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*ALGER & ASSOCIATES, Inc.*



*PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES*

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*VILLAGE OF LODI*

*MEDINA COUNTY*

*REGULAR AUDIT*

*A&A*

For the Years Ended

December 31, 2021

6927 Burgundy Ave NW  
North Canton, OH 44720  
Phone (330) 353-5851  
Fax (330) 768-7574



OHIO AUDITOR OF STATE  
KEITH FABER



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

Village Council  
Village of Lodi  
110 Ainsworth Street  
Lodi, Ohio 44254

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, 2020 through December 31, 2021. 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 black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

June 08, 2022

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VILLAGE OF LODI  
MEDINA COUNTY

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***ALGER & ASSOCIATES, Inc.***

***Certified Public Accountants***

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## INDEPENDENT AUDITOR'S REPORT

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

To the Members of Council and the Mayor:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Lodi, Medina County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***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* section of our report, the accompanying financial statements 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, 2021, or the changes in financial position thereof for the year then ended.

#### ***Basis for Opinions***

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

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.



- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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,  
email=ksalger46@att.net, c=US  
Date: 2022.05.23 16:12:47 -04'00'

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

May 23, 2022

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**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, 2021**

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$561,714	\$133,607			\$695,321
Municipal Income Taxes	863,734				863,734
Intergovernmental	285,101	738,209			1,023,310
Special Assessments				\$1,354	1,354
Charges for Services	422,651				422,651
Fines, Licenses and Permits	4,620	2,105			6,725
Earnings on Investments	58,838	1,610			60,448
Miscellaneous	22,275				22,275
<i>Total Cash Receipts</i>	<u>2,218,933</u>	<u>875,531</u>	<u>-</u>	<u>1,354</u>	<u>3,095,818</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	1,280,553	127,751			1,408,304
Leisure Time Activities	55,069				55,069
Community Environment	31,272				31,272
Transportation	148,210	185,802			334,012
General Government	300,287	2,267		22	302,576
Capital Outlay	543,754	404,104			947,858
Debt Service:					
Redemption of Principal	178,502	2,130			180,632
Interest and Other Fiscal Charges	20,718				20,718
<i>Total Cash Disbursements</i>	<u>2,558,365</u>	<u>722,054</u>	<u>-</u>	<u>22</u>	<u>3,280,441</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(339,432)</u>	<u>153,477</u>	<u>-</u>	<u>1,332</u>	<u>(184,623)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In	1,140				1,140
Transfers Out		(1,140)			(1,140)
Other Financing Sources	3,200	72			3,272
<i>Total Other Financing Receipts (Disbursements)</i>	<u>4,340</u>	<u>(1,068)</u>	<u>-</u>	<u>-</u>	<u>3,272</u>
<i>Net Change in Fund Cash Balances</i>	<u>(335,092)</u>	<u>152,409</u>	<u>-</u>	<u>1,332</u>	<u>(181,351)</u>
<i>Fu Fund Cash Balances, January 1</i>	<u>1,173,958</u>	<u>177,936</u>	<u>\$16,981</u>	<u>22,735</u>	<u>1,391,610</u>
<i>Fund Cash Balances , December 31</i>	<u>\$838,866</u>	<u>\$330,345</u>	<u>\$16,981</u>	<u>\$24,067</u>	<u>\$1,210,259</u>

The notes to the financial statements are an integral part of this statement.

**Village of Lodi, Ohio**  
*Medina County*  
*Combined Statement of Receipts, Disbursements and*  
*Changes in Fund Balance (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2021*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$5,906,799
Fines, Licenses and Permits	4,200
	4,200
<i>Total Operating Cash Receipts</i>	5,910,999
<b>Operating Cash Disbursements</b>	
Personal Services	751,957
Employee Fringe Benefits	370,961
Contractual Services	382,792
Supplies and Materials	2,992,145
	2,992,145
<i>Total Operating Cash Disbursements</i>	4,497,855
<i>Operating Income (Loss)</i>	1,413,144
<b>Non-Operating Receipts (Disbursements)</b>	
Miscellaneous Receipts	106,712
Capital Outlay	(1,092,432)
Principal Retirement	(413,340)
Interest and Other Fiscal Charges	(4,850)
	(4,850)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	(1,403,910)
<i>Net Change in Fund Cash Balances</i>	9,234
<i>Fund Cash Balances, January 1</i>	4,175,325
<i>Fund Cash Balances, December 31</i>	\$4,184,559

