



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**NORTHWEST OHIO ADVANCED ENERGY
IMPROVEMENT DISTRICT
LUCAS COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2022**

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

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, 2022 through December 31, 2022. 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. The Northwest Ohio Advanced Energy Improvement District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 14, 2023

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

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report	1
Financial Statements:	
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17



INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the 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 functional expenses as of December 31, 2022, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the District as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing and opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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

June 14, 2023

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS

Current assets

Cash	\$	146,152
Cash and cash equivalents held by trustees		7,731,861
Current portion of notes receivable		3,746,309
Interest receivable		617,810
Total current assets		12,242,132

Noncurrent assets

Notes receivable, net of current portion and unexpended funds		28,565,734
Total noncurrent assets		28,565,734

	Total assets	\$ 40,807,866
--	--------------	---------------

LIABILITIES AND NET ASSETS

Current liabilities

Current portion of bonds payable	\$	3,040,000
Management fee payable - Toledo-Lucas County Port Authority		354,940
Current portion of notes payable		180,788
Accrued interest		188,970
Total current liabilities		3,764,698

Noncurrent liabilities

Bonds payable, net of current portion and unamortized bond issuance costs		27,713,386
Notes payable, net of current portion		1,272,061
Notes receivable issuance costs, net of amortization		911,848
Prepaid fees		255,139
Reserves held on behalf of borrowers		3,490,966
Capital interest on notes receivable		8,871
Other funds held on behalf of borrowers		62,066
Total noncurrent liabilities		33,714,337

Net assets

Net assets without donor restrictions		328,831
Net assets with donor restrictions		3,000,000
Total net assets		3,328,831

	Total liabilities and net assets	\$ 40,807,866
--	----------------------------------	---------------

The accompanying notes are an integral part of these financial statements.

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues			
Interest income from notes receivable	\$ 1,709,389	\$ 0	\$ 1,709,389
Fee income	253,975		253,975
Investment income	82,526		82,526
Total revenue	2,045,890	0	2,045,890
Expenses			
Interest expense on bonds payable	1,337,095	0	1,337,095
Bond administration fees	217,393		217,393
Legal and other professional fees	8,517		8,517
Amortization of bond issuance costs	84,631		84,631
Trustee fees	19,089		19,089
Bad debt expense	125,232		125,232
Management fee	354,940		354,940
Total expenses	2,146,897	0	2,146,897
Change in net assets	(101,007)	0	(101,007)
Net assets, beginning of year	429,838	3,000,000	3,429,838
Net assets, end of year	\$ 328,831	\$ 3,000,000	\$ 3,328,831

The accompanying notes are an integral part of these financial statements.

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

Cash flows from operating activities		
Change in net assets		\$ (101,007)
Adjustments to reconcile net change in net assets to net cash provided by (used in) operating activities:		
Amortization of bond issuance costs		84,631
Amortization income - deferred revenue and note receivable issuance costs		(176,899)
Bad debt expense		125,232
Changes in operating assets and liabilities:		
Change in:		
Interest receivable		105,179
Capitalized interest on notes receivable		8,871
Related party payable		(338,681)
Accrued interest		(18,293)
	Net cash used in operating activities	<u>(310,967)</u>
Cash flows from investing activities		
Principal payments received on notes receivable		3,326,990
Advances made to borrowers		(2,369,247)
	Net cash provided by investing activities	<u>957,743</u>
Cash flows from financing activities		
Proceeds from the issuance of bonds payable		6,300,000
Proceeds from the issuance of notes payable		376,840
Payments on notes payable		(2,671,929)
Payments on bonds payable		(3,045,000)
Cash paid for bond issuance costs		(189,250)
	Net cash provided by financing activities	<u>770,661</u>
Net increase in cash and cash equivalents		<u>1,417,437</u>
Cash and cash equivalents at beginning of year		6,460,576
Cash and cash equivalents at end of year		<u><u>\$ 7,878,013</u></u>

The accompanying notes are an integral part of these financial statements.

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022

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 within 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, 2022 were \$911,848.

