



OHIO AUDITOR OF STATE
KEITH FABER



**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY
DECEMBER 31, 2019 AND 2018**

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**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY
DECEMBER 31, 2019 AND 2018**

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INDEPENDENT AUDITOR'S REPORT

Maumee Watershed Conservancy District
Defiance County
1464 Pinehurst Drive
Defiance, Ohio 43512-8670

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities and each major fund of Maumee Watershed Conservancy District, Defiance County, Ohio (the District), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of Maumee Watershed Conservancy District, Defiance County, Ohio, as of December 31, 2019 and 2018, and the respective changes in cash financial position and the respective budgetary comparison for the Preliminary, Grassy Creek Maintenance, Little Auglaize Maintenance, and St. Joe Maintenance Funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the financial impact of the COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

October 22, 2020

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Net Position - Cash Basis
December 31, 2019*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$13,730,628</u></u>
Net Position	
Restricted for:	
Capital Projects	\$11,527,252
Other Purposes	<u>2,203,376</u>
<i>Total Net Position</i>	<u><u>\$13,730,628</u></u>

See accompanying notes to the basic financial statements

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2019*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities
Governmental Activities				
Maintenance - Channels and Structures	\$8,261,653	\$933,335	\$19,488,899	\$12,160,581
Administration	108,543			(108,543)
Salaries	354,325			(354,325)
Miscellaneous	9,807			(9,807)
Total	\$8,734,328	\$933,335	\$19,488,899	11,687,906
		General Receipts		
		Interest		8,476
		Miscellaneous		2,103
		<i>Total General Receipts</i>		<u>10,579</u>
		<i>Change in Net Position</i>		11,698,485
		<i>Net Position Beginning of Year</i>		<u>2,032,143</u>
		<i>Net Position End of Year</i>		<u><u>\$13,730,628</u></u>

See accompanying notes to the basic financial statements

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2019*

	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	St. Joe Maintenance Fund	Lower Blanchard Improvement Fund	Upper Blanchard Improvement Fund	Eagle Creek Improvement Fund	Total Governmental Funds
Assets								
Equity in Pooled Cash and Cash Equivalents	<u>\$313,441</u>	<u>\$311,803</u>	<u>\$1,434,268</u>	<u>\$143,864</u>	<u>\$27,740</u>	<u>\$69,247</u>	<u>\$11,430,265</u>	<u>\$13,730,628</u>
Fund Balances								
Restricted	<u>\$313,441</u>	<u>\$311,803</u>	<u>\$1,434,268</u>	<u>\$143,864</u>	<u>\$27,740</u>	<u>\$69,247</u>	<u>\$11,430,265</u>	<u>\$13,730,628</u>

See accompanying notes to the basic financial statements

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Receipts, Disbursements, and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2019*

	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	St. Joe Maintenance Fund	Lower Blanchard Improvement Fund	Upper Blanchard Improvement Fund	Eagle Creek Improvement Fund	Total Governmental Funds
Receipts								
Special Assessments	\$78	\$105,703	\$724,272	\$103,282				\$933,335
Interest	1,505	1,264	5,439	222	\$26	\$20		8,476
Grants/Intergovernmental					1,720,000	6,114,923	\$11,653,976	19,488,899
Miscellaneous	20	195	1,790	98				2,103
<i>Total Receipts</i>	<u>1,603</u>	<u>107,162</u>	<u>731,501</u>	<u>103,602</u>	<u>1,720,026</u>	<u>6,114,943</u>	<u>11,653,976</u>	<u>20,432,813</u>
Disbursements								
Current:								
Maintenance - Channels and Structures		31,724	207,168	33,971	1,699,627	6,065,452	223,711	8,261,653
Administration	1,347	8,930	92,827	5,439				108,543
Salaries	3,531	36,017	297,061	17,716				354,325
Miscellaneous	35	1,473	7,768	531				9,807
<i>Total Disbursements</i>	<u>4,913</u>	<u>78,144</u>	<u>604,824</u>	<u>57,657</u>	<u>1,699,627</u>	<u>6,065,452</u>	<u>223,711</u>	<u>8,734,328</u>
<i>Net Change in Fund Balances</i>	(3,310)	29,018	126,677	45,945	20,399	49,491	11,430,265	11,698,485
<i>Fund Balances Beginning of Year</i>	<u>316,751</u>	<u>282,785</u>	<u>1,307,591</u>	<u>97,919</u>	<u>7,341</u>	<u>19,756</u>		<u>2,032,143</u>
<i>Fund Balances End of Year</i>	<u>\$313,441</u>	<u>\$311,803</u>	<u>\$1,434,268</u>	<u>\$143,864</u>	<u>\$27,740</u>	<u>\$69,247</u>	<u>\$11,430,265</u>	<u>\$13,730,628</u>

