



Dave Yost • Auditor of State

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of Rossford Transportation Improvement District, Wood County, Ohio (the District), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

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, 2013 and 2012, and the changes in its financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

The accompanying financial statements have been prepared assuming the District will continue as a going concern. As discussed in Note 10 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 10. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in Note 2 to the financial statements, during the year ended December 31, 2012, the District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. In addition, Note 2 describes a restatement to the beginning net position. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

May 29, 2014

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
UNAUDITED**

The discussion and analysis of the Rossford Transportation Improvement District's (the District) financial performance provides an overall review of the District's financial activities for the years ended December 31, 2013 and 2012. 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 three parts, management's discussion and analysis, the financial statements and the notes to the financial statements. These statements are organized so the reader can understand the Academy's financial activities. The *statement of net position* and *statement of revenues, expenses and changes in net position* provide information about the activities of the District, including all short-term and long-term financial resources and obligations. Since the District only uses one fund for its operations, the entity-wide and the fund presentation information is the same.

Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net position and the Statement of Cash Flows

These documents look at all financial transactions to determine how well the District has performed financially through December 31, 2013. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the District's *net position* and changes in that position. This change in net position tells the reader whether, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

The statement of cash flows provides information about how the District finances and meets the cash flow needs of its operations.

This section contains a condensed comparison of assets, liabilities and net position and explanations for significant differences. Table 1 provides a summary of the District's net assets for 2013, 2012, and 2011.

**Table 1
Net Position**

	2013	2012	2011
Capital Assets	\$ 461,826	\$ 461,826	\$ 461,826
Current Assets	1,238,389	1,039,272	960,458
Noncurrent assets	3,510,898	3,934,576	4,581,373
<i>Total Assets</i>	<u>5,211,113</u>	<u>5,435,674</u>	<u>6,003,657</u>
Current Liabilities	3,569,134	2,905,818	2,035,682
Long-Term Liabilities	3,774,370	4,570,050	4,970,050
<i>Total Liabilities</i>	<u>7,343,504</u>	<u>7,475,868</u>	<u>7,005,732</u>
Net Investment in Capital Assets	461,826	461,826	461,826
Restricted for Debt Service	103,187		
Unrestricted (Deficit)	(2,697,404)	(2,502,020)	(1,463,901)
<i>Total Net Position</i>	<u>\$ (2,132,391)</u>	<u>\$ (2,040,194)</u>	<u>\$ (1,002,075)</u>

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
UNAUDITED
(Continued)**

Total assets in 2013 decreased by \$224,561, caused by the reduction in assessments receivable due to payments received. Total liabilities in 2013 decreased by \$132,364 due to reduction of bonds and intergovernmental payable.

Total assets in 2012 decreased by \$567,983. The decrease is due to the reduction in assessments receivable. Total liabilities in 2012 increased by \$470,136 due to a correction in bonds and intergovernmental payable.

Table 2 shows the changes in net position for the years ended December 31, 2013, 2012 and 2011. Total net position decreased by \$92,197 in 2013 and decreased \$83,430 in 2012. The change in 2012 was caused by a reduction in grants received from the Ohio Department of Development (ODOD).

**Table 2
Revenues and Expenses**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Receipts			
Lease/City of Rossford	\$4,000	\$4,000	\$4,000
Interest Income	422,514	458,240	490,646
ODOD Grant	19,115	29,560	460,709
Water/Sewer Development Fees			3,390
Total Receipts	<u>445,629</u>	<u>491,800</u>	<u>958,745</u>
Expenses			
Legal and Accounting	15,298	22,422	56,014
Insurance		1,814	1,553
Other Operating		21	
Interest and Fiscal Charges	521,915	550,973	469,926
Project Costs	613		405,929
Amortization			30,957
Total Expenses	<u>537,826</u>	<u>575,230</u>	<u>964,379</u>
Changes in Net Assets	(92,197)	(83,430)	(5,634)
Net Position Beginning of Year (Restated - 2012)	(2,040,194)	(1,956,764)	(996,441)
Net Position End of Year	<u><u>(\$2,132,391)</u></u>	<u><u>(\$2,040,194)</u></u>	<u><u>(\$1,002,075)</u></u>

