



**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2023-2022

**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

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DEFIANCE COUNTY**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities and each major fund of Maumee Watershed Conservancy District, Defiance County, Ohio (the District), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities and each major fund of the District, as of December 31, 2023 and 2022, and the respective changes in cash-basis financial position thereof and the respective budgetary comparison for the Preliminary, Grassy Creek Maintenance, Little Auglaize Maintenance, and St. Joe Maintenance Funds for the years then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter – Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

October 25, 2024

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**Maumee Watershed Conservancy District
Defiance County**

*Statement of Net Position - Cash Basis
December 31, 2023*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,103,335</u>
Net Position	
Restricted for:	
Capital Projects	49,280
Other Purposes	<u>3,054,055</u>
<i>Total Net Position</i>	<u><u>\$3,103,335</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, 2023*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities
Governmental Activities				
Maintenance - Channels and Structures	\$290,356	\$986,382		\$696,026
Construction	6,281,905		\$6,243,142	(38,763)
Administration	127,560			(127,560)
Salaries	316,282			(316,282)
Miscellaneous	16,191			(16,191)
Total	\$7,032,294	\$986,382	\$6,243,142	197,230
		General Receipts		
		Reimbursements		5,861
		Interest		61,653
		Miscellaneous		1,897
		<i>Total General Receipts</i>		<u>69,411</u>
		<i>Change in Net Position</i>		266,641
		<i>Net Position Beginning of Year</i>		<u>2,836,694</u>
		<i>Net Position End of Year</i>		<u><u>\$3,103,335</u></u>

See accompanying notes to the basic financial statements

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2023*

	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	St. Joe Maintenance Fund	Upper Blanchard Improvement Fund	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$184,850	\$431,662	\$2,170,671	\$266,872	\$49,280	\$3,103,335
Fund Balances						
Restricted	\$184,850	\$431,662	\$2,170,671	\$266,872	\$49,280	\$3,103,335

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, 2023*

	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	St. Joe Maintenance Fund	Lower Blanchard Improvement Fund	Upper Blanchard Improvement Fund	Eagle Creek Improvement Fund	Total Governmental Funds
Receipts								
Special Assessments		\$112,178	\$757,349	\$116,855				\$986,382
Interest	\$3,275	6,344	48,036	3,842		\$156		61,653
Grants/Intergovernmental						996,794	\$5,246,348	6,243,142
Reimbursements		1,172	4,572	117				5,861
Miscellaneous	1,147	4	22	2			\$722	1,897
Total Receipts	4,422	119,698	809,979	120,816		996,950	5,247,070	7,298,935
Disbursements								
Current:								
Maintenance - Channels and Structures		33,442	211,070	45,844				290,356
Construction					\$10,000	992,658	5,279,247	6,281,905
Administration	8,650	9,837	103,093	5,980				127,560
Salaries		32,483	267,985	15,814				316,282
Miscellaneous		2,090	13,115	986				16,191
Total Disbursements	8,650	77,852	595,263	68,624	10,000	992,658	5,279,247	7,032,294
Net Change in Fund Balances	(4,228)	41,846	214,716	52,192	(10,000)	4,292	(32,177)	266,641
Fund Balances Beginning of Year	189,078	389,816	1,955,955	214,680	\$10,000	44,988	\$32,177	2,836,694
Fund Balances End of Year	\$184,850	\$431,662	\$2,170,671	\$266,872		\$49,280		\$3,103,335