See accompanying notes to the basic financial statements

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
Preliminary Fund
For the Year Ended December 31, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments	\$117	\$117	\$78	(\$39)
Interest	2,255	2,255	1,505	(750)
Miscellaneous	30	30	20	(10)
<i>Total Receipts</i>	<u>2,402</u>	<u>2,402</u>	<u>1,603</u>	<u>(799)</u>
Disbursements				
Current:				
Administration	2,092	2,094	1,347	747
Salaries	3,497	3,648	3,531	117
Miscellaneous	69	69	35	34
<i>Total Disbursements</i>	<u>5,658</u>	<u>5,811</u>	<u>4,913</u>	<u>898</u>
<i>Net Change in Fund Balance</i>	(3,256)	(3,409)	(3,310)	99
<i>Fund Balance Beginning of Year</i>	<u>316,751</u>	<u>316,751</u>	<u>316,751</u>	
<i>Fund Balance End of Year</i>	<u>\$313,495</u>	<u>\$313,342</u>	<u>\$313,441</u>	<u>\$99</u>

See accompanying notes to the basic financial statements

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
Grassy Creek Maintenance Fund
For the Year Ended December 31, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments	\$121,269	\$121,269	\$105,703	(\$15,566)
Interest	1,450	1,450	1,264	(186)
Miscellaneous	224	224	195	(29)
<i>Total Receipts</i>	<u>122,943</u>	<u>122,943</u>	<u>107,162</u>	<u>(15,781)</u>
Disbursements				
Current:				
Maintenance - Channels and Structures	33,350	34,450	31,724	2,726
Administration	9,421	9,490	8,930	560
Salaries	36,175	37,684	36,017	1,667
Miscellaneous	2,126	2,126	1,473	653
<i>Total Disbursements</i>	<u>81,072</u>	<u>83,750</u>	<u>78,144</u>	<u>5,606</u>
<i>Net Change in Fund Balance</i>	41,871	39,193	29,018	(10,175)
<i>Fund Balance Beginning of Year</i>	<u>282,785</u>	<u>282,785</u>	<u>282,785</u>	
<i>Fund Balance End of Year</i>	<u>\$324,656</u>	<u>\$321,978</u>	<u>\$311,803</u>	<u>(\$10,175)</u>

See accompanying notes to the basic financial statements

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
Little Auglaize Maintenance Fund
For the Year Ended December 31, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments	\$784,383	\$784,383	\$724,272	(\$60,111)
Interest	5,890	5,890	5,439	(451)
Miscellaneous	1,939	1,939	1,790	(149)
<i>Total Receipts</i>	<u>792,212</u>	<u>792,212</u>	<u>731,501</u>	<u>(60,711)</u>
Disbursements				
Current:				
Maintenance - Channels and Structures	199,300	276,600	207,168	69,432
Administration	96,979	98,090	92,827	5,263
Salaries	293,767	306,443	297,061	9,382
Miscellaneous	15,553	15,553	7,768	7,785
<i>Total Disbursements</i>	<u>605,599</u>	<u>696,686</u>	<u>604,824</u>	<u>91,862</u>
<i>Net Change in Fund Balance</i>	186,613	95,526	126,677	31,151
<i>Fund Balance Beginning of Year</i>	<u>1,307,591</u>	<u>1,307,591</u>	<u>1,307,591</u>	
<i>Fund Balance End of Year</i>	<u><u>\$1,494,204</u></u>	<u><u>\$1,403,117</u></u>	<u><u>\$1,434,268</u></u>	<u><u>\$31,151</u></u>

