



**WEST CENTRAL OHIO NETWORK
SHELBY COUNTY
Regular Audit
For the Years Ended December 31, 2019 and 2018**

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Executive Council
West Central Ohio Network
PO Box 379
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, 2018 through December 31, 2019. 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 black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 29, 2020

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**WEST CENTRAL OHIO NETWORK
SHELBY COUNTY**

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INDEPENDENT AUDITOR'S REPORT

June 17, 2020

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

To the Executive Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the **West Central Ohio Network**, Shelby County, (the Council) as of and for the years ended December 31, 2019 and 2018.

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 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 such 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 opinions.

Tax - Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these 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) permit. 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, 2019 and 2018, 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 by fund type, and related notes of the West Central Ohio Network, Shelby County as of December 31, 2019 and 2018, and 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(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 8 to the financial statements, during 2019 and 2018, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2020, 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.



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

**WEST CENTRAL OHIO NETWORK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

		General
Cash Receipts:		
Member Contributions for Services	\$	809,308
Membership Fee		141,750
Intergovernmental		220,667
Investment Income		7,844
Misc Income		167
Total Cash Receipts		1,179,736
Cash Disbursements:		
Administrative		999,141
Member Service Expenses		245,772
Total Disbursements		1,244,913
Total Receipts Over/(Under) Disbursements		(65,177)
Other Financing Receipts/(Disbursements):		
Sale of Building		29,132
Cost to Move		(26,111)
Gain(loss) on sale of invest		(927)
Purchase Premium/Discount of Investment		(2,570)
Correction to Book Balance of IL HSG		(1,278)
Total Other Financing Receipts/(Disbursements)		(1,754)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements		(66,931)
Fund Cash Balances, January 1		574,021
Fund Cash Balances, December 31		
Unassigned		507,090
<i>Fund Cash Balances, December 31</i>	\$	507,090

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



**WEST CENTRAL OHIO NETWORK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Fiduciary Fund Type
Cash Receipts:	
County Board Contribution	\$ 947,640
Critical Needs	440,125
Family Support Services	37,585
Home Choice	25,000
Room & Board	22,000
Supported Living	285,000
Unfunded Individuals	371,162
Waiver	13,941,041
Investment Income	323,874
Total Cash Receipts	16,393,427
Cash Disbursements:	
County Board Contribution	807,170
Critical Needs	404,359
Family Support Services	51,296
Home Choice	8,611
Room & Board	9,589
Supported Living	564,468
Unfunded Individuals	302,748
Waiver	9,974,102
Total Disbursements	12,122,343
Total Receipts Over/(Under) Disbursements	4,271,084
Other Financing Receipts/(Disbursements):	
Gain(loss) on sale of invest	(2,699)
Purchase Premium/Discount of Investment	(6,061)
Correction to Book Balance of IL HSG	(3,722)
Total Other Financing Receipts/(Disbursements)	(12,482)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	4,258,602
Fund Cash Balances, January 1	13,591,158
Fund Cash Balances, December 31	\$ 17,849,760

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





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, 2019

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 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.

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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Basis of Presentation

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

D. Deposits and Investments

The Council's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates value.



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Notes to the Financial Statements For the Year Ended December 31, 2019

E. Fund Accounting

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

i. General Fund

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

ii. Fiduciary Fund

Fiduciary funds include private purpose trust funds and agency funds.

1. Agency Fund

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 2019 consisted of a percentage of county board of developmental disabilities 2019 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.

F. 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:

i. Nonspendable

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

ii. 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.

iii. 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.



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Notes to the Financial Statements For the Year Ended December 31, 2019

iv. 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.

v. Unassigned

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

G. Budgetary Process

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

H. 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.

I. 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.

2. Equity in Pooled Deposits and Investments

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

Demand Deposits:	\$2,632,333	2019
Investments:	\$15,728,356	2019

At December 31, 2018, the Council held unpriced General Motors Corporation equity securities. Equity securities are not eligible investments under Ohio law, to which the Council is aware. However, at the recommendation of investment representatives, the Council is holding onto these securities in the event of a settlement.

The Council deposits all funds in checking accounts that do not earn interest. Deposits are insured by the Federal Depository 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.



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Notes to the Financial Statements For the Year Ended December 31, 2019

Auglaize County, itself, holds two Certificate of Deposit for a total of \$250,000. Sandusky County, itself, holds six Certificate of Deposit for a total of \$1M. The interest earned from the Auglaize and Sandusky County investments are receipted in the agency fund.

The Council also holds shares in STAR Ohio. As of December 31, 2019, the follow counties and WestCON each themselves held the following shares in Star Ohio:

Star Ohio-Auglaize	1,591,073.46
Star Ohio-Champaign	228,823.44
Star Ohio-Darke	975,676.50
Star Ohio-Hardin	207,489.93
Star Ohio-Logan	2,707,220.26
Star Ohio-Mercer	2,387,803.63
Star Ohio-Miami	2,929,435.05
Star Ohio-Preble	29,864.79
Star Ohio-Sandusky	2,609,032.74
Star Ohio-Shelby	231,212.55
Star Ohio-Union	542,963.32
Star Ohio-WestCON	37,760.73

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

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

Investments are protected by the Securities Investor Protector Corporation (SIPC) against losses caused by the financial failure of the financial institution or broker-dealer. SIPC was created by the Securities Investor Protections Act of 1970 and is neither a government nor a regulatory authority, but a nonprofit, membership corporation, funded by its member securities broker-dealers. Customers of a failed firm receive all securities registered in their names or in the process of being registered. Customers receive, on a pro rata basis, all remaining customer cash and securities held by the firm.



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Notes to the Financial Statements For the Year Ended December 31, 2019

After the above distribution, SIPC funds are available to satisfy the remaining claims of each customer, up to a maximum of \$500,000, including up to \$250,000 on claims for cash. Any remaining assets after payment of liquidation expenses may be available to satisfy any remaining portion of customer claims on a pro rata basis with other creditors.

3. Member & Unclaimed Cash Balances

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

Participating Members (Counties)

Auglaize	1,997,494
Champaign	247,596
Darke	983,675
Hardin	314,661
Logan	2,723,523
Mercer	2,404,368
Miami	3,299,317
Preble	96,987
Sandusky	3,609,521
Shelby	315,342
Union	1,854,612

Unclaimed

Unclaimed	2,663
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4. Risk Management

The Council has obtained general liability insurance. The Council sold the building in which resides at 315 East Court Street, Sidney, OH 45365 via public auction in November 2019. The sale finalized on December 12, 2019. The council now resides at 1200 Childrens Home Road, Sidney, OH 45365 and is leasing space from Shelby County Board of Developmental Disabilities.

5. Defined Benefit Pension Plan

The Council's employees 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 healthcare 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 paid all contributions required through December 31, 2018.



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Notes to the Financial Statements For the Year Ended December 31, 2019

6. Postemployment Benefits

OPERS offers 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 and combined plans was 0% during calendar year 2019.

7. Policies and Procedures

Since the last issued financial statements at 12/31/18, the Council has adopted or revised the following policies per State recommendations:

- Outside Activities of Staff
- Record Retention Schedule

8. Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Council. The impact on the Council's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**WEST CENTRAL OHIO NETWORK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

		General
Cash Receipts:		
Member Contributions for Services	\$	742,779
Membership Fee		114,583
Intergovernmental-State		214,204
Investment Income		5,928
Misc Income		2,249
Total Cash Receipts		1,079,743
 Cash Disbursements:		
Administrative		1,041,098
Member Service Expenses		113,106
Total Disbursements		1,154,204
 Total Receipts Over/(Under) Disbursements		(74,461)
 Fund Cash Balances, January 1		648,482
Fund Cash Balances, December 31		
Unassigned		574,021
<i>Fund Cash Balances, December 31</i>	\$	574,021

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



**WEST CENTRAL OHIO NETWORK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Fiduciary Fund Type</u>
Cash Receipts:	
County Board Contribution	\$ 2,721,940
Critical Needs	416,412
Family Support Services	82,368
Home Choice	20,000
Room & Board	60,558
Supported Living	364,052
Unfunded Individuals	297,000
Waiver	11,563,473
Investment Income	109,731
Total Cash Receipts	15,635,534
 Cash Disbursements:	
County Board Contribution	706,865
Critical Needs	308,442
Family Support Services	67,588
Home Choice	18,851
Room & Board	33,691
Supported Living	674,065
Unfunded Individuals	109,270
Waiver	8,709,843
Total Disbursements	10,628,615
 Total Receipts Over/(Under) Disbursements	 5,006,919
 Fund Cash Balances, January 1	 8,584,239
Fund Cash Balances, December 31	\$ 13,591,158

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





West Central Ohio Network Council of Government

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Notes to the Financial Statements For the Year Ended December 31, 2018

1. Summary of Significant Accounting Policies

A. Description of the Entity

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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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Basis of Presentation

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

D. Deposits and Investments

The Council's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates value.



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Notes to the Financial Statements For the Year Ended December 31, 2018

E. Fund Accounting

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

i. General Fund

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

ii. Fiduciary Fund

Fiduciary funds include private purpose trust funds and agency funds.

1. Agency Fund

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 2018 waiver match funds, state reconciliation funds, state subsidy payments paid to the Council of behalf of member county boards, 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.

F. 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:

i. Nonspendable

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

ii. 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.

iii. 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.



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Notes to the Financial Statements For the Year Ended December 31, 2018

iv. 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.

v. Unassigned

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

G. Budgetary Process

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

H. 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.

I. 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.

2. Equity in Pooled Deposits and Investments

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

Demand Deposits:	\$4,430,804	2018
Investments:	\$9,734,372	2018

At December 31, 2018, the Council held unpriced General Motors Corporation equity securities. Equity securities are not eligible investments under Ohio law, to which the Council is aware. However, at the recommendation of investment representatives, the Council is holding onto these securities in the event of a settlement.

The Council deposits all funds in checking accounts that do not earn interest. Deposits are insured by the Federal Depository 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.



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Notes to the Financial Statements For the Year Ended December 31, 2018

The Council holds investments in the following categories: Federal Holdings and Municipal Bonds. The Council, together, had \$105,438 in investments as of December 31, 2018. The interest earned from these investments are receipted in the general and agency funds based on the Governing Board's approved allocation method. Auglaize County, itself, holds three Certificate of Deposit for a total of \$400,000. Logan County, itself, holds a Municipal Bond of \$203,278. Mercer County, itself, holds a Municipal Bond of \$152,457. Miami County, itself, holds a Certificate of Deposit of \$245,000. Sandusky County, itself, holds six Certificate of Deposit for a total of \$1M. The interest earned from the Auglaize, Logan, Mercer, Miami and Sandusky County investments are receipted in the agency fund. West Central Ohio Network, itself, holds a Municipal Bond of \$152,459. The interest earned from this investment is receipted in the general fund.

The Council also holds shares in STAR Ohio. As of December 31, 2018, the follow counties and WestCON each themselves held the following shares in Star Ohio:

Star Ohio-Auglaize	1,141,862.93
Star Ohio-Champaign	276,297.10
Star Ohio-Darke	767,394.76
Star Ohio-Hardin	202,737.94
Star Ohio-Logan	1,171,168.50
Star Ohio-Mercer	1,727,938.43
Star Ohio-Miami	1,106,650.83
Star Ohio-Preble	25,577.24
Star Ohio-Sandusky	1,208,367.75
Star Ohio-Shelby	110,768.08
Star Ohio-Union	50,081.31
Star Ohio-WestCON	36,895.91

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

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

Investments are protected by the Securities Investor Protector Corporation (SIPC) against losses caused by the financial failure of the financial institution or broker-dealer. SIPC was created by the Securities Investor Protections Act of 1970 and is neither a government nor a regulatory authority, but a nonprofit, membership corporation, funded by its member securities broker-dealers. Customers of a failed firm receive all securities registered in their names or in the process of being registered. Customers receive, on a pro rata basis, all remaining customer cash and securities held by the firm.



West Central Ohio Network Council of Government

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Notes to the Financial Statements For the Year Ended December 31, 2018

After the above distribution, SIPC funds are available to satisfy the remaining claims of each customer, up to a maximum of \$500,000, including up to \$250,000 on claims for cash. Any remaining assets after payment of liquidation expenses may be available to satisfy any remaining portion of customer claims on a pro rata basis with other creditors.

3. Member & Unclaimed Cash Balances

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

Participating Members (Counties)

Auglaize	1,639,687.85
Champaign	278,677.10
Darke	771,643.28
Hardin	289,591.29
Logan	2,221,568.66
Mercer	1,917,173.63
Miami	2,224,070.29
Preble	49,762.03
Sandusky	2,208,367.75
Shelby	230,990.76
Union	1,758,847.18

Unclaimed

Unclaimed	777.94
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4. Risk Management

The Council has obtained general liability insurance. The Council owns the building in which it resides at 315 East Court Street, Sidney, OH 45365.

5. Defined Benefit Pension Plan

The Council's employees 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 healthcare and survivor and disability benefits.



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Notes to the Financial Statements For the Year Ended December 31, 2018

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 paid all contributions required through December 31, 2018.

6. Postemployment Benefits

OPERS offers 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 and combined plans was 0% during calendar year 2018.

7. Policies and Procedures

Since the last issued financial statements at 12/31/17, the Council has adopted or revised the following policies per State recommendations:

- Waiting List
- Outside Activities of Staff
- Financial Services
- Investigative Agent

8. Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Council. The impact on the Council's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

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

June 17, 2020

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 and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the **West Central Ohio Network**, Shelby County, (the Council) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 17, 2020, 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 and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Council.

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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Internal Control Over Financial Reporting (Continued)

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.



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

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 8/11/2020

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