



**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

REGULAR AUDIT

FOR THE FISCAL YEARS ENDED JUNE 30, 2024-2023

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Northwest Ohio Waiver Administration Council
Defiance County
815 East Second Street, Suite B
Defiance, Ohio 43512

To the Members of the Board:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Northwest Ohio Waiver Administration Council, Defiance County, Ohio (the Council), which comprises the cash balances, receipts and disbursements for the governmental fund type and the fiduciary fund type combined total as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the governmental fund type and the fiduciary fund type combined total as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council, as of June 30, 2024 and 2023, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Council, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Council on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2025, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's 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.



Keith Faber
Auditor of State
Columbus, Ohio

March 26, 2025

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**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (REGULATORY CASH BASIS
GOVERNMENTAL FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>General</u>
Cash Receipts	
Certification Application	\$450
Cost Settlements	48,971
Crisis Intervention Grant	80,000
EI Service Coordination	45,507
File Review	36,883
Financial Functions	50,193
HRC	82,893
Interest Income	26,531
Major Unusual Incidents (MUI) - Counties	143,033
Medicaid Administrative Claiming	251,314
Membership Fee	35,000
Northwest Ohio Affordable Housing	17,728
Nursing Services	84,439
Provider Compliance	10,775
Support Services Administration	53,439
Target Case Management Billing	16,355
Technical Assistance	5,755
Training Fees	1,150
Waiver Billing Service	17,612
Accreditation Readiness Review	949
Other	<u>5,653</u>
<i>Total Cash Receipts</i>	<u>1,014,630</u>
Cash Disbursements	
Advertising	250
Conference/Training	4,908
Contracted Nursing Services	1,610
Crisis Intervention Expenses	22,500
Equipment	584
HRC	78,281
Human Resources	2,979
Insurance	6,604
MUI Contract Services	461
Rent/Utilities	26,827
Salaries/Fringes	680,739
Supplies	5,327
Technology	13,463
Training/Meeting Expense	2,109
Travel	9,493
EI Service Coordination	28,402
Other	<u>5,714</u>
<i>Total Cash Disbursements</i>	<u>890,251</u>
<i>Net Change in Fund Cash Balance</i>	124,379
<i>Fund Cash Balance, July 1</i>	<u>688,600</u>
<i>Fund Cash Balance, June 30, 2024</i>	<u><u>\$812,979</u></u>

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

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Custodial</u>
Additions	
Family Support Services	\$37,952
Interest Income	324,530
Local Funds - Contract	2,750,000
People First/Defiance Advocacy	14,061
	<hr/>
<i>Total Additions</i>	<i>3,126,543</i>
	<hr/>
Deductions	
Contracted Services Family Support Services	37,584
Habilitation Contract Services	46,258
People First/Defiance Advocacy	16,311
Provider Services	45,972
Waiver Pledge and Local Match - Counties	2,103,399
MSY/DC Payments	344,021
Locally Funded Support - EMS	8,043
Other	2,284
	<hr/>
<i>Total Deductions</i>	<i>2,603,872</i>
	<hr/>
<i>Net Change in Fund Cash Balances</i>	<i>522,671</i>
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<i>Fund Cash Balances, July 1</i>	<i>6,089,535</i>
	<hr/>
<i>Fund Cash Balances, June 30</i>	<i>\$6,612,206</i>
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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
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 1 – Reporting Entity

The Northwest Ohio Waiver Administration Council, Defiance County, Ohio (the Council) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Council 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 Developmental Disabilities (County Boards of DD). The member County Boards of DD include: Defiance County, Fulton County, Henry County, Paulding County, Putnam County, Van Wert County, and Williams County. The Council provides a variety of functions on behalf of its member County Boards of DD including but not limited to: business management, early intervention services, file review, human rights and behavior support, Major Unusual Incidents (MUIs), nursing, provider compliance, service and support administration, provider support, and other miscellaneous programs to meet the needs of its member counties.

