



Dave Yost • Auditor of State

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Rossford Transportation Improvement District
Wood County
133 Osborne Street
Rossford, Ohio 43460-1236

To the Board of Trustees:

We have audited the accompanying basic financial statements of the Rossford Transportation Improvement District, Wood County, Ohio (the District), as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rossford Transportation Improvement District, Wood County, Ohio as of December 31, 2011 and 2010, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the District will continue as a going concern. As discussed in Note 9 to the financial statements, the District has been unable to pay debt obligations when due. Accordingly, there is substantial doubt about its ability to continue as a going concern. Management's plans in regards to these matters are also discussed in Note 9. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2012, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

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

Dave Yost
Auditor of State

September 13, 2012

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
UNAUDITED**

The discussion and analysis of the Rossford, Ohio Transportation Improvement District's (the District) financial performance provides an overall review of the District's financial activities for the years ended December 31, 2011 and 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers are encouraged to consider information presented here as well as the basic financial statements to enhance their understanding of the District's financial performance.

Using this Financial Report

This annual report consists of two parts, the MD&A and the basic financial statements. The basic financial statements include a statement of net assets; statement of revenues, expenses and changes in net assets and a statement of cash flows. Since the District only uses one fund for its operations, the entity-wide and the fund presentation information is the same.

Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Net Assets answers the question, "How did we do financially during 2011 and 2010?" This statement includes all assets and liabilities, both financial and capital, and current and long-term, using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. The basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

This change in net assets is important because it tells the reader whether, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, non-financial information of the District will also need to be evaluated.

This section contains a condensed comparison of assets, liabilities and net assets and explanations for significant differences. Table 1 provides a summary of the District's net assets for 2011, 2010, and 2009.

**Table 1
Net Assets**

	2011	2010	2009
Capital Assets	\$ 461,826	\$ 461,826	\$ 461,826
Current Assets	960,458	856,173	819,803
Noncurrent assets	4,581,373	4,960,891	5,308,003
<i>Total Assets</i>	<u>6,003,657</u>	<u>6,278,890</u>	<u>6,589,632</u>
Current Liabilities	2,035,682	1,935,281	1,856,153
Long-Term Liabilities	4,970,050	5,340,050	5,680,050
<i>Total Liabilities</i>	<u>7,005,732</u>	<u>7,275,331</u>	<u>7,536,203</u>
Invested in Capital Assets	461,826	461,826	461,826
Unrestricted	(1,463,901)	(1,458,267)	(1,408,397)
<i>Total Net Assets</i>	<u>\$ (1,002,075)</u>	<u>\$ (996,441)</u>	<u>\$ (946,571)</u>

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
UNAUDITED
(Continued)**

Total assets in 2011 decreased by \$275,233, caused by the reduction in assessments receivable due to payments received. Total liabilities in 2011 decreased by \$269,599 due to reduction of bonds and intergovernmental payable.

Total assets in 2010 decreased by \$310,742. The decrease is due to the reduction in assessments receivable. Total liabilities in 2010 decreased by \$260,872 due to a reduction in bonds and intergovernmental payable.

Table 2 shows the changes in net assets for the years ended December 31, 2011, 2010 and 2009. Total net assets decreased by \$5,634 in 2011 and decreased \$49,870 in 2010. The change in 2010 was caused by a reduction in interest income and grants received from the Ohio Department of Development (ODOD).

**Table 2
Revenues and Expenses**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Receipts			
Lease/City of Rossford	\$4,000	\$3	\$3
Other Operating			28
Interest Income	490,646	520,043	546,706
ODOD Grant	460,709	46,487	327,793
Miller - Contribution Net			161,825
Water/Sewer Development Fees	3,390	4,038	1,121
Total Receipts	<u>958,745</u>	<u>570,571</u>	<u>1,037,476</u>
Expenses			
Legal and Accounting	56,014	42,099	50,014
Insurance	1,553	1,553	
Other Operating			12
Interest and Fiscal Charges	469,926	545,832	568,890
Project Costs	405,929		
Amortization	30,957	30,957	30,957
Other Non-Operating			25,669
Total Expenses	<u>964,379</u>	<u>620,441</u>	<u>675,542</u>
Changes in Net Assets	(5,634)	(49,870)	361,934
Net assets Beginning of Year	(996,441)	(946,571)	(1,308,505)
Net Assets End of Year	<u>(\$1,002,075)</u>	<u>(\$996,441)</u>	<u>(\$946,571)</u>

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
UNAUDITED
(Continued)**

Capital Assets

As of December 31, 2011 and 2010, the District had \$461,826 invested in project costs for the extension of South Compass Drive. For more information on capital assets, see Note 4 to the basic financial statements.