*The notes to the financial statements are an integral part of this statement.*

**Village of Lodi, Ohio**  
**Medina County**  
*Combined Statement of Additions, Deductions and  
Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
For the Year Ended December 31, 2021

	Fiduciary Fund Type
	Custodial
<b>Additions</b>	
Deposits Received	\$50,558
<i>Total Additions</i>	50,558
<b>Deductions</b>	
Distributions of Deposits	30,441
<i>Total Deductions</i>	30,441
<i>Net Change in Fund Balances</i>	20,117
<i>Fund Cash Balances, January 1</i>	290,905
<i>Fund Cash Balances, December 31</i>	\$311,022

*See accompanying notes to the basic financial statements*

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**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**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 fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all 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.

**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

***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.

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

***Issue II Fund*** - The Village received a loan from the State of Ohio for the reconstruction of Grandview Drive.

***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.



**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village’s custodial funds account for utility deposits and unclaimed funds.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial 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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 (C) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or 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 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 2021 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.

**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

***Deposits and Investments***

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

***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.

***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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,060,091	\$2,223,273	\$163,182
Special Revenue	1,442,975	875,603	(567,372)
Capital Projects	3,000	1,354	(1,646)
Enterprise	6,084,800	6,017,713	(67,087)
Total	\$9,590,866	\$9,117,943	(\$472,923)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,182,910	\$2,558,365	\$624,545
Special Revenue	1,584,692	723,194	861,498
Debt Service	16,981	-	16,981
Capital Projects	21,100	22	21,078
Enterprise	9,405,500	6,008,477	3,397,023
Total	\$14,211,183	\$9,290,058	\$4,921,125

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has segregated accounts which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. A summary of the Village's deposit and investment accounts are as follows:

**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 4 – Deposits and Investments** *(continued)*

	2021
Demand deposits	<u>\$950,290</u>
Certificates of deposit	<u>3,610,000</u>
Total deposits	<u>4,560,290</u>
STAR Ohio	1,136,872
Money Market Funds	<u>8,678</u>
Total investments	<u>1,145,550</u>
Total deposits and investments	<u><u>\$5,705,840</u></u>

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll clearing account represent unremitted employee payroll withholdings.

***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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 5 – Taxes** *(continued)*

***Income Taxes***

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 the tax to the Village 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.

**Note 6 – Risk Management**

***Risk Pool Membership***

The Village 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: (this is the most current information available)

	<u>2020</u>
Cash and investments	\$ 40,318,971
Actuarial liabilities	\$14,111,510

**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.

**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

***Ohio Police and Fire Retirement System***

The Village's certified full-time Police Officers belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

***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, 2021.

**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 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees 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, 2021*

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**Note 10 – Debt**

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$12,780	0%
Ohio Water Development Authority Loan - Sewer Plant	203,805	0.2%
Ohio Water Development Authority Loan - Water Line Project	186,859	2%
Huntington Public Capital Corp Fire Truck Lease Purchase	425,040	2.23%
Huntington Public Capital Corp Ambulance Chassis Lease Purchase	328,845	2.29%
Total	\$1,157,329	

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 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 #3409/586SRF 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.

***Leases***

On July 22, 2020, the Village entered into a lease purchase agreement with Huntington Public Capital Corporation to purchase a fire truck in the amount of \$525,728. Payments are due annually in the amount of \$112,249 with a maturity date of 7/1/2025. The first payment is due July 1, 2021, and will be paid from the General Fund.

On October 13, 2020, the Village entered into a lease purchase agreement with Huntington Public Capital Corporation to purchase chassis for two ambulance vehicles in the amount of \$406,659. Payments are due annually in the amount of \$86,971 with a maturity date of 10/1/2025. The first payment is due October 1, 2021, and will be paid from the General Fund.

