



**Certified Public Accountants, A.C.**

**NORTHWEST OHIO  
ADVANCED ENERGY IMPROVEMENT DISTRICT  
LUCAS COUNTY  
Regular Audit  
For the Year Ended December 31, 2017**

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# Dave Yost • Auditor of State

Board of Directors  
Northwest Ohio Advanced Energy Improvement District  
One Maritime Plaza, Suite 701  
Toledo, OH 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, 2017 through December 31, 2017. 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 black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

May 30, 2018

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

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
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> .....	15

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## INDEPENDENT AUDITOR'S REPORT

April 24, 2018

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, 2017, 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.

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 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.

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...*"bringing more to the table"*

**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, 2017, 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2018, 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, 2017**

**ASSETS**

**Current assets**

Cash	\$	22,746
Cash and cash equivalents held by trustees		7,951,107
Current portion of notes receivable		2,172,503
Accounts receivable		152,603
Advance to Toledo-Lucas County Port Authority		589,738
Interest receivable		524,056
Total current assets		11,412,753

**Noncurrent assets**

Notes receivable, net of current portion and unexpended funds		28,036,163
Total noncurrent assets		28,036,163

		\$ 39,448,916
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**LIABILITIES AND NET ASSETS**

**Current liabilities**

Accounts payable	\$	21,239
Current portion of bonds payable		1,780,000
Current portion of notes payable		136,875
Accrued interest		150,018
Total current liabilities		2,088,132

**Noncurrent liabilities**

Bonds payable, net of current portion and unamortized bond issuance costs		28,381,740
Notes payable, net of current portion		1,649,299
Notes receivable issuance costs, net of amortization		867,620
Deferred revenue		559,254
Funds held on behalf of borrowers		2,416,889
Total noncurrent liabilities		33,874,802

**Net assets**

Unrestricted		485,982
Temporarily restricted		3,000,000
Total net assets		3,485,982

		\$ 39,448,916
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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, 2017**

<b>Revenues</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Interest income from notes receivable	\$ 1,471,257	\$ -	\$ 1,471,257
Fee income	159,081	-	159,081
Investment income	33,208	-	33,208
Total revenue	<u>1,663,546</u>	<u>-</u>	<u>1,663,546</u>
<b>Expenses</b>			
Interest expense on bonds payable	1,021,898	-	1,021,898
Bond administration fees	134,908	-	134,908
Legal and other professional fees	27,410	-	27,410
Amortization of bond issuance costs	51,642	-	51,642
Trustee fees	16,607	-	16,607
Management fee	581,060	-	581,060
Total expenses	<u>1,833,525</u>	<u>-</u>	<u>1,833,525</u>
Change in net assets	(169,979)	-	(169,979)
Net assets, beginning of year	655,961	3,000,000	3,655,961
Net assets, end of year	<u>\$ 485,982</u>	<u>\$ 3,000,000</u>	<u>\$ 3,485,982</u>

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, 2017**

<b>Cash flows from operating activities</b>		
Change in net assets		\$ (169,979)
Adjustments to reconcile net change in net assets to net cash provided by operating activities:		
Amortization of bond issuance costs		51,642
Amortization income - deferred revenue and note receivable issuance costs		(130,812)
Changes in operating assets and liabilities:		
Increase in:		
Interest receivable		(180,580)
Accounts payable		15,977
Accrued interest		33,858
	Net cash used in operating activities	<u>(379,894)</u>
<b>Cash flows from investing activities</b>		
Principal payments received on notes receivable		1,596,631
Advances made to borrowers		(9,852,981)
Cash received from Toledo-Lucas County Port Authority		1,757,222
	Net cash used in investing activities	<u>(6,499,128)</u>
<b>Cash flows from financing activities</b>		
Proceeds from the issuance of bonds payable		12,970,000
Proceeds from the issuance of notes payable		150,000
Payments on notes payable		(127,924)
Payments on bonds payable		(1,270,000)
Cash paid for bond issuance costs		(367,427)
	Net cash provided by financing activities	<u>11,354,649</u>
Net increase in cash and cash equivalents		<u>4,475,627</u>
Cash and cash equivalents at beginning of year		3,498,226
Cash and cash equivalents at end of year		<u><u>\$ 7,973,853</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, 2017**

**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 new 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, 2017 were \$867,620.

**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2017**

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

**Deferred revenue**

Deferred revenue represents fees charged to borrowers and is amortized over the term of the loan. Deferred revenue at December 31, 2017 was \$559,254.

