



**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Balance Sheet - For the Years Ended December 31, 2000 and 1999	3
Statement of Expenses and Changes in Accumulated Deficit - For the Years Ended December 31, 2000 and 1999	4
Statement of Cash Flows - For the Years Ended December 31, 2000 and 1999	5
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying general-purpose financial statements of the Rossford Transportation Improvement District, Wood County, (the District) as of and for the years ended December 31, 2000 and 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Rossford Transportation Improvement District, Wood County, as of December 31, 2000 and 1999, and the results of its operations and the 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, the District has suffered recurring operating losses, has a net capital deficiency, and has been unable to pay debt obligations when due. As discussed in Note 5, several property owners have filed lawsuits and administrative complaints challenging special assessment property valuations, the outcome of which cannot be presently determined. Accordingly, there is substantial doubt about its ability to continue as a going concern. Management's plans regarding 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 June 26, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jim Petro
Auditor of State

June 26, 2001

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**BALANCE SHEET
AS OF DECEMBER 31, 2000 AND 1999**

	2000	1999
Assets:		
Current:		
Cash and Cash Equivalents	\$409	\$172,228
Restricted Cash and Cash Equivalents	181,496	
Receivables:		
Special Assessments	62,219	
Interest	372,294	
Grants		229,945
Total Current Assets	616,418	402,173
Infrastructure		8,482,706
Other Assets		
Unamortized Bond Costs	454,949	
Special Assessment Receivable	6,785,184	
Total Non-Current Assets	7,240,133	
Total Assets	\$7,856,551	\$8,884,879
Liabilities:		
Current:		
Accounts Payable	\$594,011	\$1,100,973
Loans Payable	5,000	
Accrued Interest	332,382	
Intergovernmental Payable	22,229	
Accrued Wages and Benefits Payable		4,179
Retainage Payable		13,925
Special Assessment Notes Payable		6,083,672
Water and Sewer Revenue Note Payable		1,245,005
Total Current Liabilities	953,622	8,447,754
Long Term:		
Intergovernmental Payable	2,431,880	
Special Assessment Bonds Payable	4,565,000	
Water and Sewer Revenue Bond Payable	1,286,850	
Total Long-Term Liabilities	8,283,730	
Total Liabilities	9,237,352	8,447,754
Equity:		
Retained Earnings (Accumulated Deficit)	(2,381,251)	(563,325)
Contributed Capital	1,000,450	1,000,450
Total Equity (Deficit)	(1,380,801)	437,125
Total Liabilities and Equity (Deficit)	\$7,856,551	\$8,884,879

The notes to the financial statements are an integral part of this statement.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**STATEMENT OF EXPENSES AND CHANGES IN ACCUMULATED DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	2000	1999
Operating Expenses:		
Administration	\$96,892	\$75,192
Total Operating Expenses	96,892	75,192
Operating (Loss)	(96,892)	(75,192)
 Non-Operating Revenues (Expenses):		
Payment to the Rossford Arena Amphitheater Authority		(250,000)
Amortization	(9,675)	
interest Expense	(332,382)	
Special Assessments	7,053,116	
Interest Income	377,155	
Assignment of Special Assessments	(2,454,109)	
Loss on Sale of Infrastructurre	(6,355,139)	
Total Non-Operating Revenues (Expenses)	(1,721,034)	(250,000)
Net income/(Loss)	(1,817,926)	(325,192)
 Retained Earnings (Accumulated Deficit), January 1	(563,325)	(238,133)
Retained Earnings (Accumulated Deficit), December 31	(2,381,251)	(563,325)

The notes to the financial statements are an integral part of this statement.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	2000	1999
Cash Flows From Operations:		
Operating Loss	(\$96,892)	(\$75,192)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operations:		
Increase in Accounts Payable	31,692	
Decrease in Accrued Wages	(4,179)	439
Net Cash Used by Operations	(69,379)	(74,753)
Cash Flows From Capital Financing Activities:		
Infrastructure Construction	(1,533,209)	(1,407,192)
Proceeds of Special Assessment Bonds	4,565,000	
Payment of Special Assessment Notes	(6,083,672)	
Bond Costs	(464,624)	
Special Assessments	205,713	
Proceeds of sale of infrastructure	3,150,042	
Grants Received	229,945	
Proceeds of Loans	5,000	
Contribution to the Crossroads Project		(250,000)
Construction Grants		520,505
Net Cash Provided/(Used) by Capital Financing Activities	74,195	(1,136,687)
Cash Flows From Investing Activities		
Interest Received	4,861	39,517
Net Cash Provided by Investing Activities	4,861	39,517
Net Increase/(Decrease) in Cash and Cash Equivalents	9,677	(1,171,923)
Cash and Cash Equivalents, January 1	172,228	1,344,151
Cash and Cash Equivalents, December 31	\$181,905	\$172,228

The notes to the financial statements are an integral part of this statement.

Fiscal year 2000 non-cash capital financing transaction

The District replaced water and sewer notes in the amount of \$1,245,005 and acquired infrastructure costing \$41,845 through the issuance of bonds in the amount of \$1,286,850.

This page intentionally left blank.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Rossford Transportation Improvement District (the District) is a body corporate and politic, created 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.

The Board of Wood County Commissioners appointed five members of the District's seven member Board of Trustees. The Speaker of the House of Representatives and the President of the Senate of the Ohio General Assembly each appointed one additional nonvoting trustee. The Board of Wood County Commissioners has the authority to remove Board members with or without cause.

Since Wood County appoints a voting majority of the District's Board and can remove them without cause, the District is included as a component unit in the County's financial statements.

B. Basis of Presentation

The District uses an economic resources measurement focus. This measurement focus provides that all assets and liabilities associated with its operation be included on the balance sheet. The District uses the accrual basis of accounting. The operating statements present increases (i.e., revenues and contributed capital) and decreases (i.e., expenses) in net total assets. Revenues are recognized when earned and expenses are recognized when incurred.

The District follows Governmental Accounting Standards Board (GASB) guidance applicable to proprietary operations and Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

C. Infrastructure

Roads and sewer lines (infrastructure) acquired or constructed for the Crossroads of America Project are capitalized at cost. Assets valued at less than \$1,000 are not capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost.

The District capitalizes costs associated with planning, developing, engineering and constructing infrastructure.

D. Deferred Charges

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.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

F. Contributed Capital

The District records grants restricted to capital construction as contributed capital. During the fiscal year ended December 31, 2000, there were no additions in contributed capital. During fiscal year ended December 31, 1999, additions to contributed capital totaled \$750,450.

G. Capitalizing Interest

The District has capitalized all interest incurred prior to the sale of its infrastructure as part of infrastructure cost. The District offset this expense with interest earned on its debt proceeds.

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, First Star Bank was appointed Trust Officer to receive and disburse all District funds. Amounts held by the trustee are shown as restricted assets on the balance sheet.

2. CASH AND CASH EQUIVALENTS

Deposits

2000

At year end, the carrying amount and bank balance of the District's deposits was \$181,905. Federal depository insurance covered \$100,000 of the bank balance, and all remaining deposits were collateralized by financial institution collateral pools.

1999

At year end, the carrying amount of the District's deposits was \$172,228 and the bank balance was \$192,763. Federal depository insurance covered \$100,000 of the bank balance, and all remaining deposits were collateralized by financial institution collateral pools.

3. INFRASTRUCTURE

Summary of changes in infrastructure for fiscal year 2000:

Category	Balance 12/31/99	Additions	Reductions	Balance 12/31/00
Land	\$1,579,908	38,712	\$1,618,620	
Roads and water/sewer lines	6,902,798	983,763	7,886,561	
Totals	<u>\$8,482,706</u>	<u>\$1,022,475</u>	<u>\$9,505,181</u>	

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

Summary of changes in infrastructure for fiscal year 1999:

Category	Balance 12/31/98	Additions	Reductions	Balance 12/31/99
Land	\$1,477,607	\$102,301		\$1,579,908
Roads and water/sewer lines		6,902,798		6,902,798
Construction in progress	4,620,818		(\$4,620,818)	
Totals	\$6,098,425	\$7,005,099	(\$4,620,818)	\$8,482,706

4. LONG-TERM DEBT AND NOTES AND LOANS PAYABLE

Long-term debt activity during 2000 was as follows:

	Interest Rate	Beginning Balance	Issue Amount	Balance at 12/31/00
Special Assessment Bonds				
Perrysburg Township	8.5%		\$4,565,000	\$4,565,000
Water and Sewer Bonds:				
Perrysburg Township	7.0%		1,286,850	1,286,850
Total Long-Term Bonds			\$5,851,850	\$5,851,850

Special Assessment Bond debt service to maturity, including interest, is as follows:

Year Ending December 31	Special Assessment Bond Principal	Special Assessment Bond Interest	Total
2001		\$517,367	\$517,367
2002	105,000	388,025	493,025
2003	110,000	379,100	489,100
2004	120,000	369,750	489,750
2005	135,000	359,550	494,550
2006-2020	4,095,000	3,295,025	7,390,025
Total	\$4,565,000	\$5,308,817	\$9,873,817

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 District was unable to pay the first scheduled interest payment on the special assessment bond, due June 1, 2001 in the amount of \$323,354.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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 payments in the amount of \$641,800 are due December 31, 2010. The remaining principal and interests payments are to be made as tap-in fees are collected. As of December 31, 2000, no tap-in fees have been collected.

The City of Rossford loaned the District \$5,000 in July, 2000. There is no written loan agreement, established due date, or interest rate.

Notes payable outstanding as of December 31, 1999 were:

	Issue Number	Interest Rate	Face Amount	Unearned Discount	Balance 12/31/99
Special Assessment Bond Anticipation Notes:					
Richard Kavanagh	R2,R3	8.49%	\$687,658	\$22,361	\$665,297
Mid Am Bank	R4	8.49%	584,929	19,021	565,908
William K. Miller & Thomas J. Miller	R5	8.49%	200,000	6,504	193,496
First Federal Bank	R6	8.49%	200,000	6,504	193,496
William Olpp	R7	8.49%	25,000	813	24,187
William Ankney	R8	8.49%	25,000	813	24,187
Mid Am Bank	R10	8.00%	4,565,563	148,462	4,417,101
Total Special Assessment Bond Anticipation Notes			6,288,150	204,478	6,083,672
Water and Sewer Revenue Note					
Citizen Savings Bank	R9	8.00%	1,286,850	41,845	1,245,005
			<u>\$7,575,000</u>	<u>\$246,323</u>	<u>\$7,328,677</u>

The notes listed above were issued at a discount. Interest charges accrue to reduce the discount, and are included in notes payable on the balance sheet. All of the above notes were due June 1, 2000.

The District was unable to pay Note R9 on June 1, 2000. Perrysburg Township subsequently purchased note R9 from Citizens Savings Bank. This note was subsequently retired through the issuance of Water and Sewer Bonds.

The District was unable to pay Note R10 on June 1, 2000. This note was subsequently retired through the issuance of Special Assessment Bonds.

The District was also unable to pay notes R2 through R8 on June 1, 2000. The creditors extended the due date until August 1. This debt was repaid with the proceeds of the lease-purchase agreement executed with the City of Rossford (See Note 6).

5. SPECIAL ASSESSMENTS

The District can assess property benefitting from the roads and water and sewer lines the District has constructed. The District can assess owners up to 10% of the assessable value of this property. During 2000, the District determined the value of the assessable property to be \$179,173,850.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

In April 2000, the District levied \$7,053,116 in assessments. Property owners could elect to pay their total assessment by May 31, 2000, or pay semiannually (including interest) over the life of the debt payable from assessments. Through December 31, 2000, the District collected \$205,713 in assessments.

Several property owners have filed suit with the Wood County Common Pleas Court questioning the fair values upon which the assessments were based. On December 29, 2000, the court dismissed the complaints. The Plaintiffs appealed the dismissal to the Sixth District Court of Appeals of Ohio, the Court of Appeals has not yet set a date for oral argument. On March 27, 2001, the plaintiffs filed complaints with the Wood County Board of Revisions regarding the values of the various parcels involved. As of June 26, 2001, the outcome of these suits or the complaints filed with the Wood County Board of Revisions cannot be determined.

6. LEASE-PURCHASE

On September 1, 2000 Rossford City entered into 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 to 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 known as "Arena 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.

These transactions constitute the lease of all of the District's infrastructure and have been accounted for as a sales-type lease. A loss on the sale of infrastructure in the amount of \$6,355,139 has been recognized on the District's financial statements and represents the difference between the \$9,505,181 capitalized cost of the infrastructure and the \$3,150,042 in lease payments received.

An intergovernmental payable in the total amount of \$2,454,109 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.

7. PAYMENTS TO THE CROSSROADS PROJECT

During 1999, the District loaned \$250,000, at 6%, payable to the Rossford Arena and Amphitheater Authority (RAAA) to assist it in meeting its current obligations. The loan was due March 1, 2000. The District agreed to extend the due date. As of December 31, 2000, the RAAA has a significant net deficit, and will be unable to repay the District without additional financing. Due to the uncertainty of repayment, the District's financial statements presented this transaction as a contribution during fiscal year 1999. A majority of the RAAA board members belong to the executive branch of the City of Rossford.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

8. INSURANCE AND RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District is covered through the City of Rossford's insurance contract with the Ohio Government Risk Management Plan (the OGRMP), a public entity risk plan formed under § 2744.081 of the Ohio Revised Code. OGRMP is a common risk management and insurance program for 585 member political subdivisions. The City of Rossford insures the District under the City of Rossford's policy. The City of Rossford pays the annual premium on behalf of the District to the OGRMP for its general insurance coverage. The OGRMP agreement requires the organization to be self-sustaining through member premiums and will reinsure all covered claims in excess of a member's deductible through commercial insurance and reinsurance companies.

9. GOING CONCERN

The District has accumulated a deficit of \$2,381,251 as of December 31, 2000 and has incurred operating losses of \$96,892, \$75,192, and \$44,255 for the years ended December 31, 2000, 1999, and 1998, respectively.

During the fiscal year ended December 31, 2000, management of the District consummated a refinancing of short-term debt notes with long-term bonds for the special assessments and water and sewer obligations.

The District was unable to pay the first scheduled interest payment on the special assessment bond, due June 1, 2001, in the amount of \$323,354. The Trustee, First Star Bank, had \$248,632 available to make the required payment at June 1, 2001. Management has not developed a contingency plan to address the shortage of funds in the trust account.

Several property owners have filed lawsuits and administrative complaints challenging special assessment property valuations (see Note 5). Management has not developed a plan to address a reduction in future special assessment principal and interest collections as the result of an unfavorable outcome of these actions.

The District has established a tap-in fee schedule to pay for its water and sewer bonds. However, as of June 1, 2001, the District has not received any fees to pay its obligation and management has not developed a contingency plan in the event the water and sewer tap-in fees are insufficient to cover the debt obligations.

Management has made no plans for the payment of its accounts payable totaling \$594,011 or its loans payable totaling \$5,000.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL 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 financial statements of the Rossford Transportation Improvement District, Wood County, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 26, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Rossford Transportation Improvement District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-20187-001, 2000-20187-001, and 2000-20187-002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2000-20187-003.

Rossford Transportation Improvement District
Wood County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness. We noted other matters involving the internal control over financial reporting, which we have reported to management of the District in a separate letter dated June 26, 2001.

This report is intended for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

June 26, 2001

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 1999-20187-001

Noncompliance Citation

During 1998, the Rossford Transportation Improvement District issued a note payable to Perrysburg Township in the amount of \$1,286,850. This obligation was subsequently sold to Citizens Savings Bank and was subject to an agreement whereby Perrysburg Township would repurchase the debt from Citizens Savings Bank in the event of default by the District. Section 1 of the debt agreement states that the Rossford Transportation Improvement District shall pay the note holder the sum of \$1,286,850 on June 1, 2000. The District was unable to pay this obligation on its due date of June 1, 2000, contrary to the provisions of the debt agreement. Perrysburg Township has repurchased the note and is now its current holder.

FINDING NUMBER 2000-20187- 001

Finding for Recovery

Mike Fritz, former Executive Director of the Rossford Transportation Improvement District, was paid \$5,648.50 for consulting services that were provided for another entity. Mr. Fritz had also worked for the Rossford Arena Amphitheater Authority and was paid for work for this entity from the Rossford Transportation Improvement District's Funds.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code §117.28, a Finding for Recovery for public money illegally expended is hereby issued against the former Executive Director, Mike Fritz and Ohio Government Risk Management Plan, jointly and severally, and in favor of the Rossford Transportation Improvement District in the amount of five thousand six hundred forty eight dollars and fifty cents.

FINDING NUMBER 2000-20187-002

Noncompliance Citation

The special assessment bond agreement, for bond R-1, dated August 1, 2000 requires moneys held by the Escrow Agent in the TID subaccount to be used to pay, semi-annually, the debt principal and interest due commencing on the last business day of May, 2001.

The Trustee did not have sufficient funds in the Escrow accounts on the last business day of May to pay the interest payment due on the special assessment bonds.

FINDING NUMBER 2000-20187-003

Material Weakness

The District has accumulated a deficit retained earnings and has negative cash flows from operations. Further, the District has not met scheduled debt payments when due, has not received revenues for tap-in fees on the water and sewer projects, and has provided no contingencies for the payment of accounts and loans payable.

These conditions have raised substantial doubt about the District's ability to continue as a going concern.

We recommend management develop a comprehensive contingency plan to address the inability to meet debt payments, raise appropriate revenues, and pay accounts and loans payable.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
AUGUST 14, 2001**