Long-Term Debt

The outstanding long-term debt for the District as of December 31, 2011 and 2010 was \$4,970,050 and \$5,340,050, respectively. These balances reflect a reduction of \$370,000 from the previous year's balance. Table 3 summarizes long term portion of the outstanding debt. The water and sewer bonds payable are the same because the water/sewer development fees collected have not been enough to pay down the principal balance.

**Table 3
Debt**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Special Assessment Bonds Payable	\$ 2,770,000	\$ 3,015,000	\$ 3,235,000
Water/Sewer Bonds Payable	645,050	645,050	645,050
Intergovernmental Payable	1,555,000	1,680,000	1,800,000

Additional information concerning the District's debt can be found in Note 5 to the basic financial statements.

Management Plans for Financial Difficulty

The accompanying financial statements have been prepared assuming the District will continue as a going concern. The District has been unable to make some of the scheduled principal and interest payments on its debt obligations. Accordingly, there is substantial doubt about its ability to continue as a going concern. Management's plans in regards to these matters are discussed in Note 9 to the financial statements.

Contacting the District's Financial Management

This financial report is intended to provide our citizens, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the revenue it receives. If you have questions about this report or need additional financial information, contact Ed Ceika, Secretary/Treasurer at the Rossford, Ohio Transportation Improvement District, 133 Osborne St., Rossford, Ohio 43460-1236.

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**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**Statement of Net Assets
Proprietary Fund
December 31, 2011 and 2010**

	2011	2010
Assets		
<i>Current Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	\$1,560	\$10,217
Assessments Receivable	502,149	436,115
Interest Receivable	456,749	409,841
<i>Total Current Assets</i>	960,458	856,173
<i>Noncurrent Assets:</i>		
Unamortized Bond Issue Costs	262,509	293,466
Project Costs	461,826	461,826
Assessments Receivable	4,318,864	4,667,425
<i>Total Noncurrent Assets</i>	5,043,199	5,422,717
<i>Total Assets</i>	\$6,003,657	\$6,278,890
Liabilities		
<i>Current Liabilities</i>		
Accounts Payable	\$8,138	\$18,008
Loans Payable	20,000	20,000
Intergovernmental Payable	170,534	152,827
Special Assessment Bonds Payable	321,184	267,180
Water/Sewer Bonds Payable	641,800	641,800
Accrued Interest Payable	874,026	835,466
<i>Total Current Liabilities</i>	2,035,682	1,935,281
<i>Long-Term Liabilities:</i>		
Special Assessment Bonds Payable	2,770,000	3,015,000
Water/Sewer Bonds Payable	645,050	645,050
Intergovernmental Payable	1,555,000	1,680,000
<i>Total Long-Term Liabilities</i>	4,970,050	5,340,050
<i>Total Liabilities</i>	7,005,732	7,275,331
Net Assets		
Invested in Capital Assets	461,826	461,826
Unrestricted (Deficit)	(1,463,901)	(1,458,267)
<i>Total Net Assets</i>	(\$1,002,075)	(\$996,441)

See accompanying notes to the basic financial statements

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Fund
For the Years Ended December 31, 2011 and 2010**

	2011	2010
Operating Revenues		
Lease/City of Rossford	\$4,000	\$3
Operating Expenses		
Legal and Accounting	56,014	42,099
Insurance	1,553	1,553
<i>Total Operating Expenses</i>	57,567	43,652
<i>Operating Loss</i>	(53,567)	(43,649)
Non-Operating Revenues (Expenses)		
Interest Income	490,646	520,043
Interest and Fiscal Charges	(469,926)	(545,832)
ODOD Grant	460,709	46,487
Project Costs	(405,929)	
Amortization	(30,957)	(30,957)
Water/Sewer Development Fees	3,390	4,038
<i>Total Non-Operating Revenues (Expenses)</i>	47,933	(6,221)
<i>Change in Net Assets</i>	(5,634)	(49,870)
<i>Net Assets Beginning of Year</i>	(996,441)	(946,571)
<i>Net Assets End of Year</i>	(\$1,002,075)	(\$996,441)

See accompanying notes to the basic financial statements

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

*Statement of Cash Flows
Proprietary Fund
For the Years Ended December 31, 2011 and 2010*

