
ALGER & ASSOCIATES, Inc.



PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES

VILLAGE OF LODI

MEDINA COUNTY

REGULAR AUDIT

A&A

For the Years Ended

December 31, 2019 and 2018

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OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Lodi
110 Ainsworth Street
P. O. Box 95
Lodi, Ohio 44254-0095

We have reviewed the *Independent Auditor's Report* of the Village of Lodi, Medina County, prepared by Alger & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

June 10, 2020

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VILLAGE OF LODI, Ohio
Medina County

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ALGER & ASSOCIATES, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Village of Lodi
Medina County
110 Ainsworth Street
Lodi, Ohio. 44254

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Lodi, Medina County, Ohio (the Village) as of and for the years ended December 31, 2019 and December 31, 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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 Village'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 Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019 and December 31, 2018, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Lodi, Medina County as of December 31, 2019 and December 31, 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 14 to the financial statements, during 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding his matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2020, on our consideration of the Village'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 Village's internal control over financial reporting and compliance.

Karen S
Alger, CPA

Digitally signed by Karen S Alger, CPA
DN: cn=Karen S Alger, CPA,
o=Alger & Associates, Inc, ou,
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Date: 2020.05.09 12:20:59 -04'00'

Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

May 4, 2020

Village of Lodi Ohio
Medina County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$552,857	\$133,456			\$686,313
Municipal Income Tax	800,956				800,956
Intergovernmental	218,112	371,322			589,434
Special Assessments				\$2,619	2,619
Charges for Services	414,446				414,446
Fines, Licenses and Permits	4,951	1,216			6,167
Earnings on Investments	92,198	1,498			93,696
Miscellaneous	16,435				16,435
<i>Total Cash Receipts</i>	<u>2,099,955</u>	<u>507,492</u>	<u>-</u>	<u>2,619</u>	<u>2,610,066</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,164,255	174,744			1,338,999
Leisure Time Activities	9,617				9,617
Community Environment	17,089				17,089
Transportation	99,189	169,391			268,580
General Government	249,342	2,370		1,055	252,767
Capital Outlay	132,468	218,512		1,500	352,480
Debt Service:					
Principal Retirement		1,420			1,420
<i>Total Cash Disbursements</i>	<u>1,671,960</u>	<u>566,437</u>	<u>-</u>	<u>2,555</u>	<u>2,240,952</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>427,995</u>	<u>(58,945)</u>	<u>-</u>	<u>64</u>	<u>369,114</u>
Other Financing Receipts (Disbursements)					
Other Financing Sources	33,778	76			33,854
<i>Total Other Financing Receipts (Disbursements)</i>	<u>33,778</u>	<u>76</u>	<u>-</u>	<u>-</u>	<u>33,854</u>
<i>Net Change in Fund Cash Balances</i>	461,773	(58,869)	-	64	402,968
<i>Fund Cash Balances, January 1</i>	<u>448,803</u>	<u>179,959</u>	<u>16,981</u>	<u>20,574</u>	<u>666,317</u>
Fund Cash Balances, December 31					
Nonspendable	6,187				6,187
Restricted		121,090	16,981	20,638	158,709
Unassigned (Deficit)	904,389				904,389
<i>Fund Cash Balances, December 31</i>	<u>\$910,576</u>	<u>\$121,090</u>	<u>\$16,981</u>	<u>\$20,638</u>	<u>\$1,069,285</u>

See accompanying notes to the basic financial statements

Village of Lodi Ohio
Medina County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2019

	Proprietary Fund Type	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$5,770,098		\$5,770,098
Fines, Licenses and Permits	300		300
<i>Total Operating Cash Receipts</i>	<u>5,770,398</u>	<u>-</u>	<u>5,770,398</u>
Operating Cash Disbursements			
Personal Services	688,820		688,820
Employee Fringe Benefits	357,028		357,028
Contractual Services	366,989		366,989
Supplies and Materials	3,097,912		3,097,912
<i>Total Operating Cash Disbursements</i>	<u>4,510,749</u>	<u>-</u>	<u>4,510,749</u>
<i>Operating Income (Loss)</i>	<u>1,259,649</u>	<u>-</u>	<u>1,259,649</u>
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	90,535		90,535
Capital Outlay	(983,628)		(983,628)
Principal Retirement	(411,469)		(411,469)
Interest and Other Fiscal Charges	(6,722)		(6,722)
Other Financing Sources		\$50,875	50,875
Other Financing Uses		(47,303)	(47,303)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,311,284)</u>	<u>3,572</u>	<u>(1,307,712)</u>
<i>Net Change in Fund Cash Balances</i>	(51,635)	3,572	(48,063)
<i>Fund Cash Balances, January 1</i>	<u>4,121,542</u>	<u>287,083</u>	<u>4,408,625</u>
<i>Fund Cash Balances, December 31</i>	<u>\$4,069,907</u>	<u>\$290,655</u>	<u>\$4,360,562</u>

