



Dave Yost • Auditor of State



**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis For the Year Ended December 31, 2016 .....	3
Statement of Net Position - December 31, 2016 .....	6
Statement of Revenues, Expenses, and Changes in Net Position For the Year Ended December 31, 2016 .....	7
Statement of Cash Flows For the Year Ended December 31, 2016 .....	8
Notes to the Basic Financial Statements For the Year Ended December 31, 2016.....	9
Management's Discussion and Analysis For the Year Ended December 31, 2015 .....	15
Statement of Net Position - December 31, 2015 .....	18
Statement of Revenues, Expenses, and Changes in Net Position For the Year Ended December 31, 2015 .....	19
Statement of Cash Flows For the Year Ended December 31, 2015 .....	20
Notes to the Basic Financial Statements For the Year Ended December 31, 2015.....	21
Management's Discussion and Analysis For the Year Ended December 31, 2014 .....	27
Statement of Net Position - December 31, 2014 .....	30
Statement of Revenues, Expenses, and Changes in Net Position For the Year Ended December 31, 2014 .....	31
Statement of Cash Flows For the Year Ended December 31, 2014 .....	32
Notes to the Basic Financial Statements For the Year Ended December 31, 2014.....	33
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i> .....	41
Schedule of Findings.....	43
Summary Schedule of Prior Audit Findings (Prepared by Management) .....	44

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# Dave Yost • Auditor of State

## 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 the Rossford Transportation Improvement District, Wood County, Ohio (the District), as of and for the years ended December 31, 2016, 2015, and 2014, 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 such 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 the 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 the Rossford Transportation Improvement District, Wood County, Ohio as of December 31, 2016, 2015, and 2014, 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 Notes 8, 8, and 9 to the financial statements, for the years ended December 31, 2016, 2015, and 2014 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 Notes 8, 8, and 9 to the financial statements, for the years ended December 31, 2016, 2015, and 2014. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

***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 December 28, 2017, 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

December 28, 2017

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
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, 2016. 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 District'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, 2016. 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 position for 2016.

**Table 1  
Net Position**

	2016	2015
Current Assets	1,562,290	1,354,049
Noncurrent assets	1,961,043	2,528,810
<i>Total Assets</i>	3,523,333	3,882,859
Current Liabilities	2,017,808	1,687,494
Long-Term Liabilities	1,955,000	2,510,000
<i>Total Liabilities</i>	3,972,808	4,197,494
Restricted for Debt Service		2,000
Unrestricted (Deficit)	(449,475)	(316,635)
<i>Total Net Position</i>	\$ (449,475)	\$ (314,635)

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
UNAUDITED  
(Continued)**

Total assets in 2016 decreased by \$359,526, caused by the reduction in assessments receivable due to payments received. Total liabilities in 2016 decreased by \$224,686 due to reduction of bonds and intergovernmental payable.

Table 2 shows the changes in net position for the year ended December 31, 2016 and 2015. Total net position decreased by \$134,840 in 2016.

**Table 2  
Revenues and Expenses**

	<u>2016</u>	<u>2015</u>
<b>Receipts</b>		
Other		\$2,429,625
Lease/City of Rossford	\$15,000	5,000
Interest Income	291,819	339,697
ODOD Grant	90,419	68,619
Total Receipts	<u>397,238</u>	<u>2,842,941</u>
<b>Expenses</b>		
Legal and Accounting	13,497	25,203
Insurance	1,362	1,362
Other Operating	2,000	19,999
Interest and Fiscal Charges	341,219	378,947
Project Costs	174,000	
Completion of S. Compass Dr. project		527,595
Total Expenses	<u>532,078</u>	<u>953,106</u>
Changes in Net Assets	(134,840)	1,889,835
Net Position Beginning of Year	(314,635)	(2,204,470)
Net Position End of Year	<u><u>(\$449,475)</u></u>	<u><u>(\$314,635)</u></u>

**Long-Term Debt**

The outstanding long-term debt for the District as of December 31, 2016 was \$1,955,000. The 2016 balance reflects a reduction of \$555,000 from the previous year's balance. Table 3 summarizes the long-term portion of the outstanding debt.

**Table 3  
Debt**

	<u>2016</u>	<u>2015</u>
Special Assessment Bonds Payable	\$1,250,000	\$1,605,000
Intergovernmental Payable	705,000	905,000
	<u><u>\$1,955,000</u></u>	<u><u>\$2,510,000</u></u>

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

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
UNAUDITED  
(Continued)**

**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 8 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 Michael Scott, Administrative Agent at the Rossford Transportation Improvement District, 133 Osborne Street, Rossford, Ohio 43460-1236.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

***Statement of Net Position  
Proprietary Fund  
December 31, 2016***

**Assets**

*Current Assets:*

Cash and Cash Equivalents	\$91,283
Assessments Receivable	893,750
Interest Receivable	577,257
<i>Total Current Assets</i>	<u>1,562,290</u>

*Noncurrent Assets:*

Assessments Receivable	1,961,043
<i>Total Noncurrent Assets</i>	<u>1,961,043</u>

<i>Total Assets</i>	<u>3,523,333</u>
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**Liabilities**

*Current Liabilities*

Accounts Payable	11,313
Payable (Note 7)	174,000
Intergovernmental Payable	664,912
Special Assessment Bonds Payable	1,167,583
<i>Total Current Liabilities</i>	<u>2,017,808</u>

*Long-Term Liabilities:*

Special Assessment Bonds Payable	1,250,000
Intergovernmental Payable	705,000
<i>Total Long-Term Liabilities</i>	<u>1,955,000</u>

<i>Total Liabilities</i>	<u>3,972,808</u>
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**Net Position**

Unrestricted (Deficit)	<u>(449,475)</u>
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<i>Total Net Position</i>	<u><u>(\$449,475)</u></u>
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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 Year Ended December 31, 2016*

<b>Operating Revenues</b>	
Lease/City of Rossford	<u>\$15,000</u>
<b>Operating Expenses</b>	
Legal and Accounting	13,497
Insurance	1,362
Other	<u>2,000</u>
<i>Total Operating Expenses</i>	<u>16,859</u>
<i>Operating Loss</i>	<u>(1,859)</u>
<b>Non-Operating Revenues (Expenses)</b>	
Interest Income	291,819
Interest and Fiscal Charges	(341,219)
ODOD Grant	90,419
Wood County Appraisals	<u>(174,000)</u>
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(132,981)</u>
<i>Change in Net Position</i>	(134,840)
<i>Net Position Beginning of Year</i>	<u>(314,635)</u>
<i>Net Position End of Year</i>	<u>(\$449,475)</u>

See accompanying notes to the basic financial statements

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

***Statement of Cash Flows  
Proprietary Fund  
For the Year Ended December 31, 2016***

**Increase in Cash and Cash Equivalents**

**Cash Flows from Operating Activities**

Cash Received from Customers	\$15,000
Cash Payments to Suppliers of Goods or Services	(18,058)
<i>Net Cash Used in Operating Activities</i>	<u>(3,058)</u>

**Cash Flows from Noncapital Financing Activities**

ODOD Grant	<u>90,419</u>
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**Cash Flows from Capital and  
Related Financing Activities**

Payment of Intergovernmental Payable	(141,463)
Payment of Special Assessment Debt	(256,024)
Special Assessments	738,706
Interest Paid on all debt	(341,219)
<i>Net Cash from Capital and Related Financing Activities</i>	<u>0</u>

*Net Increase in Cash and Cash Equivalents* 87,361

*Cash and Cash Equivalents Beginning of Year* 3,922

*Cash and Cash Equivalents End of Year* \$91,283

**Reconciliation of Operating Loss to Net Cash  
Used in Operating Activities**

Operating Loss (\$1,859)

Adjustments:

    Decrease in Accounts Payable (1,199)

*Net Cash Used in Operating Activities* (\$3,058)

See accompanying notes to the basic financial statements

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**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  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(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.

***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.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

***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 position.

**NOTE 2 - CASH**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
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).

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

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

**Deposits**

Custodial credit risk for deposits is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2016, 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, 2016, the District had no funds invested in federal securities and investments.

**NOTE 3 - 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 4 - RECEIVABLES**

Receivables at December 31, 2016, consisted of special assessments and accrued interest. Special assessments receivable in the amount of \$1,961,043 will not be received within one year. At December 31, 2016, the amount of delinquent special assessments were \$325,982.

**NOTE 5 - BONDS PAYABLE**

Long-term debt activity during 2016 was as follows:

	<u>Interest Rate</u>	<u>Balance 01/01/16</u>	<u>Retired</u>	<u>Balance 12/31/16</u>	<u>Due Within One Year</u>
<b>Special Assessment Bonds:</b>					
Perryburg Township	8.5%	\$2,673,607	(\$256,024)	\$2,417,583	\$1,167,583

Special Assessment Bond debt service to maturity, including interest, as of December 31, 2016 is as follows:

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

<u>Year Ending December 31:</u>	<u>Assessment Bond Principal</u>	<u>Assessment Interest Payable</u>	<u>Total</u>
2017	1,167,583	136,425	1,304,008
2018	385,000	106,250	491,250
2019	415,000	73,525	488,525
2020	450,000	38,250	488,250
Total	<u>\$2,417,583</u>	<u>\$354,450</u>	<u>\$2,772,033</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 3).