**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 10 – Debt** *(continued)*

***Amortization***

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

Year Ending December 31:	Fire Truck Lease	Ambulance Chassis Lease	OPWC Loan	OWDALoan Sewer Plan	OWDALoan Water Line Project Plan
2022	\$112,249	\$86,971	\$1,420	\$203,804	\$10,176
2023	112,249	86,972	1,420		10,175
2024	112,249	86,971	1,420		10,176
2025	112,249	86,971	1,420		10,176
2026			1,420		10,175
2027-2031			6,390		50,878
2032-2036					50,880
2037-2041					50,880
2042-2045					30,520
Total	<u>\$448,996</u>	<u>\$347,885</u>	<u>\$13,490</u>	<u>\$203,804</u>	<u>\$234,036</u>

**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, 2021, 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, 2021*

**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, 2021, the outstanding debt was \$0. The Village's net obligation for this amount at December 31, 2021 was \$0. The Village's net investment in OMEGA JV2 was (\$524,982) at December 31, 2021. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2021 are:

<b>OMEGA JV2</b>					
<b>Municipality</b>	<b>Project kW Entitlement</b>	<b>Percent Project Ownership and Entitlement</b>	<b>Municipality</b>	<b>Project kW Entitlement</b>	<b>Percent Project Ownership and Entitlement</b>
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%
			<b>Grand Total</b>	134,081	100.00%

**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**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, 2021, 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.

**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 11 – Joint Ventures** *(continued)*

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, 2021. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://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:

**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

	2021
Total Fund Cash Balance	\$2,378,880
Total Long-Term Debt	\$398,191
 <b>Condensed Operating Information:</b>	
Operating Receipts	
Charges for Services	\$3,909,479
Total Operating Receipts	3,909,479
Operating Expenses	
Personal Services	349,959
Employee Fringe Benefits	174,372
Contractual Services	238,268
Supplies and Materials	2,661,898
Total Operating Expenses	3,424,497
Operating Income (Loss)	484,982
Nonoperating Receipts (Disbursements)	
Other Nonoperating Receipts (Disbursements)	(626,689)
Change in Fund Cash Balance	(141,707)
Beginning Fund Cash Balance	2,520,587
Ending Fund Cash Balance	\$2,378,880

	2021
<b>Condensed Cash Flows Information:</b>	
Net Cash Provided (Used) by:	
Operating Activities	\$484,982
Noncapital Financing Activities	
Other Noncapital Financing Activities	59,724
Net Cash Provided (Used) by Noncapital Financing Activities	59,724
Capital and Related Financing Activities	
Other Capital and Related Financing Activities	(686,413)
Net Cash Provided (Used) by Capital and Related Financing Activities	(686,413)
Net Increase (Decrease)	(141,707)
Beginning Fund Cash Balance	2,520,587
Ending Fund Cash Balance	\$2,378,880

**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 14 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years.

Fund Balances	General	Total
Nonspendable:		
Unclaimed Monies	\$5,513	\$5,513
<i>Total</i>	\$5,513	\$5,513

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned. The Village had no outstanding encumbrances at year end.

**Note 15 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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***ALGER & ASSOCIATES, Inc.***

***Certified Public Accountants***

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**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 Members of Council and the Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements of the Village of Lodi, Medina County, (the Village) and have issued our report thereon dated May 23, 2022, wherein we noted as described in Note 2 to the financial statements, the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. Furthermore, we noted as described in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

***Report on Internal Control Over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Karen S  
Alger, CPA

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email=ksalger46@att.net, c=US  
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Alger & Associates, Inc.  
Certified Public Accountants  
North Canton, Ohio

May 23, 2022



**Village of Lodi**  
*Mahoning County*

*Schedule of Prior Audit Findings*  
*December 31, 2021*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2020-001	<b>Noncompliance/Material Weakness – ORC § 5705.36 (A) and ORC § 5705.41 (B)</b> amend appropriation measure and official certificate of resources.	Yes	No Longer Valid;

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*ALGER & ASSOCIATES, Inc.*



*PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES*

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*VILLAGE OF LODI*

*MEDINA COUNTY*

*REGULAR AUDIT*

*A&A*

For the Years Ended

December 31, 2020

6927 Burgundy Ave NW  
North Canton, OH 44720  
Phone (330) 353-5851  
Fax (330) 768-7574



VILLAGE OF LODI  
MEDINA COUNTY

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***ALGER & ASSOCIATES, Inc.***

***Certified Public Accountants***

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## **INDEPENDENT AUDITOR'S REPORT**

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

To the Members of Council and the Mayor:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and the related notes of the Village of Lodi, Medina County, Ohio (the Village)

### ***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(C) 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(C), 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(C) 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, 2020, and the respective changes in financial position thereof for the year 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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and related notes of the Village of Lodi, Medina County, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Emphasis of Matter***


As discussed in Note 15 to the financial statements, during 2020, the Village of Lodi made changes to its reporting model. We did not modify our opinion regarding this matter.

