



**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2007**



**Mary Taylor, CPA**  
Auditor of State



**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis .....	9
Statement of Activities – Cash Basis .....	10
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds.....	11
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds .....	12
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Preliminary General Fund .....	13
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Grassy Creek Maintenance Fund .....	14
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Little Auglaize Maintenance Fund.....	15
Notes to the Basic Financial Statements .....	16
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	27

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying financial statements of the governmental activities and each major fund of Maumee Watershed Conservancy District, Defiance, Ohio (the District), as of and for the year ended December 31, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of Maumee Watershed Conservancy District, Defiance County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the Preliminary Fund, Grassy Creek Maintenance Fund, and Little Auglaize Maintenance Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

February 22, 2008

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED**

This discussion and analysis of Maumee Watershed Conservancy District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2007, within the limitations of the District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Highlights**

Key highlights for 2007 are as follows:

- Net assets of governmental activities increased \$225,441, or 56.7 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Preliminary Fund; however, increases affected most funds.
- The District's primary revenue source is special assessments. These receipts represent 95.8 percent of the total cash received for governmental activities during the year. Special assessment receipts for 2007 increased compared to 2006 for the most part due to the District receiving collections of new assessments related to the St. Joseph River Enhancement Project in 2007. Increases in assessed market valuations also contributed to \$72,593 in increased special assessment collections related to the Little Auglaize River and Grassy Creek Watersheds in 2007.

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

**Basis of Accounting**

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

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

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

**Reporting the Government as a Whole**

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

The statement of net assets and the statement of activities reflect how the District did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the District at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity draws from the District's general receipts.

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

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

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

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

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



**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

**The District as a Whole**

Table 1 provides a summary of the District's net assets for 2007 compared to 2006 on a cash basis:

(Table 1)

**Net Assets**

	Governmental Activities	
	2007	2006
<b>Assets</b>		
Cash and Cash Equivalents	\$622,993	\$397,552
Total Assets	622,993	397,552
<b>Net Assets</b>		
Restricted for:		
Debt Service		50,597
Other Purposes	622,993	346,955
Total Net Assets	\$622,993	\$397,552

As mentioned previously, net assets of governmental activities increased \$225,441, or 56.7 percent during 2007. The primary reasons contributing to the increase in cash balances was that the District received collections of new assessments related to the St. Joseph River Enhancement Project and increases in assessed market valuations for the Little Auglaize River and Grassy Creek Watersheds.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

Table 2 reflects the changes in net assets on a cash basis in 2007 and 2006 for governmental activities.

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

	Governmental Activities	
	2007	2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$821,902	\$519,924
Total Program Receipts	821,902	519,924
General Receipts:		
Debt Proceeds	20,000	
Interest	15,508	14,595
Miscellaneous	506	2,251
Total General Receipts	36,014	16,846
Total Receipts	857,916	536,770
Disbursements:		
Maintenance - Channels & Structures	172,511	109,520
Construction	181,300	
Administration	50,223	57,250
Salaries	184,082	179,659
Miscellaneous	13,718	20,249
Debt Service	30,641	84,950
Total Disbursements	632,475	451,628
Change in Net Assets	225,441	85,142
Net Assets, January 1	397,552	312,410
Net Assets, December 31	\$622,993	\$397,552

Program receipts represent 95.8 percent of total receipts and are comprised of special assessments paid by property owners within the Little Auglaize River, Grassy Creek, and St. Joseph River Watersheds.

General receipts represent 4.2 percent of the District's total receipts, and of this amount, approximately two percent is interest earnings. Debt proceeds received in 2007 relating to the St. Joseph River Enhancement Project make up a majority of the balance of the District's general receipts (approximately two percent). Miscellaneous revenue makes up the remaining portion of the District's general receipts, which is very insignificant and a somewhat unpredictable revenue source.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

Disbursements for Maintenance – Channels and Structures represent the costs for maintenance, repairs, and improvements to the watersheds within the District. Construction represents the improvement costs related to the St. Joseph River Enhancement Project done in 2007. Administration represents the overhead costs for running the District, other than payroll, and the support services provided for the other District activities. Salaries represent payroll and fringe benefits paid to the Board of Directors, management, and District personnel. Miscellaneous disbursements represent various miscellaneous costs not otherwise associated with the daily operations of the District. These costs are generally insignificant, unpredictable in nature, and can vary from year to year. Debt Service is the principal and interest associated with the special assessment bonds related to improvements on the Little Auglaize River Watershed as well as for the loan obtained in 2007 related to the St. Joseph River Enhancement Project.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for maintenance of channels and structures; construction; and salaries, which account for 27.3, 28.6, and 29.1 percent of all governmental disbursements, respectively. The next column of the Statement entitled Program Cash Receipts identifies amounts paid by people who are directly charged for the service that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
Maintenance - Channels & Structures	\$172,511	(\$420,006)	\$109,520	(\$410,404)
Construction	181,300	(48,085)		
Administration	50,223	50,223	57,250	57,250
Salaries	184,082	184,082	179,659	179,659
Miscellaneous	13,718	13,718	20,249	20,249
Debt Service	30,641	30,641	84,950	84,950
<b>Total Expenses</b>	<b>\$632,475</b>	<b>(\$189,427)</b>	<b>\$451,628</b>	<b>(\$68,296)</b>

**The District's Funds**

Total governmental funds had receipts and other financing sources of \$947,632 and disbursements and other financing uses of \$722,191. The greatest changes within governmental funds occurred within the Little Auglaize Maintenance Fund and the Preliminary Fund. The fund balance of the Little Auglaize Maintenance Fund increased \$81,864 as the result of increased market valuations in the Little Auglaize River Watershed. The Preliminary Fund balance increased \$180,380 primarily because of assessments now being recorded in this fund no longer needed in the Bond Retirement Fund.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
UNAUDITED  
(Continued)**

**Capital Assets**

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

**Current Issues**

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

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Sandra J. Barnette, District Treasurer, Maumee Watershed Conservancy District, 1464 Pinehurst Drive, Defiance, Ohio 43512-8670.

MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY

*Statement of Net Assets - Cash Basis*  
*December 31, 2007*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$622,993</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	<u>\$622,993</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, 2007***

	Cash Disbursements	Program Cash Receipts  Charges for Services and Sales	Net (Disbursements) Receipts and Changes in Net Assets  Governmental Activities
<b>Governmental Activities</b>			
Maintenance-Channels & Structures	\$172,511	\$592,517	\$420,006
Construction	181,300	229,385	48,085
Administration	50,223		(50,223)
Salaries	184,082		(184,082)
Miscellaneous	13,718		(13,718)
Debt Service	30,641		(30,641)
	\$632,475	\$821,902	189,427
		<b>General Receipts</b>	
		Debt Proceeds	20,000
		Interest	15,508
		Miscellaneous	506
		<i>Total General Receipts</i>	36,014
		Change in Net Assets	225,441
		<i>Net Assets Beginning of Year</i>	397,552
		<i>Net Assets End of Year</i>	\$622,993

See accompanying notes to the basic financial statements

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

***Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2007***

	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$274,101	\$62,917	\$285,975	\$622,993
<b>Fund Balances</b>				
Unreserved:				
Undesignated, Reported in:				
Special Revenue Funds	\$274,101	\$62,917	\$285,975	\$622,993

See accompanying notes to the basic financial statements

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2007**

	Preliminary Fund	Grassy Creek Maintenance Fund	Little Auglaize Maintenance Fund	Bond Retirement Fund	St. Joe Improvement Fund	Total Governmental Funds
<b>Receipts</b>						
Special Assessments	\$96,216	\$85,267	\$411,034		\$229,385	\$821,902
Interest	6,176	1,254	6,403	\$570	1,105	15,508
Miscellaneous	3	103	400			506
<i>Total Receipts</i>	<u>102,395</u>	<u>86,624</u>	<u>417,837</u>	<u>570</u>	<u>230,490</u>	<u>837,916</u>
<b>Disbursements</b>						
Current:						
Maintenance-Channels & Structures		22,304	150,207			172,511
Construction					181,300	181,300
Administration	6,139	7,334	36,750			50,223
Salaries	5,431	40,928	137,723			184,082
Miscellaneous	161	2,264	11,293			13,718
Debt Service:						
Principal				10,000	20,000	30,000
Interest				550	91	641
<i>Total Disbursements</i>	<u>11,731</u>	<u>72,830</u>	<u>335,973</u>	<u>10,550</u>	<u>201,391</u>	<u>632,475</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	90,664	13,794	81,864	(9,980)	29,099	205,441
<b>Other Financing Sources (Uses)</b>						
Debt Proceeds					20,000	20,000
Transfers In	89,716					89,716
Transfers Out				(40,617)	(49,099)	(89,716)
<i>Total Other Financing Sources (Uses)</i>	<u>89,716</u>			<u>(40,617)</u>	<u>(\$29,099)</u>	<u>20,000</u>
<i>Net Change in Fund Balances</i>	180,380	13,794	81,864	(50,597)		225,441
<i>Fund Balances Beginning of Year</i>	<u>93,721</u>	<u>49,123</u>	<u>204,111</u>	<u>\$50,597</u>		<u>397,552</u>
<i>Fund Balances End of Year</i>	<u>\$274,101</u>	<u>\$62,917</u>	<u>\$285,975</u>			<u>\$622,993</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, 2007***

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Special Assessments	\$642	\$642	\$96,216	\$95,574
Interest	41	41	6,176	6,135
Miscellaneous			3	3
<i>Total Receipts</i>	<u>683</u>	<u>683</u>	<u>102,395</u>	<u>101,712</u>
<b>Disbursements</b>				
Current:				
Administration	13,046	13,056	6,139	6,917
Salaries	5,598	5,598	5,431	167
Miscellaneous	292	339	161	178
<i>Total Disbursements</i>	<u>18,936</u>	<u>18,993</u>	<u>11,731</u>	<u>7,262</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(18,253)</u>	<u>(18,310)</u>	<u>90,664</u>	<u>108,974</u>
<b>Other Financing Sources</b>				
Transfers In			89,716	89,716
<i>Net Change in Fund Balance</i>	(18,253)	(18,310)	180,380	198,690
<i>Fund Balance Beginning of Year</i>	<u>93,721</u>	<u>93,721</u>	<u>93,721</u>	
<i>Fund Balance End of Year</i>	<u><u>\$75,468</u></u>	<u><u>\$75,411</u></u>	<u><u>\$274,101</u></u>	<u><u>\$198,690</u></u>

See accompanying notes to the basic financial statements

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

***Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Grassy Creek Maintenance Fund  
For the Year Ended December 31, 2007***

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Special Assessments	\$66,248	\$66,248	\$85,267	\$19,019
Interest	974	974	1,254	280
Miscellaneous	80	80	103	23
<i>Total Receipts</i>	67,302	67,302	86,624	19,322
<b>Disbursements</b>				
Current:				
Maintenance-Channels & Structures	24,000	24,000	22,304	1,696
Administration	7,723	7,796	7,334	462
Salaries	42,909	42,909	40,928	1,981
Miscellaneous	3,955	4,613	2,264	2,349
<i>Total Disbursements</i>	78,587	79,318	72,830	6,488
<i>Net Change in Fund Balance</i>	(11,285)	(12,016)	13,794	25,810
<i>Fund Balance Beginning of Year</i>	49,123	49,123	49,123	
<i>Fund Balance End of Year</i>	\$37,838	\$37,107	\$62,917	\$25,810

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, 2007***

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Special Assessments	\$523,614	\$523,614	\$411,034	(\$112,580)
Interest	8,095	8,095	6,403	(1,692)
Miscellaneous	336	336	400	64
<i>Total Receipts</i>	532,045	532,045	417,837	(114,208)
<b>Disbursements</b>				
Current:				
Maintenance-Channels & Structures	217,500	217,500	150,207	67,293
Administration	38,180	38,583	36,750	1,833
Salaries	143,283	143,283	137,723	5,560
Miscellaneous	15,822	15,978	11,293	4,685
<i>Total Disbursements</i>	414,785	415,344	335,973	79,371
<i>Net Change in Fund Balance</i>	117,260	116,701	81,864	(34,837)
<i>Fund Balance Beginning of Year</i>	204,111	204,111	204,111	
<i>Fund Balance End of Year</i>	\$321,371	\$320,812	\$285,975	(\$34,837)

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, 2007**

**NOTE 1 – REPORTING ENTITY**

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

The reporting entity is comprised of the primary government.

A. Primary Government

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

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the District is obligated for the debt of the organization. The District is also financially accountable for any organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District and are significant in amount to the District. The District does not have any component units.

C. Public Entity Risk Pool

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

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

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. 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 assets 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 assets 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. The statement of net assets presents the cash balances of the governmental activities of the District at years end. The statement of activities compares disbursements with program receipts for each of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function activity is self-financing on a cash basis or draws from the District's general receipts.

Fund Financial Statements

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

B. Fund Accounting

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

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

Governmental Funds

The District classifies funds financed primarily from special assessment receipts as governmental funds. The District has the following major funds:

1. Preliminary Fund – This fund receives Little Auglaize improvement assessments, interest earnings, and other miscellaneous revenue for well as expenses associated with initiating future work projects.
2. Grassy Creek Maintenance Fund – This fund receives special assessment monies for the operation and maintenance of the Grassy Creek project and other related expenses of the District.
3. Little Auglaize Maintenance Fund – This fund receives special assessment monies for the operation and maintenance of the Little Auglaize project and other related expenses of the District.
4. Bond Retirement Fund – This fund receives special assessment monies to make payments on the District outstanding bond issue.
5. St. Joe Improvement Fund – This fund receives special assessments monies for the channel improvement project of the St. Joseph River.

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 there related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in these financial statements.

D. Budgetary Process

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

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

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

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

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

E. Cash and Investments

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

During 2007, the District invested in nonnegotiable certificates of deposit and an overnight repurchase agreement. The nonnegotiable certificates of deposit are reported at cost. The District's repurchase agreement investment is recorded at the amount reported by the Huntington National Bank on December 31, 2007.

Interest earnings are allocated to District funds according to State statutes and District policy. Interest receipts were credited to the various District funds during 2007 as follows: Preliminary Fund \$6,176; Grassy Creek Maintenance Fund \$1,254; Little Auglaize Maintenance Fund \$6,403; Bond Retirement Fund \$570; and St. Joe Improvement Fund \$1,105.

F. Inventory

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

G. Capital Assets

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

H. Accumulated Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

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

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for the Preliminary Fund, Grassy Creek Maintenance Fund, and Little Auglaize Maintenance Fund.

L. Fund Balances

Unreserved and undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods.

M. Interfund Transactions

Subsidies from one fund to another without a requirement of repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

**NOTE 3 – BUDGETARY BASIS OF ACCOUNTING**

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

**NOTE 4 – DEPOSITS AND INVESTMENTS**

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

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

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

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



**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**NOTE 4 – DEPOSITS AND INVESTMENTS – (CONTINUED)**

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$211,000 of the District's deposits totaling \$500,734 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. Although all State 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.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**NOTE 4 – DEPOSITS AND INVESTMENTS – (CONTINUED)**

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

Investments

As of December 31, 2007, the District had \$133,588 invested in an overnight repurchase agreement.

Interest rate risk arises because the fair value of investments changes as interest rates change. As a means of limiting its exposure to fair market losses arising from interest rate changes and according to State law, the District's investment policy requires the District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and by investing operating funds primarily in short-term investments. State statute limits repurchase agreements to 30 days and the market value of the securities must exceed the principal value of the agreement by at least two percent and be marked to market daily.

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement was exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy for custodial credit risk beyond the requirements of State statute. Ohio law requires repurchase agreement securities to be delivered into the custody of the treasurer or governing board or an agent designated by the treasurer or governing board.

**NOTE 5 – RISK MANAGEMENT**

Risk Pool Membership

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

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

The District belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**NOTE 5 – RISK MANAGEMENT – (CONTINUED)**

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005 (the latest information available:

	<b>2006</b>	<b>2005</b>
Assets	\$9,620,148	\$8,219,430
Liabilities	<u>(3,329,620)</u>	<u>(2,748,639)</u>
Members' Equity	<u>\$6,290,528</u>	<u>\$5,470,791</u>

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

The District also provides health and life insurance coverage to employees through a private carrier.

**NOTE 6 – DEFINED BENEFIT PENSION PLAN**

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**NOTE 6 – DEFINED BENEFIT PENSION PLAN – (CONTINUED)**

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.50 percent of their annual covered salaries. The District's contribution rate for pension benefits for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005, were \$13,266, \$14,230, and \$14,066, respectively. The full amount has been contributed for 2007, 2006, and 2005.

**NOTE 7 - POSTEMPLOYMENT BENEFITS**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll. For 2007, the employer contribution allocated to the health care plan from January 1 through June 30, 2007, and July 1 through December 31, 2007, was 5.00 percent and 6.00 percent of covered payroll, respectively.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979 as of December 31, 2007. The number of active contributing participants in both plans used in the December 31, 2006, actuarial valuation was 362,130. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$8,746. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.1 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, the OPERS created a separate investment for health care assets. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed for additional funds to be allocated to the health care plan.

**MAUMEE WATERSHED CONSERVANCY DISTRICT  
DEFIANCE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2007  
(Continued)**

**NOTE 8– DEBT**

The special assessment bonds related to various District projects. The bonds were special obligations of the District and were payable from the collection of special assessments levied on certain property benefited by the projects. The bonds were repaid in semiannual installments at an interest rate of 5.50%, over 15 years. The final payment for these bonds was due May 15, 2007.

The District acquired a loan for \$20,000 to complete the St. Joseph River Enhancement Project in 2007. The loan was paid back at an interest rate of 4.54% in one payment on August 10, 2007.

**NOTE 9 – INTERFUND TRANSFERS**

During 2007 the following transfers were made:

Transfers from the following funds:	
Bond Retirement Fund	\$ 40,617
St. Joe Improvement Fund	49,099
Total Transfers to the Preliminary Fund	<u>\$ 89,716</u>

Transfers represent the allocation of unrestricted balances to finance various programs and projects accounted for in other funds.

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' 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 the financial statements of the governmental activities and each major fund of Maumee Watershed Conservancy District, Defiance County, (the District) as of and for the year ended December 31, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 22, 2008, wherein, we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the District's management in a separate letter dated February 22, 2008.

### **Compliance and Other Matters**

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

We did note certain noncompliance that we reported to the District's management in a separate letter dated February 22, 2008.

We intend this report solely for the information and use of the audit committee, management, and the Board of Directors. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

February 22, 2008





**Mary Taylor, CPA**  
Auditor of State

**MAUMEE WATERSHED CONSERVANCY DISTRICT**

**DEFIANCE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 1, 2008**