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
December 31, 2022

Note 1—Summary of significant accounting policies – continued

Prepaid fees

Prepaid fees represent fees charged to borrowers and is amortized over the term of the loan. Prepaid fees at December 31, 2022 amounted to \$255,139.

Reserves held on behalf of borrowers

Reserves 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, 2022 were \$3,490,966.

Revenue recognition

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

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 2019. 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.

Subsequent events

The District has evaluated subsequent events through June 14, 2023, 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.

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
December 31, 2022

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, 2022 is as follows:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
Monthly payments:					
Little Learners	\$ 45,000	11/15/2027	6.00%	\$ 375	\$ 18,196
Louisville Title	194,650	6/1/2026	4.75%	1,588	61,354
Solscient Energy, LLC (GM)	1,177,920	5/1/2027	4.50%	Various	534,911
Solscient Energy, LLC (GM)	500,000	12/20/2028	4.00%	3,698	236,395
Valentine Theatre	105,521	3/15/2027	3.00%	729	35,491
Semi-annual payments:					
107 LLC	76,500	7/31/2024	4.75%	7,286	27,478
123 N. Erie LLC	280,240	7/31/2033	5.15%	14,032	244,936
13 North Huron	55,182	7/31/2031	5.00%	2,662	39,785
16 Broadway St	79,560	7/31/2031	4.75%	3,858	55,866
337 Broadway	301,103	7/31/2040	4.40%	12,146	296,861
1800 Limited, LLC	161,389	7/31/2029	5.75%	Various	102,090
26610 Eckel LLC	243,586	7/31/2033	5.15%	12,303	208,782
405 Madison Limited, LLC	448,257	7/31/2029	5.75%	Various	307,688
A&A Property Group	79,133	7/31/2031	4.50%	4,911	71,905
Anthony M. Fronk LLC	86,864	7/31/2033	5.15%	4,314	73,274
Art Iron	266,016	7/31/2031	5.00%	Various	248,844
Asset Protection Corporation	131,324	7/31/2029	4.40%	8,205	104,234
Automotive Workers Bldg. Corp	773,331	7/31/2037	4.45%	35,717	773,331
AWLCO Limited	100,320	7/31/2036	3.90%	4,471	95,877
B&B Molded Products	1,305,000	11/15/2030	4.95%	Various	870,000
Barone Brothers, LLC	1,806,777	7/31/2033	5.00%	91,289	1,465,857
Barron's Lawn Service	175,000	11/15/2030	4.50%	8,629	121,106
Beauty Bar	30,424	7/31/2032	5.00%	1,606	24,069
Bluffton Family Recreation	101,535	7/31/2032	5.00%	5,300	79,400
Briarwood Management Project	1,260,000	11/15/2035	6.40%	Various	1,025,000
Brickyard on Main	183,279	7/31/2033	5.15%	9,256	157,092
CDC Real Estate Holdings, LLC	357,856	7/31/2036	4.00%	16,848	357,856
City of Oregon	1,751,175	7/31/2028	3.90%	Various	864,944
City of Toledo	51,195	10/15/2026	5.48%	4,805	30,615
City of Toledo ESID 1-40	5,325,000	10/15/2026	5.48%	Various	2,583,882