As discussed in Note 16 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2022, 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



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CPA  
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o=Alger & Associates, Inc, ou,  
email=ksalger46@att.net, c=US  
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Alger & Associates, Inc.  
Certified Public Accountants  
North Canton, Ohio

May 23, 2022



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**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, 2020**

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$570,032	\$135,423			\$705,455
Municipal Income Taxes	812,510				812,510
Intergovernmental	300,102	613,988			914,090
Special Assessments				\$2,129	2,129
Charges for Services	396,839				396,839
Fines, Licenses and Permits	2,552	1,703			4,255
Earnings on Investments	77,463	1,842			79,305
Miscellaneous	20,042	149			20,191
<i>Total Cash Receipts</i>	<u>2,179,540</u>	<u>753,105</u>	<u>-</u>	<u>2,129</u>	<u>2,934,774</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	1,274,791	145,033			1,419,824
Leisure Time Activities	13,698				13,698
Community Environment	15,691				15,691
Transportation	152,250	114,670			266,920
General Government	236,645	2,681		32	239,358
Capital Outlay	1,248,510	433,219			1,681,729
Debt Service:					
Redemption of Principal		710			710
<i>Total Cash Disbursements</i>	<u>2,941,585</u>	<u>696,313</u>	<u>-</u>	<u>32</u>	<u>3,637,930</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(762,045)</u>	<u>56,792</u>	<u>-</u>	<u>2,097</u>	<u>(703,156)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Lease Proceeds	932,387				932,387
Other Financing Sources	96,439	54			96,493
Other Financing Uses	(3,399)				(3,399)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,025,427</u>	<u>54</u>	<u>-</u>	<u>-</u>	<u>1,025,481</u>
<i>Net Change in Fund Cash Balances</i>	263,382	56,846		2,097	322,325
<i>Fund Cash Balances , January 1</i>	<u>910,576</u>	<u>121,090</u>	<u>16,981</u>	<u>20,638</u>	<u>1,069,285</u>
<i>Fund Cash Balances , December 31</i>	<u><u>\$1,173,958</u></u>	<u><u>\$177,936</u></u>	<u><u>\$16,981</u></u>	<u><u>\$22,735</u></u>	<u><u>\$1,391,610</u></u>

The notes to the financial statements are an integral part of this statement.

**Village of Lodi, Ohio**  
*Medina County*  
*Combined Statement of Receipts, Disbursements and*  
*Changes in Fund Balance (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2020*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$5,586,553
Fines, Licenses and Permits	300
<i>Total Operating Cash Receipts</i>	<i>5,586,853</i>
<b>Operating Cash Disbursements</b>	
Personal Services	754,929
Employee Fringe Benefits	355,211
Contractual Services	385,260
Supplies and Materials	2,931,659
<i>Total Operating Cash Disbursements</i>	<i>4,427,059</i>
<i>Operating Income (Loss)</i>	<i>1,159,794</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Miscellaneous Receipts	121,213
Capital Outlay	(757,399)
Principal Retirement	(412,402)
Interest and Other Fiscal Charges	(5,788)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<i>(1,054,376)</i>
<i>Net Change in Fund Cash Balances</i>	<i>105,418</i>
<i>Fund Cash Balances, January 1</i>	<i>4,069,907</i>
<i>Fund Cash Balances, December 31</i>	<i>\$4,175,325</i>

*The notes to the financial statements are an integral part of this statement.*

**Village of Lodi, Ohio**  
**Medina County**  
*Combined Statement of Additions, Deductions and*  
*Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2020*

	Fiduciary Fund Type
	Custodial
<b>Additions</b>	
Deposits Received	\$60,925
<i>Total Additions</i>	60,925
<b>Deductions</b>	
Distributions of Deposits	60,675
<i>Total Deductions</i>	60,675
<i>Net Change in Fund Balances</i>	250
<i>Fund Cash Balances, January 1</i>	290,655
<i>Fund Cash Balances, December 31</i>	\$290,905

*See accompanying notes to the basic financial statements*

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**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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 fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all 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.

**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

***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.

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

***Coronavirus Relief Fund*** The coronavirus relief fund accounts for receipts and disbursements from federal grants provided by the Coronavirus Aid, Relief and Economic Security Act (CARES Act).

***Issue II Fund*** - The Village received a loan from the State of Ohio for the reconstruction of Grandview Drive.

***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.

**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial funds account for utility deposits and unclaimed funds.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial 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 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 (C) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or 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 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 2020 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.