See accompanying notes to the basic financial statements

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
St. Joe Maintenance Fund
For the Year Ended December 31, 2019*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments	\$104,799	\$104,799	\$103,282	(\$1,517)
Interest	225	225	222	(3)
Miscellaneous	100	100	98	(2)
<i>Total Receipts</i>	<u>105,124</u>	<u>105,124</u>	<u>103,602</u>	<u>(1,522)</u>
Disbursements				
Current:				
Maintenance - Channels and Structures	58,350	59,450	33,971	25,479
Administration	5,708	5,770	5,439	331
Salaries	17,549	18,303	17,716	587
Miscellaneous	833	833	531	302
<i>Total Disbursements</i>	<u>82,440</u>	<u>84,356</u>	<u>57,657</u>	<u>26,699</u>
<i>Net Change in Fund Balance</i>	22,684	20,768	45,945	25,177
<i>Fund Balance Beginning of Year</i>	<u>97,919</u>	<u>97,919</u>	<u>97,919</u>	
<i>Fund Balance End of Year</i>	<u><u>\$120,603</u></u>	<u><u>\$118,687</u></u>	<u><u>\$143,864</u></u>	<u><u>\$25,177</u></u>

See accompanying notes to the basic financial statements

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 1 – Reporting Entity

Maumee Watershed Conservancy District, Defiance County, Ohio (the District) is a body politic and corporate established in 1960 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a three-member Board of Directors. The Board members are appointed by the Court of Common Pleas. The District is comprised of the following counties: Wood County, Williams County, Defiance County, Henry County, Fulton County, Lucas County, Hardin County, Shelby County, Auglaize County, Allen County, Mercer County, Paulding County, Putnam County, and Van Wert County.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements of the District are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The District provides flood prevention and management, land waste reclamation, channel regulation, water conservation, and irrigation to certain areas within Mercer, Paulding, Putnam, Van Wert, Wood, Williams, and Defiance Counties.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations for which the District authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. The District does not have any component units.

C. Public Entity Risk Pool

The District participates in a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Note 5 to the basic financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

A. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities are primarily financed through special assessments and intergovernmental grant receipts.

The statement of net position presents the cash balances of the governmental activities of the District at year end. The statement of activities compares disbursements with program receipts for each program or function of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a cash basis or draws from the District's general receipts.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The District uses fund accounting 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 various funds of the District are grouped into the governmental category.

Governmental Funds

Governmental funds are those which most governmental functions of the District are financed. The following are the District's major governmental funds:

Preliminary Fund – This fund receives Little Auglaize improvement assessments, interest earnings, and other miscellaneous revenue as well as expenses associated with initiating future work projects.

Grassy Creek Maintenance Fund – This fund receives special assessment monies for the operation and maintenance of the Grassy Creek project and other related expenses of the District.

Little Auglaize Maintenance Fund – This fund receives special assessment monies for the operation and maintenance of the Little Auglaize project and other related expenses of the District.

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

St. Joe Maintenance Fund – This fund receives special assessments monies for the operation and maintenance of the St. Joseph River project and other related expenses of the District.

Lower Blanchard Improvement Fund – This fund receives grant monies from the State of Ohio specifically designated for the design and potential construction of flood reduction improvements to the Lower Blanchard River area in Putnam County.

Upper Blanchard Improvement Fund – This fund receives monies from Hancock County specifically designated for the design and potential construction of flood reduction improvements to the Upper Blanchard River area in Hancock County.

Eagle Creek Improvement Fund – This fund receives monies from the State of Ohio specifically designated for the design and potential construction of flood reduction improvements to the Eagle Creek Watershed in Hancock County.

C. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The District annually prepares an operating budget, which includes estimated resources and appropriations. Estimated resources establish a limit on the amount the District may appropriate.

Appropriations is the District's authorization to spend resources and set limits on disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established at the account line item level for all funds.

Estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Secretary/Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the District.

Appropriations are subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts on the budgetary statements reflect the original appropriations for that fund that covered the entire year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District during the year.

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

E. Cash and Investments

To improve cash management, cash received by the District is pooled and invested. Individual fund integrity is maintained through District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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 negative receipts, respectively.

During 2019, the District invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to District funds according to State statutes and District policy. Interest receipts were credited to the various District funds during 2019 as follows: Preliminary Fund \$1,505; Grassy Creek Maintenance Fund \$1,264; Little Auglaize Maintenance Fund \$5,439; St. Joe Maintenance Fund \$222; Lower Blanchard Improvement Fund \$26; and Upper Blanchard Improvement Fund \$20.

