbursed \$11,055 to pay lease cost for the year ended December 31, 2021. The Council leases a Konica Bizhub 308 copier and Mailstation 2 postage meter. The equipment is located at 1200 Childrens Home Road, Sidney, OH 45365. The Council disbursed \$1,584 and \$477, respectively, to pay lease cost for the year ended December 31, 2021.



West Central Ohio Network Council of Government

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Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10—Jointly Governed Organization

The Council is comprised of member County Boards of Developmental Disabilities. It is governed by a 12-member board consisting of the Superintendents of the member County Boards of Developmental Disabilities. The participating subdivisions are: Auglaize, Champaign, Darke, Hardin, Logan, Mercer, Miami, Preble, Sandusky, Shelby, Union, and Wyandot counties.

Note 11—Fund Balances

Fund integrity in the Council accounting records reflects a fiduciary fund to each County member and unclaimed. The balance of unclaimed monies, which cannot be spent for five years. The fund cash balances of the County members and unclaimed as reflected in fiduciary funds were as follows:

Custodial Fiduciary Funds:
Participating Members (Counties)

Auglaize	2,498,017
Champaign	146,460
Darke	1,477,388
Hardin	207,418
Logan	2,900,114
Mercer	3,324,336
Miami	6,614,680
Preble	60,054
Sandusky	4,164,223
Shelby	507,202
Union	3,653,084
Wyandot	21,953

Non-Spendable Fiduciary Fund
Unclaimed

Unclaimed	4,154
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Unassigned General Funds:

General	736,787
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West Central Ohio Network Council of Government

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Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Council did not receive COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Council. The impact on the Entity's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Council's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

West Central Ohio Network

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2020



	<u>General</u>
Cash Receipts	
Member Contributions for Services	\$1,042,332
Membership Fee	150,000
Intergovernmental	227,370
Investment Income	1,548
Misc Income	4,760
	<hr/>
<i>Total Cash Receipts</i>	1,426,010
	<hr/>
Cash Disbursements	
Administrative	991,008
Member Service Expenses	253,128
	<hr/>
<i>Total Cash Disbursements</i>	1,244,136
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<i>Excess of Receipts Over (Under) Disbursements</i>	181,874
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<i>Net Change in Fund Cash Balances</i>	181,874
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<i>Fund Cash Balances, January 1</i>	507,090
	<hr/>
<i>Fund Cash Balances, December 31</i>	<u><u>\$688,964</u></u>

See accompanying notes to the basic financial statements

West Central Ohio Network

Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2020



	Custodial
Additions	
County Board Contribution	\$1,760,369
Critical Needs	188,866
Family Support Services	25,289
Home Choice	20,000
Supported Living	282,500
Unfunded Individuals	368,000
Waiver	13,824,945
Investment Income	158,925
	<hr/>
<i>Total Additions</i>	16,628,894
	<hr/>
Deductions	
County Board Contribution	991,021
Critical Needs	397,639
Family Support Services	35,780
Home Choice	3,075
Room & Board	24,132
Supported Living	519,103
Unfunded Individuals	414,982
Waiver	7,473,779
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<i>Total Deductions</i>	9,859,511
	<hr/>
<i>Net Change in Fund Balances</i>	6,769,383
	<hr/>
<i>Fund Cash Balances, January 1</i>	17,849,760
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<i>Fund Cash Balances, December 31</i>	\$24,619,143
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See accompanying notes to the basic financial statements



West Central Ohio Network Council of Government

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Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1—Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the West Central Ohio Network Council of Governments, Shelby County, (the Council) as a body corporate and politic under Chapter 167 of the Ohio Revised Code. The Council commenced operations on September 1990. The Council is governed by a 12-member board consisting of the Superintendents of the member County Boards of Developmental Disabilities. The participating subdivisions are: Auglaize, Champaign, Darke, Hardin, Logan, Mercer, Miami, Preble, Sandusky, Shelby, Union, and Wyandot 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.

Note 2—Summary of Significant Accounting Policies

Basis of Presentation

These financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Council are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund is available to the Council for any purpose provided it is expended or transferred according to the general laws of Ohio.

Fiduciary Fund Fiduciary funds include pension and other employee benefit trust funds, private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Council's custodial funds account for a percentage of county board of developmental disabilities 2020 waiver match funds, state reconciliation funds, state subsidy payments, and residual funds from the above mentioned types from previous years. The member contributions were used to make state Medicaid match payments and other state required payments on behalf of the county boards indicated by approved invoices forwarded to the Council by the member county boards.



West Central Ohio Network Council of Government

PO Box 379, 1200 Childrens Home Rd, Sidney, OH 45365
Phone (937) 492-3958, (937) 710-6665

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2—Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the Council are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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.

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.

Budgetary Process

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

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.

Accumulated Leave

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

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:

Nonspendable The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Council and the nonspendable portion of the corpus in permanent funds. The Council has an unclaimed monies fund.



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Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2—Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end. The Council has no assigned fund balances.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental 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 assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3—Compliance

The Council has zero budgetary violations to disclose.