Public Entity Risk Pool

The Council participates in two public entity risk pools, the Ohio School Plan and the Northern Buckeye Health Plan, Northwest Division of Optimal Health Initiative Consortium Insurance Benefits Program. Note 5 to the financial statements provides additional information for these entities. The Council's management believes these financial statements present all activities for which the Council is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Council's Custodial Fund accounts for Waiver Match Management and Sustainability activity.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Budgetary Process

The Ohio Revised Code does not require the Council to budget annually. However, management prepares a budget for internal monitoring.

A summary of 2024 budgetary activity appears in Note 3.

Deposits and Investments

The Council's accounting basis includes investments as assets. The 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.

Capital Assets

The Council records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Council must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

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.

Committed The 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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance.

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary Activity

Budgetary activity for the years ending June 30, 2024, follows:

2024 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$717,375	\$1,014,630	\$297,255

2024 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$841,500	\$890,251	(\$48,751)

Note 4 – Deposits and Investments

To improve cash management, cash received by the Council is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Council's deposit accounts are as follows:

	2024
Demand deposits	\$362,376
Other savings accounts	7,062,609
Cash on hand	200
Total deposits and cash on hand	\$7,425,185

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

The Council does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus remitted payroll withholdings.

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

Note 5 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Council pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Council has obtained commercial insurance for the following risks:

- Comprehensive property and
- Errors and omissions.

Risk Pool Membership

Ohio School Plan

The Council belongs to the Ohio School Plan (the Plan), an unincorporated, non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 400 Ohio schools (Members).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator's legal liability, automobile, violence, cyber, and pollution coverages modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's specific deductible. The Plan issues its own policies and reinsures the Plan with reinsurance carriers. Only if the Plan's paid liability loss ratio exceeds 65 percent and is less than 80 percent does the Plan contribute to paid claims responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan's audited financial statements conform with generally accept accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2023:

Assets	\$19,048,264
Liabilities	<u>(13,713,334)</u>
Members' Equity	<u>\$ 5,344,930</u>

You can read the audited financial statements for The Ohio School Plan at the Plan's website, www.ohioschoolplan.org.

Employee Insurance Benefits Program

The Council participates in a group health insurance pool through the Northern Buckeye Health Plan (NBHP), Northwest Division of Optimal Health Initiative Consortium (OHI), Insurance Benefits Program (the Plan). NBHP is a joint self-insurance arrangement created pursuant to the authority vested in Ohio Rev. Code Section 9.833. The Plan is a public entity shared risk pool consisting of educational entities and other eligible governmental entities throughout the State. The Plan is governed by OHI and its participating members. The Council pays monthly premiums to NBHP for the benefits offered to its employees, which includes health, dental, vision, and life insurance. Financial information for the period can be obtained from Todd Rosenbaum, Treasurer, at 201 East 5th Street, Suite 2100, Cincinnati, Ohio 43202.

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

Note 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Council 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Council contributed an amount equaling 14 percent of participants' gross salaries. The Council has paid all contributions required through June 30, 2024.

Note 7 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For fiscal year 2024, the portion of employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2024, the portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (REGULATORY CASH BASIS)
GOVERNMENTAL FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General
Cash Receipts	
Certification Applications	\$375
EI Service Coordinatio	26,597
File Review	40,174
Financial Functions	38,014
HRC	62,590
Interest Income	17,442
Major Unusual Incidents (MUI) - Counties	137,200
Medicaid Administrative Claiming	210,036
Membership Fee	35,000
Northwest Ohio Affordable Housing	12,321
Nursing Services	82,430
Provider Compliance	11,875
Support Services Administration	42,370
Target Case Management Billing	14,294
Technical Assistance	9,692
Training Fees	300
Waiver Billing Service	14,942
Interim Supt. Service	3,755
Williams Family and Children's First Council Service Coordination	508
Other	17,625
Total Cash Receipts	777,540
Cash Disbursements	
Advertising	250
Audit Fees	2,009
Conference/Training	4,426
Contracted Nursing Services	2,529
Equipment	1,228
HRC	61,194
Human Resources	2,175
Insurance	5,532
MUI Contract Services	423
Rent/Utilities	26,553
Salaries/Fringes	617,678
Supplies	3,989
Technology	10,828
Training/Meeting Expense	6,286
Travel	9,258
EI Service Coordination	20,301
Other	9,226
Total Cash Disbursements	783,885
Net Change in Fund Cash Balance	(6,345)
Fund Cash Balance, July 1	694,945
Fund Cash Balance, June 3	\$688,600

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

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

**COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Custodial</u>
Additions	
Family Support Services	\$36,005
Interest Income	200,741
Local Funds - Contract	1,915,000
People First/Defiance Advocacy	15,065
	<hr/>
<i>Total Additions</i>	2,166,811
	<hr/>
Deductions	
Contracted Services Family Support Services	26,156
Habilitation Contract Services	34,361
People First/Defiance Advocacy	14,255
Provider Services	34,614
Waiver Pledge and Local Match - Counties	968,956
MSY/DC Payments	139,533
Locally Funded Support - EMS	1,385
Other	395
	<hr/>
<i>Total Deductions</i>	1,219,655
	<hr/>
<i>Net Change in Fund Cash Balances</i>	947,156
	<hr/>
<i>Fund Cash Balances, July 1</i>	5,142,379
	<hr/>
<i>Fund Cash Balances, June 30</i>	\$6,089,535
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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
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Note 1 – Reporting Entity

The Northwest Ohio Waiver Administration Council, Defiance County, Ohio (the Council) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Council 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 Developmental Disabilities (County Boards of DD). The member County Boards of DD include: Defiance County, Fulton County, Henry County, Paulding County, Putnam County, Van Wert County, and Williams County. The Council provides a variety of functions on behalf of its member County Boards of DD including but not limited to: business management, early intervention services, file review, human rights and behavior support, Major Unusual Incidents (MUIs), nursing, provider compliance, service and support administration, provider support, and other miscellaneous programs to meet the needs of its member counties.

Public Entity Risk Pool

The Council participates in two public entity risk pools, the Ohio School Plan and the Northern Buckeye Health Plan, Northwest Division of Optimal Health Initiative Consortium Insurance Benefits Program. Note 5 to the financial statements provides additional information for these entities. The Council's management believes these financial statements present all activities for which the Council is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Council's Custodial Fund accounts for Waiver Match Management and Sustainability activity.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)**

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Budgetary Process

The Ohio Revised Code does not require the Council to budget annually. However, management prepares a budget for internal monitoring.

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

The Council's accounting basis includes investments as assets. The 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.

Capital Assets

The Council records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Council must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

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.

Committed The 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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance.

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)**

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary Activity

Budgetary activity for the years ending June 30, 2023, follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	<u>\$582,480</u>	<u>\$777,540</u>	<u>\$195,060</u>

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	<u>\$782,550</u>	<u>\$783,885</u>	<u>(\$1,335)</u>

Note 4 – Deposits and Investments

To improve cash management, cash received by the Council is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Council's deposit accounts are as follows:

	2023
Demand deposits	<u>\$348,262</u>
Other savings accounts	<u>6,429,673</u>
Cash on hand	<u>200</u>
Total deposits and cash on hand	<u>\$6,778,135</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

The Council does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus remitted payroll withholdings.

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)**

Note 5 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Council pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Council has obtained commercial insurance for the following risks:

- Comprehensive property and
- Errors and omissions.

Risk Pool Membership

Ohio School Plan

The Council belongs to the Ohio School Plan (the Plan), an unincorporated, non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 400 Ohio schools (Members).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator's legal liability, automobile, violence, cyber, and pollution coverages modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's specific deductible. The Plan issues its own policies and reinsures the Plan with reinsurance carriers. Only if the Plan's paid liability loss ratio exceeds 65 percent and is less than 80 percent does the Plan contribute to paid claims responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan's audited financial statements conform with generally accept accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2022:

Assets	\$17,878,913
Liabilities	<u>(11,253,693)</u>
Members' Equity	<u>\$ 6,625,220</u>

You can read the audited financial statements for The Ohio School Plan at the Plan's website, www.ohioschoolplan.org.