F. Inventory and Prepaid Items

The District reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Accumulated Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

J. Long-Term Obligations

The District's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

K. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for maintenance – channels and structures and administration/planning future projects. The District’s policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

L. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted – Fund balance is reported as 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.

Enabling legislation authorizes the District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the District can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of the District Board of Directors. Those committed amounts cannot be used for any other purpose unless the District Board of Directors remove or change the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the District Board of Directors, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In the District’s governmental funds, assigned fund balance represents the remaining amount that is not restricted or committed.

Unassigned – In the District’s governmental funds, the unassigned classification is used only to report a deficit balance.

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

The District 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 Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the Preliminary, Grassy Creek Maintenance, Little Auglaize Maintenance, and St. Joe Maintenance Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 4 – Deposits and Investments

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District treasury. Active monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Directors have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by the financial institution's participation in 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.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

3. Written repurchase agreements in the securities described in (1) and (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent on the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may only be made upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

At December 31, 2019, the carrying amount of all District deposits were \$13,730,628 and the bank balance was \$13,741,946. Of the District's bank balance, \$1,795,676 was covered by Federal Deposit Insurance Corporation (FDIC) and \$11,946,270 was covered by pooled collateral through the Ohio Pooled Collateral System (OPCS). The District's financial institution was approved for a reduced collateral rate of 50% through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

Note 5 – Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Risk Pool Membership

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimburses the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM's property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remained unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 6 – Defined Benefits Pension Plan

Ohio Public Employees Retirement System

Plan Description – District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan, and the Combined Plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. While members may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional and Combined Plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

**MAUMEE WATERSHED CONSERVANCY DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the Traditional and Combined Plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three-member groups under the Traditional and Combined Plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a Traditional Plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined Plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits.

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2019 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
 Employee	 10.0 %

* Member contributions within the Combined Plan are not used to fund the defined benefit retirement allowance.

** This employer health care rate is for the Traditional and Combined Plans. The employer contribution for the Member-Directed Plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The District's contractually required contribution was \$41,528 for year 2019.

Note 7 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and Combined Plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, State and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2019, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$0 for 2019.

Note 8 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the governmental funds are presented below:

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Fund Balances	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	St. Joe Maintenance Fund	Lower Blanchard Improvement Fund	Upper Blanchard Improvement Fund	Eagle Creek Improvement Fund	Total
Restricted for								
Maintenance - Channels and Structures		\$311,803	\$1,434,268	\$143,864	\$27,740	\$69,247	\$11,430,265	\$13,417,187
Administration /Planning Future Projects	\$313,441							313,441
Total Fund Balances	\$313,441	\$311,803	\$1,434,268	\$143,864	\$27,740	\$69,247	\$11,430,265	\$13,730,628

Note 9 – Subsequent Events

In January 2020, the District approved to accept the bid of Haynes Construction for the Lower Blanchard Diversion Channel work project and awarded a contract to the contractor in the amount of \$3,334,055.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The investments of the pension and other employee benefit plan in which the District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Net Position - Cash Basis
December 31, 2018*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$2,032,143</u></u>
Net Position	
Restricted for:	
Capital Projects	\$27,097
Other Purposes	<u>2,005,046</u>
<i>Total Net Position</i>	<u><u>\$2,032,143</u></u>

See accompanying notes to the basic financial statements

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2018*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities
Governmental Activities				
Maintenance - Channels and Structures	\$1,720,286	\$836,437	\$1,515,159	\$631,310
Administration	108,751			(108,751)
Salaries	322,622			(322,622)
Miscellaneous	20,007			(20,007)
Total	\$2,171,666	\$836,437	\$1,515,159	179,930
		General Receipts		
		Interest		2,629
		Miscellaneous		2,728
		<i>Total General Receipts</i>		<u>5,357</u>
		<i>Change in Net Position</i>		185,287
		<i>Net Position Beginning of Year</i>		<u>1,846,856</u>
		<i>Net Position End of Year</i>		<u><u>\$2,032,143</u></u>

See accompanying notes to the basic financial statements

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2018*

	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	St. Joe Maintenance Fund	Lower Blanchard Improvement Fund	Upper Blanchard Improvement Fund	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	<u>\$316,751</u>	<u>\$282,785</u>	<u>\$1,307,591</u>	<u>\$97,919</u>	<u>\$7,341</u>	<u>\$19,756</u>	<u>\$2,032,143</u>
Fund Balances							
Restricted	<u>\$316,751</u>	<u>\$282,785</u>	<u>\$1,307,591</u>	<u>\$97,919</u>	<u>\$7,341</u>	<u>\$19,756</u>	<u>\$2,032,143</u>

See accompanying notes to the basic financial statements

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Receipts, Disbursements, and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2016*

	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	St. Joe Maintenance Fund	Lower Blanchard Improvement Fund	Upper Blanchard Improvement Fund	Total Governmental Funds
Receipts							
Special Assessments	\$75	\$109,929	\$632,935	\$93,498			\$836,437
Interest	601	431	1,450	139	\$6	\$2	2,629
Grants/Intergovernmental					171,683	1,343,476	1,515,159
Miscellaneous	27	273	2,292	136			2,728
<i>Total Receipts</i>	<u>703</u>	<u>110,633</u>	<u>636,677</u>	<u>93,773</u>	<u>171,689</u>	<u>1,343,478</u>	<u>2,356,953</u>
Disbursements							
Current:							
Maintenance - Channels and Structures		29,822	89,540	68,574	188,465	1,343,885	1,720,286
Administration	1,459	8,939	92,884	5,469			108,751
Salaries	3,210	32,786	270,495	16,131			322,622
Miscellaneous	101	2,613	16,300	993			20,007
<i>Total Disbursements</i>	<u>4,770</u>	<u>74,160</u>	<u>469,219</u>	<u>91,167</u>	<u>188,465</u>	<u>1,343,885</u>	<u>2,171,666</u>
<i>Net Change in Fund Balances</i>	(4,067)	36,473	167,458	2,606	(16,776)	(407)	185,287
<i>Fund Balances Beginning of Year</i>	<u>320,818</u>	<u>246,312</u>	<u>1,140,133</u>	<u>95,313</u>	<u>24,117</u>	<u>20,163</u>	<u>1,846,856</u>
<i>Fund Balances End of Year</i>	<u>\$316,751</u>	<u>\$282,785</u>	<u>\$1,307,591</u>	<u>\$97,919</u>	<u>\$7,341</u>	<u>\$19,756</u>	<u>\$2,032,143</u>

See accompanying notes to the basic financial statements

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
Preliminary Fund
For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments	\$109	\$109	\$75	(\$34)
Interest	873	873	601	(272)
Miscellaneous	39	39	27	(12)
<i>Total Receipts</i>	<u>1,021</u>	<u>1,021</u>	<u>703</u>	<u>(318)</u>
Disbursements				
Current:				
Administration	2,097	2,102	1,459	643
Salaries	3,437	3,437	3,210	227
Miscellaneous	139	141	101	40
<i>Total Disbursements</i>	<u>5,673</u>	<u>5,680</u>	<u>4,770</u>	<u>910</u>
<i>Net Change in Fund Balance</i>	(4,652)	(4,659)	(4,067)	592
<i>Fund Balance Beginning of Year</i>	<u>320,818</u>	<u>320,818</u>	<u>320,818</u>	
<i>Fund Balance End of Year</i>	<u><u>\$316,166</u></u>	<u><u>\$316,159</u></u>	<u><u>\$316,751</u></u>	<u><u>\$592</u></u>

See accompanying notes to the basic financial statements

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
Grassy Creek Maintenance Fund
For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments	\$117,477	\$117,477	\$109,929	(\$7,548)
Interest	461	461	431	(30)
Miscellaneous	291	291	273	(18)
<i>Total Receipts</i>	<u>118,229</u>	<u>118,229</u>	<u>110,633</u>	<u>(7,596)</u>
Disbursements				
Current:				
Maintenance - Channels and Structures	31,750	32,160	29,822	2,338
Administration	9,580	9,630	8,939	691
Salaries	35,508	35,928	32,786	3,142
Miscellaneous	3,090	3,285	2,613	672
<i>Total Disbursements</i>	<u>79,928</u>	<u>81,003</u>	<u>74,160</u>	<u>6,843</u>
<i>Net Change in Fund Balance</i>	38,301	37,226	36,473	(753)
<i>Fund Balance Beginning of Year</i>	<u>246,312</u>	<u>246,312</u>	<u>246,312</u>	
<i>Fund Balance End of Year</i>	<u><u>\$284,613</u></u>	<u><u>\$283,538</u></u>	<u><u>\$282,785</u></u>	<u><u>(\$753)</u></u>