	2011	2010
Decrease in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash Received from Customers	\$4,000	\$3
Cash Payments to Suppliers of Goods or Services	(67,437)	(41,219)
<i>Net Cash Used in Operating Activities</i>	<i>(63,437)</i>	<i>(41,216)</i>
Cash Flows from Noncapital Financing Activities		
ODOD Grant	460,709	46,487
Cash Flows from Capital and Related Financing Activities		
Payment of Intergovernmental Payable	(107,293)	(101,492)
Payment of Special Assessment Debt	(190,996)	(181,108)
Project Costs	(405,929)	
Water/Sewer Tap-In Fees	3,390	4,038
Special Assessments	726,265	737,348
Interest Paid on all debt	(431,366)	(526,537)
<i>Net Cash Used in Capital and Related Financing Activities</i>	<i>(405,929)</i>	<i>(67,751)</i>
Cash Flows from Investing Activities		
Interest Received		3
<i>Net Decrease in Cash and Cash Equivalents</i>	<i>(8,657)</i>	<i>(62,477)</i>
<i>Cash and Cash Equivalents Beginning of Year</i>	<i>10,217</i>	<i>72,694</i>
<i>Cash and Cash Equivalents End of Year</i>	<i>\$1,560</i>	<i>\$10,217</i>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating Loss	(\$53,567)	(\$43,649)
Adjustments:		
Increase (Decrease) in Accounts Payable	(9,870)	2,433
<i>Net Cash Used in Operating Activities</i>	<i>(\$63,437)</i>	<i>(\$41,216)</i>

See accompanying notes to the basic financial statements

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**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Rossford, Ohio Transportation Improvement District (the District) is presented to assist in understanding the entity's financial statements. The financial statements and notes are representations of the entity's management and board who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles for governmental agencies including those principles prescribed by the Governmental Accounting Standard Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of States, Local Governments* and by The Financial Accounting Standards Board (FASB) (when applicable). The above policies have been consistently applied in the preparation of the financial statements.

A. Reporting Entity

The Rossford, Ohio Transportation Improvement District, Wood County, is a body corporate and politic established to finance and construct roads and water and sewer lines for the Crossroads of America Project (the Crossroads Project) in the City of Rossford. The District was formed under the Ohio Revised Code Chapter 5540, by action of the Board of Wood County Commissioners on May 20, 1997.

An amendment made to the By-Laws on September 6, 2002 states the Board shall consist of ten members. The members shall be appointed as follows: two (2) members shall be appointed by the County Commissioners; three (3) voting members by the legislative authority of the most populous municipal corporation to the District; two (2) voting members by the Township Trustees in the County that is most populous in its unincorporated area. The County Engineer shall also be a voting member. Two (2) non-voting members shall include the members of the General Assembly in whose legislative district the District is located.

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

B. Basis of Accounting

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, provided they do not conflict with or contradict GASB pronouncements.

Basis of accounting determines when transactions are recorded in the financial statements. The District's financial statements are prepared using the accrual basis of accounting.

The District's financial statements consist of a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flows.

The District uses a single fund 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.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. Nonexchange transactions, in which the District receives value without directly giving equal value in return, include grants and donations. Revenue from grants and donations is recognized in the year in which all eligibility requirements have been satisfied.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus

The fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets. The statement of revenues, expenses, and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its activity.

D. Unamortized Bond Issuance Costs

The District incurred issuance costs related to the special assessment bonds, this amount is reported on the balance sheet as unamortized bond costs. The District amortizes this amount over 20 years using the straight line method. The current year amount is reported as amortization on the operating statement.

E. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets less any outstanding capital related debt. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The District did not have any restricted net assets for 2011 and 2010.

F. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Depreciation is computed using the straight-line method over a useful life of 40 years for roads.

G. Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the District, these revenues are lease income and miscellaneous reimbursements. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the District.

Non-operating revenues and expenses are those that are not generated directly by the District's primary mission. Intergovernmental grants, interest earnings, and water/sewer development fees comprise the non-operating revenues of the District. Non-operating expenses are comprised of interest and fiscal charges, amortization, and other expenses consisting of distribution of water/sewer development fees.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Statement of Cash Flows

For the purposes of the statement of cash flows, the district considers all short term investments with a maturity of three months or less at the time they are acquired to be cash equivalents.

J. Trust Officer

Effective August 1, 2000, in accordance with the special assessment bond trust agreement, U.S. Bank (formerly First Star Bank) was appointed Trust Officer to receive and disburse all District funds. Amounts held by the trustee are shown as Cash with Trustee on the balance sheet.

