



**Auditor of State  
Betty Montgomery**



**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL  
DEFIANCE COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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, Defiance County, (NOWAC) as of and for the years ended June 30, 2004 and 2003. These financial statements are the responsibility of NOWAC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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. 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 audit provides 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, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

Northwest Ohio Waiver Administration Council  
Defiance County  
Independent Accountants' Report  
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In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2004, 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, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Ohio Auditor of State

November 29, 2004

**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, 2004**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Interest Income	\$ 14,389		\$ 14,389
Supported Living Administration	63,136		63,136
County Waiver Administration	51,600		51,600
ODMR/DD Waiver Administration	81,153		81,153
Quality Assurance Reviews	27,200		27,200
File Reviews	1,438		1,438
Waiver Billing Service	935		935
MUI - Counties	69,418		69,418
Cost Settlements	35,361		35,361
ODDP - Counties	5,752		5,752
Provider Liability Insurance/Training	3,034		3,034
Other Revenues	66		66
Supported Living - Counties		\$ 646,667	646,667
Reimbursement - Supported Services		3,881	3,881
I/O Reconciliation - Counties		41,140	41,140
Reimbursement Provider Services/ Other - Van Wert County		427,800	427,800
Williams County Local Funds		90,000	90,000
Other - Counties		250	250
Total Cash Receipts	<u>353,482</u>	<u>1,209,738</u>	<u>1,563,220</u>
<b>Cash Disbursements:</b>			
Salaries/Fringes	288,826		288,826
Insurance	4,063		4,063
Rent/Utilities	21,134		21,134
Supplies	6,775		6,775
Equipment	6,235		6,235
Travel	9,268		9,268
Training/Meeting Expense	1,697		1,697
Conference/ Training	4,900		4,900
Workers Compensation	2,232		2,232
Advertising	65		65
Tuition Reimbursement	2,376		2,376
MUI Contract Services	2,159		2,159
Miscellaneous	272		272
Provider Services		425,347	425,347
OBRA Room and Board		16,164	16,164
Waiver and Supported Living Administration - Counties		114,736	114,736
Waiver Pledge and Local Match - Counties		495,824	495,824
Other Support Services		29,769	29,769
Defiance County - Risk Fund		1,813	1,813
Total Cash Disbursements	<u>350,002</u>	<u>1,083,653</u>	<u>1,433,655</u>
Total Cash Receipts Over Cash Disbursements	3,480	126,085	129,565
Fund Cash Balances, July 1	173,446	1,022,848	1,196,294
<b>Fund Cash Balances, June 30</b>	<b><u>\$ 176,926</u></b>	<b><u>\$ 1,148,933</u></b>	<b><u>\$ 1,325,859</u></b>

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, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Interest Income	\$ 35,464		\$ 35,464
Supported Living Administration	64,244		64,244
County Waiver Administration	36,000		36,000
ODMR/DD Waiver Administration	170,940		170,940
Quality Assurance Reviews	40,700		40,700
File Reviews	693		693
Waiver Billing Service	675		675
MUI - Counties	70,849		70,849
Cost Settlements	47,691		47,691
Other Revenues	1,265		1,265
Supported Living - Counties		\$ 666,428	666,428
Reimbursement - Supported Services		20,456	20,456
Waiver Reimbursement - Counties		6,004	6,004
Reimbursement Provider Services/ Other - Van Wert County		465,520	465,520
Other - Counties		875	875
Total Cash Receipts	<u>468,521</u>	<u>1,159,283</u>	<u>1,627,804</u>
<b>Cash Disbursements:</b>			
Salaries/Fringes	240,174		240,174
Insurance	4,248		4,248
Rent/Utilities	24,169		24,169
Legal Services	134		134
Audit Services	3,306		3,306
Supplies	7,082		7,082
Equipment	6,392		6,392
Travel	7,370		7,370
Training/Meeting Expense	378		378
Conference/ Training	2,621		2,621
Workers Compensation	2,389		2,389
Advertising	965		965
Miscellaneous	1,277		1,277
Provider Services		499,124	499,124
OBRA Room and Board		16,164	16,164
Waiver and Supported Living Administration - Counties		100,244	100,244
Waiver Pledge and Local Match - Counties		370,886	370,886
Other Support Services		4,390	4,390
Total Cash Disbursements	<u>300,505</u>	<u>990,808</u>	<u>1,291,313</u>
Total Cash Receipts Over/(Under) Cash Disbursements	168,016	168,475	336,491
Fund Cash Balances, July 1	5,430	854,373	859,803
<b>Fund Cash Balances, June 30</b>	<b><u>\$ 173,446</u></b>	<b><u>\$ 1,022,848</u></b>	<b><u>\$ 1,196,294</u></b>

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, 2004 AND 2003**

**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 a seven-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, 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, Van Wert, and Williams County Boards of MR/DD. NOWAC provides investigation of Major Unusual Incidents (MUIs) for the Defiance, Henry, Fulton, Paulding, Van Wert, 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.

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL  
DEFIANCE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003  
(Continued)

**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:

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 and 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.

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL  
DEFIANCE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003  
(Continued)

**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 certificates of deposit consist of cash from the Contract Services Fund and Administrative Fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at June 30 follows:

	2004	2003
Demand deposits	\$ 925,809	\$ 791,258
Certificates of deposit	400,000	404,986
Cash on hand	50	50
Total deposits and cash on hand	\$ 1,325,859	\$ 1,196,294

Except for \$50,000 at June 30 2004, deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool or individual pledged securities.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending June 30, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 449,618	\$ 353,482	\$ (96,136)
Special Revenue	1,177,837	1,209,738	31,901
Total	\$ 1,627,455	\$ 1,563,220	\$ (64,235)

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL  
DEFIANCE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003  
(Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 605,789	\$ 350,002	\$ 255,787
Special Revenue	1,152,773	1,083,653	69,120
Total	<u>\$ 1,758,562</u>	<u>\$ 1,433,655</u>	<u>\$ 324,907</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 335,741	\$ 468,521	\$ 132,780
Special Revenue	732,784	1,159,283	426,499
Total	<u>\$ 1,068,525</u>	<u>\$ 1,627,804</u>	<u>\$ 559,279</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 341,171	\$ 300,505	\$ 40,666
Special Revenue	965,992	990,808	(24,816)
Total	<u>\$ 1,307,163</u>	<u>\$ 1,291,313</u>	<u>\$ 15,850</u>

**4. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, members contributed 8.5 percent of their gross salaries. NOWAC contributed an amount equal to 13.55 percent of participants' gross salaries. NOWAC has paid all contributions required through June 30, 2004.

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003  
(Continued)**

**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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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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, Defiance County, (NOWAC) as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated November 29, 2004. We conducted our audit 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 tested its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which directly and materially affect the determination of financial statement amounts. 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 that we must report under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to NOWAC's management in a separate letter dated November 29, 2004.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered NOWAC's internal control over financial reporting 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.

Northwest Ohio Waiver Administration Council  
Defiance County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
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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 in 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 NOWAC's management in a separate letter dated November 29, 2004.

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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Ohio Auditor of State

November 29, 2004



**Auditor of State  
Betty Montgomery**

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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  
DECEMBER 23, 2004**