See accompanying notes to the basic financial statements

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
Little Auglaize Maintenance Fund
For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments	\$708,712	\$708,712	\$632,935	(\$75,777)
Interest	1,624	1,624	1,450	(174)
Miscellaneous	2,566	2,566	2,292	(274)
<i>Total Receipts</i>	<u>712,902</u>	<u>712,902</u>	<u>636,677</u>	<u>(76,225)</u>
Disbursements				
Current:				
Maintenance - Channels and Structures	181,500	184,900	89,540	95,360
Administration	99,184	99,589	92,884	6,705
Salaries	288,754	290,994	270,495	20,499
Miscellaneous	28,387	31,705	16,300	15,405
<i>Total Disbursements</i>	<u>597,825</u>	<u>607,188</u>	<u>469,219</u>	<u>137,969</u>
<i>Net Change in Fund Balance</i>	115,077	105,714	167,458	61,744
<i>Fund Balance Beginning of Year</i>	<u>1,140,133</u>	<u>1,140,133</u>	<u>1,140,133</u>	
<i>Fund Balance End of Year</i>	<u>\$1,255,210</u>	<u>\$1,245,847</u>	<u>\$1,307,591</u>	<u>\$61,744</u>

See accompanying notes to the basic financial statements

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Receipts, Disbursements, and Changes
In Fund Balance - Budget and Actual - Budget Basis
St. Joe Maintenance Fund
For the Year Ended December 31, 2018*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments	\$59,812	\$59,812	\$93,498	\$33,686
Interest	89	89	139	50
Miscellaneous	87	87	136	49
<i>Total Receipts</i>	<u>59,988</u>	<u>59,988</u>	<u>93,773</u>	<u>33,785</u>
Disbursements				
Current:				
Maintenance - Channels and Structures	55,750	71,050	68,574	2,476
Administration	5,839	5,879	5,469	410
Salaries	17,247	17,387	16,131	1,256
Miscellaneous	1,273	1,458	993	465
<i>Total Disbursements</i>	<u>80,109</u>	<u>95,774</u>	<u>91,167</u>	<u>4,607</u>
<i>Net Change in Fund Balance</i>	(20,121)	(35,786)	2,606	38,392
<i>Fund Balance Beginning of Year</i>	<u>95,313</u>	<u>95,313</u>	<u>95,313</u>	
<i>Fund Balance End of Year</i>	<u><u>\$75,192</u></u>	<u><u>\$59,527</u></u>	<u><u>\$97,919</u></u>	<u><u>\$38,392</u></u>

See accompanying notes to the basic financial statements

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1 – Reporting Entity

Maumee Watershed Conservancy District, Defiance County, Ohio (the District) is a body politic and corporate established in 1960 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a three-member Board of Directors. The Board members are appointed by the Court of Common Pleas. The District is comprised of the following counties: Wood County, Williams County, Defiance County, Henry County, Fulton County, Lucas County, Hardin County, Shelby County, Auglaize County, Allen County, Mercer County, Paulding County, Putnam County, and Van Wert County.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements of the District are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The District provides flood prevention and management, land waste reclamation, channel regulation, water conservation, and irrigation to certain areas within Mercer, Paulding, Putnam, Van Wert, Wood, Williams, and Defiance Counties.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations for which the District authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. The District does not have any component units.

C. Public Entity Risk Pool

The District participates in a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Note 5 to the basic financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

A. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities are primarily financed through special assessments and intergovernmental grant receipts.

The statement of net position presents the cash balances of the governmental activities of the District at year end. The statement of activities compares disbursements with program receipts for each program or function of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a cash basis or draws from the District's general receipts.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

B. Fund Accounting

The District uses fund accounting 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 various funds of the District are grouped into the governmental category.

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. The following are the District's major governmental funds:

Preliminary Fund – This fund receives Little Auglaize improvement assessments, interest earnings, and other miscellaneous revenue as well as expenses associated with initiating future work projects.

Grassy Creek Maintenance Fund – This fund receives special assessment monies for the operation and maintenance of the Grassy Creek project and other related expenses of the District.

Little Auglaize Maintenance Fund – This fund receives special assessment monies for the operation and maintenance of the Little Auglaize project and other related expenses of the District.

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

St. Joe Maintenance Fund – This fund receives special assessments monies for the operation and maintenance of the St. Joseph River project and other related expenses of the District.

