



**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2004-2005



Mary Taylor, CPA
Auditor of State

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

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Mary Taylor, CPA

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, 2005 and 2004, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the 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, 2005 and 2004, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the financial statements, during the year ended December 31, 2004, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Mary Taylor, CPA
Auditor of State

January 11, 2007

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
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, 2005 and 2004. 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 2005 and 2004?" 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 2005, 2004, and 2003.

**Table 1
Net Assets**

	2005	2004	2003
Current Assets	\$ 2,424,348	\$ 2,238,794	\$ 1,839,711
Noncurrent assets	6,324,219	6,558,973	6,774,777
<i>Total Assets</i>	8,748,567	8,797,767	8,614,488
Current Liabilities	1,792,788	1,139,944	1,150,076
Long-Term Liabilities	7,357,803	8,039,053	7,845,778
<i>Total Assets</i>	9,150,591	9,178,997	8,995,854
<i>Total Net Assets</i>	\$ (402,024)	\$ (381,230)	\$ (381,366)

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED
(Continued)**

Total assets in 2005 decreased by \$49,200. The decrease is due to the reduction of assessments receivable caused by payments received and bond issue cost amortization. Total liabilities in 2005 decreased by \$28,406. The decrease is due to the reduction in the intergovernmental payable and accounts payable. The accounts payable decrease was caused primarily by a portion of legal payables relating to late fee charges, being written off by the legal firm.

Total assets in 2004 increased by \$183,279. The increase is due to the accrual of interest on assessments. Total liabilities in 2004 increased by \$183,143. The increase is due to the accrual of interest payable on the bond issues.

Table 2 shows the changes in net assets for the years ended December 31, 2005, 2004, and 2003. Since this is the second year the District is reporting under the GASB 34 reporting model, revenue and expense comparisons can be made between the years 2003, 2004 and 2005. Total net assets decreased by \$20,794 in 2005. The decrease was caused by a decrease in interest income and real estate development fees and an increase in interest and fiscal charges. In 2004, total net assets increased \$136. This increase was a result of a decrease of legal fees in 2004.

**Table 2
Revenues and Expenses**

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Receipts			
Lease/City of Rossford	\$3	\$12	\$91
Other Operating	53,110		
Interest Income	598,504	615,846	633,648
Water/Sewer Development Fees	17,000	13,135	67,915
Total Receipts	<u>668,617</u>	<u>628,993</u>	<u>701,654</u>
Expenses			
Legal and Accounting		2,728	50,547
Real Estate Tax	1,285	3,210	
Intergovernmental			28,682
Interest and Fiscal Charges	657,169	591,962	601,798
Amortization	30,957	30,957	30,957
Total Expenses	<u>689,411</u>	<u>628,857</u>	<u>711,984</u>
Changes in Net Assets	(20,794)	136	(10,330)
Net assets Beginning of Year	(381,230)	(381,366)	(371,036)
Net Assets End of Year	<u><u>(\$402,024)</u></u>	<u><u>(\$381,230)</u></u>	<u><u>(\$381,366)</u></u>

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED
(Continued)**

Long-Term Debt

The outstanding long-term debt for the District as of December 31, 2005 and 2004, was \$7,357,803 and \$8,039,053, respectively. This balance reflected a reduction of \$66,250 from the previous year's balance, a reduction of .8%. Table 3 summarizes outstanding debt. The bonds payable are the same because assessments and water/sewer development fees collected have not been enough to pay down the principal balance.

**Table 3
Debt**

	<u>2005</u>	<u>2004</u>
Special Assessment Bonds Payable	\$ 4,565,000	\$ 4,565,000
Water/Sewer Bonds Payable	1,286,850	1,286,850
Intergovernmental Payable	2,120,953	2,187,203

Additional information concerning the District's debt can be found in Note 4 to the basic financial statements.

Current Issues

As of July 1, 2006, the District obtained a grant in the amount of \$500,000 from the State of Ohio, Department of Development for accrued administration and project expenses.

The Rossford Arena District property was sold at Sheriff's auction to pay delinquent taxes in June 2006. The District will receive delinquent special assessment funds due. The amount was estimated by the County Auditor to be \$888,800.

Additional properties in the District had delinquent assessments. These properties were purchased by Bass Pro in December 2006. Delinquent taxes in the amount of \$780,513 were collected by the Wood County Auditor and will be distributed to the District in 2007.

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 the Secretary/Treasurer at the Rossford, Ohio Transportation Improvement District, 133 Osborne St., Rossford, Ohio 43460-1236.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

Statement of Net Assets

	2005	2004
Assets		
<i>Current Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	\$850	\$848
Cash with Trustee	12,100	1
Accounts Receivable	473,091	412,623
Interest Receivable	1,938,307	1,825,322
<i>Total Current Assets</i>	2,424,348	2,238,794
<i>Noncurrent Assets:</i>		
Unamortized Bond Issue Costs	448,251	479,208
Assessments Receivable	5,875,968	6,079,765
<i>Total Noncurrent Assets</i>	6,324,219	6,558,973
<i>Total Assets</i>	8,748,567	8,797,767
Liabilities		
<i>Current Liabilities</i>		
Accounts Payable	167,396	219,221
Loans Payable	5,000	5,000
Intergovernmental Payable	156,549	141,696
Special Assessment Bonds Payable	615,000	
Accrued Interest Payable	848,843	774,027
<i>Total Current Liabilities</i>	1,792,788	1,139,944
<i>Long-Term Liabilities:</i>		
Special Assessment Bonds Payable	3,950,000	4,565,000
Water/Sewer Bonds Payable	1,286,850	1,286,850
Intergovernmental Payable	2,120,953	2,187,203
<i>Total Long-Term Liabilities</i>	7,357,803	8,039,053
<i>Total Liabilities</i>	9,150,591	9,178,997
Net Assets		
Unrestricted (Deficit)	(402,024)	(381,230)
<i>Total Net Assets</i>	(\$402,024)	(\$381,230)

See accompanying notes to the basic financial statements

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

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

	2005	2004
Operating Revenues		
Lease/City of Rossford	\$3	\$12
Other	53,110	
	53,113	12
<i>Total Operating Revenues</i>	53,113	12
Operating Expenses		
Legal and Accounting		2,728
Real Estate Tax	1,285	3,210
	1,285	5,938
<i>Total Operating Expenses</i>	1,285	5,938
<i>Operating Income (Loss)</i>	51,828	(5,926)
Non-Operating Revenues (Expenses)		
Interest Income	598,504	615,846
Interest and Fiscal Charges	(657,169)	(591,962)
Amortization	(30,957)	(30,957)
Water/Sewer Development Fees	17,000	13,135
	(72,622)	6,062
<i>Total Non-Operating Revenues (Expenses)</i>	(72,622)	6,062
<i>Change in Net Assets</i>	(20,794)	136
<i>Net Assets Beginning of Year</i>	(381,230)	(381,366)
<i>Net Assets End of Year</i>	(\$402,024)	(\$381,230)

See accompanying notes to the basic financial statements

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

Statement of Cash Flows

	2005	2004
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash Received from Customers	\$3	\$12
Other Cash Payments		(18,104)
<i>Net Cash Provided by (Used in) Operating Activities</i>	3	(18,092)
Cash Flows from Noncapital Financing Activities		
Other Income		13,135
Cash Flows from Capital and Related Financing Activities		
Payment of Intergovernmental Payable	(51,369)	(28,307)
Water/Sewer Tap-In Fees	17,000	
Distributed Water/Sewer Tap-In Fees	(5,406)	
Special Assessments	143,329	78,981
Interest Paid on all debt	(576,947)	(368,317)
<i>Net Cash Used in Capital and Related Financing Activities</i>	(473,393)	(317,643)
Cash Flows from Investing Activities		
Interest Received	485,491	301,040
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	12,101	(21,560)
<i>Cash and Cash Equivalents Beginning of Year</i>	849	22,409
<i>Cash and Cash Equivalents End of Year</i>	\$12,950	\$849
Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Gain (Loss)	\$51,828	(\$5,926)
Adjustments:		
Decrease in Liabilities:		
Accounts Payable	(51,825)	(12,166)
<i>Net Cash Provided by (Used in) Operating Activities</i>	\$3	(\$18,092)

See accompanying notes to the basic financial statements

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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.

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.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(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. 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.

E. Net Assets

Net assets represent the difference between assets and liabilities. 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 2005 and 2004.

F. 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.

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.

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 held by Trustee on the balance sheet.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

NOTE 2: CHANGE IN ACCOUNTING PRINCIPLES

For 2004, the District has implemented Governmental Accounting Standards Board Statement (GASB) No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"; GASB No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues"; GASB No. 37, "Basic Financial Statements for State and Local Governments: Omnibus"; GASB No. 38, "Certain Financial Statement Note Disclosures"; GASB No. 40, "Deposit and Investment Risk Disclosure" and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements." At December 31, 2003, there was no effect on fund balance as a result of implementing GASB Statements 34, 36, 37, 38 and 40 and GASB and Interpretation No. 6.

GASB Statement No. 34 creates new basic financial statements for reporting on the District's financial activities.

GASB Statement No. 40 establishes and modifies the disclosure requirements related to deposit and investment risks.

There was no affect on previously reported fund equity on the implementation of these GASB statements.

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;

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

NOTE 3: CASH – (Continued)

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

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

Deposits

Custodial credit risk for deposits is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2005 and 2004, none of the District's bank balance was exposed to custodial credit risk.

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

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

NOTE 3: CASH – (Continued)

Investments

At December 31, 2005, the District had investment in no load money market mutual funds in the amount of \$11,594. The money market accounts were rated AAAM by Standard & Poor's.

NOTE 4: LONG-TERM BONDS PAYABLE

Long-term debt activity during 2005 was as follows:

	<u>Interest Rate</u>	<u>Balance 01/1/05</u>	<u>Issued (Retired)</u>	<u>Balance 12/31/05</u>	<u>Due Within One Year</u>
Special Assessments Bonds:					
Perrysburg Township	8.5%	\$4,565,000		\$4,565,000	\$615,000
Water and Sewer Bonds:					
Perrysburg Township	7.0%	<u>1,286,850</u>		<u>1,286,850</u>	
Total Long-Term Bonds		<u>\$5,851,850</u>		<u>\$5,851,850</u>	

Long-term debt activity during 2004 was as follows:

	<u>Interest Rate</u>	<u>Balance 01/1/04</u>	<u>Issued (Retired)</u>	<u>Balance 12/31/04</u>
Special Assessments Bonds:				
Perrysburg Township	8.5%	\$4,565,000		\$4,565,000
Water and Sewer Bonds:				
Perrysburg Township	7.0%	<u>1,286,850</u>		<u>1,286,850</u>
Total Long-Term Bonds		<u>\$5,851,850</u>		<u>\$5,851,850</u>

Special Assessment Bond debt service to maturity, including interest, as of December 31, 2005 is as follows:

<u>Year Ending December 31:</u>	<u>Special Assessment Bond Principal</u>	<u>Special Assessment Bond Interest</u>	<u>Total</u>
2006	\$ 615,000	938,055	1,553,055
2007	160,000	335,750	495,750
2008	170,000	322,150	492,150
2009	185,000	307,700	492,700
2010	200,000	291,976	491,976
2011-2020	<u>3,235,000</u>	<u>1,689,382</u>	<u>4,924,382</u>
	<u>\$4,565,000</u>	<u>\$3,885,013</u>	<u>\$8,450,013</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 6).

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

NOTE 4: LONG-TERM BONDS PAYABLE – (Continued)

The District has been unable to pay the scheduled principal and interest payments on the special assessment bond, due on the last business day of May and November beginning in 2001. The Trustee, U.S. Bank (formerly known as First Star Bank), was only able to pay interest in the amount of \$403,287 on the special assessment bond during 2005 and \$254,457 during 2004. At December 31, 2005, the District is \$470,000 of principal and \$589,979 of interest in arrears. At December 31 2004, the District is \$335,000 of principal and \$420,378 of interest in arrears. The schedule above includes the delinquent amounts as due in 2006.

Based on unaudited information, at December 31 2006, the District is \$615,000 of principal and \$153,589 of interest in arrears.

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 is due December 31, 2010. The remaining principal and interest payments are to be made as tap-in fees are collected. \$17,000 in tap-in fees were collected in 2005 and \$0 in 2004.

In addressing the delinquent assessments, the District's Board has authorized that vigorous litigation be pursued by the District's legal counsel and the Wood County, Ohio Prosecutor's office in order to foreclose on the real property that is owned by parties that are delinquent in the payment of special assessments.

	<u>2005</u>	<u>2004</u>
Accrued interest, January 1	\$ 774,027	\$ 550,382
Plus: Interest expense:		
Special Assessments Bonds	388,025	388,024
Water and Sewer Bonds	90,078	90,078
Lease Purchase	179,066	113,860
Total interest expense	<u>657,169</u>	<u>591,962</u>
Less: Interest paid:		
Special Assessments Bonds	403,287	254,457
Water and Sewer Bonds	5,406	
Lease Purchase	173,660	113,860
Total paid	<u>582,353</u>	<u>368,317</u>
Total accrued interest at December 31	<u>\$ 848,843</u>	<u>\$ 774,027</u>

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

NOTE 5: 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. Special assessments due during 2005 and 2004 were \$184,849 and \$167,664 respectively, of which \$143,329 and \$78,981 was collected. Delinquent taxes at the end of 2005 amounted to \$269,295 in principal and \$1,155,020 in interest and \$227,775 in principal and \$1,016,295 in interest for 2004.

NOTE 6: 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 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.

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 7: LOANS PAYABLE

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

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

NOTE 8: 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 section 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.

NOTE 9: SUBSEQUENT EVENTS

The County Auditor ordered the Rossford Arena parcels sold and the proceeds were to be used to pay delinquent taxes. The property sold in June 2006. The closing on the property took place on September 26, 2006. The County Auditor determined \$888,800 is due to the District from delinquent special assessments.

Bass Pro Shops purchased property with delinquent taxes in December 2006. The taxes were paid upon closing of the property. The County Auditor determined \$780,513 is due to the District from the collection of delinquent special assessments.



Mary Taylor, CPA

Auditor of State

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

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 (the District) as of and for the years ended December 31, 2005 and 2004, which comprise the District's basic financial statements and have issued our report thereon dated January 11, 2007, in which we disclosed the District implemented a new financial reporting model. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated January 11, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

One Government Center / Room 1420 / Toledo, OH 43604-2246
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www.auditor.state.oh.us

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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001. In a separate letter to the District's management dated January 11, 2007, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

January 11, 2007

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

FINDING NUMBER 2005-001

Noncompliance Citation

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

The Trustee did not have sufficient funds in the Escrow Account to pay any principal payments that were due during fiscal years 2005 and 2004. Payments that were made were applied to interest. However the interest payments were not sufficient to satisfy the required interest due.

Client Response:

To the best of our knowledge, all delinquent special assessments as of December 31, 2005 were collected as of December 31, 2006, and the collections are sufficient to pay delinquent principal and interest payments.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 and 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	Special Assessment Bond Agreement, for bond R-1 requires moneys held by Escrow Agent in the TID sub-account to be used to pay, semi-annually, the debt principal and interest payments.	No	Not corrected. District has been unable to meet required principal and interest payments on the Special Assessment Bonds. Re-issued as Finding Number 2005-001
2003-002	Management has not provided any contingency plan for the District's accumulated deficit or their inability to meet scheduled debt payments.	No	This is no longer applicable. The District received proceeds from land sold during 2006. The proceeds represented 100% of the delinquent accounts.



Mary Taylor, CPA
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
FEBRUARY 6, 2007