



**MAUMEE WATERSHED CONSERVANCY DISTRICT
DEFIANCE COUNTY**

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DEFIANCE COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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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, 2021 and 2020, 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, 2021 and 2020, 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 for this matter.

Efficient • Effective • Transparent

Emphasis of Matter

As discussed in Note 9 to the 2021 and 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. 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 November 9, 2022, 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

November 9, 2022

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**Maumee Watershed Conservancy District
Defiance County**

*Statement of Net Position - Cash Basis
December 31, 2021*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,681,007</u>
Net Position	
Restricted for:	
Capital Projects	43,275
Other Purposes	<u>2,637,732</u>
<i>Total Net Position</i>	<u><u>\$2,681,007</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, 2021*

	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	\$164,356	\$952,700	\$10,024,343	\$10,812,687
Construction	10,071,810			(10,071,810)
Administration	149,314			(149,314)
Salaries	380,320			(380,320)
Miscellaneous	27,019			(27,019)
Total	\$10,792,819	\$952,700	\$10,024,343	184,224
		General Receipts		
		Reimbursements		2,815
		Interest		6,713
		Miscellaneous		170
		<i>Total General Receipts</i>		<u>9,698</u>
		<i>Change in Net Position</i>		193,922
		<i>Net Position Beginning of Year</i>		<u>2,487,085</u>
		<i>Net Position End of Year</i>		<u><u>\$2,681,007</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, 2021*

	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	St. Joe Maintenance Fund	Lower Blanchard Improvement Fund	Upper Blanchard Improvement Fund	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$294,927	\$357,592	\$1,797,662	\$187,551	\$1,095	\$42,180	\$2,681,007
Fund Balances							
Restricted	\$294,927	\$357,592	\$1,797,662	\$187,551	\$1,095	\$42,180	\$2,681,007

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, 2021*

	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		\$105,781	\$744,989	\$101,930				\$952,700
Interest	\$676	734	4,797	498	\$2	\$6		6,713
Grants/Intergovernmental					512,826	774,093	\$8,737,424	10,024,343
Reimbursements	28	563	2,168	56				2,815
Miscellaneous	170							170
Total Receipts	874	107,078	751,954	102,484	512,828	774,099	8,737,424	10,986,741
Disbursements								
Current:								
Maintenance - Channels and Structures		32,945	87,385	44,026				164,356
Construction					560,083	774,303	8,737,424	10,071,810
Administration	14,175	11,383	116,853	6,903				149,314
Salaries	3,798	38,921	318,585	19,016				380,320
Miscellaneous	207	3,271	21,632	1,909				27,019
Total Disbursements	18,180	86,520	544,455	71,854	560,083	774,303	\$8,737,424	10,792,819
Net Change in Fund Balances	(17,306)	20,558	207,499	30,630	(47,255)	(204)		193,922
Fund Balances Beginning of Year	312,233	337,034	1,590,163	156,921	48,350	42,384		2,487,085
Fund Balances End of Year	\$294,927	\$357,592	\$1,797,662	\$187,551	\$1,095	\$42,180		\$2,681,007

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, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Interest	\$593	\$593	\$676	\$83
Reimbursements	25	25	28	3
Miscellaneous	149	149	170	21
<i>Total Receipts</i>	<u>767</u>	<u>767</u>	<u>874</u>	<u>107</u>
Disbursements				
Current:				
Administration	2,333	14,978	14,175	803
Salaries	3,829	3,890	3,798	92
Miscellaneous	149	347	207	140
<i>Total Disbursements</i>	<u>6,311</u>	<u>19,215</u>	<u>18,180</u>	<u>1,035</u>
<i>Net Change in Fund Balance</i>	(5,544)	(18,448)	(17,306)	1,142
<i>Fund Balance Beginning of Year</i>	<u>312,233</u>	<u>312,233</u>	<u>312,233</u>	
<i>Fund Balance End of Year</i>	<u>\$306,689</u>	<u>\$293,785</u>	<u>\$294,927</u>	<u>\$1,142</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, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments	\$106,623	\$106,623	\$105,781	(\$842)
Interest	740	740	734	(6)
Reimbursements	567	567	563	(4)
<i>Total Receipts</i>	<u>107,930</u>	<u>107,930</u>	<u>107,078</u>	<u>(852)</u>
Disbursements				
Current:				
Maintenance - Channels and Structures	33,500	33,950	32,945	1,005
Administration	11,475	11,847	11,383	464
Salaries	39,252	40,145	38,921	1,224
Miscellaneous	3,420	5,450	3,271	2,179
<i>Total Disbursements</i>	<u>87,647</u>	<u>91,392</u>	<u>86,520</u>	<u>4,872</u>
<i>Net Change in Fund Balance</i>	20,283	16,538	20,558	4,020
<i>Fund Balance Beginning of Year</i>	<u>337,034</u>	<u>337,034</u>	<u>337,034</u>	
<i>Fund Balance End of Year</i>	<u>\$357,317</u>	<u>\$353,572</u>	<u>\$357,592</u>	<u>\$4,020</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, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments	\$735,515	\$735,515	\$744,989	\$9,474
Interest	4,736	4,736	4,797	61
Reimbursements	2,140	2,140	2,168	28
<i>Total Receipts</i>	<i>742,391</i>	<i>742,391</i>	<i>751,954</i>	<i>9,563</i>
Disbursements				
Current:				
Maintenance - Channels and Structures	205,000	208,600	87,385	121,215
Administration	118,018	121,857	116,853	5,004
Salaries	321,884	326,725	318,585	8,140
Miscellaneous	16,445	35,460	21,632	13,828
<i>Total Disbursements</i>	<i>661,347</i>	<i>692,642</i>	<i>544,455</i>	<i>148,187</i>
<i>Net Change in Fund Balance</i>	<i>81,044</i>	<i>49,749</i>	<i>207,499</i>	<i>157,750</i>
<i>Fund Balance Beginning of Year</i>	<i>1,590,163</i>	<i>1,590,163</i>	<i>1,590,163</i>	
<i>Fund Balance End of Year</i>	<i>\$1,671,207</i>	<i>\$1,639,912</i>	<i>\$1,797,662</i>	<i>\$157,750</i>

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, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments	\$102,166	\$102,166	\$101,930	(\$236)
Interest	499	499	498	(1)
Reimbursements	56	56	56	
<i>Total Receipts</i>	<u>102,721</u>	<u>102,721</u>	<u>102,484</u>	<u>(237)</u>
Disbursements				
Current:				
Maintenance - Channels and Structures	57,500	57,950	44,026	13,924
Administration	6,974	7,204	6,903	301
Salaries	19,209	19,514	19,016	498
Miscellaneous	1,337	2,894	1,909	985
<i>Total Disbursements</i>	<u>85,020</u>	<u>87,562</u>	<u>71,854</u>	<u>15,708</u>
<i>Net Change in Fund Balance</i>	17,701	15,159	30,630	15,471
<i>Fund Balance Beginning of Year</i>	<u>156,921</u>	<u>156,921</u>	<u>156,921</u>	
<i>Fund Balance End of Year</i>	<u>\$174,622</u>	<u>\$172,080</u>	<u>\$187,551</u>	<u>\$15,471</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, 2021*

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, 2021
(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 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 as 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, 2021
(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 and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

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

Appropriations are the District's authorization to spend resources and set limits on cash 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."

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(Continued)*

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (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 2021 as follows: Preliminary Fund \$676; Grassy Creek Maintenance Fund \$734; Little Auglaize Maintenance Fund \$4,797; St. Joe Maintenance Fund \$498; Lower Blanchard Improvement Fund \$2; and Upper Blanchard Improvement Fund \$6.

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

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(Continued)*

L. Fund Balance

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

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

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

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

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

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

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

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

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(Continued)*

Note 3 – Budgetary Basis of Accounting

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

Note 4 – Deposits and Investments

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 institution's participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, 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;

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(Continued)*

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);
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) and (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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 only be made upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

At December 31, 2021, the carrying amount of all District deposits were \$2,681,007 and the bank balance was \$2,778,758. Of the District's bank balance, \$2,196,050 was covered by Federal Deposit Insurance Corporation (FDIC) and \$582,708 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 the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

Note 5 – Risk Management

The District is exposed to various risks of 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.

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(Continued)*

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.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60 percent and 70 percent of casualty premiums earned in the first \$250,000 property treaty. 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 remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$6,740,056</u>

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

Note 6 – Defined Benefits Pension Plan

Ohio Public Employees Retirement System

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

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

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(Continued)*

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. 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 of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring 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.

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(Continued)*

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 (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.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available to 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
2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2021 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. The District's contractually required contribution was \$44,928 for 2021.

Note 7 – Postemployment Benefits

Ohio Public Employees Retirement System

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

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(Continued)*

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. 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.

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(Continued)*

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.

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:

Fund Balances	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	St. Joe Maintenance Fund	Lower Blanchard Improvement Fund	Upper Blanchard Improvement Fund	Total
Restricted for							
Maintenance - Channels and Structures		\$357,592	\$1,797,662	\$187,551	\$1,095	\$42,180	\$2,386,080
Administration /Planning Future Projects	\$294,927						294,927
Total Fund Balances	\$294,927	\$357,592	\$1,797,662	\$187,551	\$1,095	\$42,180	\$2,681,007

Note 9 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the District did not receive COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Net Position - Cash Basis
December 31, 2020*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,487,085</u>
Net Position	
Restricted for:	
Capital Projects	90,734
Other Purposes	<u>2,396,351</u>
<i>Total Net Position</i>	<u><u>\$2,487,085</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, 2020*

	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	\$17,014,311	\$927,660	\$5,295,622	(\$10,791,029)
Administration	122,214			(122,214)
Salaries	379,805			(379,805)
Miscellaneous	21,637			(21,637)
Total	\$17,537,967	\$927,660	\$5,295,622	(11,314,685)
		General Receipts		
		Reimbursements		7,168
		Interest		18,745
		Miscellaneous		45,229
		<i>Total General Receipts</i>		<u>71,142</u>
		<i>Change in Net Position</i>		(11,243,543)
		<i>Net Position Beginning of Year</i>		<u>13,730,628</u>
		<i>Net Position End of Year</i>		<u><u>\$2,487,085</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, 2020*

	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	St. Joe Maintenance Fund	Lower Blanchard Improvement Fund	Upper Blanchard Improvement Fund	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$312,233	\$337,034	\$1,590,163	\$156,921	\$48,350	\$42,384	\$2,487,085
Fund Balances							
Restricted	\$312,233	\$337,034	\$1,590,163	\$156,921	\$48,350	\$42,384	\$2,487,085

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, 2020*

	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		\$104,570	\$723,272	\$99,818				\$927,660
Interest	\$3,875	3,115	11,159	577	\$12	\$7		18,745
Grants/Intergovernmental					3,644,802	1,650,820		5,295,622
Reimbursements	72	1,434	5,520	142				7,168
Miscellaneous	113	1,133	9,475	565	283		\$33,660	45,229
<i>Total Receipts</i>	<u>4,060</u>	<u>110,252</u>	<u>749,426</u>	<u>101,102</u>	<u>3,645,097</u>	<u>1,650,827</u>	<u>33,660</u>	<u>6,294,424</u>
Disbursements								
Current:								
Maintenance - Channels and Structures		32,981	153,614	61,614	3,624,487	1,677,690	11,463,925	17,014,311
Administration	1,329	10,004	104,697	6,184				122,214
Salaries	3,793	38,644	318,378	18,990				379,805
Miscellaneous	146	3,392	16,842	1,257				21,637
<i>Total Disbursements</i>	<u>5,268</u>	<u>85,021</u>	<u>593,531</u>	<u>88,045</u>	<u>3,624,487</u>	<u>1,677,690</u>	<u>11,463,925</u>	<u>17,537,967</u>
<i>Net Change in Fund Balances</i>	<u>(1,208)</u>	<u>25,231</u>	<u>155,895</u>	<u>13,057</u>	<u>20,610</u>	<u>(26,863)</u>	<u>(11,430,265)</u>	<u>(11,243,543)</u>
<i>Fund Balances Beginning of Year</i>	<u>313,441</u>	<u>311,803</u>	<u>1,434,268</u>	<u>143,864</u>	<u>27,740</u>	<u>69,247</u>	<u>\$11,430,265</u>	<u>13,730,628</u>
<i>Fund Balances End of Year</i>	<u>\$312,233</u>	<u>\$337,034</u>	<u>\$1,590,163</u>	<u>\$156,921</u>	<u>\$48,350</u>	<u>\$42,384</u>		<u>\$2,487,085</u>