**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, 2017 were \$2,416,889.

**Revenue recognition**

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

**Net asset classifications**

Net assets are classified based on the existence or absence of donor or program-imposed restrictions. Net assets are defined as follows:

*Unrestricted net assets* are not subject to donor or program-imposed stipulations or the donor-imposed restrictions have expired.

*Temporarily restricted net assets* include assets for which donor or program-imposed restrictions have not been met. Temporarily restricted net assets at December 31, 2017 are related to a Department of Energy grant from the Toledo-Lucas County Port Authority.

*Permanently restricted net assets* are subject to donor or program-imposed stipulations that they be maintained permanently by the District. Generally, the donor or grantor of these assets permits the District to use all or part of the income earned on related investments for general or specific purposes. There were no permanently restricted net assets at December 31, 2017.

**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 2014. 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, 2017**

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

**Functional allocation of expenses**

The costs of providing various programs and other activities have been summarized on a natural basis in the statement of activities. Management believes that all expenses are related to programs.

**New accounting pronouncements**

On August 18, 2016, the FASB issued Accounting Standards Update 2016-14 (ASU 2016-14), *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 improves existing standards for financial statement presentation by not-for-profit organizations. ASU 2016-14 is effective for annual reporting periods beginning after December 31, 2017, and interim periods with fiscal years beginning after December 15, 2018. The District is currently evaluating the impact of this update on their financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, to supersede nearly all existing revenue recognition guidance under U.S. GAAP. ASU 2014-09 requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Company has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

**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, 2017 is as follows:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
<b>Monthly payments:</b>					
Whitaker Finishing, LLC	\$ 83,115	9/15/2018	5.50%	\$ 1,501	\$ 12,510
IPS Energy-Collins Park Solar Project	1,040,000	3/15/2022	5.25%	11,606	526,181
Sylvania Tam-O-Shanter Sports, Inc.	313,000	10/15/2022	5.50%	3,397	172,661
Louisville Title	194,650	6/1/2026	4.75%	1,588	133,093
Valentine Theatre	105,521	3/15/2027	3.00%	729	70,557
Solscient Energy, LLC (GM)	1,177,920	5/1/2027	4.32%	Various	920,925
Kistler Ford Sales, Inc.	198,101	11/15/2027	5.50%	1,689	154,662
United North	304,000	12/1/2027	5.50%	2,609	257,963
Solscient Energy, LLC (GM)	500,000	12/20/2028	4.00%	3,698	394,430
Little Learners	45,000	11/15/2037	6.00%	286	33,061

**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2017**

**Note 2–Notes receivable – continued**

A summary of notes receivable at December 31, 2017 is as follows, continued:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
<b>Semi-annual payments:</b>					
Neighborhood Health Association	171,700	7/23/2019	5.00%	20,210	76,026
JMS Real Estate	170,000	7/31/2024	6.25%	12,191	136,550
Rupp Unlimited Property Partnership	91,473	7/31/2025	4.45%	5,648	83,020
Kettering Tower	2,335,000	11/15/2025	4.35%	Various	1,995,000
UAW Local 12	521,000	7/31/2026	4.75%	25,689	372,730
City of Toledo ESID 1-40	5,325,000	10/15/2026	5.48%	Various	4,368,510
SKA Enterprises	128,774	7/31/2027	5.81%	6,784	101,813
The Toledo Club	689,159	7/31/2028	4.85%	Various	595,511
Toledo School of the Arts	1,361,452	7/31/2028	4.69%	66,225	1,169,637
City of Oregon	1,751,175	7/31/2028	3.90%	Various	1,448,715
Job One USA	478,192	12/12/2028	5.50%	Various	401,975
1800 Limited (Mannik & Smith)	161,389	7/31/2029	5.75%	Various	144,507
405 Madison Limited, LLC	448,257	7/31/2029	5.75%	Various	427,459
NZR	1,485,035	7/31/2029	5.90%	Various	1,174,737
JA2 Investment, LLC	127,500	7/31/2030	4.75%	6,100	121,102
Torrey Hill Apartments	169,000	7/31/2030	5.50%	8,455	172,612
Maumee Valley Movers	242,019	11/15/2030	4.10%	Various	230,213
Barron's Lawn Service	175,000	11/15/2030	4.50%	8,629	167,140
Top of the Market	655,000	11/15/2030	4.65%	Various	595,000
Briarwood Management Project	1,260,000	11/15/2035	4.35%	Various	1,205,000
13 North Huron	55,182	7/31/2031	5.00%	2,662	52,979
16 Broadway St	79,560	7/31/2031	5.00%	619	77,714
Gould	9,897	7/31/2026	3.50%	621	9,508
Rollins	8,946	7/31/2026	3.50%	561	8,594
Heatherwood	18,830	7/31/2026	3.50%	1,185	18,222
Meadowwood	24,454	7/31/2026	3.50%	1,548	23,630
Berwick	4,336	7/31/2026	3.50%	273	4,165
Carthage	12,486	7/31/2026	3.50%	786	11,994
Birchall	8,535	7/31/2026	3.50%	537	8,199
Belmar	6,718	7/31/2026	3.50%	424	6,472
Mapleway	14,745	12/31/2027	4.25%	959	14,745
Hollywyck	17,050	12/31/2027	4.25%	1,101	17,050
Robinwood	28,013	12/31/2027	4.25%	1,796	28,013
Parkwood	12,121	12/31/2027	4.25%	777	11,957
Bronx	13,867	12/31/2027	4.25%	930	13,726