Lower Blanchard Improvement Fund – This fund receives grant monies from the State of Ohio specifically designated for the design and potential construction of flood reduction improvements to the Lower Blanchard River area in Putnam County.

Upper Blanchard Improvement Fund – This fund receives monies from Hancock County specifically designated for the design and potential construction of flood reduction improvements to the Upper Blanchard River area in Hancock County.

C. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The District annually prepares an operating budget, which includes estimated resources and appropriations. Estimated resources establish a limit on the amount the District may appropriate.

Appropriations are the District's authorization to spend resources and set limits on disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established at the account line item level for all funds.

Estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Secretary/Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the District.

Appropriations are subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts on the budgetary statements reflect the original appropriations for that fund that covered the entire year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District during the year.

E. Cash and Investments

To improve cash management, cash received by the District is pooled and invested. Individual fund integrity is maintained through District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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 negative receipts, respectively.

During 2018, the District invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to District funds according to State statutes and District policy. Interest receipts were credited to the various District funds during 2018 as follows: Preliminary Fund \$601; Grassy Creek Maintenance Fund \$431; Little Auglaize Maintenance Fund \$1,450; St. Joe Maintenance Fund \$139; Lower Blanchard Improvement Fund \$6; and Upper Blanchard Improvement Fund \$2.

F. Inventory and Prepaid Items

The District reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Accumulated Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

J. Long-Term Obligations

The District's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

K. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for maintenance – channels and structures and administration/planning future projects. The District's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

L. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted – Fund balance is reported as 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.

Enabling legislation authorizes the District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the District can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of the District Board of Directors. Those committed amounts cannot be used for any other purpose unless the District Board of Directors remove or change the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the District Board of Directors, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In the District’s governmental funds, assigned fund balance represents the remaining amount that is not restricted or committed.

Unassigned – In the District’s governmental funds, the unassigned classification is used only to report a deficit balance.

The District 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.

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the Preliminary, Grassy Creek Maintenance, Little Auglaize Maintenance, and St. Joe Maintenance Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 4 – Deposits and Investments

Monies held by the District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the District treasury. Active monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Directors have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by the financial institution's participation in 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.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may only be made upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

At December 31, 2018, the carrying amount of all District deposits were \$2,032,143 and the bank balance was \$2,233,433. Of the District's bank balance, \$1,697,149 was covered by Federal Deposit Insurance Corporation (FDIC) and \$536,284 was covered by pooled collateral through the Ohio Pooled Collateral System (OPCS). The District's financial institution was approved for a reduced collateral rate of 50% through OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

Note 5 – Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

Risk Pool Membership

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

OPRM coverage programs are developed specific for each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses of the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM's property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 6 – Defined Benefits Pension Plan

Ohio Public Employees Retirement System

Plan Description – District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members may elect the Member-Directed plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional and Combined Plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the Traditional and Combined Plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three-member groups under the Traditional and Combined Plans as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Group A Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a Traditional Plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined Plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
 Employee	 10.0 %

* Member contributions within the Combined Plan are not used to fund the defined benefit retirement allowance.

** This employer health care rate is for the Traditional and Combined Plans. The employer contribution for the Member Directed Plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The District's contractually required contribution was \$39,013 for year 2018.

Note 7 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and Combined Plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District’s contractually required contribution was \$0 for 2018.

Note 8 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the governmental funds are presented below:

Fund Balances	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	St. Joe Maintenance Fund	Lower Blanchard Improvement Fund	Upper Blanchard Improvement Fund	Total
Restricted for							
Maintenance - Channels and Structures		\$282,785	\$1,307,591	\$97,919	\$7,341	\$19,756	\$1,715,392
Administration /Planning Future Projects	\$316,751						316,751
Total Fund Balances	\$316,751	\$282,785	\$1,307,591	\$97,919	\$7,341	\$19,756	\$2,032,143

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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**

Maumee Watershed Conservancy District
Defiance County
1464 Pinehurst Drive
Defiance, Ohio 43512-8670

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities and each major fund of Maumee Watershed Conservancy District, Defiance County, Ohio (the District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 22, 2020, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

October 22, 2020

OHIO AUDITOR OF STATE KEITH FABER



MAUMEE WATERSHED CONSERVANCY DISTRICT

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 11/5/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov