



**NORTHWEST OHIO ADVANCED ENERGY  
IMPROVEMENT DISTRICT  
LUCAS COUNTY  
Regular Audit  
For the Year Ended December 31, 2019**

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Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
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304 232 1358

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Board of Directors  
Northwest Ohio Advanced Energy Improvement District  
One Maritime Plaza Suite 701  
Toledo, Ohio 43604

We have reviewed the *Independent Auditor's Report* of the Northwest Ohio Advanced Energy Improvement District, Lucas County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Northwest Ohio Advanced Energy Improvement District is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

June 12, 2020

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**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT  
LUCAS COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

May 29, 2020

Northwest Ohio Advanced Energy Improvement District  
Lucas County  
One Maritime Plaza, Suite 701  
Toledo, OH 43604

To the Board of Directors:

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the **Northwest Ohio Advanced Energy Improvement District**, Lucas County, Ohio (the District), (a not-for-profit organization) which comprise the statement of financial position as of and for the year ended December 31, 2019, and the related statements of activities and cash flows for the year ended, and the related notes to the financial statements.

### *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.

***Auditor's Responsibility (Continued)***

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 Northwest Ohio Advanced Energy Improvement District, Lucas County, Ohio as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As described in Note 5 to the financial statements, during 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2020, 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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2019**

**ASSETS**

**Current assets**

Cash	\$	140,793
Cash and cash equivalents held by trustees		7,317,809
Current portion of notes receivable		3,205,018
Interest receivable		733,637
Total current assets		11,397,257

**Noncurrent assets**

Notes receivable, net of current portion and unexpended funds		32,063,367
Total noncurrent assets		32,063,367

	\$	43,460,624
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**LIABILITIES AND NET ASSETS**

**Current liabilities**

Current portion of bonds payable	\$	2,580,000
Management fee payable - Toledo-Lucas County Port Authority		504,815
Unearned revenue		1,149
Current portion of notes payable		157,110
Accrued interest		192,483
Total current liabilities		3,435,557

**Noncurrent liabilities**

Bonds payable, net of current portion and unamortized bond issuance costs		30,142,079
Notes payable, net of current portion		1,640,847
Notes receivable issuance costs, net of amortization		1,004,511
Prepaid fees		437,608
Funds held on behalf of borrowers		3,304,850
Total noncurrent liabilities		36,529,895

**Net assets**

Net assets without donor restrictions		495,172
Net assets with donor restrictions		3,000,000
Total net assets		3,495,172

	\$	43,460,624
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See the Notes to the Financial Statements

**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2019**

	<b>Net assets Without Donor Restrictions</b>	<b>Net assets With Donor Restrictions</b>	<b>Total</b>
<b>Revenues</b>			
Interest income from notes receivable	\$ 1,982,097	\$ -	\$ 1,982,097
Fee income	279,873	-	279,873
Investment income	172,622	-	172,622
Total revenue	<u>2,434,592</u>	<u>-</u>	<u>2,434,592</u>
<b>Expenses</b>			
Interest expense on bonds payable	1,552,878	-	1,552,878
Bond administration fees	343,316	-	343,316
Legal and other professional fees	21,243	-	21,243
Amortization of bond issuance costs	82,009	-	82,009
Trustee fees	14,872	-	14,872
Management fee	504,815	-	504,815
Total expenses	<u>2,519,133</u>	<u>-</u>	<u>2,519,133</u>
Change in net assets	(84,541)	-	(84,541)
Net assets, beginning of year	579,713	3,000,000	3,579,713
Net assets, end of year	<u>\$ 495,172</u>	<u>\$ 3,000,000</u>	<u>\$ 3,495,172</u>

See the Notes to the Financial Statements

**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2019**

<b>Cash flows from operating activities</b>		
Change in net assets		\$ (84,541)
Adjustments to reconcile net change in net assets to net cash provided by (used in) operating activities:		
Amortization of bond issuance costs		82,009
Amortization income - deferred revenue and note receivable issuance costs		(163,275)
Changes in operating assets and liabilities:		
Change in:		
Accounts receivable		43,749
Interest receivable		(77,356)
Related party payable		93,731
Unearned revenue		(53,296)
Accrued interest		27,305
	Net cash used in operating activities	<u>(131,674)</u>
<b>Cash flows from investing activities</b>		
Principal payments received on notes receivable		2,674,665
Advances made to borrowers		(3,915,865)
	Net cash used in investing activities	<u>(1,241,200)</u>
<b>Cash flows from financing activities</b>		
Proceeds from the issuance of bonds payable		6,705,000
Proceeds from the issuance of notes payable		150,000
Payments on notes payable		(151,418)
Payments on bonds payable		(2,315,000)
Cash paid for bond issuance costs		(203,167)
	Net cash provided by financing activities	<u>4,185,415</u>
Net increase in cash and cash equivalents		<u>2,812,541</u>
Cash and cash equivalents at beginning of year		4,646,061
Cash and cash equivalents at end of year		<u><u>\$ 7,458,602</u></u>

See the Notes to the Financial Statements

**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2019**

**Note 1—Summary of significant accounting policies**

**Description of the entity**

The Northwest Ohio Advanced Energy Improvement District, Lucas County, Ohio (the District) is a not-for-profit corporation established pursuant to Ohio Revised Code (ORC) Chapters 1702 and 1710. The energy special improvement district (ESID) was created by legislative action taken by participating political subdivisions and is governed by the District's board of trustees. Members of the District are the owners of parcels of property located within the ESID. The District was established to develop and implement special energy improvement projects as defined by ORC Chapter 1710, including energy efficiency and clean and renewable energy projects at locations within the ESID. The District and the ESID will be conducive to and promote the public health, safety, peace, convenience and general welfare by creating projects that conserve energy and create a cleaner environment, lead to energy independence, create jobs and economic growth and development, especially jobs in the energy economy, and promote the general welfare in the area of the ESID and the participating political subdivisions.

**Nature of business**

The purpose of the District is to provide financing through loans to businesses for energy efficiency and clean and renewable energy projects located with the jurisdiction of the ESID.

Management believes the financial statements included in this report represent all of the activities over which the District is financially accountable.

**Basis of accounting**

The financial statements of the District have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

**Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and cash equivalents held by trustees**

For purposes of the financial statements, the District considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

The District's cash and cash equivalents are held in trust accounts that are managed by bank trust departments. The accounts held by Huntington Bank are available for project costs and operating disbursements. The accounts held by Bank of New York Mellon are available for payments related to the bonds payable.

**Notes receivable issuance costs**

Notes receivable issuance costs are cost incurred related to the issuance of notes receivable. These costs are amortized over the term of the related notes. Unamortized notes receivable issuance costs at December 31, 2019 were \$1,004,511.

**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2019**

**Note 1—Summary of significant accounting policies – continued**

**Prepaid fees**

Prepaid fees represents fees charged to borrowers and is amortized over the term of the loan. Prepaid fees at December 31, 2019 was \$437,608.

**Funds held on behalf of borrowers**

Funds held on behalf of borrowers represent a reserve withheld from funds disbursed to borrowers as collateral. The funds will be held until the loans are paid off at which time the amount will be recorded as the last payment or refunded to the borrower. Funds held on behalf of borrowers at December 31, 2019 were \$3,304,850.

**Revenue recognition**

Interest income from notes receivable, fee income and investment income are recognized ratably as it accrues.

ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09), requires an entity to evaluate its contracts with its customers and to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services, and make certain other disclosures, in accordance with the updated standard. The FASB has excluded income related to loans from the scope of *Revenue from Contracts with Customers (Topic 606)* as it falls under the scope of *Receivables (Topic 310)*. Accordingly, ASU 2014-09 is currently not applicable to the District's recognition of revenue.

**Net assets**

The net assets without restriction are not restricted by donors, or the donor-imposed restrictions have expired. Net assets with donor restrictions are segregated on the accompanying statement of financial position.

**Income taxes**

Pursuant to provisions of the Internal Revenue Code, the District has elected to be taxed as a corporation. Management has evaluated the District's income tax position and has concluded the income derived from its activities is excludable under Internal Revenue Code section 115(1) which provides that gross income for federal income tax purposes does not include income accruing to a state or political subdivision that is derived from the exercise of an essential government function. Therefore, no current or deferred federal income taxes exist.

Management is required to determine whether a tax position of the District is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. With few exceptions, the District is no longer subject to U.S. federal, state or local tax examinations for years before 2016. It is difficult to predict the final timing and resolution of any particular uncertain tax position. Based on the District's assessment of many factors, including past experience and judgments about future events, the District does not currently anticipate significant changes in its uncertain tax positions over the next 12 months.

**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2019**

**Note 2—Notes receivable**

Notes receivable are loans to business located in Ohio for energy efficiency and clean and renewable energy projects. Principal and interest payments are required to be paid monthly directly to the District or semi-annually through special assessments on the borrowers' property taxes in an amount to fully amortize the loan over its term. A summary of notes receivable at December 31, 2019 is as follows:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
<b>Monthly Payments:</b>					
IPS Energy-Collins Park Solar Project	\$ 1,040,000	3/15/2022	4.50%	\$ 11,354	\$ 291,045
Kistler Ford Sales, Inc.	198,101	11/15/2027	5.50%	1,689	129,855
Little Learners	45,000	11/15/1937	6.00%	286	28,360
Louisville Title	194,650	6/1/2026	4.75%	1,588	106,420
Solscient Energy, LLC (GM)	1,177,920	5/1/2027	4.32%	Various	770,286
Solscient Energy, LLC (GM)	500,000	12/20/2028	4.00%	3,698	334,974
Sylvania Tam-O-Shanter Sports, Inc.	313,000	10/15/2022	5.50%	3,397	106,719
Valentine Theatre	105,521	3/15/2027	3.00%	729	56,913
<b>Semi-annual payments:</b>					
107 LLC	76,500	7/31/2024	4.75%	7,286	64,107
123 N. Erie LLC	280,240	7/31/2033	6.00%	14,032	275,547
13 North Huron	55,182	7/31/2031	5.00%	2,662	47,479
16 Broadway St	79,560	7/31/2031	5.00%	3,858	69,784
1800 Limited, LLC	161,389	7/31/2029	5.75%	Various	128,951
26610 Eckel LLC	243,586	7/31/2033	6.00%	12,303	241,499
405 Madison Limited, LLC	448,257	7/31/2029	5.75%	Various	381,854
920 Illinois Ave, LLC	3,660,000	7/1/2032	4.53%	Various	3,400,833
Anthony M. Fronk LLC	86,864	7/31/2033	5.15%	4,314	84,731
Art Iron	266,016	7/31/2031	5.00%	Various	248,844
Asset Protection Corporation	131,324	7/31/2029	5.25%	8,205	131,324
B&B Molded Products	1,305,000	11/15/2030	4.95%	Various	1,105,000
Barone Brothers, LLC	1,806,777	7/31/2033	5.00%	91,289	1,728,771
Barron's Lawn Service	175,000	11/15/2030	4.50%	8,629	150,143
Beauty Bar	30,424	7/31/2032	5.00%	1,606	28,970
Bluffton Family Recreation	101,535	7/31/2032	5.00%	5,300	98,004
Briarwood Management Project	1,260,000	11/15/2035	4.35%	Various	1,165,000
Brickyard on Main	183,279	7/31/2033	6.00%	9,256	181,708
City of Delphos	8,500	7/1/2021	5.00%	2,280	8,500
City of Northwood	81,593	7/31/2022	5.00%	10,913	60,058
City of Oregon	1,751,175	7/31/2028	3.90%	Various	1,226,244
City of Toledo	51,195	10/15/2026	5.48%	4,805	46,459
City of Toledo ESID 1-40	5,325,000	10/15/2026	5.48%	Various	3,735,265

**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2019**

**Note 2–Notes receivable – continued**

A summary of notes receivable at December 31, 2019 is as follows, continued:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
County of Medina	\$ 25,500	7/31/2022	5.00%	\$ 2,702	\$ 15,057
Crane Development	81,223	7/31/2027	5.00%	5,457	68,947
Dealer Portfolio Solutions	43,860	7/30/2026	5.00%	2,797	32,635
DOGR Properties, LLC	800,000	7/31/2033	5.15%	39,724	780,356
Findlay Surgical Center	1,095,000	7/31/2031	4.25%	Various	980,000
Hale Performance	565,000	7/31/2031	5.35%	Various	515,000
J-Zamm Properties LLC	11,480	7/31/2023	5.00%	1,319	10,500
JA2 Investments, LLC	127,500	7/31/2030	4.75%	6,100	106,911
JAM III Enterprises	76,100	7/31/2032	5.00%	3,846	69,352
Jamaican Spice	59,670	7/31/2026	5.00%	3,758	59,149
JMS Real Estate	170,000	7/31/2024	6.25%	12,191	103,335
Job One USA	472,339	12/12/2028	5.50%	Various	339,446
John and Adrienne O'Donnell, LLC	417,652	7/31/2032	5.00%	21,181	391,670
Kettering Tower	2,335,000	11/15/2025	4.35%	Various	1,620,000
KG Funding LLC	126,278	7/31/2033	5.15%	6,270	123,178
Liberty Ridge	916,705	7/31/2032	5.00%	46,329	835,411
Liberty Ridge II	1,328,315	7/31/2043	5.30%	51,713	1,319,766
Lima Chamber of Commerce	36,920	7/31/2027	5.00%	2,464	31,134
Marshall Fitness	44,650	7/31/2027	5.00%	3,000	37,901
Maumee Valley Movers	242,019	11/15/2030	4.10%	Various	206,601
NZR	82,502	7/31/2028	5.90%	Various	801,478
Radon Environmental	26,269	7/31/2026	5.00%	Various	19,453
Rupp Unlimited Property Partnership	91,473	7/31/2025	4.45%	5,648	67,302
S&G Asset Group	365,000	7/31/2025	4.70%	Various	265,000
Sethi Investments, LLC	140,142	7/31/2033	6.00%	7,078	138,941
SKA Enterprises	128,774	7/31/2027	5.81%	6,784	85,830
Springfield Township Fire Station	685,000	7/31/2031	5.25%	Various	625,000
Springfield Township Administration	166,649	7/31/2031	5.00%	7,923	141,299
Stevens Venture 3 - Saginaw, LLC	101,760	7/31/2022	5.35%	11,802	74,355
Stone Family Enterprises	280,000	7/31/2031	5.25%	Various	265,000
The Toledo Club	689,159	7/31/2028	4.85%	Various	534,136
Toledo Legal Building, Ltd.	99,106	7/31/2032	5.00%	5,080	91,592
Toledo School of the Arts	1,361,452	7/31/2028	4.69%	66,225	1,008,992
Top of the Market	655,000	11/15/2030	4.65%	Various	535,000
Torrey Hill Apt 2356 Torrey Hill Drive	169,000	7/31/2030	5.50%	8,920	155,217

**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2019**

**Note 2–Notes receivable – continued**

A summary of notes receivable at December 31, 2019 is as follows, continued:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
Torrey Hill Apts - 1945 Ottawa Drive	\$ 135,000	7/31/2031	5.35%	\$ 7,738	\$ 137,625
Torrey Hill Apts - 2252 Collingwood	135,000	7/31/2031	5.35%	Various	130,000
TronAir, Inc.	347,211	7/31/2027	3.57%	Various	287,810
TronAir, Inc.	100,000	7/31/2027	4.00%	Various	83,037
UAW Local 12	521,000	7/31/2026	4.75%	25,689	302,946
United North	304,000	12/1/2027	5.50%	15,654	257,963
Valico, LLC	82,857	7/31/2032	5.00%	4,202	75,773
Van Wert County Hospital	35,700	7/31/2021	5.00%	7,110	28,069
Vibrant Ventures, LLC	515,449	7/31/2033	5.15%	25,665	504,113
YMCA of Greater Toledo - Ft. Meigs	635,055	7/31/2038	4.90%	26,388	626,869
YMCA of Greater Toledo - Sylvania	660,337	7/31/2038	4.90%	27,439	651,825
YMCA of Greater Toledo - West	342,384	7/31/2038	4.90%	14,227	337,971
YMCA of Greater Toledo - Wolf Creek	430,315	7/31/2038	4.90%	Various	425,144
4493 286th Street	6,500	7/31/2028	4.25%	403	5,967
625 Acklin	11,200	12/31/2027	4.25%	692	9,290
2245 Airline	6,980	12/31/2027	4.25%	447	6,007
734 Barclay	6,970	12/31/2027	4.25%	434	5,822
4332 Belmar	6,718	7/31/2026	3.50%	424	5,219
4112 Berwick	4,336	7/31/2026	3.50%	273	3,569
4316 Birchall	8,535	7/31/2026	3.50%	537	6,612
3540 Brock	6,240	7/31/2029	4.25%	1,032	16,240
714 Bronx	13,867	12/31/2027	4.25%	930	12,478
4160 Carthage	12,486	7/31/2026	3.50%	786	9,673
2316 Castlewood	5,800	7/31/2030	4.25%	373	5,800
25 Clifton	7,697	7/31/2028	4.25%	490	7,225
2044 Collingwood	14,350	7/31/2027	4.25%	952	12,784
522 Continental	9,449	7/31/2027	4.25%	586	7,865
429 Darrow	3,815	7/31/2028	4.25%	241	3,550
2537 Glenwood	6,113	12/31/2027	3.50%	366	5,069
1495 Gould	9,897	7/31/2026	3.50%	621	7,645
1905 Heatherwood	18,830	7/31/2026	3.50%	1,185	14,588
7113 Hollywyck	17,050	12/31/2027	4.25%	1,101	14,785
3628 Homewood	6,045	7/31/2029	4.25%	375	6,045
647 Hudson	8,700	7/31/2029	4.25%	555	8,700
512 Kopernik	4,191	7/31/2030	4.25%	270	4,191



**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2019**

**Note 2–Notes receivable – continued**

A summary of notes receivable at December 31, 2019 is as follows, continued:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
1335 Laclede	\$ 7,669	7/31/2026	3.50%	\$ 480	\$ 5,905
2842 Letchworth	5,488	7/31/2029	4.25%	350	5,488
4330 Lowe	10,285	12/31/2027	4.25%	659	8,851
3764 Mapleway	14,745	12/31/2027	4.25%	959	12,880
2364 Meadowwood	24,454	7/31/2026	3.50%	1,548	19,057
308 Mont Royal	7,700	7/31/2028	4.25%	477	7,068
1413 N Huron	8,052	7/31/2029	4.25%	501	8,052
2401 Parkwood	12,121	12/31/2027	4.25%	777	10,431
4380 River Road	7,900	7/31/2030	4.25%	509	7,900
2236 Robinwood	28,013	12/31/2027	4.25%	1,796	24,108
2320 Robinwood	14,164	12/31/2027	3.50%	851	11,781
3841 Rohr	12,662	7/31/2030	4.25%	816	12,662
1345 Rollins	8,946	7/31/2026	3.50%	561	6,910
2116 Scottwood	7,665	7/31/2027	4.25%	505	6,779
2333 Scottwood	19,200	7/31/2029	4.25%	1,199	19,200
2515 Scottwood	11,200	7/31/2028	4.25%	697	10,317
2716 Scottwood	9,404	7/31/2027	4.25%	629	8,439
3146 Sherbrooke	9,751	7/31/2029	4.25%	624	9,751
4424 Walker	11,007	7/31/2030	4.25%	707	11,007
554 Walsh	7,182	12/31/2027	4.25%	460	6,181
3618 Watson	6,215	7/31/2030	4.25%	401	6,215
1935 Wellesley	11,040	7/31/2029	4.25%	692	11,040
4026 Wetzler	13,079	7/31/2026	3.50%	818	11,927
571 Williamsdale	9,703	12/31/2027	4.25%	600	8,048
525 Winthrop	4,809	7/31/2029	4.25%	307	4,809
					<u>\$ 33,171,669</u>

**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2019**

**Note 2–Notes receivable – continued**

A summary of notes receivable at December 31, 2019 is as follows, continued:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
ParkSmart	\$ 722,114	8/25/2025	3.00%	\$ 36,000	\$ 404,115
TLCPA One Maritime Plaza	1,094,588	8/25/2025	3.42%	52,500	615,876
TLCPA Martin Luther King Plaza	460,686	8/28/2026	3.00%	17,135	274,844
TLCPA TEA Terminal Roof	1,810,000	7/31/2027	4.80%	Various	1,520,000
TLCPA Two Maritime Plaza	545,000	7/31/2031	5.00%	Various	485,000
TLCPA TAA Hangar	473,463	7/31/2032	4.20%	23,647	446,576
TLCPA TEA Maintenance	27,874	7/31/2022	5.00%	3,242	17,842
TLCPA TEA Lighting Project	62,990	7/31/2025	3.88%	4,922	55,663
TLCPA Toledo Express Airport	845,771	11/15/2028	4.83%	Various	697,411
					<u>4,517,327</u>
				Total notes receivable	37,688,995
				Less current portion	<u>(3,205,018)</u>
					34,483,977
				Less unexpended funds	<u>(2,420,610)</u>
				Notes receivable, net of current portion and unexpended funds	<u><u>\$ 32,063,367</u></u>

Future principal payments of notes receivable for years succeeding 2019 are as follows:

December 31,	
2020	\$ 3,205,018
2021	3,087,997
2022	3,116,357
2023	3,164,254
2024	3,326,970
Thereafter	21,788,399
Total future maturities of notes receivable	<u><u>\$ 37,688,995</u></u>

**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2019**

**Note 3—Long-term debt**

The Northwest Ohio Bond Fund issues taxable and tax-exempt revenue bonds to provide financial assistance to private-sector, governmental and non-profit entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and funds held in reserve and are payable solely from payments on notes receivable. The District has borrowed \$41,655,000 from the Northwest Ohio Bond Fund to provide financing through loans to businesses for energy efficiency and clean and renewable energy projects. Principal and interest payments are payable semi-annually in an amount that will amortize the loans over their term until maturity.

A summary of bonds payable to the Northwest Ohio Bond Fund at December 31, 2019 is as follows:

	<u>Face Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Bond Reserve</u>
2012B	\$ 5,325,000	11/15/2026	4.67%	\$ 3,525,000	\$ 532,500
2012C-1	1,840,000	5/15/2022	4.32%	735,000	184,000
2012C-2	3,055,000	5/15/2027	4.32%	2,015,000	305,500
2012C-3	1,540,000	5/15/2027	4.32%	1,020,000	154,000
2013A-1	360,000	11/15/2023	4.83%	210,000	36,000
2013A-2	2,600,000	11/15/2028	4.83%	2,010,000	260,000
2013A-3	1,795,000	11/15/2028	4.83%	1,385,000	179,500
2015B-1	1,260,000	11/15/2030	4.35%	1,100,000	126,000
2015B-2	655,000	11/15/2030	4.35%	535,000	65,500
2015B-3	1,215,000	11/15/2030	4.35%	1,040,000	121,500
2015B-4	670,000	11/15/2030	4.35%	465,000	67,000
2015B-5	1,665,000	11/15/2030	4.35%	1,155,000	166,500
2017A-1	2,455,000	11/15/2027	3.57%	2,035,000	245,500
2017A-2	4,240,000	11/15/2031	3.88%	3,770,000	424,000
2017D-1	175,000	11/15/2027	4.20%	160,000	17,500
2017D-2	2,010,000	11/15/2032	4.20%	1,910,000	201,000
2017D-3	440,000	11/15/2032	4.20%	420,000	44,000
2017D-4	3,650,000	11/15/2032	4.20%	3,465,000	365,000
2019A-1	3,425,000	11/15/2033	4.37%	3,355,000	342,500
2019A-2	1,980,000	11/15/2038	4.52%	1,955,000	198,000
2019A-3	1,300,000	11/15/2043	4.65%	1,285,000	130,000
				<u>Total bonds payable</u>	<u>\$ 33,550,000</u>
				Less unamortized bond issuance costs	<u>(827,921)</u>
					32,722,079
				Less current portion	<u>(2,580,000)</u>
				Bonds payable net of current portion and unamortized bond issuance costs	<u>\$ 30,142,079</u>

**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2019**

**Note 3—Long-term debt – continued**

A summary of notes payable outstanding at December 31, 2019 is as follows:

	Original Amount	Maturity Date	Interest Rate	Balance
ODSA	\$ 1,740,087	9/15/2028	1.00%	\$ 1,228,502
TLCPA	150,000	5/1/2032	3.00%	132,380
TLCPA	150,000	5/1/2033	3.00%	141,686
TLCPA	150,000	11/1/2033	3.00%	145,389
TLCPA	150,000	11/1/2035	3.00%	150,000
			Total notes payable	1,797,957
			Less current portion	(157,110)
			Notes payable net of current portion	<u>\$ 1,640,847</u>

Future maturities of long-term debt payable for years succeeding 2019 are as follows:

December 31,	
2020	\$ 2,737,110
2021	2,867,720
2022	3,109,906
2023	2,952,346
2024	3,014,834
Thereafter	20,666,041
Total future maturities of long-term debt	<u>\$ 35,347,957</u>

Bond issuance costs are cost incurred related to the issuance bonds payable. These costs are amortized over the term of the related bonds which range from 115 to 180 months. Amortization of bond issuance costs included in interest expense amounted to \$82,009 in 2019.

Future amortization of bond issuance costs for years succeeding 2019 are as follows:

December 31,	
2020	\$ 82,964
2021	82,964
2022	82,964
2023	82,964
2024	82,964
Thereafter	413,101
Total future amortization of bond costs	<u>\$ 827,921</u>

**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2019**

**Note 4–Related party transactions**

On January 1, 2014, the District entered into an administrative agreement with the Authority to provide support services and resources. The management fee associated with the agreement is equal to the increase in net assets for the calendar year not to exceed \$300,000. The management fee can be increased at the discretion of the Authority if the cost to provide the support services and resources exceeds the then-existing management fee. The fee is determined based on the audited increase in net assets prior to the management fee and becomes payable 30 days after the annual audit has been released. The management fee for the year ended December 31, 2019 was \$504,815 which represents the increase in net assets for 2018 and is a payable to the Authority as of December 31, 2019.

At December 31, 2019, the District has outstanding notes receivable of \$4,517,326 from the Authority.

**Note 5–Subsequent events**

The District has evaluated subsequent events through May 20, 2020 the date the financial statements were available to be issued, and determined that there are no additional events which require recording or disclosure other than as noted below.

As a result of the spread of the COVID-19 coronavirus during 2020, economic uncertainties have arisen as of the date of the financial statements. The extent of the impact of COVID-19 on the District’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the impact on the District’s customers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the District’s financial condition or results of operations is uncertain.

**Note 6–Liquidity**

The following reflects the District’s financial assets as of December 31, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year end per statement of financial position	\$ 43,460,624
Less: notes receivable, net of current portion and unexpended funds	(32,063,367)
Less: those not available for general expenditures within one year due to Cash and cash equivalents held by trustees	(7,317,809)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,079,448

Operations of the District are substantially funded through monies borrowed from bonds and commercial loans, used to fund loans to property owners for improvements.

**Note 7- Methods used for allocation of expenses**

The financial statements report all categories of expenses to be attributable to one program or supporting function. Therefore, these expenses do not require allocation as they are attributable to either program expense or management and general expenses.

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

May 29, 2020

Northwest Ohio Advanced Energy Improvement District  
Lucas County  
One Maritime Plaza, Suite 701  
Toledo, OH 43604

To the Board of Directors:

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 statement of financial position of the **Northwest Ohio Advanced Energy Improvement District**, Lucas County (the District) (a nonprofit organization) as of December 31, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated May 29, 2020, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

***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.

***Internal Control Over Financial Reporting (Continued)***

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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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 that we must report under *Government Auditing Standards*.

***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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



# OHIO AUDITOR OF STATE KEITH FABER



**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT**

**LUCAS COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 25, 2020**