**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

***Deposits and Investments***

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

***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.

***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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,939,080	\$3,208,366	\$1,269,286
Special Revenue	717,746	753,159	35,413
Capital Projects	1,500	2,129	629
Enterprise	6,089,000	5,708,066	(380,934)
Total	\$8,747,326	\$9,671,720	\$924,394

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,746,187	\$2,944,984	(\$198,797)
Special Revenue	826,579	696,313	130,266
Debt Service	16,981	-	16,981
Capital Projects	19,975	32	19,943
Enterprise	9,459,000	5,602,648	3,856,352
Total	\$13,068,722	\$9,243,977	\$3,824,745

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has segregated accounts which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. A summary of the Village's deposit and investment accounts are as follows:

**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 4 – Deposits and Investments** *(continued)*

	<u>2020</u>
Demand deposits	\$1,157,637
Certificates of deposit	<u>3,415,214</u>
Total deposits	<u>4,572,851</u>
STAR Ohio	1,135,943
Money Market Funds	<u>149,046</u>
Total investments	<u>1,284,989</u>
Total deposits and investments	<u><u>\$5,857,840</u></u>

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village's payroll clearing account represent unremitted employee payroll withholdings.

***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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 5 – Taxes** *(continued)*

***Income Taxes***

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 the tax to the Village 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.

**Note 6 – Risk Management**

***Risk Pool Membership***

The Village 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>2020</u>
Cash and investments	\$ 40,318,971
Actuarial liabilities	\$14,111,510

**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.

**VILLAGE OF LODI, Ohio**  
*Medina County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

***Ohio Police and Fire Retirement System***

The Village's certified full-time Police Officers belong to the Ohio 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

***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, 2020.

**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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees 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, 2020*

**Note 10 – Debt**

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$14,910	0%
Ohio Water Development Authority Loan - Sewer Plant	610,802	0.2%
Ohio Water Development Authority Loan - Water Line Project	193,202	2%
Huntington Public Capital Corp Fire Truck Lease Purchase	525,728	2.23%
Huntington Public Capital Corp Ambulance Chassis Lease Purchase	406,659	2.29%
Total	\$1,751,301	

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 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 #3409/586SRF 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.

***Leases***

On July 22, 2020, the Village entered into a lease purchase agreement with Huntington Public Capital Corporation to purchase a fire truck in the amount of \$525,728. Payments are due annually in the amount of \$112,249 with a maturity date of 7/1/2025. The first payment is due July 1, 2021, and will be paid from the General Fund.

On October 13, 2020, the Village entered into a lease purchase agreement with Huntington Public Capital Corporation to purchase chassis for two ambulance vehicles in the amount of \$406,659. Payments are due annually in the amount of \$86,971 with a maturity date of 10/1/2025. The first payment is due October 1, 2021, and will be paid from the General Fund.

**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 10 – Debt** *(continued)*

***Amortization***

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

Year Ending December 31:	Fire Truck Lease	Ambulance Chassis Lease	OPWC Loan	OWDALoan Sewer Plan	OWDALoan Water Line Project Plan
2021	\$112,249	\$86,971	\$1,420	\$408,016	\$10,176
2022	112,249	86,971	1,420	203,804	10,175
2023	112,249	86,971	1,420		10,176
2024	112,249	86,971	1,420		10,176
2025	112,250	86,972	1,420		10,175
2026-2030			7,100		50,878
2031-2035			710		50,880
2036-2040					50,880
2041-2045					40,696
Total	<u>\$561,246</u>	<u>\$434,856</u>	<u>\$14,910</u>	<u>\$611,820</u>	<u>\$244,212</u>

**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, 2020, 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, 2020*

**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, 2020, the outstanding debt was \$0. The Village's net obligation for this amount at December 31, 2020 was \$0. The Village's net investment in OMEGA JV2 was (\$31,878) at December 31, 2020. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://www.ohioauditor.gov).

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2020 are:

<b>OMEGA JV2</b>					
<b>Municipality</b>	<b>Project kW Entitlement</b>	<b>Percent Project Ownership and Entitlement</b>	<b>Municipality</b>	<b>Project kW Entitlement</b>	<b>Percent Project Ownership and Entitlement</b>
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%
			<b>Grand Total</b>	134,081	100.00%



**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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, 2020, 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.