The 2016 interest activity follows:

	<u>2016</u>
Accrued interest, January 1	\$ -
Plus: Interest expense:	
Special Assessments Bonds	217,930
Lease Purchase	123,289
Total interest expense	<u>341,219</u>
Less: Interest paid:	
Special Assessments Bonds	217,930
Lease Purchase	123,289
Total paid	<u>341,219</u>
Total accrued interest at December 31	<u>\$ -</u>

**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 currently known as "Bass Pro Drive" will pass to the City at the end of the lease. The City is responsible for all costs associated with maintaining these roads over the term of the lease.

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

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**NOTE 7 – PAYABLE**

During 2016 the District received services from the Wood County Engineer for Buck Road and Lime City appraisals. At the end of 2016 the balance owed Wood County was \$174,000.

**NOTE 8 - MANAGEMENT PLANS FOR FINANCIAL DIFFICULTY**

Long-Term Debt (Note 5)

As of December 31, 2016, the District was in arrears in the amount of \$1,277,495 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. When the assessments cease to be collected there are currently no practical or legal alternatives available to pay the amount in arrears at that time.

**NOTE 9 - 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.

**NOTE 10 – DEFEASED DEBT**

In 2015 the District reached a cooperative agreement with Perrysburg Township and the Northwestern Water & Sewer District in which all principal and interest on the Series 2000 Bonds were considered paid and all outstanding Series 2000 Bonds, if any were considered defeased. At December 31, 2014 outstanding principal and interest owed by the District totaled \$2,429,625. The terms agreed upon were all future RTID-System Development Fees will be paid to Perrysburg Township and the Northwestern Water & Sewer District.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
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 year ended December 31, 2015. 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 District'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, 2015. 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 position for 2015 and 2014.

**Table 1  
Net Position**

	2015	2014
Capital Assets		\$ 461,826
Current Assets	\$ 1,354,049	1,407,801
Noncurrent assets	2,528,810	3,043,793
<i>Total Assets</i>	3,882,859	4,913,420
Current Liabilities	1,687,494	4,097,890
Long-Term Liabilities	2,510,000	3,020,000
<i>Total Liabilities</i>	4,197,494	7,117,890
Net Investment in Capital Assets		461,826
Restricted for Debt Service	2,000	136,648
Unrestricted (Deficit)	(316,635)	(2,802,944)
<i>Total Net Position</i>	\$ (314,635)	\$ (2,204,470)

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
UNAUDITED  
(Continued)**

Total assets in 2015 decreased by \$1,030,561, caused by the reduction in assessments receivable due to payments received and completion of the South Compass Drive project. Total liabilities in 2015 decreased by \$2,920,396 due to reduction of bonds and intergovernmental payable as a result of the RTID acquiring and retiring the bonds for future consideration.

Table 2 shows the changes in net position for the years ended December 31, 2015 and 2014. Total net position increased \$1,889,835 in 2015.

**Table 2  
Revenues and Expenses**

	<u>2015</u>	<u>2014</u>
<b>Receipts</b>		
Other	\$2,429,625	\$6,000
Lease/City of Rossford	5,000	7,000
Interest Income	339,697	383,125
ODOD Grant	68,619	202,000
Water/Sewer Development Fees		22,000
Total Receipts	<u>2,842,941</u>	<u>620,125</u>
<b>Expenses</b>		
Legal and Accounting	25,203	22,225
Insurance	1,362	1,362
Other Operating	19,999	13
Interest and Fiscal Charges	378,947	501,399
Project Costs		167,205
Completion of S. Compass Dr. project	527,595	
Total Expenses	<u>953,106</u>	<u>692,204</u>
Changes in Net Assets	1,889,835	(72,079)
Net Position Beginning of Year	(2,204,470)	(2,132,391)
Net Position End of Year	<u><u>(\$314,635)</u></u>	<u><u>(\$2,204,470)</u></u>

**Long-Term Debt**

The outstanding long-term debt for the District as of December 31, 2015 was \$2,510,000. The 2015 balance reflects a reduction of \$510,000 from the previous year's balance. Table 3 summarizes the long-term portion of the outstanding debt.