Capital Assets

As of December 31, 2013 and 2012, the District had \$461,826 invested in project costs for the extension of South Compass Drive. For more information on capital assets, see Note 6 to the basic financial statements.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
UNAUDITED
(Continued)**

Long-Term Debt

The outstanding long-term debt for the District as of December 31, 2013 and 2012 was \$3,774,370 and \$4,570,050, respectively. The 2013 balance reflects a reduction of \$795,680 from the previous year's balance. Table 3 summarizes the long-term portion of the outstanding debt. The water and sewer bonds payable are the same in 2012 because the water/sewer development fees collected have not been enough to pay down the principal balance. 2013 reflects a reduction because there is a payment due in 2014 that is considered short-term.

**Table 3
Debt**

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Special Assessment Bonds Payable	\$ 2,235,000	\$ 2,515,000	\$ 2,770,000
Water/Sewer Bonds Payable	284,370	645,050	645,050
Intergovernmental Payable	1,255,000	1,410,000	1,555,000
	<u>\$ 3,774,370</u>	<u>\$ 4,570,050</u>	<u>\$ 4,970,050</u>

Additional information concerning the District's debt can be found in Note 7 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 10 to the basic 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, Administrative Agent at the Rossford Transportation Improvement District, 133 Osborne Street, Rossford, Ohio 43460-1236.

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**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**Statement of Net Position
Proprietary Fund
December 31, 2013 and 2012**

	2013	2012
Assets		
<i>Current Assets:</i>		
Cash and Cash Equivalents	\$13,104	\$15,984
Cash with Trustee	103,187	
Assessments Receivable	622,070	552,385
Interest Receivable	500,028	470,903
<i>Total Current Assets</i>	1,238,389	1,039,272
<i>Noncurrent Assets:</i>		
Project Costs	461,826	461,826
Assessments Receivable	3,510,898	3,934,576
<i>Total Noncurrent Assets</i>	3,972,724	4,396,402
<i>Total Assets</i>	5,211,113	5,435,674
Liabilities		
<i>Current Liabilities</i>		
Accounts Payable	\$3,175	\$13,259
Loans Payable	20,000	20,000
Intergovernmental Payable	522,513	453,010
Special Assessment Bonds Payable	886,726	810,133
Water/Sewer Bonds Payable	1,002,480	641,800
Accrued Interest Payable	1,134,240	967,616
<i>Total Current Liabilities</i>	3,569,134	2,905,818
<i>Long-Term Liabilities:</i>		
Special Assessment Bonds Payable	2,235,000	2,515,000
Water/Sewer Bonds Payable	284,370	645,050
Intergovernmental Payable	1,255,000	1,410,000
<i>Total Long-Term Liabilities</i>	3,774,370	4,570,050
<i>Total Liabilities</i>	7,343,504	7,475,868
Net Position		
Net Investment in Capital Assets	461,826	461,826
Restricted for Debt Service	103,187	
Unrestricted (Deficit)	(2,697,404)	(2,502,020)
<i>Total Net Position</i>	(\$2,132,391)	(\$2,040,194)

See accompanying notes to the basic financial statements

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

***Statement of Revenues,
Expenses and Changes in Net Position
Proprietary Fund
For the Years Ended December 31, 2013 and 2012***

	2013	2012
Operating Revenues		
Lease/City of Rossford	\$4,000	\$4,000
Operating Expenses		
Legal and Accounting	15,298	22,422
Insurance		1,814
Other		21
<i>Total Operating Expenses</i>	15,298	24,257
<i>Operating Loss</i>	(11,298)	(20,257)
Non-Operating Revenues (Expenses)		
Interest Income	422,514	458,240
Interest and Fiscal Charges	(521,915)	(550,973)
ODOD Grant	19,115	29,560
Project Costs	(613)	
<i>Total Non-Operating Revenues (Expenses)</i>	(80,899)	(63,173)
<i>Change in Net Position</i>	(92,197)	(83,430)
<i>Net Position Beginning of Year (Restated - 2012)</i>	(2,040,194)	(1,956,764)
<i>Net Position End of Year</i>	(\$2,132,391)	(\$2,040,194)