See accompanying notes to the basic financial statements

**Maumee Watershed Conservancy District
Defiance County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Preliminary Fund
For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Interest	\$3,705	\$3,705	\$3,875	\$170
Reimbursements	69	69	72	3
Miscellaneous	108	108	113	5
<i>Total Receipts</i>	3,882	3,882	4,060	178
Disbursements				
Current:				
Administration	2,261	4,819	1,329	3,490
Salaries	3,854	3,879	3,793	86
Miscellaneous	154	174	146	28
<i>Total Disbursements</i>	6,269	8,872	5,268	3,604
<i>Net Change in Fund Balance</i>	(2,387)	(4,990)	(1,208)	3,782
<i>Fund Balance Beginning of Year</i>	313,441	313,441	313,441	
<i>Fund Balance End of Year</i>	\$311,054	\$308,451	\$312,233	\$3,782

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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments	\$106,531	\$106,531	\$104,570	(\$1,961)
Interest	3,174	3,174	3,115	(59)
Reimbursements	1,461	1,461	1,434	(27)
Miscellaneous	1,154	1,154	1,133	(21)
<i>Total Receipts</i>	<u>112,320</u>	<u>112,320</u>	<u>110,252</u>	<u>(2,068)</u>
Disbursements				
Current:				
Maintenance - Channels and Structures	32,300	34,050	32,981	1,069
Administration	11,404	11,994	10,004	1,990
Salaries	39,717	39,967	38,644	1,323
Miscellaneous	3,830	4,030	3,392	638
<i>Total Disbursements</i>	<u>87,251</u>	<u>90,041</u>	<u>85,021</u>	<u>5,020</u>
<i>Net Change in Fund Balance</i>	25,069	22,279	25,231	2,952
<i>Fund Balance Beginning of Year</i>	<u>311,803</u>	<u>311,803</u>	<u>311,803</u>	
<i>Fund Balance End of Year</i>	<u>\$336,872</u>	<u>\$334,082</u>	<u>\$337,034</u>	<u>\$2,952</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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments	\$764,565	\$764,565	\$723,272	(\$41,293)
Interest	11,796	11,796	11,159	(637)
Reimbursements	5,835	5,835	5,520	(315)
Miscellaneous	10,016	10,016	9,475	(541)
<i>Total Receipts</i>	792,212	792,212	749,426	(42,786)
Disbursements				
Current:				
Maintenance - Channels and Structures	208,400	221,900	153,614	68,286
Administration	122,751	127,559	104,697	22,862
Salaries	324,339	326,439	318,378	8,061
Miscellaneous	18,768	20,388	16,842	3,546
<i>Total Disbursements</i>	674,258	696,286	593,531	102,755
<i>Net Change in Fund Balance</i>	117,954	95,926	155,895	59,969
<i>Fund Balance Beginning of Year</i>	1,434,268	1,434,268	1,434,268	
<i>Fund Balance End of Year</i>	\$1,552,222	\$1,530,194	\$1,590,163	\$59,969

