



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Suite 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Members of Council:

We have audited the accompanying financial statements of the Northwest Ohio Waiver Administration Council (NOWAC) as of and for the years ended June 30, 2002 and 2001. 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, 2002 and 2001, 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 24, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the audit committee, 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". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

September 24, 2002

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Interest Income	\$28,778		\$28,778
Supported Living Administration	60,721		60,721
County Waiver Administration	10,500		10,500
ODMR/DD Waiver Administration	27,937		27,937
Quality Assurance Reviews	37,100		37,100
File Reviews - Allen County	2,106		2,106
Waiver Billing Service	1,685		1,685
Member County Dues	800		800
MUI - Counties	18,127		18,127
Van Lease	3,800		3,800
Miscellaneous Reimbursements	1,339		1,339
Other Revenues	222		222
Supported Living - Counties		\$224,589	224,589
Reimbursement - Supported Services		18,966	18,966
Waiver Reimbursement - Counties		150,481	150,481
Other - Counties		114,004	114,004
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	193,115	508,040	701,155
Cash Disbursements:			
Salaries/Fringes	162,748		162,748
Insurance	4,030		4,030
Rent/Utilities	19,888		19,888
Legal Services	8,138		8,138
Accounting Services	2,257		2,257
Supplies	5,980		5,980
Equipment	17,323		17,323
Travel	5,706		5,706
Conference Training Fees	1,943		1,943
Workers Compensation	724		724
Miscellaneous	1,215		1,215
Provider Services		557,158	557,158
OBRA Room and Board		9,586	9,586
Supported Living Administration - Counties		28,815	28,815
Rental Assistance - Counties		2,930	2,930
Other Support Services		22,467	22,467
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	229,952	620,956	850,908
Total Cash Disbursements Over Cash Receipts	(36,837)	(112,916)	(149,753)
Fund Cash Balances, July 1	<hr/>	<hr/>	<hr/>
	42,267	967,289	1,009,556
Fund Cash Balances, June 30	<hr/> \$5,430 <hr/>	<hr/> \$854,373 <hr/>	<hr/> \$859,803 <hr/>

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

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Interest Income	\$52,113		\$52,113
Supported Living Administration	55,393		55,393
County Waiver Administration	4,200		4,200
ODMR/DD Waiver Administration	18,313		18,313
Quality Assurance Reviews	31,494		31,494
File Reviews - Allen County	2,212		2,212
Waiver Mediation - Allen County	637		637
Member County Dues	800		800
Miscellaneous Reimbursements	1,235		1,235
Other Revenues	1,954		1,954
Supported Living - Counties		\$761,902	761,902
Reimbursement - Supported Services		14,237	14,237
Waiver Reimbursement - Counties		73,541	73,541
Other - Counties		300	300
Total Cash Receipts	168,351	849,980	1,018,331
Cash Disbursements:			
Salaries/Fringes	102,201		102,201
Insurance	3,624		3,624
Rent/Utilities	15,897		15,897
Legal Services	7,311		7,311
Audit Services	3,004		3,004
Accounting Services	3,735		3,735
Supplies	2,223		2,223
Equipment	4,530		4,530
Travel	3,551		3,551
Conference Training Fees	1,202		1,202
Workers Compensation	2,691		2,691
Miscellaneous	35,210		35,210
Provider Services		509,265	509,265
OBRA Room and Board		14,251	14,251
Other Support Services		2,601	2,601
Total Cash Disbursements	185,179	526,117	711,296
Total Cash Receipts Over/(Under) Cash Disbursements	(16,828)	323,863	307,035
Other Financing Receipts and (Disbursements):			
Transfers-In	34,450		34,450
Transfers-Out		(34,450)	(34,450)
Total Other Financing Receipts/(Disbursements)	34,450	(34,450)	
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	17,622	289,413	307,035
Fund Cash Balances, July 1	24,645	677,876	702,521
Fund Cash Balances, June 30	\$42,267	\$967,289	\$1,009,556

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

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Northwest Ohio Waiver Administration Council (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.

2. Special Revenue Fund

This fund is 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:

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001
(Continued)**

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

The Council annually prepares an operating budget, including estimated receipts and disbursements, for the General Fund. Beginning in fiscal year 2002, the Council approves an operating budget for the Contract Services Fund. The Council approves the budget in its final form before the beginning of each fiscal year. The Council reviews the budget throughout the year and compares it with actual results.

A summary of 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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting NOWAC uses.

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:

	2002	2001
Demand deposits	\$459,803	\$596,078
Certificates of deposit	400,000	413,478
Total deposits	\$859,803	\$1,009,556

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$258,745	\$193,115	(\$65,630)
Special Revenue	638,995	508,040	(130,955)
Total	\$897,740	\$701,155	(\$196,585)

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001
(Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$258,745	\$229,952	\$28,793
Special Revenue	842,800	620,956	221,844
Total	\$1,101,545	\$850,908	\$250,637

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$174,513	\$202,801	\$28,288

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$174,513	\$185,179	(\$10,666)

5. 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 2002 and 2001, members of PERS contributed 8.5% of their gross salaries. NOWAC contributed an amount equal to 13.55% of participants' gross salaries for January 1, 2001, through June 30, 2002. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000, through December 31, 2000. NOWAC has paid all contributions required through June 30, 2002.

6. 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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One Government Center
Suite 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

**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 Members of Council:

We have audited the accompanying financial statements of the Northwest Ohio Waiver Administration Council (NOWAC) as of and for the years ended June 30, 2002 and 2001, and have issued our report thereon dated September 24, 2002. We conducted our audits 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.

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*.

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 24, 2002.

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, the audit committee and members of 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 24, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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 10, 2002**