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, 2013 and 2012*

	2013	2012
Increase in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash Received from Customers	\$4,000	\$4,000
Cash Payments to Suppliers of Goods or Services	(25,382)	(19,136)
<i>Net Cash Used in Operating Activities</i>	(21,382)	(15,136)
Cash Flows from Noncapital Financing Activities		
ODOD Grant	19,115	29,560
Cash Flows from Capital and Related Financing Activities		
Payment of Intergovernmental Payable	(32,500)	(136,085)
Payment of Special Assessment Debt	(244,070)	(242,978)
Project Costs	(613)	
Special Assessments	747,381	778,138
Interest Paid on all debt	(367,624)	(399,075)
<i>Net Cash from Capital and Related Financing Activities</i>	102,574	0
<i>Net Increase in Cash and Cash Equivalents</i>	100,307	14,424
<i>Cash and Cash Equivalents Beginning of Year</i>	15,984	1,560
<i>Cash and Cash Equivalents End of Year</i>	\$116,291	\$15,984
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating Loss	(\$11,298)	(\$20,257)
Adjustments:		
Increase (Decrease) in Accounts Payable	(10,084)	5,121
<i>Net Cash Used in Operating Activities</i>	(\$21,382)	(\$15,136)

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, 2013 AND 2012**

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 that 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.

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 position, a statement of revenue, expenses and changes in net position, 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, 2013 AND 2012
(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 position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its activity.

D. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its 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. Net position has been restricted for amounts held for debt service.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

E. 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.

F. Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For the District, these revenues consist of lease income. 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 project costs.

G. 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, 2013 AND 2012
(Continued)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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.

I. 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 statement of net assets.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

A. Change in Accounting Principles

For fiscal year 2012, the Academy has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions-an amendment of GASB Statement 53", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

**NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION
(Continued)**

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the Academy's financial statements to incorporate the concept of net position.

GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this statement did not result in any change to the District's financial statements.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 resulted in a reduction of beginning net position by \$262,509.

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

B. Restatement of Net Position

A restatement of net position was required due to a change in the allocation of debt payments between principal and interest and debt liabilities based on a confirmation with the Debt Trustee and due to the implementation of GASB Statement No. 65 and the elimination of unamortized bond issuance costs. The restatements had the following effect on net position.

Net Position at December 31, 2011	\$ (1,002,075)
Change in Debt Liabilities	(692,180)
Elimination of Unamortized Bond Issuance Costs	<u>(262,509)</u>
Adjusted Net Position at December 31, 2011	<u><u>\$ (1,956,764)</u></u>

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

NOTE 3 - 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;
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.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

NOTE 3 – CASH (Continued)

Deposits

Custodial credit risk for deposits is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2013 and 2012, 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, 2013, the District had \$103,187 invested in federal securities and no investments as of December 31, 2012.

NOTE 4 - 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.

NOTE 5 - RECEIVABLES

Receivables at December 31, 2013 and 2012, consisted of special assessments and accrued interest. Special assessments receivable in the amounts of \$3,510,897 and \$3,934,575 at December 31, 2013 and 2012, respectively, will not be received within one year. At December 31, 2013 and 2012, the amount of delinquent special assessments were \$198,393 and \$168,097, respectively.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2013 and 2012 was as follows:

	Balance 01/01/12	Additions	Deletions	Balance 12/31/12
Capital Assets:				
Project Costs	\$ 461,826			\$ 461,826
	Balance 01/01/13	Additions	Deletions	Balance 12/31/13
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.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

NOTE 7 - BONDS PAYABLE

Long-term debt activity during 2013 was as follows:

	<u>Interest Rate</u>	<u>Balance 01/01/13</u>	<u>Retired</u>	<u>Balance 12/31/13</u>	<u>Due Within One Year</u>
Special Assessment Bonds:					
Perrysburg Township	8.5%	\$3,325,133	(\$203,407)	\$3,121,726	\$886,726
Water and Sewer Bonds:					
Perrysburg Township	7.0%	1,286,850		1,286,850	1,002,480
Total Long-Term Bonds		<u>\$4,611,983</u>	<u>(\$203,407)</u>	<u>\$4,408,576</u>	<u>\$1,889,206</u>

Long-term debt activity during 2012 was as follows:

	<u>Interest Rate</u>	<u>Balance 01/01/12 (Restated)</u>	<u>Retired</u>	<u>Balance 12/31/12</u>	<u>Due Within One Year</u>
Special Assessment Bonds:					
Perrysburg Township	8.5%	\$3,531,215	(\$206,082)	\$3,325,133	\$810,133
Water and Sewer Bonds:					
Perrysburg Township	7.0%	1,286,850		1,286,850	641,800
Total Long-Term Bonds		<u>\$4,818,065</u>	<u>(\$206,082)</u>	<u>\$4,611,983</u>	<u>\$1,451,933</u>

Special Assessment Bond debt service to maturity, including interest, as of December 31, 2013 is as follows:

<u>Year Ending December 31:</u>	<u>Assessment Bond Principal</u>	<u>Assessment Interest Payable</u>	<u>Total</u>
2014	\$886,726	\$213,775	\$1,100,501
2015	300,000	189,975	489,975
2016	330,000	164,475	494,475
2017	355,000	136,425	491,425
2018	385,000	106,250	491,250
2019-2020	865,000	111,775	976,775
Total	<u>\$3,121,726</u>	<u>\$922,675</u>	<u>\$4,044,401</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 4).

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

NOTE 7 - BONDS PAYABLE (Continued)

Water and Sewer Bond debt service to maturity, including interest, as of December 31, 2013 is as follows:

Year Ending December 31:	Water and Sewer Bond Principal	Water and Sewer Bond Interest Payable	Total
2014	\$1,002,480	\$1,140,898	\$2,143,378
2015	284,370	45,040	329,410
Total	<u>\$1,286,850</u>	<u>\$1,185,938</u>	<u>\$2,472,788</u>

The 2014 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 10). The remaining principal and interest payments are to be made as tap-in fees are collected. No tap-in fees were received in 2013 and 2012.

	2013	2012
Accrued interest, January 1	\$ 967,616	\$ 874,026
Plus: Interest expense:		
Special Assessments Bonds	276,113	293,171
Water and Sewer Bonds	90,080	92,590
Lease Purchase	154,722	164,212
Note Payable	1,000	1,000
Total interest expense	<u>521,915</u>	<u>550,973</u>
Less: Interest paid:		
Special Assessments Bonds	276,113	293,171
Lease Purchase	79,178	164,212
Total paid	<u>355,291</u>	<u>457,383</u>
Total accrued interest at December 31	<u>\$ 1,134,240</u>	<u>\$ 967,616</u>

NOTE 8 - 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.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

NOTE 8 - LEASE-PURCHASE (Continued)

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.

NOTE 9 - NOTE PAYABLE

The District received a Grant Anticipation Note from the 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 2013, the loan balance was \$20,000.

NOTE 10 - MANAGEMENT PLANS FOR FINANCIAL DIFFICULTY

A. Long-Term Debt (Note 7)

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 \$1,134,240 as of December 31, 2013. 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, 2013, 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, 2013, the District was in arrears in the amount of \$974,239 on its scheduled principal payments on the special assessment bonds and intergovernmental payable. This debt is to be paid from assessments on property owners benefitting from road improvements.

B. Note Payable (Note 9)

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, 2015.

NOTE 11 - 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.

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INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Rossford Transportation Improvement District, Wood County, Ohio (the District) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 29, 2014. Our report expressed substantial doubt about the District's ability to continue as a going concern. We also noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities* and restated beginning net position.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

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

Entity's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

May 29, 2014

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Administrative Agent and Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The following adjustments and reclassifications are included in the accompanying 2013 and 2012 financial statements:

- Prior audit adjustments were not posted to the current compilation ranging in amounts of \$49,130 to \$871,004.
- Correction of principal and interest payment amounts and debt liabilities in amounts ranging from \$2,510 to \$75,544.
- Bond issuance costs were amortized contrary with the adoption of GASB 65, which resulted in the reduction of beginning net position in 2012 in the amount of \$262,509.
- Reclassification from unrestricted net position to restricted for debt service for balance of cash with trustee of \$103,187 as of December 31, 2013.

We recommend the District adopt policies and procedures, including a final review of the statements by the Administrative Agent and Board, to identify and correct errors and omissions. The Administrative Agent should also review the District's statements to ensure all transactions are being properly posted to the financial statements.

Officials' Response:

The District will implement procedures to prevent future reporting weaknesses.

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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
JUNE 12, 2014**