



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of Northwest Ohio Advanced Energy Improvement District, Lucas County, Ohio (the District), (a not-for-profit corporation), which comprise the statement of financial position, the related statements of activities and cash flows, as of and for the year ended December 31, 2016, 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 those risks of financial statement material 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 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 Northwest Ohio Advanced Energy Improvement District, Lucas County, Ohio as of December 31, 2016, and the changes in its financial position 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 November 13, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

November 13, 2017

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
STATEMENT OF FINANCIAL POSITION
December 31, 2016

ASSETS

Current assets

Cash	\$	56,900
Cash and cash equivalents held by trustees		3,441,326
Current portion of notes receivable		1,705,786
Accounts receivable		345,977
Advance to Toledo-Lucas County Port Authority		1,834,609
Interest receivable		343,476
Total current assets		7,728,074

Noncurrent assets

Notes receivable, net of current portion and unexpended funds		19,972,462
Total assets	\$	27,700,536

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$	5,262
Current portion of bonds payable		1,270,000
Current portion of notes payable		127,924
Accrued interest		116,160
Total current liabilities		1,519,346

Noncurrent liabilities

Bonds payable, net of current portion and unamortized bond issuance costs		17,507,525
Notes payable, net of current portion		1,636,174
Notes receivable issuance costs, net of amortization		618,632
Deferred revenue		620,077
Funds held on behalf of borrowers		2,142,821
Total noncurrent liabilities		22,525,229

Net assets

Unrestricted		655,961
Temporarily restricted		3,000,000
Total net assets		3,655,961
Total liabilities and net assets	\$	27,700,536

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, 2016

Revenues	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest income from notes receivable	\$ 1,336,199	\$ 0	\$ 1,336,199
Fee income	89,669		89,669
Investment income	6,996		6,996
Total Revenue	<u>1,432,864</u>	<u>0</u>	<u>1,432,864</u>
Expenses			
Interest expense on bonds payable	963,983	0	963,983
Bond administration fees	144,007		144,007
Legal and other professional fees	23,819		23,819
Trustee fees	20,857		20,857
Other operating expenses	110		110
Total Expenses	<u>1,152,776</u>	<u>0</u>	<u>1,152,776</u>
Change in net assets	280,088	0	280,088
Net assets, beginning of year	375,873	3,000,000	3,375,873
Net assets, end of year	<u>\$ 655,961</u>	<u>\$ 3,000,000</u>	<u>\$ 3,655,961</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, 2016

Cash flows from operating activities		
Change in net assets		\$ 280,088
Adjustments to reconcile net change in net assets to net cash provided by operating activities:		
Amortization of bond issuance costs		44,565
Amortization income - deferred revenue and note receivable issuance costs		(116,339)
Changes in operating assets and liabilities:		
Increase in:		
Interest receivable		(93,191)
Decrease in:		
Accounts payable		(170)
Accrued interest		(1,199)
	Net cash provided by operating activities	<u>113,754</u>
Cash flows from investing activities		
Principal payments received on notes receivable		(3,565,646)
Advances made to borrowers		639,468
Cash advanced to Toledo-Lucas County Port Authority		910,432
	Net cash used in investing activities	<u>(2,015,746)</u>
Cash flows from financing activities		
Proceeds from the issuance of notes payable		1,890,087
Payments on notes payable		(125,989)
Payments on bonds payable		(1,165,000)
	Net cash provided by financing activities	<u>599,098</u>
Net decrease in cash and cash equivalents		<u>(1,302,894)</u>
Cash and cash equivalents at beginning of year		<u>4,801,120</u>
Cash and cash equivalents at end of year		<u><u>\$ 3,498,226</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, 2016

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, 2016 were \$618,632.

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
December 31, 2016

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, 2016 was \$620,077.

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, 2016 were \$2,142,821.

Revolving loan fund

In 2014, the District received a Department of Energy grant in the amount of \$3,000,000 from the Toledo-Lucas County Port Authority which is a revolving loan fund for energy efficiency and clean and renewable energy projects.

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, 2016 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, 2016.

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.

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
December 31, 2016

Note 1–Summary of significant accounting policies – continued

Income taxes - continued

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 2013. 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.

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.

Change in accounting principle

During 2016, the District adopted a change in accounting principle related to the presentation of bond issuance costs. In previous period, the bond issuance costs were presented as an asset on the accompanying Balance Sheet. Effective January 1, 2016, the bond issuance costs will be presented as a reduction in the outstanding bond due and the amortization of these costs will be included in interest expense. There has been no change to the recognition and measurement of the bond issuance costs, therefore these costs will continue to be amortized over the life of the loan using the straight-line method.