See accompanying notes to the basic financial statements

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The Village of Lodi, Medina County, Ohio, (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides general government services, water, wastewater treatment, electric, storm, sewers, maintenance of Village roads, parks, police and fire and rescue service.

Joint Ventures, Jointly Governed Organizations, and Public Entity Risk Pools

The Village participates in joint ventures, jointly governed organizations, and a public entity risk pool. Notes 6, 11, and 12 to the financial statements provides additional information for these entities which include:

Joint Ventures:

Ohio Municipal Electric Generation Agency (OMEGA JV1)
Ohio Municipal Electric Generation Agency (OMEGA JV2)
Ohio Municipal Electric Generation Agency Joint Venture (OMEGA JV5)

Jointly Governed Organization:

Harrisville-Lodi Union Cemetery District

Public Entity Risk Pool:

Public Entities Pool of Ohio (PEP)

The Village's management believes these financial statements present all activities for which the Village is financially accountable, except the financial statements do not include debt service funds external custodians maintain. Note 11 to the financial statements describes these assets.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies *(continued)*

Fire and EMS Fund This fund accounts for and reports tax levy transactions restricted for operation of the Fire and EMS Department.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Debt Service Fund This fund receives special assessments, which the Village uses to retire special assessment bond debt.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Sidewalk Fund This fund receives special assessments levied on Village residents to pay for the repair of Village sidewalks.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Electric Fund The electric fund accounts for the provision of electric services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments, which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds accounts for utility deposits and unclaimed funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies *(continued)*

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values U.S. Treasury Notes and common stock at cost. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,877,116	\$2,133,733	\$256,617
Special Revenue	664,350	507,568	(156,782)
Capital Projects	4,400	2,619	(1,781)
Enterprise	6,037,000	5,860,933	(176,067)
Total	<u>\$8,582,866</u>	<u>\$8,504,853</u>	<u>(\$78,013)</u>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,316,026	\$1,671,960	\$644,066
Special Revenue	839,090	566,437	272,653
Debt Service	16,981	-	16,981
Capital Projects	19,900	2,555	17,345
Enterprise	9,743,000	5,912,568	3,830,432
Total	<u>\$12,934,997</u>	<u>\$8,153,520</u>	<u>\$4,781,477</u>

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	<u>2019</u>
Demand deposits	\$805,485
Certificates of deposit	<u>3,485,000</u>
Total deposits	<u>4,290,485</u>
STAR Ohio	1,127,924
Money Market Funds	<u>11,438</u>
Total investments	<u>1,139,362</u>
Total deposits and investments	<u><u>\$5,429,847</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form by, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

Local Income Tax

On November 13, 2017, the Village passed an ordinance to establish a municipal income tax to be effective January 1, 2018. The income tax is levied at a rate of one percent (1.00%) and at a uniform rate on all persons residing in, or earning or receiving income in, the Village.

Employers within the Village withhold income tax on employee compensation and remit either monthly or quarterly, as required to the Regional Income Tax Agency (RITA). Corporations and other individual tax payers pay estimated taxes to RITA quarterly and file a declaration annually.

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 - Risk Management

Risk Pool Membership

The Village of Lodi is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$12,965,015

Note 7 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 8 - Defined Benefit Pension Plans *(continued)*

Social Security

Other Village employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$15,620	0%
Ohio Water Development Authority Loan - Sewer Plant	1,016,986	0.2%
Ohio Water Development Authority Loan - Water Line Project	199,420	2%
Total	\$1,232,026	

The Ohio Public Works Commission (OPWC) Loan #CI16L was issued in 2010 for the reconstruction of Grandview Drive. The loan was approved in the amount of \$28,399.30 which will be repaid in semiannual installments of \$709.98 of principal only, no interest over a period of 20 years.