NOTE 2: CASH

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry zero-coupon United States treasury security that is a direct obligation of 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;

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

NOTE 2: CASH (Continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC). 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 December 31, 2011 and 2010, none of the District's bank balance was exposed to custodial credit risk.

The District has no deposit policy for custodial credit 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

At December 31, 2011 and 2010, the District had no balance in its money market mutual funds.

NOTE 3 - RECEIVABLES

Receivables at December 31, 2011 and 2010, consisted of special assessments and accrued interest. Special assessments receivable in the amounts of \$4,318,863 and \$4,667,425 at December 31, 2011 and 2010, respectively, will not be received within one year. At December 31, 2011 and 2010, the amount of delinquent special assessments were \$153,588 and \$119,960, respectively.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2011 and 2010 was as follows:

	Balance 01/01/11	Additions	Deletions	Balance 12/31/11
Capital Assets:				
Project Costs	\$ 461,826			\$ 461,826
	Balance 01/01/10	Additions	Deletions	Balance 12/31/10
Capital Assets:				
Project Costs	\$ 461,826			\$ 461,826

The capital assets, consisting of project costs for the extension of south compass drive, will be transferred off the balance sheet after the District's planned dedication to the City of Rossford.

NOTE 5: LONG-TERM BONDS PAYABLE

Long-term debt activity during 2011 was as follows:

	Interest Rate	Balance 01/01/11	Retired	Balance 12/31/11	Due Within One Year
Special Assessment Bonds:					
Perrysburg Township	8.5%	\$3,282,180	(\$190,996)	\$3,091,184	\$321,184
Water and Sewer Bonds:					
Perrysburg Township	7.0%	\$1,286,850		\$1,286,850	\$641,800
Total Long-Term Bonds		\$4,569,030	(\$190,996)	\$4,378,034	\$962,984

Long-term debt activity during 2010 was as follows:

	Interest Rate	Balance 01/01/10	Retired	Balance 12/31/10	Due Within One Year
Special Assessment Bonds:					
Perrysburg Township	8.5%	\$3,463,288	(\$181,108)	\$3,282,180	\$267,180
Water and Sewer Bonds:					
Perrysburg Township	7.0%	\$1,286,850		\$1,286,850	\$641,800
Total Long-Term Bonds		\$4,750,138	(\$181,108)	\$4,569,030	\$908,980

Special Assessment Bond debt service to maturity, including interest, as of December 31, 2011 is as follows:

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

NOTE 5: LONG-TERM BONDS PAYABLE (Continued)

<u>Year Ending December 31:</u>	<u>Assessment Bond Principal</u>	<u>Assessment Interest Payable</u>	<u>Total</u>
2012	\$321,184	\$256,275	\$577,459
2013	255,000	235,450	490,450
2014	280,000	213,775	493,775
2015	300,000	189,975	489,975
2016	330,000	164,475	494,475
2017-2020	1,605,000	354,450	1,959,450
Total	<u>\$3,091,184</u>	<u>\$1,414,400</u>	<u>\$4,505,584</u>

Special Assessment Bonds will be repaid from special assessments collected. The bond agreements provide that 64.16% of special assessment collections will be used to pay bond interest and principal. The remaining 35.84% is paid to the City of Rossford (See Note 7).

Water and Sewer Bond debt service to maturity, including interest, as of December 31, 2011 is as follows:

<u>Year Ending December 31:</u>	<u>Water and Sewer Bond Principal</u>	<u>Water and Sewer Bond Interest Payable</u>	<u>Total</u>
2012	\$641,800	\$862,485	\$1,504,285
2013		40,950	40,950
2014	360,680	40,950	401,630
2015	284,370	20,475	304,845
Total	<u>\$1,286,850</u>	<u>\$964,860</u>	<u>\$2,251,710</u>

The 2012 interest payable includes interest accrued from prior years that hasn't been paid. The Water and Sewer Bonds will be repaid from future tap-in fees. The bond agreements provide that 68.2% of tap-in fees collected will be used to pay bond interest and principal. Principal payment in the amount of \$641,800 that was due December 31, 2010 was not paid (see note 9). The remaining principal and interest payments are to be made as tap-in fees are collected. Tap-in fees collected in 2011 and 2010 were \$3,390 and \$4,038, respectively.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

NOTE 5: LONG-TERM BONDS PAYABLE (Continued)

