



Dave Yost • Auditor of State



**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

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# Dave Yost • Auditor of State

## 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 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, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 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, 2015 and 2014, and the respective changes in cash financial position and the respective budgetary comparison for the Preliminary Fund, Grassy Creek Maintenance Fund, Little Auglaize Maintenance Fund, and St. Joe Maintenance Fund 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.

**Other Matters**

*Other Information*

We applied no procedures to Management's Discussion and Analysis listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2016, 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

April 27, 2016

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
UNAUDITED**

This discussion and analysis of Maumee Watershed Conservancy District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2015, within the limitations of the District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Highlights**

Key highlights for 2015 are as follows:

- Net position of governmental activities increased \$144,222, or 7.8 percent, a rather insignificant change from the prior year.
- During 2015, the District's primary revenue source sources were special assessments and intergovernmental grant receipts. These receipts represent 99.8 percent of the total cash received for governmental activities during the year. Special assessment receipts for 2015 increased only slightly compared to 2014, and like 2014, the District continued receiving intergovernmental grant receipts from the State of Ohio related to the Lower Blanchard River Flood Reduction Project in 2015.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

**Report Components**

The statement of net position and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
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(Continued)**

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the District as a Whole**

This annual report includes all activities for which Maumee Watershed Conservancy District is fiscally responsible. These activities, defined as the District's reporting entity, are operated within separate legal entities that make up the primary government. The primary government consists of Maumee Watershed Conservancy District.

The statement of net position and the statement of activities reflect how the District did financially during 2015, within the limitations of cash basis accounting. The statement of net position presents the cash balances of the governmental activities of the District at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other nonfinancial factors as well such as the District's property tax base, the condition of the District's capital assets, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the District's major local revenue source, which is special assessments.

In the statement of net position and the statement of activities, we report governmental activities, which include the District's basic services such as channel and structure maintenance. Special assessments finance most of these activities.

**Reporting the District's Most Significant Funds**

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the District are reported in governmental funds.

The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The District's major governmental funds are the Preliminary Fund, Grassy Creek Maintenance Fund, Little Auglaize Maintenance Fund, St. Joe Maintenance Fund, and Lower Blanchard Improvement Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.



**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
UNAUDITED  
(Continued)**

**The District as a Whole**

Table 1 provides a summary of the District's net position for 2015 compared to 2014 on a cash basis:

(Table 1)  
**Net Position**

	Governmental Activities	
	2015	2014
<b>Assets</b>		
Cash and Cash Equivalents	\$1,988,120	\$1,843,898
<b>Net Position</b>		
Restricted for:		
Capital Projects	\$425,774	\$413,890
Other Purposes	1,562,346	1,430,008
Total Net Position	\$1,988,120	\$1,843,898

As mentioned previously, net position of governmental activities increased \$144,222, or 7.8 percent during 2015. Although the overall net position increased in 2015, total disbursements increased at a greater rate than total receipts. Total disbursements in 2015 were 36.7 percent higher than in 2014 while 2015 receipts were lower than 2014 receipts by only 15.0 percent. Overall disbursements were higher in 2015 due in large part to costs associated to the Lower Blanchard River Flood Reduction Project.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
UNAUDITED  
(Continued)**

Table 2 reflects the changes in net position on a cash basis in 2015 and 2014 for governmental activities.

(Table 2)  
**Changes in Net Position**

	Governmental Activities	
	2015	2014
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$680,712	\$679,712
Capital Grants and Contributions	257,536	422,173
Total Program Receipts	938,248	1,101,885
General Receipts:		
Interest	1,560	1,638
Miscellaneous	52	2,582
Total General Receipts	1,612	4,220
Total Receipts	939,860	1,106,105
Disbursements:		
Maintenance - Channels & Structures	410,541	208,222
Administration	96,103	68,933
Salaries	271,517	270,015
Miscellaneous	17,477	34,699
Total Disbursements	795,638	581,869
Change in Net Position	144,222	524,236
Net Position, January 1	1,843,898	1,319,662
Net Position, December 31	\$1,988,120	\$1,843,898

Program receipts represent 99.8 percent of total receipts and are comprised of special assessments paid by property owners within the Little Auglaize River, Grassy Creek, and St. Joseph River Watersheds as well as intergovernmental grant receipts from the State of Ohio related to the Lower Blanchard River Flood Reduction Project.

General receipts represent only 0.2 percent of the District's total receipts, and the majority this amount-is interest earnings. Miscellaneous revenue makes up the remaining portion of the District's general receipts, which is very insignificant and a somewhat unpredictable revenue source.