The Ohio Water Development Authority (OWDA) – Sewer Plant Loan #3409/586SFR relates to a new sewer plant project the Ohio Environmental Protection Agency mandated. The Village will repay the loan in semi-annual installments of principal and interest of \$204,008 over 20 years. The loan will be repaid by July, 2022. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The OWDA Loan – Water Line Project Loan #6787 relates to a new water line construction project. The Village will repay the loan in semi-annual installments of principal and interest of \$5,088 over a period of 30 years. The loan will be repaid by January 2045. The loan is secured by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – Debt *(continued)*

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OPWC Loan	OWDA Loan Sewer Plan	OWDA Loan Water Line Project
2020	\$1,420	\$408,016	\$10,176
2021	1,420	408,016	10,176
2022	1,420	407,812	10,176
2023-2027	7,100		50,875
2028-2032	4,260		50,875
2033-2037			50,875
2038-2045			76,316
Total	\$15,620	\$1,223,844	\$259,469

Note 11 – Joint Ventures

OMEGA JV2

The Village of Lodi is a Financing Participant and an Owner Participant with percentages of liability and ownership of 0.21% and 0.16%, respectively and shares participation with thirty-six other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions or OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the JV2 Agreement.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge, and collect rates, fees, and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2019, the Village of Lodi has met its debt coverage obligation.

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 11 – Joint Ventures *(continued)*

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081 MW is the participants' entitlement and 4.569 MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20-year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility.

As of December 31, 2019, the outstanding debt was \$0. The Village's net obligation for this amount at December 31, 2019 was \$0. The Village's net investment in OMEGA JV2 was \$5,123 at December 31, 2019. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2019 are:

OMEGA JV2					
Municipality	Project kW Entitlement	Percent Project Ownership and Entitlement	Municipality	Project kW Entitlement	Percent Project Ownership and Entitlement
Hamilton	32,000	23.87%	Grafton	1,056	0.79%
Bowling Green	19,198	14.32%	Brewster	1,000	0.75%
Niles	15,400	11.48%	Monroeville	764	0.57%
Cuyahoga Falls	10,000	7.46%	Milan	737	0.55%
Wadsworth	7,784	5.81%	Oak Harbor	737	0.55%
Painesville	7,000	5.22%	Elmore	364	0.27%
Dover	7,000	5.22%	Jackson Center	300	0.22%
Galion	5,753	4.29%	Napoleon	264	0.20%
Amherst	5,000	3.73%	Lodi	218	0.16%
St. Mary's	4,000	2.98%	Genoa	199	0.15%
Montpelier	4,000	2.98%	Pemberville	197	0.15%
Shelby	2,536	1.89%	Lucas	161	0.12%
Versailles	1,660	1.24%	South Vienna	123	0.09%
Edgerton	1,460	1.09%	Bradner	119	0.09%
Yellow Springs	1,408	1.05%	Woodville	81	0.06%
Oberlin	1,217	0.91%	Haskins	73	0.05%
Pioneer	1,158	0.86%	Arcanum	44	0.03%
Seville	1,066	0.80%	Custar	4	0.00%
	127,640	95.20%		6,441	4.80%
			Grand Total	134,081	100.00%

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 11 – Joint Ventures *(continued)*

OMEGA JV5

The Village of Lodi is a Financing Participant with an ownership percentage of 0.94%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (“Agreement”), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed, or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40 MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operation to OMEGA JV5 Participants.

Also pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (“Certificates”) from the revenue of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant’s system, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees, and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2019, the Village has met their debt obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant’s entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant’s entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant’s ownership share of the Project in kilowatts (“Step Up Power”) provided that the sum of any such increases shall not exceed without consent of the non-defaulting JV Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant’s ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture’s agent. During 1993 and 2001, AMP issued \$153,415,000 and \$13,899,981 respectively of 30-year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004, the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP’s revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. Due to scheduled principal repayments, the resulting note receivable has been reduced at December 31, 2015 to \$49,803,187. AMP will continue to collect debt service from the OMEGA JV5 participants until the note is paid in full.

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 11 – Joint Ventures *(continued)*

The Village’s net investment to date in OMEGA JV5 was \$28,100 at December 31, 2019. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor’s website at www.ohioauditor.gov.

OMEGA JV5 issued \$49,745,000 Beneficial Interest Refunding Certificates, Series 2015 (“2016 Certificates”) to refund the promissory note to AMP in full on January 19, 2017. The outstanding amount of the promissory note had been reduced to \$49,243,377 at the time of refunding.

Note 12 – Jointly Governed Organizations

The constitution and laws of the State of Ohio establish the rights and privileges for the Harrisville-Lodi Union Cemetery District, (the Cemetery) as a body corporate and politic. The Village of Lodi and Harrisville Township appoint a three-member Board of Trustees to direct Cemetery operations. These entities also provide funding to meet the Cemetery’s operating costs under the agreement which established the Cemetery. The Cemetery provides grounds maintenance, opening and closing of graves, and the sale of grave lots.

Note 13 – AMP Revenue Coverage

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 11. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village’s Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements.

Summary financial information for the Electric Fund is presented below:

	<u>2019</u>
Total Fund Cash Balance	\$2,520,587
Total Long-Term Debt	\$554,108
Condensed Operating Information:	
Operating Receipts	
Charges for Services	4,068,618
Operating Expenses	
Personal Services	315,794
Employee Fringe Benefits	164,835
Contractual Services	234,827
Supplies and Materials	<u>2,828,640</u>
Total Operating Expenses	3,544,096
Operating Income (Loss)	524,522
Nonoperating Receipts (Disbursements)	
Other Nonoperating Receipts (Disbursements)	(269,381)
Change in Fund Cash Balance	255,141
Beginning Fund Cash Balance	<u>2,265,446</u>
Ending Fund Cash Balance	<u><u>\$2,520,587</u></u>

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 13 – AMP Revenue Coverage (Continued)

Condensed Cash Flows Information:	<u>2019</u>
Net Cash Provided (Used) by:	
Operating Activities	\$524,522
Noncapital Financing Activities	
Other Noncapital Financing Activities	71,686
Capital and Related Financing Activities	
Other Capital and Related Financing Activities	<u>(341,067)</u>
Net Increase (Decrease)	255,141
Beginning Fund Cash Balance	<u>2,265,446</u>
Ending Fund Cash Balance	<u><u>\$2,520,587</u></u>

Note 14 – Subsequent Events

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 Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 15 – Contingent Liabilities

The Village was not part of any lawsuits in 2019.

Village of Lodi Ohio
Medina County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$561,742	\$135,419			\$697,161
Municipal Income Tax	435,252				435,252
Intergovernmental	220,582	143,550			364,132
Special Assessments				\$2,757	2,757
Charges for Services	409,510				409,510
Fines, Licenses and Permits	3,746	1,177			4,923
Earnings on Investments	74,711	1,517			76,228
Miscellaneous	2,290				2,290
<i>Total Cash Receipts</i>	<u>1,707,833</u>	<u>281,663</u>	<u>-</u>	<u>2,757</u>	<u>1,992,253</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,004,831	121,935			1,126,766
Leisure Time Activities	8,597				8,597
Community Environment	16,762				16,762
Transportation	73,194	170,900			244,094
General Government	220,054	2,362	1	23	222,440
Capital Outlay	174,992	49,347			224,339
Debt Service:					
Principal Retirement		1,420			1,420
<i>Total Cash Disbursements</i>	<u>1,498,430</u>	<u>345,964</u>	<u>1</u>	<u>23</u>	<u>1,844,418</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>209,403</u>	<u>(64,301)</u>	<u>(1)</u>	<u>2,734</u>	<u>147,835</u>
Other Financing Receipts (Disbursements)					
Other Financing Sources	19,218	99			19,317
<i>Total Other Financing Receipts (Disbursements)</i>	<u>19,218</u>	<u>99</u>	<u>-</u>	<u>-</u>	<u>19,317</u>
<i>Net Change in Fund Cash Balances</i>	228,621	(64,202)	(1)	2,734	167,152
<i>Fund Cash Balances, January 1</i>	<u>220,182</u>	<u>244,161</u>	<u>16,982</u>	<u>17,840</u>	<u>499,165</u>
Fund Cash Balances, December 31					
Nonspendable	4,537				4,537
Restricted		179,959	16,981	20,574	217,514
Unassigned (Deficit)	444,266				444,266
<i>Fund Cash Balances, December 31</i>	<u>\$448,803</u>	<u>\$179,959</u>	<u>\$16,981</u>	<u>\$20,574</u>	<u>\$666,317</u>

See accompanying notes to the basic financial statements

Village of Lodi Ohio
Medina County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2018

	Proprietary Fund Type	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$5,900,242		\$5,900,242
Fines, Licenses and Permits	50		50
<i>Total Operating Cash Receipts</i>	<u>5,900,292</u>	<u>-</u>	<u>5,900,292</u>
Operating Cash Disbursements			
Personal Services	679,574		679,574
Employee Fringe Benefits	296,089		296,089
Contractual Services	593,315		593,315
Supplies and Materials	3,115,667		3,115,667
<i>Total Operating Cash Disbursements</i>	<u>4,684,645</u>	<u>-</u>	<u>4,684,645</u>
<i>Operating Income (Loss)</i>	<u>1,215,647</u>	<u>-</u>	<u>1,215,647</u>
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	90,680		90,680
Capital Outlay	(921,492)		(921,492)
Principal Retirement	(410,539)		(410,539)
Interest and Other Fiscal Charges	(7,652)		(7,652)
Other Financing Sources		\$55,825	55,825
Other Financing Uses		(40,375)	(40,375)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(1,249,003)</u>	<u>15,450</u>	<u>(1,233,553)</u>
<i>Net Change in Fund Cash Balances</i>	(33,356)	15,450	(17,906)
<i>Fund Cash Balances, January 1</i>	<u>4,154,898</u>	<u>271,633</u>	<u>4,426,531</u>
<i>Fund Cash Balances, December 31</i>	<u>\$4,121,542</u>	<u>\$287,083</u>	<u>\$4,408,625</u>

See accompanying notes to the basic financial statements

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Village of Lodi, Medina County, Ohio, (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides general government services, water, wastewater treatment, electric, storm, sewers, maintenance of Village roads, parks, police and fire and rescue service.

Joint Ventures, Jointly Governed Organizations, and Public Entity Risk Pools

The Village participates in joint ventures, jointly governed organizations, and a public entity risk pool. Notes 6, 11, and 12 to the financial statements provides additional information for these entities which include:

Joint Ventures:

Ohio Municipal Electric Generation Agency (OMEGA JV1)
Ohio Municipal Electric Generation Agency (OMEGA JV2)
Ohio Municipal Electric Generation Agency Joint Venture (OMEGA JV5)

Jointly Governed Organization:

Harrisville-Lodi Union Cemetery District

Public Entity Risk Pool:

Public Entities Pool of Ohio (PEP)

The Village's management believes these financial statements present all activities for which the Village is financially accountable, except the financial statements do not include debt service funds external custodians maintain. Note 11 to the financial statements describes these assets.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies *(continued)*

Fire and EMS Fund This fund accounts for and reports tax levy transactions restricted for operation of the Fire and EMS Department.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Debt Service Fund This fund receives special assessments, which the Village uses to retire special assessment bond debt.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Sidewalk Fund This fund receives special assessments levied on Village residents to pay for the repair of Village sidewalks.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Electric Fund The electric fund accounts for the provision of electric services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments, which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds accounts for utility deposits and unclaimed funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies *(continued)*

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values U.S. Treasury Notes and common stock at cost. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Fund Balance (continued)

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,859,828	\$1,727,051	(\$132,777)
Special Revenue	272,000	281,762	9,762
Capital Projects	10,000	2,757	(7,243)
Enterprise	5,959,800	5,990,972	31,172
Total	<u>\$8,101,628</u>	<u>\$8,002,542</u>	<u>(\$99,086)</u>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,752,929	\$1,498,430	\$254,499
Special Revenue	463,364	345,964	117,400
Debt Service	16,981	-	16,981
Capital Projects	17,100	23	17,077
Enterprise	9,500,000	6,024,328	3,475,672
Total	<u>\$11,750,374</u>	<u>\$7,868,745</u>	<u>\$3,881,629</u>

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	<u>2018</u>
Demand deposits	\$1,000,749
Certificates of deposit	<u>2,940,000</u>
Total deposits	<u>3,940,749</u>
STAR Ohio	1,102,092
Money Market Funds	<u>32,101</u>
Total investments	<u>1,134,193</u>
Total deposits and investments	<u><u>\$5,074,942</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form by, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

Local Income Tax

On November 13, 2017, the Village passed an ordinance to establish a municipal income tax to be effective January 1, 2018. The income tax is levied at a rate of one percent (1.00%) and at a uniform rate on all persons residing in, or earning or receiving income in, the Village.

Employers within the Village withhold income tax on employee compensation and remit either monthly or quarterly, as required to the Regional Income Tax Agency (RITA). Corporations and other individual tax payers pay estimated taxes to RITA quarterly and file a declaration annually.

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 - Risk Management

Risk Pool Membership

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities, and net position at December 31, 2017.

2017	
Assets	\$44,452,326
Liabilities	<u>(13,004,011)</u>
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village's share of these unpaid claims collectible in future years is approximately \$29,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

2018 Contributions to PEP
\$46,831

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also, upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

Social Security

Other Village employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan	\$17,040	0%
Ohio Water Development Authority Loan - Sewer Plant	1,422,359	0.2%
Ohio Water Development Authority Loan - Water Line Project	205,516	2%
Total	<u>\$1,644,915</u>	

The Ohio Public Works Commission (OPWC) Loan #CI16L was issued in 2010 for the reconstruction of Grandview Drive. The loan was approved in the amount of \$28,399.30 which will be repaid in semiannual installments of \$709.98 of principal only, no interest over a period of 20 years.

The Ohio Water Development Authority (OWDA) – Sewer Plant Loan #3409/586SFR relates to a new sewer plant project the Ohio Environmental Protection Agency mandated. The Village will repay the loan in semi-annual installments of principal and interest of \$204,008 over 20 years. The loan will be repaid by July, 2022. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The OWDA Loan – Water Line Project Loan #6787 relates to a new water line construction project. The Village will repay the loan in semi-annual installments of principal and interest of \$5,088 over a period of 30 years. The loan will be repaid by January 2045. The loan is secured by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OPWC Loan	OWDA Loan Sewer Plan	OWDA Loan Water Line Project
2019	\$1,420	\$408,016	\$10,176
2020	1,420	408,016	10,176
2021	1,420	408,016	10,176
2022	1,420	407,812	10,176
2023-2027	7,100		50,875
2028-2032	4,260		50,875
2033-2037			50,875
2038-2045			76,316
Total	<u>\$17,040</u>	<u>\$1,631,860</u>	<u>\$269,645</u>

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 11 – Joint Ventures

OMEGA JV2

The Village of Lodi is a Financing Participant and an Owner Participant with percentages of liability and ownership of 0.21% and 0.16%, respectively and shares participation with thirty-six other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions or OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the JV2 Agreement.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge, and collect rates, fees, and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2018, the Village of Lodi has met its debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081 MW is the participants' entitlement and 4.569 MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20-year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility.

As of December 31, 2018, the outstanding debt was \$0. The Village's net obligation for this amount at December 31, 2018 was \$0. The Village's net investment in OMEGA JV2 was \$10,616 at December 31, 2018. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 11 – Joint Ventures *(continued)*

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2018 are:

OMEGA JV2					
Municipality	Project kW Entitlement	Percent Project Ownership and Entitlement	Municipality	Project kW Entitlement	Percent Project Ownership and Entitlement
Hamilton	32,000	23.87%	Grafton	1,056	0.79%
Bowling Green	19,198	14.32%	Brewster	1,000	0.75%
Niles	15,400	11.48%	Monroeville	764	0.57%
Cuyahoga Falls	10,000	7.46%	Milan	737	0.55%
Wadsworth	7,784	5.81%	Oak Harbor	737	0.55%
Painesville	7,000	5.22%	Elmore	364	0.27%
Dover	7,000	5.22%	Jackson Center	300	0.22%
Galion	5,753	4.29%	Napoleon	264	0.20%
Amherst	5,000	3.73%	Lodi	218	0.16%
St. Mary's	4,000	2.98%	Genoa	199	0.15%
Montpelier	4,000	2.98%	Pemberville	197	0.15%
Shelby	2,536	1.89%	Lucas	161	0.12%
Versailles	1,660	1.24%	South Vienna	123	0.09%
Edgerton	1,460	1.09%	Bradner	119	0.09%
Yellow Springs	1,408	1.05%	Woodville	81	0.06%
Oberlin	1,217	0.91%	Haskins	73	0.05%
Pioneer	1,158	0.86%	Arcanum	44	0.03%
Seville	1,066	0.80%	Custar	4	0.00%
	<u>127,640</u>	<u>95.20%</u>		<u>6,441</u>	<u>4.80%</u>
			Grand Total	<u>134,081</u>	<u>100.00%</u>

OMEGA JV5

The Village of Lodi is a Financing Participant with an ownership percentage of 0.94%, and shares participation with forty-two other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (“Agreement”), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed, or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40 MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operation to OMEGA JV5 Participants.

Also pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (“Certificates”) from the revenue of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant’s system, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System.

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2018

OMEGA JV5 *(continued)*

On dissolution of OMEGA JV5, the net position will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees, and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2018, the Village has met their debt obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed without consent of the non-defaulting JV Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001, AMP issued \$153,415,000 and \$13,899,981 respectively of 30-year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004, the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. Due to scheduled principal repayments, the resulting note receivable has been reduced at December 31, 2015 to \$49,803,187. AMP will continue to collect debt service from the OMEGA JV5 participants until the note is paid in full.

The Village's net investment to date in OMEGA JV5 was \$28,100 at December 31, 2018. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

OMEGA JV5 issued \$49,745,000 Beneficial Interest Refunding Certificates, Series 2015 ("2016 Certificates") to refund the promissory note to AMP in full on January 19, 2017. The outstanding amount of the promissory note had been reduced to \$49,243,377 at the time of refunding.

Note 12 – Jointly Governed Organizations

The constitution and laws of the State of Ohio establish the rights and privileges for the Harrisville-Lodi Union Cemetery District, (the Cemetery) as a body corporate and politic. The Village of Lodi and Harrisville Township appoint a three-member Board of Trustees to direct Cemetery operations. These entities also provide funding to meet the Cemetery's operating costs under the agreement which established the Cemetery. The Cemetery provides grounds maintenance, opening and closing of graves, and the sale of grave lots.

Note 13 – AMP Revenue Coverage

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 11. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements.

VILLAGE OF LODI, Ohio
Medina County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 13 – AMP Revenue Coverage *(continued)*

Summary financial information for the Electric Fund is presented below:

	2018
Total Fund Cash Balance	\$2,265,446
Total Long-Term Debt	\$604,245
 Condensed Operating Information:	
Operating Receipts	
Charges for Services	4,177,591
Operating Expenses	
Personal Services	309,781
Employee Fringe Benefits	137,729
Contractual Services	450,928
Supplies and Materials	2,809,698
Total Operating Expenses	3,708,136
Operating Income (Loss)	469,455
Nonoperating Receipts (Disbursements)	
Other Nonoperating Receipts (Disbursements)	(529,294)
Change in Fund Cash Balance	(59,839)
Beginning Fund Cash Balance	2,325,285
Ending Fund Cash Balance	\$2,265,446
 Condensed Cash Flows Information:	
	2018
Net Cash Provided (Used) by:	
Operating Activities	\$469,455
Noncapital Financing Activities	
Other Noncapital Financing Activities	72,570
Capital and Related Financing Activities	
Other Capital and Related Financing Activities	(601,864)
Net Increase (Decrease)	(59,839)
Beginning Fund Cash Balance	2,325,285
Ending Fund Cash Balance	\$2,265,446

Note 14 – Contingent Liabilities

The Village was not part of any lawsuits in 2018.



ALGER & ASSOCIATES, Inc.

Certified Public Accountants

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

Village of Lodi
Medina County
110 Ainsworth Street
Lodi, Ohio. 44254

To the Village Council:

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 the cash balances, receipts, and disbursements by fund type of the Village of Lodi, Medina County, (the Village) as of and for the years ended December 31, 2019 and December 31, 2018, and the related notes to the financial statements and have issued our report thereon dated May 4, 2020 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. In addition, as disclosed in Note 12, the United States and the State of Ohio declared a state of emergency in March, 2020 due to the COVID-19 pandemic. The ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village'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 Village'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 Village'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 Village'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 Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Karen S
Alger, CPA**

Digitally signed by Karen S Alger,
CPA
DN: cn=Karen S Alger, CPA,
o=Alger & Associates, Inc. ou,
email=ksalger46@att.net, c=US
Date: 2020.05.09 12:21:12 -04'00'

Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

May 4, 2020

OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF LODI

MEDINA 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 23, 2020**