	2011	2010
Accrued interest, January 1	\$ 835,466	\$ 816,171
Plus: Interest expense:		
Special Assessments Bonds	274,976	291,976
Water and Sewer Bonds	40,950	90,080
Lease Purchase	153,000	162,776
Note Payable	1,000	1,000
Total interest expense	469,926	545,832
Less: Interest paid:		
Special Assessments Bonds	274,976	291,976
Water and Sewer Bonds	3,390	71,785
Lease Purchase	153,000	162,776
Total paid	431,366	526,537
Total accrued interest at December 31	\$ 874,026	\$ 835,466

NOTE 6: SPECIAL ASSESSMENTS

The District can assess property benefiting from the roads the District has constructed. The District can assess owners up to 10% of the assessable value of the property. During 2000, the District determined the value of the assessable property to be \$179,173,850. In April 2000, the District levied \$7,053,116 in assessments. Owners not paying the assessment when levied may make payments over twenty years with interest at the rate of 8½ percent. Properties with delinquent taxes had been either foreclosed or sold resulting in the collection of delinquent taxes.

NOTE 7: LEASE-PURCHASE

On September 1, 2000, Rossford City entered in a twenty-year lease-purchase agreement with the District for the water and sewer lines in the crossroads project area. Lease payments made in September 2000, were \$600,042. The City owes additional \$1 annual payments through 2020 but may elect to prepay these amounts. As part of this transaction, the District agreed to pay 31.8% of future tap-in fees to the City. Title to the water and sewer line will pass to the City at the end of the lease. The City is responsible for all costs associated with maintaining the water and sewer lines over the term of the lease.

On August 1, 2000, Rossford City entered into a twenty-year lease-purchase agreement with the District. Lease payments made in August 2000 were \$2,550,000. The City owes \$1 annual payments through 2020, but may elect to prepay these amounts. As part of this transaction, the District agreed to pay 35.84% of special assessment collections to the City. Title to the north-south collector boulevard from the intersection of State Route 795 and Simmons Road in Wood County, Ohio, extending south commencing at State Route 795 and terminating at US 20 and the east-west road currently known as "Bass Pro Drive" will pass to the City at the end of the lease. The City is responsible for all costs associated with maintaining these roads over the term of the lease.

An intergovernmental payable and a corresponding expense have been recognized in the financial statements which represent the future principal amounts of special assessments which will be paid to the City of Rossford under this agreement.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

NOTE 8: NOTE PAYABLE

The District received a Grant Anticipation Note from the Wood County Port Authority (formerly known as Northern Wood County Port Authority) in the amount of \$50,000 plus a \$1,500 loan origination fee. The interest rate is 5% per annum. At the end of 2011, the loan balance was \$20,000.

NOTE 9: MANAGEMENT PLANS FOR FINANCIAL DIFFICULTY

A. Long-Term Debt (Note 5)

The District has been unable to make the scheduled interest payments on the water and sewer bonds and have accrued interest in the amount of \$821,535 as of December 31, 2011. In addition, the District was unable to make its scheduled principal payment of \$641,800 due December 31, 2010. This debt is to be paid from water/sewer development fees, which have been insufficient to cover the scheduled debt payments. Negotiations with the owner of the bonds have been ongoing. As of December 31, 2011, the bondholder had agreed to take no action at this time. A study was performed for alternative sources of revenue to assist in making payments in the future, however, it was determined from the study there are no practical and legal alternatives.

As of December 31, 2011, the District was in arrears in the amount of \$299,050 on its scheduled principal payments on the special assessment bonds. This debt is to be paid from assessments on property owners benefitting from road improvements.

B. Note Payable (Note 8)

The District has been unable to make the principal and interest payments on the note received from the Wood County Port Authority (the Port Authority). The Port Authority has extended the note until July 1, 2013.

NOTE 10: 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 officials and natural disasters. The District contracted with Philadelphia Insurance Companies for Directors and Officers Liability coverage in the amount of \$1,000,000 per occurrence and in the aggregate. There have been no significant reductions in insurance coverage from the prior year, and no insurance settlement has exceeded insurance coverage during the last three years.



Dave Yost • Auditor of State

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

Rossford Transportation Improvement District
Wood County
133 Osborne Street
Rossford, Ohio 43460-1236

To the Board of Trustees:

We have audited the basic financial statements of Rossford Transportation Improvement District, Wood County, Ohio (the District), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated September 13, 2012. Our report expressed substantial doubt about the District's ability to continue as a going concern. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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 matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated September 13, 2012.

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

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

Dave Yost
Auditor of State

September 13, 2012



Dave Yost • Auditor of State

ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT

WOOD 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
OCTOBER 2, 2012