**Table 3  
Debt**

	<u>2015</u>	<u>2014</u>
Special Assessment Bonds Payable	\$1,605,000	\$1,935,000
Intergovernmental Payable	905,000	1,085,000
	<u><u>\$2,510,000</u></u>	<u><u>\$3,020,000</u></u>

Additional information concerning the District's debt can be found in Note 6 to the basic financial statements.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
UNAUDITED  
(Continued)**

**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 8 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 Michael Scott, Administrative Agent at the Rossford Transportation Improvement District, 133 Osborne Street, Rossford, Ohio 43460-1236.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

***Statement of Net Position  
Proprietary Fund  
December 31, 2015***

**Assets**

*Current Assets:*

Cash and Cash Equivalents	\$1,922
Cash with Trustee	2,000
Assessments Receivable	792,836
Interest Receivable	557,291
<i>Total Current Assets</i>	<u>1,354,049</u>

*Noncurrent Assets:*

Assessments Receivable	<u>2,528,810</u>
<i>Total Noncurrent Assets</i>	<u>2,528,810</u>

<i>Total Assets</i>	<u>3,882,859</u>
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**Liabilities**

*Current Liabilities*

Accounts Payable	12,512
Intergovernmental Payable	606,375
Special Assessment Bonds Payable	1,068,607
<i>Total Current Liabilities</i>	<u>1,687,494</u>

*Long-Term Liabilities:*

Special Assessment Bonds Payable	1,605,000
Intergovernmental Payable	905,000
<i>Total Long-Term Liabilities</i>	<u>2,510,000</u>

<i>Total Liabilities</i>	<u>4,197,494</u>
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**Net Position**

Restricted for Debt Service	2,000
Unrestricted (Deficit)	<u>(316,635)</u>
<i>Total Net Position</i>	<u><u>(\$314,635)</u></u>

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 Year Ended December 31, 2015*

<b>Operating Revenues</b>	
Lease/City of Rossford	\$5,000
<b>Operating Expenses</b>	
Legal and Accounting	25,203
Insurance	1,362
Other	19,999
<i>Total Operating Expenses</i>	46,564
<i>Operating Loss</i>	(41,564)
<b>Non-Operating Revenues (Expenses)</b>	
Interest Income	339,697
Other Revenue (Note 8)	2,429,625
Interest and Fiscal Charges	(378,947)
ODOD Grant	68,619
Completion/Transfer S. Compass Dr to City of Rossford	(527,595)
<i>Total Non-Operating Revenues (Expenses)</i>	1,931,399
<i>Change in Net Position</i>	1,889,835
<i>Net Position Beginning of Year</i>	(2,204,470)
<i>Net Position End of Year</i>	(\$314,635)

See accompanying notes to the basic financial statements

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

***Statement of Cash Flows  
Proprietary Fund  
For the Year Ended December 31, 2015***

**Increase in Cash and Cash Equivalents**

**Cash Flows from Operating Activities**

Cash Received from Customers	\$5,000
Cash Payments to Suppliers of Goods or Services	(39,016)
<i>Net Cash Used in Operating Activities</i>	<u>(34,016)</u>

**Cash Flows from Noncapital Financing Activities**

ODOD Grant	<u>68,619</u>
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**Cash Flows from Capital and  
Related Financing Activities**

Payment of Intergovernmental Payable	(248,240)
Payment of Special Assessment Debt	(250,079)
Project Costs	(65,769)
Special Assessments	762,617
Interest Paid on all debt	(378,947)
<i>Net Cash from Capital and Related Financing Activities</i>	<u>(180,418)</u>

*Net Increase in Cash and Cash Equivalents* (145,815)

*Cash and Cash Equivalents Beginning of Year* 149,737

*Cash and Cash Equivalents End of Year* \$3,922

**Reconciliation of Operating Loss to Net Cash  
Used in Operating Activities**

Operating Loss (41,564)

Adjustments:

Increase in Accounts Payable 7,548

*Net Cash Used in Operating Activities* (\$34,016)

See accompanying notes to the basic financial statements

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**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  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(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.

***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.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

***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 position.

**NOTE 2 - CASH**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
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).

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

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

**Deposits**

Custodial credit risk for deposits is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2015, 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, 2015, the District had \$2,000 invested in federal securities and investments.

**NOTE 3 - 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 4 - RECEIVABLES**

Receivables at December 31, 2015 consisted of special assessments. Special assessments receivable in the amount of \$2,528,810 at December 31, 2015 will not be received within one year. At December 31, 2015, the amount of delinquent special assessments were \$277,853.

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the years ended December 31, 2015 was as follows:

	Balance 01/01/15	Additions	Deletions	Balance 12/31/15
Capital Assets:				
Project Costs	\$ 461,826	\$ 65,769	\$ 527,595	\$ -

Capital assets, consisting of \$527,595 project costs for the extension of South Compass Drive, were transferred off the balance sheet after the District's dedication to the City of Rossford. Other project costs are deleted as the projects are completed.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**NOTE 6 - BONDS PAYABLE**

Long-term debt activity during 2015 was as follows:

	<u>Interest Rate</u>	<u>Balance 01/01/15</u>	<u>Retired</u>	<u>Balance 12/31/15</u>	<u>Due Within One Year</u>
<b>Special Assessment Bonds:</b>					
Perrysburg Township	8.5%	\$2,923,686	(\$250,079)	\$2,673,607	\$1,068,607
<b>Water and Sewer Bonds:</b>					
Perrysburg Township	7.0%	1,286,850	(1,286,850)	0	0
<b>Total Long-Term Bonds</b>		<b><u>\$4,210,536</u></b>	<b><u>(\$1,536,929)</u></b>	<b><u>\$2,673,607</u></b>	<b><u>\$1,068,607</u></b>

Special Assessment Bond debt service to maturity, including interest, as of December 31, 2015 is as follows:

<u>Year Ending December 31:</u>	<u>Assessment Bond Principal</u>	<u>Assessment Interest Payable</u>	<u>Total</u>
2016	1,068,607	164,475	1,233,082
2017	355,000	136,425	491,425
2018	385,000	106,250	491,250
2019	415,000	73,525	488,525
2020	450,000	38,250	488,250
Total	<b><u>\$2,673,607</u></b>	<b><u>\$518,925</u></b>	<b><u>\$3,192,532</u></b>

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 3).

The 2015 interest activity follows:

	2015
Accrued interest, January 1	\$ 1,142,774
Plus: Interest expense:	
Special Assessments Bonds	239,217
Lease Purchase	139,730
Total interest expense	<u>378,947</u>
Less: Interest paid:	
Special Assessments Bonds	239,217
Water and Sewer Bonds	1,142,774
Lease Purchase	139,730
Total paid, eliminated	<u>1,521,721</u>
Total accrued interest at December 31	<u>\$ -</u>

**NOTE 7 - LEASE-PURCHASE**

On September 1, 2000, Rossford City entered in a twenty-year lease-purchase agreement with the District for the water and sewer lines in the crossroads project area. Lease payments made in September

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

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

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

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

**NOTE 8 - MANAGEMENT PLANS FOR FINANCIAL DIFFICULTY**

Long-Term Debt (Note 6)

As of December 31, 2015, the District was in arrears in the amount of \$1,164,982 on its scheduled principal payments on the special assessment bonds and intergovernmental payable. This debt is to be paid from assessments on property owners benefiting from road improvements. When the assessments cease to be collected there are currently no practical or legal alternatives available to pay the amount in arrears at that time.

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 \$1,142,775 as of December 31, 2014. In addition, the District was unable to make its scheduled principal payments totaling \$1,286,850 as of December 31, 2014. This debt is to be paid from water/sewer development fees, which have been insufficient to cover the scheduled debt payments.

In 2015 the District reached a cooperative agreement with Perrysburg Township and the Northwestern Water & Sewer District in which all principal and interest on the Series 2000 Bonds were considered paid and all outstanding Series 2000 Bonds, if any were considered defeased. At December 31, 2014 outstanding principal and interest owed by the District totaled \$2,429,625. The terms agreed upon were all future RTID-System Development Fees will be paid to Perrysburg Township and the Northwestern Water & Sewer District.

**NOTE 9 - 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.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
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 year ended December 31, 2014. 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.

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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 position for 2014 and 2013.

**Table 1  
Net Position**

	2014	2013
Capital Assets	\$ 461,826	\$ 461,826
Current Assets	1,407,801	1,238,389
Noncurrent assets	3,043,793	3,510,898
<i>Total Assets</i>	4,913,420	5,211,113
Current Liabilities	4,097,890	3,569,134
Long-Term Liabilities	3,020,000	3,774,370
<i>Total Liabilities</i>	7,117,890	7,343,504
Net Investment in Capital Assets	461,826	461,826
Restricted for Debt Service	136,648	103,187
Unrestricted (Deficit)	(2,802,944)	(2,697,404)
<i>Total Net Position</i>	\$ (2,204,470)	\$ (2,132,391)

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)**

Total assets in 2014 decreased by \$297,693, caused by the reduction in assessments receivable due to payments received. Total liabilities in 2014 decreased by \$225,614 due to reduction of bonds and intergovernmental payable.

