

AKRON-SUMMIT COUNTY ENERGY SPECIAL
IMPROVEMENT DISTRICT, INC.

FINANCIAL STATEMENTS

December 31, 2019 and 2018

AKRON-SUMMIT COUNTY ENERGY SPECIAL IMPROVEMENT DISTRICT, INC.

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AKRON-SUMMIT COUNTY ENERGY SPECIAL IMPROVEMENT DISTRICT, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019 and 2018

General

The Management of the Akron-Summit County Energy Special Improvement District, Inc. ("ESID") provides the readers of the ESID's financial statements this brief overview of the financial activities of the ESID for the years ended December 31, 2019 and 2018.

The ESID was created pursuant to Ohio Revised Code (ORC) Chapter 1710 for the purpose of enhancing the value of properties within the district and improving the environment by developing and assisting in developing special energy improvement projects. The ESID administers a PACE Program which provides financing secured by special assessments on real property for special energy improvement projects. Participation in the PACE Program is limited to property owners who have agreed to add their property to the District and who otherwise meet the PACE Program's terms and condition

In August 2017, Development Finance Authority of Summit County (the "Authority") entered into a two-year, renewable Cooperative Agreement with the County of Summit and the Northeast Ohio Public Energy Council (NOPEC) for the expansion of the City of Akron's Energy Special Improvement District throughout the rest of Summit County. This joint effort will enable private and public property owners to finance energy-related improvements in a number of ways; through special assessments, the NOPEC Revolving Loan Fund, the Authority's Jobs & Investment Bond Fund, or various private lenders. The Cooperative parties are jointly assisting ESID project applicants of both private and public projects with the ESID petition process and are providing ESID legal counsel as requested. The ESID Board of Directors includes a representative from each new municipality or township that approves its addition to the ESID. The Authority is the designated ESID Program Administrator which includes disbursement of ESID project loans and receipt of the special assessment payments which are known as Energy Special Improvement District assessments, from the Summit County Fiscal Officer in the tax year following disbursement of each ESID project loan.

Overview

This discussion and analysis serves as an introduction to the ESID's basic financial statements. The ESID engages in energy related finance activities. During the years ended December 31, 2019 and 2018, the Authority issued \$7,035 and \$18,271 for seven and six ESID expansion project loans, respectively.

AKRON-SUMMIT COUNTY ENERGY SPECIAL IMPROVEMENT DISTRICT, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Condensed Statement of Net Position Information

The table below provides a summary of the ESID's financial position and operations for 2019 and 2018. The decrease in restricted assets is primarily caused by current year operating expenses and no closing fees for 2019.

Comparison of 2019 vs. 2018 Results:

	2019	2018	Change	
			Amount	%
Assets:				
Current assets	\$ 48,426	\$ 39,512	\$ 8,914	22.6%
Liabilities and net position:				
Liabilities:				
Other liabilities	40,000	30,000	(10,000)	-33.3%
Net position:				
Restricted	5,015	553	4,462	806.9%
Unrestricted	3,411	8,959	(5,548)	-61.9%
Total net position	<u>\$ 8,426</u>	<u>\$ 9,512</u>	<u>\$ (1,086)</u>	<u>744.9%</u>

Comparison of 2018 vs. 2017 Results:

	2018	2017	Change	
			Amount	%
Assets:				
Current assets	\$ 39,512	\$ 30,000	\$ 9,512	31.7%
Liabilities and net position:				
Liabilities:				
Other liabilities	30,000	30,000	-	0.0%
Net position:				
Restricted	553	-	553	100.0%
Unrestricted	8,959	-	8,959	100.0%
Total net position	<u>\$ 9,512</u>	<u>\$ -</u>	<u>\$ 9,512</u>	<u>100.0%</u>

AKRON-SUMMIT COUNTY ENERGY SPECIAL IMPROVEMENT DISTRICT, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Statement of Revenues, Expenses, and Changes in Net Position Information

The ESID's net position decreased by \$1,086 in 2019 and increased by \$9,512 in 2018. Key elements of these changes are summarized below. Operating revenues decreased in 2019 primarily due to revenues from loan closing fees occurring in 2018 that did not occur in 2019.

	2019	2018	Change	
			Amount	%
Operating revenues:				
Project administrative fees	4,462	\$ 553	\$ 3,909	706.9%
Loan closing fees	-	12,000	(12,000)	-100.0%
Total operating revenues	4,462	12,553	(8,091)	606.9%
Operating expenses:				
Other operating expenses	5,548	3,041	(2,507)	-82.4%
Total operating expenses	5,548	3,041	(2,507)	-82.4%
Change in net position	(1,086)	9,512	(10,598)	100.0%
Net position - beginning of year	9,512	-	9,512	100.0%
Net position - end of year	\$ 8,426	\$ 9,512	\$ (1,086)	-11.4%

The ESID's net position increased by \$9,512 in 2018. Key elements of these changes are summarized below. Operating revenues grew in 2018 primarily due to project and administrative fees for project financing activities.

	2018	2017	Change	
			Amount	%
Operating revenues:				
Project administrative fees	\$ 553	\$ -	\$ 553	100.0%
Loan closing fees	12,000	-	12,000	100.0%
Total operating revenues	12,553	-	12,553	100.0%
Operating expenses:				
Other operating expenses	3,041	-	(3,041)	100.0%
Total operating expenses	3,041	-	(3,041)	100.0%
Change in net position	9,512	-	9,512	100.0%
Net position - beginning of year	-	-	-	100.0%
Net position - end of year	\$ 9,512	\$ -	\$ 9,512	100.0%

AKRON-SUMMIT COUNTY ENERGY SPECIAL IMPROVEMENT DISTRICT, INC.
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Factors Expected to Impact the District's Future Financial Position or Results of Operations

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. The Authority's investment portfolio and the investments of the pension and other employee benefit plan in which the Authority participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues and any recovery from emergency funding, either federal or state, cannot be estimated.

Contacting the District's Financial Management

The financial statements are designed to provide the public, investors and creditors with a general overview of the ESID's finances and to show the ESID's accountability for the funds it receives and generates. If you have any questions about these financial statements or need additional financial information, please contact Christopher Burnham, President of DFA, and/or Laurie Ann Stoddard, Fiscal Officer of DFA, and/or Steve Fricker, Secretary/Treasurer of Akron-Summit County ESID.

AKRON-SUMMIT COUNTY ENERGY SPECIAL IMPROVEMENT DISTRICT, INC.
 STATEMENTS OF NET POSITION
 December 31, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Restricted cash with fiscal agent	\$ 38,592	\$ 18,506
Administrative fees receivable	645	553
Prepaid expenses	2,254	2,182
Notes receivable - current	6,935	18,271
TOTAL CURRENT ASSETS	48,426	39,512
TOTAL ASSETS	\$ 48,426	\$ 39,512
LIABILITIES AND NET POSITION		
LONG-TERM LIABILITIES		
Note payable - Development Finance Authority	\$ 40,000	\$ 30,000
NET POSITION		
Unrestricted	3,411	8,959
Restricted	5,015	553
TOTAL NET POSITION	8,426	9,512
TOTAL LIABILITIES AND NET POSITION	\$ 48,426	\$ 39,512

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

AKRON-SUMMIT COUNTY ENERGY SPECIAL IMPROVEMENT DISTRICT, INC.
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended December 31, 2018

With Comparative Totals for the Year Ended December 31, 2017

	Unrestricted	Restricted	Total 2019	Total 2018
OPERATING REVENUES				
Administration fees	-	\$ 4,462	\$ 4,462	\$ 553
Closing fees	-	-	-	12,000
TOTAL OPERATING REVENUES	-	4,462	4,462	12,553
OPERATING EXPENSES				
Advertising	275	-	275	-
Insurance	2,633	-	2,633	3,041
Professional services	2,640	-	2,640	-
TOTAL OPERATING EXPENSES	5,548	-	5,548	3,041
CHANGE IN NET POSITION	(5,548)	4,462	(1,086)	9,512
NET POSITION - BEGINNING OF YEAR	8,959	553	9,512	-
NET POSITION - END OF YEAR	<u>\$ 3,411</u>	<u>\$ 5,015</u>	<u>\$ 8,426</u>	<u>\$ 9,512</u>

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

AKRON-SUMMIT COUNTY ENERGY SPECIAL IMPROVEMENT DISTRICT, INC.
 STATEMENTS OF CASH FLOWS
 For the Years Ended December 31, 2018 and 2017

	2019	2018
OPERATING ACTIVITIES		
Cash received from energy projects	\$ 4,370	\$ 12,000
Cash payments for operating expenses	(5,620)	(5,223)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(1,250)	6,777
NON-CAPITAL FINANCING ACTIVITIES		
Borrowing on notes payable - Summit County	10,000	-
Cash received for energy loans	18,271	-
Cash payments for energy loans	(6,935)	(18,271)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	21,336	(18,271)
NET INCREASE (DECREASE) IN CASH	20,086	(11,494)
CASH AT BEGINNING OF YEAR	18,506	30,000
CASH AT END OF YEAR	\$ 38,592	\$ 18,506
RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net position	\$ (1,086)	\$ 9,512
Adjustments to reconcile change in net position to net cash used in operating activities		
Changes in operating assets and liabilities:		
Administrative fee receivable	(92)	(553)
Prepaid expenses	(72)	(2,182)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	\$ (1,250)	\$ 6,777

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

AKRON-SUMMIT COUNTY ENERGY SPECIAL IMPROVEMENT DISTRICT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – PURPOSE AND NATURE OF OPERATIONS

The Akron-Summit County Energy Special Improvement District, Inc. (the "ESID") was created in August 2017 pursuant to Ohio Revised Code (ORC) Chapter 1710 for the purpose of enhancing the value of properties within the district and improving the environment by developing and assisting in developing special energy improvement projects. The ESID is authorized to take any other actions pursuant to ORC Chapter 1710 that may be taken by a special improvement district organized for the purpose of developing and implementing plans for special energy improvement projects. The City of Akron, Ohio ("Akron"), the City of Barberton, Ohio ("Barberton"), the Township of Bath, Ohio ("Bath"), the Township of Coventry, Ohio ("Coventry") the Township of Copley, Ohio ("Copley"), the City of Fairlawn, Ohio ("Fairlawn"), and the Township of Springfield, Ohio ("Springfield"), the City of New Franklin, Ohio ("New Franklin"), the City of Stow, Ohio ("Stow"), the Village of Richfield, Ohio ("Richfield Village"), the City of Cuyahoga Falls, Ohio ("Cuyahoga Falls"), the Village of Lakemore, Ohio ("Lakemore Village"), the City of Norton, Ohio ("Norton"), the City of Tallmadge, Ohio ("Tallmadge"), and the City of Green, Ohio ("Green") are each a "participating political subdivision," as that term is defined in ORC Section 1710.01(E) and are authorized to levy a special assessment on each property within their respective territory within the district to pay for such special energy improvement projects. ORC Chapter 1710 has authorized property owners to include their properties within energy special improvement districts upon a petition to a municipal corporation or township. ESID's are voluntary organizations of property owners who undertake special energy improvement projects for their properties and finance such projects by way of voluntary special assessments.

The ESID administers a property assessed clean energy (PACE) program (the "Program"). The Program provides financing secured by special assessments on real property for special energy improvement projects. Participation in the ESID's Program is limited to property owners who have agreed to add their property to the ESID and who otherwise meet the Program's terms and conditions.

The members ("Members") of the ESID, at any time shall be the owners of real property within the territory of the ESID, as described in the ESID's Articles of Incorporation, and shall include the owners of any real property that is added to the ESID, other than a church or the state, county, township, municipal corporation or federal government; provided, however, that a church, county, township or municipal corporation owning real property in the ESID shall be a Member to the extent that it specifically requests in writing that its property be included in the ESID.

The ESID is controlled and managed under the direction of a Board of Directors (the "Board"). The Board shall at all times consist of at least nine individuals (individually a "Director"). The municipal executive, as defined in ORC Section 1710.01(D), of each participating political subdivision of the ESID or an employee of each participating political subdivision who is involved with its planning or economic development function and who shall be appointed by and serve at the pleasure of such participating subdivision's municipal executive each shall serve as a Director. A person appointed by and serving at the pleasure of the legislative

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authority of each political subdivision of the ESID each shall serve as a Director. Three Directors shall be Members or executive representatives of Members elected, designated, or appointed by the Members as described in the Code of Regulations. As of December 31, 2019, the ESID's Board of Directors consisted of thirty-one Directors including three Members and two representatives from each of the following participating political subdivisions: the City of Akron, the City of Barberton, the Township of Coventry, the Township of Bath, the Township of Copley, the City of Fairlawn, the Township of Springfield, the City of New Franklin, the City of Stow, the Village of Richfield, the City of Cuyahoga Falls, the Village of Lakemore, the City of Norton, the City of Tallmadge, and the City of Green.

The ESID has designated the Development Finance Authority of Summit County (the "Authority") as its Program Administrator which includes the financing of energy projects. The Authority utilizes Summit County as its Fiscal Agent for the receipt and disbursement of monies related to energy project financing.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The ESID maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of government entities in which legal or other restraints require the recording of specific receipts and disbursements. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The ESID uses an enterprise fund to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for public policy, management control, accountability or other purposes.

Basis of Presentation

The ESID's basic financial statements consist of a statement of net position, a statement of revenue, expenses and changes in net position, and a statement of cash flows.

The Authority uses a single enterprise fund to maintain its financial records during the year.

Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless

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of the measurement focus applied. For financial statement presentation purposes, the ESID utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred.

The ESID's activities are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets associated with the Authority's operations are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the ESID finances and meets the cash flows of its enterprise activity. The ESID distinguishes operating revenues and expenses from non-operating items. Operating revenues generally result from loan servicing fees. Operating expenses for the ESID include the cost of providing these services, including administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Because the ESID effectively is a financing agency, it considers interest and investment income and related expenses and fees as part of its operating activity. Such revenues and expenses are mainly considered as noncapital financing activities for purposes of its cash flows. Consequently, the ESID had no non-operating revenues or expenses in 2019 or 2018.

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and requires an annual budget. This budget includes estimated receipts and appropriations. In addition, the Articles of Incorporation of the ESID require an annual report to the ESID Board by the Secretary-Treasurer of the activities and financial condition for the previous fiscal year and an estimated budget for the current year.

Cash and Investments

Cash and cash equivalents consist of cash on hand and all highly liquid investments with an original maturity of three months or less.

The Authority acts as the ESID's Administrator for financing transactions involving Summit County for the receipt and disbursement of monies related to energy projects as outlined by Disbursing and Payment Agreements entered into by the Authority for energy projects financed. These monies are restricted for the energy projects. The balance of the account held by the Authority is reported as "Cash with Fiscal Agent".

For purposes of the statement of cash flows and for reporting on the statement of net position, investments with original maturities of three months or less at the time they are purchased by the ESID, or by the Authority as the ESID's Fiscal Agent, are considered to be "cash equivalents". Investments with an initial maturity of more than three months are considered to be "investments".

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Summit County is the fiscal agent for the Authority's operations. Accordingly, the Summit County Fiscal Officer maintains a portion of the Authority's cash in an Agency fund on the County's financial records. The Authority's Secretary of the Board is the fiscal agent for the Authority's development projects.

Receivables

The ESID recognizes revenue when earned, but not received by year-end. The ESID's administrative fees receivable consist of accrued financing fees earned by the ESID in 2019 that will not be collected until 2020. These receivables represent future special assessment collections which are pledged to the ESID to repay notes and loans required to finance energy improvements.

The ESID has reported pledged receivables for contractually obligated future revenues due to the ESID that are considered under GASB Statement No. 48 "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues" to be collateralized borrowings. Pledged receivables have been reported in conjunction with notes payable issued to provide energy improvements.

Restricted Assets

Assets are reported as restricted assets on the financial statements to the extent that their use is subject to constraints externally imposed by the debt agreements, creditors, grant contributors, or laws or regulations of other governments. The ESID reports restricted assets for cash held by the trustee and pledged special assessments receivable securing debt obligations issued to finance energy improvements.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on the use of resources either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The ESID had a balance of \$4,562 and \$553 for restricted net position at December 31, 2019 and 2018, respectively.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Subsequent Events

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through June 24, 2020, the date the financial statements were available to be issued.

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NOTE 3 – CASH WITH FISCAL AGENT

Cash with Fiscal Agent

The Authority, as Fiscal Agent for the ESID had \$38,592 and \$18,506 in cash held with Summit County for the years ended December 31, 2019 and 2018, respectively.

NOTE 4 – NOTES RECEIVABLE

The City of Barberton, Ohio

On February 5, 2018, the Authority, on behalf of the ESID, made a \$10,991 loan to finance energy improvements for the City of Barberton, Ohio. This loan is being repaid from special assessments which are collected on behalf of the ESID by Summit County according to the Loan Agreement entered by the ESID, the Authority and the City of Barberton. The County Fiscal Office makes the required debt service payments on the loan as they come due. As of December 31, 2018, the entire loan proceeds have been disbursed to vendors for the energy improvements.

Township of Coventry, Ohio

On February 12, 2018, the Authority, on behalf of the ESID, made a \$500 loan to finance energy improvements for a County property located in the Township of Coventry, Ohio. This loan is being repaid from special assessments collected on behalf of the ESID, by Summit County according to the Loan Agreement entered by the ESID, the Authority and the Township of Coventry. The County Fiscal Office makes the required debt service payments on the loan as they come due. As of December 31, 2018, the entire loan proceeds have been disbursed to vendors for the energy improvements.

Township of Bath

On March 15, 2018, the Authority, on behalf of the ESID, made a \$500 loan to finance energy improvements for a County property located in the Township of Bath, Ohio. This loan is being repaid from special assessments which are collected on behalf of the ESID, by Summit County according to the Loan Agreement entered by the ESID, the Authority and the Township of Bath. The County Fiscal Office makes the required debt service payments on the loan as they come due. As of December 31, 2018, the entire loan proceeds have been disbursed to vendors for the energy improvements.

Township of Copley

On April 26, 2018, the Authority, on behalf of the ESID, made a \$624 loan to finance energy improvements for a County property located in the Township of Copley, Ohio. This loan is being repaid from special assessments collected on behalf of the ESID, by Summit County according to the Loan Agreement entered by the ESID, the Authority and the Township of Copley. The County Fiscal Office makes the required debt

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service payments on the loan as they come due. As of December 31, 2018, the entire loan proceeds have been disbursed to vendors for the energy improvements.

City of Fairlawn

On June 5, 2018, the Authority, on behalf of the ESID, made a \$5,156 loan to finance energy improvements for the City of Fairlawn, Ohio. This loan is being repaid from special assessments collected on behalf of the ESID, by Summit County according to the Loan Agreement entered by the ESID, the Authority and the City of Fairlawn. The County Fiscal Office makes the required debt service payments on the loan as they come due. As of December 31, 2018, the entire loan proceeds have been disbursed to vendors for the energy improvements.

Township of Springfield

On October 1, 2018, the Authority, on behalf of the ESID, made a \$500 loan to finance energy improvements for a County property located in the Township of Springfield, Ohio. This loan is being repaid from special assessments collected on behalf of the ESID, by Summit County according to the Loan Agreement entered by the ESID, the Authority and the Township of Springfield. The County Fiscal Office makes the required debt service payments on the loan as they come due. As of December 31, 2018, the entire loan proceeds have been disbursed to vendors for the energy improvements.