**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
December 31, 2022**

Note 2—Notes receivable – continued

A summary of notes receivable at December 31, 2022 is as follows, continued:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
Crane Development	81,223	7/31/2027	5.00%	5,457	46,732
Dealer Portfolio Solutions	43,860	7/30/2026	5.00%	2,797	20,029
DOGR Properties, LLC	800,000	7/31/2033	5.15%	39,724	674,833
Findlay Surgical Center	1,095,000	7/31/2031	4.25%	Various	785,000
Hale Performance	565,000	7/31/2031	5.35%	Various	425,000
Imagination Station	1,626,970	7/31/2034	4.15%	Various	1,474,425
J-Zamm Properties LLC	11,480	7/31/2023	5.00%	1,319	3,765
JA2 Investments, LLC	127,500	7/31/2030	4.75%	6,100	84,505
JAM III Enterprises	76,100	7/31/2032	5.00%	3,846	57,618
Jamaican Spice	59,670	7/31/2026	5.00%	3,758	35,885
Jamland2, LLC	1,392,878	7/31/2042	3.85%	53,770	1,392,878
JMS Real Estate	170,000	7/31/2024	6.25%	12,191	45,182
Job One USA	472,339	12/12/2028	5.50%	Various	247,847
John and Adrienne O'Donnell, LLC	417,652	7/31/2032	5.00%	21,181	320,892
Kettering Tower	2,335,000	11/15/2025	4.35%	Various	980,000
KG Funding LLC	126,278	7/31/2033	5.15%	6,270	118,426
Liberty Ridge II	1,328,315	7/31/2043	5.30%	51,713	1,247,635
Lima Chamber of Commerce	36,920	7/31/2027	5.00%	2,464	21,102
Marshall Fitness	44,650	7/31/2027	5.00%	3,000	25,689
Maumee Assembly & Stamping	3,660,000	7/1/2032	4.53%	Various	2,810,475
Maumee Valley Movers	242,019	11/15/2030	4.10%	Various	166,124
NZR	1,485,035	7/31/2028	5.90%	Various	506,036
Paragon Crossing	64,078	7/31/2031	4.85%	4,041	58,261
Play With Your Food, LLC	422,029	7/31/2035	3.90%	19,729	402,387
Radon Environmental	26,269	7/31/2026	5.00%	Various	11,939
Rupp Unlimited Property Partnership	91,473	7/31/2025	4.45%	5,648	40,974
S&G Asset Group	365,000	7/31/2025	4.70%	Various	145,000
SBB Rouge, LLC	333,137	7/31/2036	3.65%	14,905	325,020
Sethi Investments, LLC	140,142	7/31/2033	5.15%	7,078	120,118
Shumaker Loop & Kendrick, LLP	443,700	7/31/2025	3.50%	48,636	274,626
SKA Enterprises	128,774	7/31/2027	5.81%	6,784	58,146
Spencerville School District	12,088	7/31/2032	4.50%	745	12,088
Springfield Township Fire Station	685,000	7/31/2031	5.25%	Various	510,000
Springfield Township Administration	166,649	7/31/2031	5.00%	7,923	113,469
Stone Family Enterprises	280,000	7/31/2031	5.25%	Various	215,000
Studio 329, LLC	63,000	7/31/2031	4.95%	4,189	60,118
The Toledo Club	689,159	7/31/2028	6.50%	Various	377,008

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
December 31, 2022

Note 2—Notes receivable – continued

A summary of notes receivable at December 31, 2022 is as follows, continued:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
Toledo Country Club	330,587	7/31/2035	4.00%	15,564	315,309
Toledo Legal Building, Ltd	99,106	7/31/2032	5.00%	5,080	76,756
Toledo School of the Arts	1,361,452	7/31/2028	4.90%	66,225	738,268
Top of the Market	655,000	11/15/2030	4.65%	Various	435,000
Torrey Hill Apts - 2356 Torrey Hill Drive	169,000	7/31/2030	5.50%	8,920	125,317
Torrey Hill Apts - 1945 Ottawa Drive	135,000	7/31/2031	4.25%	7,738	110,583
Torrey Hill Apts - 2552 Collingwood	135,000	7/31/2031	5.35%	Various	100,000
TronAir, Inc.	347,211	7/31/2027	3.57%	Various	190,600
TronAir, Inc.	100,000	7/31/2027	4.00%	Various	54,935
UAW Local 12	521,000	7/31/2026	4.75%	25,689	185,180
United North	304,000	12/1/2027	5.50%	15,654	181,560
Valico, LLC	82,857	7/31/2032	5.00%	4,202	62,952
Vibrant Ventures, LLC	515,449	7/31/2033	5.15%	25,665	438,491
Village of Edon	22,694	7/31/2025	5.00%	2,585	14,227
YMCA of Greater Toledo - Ft. Meigs	635,055	7/31/2038	4.90%	26,388	572,927
YMCA of Greater Toledo - Sylvania	660,337	7/31/2038	4.90%	27,439	595,736
YMCA of Greater Toledo - West	342,384	7/31/2038	4.90%	14,227	308,889
YMCA of Greater Toledo - Wolf Creek	430,315	7/31/2038	4.90%	Various	386,529
4493 286th Street	6,500	7/31/2028	4.25%	403	4,225
625 Acklin	11,200	12/31/2027	4.25%	692	6,718
2245 Airline	6,980	12/31/2027	4.25%	447	3,989
2721 Arthur	8,955	7/31/2030	4.25%	563	7,560
734 Barclay	6,970	12/31/2027	4.25%	434	3,866
4332 Belmer	6,718	7/31/2026	3.50%	424	3,138
4112 Berwick	4,336	7/31/2026	3.50%	273	2,268
4316 Birchall	8,535	7/31/2026	3.50%	537	3,975
2134 Birkdale	10,260	7/31/2030	4.25%	640	8,586
3540 Brock	6,240	7/31/2029	4.25%	1,032	12,371
714 Bronx	13,867	12/31/2027	4.25%	930	8,287
2316 Castlewood	5,800	7/31/2030	4.25%	373	5,002
4160 Cathage	12,486	7/31/2026	3.50%	786	5,815
3310 Cheltenham	9,885	7/31/2030	4.25%	628	8,434
25 Clifton	7,697	7/31/2028	4.25%	490	5,134
2044 Collingwood	14,350	7/31/2027	4.25%	952	8,490
2725 Collingwood	18,531	7/31/2031	4.25%	1,178	17,437
625 Collins	8,520	7/31/2030	4.25%	530	7,117

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
December 31, 2022

Note 2—Notes receivable – continued

A summary of notes receivable at December 31, 2022 is as follows, continued:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
522 Continental	9,449	12/31/2027	4.25%	586	5,223
364 Darrow	13,454	7/31/2032	4.25%	820	13,454
429 Darrow	3,815	7/31/2028	4.25%	241	2,522
2837 Densmore	6,000	7/31/2030	4.25%	381	5,119
2476 Detroit	5,555	7/31/2032	4.25%	338	5,555
1564 Eleanor	5,702	7/31/2031	4.25%	366	5,422
4435 Fir Lane	10,200	7/31/2031	4.25%	657	9,733
5429 Fortune	13,046	7/31/2031	4.25%	843	12,478
2268 Glenwood	12,719	7/31/2030	4.25%	806	10,814
2347 Glenwood	19,265	7/31/2032	4.25%	1,174	19,265
2537 Glenwood	6,113	12/31/2027	3.50%	366	3,332
1495 Gould	9,897	7/31/2026	3.50%	621	4,596
1905 Heatherwood	18,830	7/31/2026	3.50%	1,185	8,770
7113 Hollywyck	17,050	12/31/2027	4.25%	1,101	9,819
3628 Homewood	6,045	7/31/2029	4.25%	375	4,492
647 Hudson	8,700	7/31/2029	4.25%	555	7,652
512 Kopernik	4,191	7/31/2030	4.25%	270	3,627
1335 Laclede	7,669	7/31/2026	3.50%	480	3,550
2842 Letchworth	5,488	7/31/2029	4.25%	350	4,195
4330 Lowe	10,285	12/31/2027	4.25%	659	5,878
3764 Mapleway	14,745	12/31/2027	4.25%	959	8,554
2364 Meadowwood	24,454	7/31/2026	4.00%	1,548	11,456
3024 Meadowwood	9,261	7/31/2031	4.25%	586	8,680
308 Mont Royal	7,700	7/31/2028	4.25%	477	5,005
1413 N Huron	8,052	7/31/2029	4.25%	501	6,005
2401 Parkwood	12,121	12/31/2027	4.25%	777	6,928
4380 River Road	7,900	7/31/2030	4.25%	509	6,837
2236 Robinwood	28,013	12/31/2027	4.25%	1,796	16,011
2320 Robinwood	14,164	12/31/2027	3.50%	851	7,744
2634 Robinwood	10,329	7/31/2030	4.25%	645	8,659
3841 Rohr	12,662	7/31/2030	4.25%	816	11,018
1345 Rollins	8,946	7/31/2026	3.50%	561	4,154
2116 Scottwood	7,665	7/31/2027	4.25%	505	4,902
2333 Scottwood	19,200	7/31/2029	4.25%	1,199	14,369
2357 Scottwood	12,054	7/31/2031	4.25%	758	11,221
2515 Scottwood	11,200	7/31/2028	4.25%	697	7,306

**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
December 31, 2022**

Note 2—Notes receivable – continued

A summary of notes receivable at December 31, 2022 is as follows, continued:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
2716 Scottwood	9,404	7/31/2027	4.25%	629	5,604
1010 Searls	6,065	7/31/2030	4.25%	376	5,048
3146 Sherbrooke	9,751	7/31/2029	4.25%	624	7,481
1745 Talbot	9,232	7/31/2031	4.25%	579	8,565
4424 Walker	11,007	7/31/2030	4.25%	707	9,492
554 Walsh	7,182	12/31/2027	4.25%	460	4,105
3618 Watson	6,215	7/31/2030	4.25%	401	5,379
1935 Wellesley	11,040	7/31/2029	4.25%	692	8,291
4026 Wetzler	13,079	7/31/2026	3.50%	818	6,108
571 Williamdale	9,703	12/31/2027	4.25%	600	5,345
525 Winthrop	4,809	7/31/2029	4.25%	307	2,106
625 Winthrop	9,637	7/31/2031	4.25%	608	9,002
					<u>\$ 30,707,893</u>

Semi-annual payments - related parties:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
ParkSmart	\$ 722,114	8/25/2025	3.00%	\$ 36,000	\$ 245,879
TLCPA One Maritime Plaza	1,094,588	8/25/2025	3.42%	52,500	376,219
TLCPA Martin Luther King Plaza	460,686	8/28/2026	3.00%	17,135	180,943
TLCPA TEA Terminal Roof	1,810,000	7/31/2027	4.80%	Various	1,025,000
TLCPA Two Maritime Plaza	545,000	7/31/2031	5.00%	Various	395,000
TLCPA TAA Hangar	473,463	7/31/2032	4.20%	23,647	367,144
TLCPA TEA Lighting Project	62,990	7/31/2025	3.88%	4,922	32,709
TLCPA Toledo Express Airport	845,771	11/15/2028	4.25%	Various	528,964
					<u>3,151,858</u>
				Total notes receivable	33,859,751
				Less current portion	<u>(3,746,309)</u>
					30,113,442
				Less unexpended funds	<u>(1,547,708)</u>
				Notes receivable, net of current portion and unexpended funds	<u>\$ 28,565,734</u>

**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
December 31, 2022**

Note 2—Notes receivable – continued

Future principal payments of notes receivable for years succeeding 2022 are as follows:

December 31,	
2023	\$ 3,746,309
2024	3,643,103
2025	4,205,727
2026	3,950,129
2027	2,863,322
Thereafter	15,451,161
Total future maturities of notes receivable	\$ 33,859,751

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 for the purpose of economic development. 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 \$46,115,000 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, 2022 is as follows:

	Face Amount	Maturity Date	Interest Rate	Balance	Bond Reserve
2012B	\$ 5,325,000	11/15/26	4.67%	\$ 2,370,000	\$ 532,500
2012C-2	3,055,000	05/15/27	4.32%	1,405,000	305,500
2012C-3	1,540,000	05/15/27	4.32%	720,000	154,000
2013A-1	360,000	11/15/23	4.83%	85,000	36,000
2013A-2	2,600,000	11/15/28	4.83%	1,525,000	260,000
2013A-3	1,795,000	11/15/28	4.83%	1,050,000	179,500
2015B-1	1,260,000	11/15/30	4.35%	950,000	126,000
2015B-2	655,000	11/15/30	4.35%	435,000	65,500
2015B-3	1,215,000	11/15/30	4.35%	840,000	121,500
2015B-4	670,000	11/15/30	4.35%	280,000	67,000
2015B-5	1,665,000	11/15/30	4.35%	700,000	166,500