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, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Interest	\$2,349	\$2,349	\$3,275	\$926
Miscellaneous	823	823	1,147	324
<i>Total Receipts</i>	<u>3,172</u>	<u>3,172</u>	<u>4,422</u>	<u>1,250</u>
Disbursements				
Current:				
Administration	13,000	13,000	8,650	4,350
<i>Net Change in Fund Balance</i>	(9,828)	(9,828)	(4,228)	5,600
<i>Fund Balance Beginning of Year</i>	<u>189,078</u>	<u>189,078</u>	<u>189,078</u>	
<i>Fund Balance End of Year</i>	<u><u>\$179,250</u></u>	<u><u>\$179,250</u></u>	<u><u>\$184,850</u></u>	<u><u>\$5,600</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, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments	\$116,969	\$116,969	\$112,178	(\$4,791)
Interest	6,615	6,615	6,344	(271)
Reimbursements	1,222	1,222	1,172	(50)
Miscellaneous	3	3	4	1
<i>Total Receipts</i>	<u>124,809</u>	<u>124,809</u>	<u>119,698</u>	<u>(5,111)</u>
Disbursements				
Current:				
Maintenance - Channels and Structures	37,300	37,300	33,442	3,858
Administration	10,545	10,567	9,837	730
Salaries	33,022	33,223	32,483	740
Miscellaneous	3,770	3,770	2,090	1,680
<i>Total Disbursements</i>	<u>84,637</u>	<u>84,860</u>	<u>77,852</u>	<u>7,008</u>
<i>Net Change in Fund Balance</i>	40,172	39,949	41,846	1,897
<i>Fund Balance Beginning of Year</i>	<u>389,816</u>	<u>389,816</u>	<u>389,816</u>	
<i>Fund Balance End of Year</i>	<u>\$429,988</u>	<u>\$429,765</u>	<u>\$431,662</u>	<u>\$1,897</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, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments	\$763,729	\$763,729	\$757,349	(\$6,380)
Interest	48,441	48,441	48,036	(405)
Reimbursements	4,611	4,611	4,572	(39)
Miscellaneous	22	22	22	
<i>Total Receipts</i>	<u>816,803</u>	<u>816,803</u>	<u>809,979</u>	<u>(6,824)</u>
Disbursements				
Current:				
Maintenance - Channels and Structures	280,400	300,400	211,070	89,330
Administration	108,878	109,117	103,093	6,024
Salaries	272,213	273,295	267,985	5,310
Miscellaneous	25,993	25,993	13,115	12,878
<i>Total Disbursements</i>	<u>687,484</u>	<u>708,805</u>	<u>595,263</u>	<u>113,542</u>
<i>Net Change in Fund Balance</i>	129,319	107,998	214,716	106,718
<i>Fund Balance Beginning of Year</i>	<u>1,955,955</u>	<u>1,955,955</u>	<u>1,955,955</u>	
<i>Fund Balance End of Year</i>	<u><u>\$2,085,274</u></u>	<u><u>\$2,063,953</u></u>	<u><u>\$2,170,671</u></u>	<u><u>\$106,718</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, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments	\$115,736	\$115,736	\$116,855	\$1,119
Interest	3,805	3,805	3,842	37
Reimbursements	116	116	117	1
Miscellaneous	2	2	2	
<i>Total Receipts</i>	<u>119,659</u>	<u>119,659</u>	<u>120,816</u>	<u>1,157</u>
Disbursements				
Current:				
Maintenance - Channels and Structures	66,300	66,300	45,844	20,456
Administration	6,377	6,391	5,980	411
Salaries	16,065	16,133	15,814	319
Miscellaneous	2,287	2,287	986	1,301
<i>Total Disbursements</i>	<u>91,029</u>	<u>91,111</u>	<u>68,624</u>	<u>22,487</u>
<i>Net Change in Fund Balance</i>	28,630	28,548	52,192	23,644
<i>Fund Balance Beginning of Year</i>	<u>214,680</u>	<u>214,680</u>	<u>214,680</u>	
<i>Fund Balance End of Year</i>	<u>\$243,310</u>	<u>\$243,228</u>	<u>\$266,872</u>	<u>\$23,644</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, 2023*

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 and other organizations that are included to ensure the financial statements of the District are not misleading.

A. Primary Government

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

B. Public Entity Risk Pool

The District participates in a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Note 5 to the basic financial statements provides additional information for this entity. The District's management believes these financial statements present all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

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

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 grant and intergovernmental receipts.

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023
(Continued)*

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

Fund Financial Statements

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

B. Fund Accounting

The District uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are grouped into the governmental category.

Governmental Funds

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

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

Little Auglaize Maintenance Fund – The Little Auglaize Maintenance 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 – The St. Joe Maintenance 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 – The Lower Blanchard Improvement 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.

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023
(Continued)*

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

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

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

E. Cash and Investments

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

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

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023
(Continued)*

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 (contra revenue), respectively.