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, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Special Assessments	\$99,896	\$99,896	\$99,818	(\$78)
Interest	577	577	577	
Reimbursements			142	142
Miscellaneous	565	565	565	
<i>Total Receipts</i>	<u>101,038</u>	<u>101,038</u>	<u>101,102</u>	<u>64</u>
Disbursements				
Current:				
Maintenance - Channels and Structures	57,300	88,050	61,614	26,436
Administration	7,184	7,528	6,184	1,344
Salaries	19,364	19,489	18,990	499
Miscellaneous	1,348	1,508	1,257	251
<i>Total Disbursements</i>	<u>85,196</u>	<u>116,575</u>	<u>88,045</u>	<u>28,530</u>
<i>Net Change in Fund Balance</i>	15,842	(15,537)	13,057	28,594
<i>Fund Balance Beginning of Year</i>	<u>143,864</u>	<u>143,864</u>	<u>143,864</u>	
<i>Fund Balance End of Year</i>	<u><u>\$159,706</u></u>	<u><u>\$128,327</u></u>	<u><u>\$156,921</u></u>	<u><u>\$28,594</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, 2020*

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, 2020
(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 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 as 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, 2020
(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 and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

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

Appropriations are the District's authorization to spend resources and set limits on cash 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."

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)*

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (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 2020 as follows: Preliminary Fund \$3,875; Grassy Creek Maintenance Fund \$3,115; Little Auglaize Maintenance Fund \$11,159; St. Joe Maintenance Fund \$577; Lower Blanchard Improvement Fund \$12; and Upper Blanchard Improvement Fund \$7.

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

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)*

L. Fund Balance

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

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

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

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

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

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

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

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

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)*

Note 3 – Budgetary Basis of Accounting

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

Note 4 – Deposits and Investments

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 institution's participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, 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;

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)*

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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);
 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) and (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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 only be made upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

At December 31, 2020, the carrying amount of all District deposits were \$2,487,085 and the bank balance was \$2,502,755. Of the District's bank balance, \$2,113,855 was covered by Federal Deposit Insurance Corporation (FDIC) and \$388,900 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 the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

Note 5 – Risk Management

The District is exposed to various risks of 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.

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)*

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.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47 percent of the premium and losses on the first \$250,000 casualty treaty and 30 percent of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimburses the OPRM 30 percent for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM's property retention remained unchanged, however, the Plan assumed 100 percent of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30 percent to 33 percent, while the casualty treaty remains unchanged and still assumes 100 percent of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33 percent to 55 percent, while the casualty treaty remains unchanged and still assumes 100 percent of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$5,296,707</u>

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

Note 6 – Defined Benefits Pension Plan

Ohio Public Employees Retirement System

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

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)*

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' Comprehensive Annual Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. 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 of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring 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.

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)*

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.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available to 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
2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2020 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. The District's contractually required contribution was \$44,207 for 2020.

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)*

Note 7 – Postemployment Benefits

Ohio Public Employees Retirement System

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' 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 2020, 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.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, 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 2020 was 4.0 percent.

**Maumee Watershed Conservancy District
Defiance County**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)*

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$0 for 2020.

Note 8 – Fund Balances

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

Fund Balances	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	St. Joe Maintenance Fund	Lower Blanchard Improvement Fund	Upper Blanchard Improvement Fund	Total
Restricted for							
Maintenance - Channels and Structures		\$337,034	\$1,590,163	\$156,921	\$48,350	\$42,384	\$2,174,852
Administration /Planning Future Projects	\$312,233						312,233
<i>Total Fund Balances</i>	<u>\$312,233</u>	<u>\$337,034</u>	<u>\$1,590,163</u>	<u>\$156,921</u>	<u>\$48,350</u>	<u>\$42,384</u>	<u>\$2,487,085</u>

Note 9 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 10 – Miscellaneous Receipts

Miscellaneous receipts in the Eagle Creek Improvement Fund consisted of a refund payment.



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

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 9, 2022, wherein we noted the District uses a special purpose framework other than general accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

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 purposes 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

This 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

November 9, 2022

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 11/22/2022

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

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