Table 2 shows the changes in net position for the years ended December 31, 2014 and 2013. Total net position decreased by \$72,079 in 2014.

**Table 2  
Revenues and Expenses**

	<u>2014</u>	<u>2013</u>
<b>Receipts</b>		
Other	\$6,000	
Lease/City of Rossford	7,000	\$4,000
Interest Income	383,125	422,514
ODOD Grant	202,000	19,115
Water/Sewer Development Fees	22,000	
Total Receipts	<u>620,125</u>	<u>445,629</u>
<b>Expenses</b>		
Legal and Accounting	22,225	15,298
Insurance	1,362	
Other Operating	13	
Interest and Fiscal Charges	501,399	521,915
Project Costs	167,205	613
Total Expenses	<u>692,204</u>	<u>537,826</u>
Changes in Net Assets	(72,079)	(92,197)
Net Position Beginning of Year	(2,132,391)	(2,040,194)
Net Position End of Year	<u>(\$2,204,470)</u>	<u>(\$2,132,391)</u>

**Capital Assets**

As of December 31, 2014, the District had \$461,826 invested in project costs for the extension of South Compass Drive. For more information on capital assets, see Note 5 to the basic financial statements.

**Long-Term Debt**

The outstanding long-term debt for the District as of December 31, 2014 was \$3,020,000. The 2014 balance reflects a reduction of \$754,370 from the previous year's balance. Table 3 summarizes the long-term portion of the outstanding debt.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)**

**Table 3  
Debt**

	<u>2014</u>	<u>2013</u>
Special Assessment Bonds Payable	\$1,935,000	\$2,235,000
Water/Sewer Bonds Payable		284,370
Intergovernmental Payable	1,085,000	1,255,000
	<u>\$3,020,000</u>	<u>\$3,774,370</u>

Additional information concerning the District's debt can be found in Note 6 to the basic financial statements.

**Management Plans for Financial Difficulty**

The accompanying financial statements have been prepared assuming the District will continue as a going concern. The District has been unable to make some of the scheduled principal and interest payments on its debt obligations. Accordingly, there is substantial doubt about its ability to continue as a going concern. Management's plans in regards to these matters are discussed in Note 9 to the 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 Michael Scott, Administrative Agent at the Rossford Transportation Improvement District, 133 Osborne Street, Rossford, Ohio 43460-1236.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

***Statement of Net Position  
Proprietary Fund  
December 31, 2014***

**Assets**

*Current Assets:*

Cash and Cash Equivalents	\$13,089
Cash with Trustee	136,648
Assessments Receivable	715,047
Interest Receivable	543,017
<i>Total Current Assets</i>	<u>1,407,801</u>

*Noncurrent Assets:*

Project Costs	461,826
Assessments Receivable	3,043,793
<i>Total Noncurrent Assets</i>	<u>3,505,619</u>

<i>Total Assets</i>	<u>4,913,420</u>
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**Liabilities**

*Current Liabilities*

Accounts Payable	4,964
Intergovernmental Payable	674,615
Special Assessment Bonds Payable	988,686
Water/Sewer Bonds Payable	1,286,850
Accrued Interest Payable	1,142,775
<i>Total Current Liabilities</i>	<u>4,097,890</u>

*Long-Term Liabilities:*

Special Assessment Bonds Payable	1,935,000
Intergovernmental Payable	1,085,000
<i>Total Long-Term Liabilities</i>	<u>3,020,000</u>

<i>Total Liabilities</i>	<u>7,117,890</u>
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**Net Position**

Net Investment in Capital Assets	461,826
Restricted for Debt Service	136,648
Unrestricted (Deficit)	(2,802,944)
<i>Total Net Position</i>	<u><u>(\$2,204,470)</u></u>

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 Year Ended December 31, 2014***

<b>Operating Revenues</b>	
Lease/City of Rossford	<u>\$7,000</u>
<b>Operating Expenses</b>	
Legal and Accounting	22,225
Insurance	1,362
Other	13
<i>Total Operating Expenses</i>	<u>23,600</u>
 <i>Operating Loss</i>	 <u>(16,600)</u>
 <b>Non-Operating Revenues (Expenses)</b>	
Interest Income	383,125
Other Revenue	6,000
Interest and Fiscal Charges	(501,399)
ODOD Grant	202,000
Project Costs	(167,205)
Water/Sewer Development Fees	22,000
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(55,479)</u>
 <i>Change in Net Position</i>	 (72,079)
 <i>Net Position Beginning of Year</i>	 <u>(2,132,391)</u>
 <i>Net Position End of Year</i>	 <u><u>(\$2,204,470)</u></u>