**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 11 – Joint Ventures** *(continued)*

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, 2020. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.ohioauditor.gov](http://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:

**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

	2020
Total Fund Cash Balance	\$2,632,103
Total Long-Term Debt	\$504,095
 <b>Condensed Operating Information:</b>	
Operating Receipts	
Charges for Services	\$3,831,197
Total Operating Receipts	3,831,197
Operating Expenses	
Personal Services	340,648
Employee Fringe Benefits	162,968
Contractual Services	296,145
Supplies and Materials	2,666,219
Total Operating Expenses	3,465,980
Operating Income (Loss)	365,217
Nonoperating Receipts (Disbursements)	
Other Nonoperating Receipts (Disbursements)	(253,701)
Change in Fund Cash Balance	111,516
Beginning Fund Cash Balance	2,520,587
Ending Fund Cash Balance	\$2,632,103
 <b>Condensed Cash Flows Information:</b>	
	2020
Net Cash Provided (Used) by:	
Operating Activities	\$365,217
Noncapital Financing Activities	
Other Noncapital Financing Activities	88,330
Net Cash Provided (Used) by Noncapital Financing Activities	88,330
Capital and Related Financing Activities	
Other Capital and Related Financing Activities	(342,031)
Net Cash Provided (Used) by Capital and Related Financing Activities	(342,031)
Net Increase (Decrease)	111,516
Beginning Fund Cash Balance	2,520,587
Ending Fund Cash Balance	\$2,632,103

**VILLAGE OF LODI, Ohio**  
**Medina County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 14 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years.

Fund Balances	General	Total
Nonspendable:		
Unclaimed Monies	\$4,767	\$4,767
<i>Total</i>	\$4,767	\$4,767

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned. The Village had no outstanding encumbrances at year end.

**Note 15 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

**Note 16 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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**ALGER & ASSOCIATES, Inc.**

***Certified Public Accountants***

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**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 Members of Council and the Mayor:

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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and the related notes of the Village of Lodi, Medina County, (the Village) and have issued our report thereon dated May 23, 2022, wherein we noted as described in Note 2 to the financial statements, the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. In addition, as described in Note 15 to the financial statements, the Village made changes to its reporting model. Furthermore, we noted as described in Note 16 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

*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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of finding that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Government'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 financial statement. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-001.

### ***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: 2022.05.24 10:02:04 -04'00'

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

May 23, 2022

Village of Lodi  
Medina County

Schedule of Finding  
December 31, 2020

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2020-001**

**Material Noncompliance/Material Weakness - Financial Reporting**

**Ohio Revised Code §5705.36(A)(3)** Upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater than the amount included in an official certificate and the legislative authority intends to appropriate and expend the excess revenue, the fiscal officer shall certify the amount of the excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the excess.

**Ohio Revised Code Section 5705.41(B)** prohibits a subdivision or taxing unit from making expenditures unless they have been properly appropriated; therefore, appropriations should be recorded in accordance with the terms and conditions of the loan. **Ohio Revised Code Section 5705.40** requires the legislative authority to pass a resolution amending its appropriation measure prior to recording the appropriations.

The Village obtain two lease purchase agreements on July 22, 2020 and October 13, 2020 through Huntington Public Capital Corporation in the amount of \$525,728 to finance the purchase of a new fire truck and \$406,659 to finance the purchase of two new chassis for the Ambulances. The interest rate of 2.23% and 2.29%, respectively. The Village did not record the receipts and expenditure transactions relating to loan, resulting in an understatement of loans proceeds receipts and the capital outlay expenditures in the General Fund. The activity is to be recorded as a memo transaction. The proceeds are to be recorded as an "other financing source," and the expenditure is to be recorded as capital outlay for the purchase.

There are also several budgetary compliance requirements associated with the recording of such program receipts and disbursements.

An audit adjustment and related notes for the loan, was necessary to the 2020 financial statements to reflect the loan proceeds and related expenditures.

These adjustments were made to the Village's financial statements and related notes for the year ending December 31, 2020.

In addition, the Village did not amend their estimated resources and appropriations to properly budget for the loan receipts and expenditures. Ohio Revised Code Section 5705.41(B) budgetary violation for expenditures exceeding appropriations were noted for the capital outlay expenditure in 2021 in the General Fund.

The presentation of materially correct financial statements is the responsibility of management. Properly presented financial statements demonstrate the Village's financial accountability to the public and to the Village Council. The Village should implement internal control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements.



# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF LODI**

**MEDINA COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 6/21/2022**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)