



**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL  
DEFIANCE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED JUNE 30, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Northwest Ohio Waiver Administration Council  
Defiance County  
1804 Elmwood Drive  
Defiance, Ohio 43512-2511

To the Council:

We have audited the accompanying financial statements of the Northwest Ohio Waiver Administration Council, Defiance County, Ohio, (NOWAC) as of and for the years ended June 30, 2000 and 1999. These financial statements are the responsibility of NOWAC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, NOWAC prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of NOWAC as of June 30, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2000 on our consideration of NOWAC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large loop at the end of the name.

**Jim Petro**  
Auditor of State

September 28, 2000

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Supported Living - Counties	\$47,915	\$456,327	\$504,242
Reimbursement-Supported Services		12,813	12,813
County Waiver Administration	2,400		2,400
Ohio Department of MR/DD Waiver Administration	16,594		16,594
Quality Assurance Reviews	21,200		21,200
File Reviews-Allen County	2,843		2,843
Ohio Department of MR/DD Grant	10,000		10,000
Interest Income	35,695		35,695
Insurance Reimbursement	550		550
Miscellaneous	452	300	752
	<u>137,649</u>	<u>469,440</u>	<u>607,089</u>
Total Cash Receipts			
<b>Cash Disbursements:</b>			
Provider Services		406,875	406,875
OBRA Room and Board		7,740	7,740
Support Services		6,660	6,660
Salaries/Fringes	91,390		91,390
Professional fees	10,732		10,732
Insurance	4,100		4,100
Rent/Utilities	12,231		12,231
Supplies	1,693		1,693
Equipment	7,570		7,570
Travel	2,902		2,902
Conference Training Fees	679		679
Miscellaneous	1,049	600	1,649
	<u>132,346</u>	<u>421,875</u>	<u>554,221</u>
Total Cash Disbursements			
Total Cash Receipts Over Cash Disbursements	5,303	47,565	52,868
Fund Cash Balances, July 1	<u>19,342</u>	<u>630,311</u>	<u>649,653</u>
<b>Fund Cash Balances, June 30</b>	<b><u>\$24,645</u></b>	<b><u>\$677,876</u></b>	<b><u>\$702,521</u></b>

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

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Supported Living - Counties	\$39,942	\$833,366	\$873,308
Reimbursement-Supported Services		6,266	6,266
Ohio Department of MR/DD Allocation Increase	1,726	15,530	17,256
County Start-up Grants	16,000		16,000
Interest Income	26,411		26,411
Insurance Reimbursement	565		565
Miscellaneous	122	373	495
	<u>84,766</u>	<u>855,535</u>	<u>940,301</u>
Total Cash Receipts			
<b>Cash Disbursements:</b>			
Provider Services		219,134	219,134
OBRA Room and Board		6,090	6,090
Salaries/Fringes	51,924		51,924
Professional fees	1,530		1,530
Insurance	3,995		3,995
Rent/Utilities	2,779		2,779
Supplies	797		797
Equipment	2,224		2,224
Travel	1,417		1,417
Conference Training Fees	285		285
Miscellaneous	473		473
	<u>65,424</u>	<u>225,224</u>	<u>290,648</u>
Total Cash Disbursements			
Total Cash Receipts Over Cash Disbursements	19,342	630,311	649,653
Fund Cash Balances, July 1			
<b>Fund Cash Balances, June 30</b>	<b><u>\$19,342</u></b>	<b><u>\$630,311</u></b>	<b><u>\$649,653</u></b>

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

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Northwest Ohio Waiver Administration Council, Defiance County, (NOWAC) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. NOWAC is a council of governments directed by an eight-member Board of Council Members. The Board consists of the Superintendents of the member County Boards of Mental Retardation and Developmental Disabilities (County Boards of MR/DD). The member County Boards of MR/DD include: Allen County, Defiance County, Fulton County, Henry County, Paulding County, Putnam County, Van Wert County, and Williams County. NOWAC provides quality assurance reviews for various member County Boards of MR/DD residential programs and also administers the residential programs for the Defiance and Williams County Boards of MR/DD.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund (also known as the Administrative Fund) is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2000 AND 1999  
(Continued)**

**2. Special Revenue Funds**

These fund are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. NOWAC had the following significant Special Revenue Fund:

Contract Services Fund - This fund receives allocations of state and local revenues to provide residential services through contract providers for clients in Defiance and Williams Counties.

**E. Budgetary Process**

Beginning in fiscal year 2000 NOWAC budgets the General Fund annually.

**1. Budgeted Expenditures**

Actual expenditures are not intended to exceed budgeted expenditures at the fund, function or object level of control. The Board annually approves the budget.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received plus the cash fund balance as of July 1.

A summary of 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by NOWAC.

**2. EQUITY IN POOLED CASH**

NOWAC maintains separate demand deposit accounts for each fund and a money market account used by all funds. The certificate of deposit consists of cash from the Contract Services Fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$290,894	\$649,653
Certificate of deposit	411,627	
Total deposits	<u>\$702,521</u>	<u>\$649,653</u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending June 30, 2000 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$142,618</u>	<u>\$137,649</u>	<u>(\$4,969)</u>

2000 Budgeted vs. Actual Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	<u>\$161,960</u>	<u>\$132,346</u>	<u>\$29,614</u>

**4. RETIREMENT SYSTEMS**

NOWAC's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. NOWAC contributed an amount equal to 13.55% of participants' gross salaries. NOWAC has paid all contributions required through June 30, 2000.

**5. RISK MANAGEMENT**

NOWAC has obtained commercial insurance for general liability risks. Defiance County provides comprehensive property insurance.

NOWAC also provides health insurance and dental coverage to full-time employees through Defiance County.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Northwest Ohio Waiver Administration Council  
Defiance County  
1804 Elmwood Drive  
Defiance, Ohio 43512-2511

To the Council:

We have audited the accompanying financial statements of the Northwest Ohio Waiver Administration Council, Defiance County, Ohio, (NOWAC) as of and for the years ended June 30, 2000 and 1999, and have issued our report thereon dated September 28, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether NOWAC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of NOWAC in a separate letter dated September 28, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered NOWAC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of NOWAC in a separate letter dated September 28, 2000.

Northwest Ohio Waiver Administration Council  
Defiance County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of management and Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

September 28, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL**

**DEFIANCE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 24, 2000**