See accompanying notes to the basic financial statements

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

***Statement of Cash Flows  
Proprietary Fund  
For the Year Ended December 31, 2014***

**Increase in Cash and Cash Equivalents**

**Cash Flows from Operating Activities**

Cash Received from Customers	\$7,000
Cash Payments to Suppliers of Goods or Services	(21,811)
<i>Net Cash Used in Operating Activities</i>	<u>(14,811)</u>

**Cash Flows from Noncapital Financing Activities**

ODOD Grant	<u>202,000</u>
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**Cash Flows from Capital and  
Related Financing Activities**

Payment of Intergovernmental Payable	(17,898)
Payment of Special Assessment Debt	(198,040)
Wood County Port Authority Debt	(20,000)
Project Costs	(167,205)
Water/Sewer Tap-In Fees	22,000
Special Assessments	714,264
Interest Paid on all debt	(486,864)
<i>Net Cash from Capital and Related Financing Activities</i>	<u>(153,743)</u>

<i>Net Increase in Cash and Cash Equivalents</i>	33,446
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<i>Cash and Cash Equivalents Beginning of Year</i>	<u>116,291</u>
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<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$149,737</u></u>
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**Reconciliation of Operating Loss to Net Cash  
Used in Operating Activities**

Operating Loss	(\$16,600)
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Adjustments:

Increase in Accounts Payable	<u>1,789</u>
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<i>Net Cash Used in Operating Activities</i>	<u><u>(\$14,811)</u></u>
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See accompanying notes to the basic financial statements

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**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  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(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.

***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.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

***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 position.

**NOTE 2 - CASH**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
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).

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

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

**Deposits**

Custodial credit risk for deposits is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2014, 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, 2014, the District had \$136,648 invested in federal securities.

**NOTE 3 - 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 4 - RECEIVABLES**

Receivables at December 31, 2014, consisted of special assessments and accrued interest. Special assessments receivable in the amount of \$3,043,793 at December 31, 2014, will not be received within one year. At December 31, 2014, the amount of delinquent special assessments was \$247,942.

**NOTE 5 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2014 was as follows:

	Balance 01/01/14	Additions	Deletions	Balance 12/31/14
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  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**NOTE 6 - BONDS PAYABLE**

Long-term debt activity during 2014 was as follows:

	<u>Interest Rate</u>	<u>Balance 01/01/14</u>	<u>Retired</u>	<u>Balance 12/31/14</u>	<u>Due Within One Year</u>
<b>Special Assessment Bonds:</b>					
Perrysburg Township	8.5%	\$3,121,726	(\$198,040)	\$2,923,686	\$988,686
<b>Water and Sewer Bonds:</b>					
Perrysburg Township	7.0%	1,286,850		1,286,850	1,286,850
<b>Total Long-Term Bonds</b>		<b><u>\$4,408,576</u></b>	<b><u>(\$198,040)</u></b>	<b><u>\$4,210,536</u></b>	<b><u>\$2,275,536</u></b>

Special Assessment Bond debt service to maturity, including interest, as of December 31, 2014 is as follows:

<u>Year Ending December 31:</u>	<u>Assessment Bond Principal</u>	<u>Assessment Interest Payable</u>	<u>Total</u>
2015	\$988,686	\$189,975	\$1,178,661
2016	330,000	164,475	494,475
2017	355,000	136,425	491,425
2018	385,000	106,250	491,250
2019	415,000	73,525	488,525
2020	450,000	38,250	488,250
Total	<b><u>\$2,923,686</u></b>	<b><u>\$708,900</u></b>	<b><u>\$3,632,586</u></b>

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 3).