**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2017**

**Note 2–Notes receivable – continued**

A summary of notes receivable at December 31, 2017 is as follows, continued:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
Walsh	7,182	12/31/2027	4.25%	460	7,085
Airline	6,980	12/31/2027	4.25%	447	6,885
Lowe	10,285	12/31/2027	4.25%	659	10,215
Williamdale	9,703	12/31/2027	4.25%	600	9,703
Acklin	11,200	12/31/2027	4.25%	692	11,200
Continental	9,449	12/31/2027	4.25%	586	9,449
Barclay	6,970	12/31/2027	4.25%	434	6,970
Glenwood	6,113	12/31/2027	3.50%	366	6,113
Robinwood	14,164	12/31/2027	3.50%	851	14,164
Laclede	7,669	7/31/2026	3.50%	480	7,398
Wetzler	13,079	7/31/2026	3.50%	818	12,524
Art Iron	266,016	7/31/2031	5.00%	Various	255,223
B&B	1,305,000	11/15/2030	4.95%	Various	1,245,000
Dealer Portfolio Solutions	43,860	7/30/2026	5.00%	Various	40,050
S&G ( Fairlawn)	365,000	7/31/2025	4.70%	Various	335,000
Jamaican Spice	59,670	7/31/2026	5.00%	Various	59,670
Radon Environmental	26,269	7/31/2026	5.00%	Various	24,553
Springfield TWP Admin	166,629	7/31/2031	5.00%	Various	157,667
Findlay Surgical Center	1,095,000	7/31/2031	4.25%	Various	1,095,000
Springfield Fire Station	685,000	7/31/2031	5.25%	Various	685,000
Stone Family Enterprises	280,000	7/31/2031	5.25%	Various	280,000
TEA TronAir	347,211	7/31/2027	3.57%	Various	347,211
2552 Torrey Hill Apartments	135,000	7/31/2031	5.35%	Various	135,000
Hale Performance	565,000	7/31/2031	5.35%	Various	565,000
1945 Ottawa Drive - Torrey Hill	135,000	7/31/2031	5.35%	Various	135,000
TEA Maintenance	27,874	7/31/2027	5.00%	Various	27,874
Maumee Assembly & Stamping	3,660,000	7/1/2032	4.53%	Various	3,660,000
Crane Development	81,223	7/31/2027	5.00%	5,457	80,795
Lima Chamber of Commerce	36,920	7/31/2027	5.00%	2,464	36,920
Marshall Fitness	44,650	7/31/2027	5.00%	3,000	44,177
JAM III Enterprises	76,100	7/31/2032	5.00%	3,846	75,835
Liberty Ridge	916,705	7/31/2032	5.00%	46,329	913,512



**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2017**

**Note 2–Notes receivable – continued**

A summary of notes receivable at December 31, 2017 is as follows, continued:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
Valico, LLC	82,857	7/31/2032	5.00%	4,202	82,566
Stevens Venture	101,760	7/31/2022	5.35%	0	101,760
TEA TronAir	100,000	7/31/2027	4.00%	0	100,000
City of Toledo	51,195	10/15/2026	5.48%	0	51,195
					<u>\$ 28,605,982</u>
<b>Semi-annual payments - related parties:</b>					
Parking Authority	722,114	8/25/2025	3.00%	31,097	\$ 502,020
TLCPA One Maritime Plaza	1,094,588	8/25/2025	3.42%	48,421	762,618
TLCPA Martin Luther King Plaza	460,686	8/28/2026	3.00%	17,295	335,305
Toledo Port Terminal Roof	1,810,000	7/31/2027	4.80%	Various	1,810,000
Two Maritime Plaza	545,000	7/31/2031	5.00%	Various	545,000
TLCPA Toledo Express Airport	845,771	11/15/2028	4.83%	Various	794,987
					<u>4,749,930</u>
				Total notes receivable	33,355,912
				Less current portion	<u>(2,172,503)</u>
					31,183,409
				Less unexpended funds	<u>(3,147,246)</u>
				Notes receivable, net of current portion and unexpended funds	<u>\$ 28,036,163</u>

Future principal payments of notes receivable for years succeeding 2017 are as follows:

December 31,	
2018	\$ 2,172,503
2019	2,459,254
2020	2,549,502
2021	2,664,890
2022	2,691,785
Thereafter	<u>20,817,978</u>
Total future maturities of notes receivable	<u>\$ 33,355,912</u>

**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2017**

**Note 3—Long-term debt**

The Northwest Ohio Bond Fund issues taxable 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 \$34,950,000 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, 2017 is as follows:

	Face Amount	Maturity Date	Interest Rate	Balance	Held in Reserve
2012B	\$ 5,325,000	11/15/26	4.67%	\$ 4,195,000	\$ 532,500
2012C-1	1,840,000	05/15/22	4.32%	1,115,000	184,000
2012C-2	3,055,000	05/15/27	4.32%	2,375,000	305,500
2012C-3	1,540,000	05/15/27	4.32%	1,200,000	154,000
2013A-1	360,000	11/15/23	4.83%	285,000	36,000
2013A-2	2,600,000	11/15/28	4.83%	2,290,000	260,000
2013A-3	1,795,000	11/15/28	4.83%	1,580,000	179,500
2015B-1	1,260,000	11/15/30	4.35%	1,180,000	126,000
2015B-2	655,000	11/15/30	4.35%	595,000	65,500
2015B-3	1,215,000	11/15/30	4.35%	1,160,000	121,500
2015B-4	670,000	11/15/30	4.35%	570,000	67,000
2015B-5	1,665,000	11/15/30	4.35%	1,425,000	166,500
2017A-1	2,455,000	11/15/27	3.57%	2,455,000	245,500
2017A-2	4,240,000	11/15/31	3.88%	4,240,000	424,000
2017D-1	175,000	11/15/27	4.20%	175,000	17,500
2017D-2	2,010,000	11/15/32	4.20%	2,010,000	201,000
2017D-3	440,000	11/15/32	4.20%	440,000	44,000
2017D-4	3,650,000	11/15/32	4.20%	3,650,000	365,000
		Total bonds payable		<u>\$ 30,940,000</u>	<u>\$ 3,495,000</u>
		Less unamortized bond issuance costs		<u>(778,260)</u>	
				30,161,740	
		Less current portion		<u>(1,780,000)</u>	
		Bonds payable net of current portion and unamortized bond issuance costs		<u>\$ 28,381,740</u>	

**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
December 31, 2017**

**Note 3—Long-term debt – continued**

A summary of notes payable outstanding at December 31, 2017 is as follows:

	Original Amount	Maturity Date	Interest Rate	Balance
ODSA	\$ 1,740,087	09/15/28	1.00%	\$ 1,486,846
PACE	\$ 150,000	05/01/32	3.00%	149,328
PACE	\$ 150,000	05/01/33	3.00%	150,000
		Total notes payable		1,786,174
		Less current portion		(136,875)
		Notes payable net of current portion		<u>\$ 1,649,299</u>

During 2018, the District borrowed an additional \$150,000 from the Toledo-Lucas County Port Authority at 3% interest due in November 2033.

Future maturities of long-term debt payable for years succeeding 2017 are as follows:

December 31,	
2018	\$ 1,916,875
2019	2,351,730
2020	2,473,625
2021	2,585,471
2022	2,807,070
Thereafter	20,591,403
Total future maturities of long-term debt	<u>\$ 32,726,174</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 \$51,642 in 2017.

Future amortization of bond issuance costs for years succeeding 2017 are as follows:

December 31,	
2018	\$ 71,500
2019	71,500
2020	71,500
2021	71,500
2022	71,500
Thereafter	420,760
Total future amortization of bond costs	<u>\$ 778,260</u>

**NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2017**

**Note 4–Related party transactions**

At December 31, 2017, the District has outstanding advances with the Toledo-Lucas County Port Authority (Authority) of \$589,738 and outstanding notes receivable of \$4,749,930.

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

April 24, 2018

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, 2017, 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 April 24, 2018.

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

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***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 Association'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 cursive script that reads "Perry & Associates CPAs A.C.".

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



# Dave Yost • Auditor of State

**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 12, 2018**