Interest earnings are allocated to District funds according to State statutes and District policy. Interest receipts were credited to the various District funds during 2023 as follows: Preliminary Fund \$3,275; Grassy Creek Maintenance Fund \$6,344; Little Auglaize Maintenance Fund \$48,036; St. Joe Maintenance Fund \$3,842; and Upper Blanchard Improvement Fund \$156.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Accumulated Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

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

J. Long-Term Obligations

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

K. Net Position

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

L. Fund Balance

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

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023
(Continued)*

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

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

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

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

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

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

Note 3 – Budgetary Basis of Accounting

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

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023
(Continued)*

Note 4 – Deposits and Investments

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

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or securities issued by any federal government agency or instrumentality including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023
(Continued)*

7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if trading requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

At December 31, 2023, the carrying amount of all District deposits were \$3,103,335 and the bank balance was \$3,145,663. Of the District's bank balance, \$2,816,066 was covered by Federal Deposit Insurance Corporation (FDIC) and \$329,597 was covered by pooled collateral through the Ohio Pooled Collateral System (OPCS). The District's financial institution was approved for a reduced collateral rate of 50 percent through OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

Note 5 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

A. Workers' Compensation

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

B. Risk Pool Membership

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

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

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023
(Continued)*

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70 percent and 75 percent. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65 percent and 70 percent. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60 percent and 67.5 percent and has remain unchanged. OPRM had 801 members as of December 31, 2023.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

Assets	\$ 23,113,696
Liabilities	(16,078,587)
Members' Equity	\$ <u>7,035,109</u>

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

Note 6 – Defined Benefits Pension Plan

Ohio Public Employees Retirement System

Plan Description – District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

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

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

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023
(Continued)*

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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

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

Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023
(Continued)*

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

	State and Local
2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2023 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
 Employee	 10.0 %

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

** These pension and employer health care rates are for the Traditional and Combined Plans. The employer contributions rate for the Member-Directed Plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2023, the District’s contractually required contribution was \$38,121.

Note 7 – Post-employment Benefits

Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023
(Continued)*

OPERS offers a health reimbursement arrangement (HRA) allowance to Traditional Pension Plan and Combined Plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023
(Continued)*

The health care trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

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

Funding Policy – The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$0 for 2023.

Note 8 – Fund Balances

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

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023
(Continued)*

Fund Balances	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	St. Joe Maintenance Fund	Upper Blanchard Improvement Fund	Total
Restricted for						
Maintenance - Channels and Structures		\$431,662	\$2,170,671	\$266,872	\$49,280	\$2,918,485
Administration/Planning Future Projects	\$184,850					184,850
Total Fund Balances	\$184,850	\$431,662	\$2,170,671	\$266,872	\$49,280	\$3,103,335

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Net Position - Cash Basis
December 31, 2022*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,836,694</u>
Net Position	
Restricted for:	
Capital Projects	87,165
Other Purposes	<u>2,749,529</u>
<i>Total Net Position</i>	<u><u>\$2,836,694</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, 2022*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities
Governmental Activities				
Maintenance - Channels and Structures	\$284,482	\$980,668		\$696,186
Construction	6,198,343		\$6,242,147	43,804
Administration	217,786			(217,786)
Salaries	356,656			(356,656)
Miscellaneous	21,822			(21,822)
Total	\$7,079,089	\$980,668	\$6,242,147	143,726
		General Receipts		
		Reimbursements		6,396
		Interest		4,101
		Miscellaneous		1,464
		<i>Total General Receipts</i>		<u>11,961</u>
		<i>Change in Net Position</i>		155,687
		<i>Net Position Beginning of Year</i>		<u>2,681,007</u>
		<i>Net Position End of Year</i>		<u><u>\$2,836,694</u></u>

See accompanying notes to the basic financial statements

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2022*

	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	St. Joe Maintenance Fund	Lower Blanchard Improvement Fund	Upper Blanchard Improvement Fund	Eagle Creek Improvement Fund	Total Governmental Funds
Assets								
Equity in Pooled Cash and Cash Equivalents	\$189,078	\$389,816	\$1,955,955	\$214,680	\$10,000	\$44,988	\$32,177	\$2,836,694
Fund Balances								
Restricted	\$189,078	\$389,816	\$1,955,955	\$214,680	\$10,000	\$44,988	\$32,177	\$2,836,694