Water and Sewer Bond debt service to maturity, including interest, as of December 31, 2014 is as follows:

<u>Year Ending December 31:</u>	<u>Water and Sewer Bond Principal</u>	<u>Water and Sewer Bond Interest Payable</u>	<u>Total</u>
2015	1,286,850	1,185,938	2,472,788
Total	<b><u>\$1,286,850</u></b>	<b><u>\$1,185,938</u></b>	<b><u>\$2,472,788</u></b>

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 \$1,286,850 that were due December 31, 2014 have not paid (see Note 9). The remaining principal and interest payments are to be made as tap-in fees are collected. Tap-in fees of \$22,000 were received in 2014.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

	2014
Accrued interest, January 1	\$ 1,134,240
Plus: Interest expense:	
Special Assessments Bonds	260,231
Water and Sewer Bonds	90,080
Lease Purchase	151,088
Total interest expense	501,399
Less: Interest paid:	
Note Payable	6,000
Special Assessments Bonds	260,231
Lease Purchase	226,633
Total paid	492,864
Total accrued interest at December 31	\$ 1,142,775

**NOTE 7 - LEASE-PURCHASE**

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

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

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

**NOTE 8 - 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. During 2014 the loan balance of \$20,000 was paid and the Wood County Port Authority agreed to forgo collection of accrued interest of \$6,000.

**NOTE 9 - MANAGEMENT PLANS FOR FINANCIAL DIFFICULTY**

Long-Term Debt (Note 6)

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 \$1,142,775 as of December 31, 2014. In addition, the District

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

was unable to make its scheduled principal payment of \$641,800 due December 31, 2010 and \$360,680 in 2014. 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, 2014, 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, 2014, the District was in arrears in the amount of \$1,193,301 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.

**NOTE 10 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to officials and natural disasters. The District contracted with Philadelphia Insurance Companies for Directors and Officers Liability coverage in the amount of \$1,000,000 per occurrence and in the aggregate. There have been no significant reductions in insurance coverage from the prior year, and no insurance settlement has exceeded insurance coverage during the last three years.

**NOTE 11 – SUBSEQUENT EVENTS**

In 2015, capital assets consisting of \$527,595 project costs for the extension of South Compass Drive were transferred off the balance sheet after the District's dedication to the City of Rossford.

In 2015, the District reached a cooperative agreement with Perrysburg Township and the Northwestern Water & Sewer District in which all principal and interest on the Series 2000 Bonds were considered paid and all outstanding Series 2000 Bonds, if any were considered defeased. At December 31, 2014 outstanding principal and interest owed by the District totaled \$2,429,625. The terms agreed upon were all future RTID-System Development Fees will be paid to Perrysburg Township and the Northwestern Water & Sewer District.

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# Dave Yost • Auditor of State

## 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 the Rossford Transportation Improvement District, Wood County, Ohio (the District) as of and for the years ended December 31, 2016, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 28, 2017 wherein we noted our report expressed substantial doubt about the District's ability to continue as a going concern.

### ***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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 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*.

***District'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.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

December 28, 2017

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-001**

**Material Weakness**

**Financial Reporting**

The District's management is responsible for the fair presentation of the financial statements. Due to insufficient monitoring by management, the following adjustments and reclassifications were made and are included in the accompanying financial statements:

- In 2014, \$284,370 of water and sewer bonds payable was classified as long-term instead of current bonds payable.
- In 2014, accrued interest from the lease purchase was overstated by \$75,545. This also resulted in an understatement of unrestricted fund balance.
- In 2016, the payable amount to the Wood County Engineer's Office was understated by \$74,000. This also resulted in an overstatement of unrestricted fund balance.

An additional insignificant error was noted and included on the summary of unadjusted differences.

Accurate financial reporting is the responsibility of the Administrator and Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the District adopt policies and procedures, including a final review of the statements by the Administrator and Board, to identify and correct errors and omissions. The Administrator should also review the District's statements to help ensure all transactions are being properly posted to the financial statements.

**Officials' Response:**

Before commencing work on future compilations the independent accountant will contact the State Auditor to confirm they are aware of any prior audit findings or other State Auditor recommendations. Due to the change in RTID administrators the independent accountant was unaware of certain information the State of Ohio had issued.

**ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT  
WOOD COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2016, 2015 AND 2014**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2013-001	Material Weakness – Monitoring Financial Activity for moneys misclassified.	Not corrected. Repeated in this report as finding 2016-001.	<p>Independent accountant that performed the compilation has changed the amortization schedule that was updated by the Ohio State Auditor. This will provide for proper classification between short term and long term in the water and sewer bonds going forward.</p> <p>The independent accountant updated the records to show the proper amount of interest expense on the 2014 intergovernmental payable allowing for propriety going forward.</p> <p>Independent accountant will work more closely with the RTID in the future in an effort to include all accounts payable at year end.</p>



# Dave Yost • Auditor of State

ROSSFORD TRANSPORTATION IMPROVEMENT DISTRICT

WOOD COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JANUARY 30, 2018