Note 4—Budgetary Activity

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



West Central Ohio Network Council of Government

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Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5—Deposits and Investments

To improve cash management, cash received by the Council is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments.

A summary of the Council's deposit and investment accounts are as follows:

	2020
Cash Management Pool:	
Demand deposits	\$1,996,673
Certificates of deposit	850,000
Total deposits	2,846,673
STAR Ohio	22,461,434
Total investments	22,461,434
<i>Total carrying amount of deposits and investments held in the Pool (ties to FS)</i>	<i>\$25,308,107</i>

The Council does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Council is holding \$11,074 in unremitted employee payroll withholdings. The withholdings are related to employer and employee contribution to the Ohio Public Employee Retirement System.

The Council holds shares in Star Ohio and Star Ohio Plus. As of December 31, 2020, the follow counties and WestCON each themselves held the following shares in Star Ohio:

Star Ohio-Auglaize	2,278,522.89
Star Ohio-Champaign	169,267.86
Star Ohio-Darke	1,385,912.14
Star Ohio-Hardin	255,360.05
Star Ohio-Logan Housing	400,756.28
Star Ohio-Logan Playground	200,378.14
Star Ohio-Mercer	3,025,642.18
Star Ohio-Miami	5,572,699.02
Star Ohio-Preble	30,077.11
Star Ohio-Sandusky	2,942,110.99
Star Ohio-Shelby	308,169.10
Star Ohio-Union	3,185,651.12
Star Ohio-WestCON	331,582.44
Star Plus-Logan	2,375,304.36



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Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5—Deposits and Investments (Continued)

Monthly interest earned from these Star Ohio accounts are reinvested into the respective county or WestCON's total shares.

At year ending December 31, 2020, Auglaize County, itself, holds a Certificate of deposit in the amount of \$150,000 and Sandusky County, itself, holds four Certificate of deposits in the amount totaling \$700,000.

The Council reports an investment in General Motor Corporation equity security, which is not an eligible investment for the Council under Ohio law. However, this security has no value. The Council's original investment in these securities was \$70,000 and the loss on investment would have been written off in a previous audit.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation) or collateralized through 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

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 6—Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Council 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 cost.

Commercial Insurance

The Council has obtained commercial insurance for the following risks:

- Employee health and life



West Central Ohio Network Council of Government

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Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6—Risk Management (Continued)

Risk Pool Membership

The Council is a member of Ohio School Plan (the Pool). The Pool assumes the risk of loss up to the limits of the Council policy. The pool covers the following risks:

- Comprehensive property and general liability;
- Auto;
- Errors and omissions;
- Crime;
- Cyber; and
- Pollution

Note 7—Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The employees of the Council belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries, and the Council contributed an amount equaling 14% of participants' gross salaries. The Council has one outstanding contribution required to be remitted to OPERS as of December 31, 2020 as noted in Note 5.

Note 8—Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 9—Debt

Leases

The Council leases a building located at 1200 Childrens Home Road, Sidney, OH 45365. The Council disbursed \$2,750 to pay lease cost for the year ended December 31, 2020.



West Central Ohio Network Council of Government

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Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10—Jointly Governed Organization

The Council is comprised of member County Boards of Developmental Disabilities. It is governed by a 12-member board consisting of the Superintendents of the member County Boards of Developmental Disabilities. The participating subdivisions are: Auglaize, Champaign, Darke, Hardin, Logan, Mercer, Miami, Preble, Sandusky, Shelby, Union, and Wyandot counties.

Note 11—Fund Balances

Fund integrity in the Council accounting records reflects a fiduciary fund to each County member and unclaimed. The balance of unclaimed monies, which cannot be spent for five years. The fund cash balances of the County members and unclaimed as reflected in fiduciary funds were as follows:

Custodial Fiduciary Funds:
Participating Members (Counties)

Auglaize	2,496,938
Champaign	167,905
Darke	1,386,327
Hardin	461,905
Logan	3,381,905
Mercer	3,069,782
Miami	6,005,501
Preble	45,742
Sandusky	3,643,105
Shelby	412,768
Union	3,524,120
Wyandot	20,160

Non-Spendable Fiduciary Funds:
Unclaimed

Unclaimed	2,985
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Unassigned General Funds:

General	688,964
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West Central Ohio Network Council of Government

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Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12—Change in Accounting Principle

For 2020, the Council has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Council. The Council's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Council's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
Ch. Clairsville, OH 43050
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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

West Central Ohio Network
Shelby County
PO Box 379
Sidney, Ohio 45365

To the Executive Council:

We have audited, in accordance with 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, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the West Central Ohio Network, Shelby County, (the Council) and have issued our report thereon dated April 29, 2022, wherein we noted the Government followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Council. In addition, in 2020, the Council made changes to its reporting model.

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 purposes 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.

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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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

April 29, 2022

OHIO AUDITOR OF STATE KEITH FABER



WEST CENTRAL OHIO NETWORK

SHELBY 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 5/17/2022

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

This report is a matter of public record and is available online at
www.ohioauditor.gov