City of Norton

On January 11, 2019, the Authority, on behalf of ESID, authorized an \$8,250 loan to finance energy improvements for the City of Norton, Ohio to be repaid from special assessments collected on behalf of the ESID, by Summit County according to the Loan Agreement entered by the ESID, the Authority and the City of Norton. The County Fiscal Office makes the required debt service payments on the loan as they come due. As of December 31, 2019, \$100 of loan proceeds have been disbursed to vendors for the energy improvements and the City of Norton has repaid \$100 to the Authority, on behalf of the ESID.

City of Tallmadge

On April 26, 2019, the Authority, on behalf of ESID, made a \$425 loan to finance improvements for a County property located in the City of Tallmadge, Ohio. This loan is being repaid from special assessments collected on behalf of the ESID, by Summit County according to the Loan Agreement entered by the ESID, the Authority and the City of Tallmadge. The County Fiscal Office makes the required debt service payments on the loan as they come due. As of December 31, 2019, the entire loan proceeds have been disbursed to vendors for the energy improvements.

City of Cuyahoga Falls

On April 26, 2019, the Authority, on behalf of ESID, made a \$765 loan to finance improvements for a County property located in the City of Cuyahoga Falls, Ohio. This loan is being repaid from special assessments collected on behalf of the ESID, by Summit County according to the Loan Agreement entered by the ESID,

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the Authority and the City of Cuyahoga Falls. The County Fiscal Office makes the required debt service payments on the loan as they come due. As of December 31, 2019, the entire loan proceeds have been disbursed to vendors for the energy improvements.

Village of Lakemore

On July 18, 2019, the Authority, on behalf of the ESID, made a \$3,950 loan to finance energy improvements for the Village of Lakemore, Ohio. This loan is being repaid from special assessments collected on behalf of the ESID, by Summit County according to the Loan Agreement entered by the ESID, the Authority and the Village of Lakemore. The County Fiscal Office makes the required debt service payments on the loan as they come due. As of December 31, 2019, the entire loan proceeds have been disbursed to vendors for the energy improvements.

Village of Richfield

On July 18, 2019, the Authority, on behalf of the ESID, made a \$620 loan to finance energy improvements for the Village of Richfield, Ohio. This loan is being repaid from special assessments collected on behalf of the ESID, by Summit County according to the Loan Agreement entered by the ESID, the Authority and the Village of Richfield. The County Fiscal Office makes the required debt service payments on the loan as they come due. As of December 31, 2019, the entire loan proceeds have been disbursed to vendors for the energy improvements.

City of Green

On July 18, 2019, the Authority, on behalf of ESID, made a \$600 loan to finance improvements for a County property located in the City of Green, Ohio. This loan is being repaid from special assessments collected on behalf of the ESID, by Summit County according to the Loan Agreement entered by the ESID, the Authority and the City of Green. The County Fiscal Office makes the required debt service payments on the loan as they come due. As of December 31, 2019, the entire loan proceeds have been disbursed to vendors for the energy improvements.

City of New Franklin

On September 24, 2019, the Authority, on behalf of ESID, made a \$575 loan to finance improvements for a County property located in the City of New Franklin, Ohio. This loan is being repaid from special assessments collected on behalf of the ESID, by Summit County according to the Loan Agreement entered by the ESID, the Authority and the City of New Franklin. The County Fiscal Office makes the required debt service payments on the loan as they come due. As of December 31, 2019, the entire loan proceeds have been disbursed to vendors for the energy improvements.

AKRON-SUMMIT COUNTY ENERGY SPECIAL IMPROVEMENT DISTRICT, INC.
 NOTES TO FINANCIAL STATEMENTS
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The ESID had the following notes receivable activity in 2019:

	Balance January 1, 2019	Increase	Decrease	Balance December 31, 2019	Due Within One Year
City of Barberton	\$ 10,991	\$ -	\$ 10,991	\$ -	\$ -
Township of Coventry (County Project)	500	-	500	-	-
Township of Bath (County Project)	500	-	500	-	-
Township of Copley (County Project)	624	-	624	-	-
City of Fairlawn	5,156	-	5,156	-	-
Township of Springfield (County Project)	500	-	500	-	-
City of Tallmadge (County Project)	-	425	-	425	425
City of Cuyahoga Falls (County Project)	-	765	-	765	765
Village of Lakemore	-	3,950	-	3,950	3,950
Village of Richfield	-	620	-	620	620
City of Green (County Project)	-	600	-	600	600
City of New Franklin (County Project)	-	575	-	575	575
City of Norton	-	100	100	-	-
Total	\$ 18,271	\$ 7,035	\$ 18,371	\$ 6,935	\$ 6,935

NOTE 5 – NOTE PAYABLE

In December 2017, the Authority placed \$30,000 with Summit County, its Fiscal Agent, into a project account from which disbursements for the energy projects and the related financing are disbursed. Also, in accordance with the Loan Agreement, the ESID issued a note payable to the Authority for repayment of the loan.

In October 2019, the Authority placed \$10,000 with Summit County, its Fiscal Agent, into a project account from which disbursements for the energy projects and the related financing are disbursed. Also, in accordance with the Loan Agreement, the ESID issued a note payable to the Authority for repayment of the loan.

At December 31, 2019, the remaining balance of the proceeds maintained by the Fiscal Agent, \$38,592, is reported on the ESID's financial statements. Of this total, \$38,592 represents amounts available for future disbursement for energy improvements. There are no amounts held for future debt service requirements.

The note payable is secured by the special assessments levied on the affected properties. The County of Summit collects the special assessments on the properties on behalf of the ESID and deposits the payments to the ESID project account as defined in the Special Assessment Agreements.

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NOTE 6 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For the year ended December 31, 2019, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. GASB Statement No. 95 postpones the effective dates of certain provisions in the statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following statements are postponed by one year:

Statement No. 83, Certain Asset Retirement Obligations

Statement No. 84, Fiduciary Activities

Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period

Statement No. 90, Majority Equity Interests

Statement No. 91, Conduit Debt Obligations

Certain provisions in the following statements are postponed by one year:

Statement No. 92, Omnibus 2020

Statement No. 93, Replacement of Interbank Offered Rates

The following statement is postponed by 18 months:

Statement No. 87, Leases

For the year ended December 31, 2019, the District has early implemented GASB Statement No. 83, Certain Asset Retirement Obligations, GASB Statement No. 84, Fiduciary Activities, GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, and GASB Statement No. 90, Majority Equity Interests and amendment of GASB Statements No. 14 and No. 61.

GASB No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). A government that has legal obligations to perform future asset retirement activities related to a capital asset should recognize a liability based on the guidance of GASB No. 83. This statement establishes criteria necessary to determine the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The implementation of GASB No. 83 did not have an effect on the financial statements of the District.

GASB No. 84, *Fiduciary Activities*, provides improved guidance regarding the identification of fiduciary activities for accounting and financial statement purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments and further states any activity meeting this criteria should be reported in a fiduciary fund in the basic financial statements

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as well as presenting a statement of fiduciary net position and a statement of changes in fiduciary net position. The implementation of GASB No. 84 did not have an effect on the financial statements of the District.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the District.

GASB No. 90, *Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*, improves the consistency and comparability of reporting a government's major equity interests in legally separate organizations as well as improving the relevance of financial statement information for certain component units. This statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB No. 90 did not have an effect on the financial statements of the District.

For the year ended December 31, 2018, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements* and GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*. The implementation of GASB No. 80 did not have an effect on the financial statements of the District.

NOTE 7 – SUBSEQUENT EVENTS

The District anticipates the following notes receivable to close in 2020, which have been authorized by the Board:

The Village of Boston Heights, the City of Hudson, the City of Stow, the City of Macedonia, the Township of Twinsburg, and the City of Twinsburg.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. The Authority's investment portfolio and the investments of the pension and other employee benefit plan in which the Authority participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Authority's future operating costs, revenues and any recovery from emergency funding, either federal or state, cannot be estimated.