Disbursements for Maintenance – Channels and Structures represent the costs for maintenance, repairs, and improvements to the watersheds within the District. Administration represents the overhead costs for running the District, other than payroll, and the support services provided for the other District activities. Salaries represent payroll and fringe benefits paid to the Board of Directors, management, and District personnel. Miscellaneous disbursements represent various miscellaneous costs not otherwise associated with the daily operations of the District. These costs are generally insignificant, unpredictable in nature, and can vary from year to year.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
UNAUDITED  
(Continued)**

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for maintenance of channels and structures and salaries, which account for 51.6 and 34.1 percent of all governmental disbursements, respectively. Administration also represents a fairly significant cost, about 12.1 percent. The next column of the Statement entitled Program Cash Receipts identifies amounts paid by people who are directly charged for the service that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Maintenance - Channels & Structures	\$410,541	(\$527,707)	\$208,222	(\$893,663)
Administration	96,103	96,103	68,933	68,933
Salaries	271,517	271,517	270,015	270,015
Miscellaneous	17,477	17,477	34,699	34,699
Total Expenses	<u>\$795,638</u>	<u>(\$142,610)</u>	<u>\$581,869</u>	<u>(\$520,016)</u>

**The District's Funds**

Total governmental funds had receipts of \$939,860 and disbursements of \$795,638. The greatest changes within governmental funds occurred within the Grassy Creek Maintenance Fund, Little Auglaize Maintenance Fund, and Lower Blanchard Improvement Fund.

The fund balance of the Grassy Creek Maintenance Fund increased \$13,067, which was primarily due to overall receipts exceeding overall disbursements in 2015. Even though receipts remained fairly consistent in the Grassy Creek Maintenance Fund from 2014, disbursements decreased slightly by approximately 1.3 percent in 2015 compared to 2014.

The fund balance of the Little Auglaize Maintenance Fund increased \$122,986, which was primarily due to overall receipts exceeding overall disbursements. Even though receipts for 2015 changed very little compared to 2014 in the Little Auglaize Maintenance Fund, disbursements decreased slightly by approximately 3.9 percent in 2015 compared to 2014.

The fund balance of the Lower Blanchard Improvement Fund increased \$11,884, which was primarily due to overall receipts exceeding overall disbursements. Even though overall receipts in 2015 in the Lower Blanchard Improvement Fund decreased significantly by approximately 38.9 percent from 2014, disbursements conversely increased drastically by approximately 290.2 percent in 2015 compared to 2014 due to the District starting to incur a significant amount of project costs associated to the Lower Blanchard River Flood Reduction Project in 2015.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
UNAUDITED  
(Continued)**

**Capital Assets**

The District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on special assessments.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Wendy J. Yunker, District Treasurer, Maumee Watershed Conservancy District, 1464 Pinehurst Drive, Defiance, Ohio 43512.

**Maumee Watershed Conservancy District  
Defiance County**

*Statement of Net Position - Cash Basis  
December 31, 2015*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$1,988,120</u></u>
<b>Net Position</b>	
Restricted for:	
Capital Projects	\$425,774
Other Purposes	<u>1,562,346</u>
<i>Total Net Position</i>	<u><u>\$1,988,120</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, 2015*

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Change in Net Position</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>				
Maintenance - Channels & Structures	\$410,541	\$680,712	\$257,536	\$527,707
Administration	96,103			(96,103)
Salaries	271,517			(271,517)
Miscellaneous	17,477			(17,477)
<b>Total</b>	<u>\$795,638</u>	<u>\$680,712</u>	<u>\$257,536</u>	<u>142,610</u>
		<b>General Receipts</b>		
		Interest		1,560
		Miscellaneous		52
		<i>Total General Receipts</i>		<u>1,612</u>
		<i>Change in Net Position</i>		144,222
		<i>Net Position Beginning of Year</i>		<u>1,843,898</u>
		<i>Net Position End of Year</i>		<u>\$1,988,120</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, 2015*

	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	St. Joe Maintenance Fund	Lower Blanchard Improvement Fund	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	<u>\$328,510</u>	<u>\$193,705</u>	<u>\$986,171</u>	<u>\$53,960</u>	<u>\$425,774</u>	<u>\$1,988,120</u>
<b>Fund Balances</b>						
Restricted	<u>\$328,510</u>	<u>\$193,705</u>	<u>\$986,171</u>	<u>\$53,960</u>	<u>\$425,774</u>	<u>\$1,988,120</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, 2015*

	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	St. Joe Maintenance Fund	Lower Blanchard Improvement Fund	Total Governmental Funds
<b>Receipts</b>						
Special Assessments	\$49	\$95,239	\$501,142	\$84,282		\$680,712
Interest	349	209	965	37		1,560
Grants					\$257,536	257,536
Miscellaneous	1	8	37	6		52
<i>Total Receipts</i>	<u>399</u>	<u>95,456</u>	<u>502,144</u>	<u>84,325</u>	<u>257,536</u>	<u>939,860</u>
<b>Disbursements</b>						
Current:						
Maintenance - Channels & Structures		29,206	89,055	46,628	245,652	410,541
Administration	1,484	11,581	74,197	8,841		96,103
Salaries	2,688	38,893	202,784	27,152		271,517
Miscellaneous	108	2,709	13,122	1,538		17,477
<i>Total Disbursements</i>	<u>4,280</u>	<u>82,389</u>	<u>379,158</u>	<u>84,159</u>	<u>245,652</u>	<u>795,638</u>
<i>Net Change in Fund Balances</i>	(3,881)	13,067	122,986	166	11,884	144,222
<i>Fund Balances Beginning of Year</i>	<u>332,391</u>	<u>180,638</u>	<u>863,185</u>	<u>53,794</u>	<u>413,890</u>	<u>1,843,898</u>
<i>Fund Balances End of Year</i>	<u><u>\$328,510</u></u>	<u><u>\$193,705</u></u>	<u><u>\$986,171</u></u>	<u><u>\$53,960</u></u>	<u><u>\$425,774</u></u>	<u><u>\$1,988,120</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  
Preliminary Fund  
For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Special Assessments	\$143	\$143	\$49	(\$94)
Interest	1,017	1,017	349	(668)
Miscellaneous	3	3	1	(2)
<i>Total Receipts</i>	<u>1,163</u>	<u>1,163</u>	<u>399</u>	<u>(764)</u>
<b>Disbursements</b>				
Current:				
Administration	1,738	1,938	1,484	454
Salaries	2,615	2,845	2,688	157
Miscellaneous	210	210	108	102
<i>Total Disbursements</i>	<u>4,563</u>	<u>4,993</u>	<u>4,280</u>	<u>713</u>
<i>Net Change in Fund Balance</i>	(3,400)	(3,830)	(3,881)	(51)
<i>Fund Balance Beginning of Year</i>	<u>332,391</u>	<u>332,391</u>	<u>332,391</u>	
<i>Fund Balance End of Year</i>	<u>\$328,991</u>	<u>\$328,561</u>	<u>\$328,510</u>	<u>(\$51)</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, 2015*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Special Assessments	\$94,408	\$94,408	\$95,239	\$831
Interest	207	207	209	2
Miscellaneous	8	8	8	
<i>Total Receipts</i>	<u>94,623</u>	<u>94,623</u>	<u>95,456</u>	<u>833</u>
<b>Disbursements</b>				
Current:				
Maintenance - Channels & Structures	29,600	32,600	29,206	3,394
Administration	10,729	13,829	11,581	2,248
Salaries	38,874	42,094	38,893	3,201
Miscellaneous	4,400	6,700	2,709	3,991
<i>Total Disbursements</i>	<u>83,603</u>	<u>95,223</u>	<u>82,389</u>	<u>12,834</u>
<i>Net Change in Fund Balance</i>	11,020	(600)	13,067	13,667
<i>Fund Balance Beginning of Year</i>	<u>180,638</u>	<u>180,638</u>	<u>180,638</u>	
<i>Fund Balance End of Year</i>	<u><u>\$191,658</u></u>	<u><u>\$180,038</u></u>	<u><u>\$193,705</u></u>	<u><u>\$13,667</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, 2015*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Special Assessments	\$520,272	\$520,272	\$501,142	(\$19,130)
Interest	1,002	1,002	965	(37)
Miscellaneous	38	38	37	(1)
<i>Total Receipts</i>	<u>521,312</u>	<u>521,312</u>	<u>502,144</u>	<u>(19,168)</u>
<b>Disbursements</b>				
Current:				
Maintenance - Channels & Structures	197,500	197,500	89,055	108,445
Administration	64,473	88,673	74,197	14,476
Salaries	199,396	216,646	202,784	13,862
Miscellaneous	21,150	21,150	13,122	8,028
<i>Total Disbursements</i>	<u>482,519</u>	<u>523,969</u>	<u>379,158</u>	<u>144,811</u>
<i>Net Change in Fund Balance</i>	38,793	(2,657)	122,986	125,643
<i>Fund Balance Beginning of Year</i>	<u>863,185</u>	<u>863,185</u>	<u>863,185</u>	
<i>Fund Balance End of Year</i>	<u><u>\$901,978</u></u>	<u><u>\$860,528</u></u>	<u><u>\$986,171</u></u>	<u><u>\$125,643</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, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Special Assessments	\$94,844	\$94,844	\$84,282	(\$10,562)
Interest	42	42	37	(5)
Miscellaneous	6	6	6	
<i>Total Receipts</i>	94,892	94,892	84,325	(10,567)
<b>Disbursements</b>				
Current:				
Maintenance - Channels & Structures	56,900	56,900	46,628	10,272
Administration	8,020	10,520	8,841	1,679
Salaries	26,765	29,065	27,152	1,913
Miscellaneous	2,890	2,890	1,538	1,352
<i>Total Disbursements</i>	94,575	99,375	84,159	15,216
<i>Net Change in Fund Balance</i>	317	(4,483)	166	4,649
<i>Fund Balance Beginning of Year</i>	53,794	53,794	53,794	
<i>Fund Balance End of Year</i>	\$54,111	\$49,311	\$53,960	\$4,649

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, 2015**

**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.

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 the Ohio Plan Risk Management, Inc., a public entity risk pool. 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 Note 2.C, 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, 2015  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (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 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 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. Funds are used to segregate resources that are restricted as to use. The various funds of the District are grouped into the governmental category.

Governmental Funds

The District classifies funds financed primarily from special assessment receipts and intergovernmental grant receipts as governmental funds. The following are the District's major governmental funds:

*Preliminary Fund* – This fund receives Little Auglaize improvement assessments, interest earnings, and other miscellaneous revenue for 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.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

*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.

*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.

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 certain liabilities and their related expenses (such as accounts payable) 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 Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated receipts when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated receipts 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 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, 2015  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (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 with an original maturity of three months or less at the time of purchase and investments of the cash management pool 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 2015, 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 2015 as follows: Preliminary Fund \$349; Grassy Creek Maintenance Fund \$209; Little Auglaize Maintenance Fund \$965; and St. Joe Maintenance Fund \$37.

F. Inventory

The District reports disbursements for inventories 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 post-employment benefits.



**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

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 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.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of 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 (resolution) 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.

**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 Fund, Grassy Creek Maintenance Fund, Little Auglaize Maintenance Fund, and St. Joe Maintenance Fund 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.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**Note 4 – Deposits and Investments (Continued)**

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.

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 obligation or security 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above 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 or Ohio local governments;
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).

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.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**Note 4 – Deposits and Investments (Continued)**

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$598,546 of the District's bank balance of \$2,002,551 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**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), formerly known as the Ohio Government Risk Management Plan, (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, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 783 and 774 members as of December 31, 2014 and 2013 respectively.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**Note 5 – Risk Management (Continued)**

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2014 and 2013 (the latest information available).

	<u>2014</u>	<u>2013</u>
Assets	\$14,830,185	\$13,774,304
Liabilities	(8,942,504)	(7,968,395)
Members' Equity	<u>\$5,887,681</u>	<u>\$5,805,909</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 6 – Defined Benefits Pension Plan**

Ohio Public Employees Retirement System

Plan Description – The District 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 (e.g. District employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. 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 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 plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**Note 6 – Defined Benefits Pension Plan (Continued)**

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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 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. 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.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**Note 6 – Defined Benefits Pension Plan (Continued)**

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
<b>2015 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
<b>2015 Actual Contribution Rates</b>			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

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

The District's contractually required contribution was \$27,416 for year 2015.

**Note 7 – Post-employment Benefits**

Ohio Public Employees Retirement System

Plan Description – 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 plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**Note 7 – Post-employment Benefits (Continued)**

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend OPEB benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, employers contributed at a rate of 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution rate to a rate not to exceed 14 percent.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to post-employment health care for members in the Traditional Plan and Combined Plan was 2 percent during calendar year 2015.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2015, 2014, and 2013 were \$4,569, \$4,145, and \$2,197, respectively; 100 percent has been contributed for 2015, 2014, and 2013.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the care fund after the end of the transition period.



**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**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	Total
<b>Restricted for</b>						
Maintenance - Channels & Structures		\$193,705	\$986,171	\$53,960	\$425,774	\$1,659,610
Administration/Planning Future Projects	\$328,510					328,510
<i>Total Fund Balances</i>	<u>\$328,510</u>	<u>\$193,705</u>	<u>\$986,171</u>	<u>\$53,960</u>	<u>\$425,774</u>	<u>\$1,988,120</u>

**Note 9 – Contingencies**

A. Grants

The District received financial assistance from the State in the form of a grant. The expenditure of funds received under this program generally requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed claims resulting from such audit could become a liability of the District's applicable funds. However, in the opinion of management, any disallowed claims will not have a material adverse effect on the overall financial position of the District at December 31, 2015.