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, 2022*

	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	St. Joe Maintenance Fund	Lower Blanchard Improvement Fund	Upper Blanchard Improvement Fund	Eagle Creek Improvement Fund	Total Governmental Funds
Receipts								
Special Assessments		\$113,711	\$749,263	\$117,694				\$980,668
Interest	\$835	571	2,406	203	\$18	\$68		4,101
Grants/Intergovernmental					782,269	671,208	\$4,788,670	6,242,147
Reimbursements		1,279	4,989	128				6,396
Miscellaneous	70	112	1,212	70				1,464
Total Receipts	905	115,673	757,870	118,095	782,287	671,276	4,788,670	7,234,776
Disbursements								
Current:								
Maintenance - Channels and Structures		34,046	184,286	66,150				284,482
Construction					773,382	668,468	4,756,493	6,198,343
Administration	106,754	9,290	96,129	5,613				217,786
Salaries		36,532	302,261	17,863				356,656
Miscellaneous		3,581	16,901	1,340				21,822
Total Disbursements	106,754	83,449	599,577	90,966	773,382	668,468	4,756,493	7,079,089
Net Change in Fund Balances	(105,849)	32,224	158,293	27,129	8,905	2,808	32,177	155,687
Fund Balances Beginning of Year	294,927	357,592	1,797,662	187,551	1,095	42,180		2,681,007
Fund Balances End of Year	\$189,078	\$389,816	\$1,955,955	\$214,680	\$10,000	\$44,988	\$32,177	\$2,836,694

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, 2022*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Interest	\$662	\$662	\$835	\$173
Miscellaneous	56	56	70	14
<i>Total Receipts</i>	<u>718</u>	<u>718</u>	<u>905</u>	<u>187</u>
Disbursements				
Current:				
Administration	124,000	124,000	106,754	17,246
<i>Net Change in Fund Balance</i>	(123,282)	(123,282)	(105,849)	17,433
<i>Fund Balance Beginning of Year</i>	<u>294,927</u>	<u>294,927</u>	<u>294,927</u>	
<i>Fund Balance End of Year</i>	<u><u>\$171,645</u></u>	<u><u>\$171,645</u></u>	<u><u>\$189,078</u></u>	<u><u>\$17,433</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, 2022*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments	\$17,441	\$17,441	\$113,711	\$96,270
Interest	88	88	571	483
Reimbursements	196	196	1,279	1,083
Miscellaneous	17	17	112	95
<i>Total Receipts</i>	<u>17,742</u>	<u>17,742</u>	<u>115,673</u>	<u>97,931</u>
Disbursements				
Current:				
Maintenance - Channels and Structures	33,000	36,500	34,046	2,454
Administration	10,155	10,155	9,290	865
Salaries	35,983	37,207	36,532	675
Miscellaneous	5,360	5,437	3,581	1,856
<i>Total Disbursements</i>	<u>84,498</u>	<u>89,299</u>	<u>83,449</u>	<u>5,850</u>
<i>Net Change in Fund Balance</i>	(66,756)	(71,557)	32,224	103,781
<i>Fund Balance Beginning of Year</i>	<u>357,592</u>	<u>357,592</u>	<u>357,592</u>	
<i>Fund Balance End of Year</i>	<u>\$290,836</u>	<u>\$286,035</u>	<u>\$389,816</u>	<u>\$103,781</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, 2022*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments	\$756,081	\$756,081	\$749,263	(\$6,818)
Interest	2,428	2,428	2,406	(22)
Reimbursements	5,034	5,034	4,989	(45)
Miscellaneous	1,223	1,223	1,212	(11)
<i>Total Receipts</i>	<u>764,766</u>	<u>764,766</u>	<u>757,870</u>	<u>(6,896)</u>
Disbursements				
Current:				
Maintenance - Channels and Structures	199,000	237,000	184,286	52,714
Administration	104,812	104,812	96,129	8,683
Salaries	297,144	306,774	302,261	4,513
Miscellaneous	34,184	34,188	16,901	17,287
<i>Total Disbursements</i>	<u>635,140</u>	<u>682,774</u>	<u>599,577</u>	<u>83,197</u>
<i>Net Change in Fund Balance</i>	129,626	81,992	158,293	76,301
<i>Fund Balance Beginning of Year</i>	<u>1,797,662</u>	<u>1,797,662</u>	<u>1,797,662</u>	
<i>Fund Balance End of Year</i>	<u><u>\$1,927,288</u></u>	<u><u>\$1,879,654</u></u>	<u><u>\$1,955,955</u></u>	<u><u>\$76,301</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, 2022*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments	\$117,348	\$117,348	\$117,694	\$346
Interest	202	202	203	1
Reimbursements	128	128	128	
Miscellaneous	70	70	70	
<i>Total Receipts</i>	<u>117,748</u>	<u>117,748</u>	<u>118,095</u>	<u>347</u>
Disbursements				
Current:				
Maintenance - Channels and Structures	58,000	71,500	66,150	5,350
Administration	6,133	6,133	5,613	520
Salaries	17,533	18,104	17,863	241
Miscellaneous	2,756	2,856	1,340	1,516
<i>Total Disbursements</i>	<u>84,422</u>	<u>98,593</u>	<u>90,966</u>	<u>7,627</u>
<i>Net Change in Fund Balance</i>	33,326	19,155	27,129	7,974
<i>Fund Balance Beginning of Year</i>	<u>187,551</u>	<u>187,551</u>	<u>187,551</u>	
<i>Fund Balance End of Year</i>	<u><u>\$220,877</u></u>	<u><u>\$206,706</u></u>	<u><u>\$214,680</u></u>	<u><u>\$7,974</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, 2022*

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 and other organizations that are included to ensure the financial statements of the District are not misleading.