New accounting pronouncement

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 15, 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.

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.

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
December 31, 2016

Note 2—Notes receivable – continued

A summary of notes receivable at December 31, 2016 is as follows:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
Monthly payments:					
Whitaker Finishing, LLC	\$ 83,115	9/15/2018	5.50%	\$ 1,501	\$ 29,328
IPS Energy-Collins Park Solar Project	1,040,000	3/15/2022	5.25%	11,606	649,742
Sylvania Tam-O-Shanter Sports, Inc.	313,000	10/15/2022	5.50%	3,397	203,015
Louisville Title	194,650	6/1/2026	4.75%	1,588	145,511
Valentine Theatre	105,521	3/15/2027	3.00%	729	77,613
Solscient Energy, LLC (GM)	1,177,920	5/1/2027	4.32%	Various	977,066
Kistler Ford Sales, Inc.	198,101	11/15/2027	5.50%	1,689	166,082
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	424,706
Little Learners	45,000	11/15/2037	6.00%	286	36,198
Semi-annual payments:					
Neighborhood Health Association	171,700	7/23/2019	5.00%	20,209	111,314
JMS Real Estate	170,000	7/31/2024	6.25%	12,191	151,685
Rupp Unlimited Property Partnership	91,473	7/31/2025	4.45%	5,648	91,473
Kettering Tower	2,335,000	11/15/2025	4.35%	Various	2,165,000
UAW Local 12	521,000	7/31/2026	4.75%	25,689	405,241
City of Toledo	5,325,000	10/15/2026	5.48%	272,051	4,487,671
SKA Enterprises	128,774	7/31/2027	5.81%	6,784	109,143
The Toledo Club	689,159	7/31/2028	4.85%	Various	634,922
Toledo School of the Arts	1,361,452	7/31/2028	4.69%	66,225	1,244,539
City of Oregon	1,751,175	7/31/2028	3.90%	Various	1,573,018
Job One USA	478,192	12/12/2028	5.50%	Various	430,083
1800 Limited (Mannik & Smith)	161,389	7/31/2029	5.75%	Various	151,645
405 Madison Limited, LLC	448,257	7/31/2029	5.75%	Various	448,257
NZR	1,485,035	7/31/2029	5.90%	Various	1,393,522
JA2 Investment, LLC	127,500	7/31/2030	4.75%	6,100	127,500
Torrey Hill Apartments	169,000	7/31/2030	5.50%	8,455	169,000
Maumee Valley Movers	242,019	11/15/2030	4.10%	Various	242,020
Barron's Lawn Servie	175,000	11/15/2030	4.50%	8,629	175,000
Top of the Market	655,000	11/15/2030	4.65%	Various	625,000
Briarwood Management Project	1,260,000	11/15/2035	4.35%	Various	1,220,000
13 North Huron	55,182	7/31/2031	5.00%	Various	56,465
16 Broadway St	79,560	7/31/2031	5.00%	Various	79,560
Gould	9,897	7/31/2026	3.50%	Various	9,897
Rollins	8,946	7/31/2026	3.50%	Various	8,946
Heatherwood	18,830	7/31/2026	3.50%	Various	18,830

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
December 31, 2016

Note 2—Notes receivable – continued

A summary of notes receivable at December 31, 2016 is as follows, continued:

Loan	Original Amount	Maturity Date	Interest Rate	Payment Amount	Balance
Meadowwood	24,454	7/31/2026	3.50%	Various	24,454
Berwick	4,336	7/31/2026	3.50%	Various	4,336
Carthage	12,486	7/31/2026	3.50%	Various	12,486
Birchall	8,535	7/31/2026	3.50%	Various	8,535
Belmar	6,718	7/31/2026	3.50%	Various	6,718
Art Iron	266,016	7/31/2031	5.00%	Various	272,014
B&B	1,305,000	11/15/2030	4.95%	Various	1,305,000
Dealer Portfolio Solutions	43,860	7/30/2026	5.00%	Various	44,226
S&G (Fairlawn)	365,000	7/31/2025	4.70%	Various	365,000
Jamaican Spice	59,670	7/31/2026	5.00%	Various	59,670
Radon Environmental	26,269	7/31/2026	5.00%	Various	26,469
Springfield TWP Admin	166,629	7/31/2031	5.00%	Various	168,040
Findlay Surgical Center	1,095,000	7/31/2031	4.25%	Various	1,095,000
					<u>22,488,903</u>
Semi-annual payments - related parties:					
Parking Authority	722,114	8/25/2025	3.00%	31,097	548,829
TLCPA One Maritime Plaza	1,094,588	8/25/2025	3.42%	48,421	832,339
TLCPA Martin Luther King Plaza	460,686	8/28/2026	3.00%	17,295	364,912
TLCPA Toledo Express Airport	845,771	11/15/2028	4.83%	Various	840,180
					<u>2,586,260</u>
				Total notes receivable	<u>25,075,163</u>
				Less current portion	<u>(1,705,786)</u>
					23,369,377
				Less unexpended funds	<u>(3,396,915)</u>
				Notes receivable, net of current portion and unexpended funds	<u><u>\$ 19,972,462</u></u>

Future principal payments of notes receivable for years succeeding 2016 are as follows:

December 31,	
2017	\$ 1,705,786
2018	1,786,342
2019	1,870,851
2020	1,913,866
2021	2,000,493
Thereafter	15,797,825
Total future maturities of notes receivable	<u><u>\$ 25,075,163</u></u>

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
December 31, 2016

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 \$21,980,000 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, 2016 is as follows:

	Face Amount	Maturity Date	Interest Rate	Balance	Held in Reserve
2012B	\$ 5,325,000	11/15/26	4.67%	\$ 4,500,000	\$ 532,500
2012C-1	1,840,000	05/15/22	4.32%	1,290,000	184,000
2012C-2	3,055,000	05/15/27	4.32%	2,540,000	305,500
2012C-3	1,540,000	05/15/27	4.32%	1,280,000	154,000
2013A-1	360,000	11/15/23	4.83%	315,000	36,000
2013A-2	2,600,000	11/15/28	4.83%	2,420,000	260,000
2013A-3	1,795,000	11/15/28	4.83%	1,670,000	179,500
2015B-1	1,260,000	11/15/30	4.35%	1,220,000	126,000
2015B-2	655,000	11/15/30	4.35%	625,000	65,500
2015B-3	1,215,000	11/15/30	4.35%	1,215,000	121,500
2015B-4	670,000	11/15/30	4.35%	620,000	67,000
2015B-5	1,665,000	11/15/30	4.35%	1,545,000	166,500
		Total bonds payable		19,240,000	\$ 2,198,000
		Less unamortized bond issuance costs		(462,475)	
				18,777,525	
		Less current portion		(1,270,000)	
		Bonds payable net of current portion and unamortized bond issuance costs		\$ 17,507,525	

A summary of notes payable outstanding at December 31, 2016 is as follows:

	Original Amount	Maturity Date	Interest Rate	Balance
ODSA	\$ 1,740,087	09/15/28	1.00%	\$ 1,614,098
PACE	150,000	05/01/32	3.00%	150,000
		Total notes payable		1,764,098
		Less current portion		(127,924)
		Notes payable net of current portion		\$ 1,636,174

NORTHWEST OHIO ADVANCED ENERGY IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
December 31, 2016

Note 3—Long-term debt – continued

Future maturities of long-term debt payable for years succeeding 2016 are as follows:

December 31,	
2017	\$ 1,397,924
2018	1,486,875
2019	1,563,417
2020	1,639,981
2021	1,716,564
Thereafter	13,199,337
Total future maturities of long-term debt	\$ 21,004,098

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 \$44,565 in 2016.

Future amortization of bond issuance costs for years succeeding 2016 are as follows:

December 31,	
2017	\$ 44,566
2018	44,566
2019	44,566
2020	44,566
2021	44,566
Thereafter	239,645
Total future amortization of bond costs	\$ 462,475

Note 4—Related party transactions

At December 31, 2016, the District had outstanding advances with the Toledo-Lucas County Port Authority of \$1,834,609, outstanding notes receivable with the Parking Authority of \$548,829, and outstanding notes receivable with the Toledo-Lucas County Port Authority of \$2,037,431.

Note 5—Subsequent events

On May 4, 2017, the District entered into a loan agreement with the Toledo-Lucas County Port Authority to receive Community Economic Development Initiative (CEDI) loan proceeds to fund residential PACE projects in an amount not to exceed \$150,000. The loan has an interest rate of 3% and matures on May 1, 2033.

On June 28, 2017, the District closed on a bond in the amount of \$6.7 million. The District also issued two bond series in the respective amounts of \$2.5 million over 10 years and \$4.2 million over 15 years, both of which hold an interest rate under 4%.



Dave Yost • Auditor of State

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

Northwest Ohio Advanced Energy Improvement District
Lucas County
One Maritime Plaza, Suite 701
Toledo, Ohio 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 financial statements of Northwest Ohio Advanced Energy Improvement District, Lucas County, Ohio (the District) as of and for the year ended December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated November 13, 2017.

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.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 report is not suitable for any other purpose.

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

Dave Yost
Auditor of State

Columbus, Ohio

November 13, 2017



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
NOVEMBER 28, 2017**