B. Litigation

There are currently no matters in litigation with the District as defendant.

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**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED**

This discussion and analysis of Maumee Watershed Conservancy District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2014, within the limitations of the District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Highlights**

Key highlights for 2014 are as follows:

- Net position of governmental activities increased \$524,236, or 39.7 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Lower Blanchard Improvement Fund mainly due to a grant provided by the State of Ohio, through the Ohio Emergency Management Agency, for Lower Blanchard River Flood Reduction Project Planning and Potential Improvements.
- During 2014, the District's primary revenue sources were special assessments and intergovernmental grant receipts. These receipts represent 99.6 percent of the total cash received for governmental activities during the year. Special assessment receipts for 2014 increased only slightly compared to 2013, however, the District started receiving intergovernmental grant receipts from the State of Ohio related to the Lower Blanchard River Flood Reduction Project in 2014.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

**Report Components**

The statement of net position and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)**

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the District as a Whole**

This annual report includes all activities for which Maumee Watershed Conservancy District is fiscally responsible. These activities, defined as the District's reporting entity, are operated within separate legal entities that make up the primary government. The primary government consists of Maumee Watershed Conservancy District.

The statement of net position and the statement of activities reflect how the District did financially during 2014, within the limitations of cash basis accounting. The statement of net position presents the cash balances of the governmental activities of the District at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other nonfinancial factors as well such as the District's property tax base, the condition of the District's capital assets, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the District's major local revenue source, which is special assessments.

In the statement of net position and the statement of activities, we report governmental activities, which include the District's basic services such as channel and structure maintenance. Special assessments finance most of these activities.

**Reporting the District's Most Significant Funds**

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the District are reported in governmental funds.

The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The District's major governmental funds are the Preliminary Fund, Grassy Creek Maintenance Fund, Little Auglaize Maintenance Fund, St. Joe Maintenance Fund, and Lower Blanchard Improvement Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)**

**The District as a Whole**

Table 1 provides a summary of the District's net position for 2014 compared to 2013 on a cash basis:

(Table 1)  
**Net Position**

	Governmental Activities	
	2014	2013
<b>Assets</b>		
Cash and Cash Equivalents	\$1,843,898	\$1,319,662
<b>Net Position</b>		
Restricted for:		
Capital Projects	\$413,890	
Other Purposes	1,430,008	\$1,319,662
Total Net Position	\$1,843,898	\$1,319,662

As mentioned previously, net position of governmental activities increased \$524,236, or 39.7 percent during 2014. The primary reason contributing to the overall increase in cash balances was due to an increase in cash and cash equivalents in the Lower Blanchard Improvement Fund mainly due to a grant provided by the State of Ohio, through the Ohio Emergency Management Agency, for Lower Blanchard River Flood Reduction Project Planning and Potential Improvements.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)**

Table 2 reflects the changes in net position on a cash basis in 2014 and 2013 for governmental activities.

(Table 2)  
**Changes in Net Position**

	Governmental Activities	
	2014	2013
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$679,712	\$678,633
Capital Grants and Contributions	422,173	
Total Program Receipts	1,101,885	678,633
General Receipts:		
Interest	1,638	1,531
Miscellaneous	2,582	1,894
Total General Receipts	4,220	3,425
Total Receipts	1,106,105	682,058
Disbursements:		
Maintenance - Channels & Structures	208,222	225,191
Administration	68,933	63,656
Salaries	270,015	255,128
Miscellaneous	34,699	14,058
Total Disbursements	581,869	558,033
Change in Net Position	524,236	124,025
Net Position, January 1	1,319,662	1,195,637
Net Position, December 31	\$1,843,898	\$1,319,662

Program receipts represent 99.6 percent of total receipts and are comprised of special assessments paid by property owners within the Little Auglaize River, Grassy Creek, and St. Joseph River Watersheds as well as intergovernmental grant receipts from the State of Ohio related to the Lower Blanchard River Flood Reduction Project, which the District started receiving in 2014.

General receipts represent 0.4 percent of the District's total receipts, and of this amount, approximately 40 percent is interest earnings. Miscellaneous revenue makes up the remaining portion of the District's general receipts, which is very insignificant and a somewhat unpredictable revenue source.

Disbursements for Maintenance – Channels and Structures represent the costs for maintenance, repairs, and improvements to the watersheds within the District. Administration represents the overhead costs for running the District, other than payroll, and the support services provided for the other District activities. Salaries represent payroll and fringe benefits paid to the Board of Directors, management, and District personnel. Miscellaneous disbursements represent various miscellaneous costs not otherwise associated with the daily operations of the District. These costs are generally insignificant, unpredictable in nature, and can vary from year to year.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)**

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for maintenance of channels and structures and salaries, which account for 35.8 and 46.4 percent of all governmental disbursements, respectively. Administration also represents a fairly significant cost, about 11.8 percent. The next column of the Statement entitled Program Cash Receipts identifies amounts paid by people who are directly charged for the service that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)  
**Governmental Activities**

	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Maintenance - Channels & Structures	\$208,222	(\$893,663)	\$225,191	(\$453,442)
Administration	68,933	68,933	63,656	63,656
Salaries	270,015	270,015	255,128	255,128
Miscellaneous	34,699	34,699	14,058	14,058
Total Expenses	<u>\$581,869</u>	<u>(\$520,016)</u>	<u>\$558,033</u>	<u>(\$120,600)</u>

**The District's Funds**

Total governmental funds had receipts of \$1,106,105 and disbursements of \$581,869. The greatest change within governmental funds occurred within the Lower Blanchard Improvement Fund. The fund balance of the Lower Blanchard Improvement Fund was created due to the District starting to receive a grant provided through the State of Ohio, specifically through the Ohio Emergency Management Agency. This fund is to be used for the planning and potential improvements to the Lower Blanchard River for flood reduction in Putnam County, Ohio.

**Capital Assets**

The District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)**

**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on special assessments.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Wendy J. Sherman, District Treasurer, Maumee Watershed Conservancy District, 1464 Pinehurst Drive, Defiance, Ohio 43512.



**Maumee Watershed Conservancy District  
Defiance County**

*Statement of Net Position - Cash Basis  
December 31, 2014*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,843,898</u>
<b>Net Position</b>	
Restricted for:	
Capital Projects	\$413,890
Other Purposes	<u>1,430,008</u>
<i>Total Net Position</i>	<u>\$1,843,898</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, 2014*

	<u>Program Cash Receipts</u>			Net (Disbursements) Receipts and Change in Net Position
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>				
Maintenance - Channels & Structures	\$208,222	\$679,712	\$422,173	\$893,663
Administration	68,933			(68,933)
Salaries	270,015			(270,015)
Miscellaneous	34,699			(34,699)
<b>Total</b>	<u>\$581,869</u>	<u>\$679,712</u>	<u>\$422,173</u>	<u>520,016</u>
		<b>General Receipts</b>		
		Interest		1,638
		Miscellaneous		2,582
		<i>Total General Receipts</i>		<u>4,220</u>
		<i>Change in Net Position</i>		524,236
		<i>Net Position Beginning of Year</i>		<u>1,319,662</u>
		<i>Net Position End of Year</i>		<u>\$1,843,898</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, 2014*

	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	St. Joe Maintenance Fund	Lower Blanchard Improvement Fund	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	<u>\$332,391</u>	<u>\$180,638</u>	<u>\$863,185</u>	<u>\$53,794</u>	<u>\$413,890</u>	<u>\$1,843,898</u>
<b>Fund Balances</b>						
Restricted	<u>\$332,391</u>	<u>\$180,638</u>	<u>\$863,185</u>	<u>\$53,794</u>	<u>\$413,890</u>	<u>\$1,843,898</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, 2014*

	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	St. Joe Maintenance Fund	Lower Blanchard Improvement Fund	Total Governmental Funds
<b>Receipts</b>						
Special Assessments	\$26	\$95,357	\$499,878	\$84,451		\$679,712
Interest	488	208	851	91		1,638
Grants					\$422,173	422,173
Miscellaneous	11	399	1,959	213		2,582
<i>Total Receipts</i>	<u>525</u>	<u>95,964</u>	<u>502,688</u>	<u>84,755</u>	<u>422,173</u>	<u>1,106,105</u>
<b>Disbursements</b>						
Current:						
Maintenance - Channels & Structures		30,405	115,387	54,147	8,283	208,222
Administration	1,739	8,879	51,696	6,619		68,933
Salaries	2,671	38,495	201,847	27,002		270,015
Miscellaneous	275	5,681	25,599	3,144		34,699
<i>Total Disbursements</i>	<u>4,685</u>	<u>83,460</u>	<u>394,529</u>	<u>90,912</u>	<u>8,283</u>	<u>581,869</u>
<i>Net Change in Fund Balances</i>	(4,160)	12,504	108,159	(6,157)	413,890	524,236
<i>Fund Balances Beginning of Year</i>	<u>336,551</u>	<u>168,134</u>	<u>755,026</u>	<u>59,951</u>		<u>1,319,662</u>
<i>Fund Balances End of Year</i>	<u><u>\$332,391</u></u>	<u><u>\$180,638</u></u>	<u><u>\$863,185</u></u>	<u><u>\$53,794</u></u>	<u><u>\$413,890</u></u>	<u><u>\$1,843,898</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  
Preliminary Fund  
For the Year Ended December 31, 2014*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Special Assessments	\$19	\$19	\$26	\$7
Interest	362	362	488	126
Miscellaneous	8	8	11	3
<i>Total Receipts</i>	<u>525</u>	<u>389</u>	<u>525</u>	<u>136</u>
<b>Disbursements</b>				
Current:				
Administration	1,602	10,661	1,739	\$8,922
Salaries	2,653	2,804	2,671	133
Miscellaneous	190	342	275	67
<i>Total Disbursements</i>	<u>4,445</u>	<u>13,807</u>	<u>4,685</u>	<u>9,122</u>
<i>Net Change in Fund Balance</i>	(3,920)	(13,418)	(4,160)	9,258
<i>Fund Balance Beginning of Year</i>	<u>336,551</u>	<u>336,551</u>	<u>336,551</u>	
<i>Fund Balance End of Year</i>	<u><u>\$332,631</u></u>	<u><u>\$323,133</u></u>	<u><u>\$332,391</u></u>	<u><u>\$9,258</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, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Special Assessments	\$95,357	\$95,357	\$95,357	
Interest	208	208	208	
Miscellaneous	399	399	399	
<i>Total Receipts</i>	<u>95,964</u>	<u>95,964</u>	<u>95,964</u>	
<b>Disbursements</b>				
Current:				
Maintenance - Channels & Structures	31,800	34,180	30,405	\$3,775
Administration	8,470	9,327	8,879	448
Salaries	39,402	41,523	38,495	3,028
Miscellaneous	4,395	6,695	5,681	1,014
<i>Total Disbursements</i>	<u>84,067</u>	<u>91,725</u>	<u>83,460</u>	<u>8,265</u>
<i>Net Change in Fund Balance</i>	11,897	4,239	12,504	8,265
<i>Fund Balance Beginning of Year</i>	<u>168,134</u>	<u>168,134</u>	<u>168,134</u>	
<i>Fund Balance End of Year</i>	<u><u>\$180,031</u></u>	<u><u>\$172,373</u></u>	<u><u>\$180,638</u></u>	<u><u>\$8,265</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, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Special Assessments	\$499,878	\$499,878	\$499,878	
Interest	851	851	851	
Miscellaneous	1,959	1,959	1,959	
<i>Total Receipts</i>	<u>502,688</u>	<u>502,688</u>	<u>502,688</u>	
<b>Disbursements</b>				
Current:				
Maintenance - Channels & Structures	191,500	219,850	115,387	\$104,463
Administration	49,229	53,625	51,696	1,929
Salaries	202,225	213,588	201,847	11,741
Miscellaneous	19,951	30,784	25,599	5,185
<i>Total Disbursements</i>	<u>462,905</u>	<u>517,847</u>	<u>394,529</u>	<u>123,318</u>
<i>Net Change in Fund Balance</i>	39,783	(15,159)	108,159	123,318
<i>Fund Balance Beginning of Year</i>	<u>755,026</u>	<u>755,026</u>	<u>755,026</u>	
<i>Fund Balance End of Year</i>	<u><u>\$794,809</u></u>	<u><u>\$739,867</u></u>	<u><u>\$863,185</u></u>	<u><u>\$123,318</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, 2014*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Special Assessments	\$84,451	\$84,451	\$84,451	
Interest	91	91	91	
Miscellaneous	213	213	213	
<i>Total Receipts</i>	<u>84,755</u>	<u>84,755</u>	<u>84,755</u>	
<b>Disbursements</b>				
Current:				
Maintenance - Channels & Structures	60,700	65,770	54,147	\$11,623
Administration	6,309	6,930	6,619	311
Salaries	27,142	28,657	27,002	1,655
Miscellaneous	2,090	4,055	3,144	911
<i>Total Disbursements</i>	<u>96,241</u>	<u>105,412</u>	<u>90,912</u>	<u>14,500</u>
<i>Net Change in Fund Balance</i>	(11,486)	(20,657)	(6,157)	14,500
<i>Fund Balance Beginning of Year</i>	<u>59,951</u>	<u>59,951</u>	<u>59,951</u>	
<i>Fund Balance End of Year</i>	<u><u>\$48,465</u></u>	<u><u>\$39,294</u></u>	<u><u>\$53,794</u></u>	<u><u>\$14,500</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, 2014**

**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.

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 the Ohio Plan Risk Management, Inc., a public entity risk pool. 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 Note 2.C, 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, 2014  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (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 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 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. Funds are used to segregate resources that are restricted as to use. The various funds of the District are grouped into the governmental category.

Governmental Funds

The District classifies funds financed primarily from special assessment receipts and intergovernmental grant receipts as governmental funds. The following are the District's major governmental funds:

*Preliminary Fund* – This fund receives Little Auglaize improvement assessments, interest earnings, and other miscellaneous revenue for 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.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

*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.

*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.

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 certain liabilities and their related expenses (such as accounts payable) 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 Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of estimated receipts when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of estimated receipts 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 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, 2014  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool 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 2014, 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 2014 as follows: Preliminary Fund \$488; Grassy Creek Maintenance Fund \$208; Little Auglaize Maintenance Fund \$851; and St. Joe Maintenance Fund \$91.

F. Inventory

The District reports disbursements for inventories 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 post-employment benefits.

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, 2014  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (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 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 (resolution) of 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 (resolution) 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.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

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 fund, 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.

**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 Fund, Grassy Creek Maintenance Fund, Little Auglaize Maintenance Fund, and St. Joe Maintenance Fund 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.

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;

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**Note 4 – Deposits and Investments (Continued)**

2. Bonds, notes, debentures, or any other obligation or security 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above 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 or Ohio local governments;
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).

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.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$574,033 of the District's bank balance of \$1,852,479 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**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, 2014  
(Continued)**

**Note 5 – Risk Management (Continued)**

Risk Pool Membership

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM), formerly known as the Ohio Government Risk Management Plan, (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, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 783 and 774 members as of December 31, 2014 and 2013 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
Assets	\$14,830,185	\$13,774,304
Liabilities	(8,942,504)	(7,968,395)
Members' Equity	<u>\$5,887,681</u>	<u>\$5,805,909</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**Note 6 – Defined Benefits Pension Plan**

Ohio Public Employees Retirement System

Plan Description – The District participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or calling 614-222-5601 or 1-800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll. The 2014 member contribution rate, as set forth in the Ohio Revised Code, was 10.0 percent of covered payroll. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2014, member and employer contribution rates were consistent across all three plans.

The District's 2014 contribution rate was 14.0 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan and Combined Plan was 2.0 percent during calendar year 2014. Employer contribution rates are actuarially determined.

The District's required contributions for pension obligations to the Traditional Pension Plan for the years ended December 31, 2014, 2013, and 2012 were \$24,867, \$28,563, and \$22,034, respectively; 100 percent has been contributed for 2014, 2013, and 2012.

**Note 7 – Post-employment Benefits**

Ohio Public Employees Retirement System

Plan Description – 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, 2014  
(Continued)**

**Note 7 – Post-employment Benefits (Continued)**

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend OPEB benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, employers contributed at a rate of 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution rate to a rate not to exceed 14 percent.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to post-employment health care for members in the Traditional Plan and Combined Plan was 2 percent during calendar year 2014.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$4,145, \$2,197, and \$8,814, respectively; 100 percent has been contributed for 2014, 2013, and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the care fund after the end of the transition period.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**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:

<u>Fund Balances</u>	<u>Preliminary Fund</u>	<u>Grassy Creek Maintenance Fund</u>	<u>Little Auglaize Maintenance Fund</u>	<u>St. Joe Maintenance Fund</u>	<u>Lower Blanchard Improvement Fund</u>	<u>Total</u>
<b>Restricted for</b>						
Maintenance - Channels & Structures		\$180,638	\$863,185	\$53,794	\$413,890	\$1,511,507
Administration/Planning Future f	\$332,391					332,391
<i>Total Fund Balances</i>	<u>\$332,391</u>	<u>\$180,638</u>	<u>\$863,185</u>	<u>\$53,794</u>	<u>\$413,890</u>	<u>\$1,843,898</u>

**Note 9 – Contingencies**

A. Grants

The District received financial assistance from the State in the form of a grant. The expenditure of funds received under this program generally requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed claims resulting from such audit could become a liability of the District's applicable funds. However, in the opinion of management, any disallowed claims will not have a material adverse effect on the overall financial position of the District at December 31, 2014.

B. Litigation

There are currently no matters in litigation with the District as defendant.

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# Dave Yost • Auditor of State

## 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 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, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 27, 2016, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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 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 determination of financial statement amounts. 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 communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

April 27, 2016



# Dave Yost • Auditor of State

**MAUMEE WATERSHED CONSERVANCY DISTRICT**

**DEFIANCE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 10, 2016**