A. Primary Government

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

B. Public Entity Risk Pool

The District participates in a public entity risk pool, the Ohio Plan Risk Management, Inc. (OPRM). Note 5 to the basic financial statements provides additional information for this entity. The District's management believes these financial statements present all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

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

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 grant and intergovernmental receipts.

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2022
(Continued)*

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

Fund Financial Statements

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

B. Fund Accounting

The District uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are grouped into the governmental category.

Governmental Funds

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

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

Little Auglaize Maintenance Fund – The Little Auglaize Maintenance 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 – The St. Joe Maintenance 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 – The Lower Blanchard Improvement 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.

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2022
(Continued)*

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

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

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

E. Cash and Investments

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

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

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2022
(Continued)*

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 (contra revenue), respectively.

Interest earnings are allocated to District funds according to State statutes and District policy. Interest receipts were credited to the various District funds during 2022 as follows: Preliminary Fund \$835; Grassy Creek Maintenance Fund \$571; Little Auglaize Maintenance Fund \$2,406; St. Joe Maintenance Fund \$203; Lower Blanchard Improvement Fund \$18; and Upper Blanchard Improvement Fund \$68.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Accumulated Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

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

J. Long-Term Obligations

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

K. Net Position

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

L. Fund Balance

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

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2022
(Continued)*

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

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

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

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

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

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

Note 3 – Budgetary Basis of Accounting

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

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2022
(Continued)*

Note 4 – Deposits and Investments

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

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or securities issued by any federal government agency or instrumentality including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2022
(Continued)*

7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

At December 31, 2022, the carrying amount of all District deposits were \$2,836,694 and the bank balance was \$3,010,065. Of the District's bank balance, \$2,406,066 was covered by Federal Deposit Insurance Corporation (FDIC) and \$603,999 was covered by pooled collateral through the Ohio Pooled Collateral System (OPCS). The District's financial institution was approved for a reduced collateral rate of 50 percent through OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

Note 5 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

A. Workers' Compensation

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

B. Risk Pool Membership

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

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

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2022
(Continued)*

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70 percent and 75 percent. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65 percent and 70 percent. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60 percent and 67.5 percent and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

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

Note 6 – Defined Benefits Pension Plan

Ohio Public Employees Retirement System

Plan Description – District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan.

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

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

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2022
(Continued)*

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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

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

Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2022
(Continued)*

Beginning in 2022, the Combined Plan was consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	State and Local
2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2023 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
 Employee	 10.0 %

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

** These pension and employer health care rates are for the Traditional and Combined Plans. The employer contributions rate for the Member-Directed Plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2022, the District's contractually required contribution was \$39,861.

Note 7 – Post-employment Benefits

Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and Combined Plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan.

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2022
(Continued)*

An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset the portion of the monthly premium. Medicare eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employees retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an RMA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Currently retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage for provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Comprehensive Annual Financial Report referenced below for additional information.

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

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

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the Traditional Plan and the Combined Plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2022
(Continued)*

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$0 for 2021.

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>Upper Blanchard Improvement Fund</u>	<u>Eagle Creek Improvement Fund</u>	<u>Total</u>
Restricted for								
Maintenance - Channels and Structures		\$389,816	\$1,955,955	\$214,680	\$10,000	\$44,988	\$32,177	\$2,647,616
Administration/Planning Future Projects	\$189,078							189,078
<i>Total Fund Balances</i>	<u>\$189,078</u>	<u>\$389,816</u>	<u>\$1,955,955</u>	<u>\$214,680</u>	<u>\$10,000</u>	<u>\$44,988</u>	<u>\$32,177</u>	<u>\$2,836,694</u>

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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 the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities and each major fund of Maumee Watershed Conservancy District, Defiance County, Ohio (the District) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 25, 2024, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

October 25, 2024

OHIO AUDITOR OF STATE KEITH FABER



MAUMEE WATERSHED CONSERVANCY DISTRICT

DEFIANCE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/7/2024

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

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