Employee Insurance Benefits Program

The Council participates in a group health insurance pool through the Northern Buckeye Health Plan (NBHP), Northwest Division of Optimal Health Initiative Consortium (OHI), Insurance Benefits Program (the Plan). NBHP is a joint self-insurance arrangement created pursuant to the authority vested in Ohio Rev. Code Section 9.833. The Plan is a public entity shared risk pool consisting of educational entities and other eligible governmental entities throughout the State. The Plan is governed by OHI and its participating members. The Council pays monthly premiums to NBHP for the benefits offered to its employees, which includes health, dental, vision, and life insurance. Financial information for the period can be obtained from Todd Rosenbaum, Treasurer, at 201 East 5th Street, Suite 2100, Cincinnati, Ohio 43202.

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(CONTINUED)**

Note 6 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Council 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Council contributed an amount equaling 14 percent of participants' gross salaries. The Council has paid all contributions required through June 30, 2023.

Note 7 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For fiscal year 2023, the portion of employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.



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

Northwest Ohio Waiver Administration Council
Defiance County
815 East Second Street, Suite B
Defiance, Ohio 43512

To the Members of the Board:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for the governmental fund type and the fiduciary fund type combined total as of and for the years ended June 30, 2024 and 2023 and the related notes to the financial statements of Northwest Ohio Waiver Administration Council, Defiance County, Ohio (the Council) and have issued our report thereon dated March 26, 2025, wherein we noted the Council followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Council's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Council's response to the finding identified in our audit and described in the accompanying schedule of findings. The Council's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

March 26, 2025

**NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL
DEFIANCE COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2024 AND 2023**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2024-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified in the accompanying financial statements:

- In 2024, local funds – contract receipts and transfers out were overstated in the Custodial Fund in the amount of \$280,000.
- In 2023, local funds – contract and people first/defiance advocacy receipts were overstated in the Custodial Fund in the amounts of \$330,000 and \$5,000, respectively. Transfers out were overstated in the Custodial Fund in the amount of \$335,000.
- In 2023, the Advocacy, Contract Services, Day Habilitation, Family Support Services, and Waiver Match Management Funds were incorrectly reported as Special Revenue Funds. These funds should be reported as Custodial Funds due to the purpose of the funds. This resulted in Custodial Fund understatements and Special Revenue Fund overstatements of family support services receipts (\$36,005), interest income receipts (\$200,741), local funds – contract receipts (\$2,245,000), people first/defiance advocacy receipts (\$20,065), fund cash balances, July 1, 2022 (\$5,142,379), contracted services family support services disbursements (\$26,156), habilitation contract services disbursements (\$34,361), people first/defiance advocacy disbursements (\$14,255), provider services disbursements (\$34,614), waiver pledge and local match – counties disbursements (\$968,956), MSY/DC payments disbursements (\$139,533), locally funded support – EMS disbursements (\$1,385), other disbursements (\$395), transfers out (\$335,000), and fund cash balances, June 30, 2023 (\$6,089,535).

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements and notes to the financial statements could lead to the Board making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors.

The Council should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Business Manager and the audit committee, to help identify and correct errors and omissions.

Officials' Response:

NOWAC identified the misclassification of our fiduciary/custodial funds in 2024 and implemented appropriate adjustments for fiscal year 2024. We had the option to correct fiscal year 2023 but were concerned about non-compliance with the HINKLE deadline as a result. Consequently, NOWAC proceeded with the originally submitted HINKLE filing, unaware this decision would trigger a material weakness in our subsequent audit. NOWAC contests that the material weakness identified in this audit stemmed from inadequate policies and procedures. Council maintains established policies and procedures that include financial statement review, and we believe the material weakness was not a result of policy non-compliance nor did it compromise Council's financial decision-making capabilities. Having identified these errors, NOWAC believes we should now be permitted to rectify this material weakness.

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OHIO AUDITOR OF STATE KEITH FABER



NORTHWEST OHIO WAIVER ADMINISTRATION COUNCIL

DEFIANCE 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 4/8/2025

65 East State 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