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
December 31, 2022

Note 3—Long-term debt – continued

A summary of bonds payable to the Northwest Ohio Bond Fund at December 31, 2022 is as follows, continued:

	Face Amount	Maturity Date	Interest Rate	Balance	Bond Reserve
2017A-1	2,455,000	11/15/27	3.57%	1,340,000	245,500
2017A-2	4,240,000	11/15/31	3.88%	2,975,000	424,000
2017D-1	175,000	11/15/27	4.20%	100,000	17,500
2017D-2	2,010,000	11/15/32	4.20%	1,570,000	201,000
2017D-3	440,000	11/15/32	4.20%	345,000	44,000
2017D-4	3,650,000	11/15/32	4.20%	2,850,000	365,000
2019A-1	3,425,000	11/15/33	4.37%	2,820,000	342,500
2019A-2	1,980,000	11/15/38	4.52%	1,770,000	198,000
2019A-3	1,300,000	11/15/43	4.65%	1,195,000	130,000
2022G-1	1,585,000	11/15/34	5.00%	1,530,000	158,500
2022G-2	1,785,000	11/15/36	5.05%	1,750,000	178,500
2022G-3	1,585,000	11/15/37	5.10%	1,585,000	158,500
2022G-4	1,345,000	11/15/42	5.20%	1,330,000	134,500
		Total bonds payable		\$ 31,520,000	\$ 4,611,500
		Less unamortized bond issuance costs		(766,614)	
				30,753,386	
		Less current portion		(3,040,000)	
		Bonds payable net of current portion and unamortized bond issuance costs		\$ 27,713,386	

A summary of notes payable outstanding at December 31, 2022 is as follows:

	Original Amount	Maturity Date	Interest Rate	Balance
ODSA	\$ 1,740,087	09/15/28	1.00%	\$ 831,193
TLCPA	150,000	05/01/32	3.00%	104,975
TLCPA	150,000	05/01/33	3.00%	114,957
TLCPA	150,000	11/01/33	3.00%	119,151
TLCPA	150,000	11/01/35	3.00%	137,944
TLCPA	150,000	11/01/36	3.00%	144,629
		Total notes payable		1,452,849
		Less current portion		(180,788)
		Notes payable net of current portion		\$ 1,272,061

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
December 31, 2022

Note 3—Long-term debt – continued

Future maturities of long-term debt payable for years succeeding 2022 are as follows:

December 31,	
2023	\$ 3,220,787
2024	3,298,532
2025	3,656,331
2026	3,859,188
2027	3,222,104
Thereafter	15,715,907
Total future maturities of long-term debt	\$ 32,972,849

Bond issuance costs are costs incurred related to the issuance of 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 \$84,631 in 2022.

Future amortization of bond issuance costs for years succeeding 2022 are as follows:

December 31,	
2023	\$ 91,264
2024	90,266
2025	88,443
2026	82,094
2027	68,087
Thereafter	346,460
Total future amortization of bond costs	\$ 766,614

Note 4—Related party transactions

On January 1, 2014, the District entered into an administrative agreement with the Toledo-Lucas County Port Authority (the Authority) to provide support services and resources. The management fee associated with the agreement is equal to the increase in net assets prior to the management fee for the previous 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, 2022 was \$354,940 which was calculated based on the net assets for 2021 and is a payable to the Authority as of December 31, 2022.

At December 31, 2022, the District has outstanding notes receivable of \$3,151,858 from the Authority.

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
December 31, 2022

Note 5–Liquidity

The following reflects the District’s financial assets as of December 31, 2022, available for general use within one year of the balance sheet date:

Cash	\$ 146,152
Current portion of notes receivable	3,746,309
Interest receivable	<u>617,810</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,510,271</u>

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 6–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.



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

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, 2022, 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 June 14, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District’s financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *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 "Perry & Associates CPAs A.C." in a cursive script.

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

June 14, 2023

OHIO AUDITOR OF STATE KEITH FABER



NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/27/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov