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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Marblehead
Ottawa County
513 West Main Street, P.O. Box 306
Marblehead, Ohio 43440-0306

We have performed the procedures enumerated below on the Village of Marblehead, Ottawa County, Ohio's (the Village) receipts, disbursements and balances recorded in the cash-basis accounting records for the years ended December 31, 2022 and 2021 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash-basis accounting records for the years ended December 31, 2022 and 2021 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village.

The Village Council, Mayor and the management of the Village have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing assistance in the evaluation of the Village's receipts, disbursements and balances recorded in its cash-basis accounting records for the years ended December 31, 2022 and 2021, and certain compliance requirements related to these transactions and balances. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

Cash and Investments

1. We recalculated the December 31, 2022 and December 31, 2021 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2021 beginning fund balances for each fund recorded in the Fund Ledger Report to documentation in the prior year agreed-upon procedures working papers. We found no exceptions. We also agreed the January 1, 2022 beginning fund balances for each fund recorded in the Fund Ledger Report to the December 31, 2021 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the 2022 and 2021 Bank Reconciliation Adjusted UAN Balances and Adjusted Bank Balances as of December 31, 2022 and December 31, 2021 to the total fund cash balances reported in the Fund Status Report and the financial statements filed by the Village in the Hinkle System. The amounts agreed.

4. We observed the year-end bank balances on the financial institutions' websites. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2022 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2022 bank reconciliation:
 - a. We traced each debit to the subsequent January and February bank statements. We found no exceptions.
 - b. We traced the amounts and dates to the check register and determined the debits were dated prior to December 31. We found no exceptions.
6. We inspected investments held at December 31, 2022 and December 31, 2021 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code §§ 135.13, 135.14, 135.144 or 135.145. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code §§ 135.13 or 135.14. We found no exceptions.

Property Taxes and Intergovernmental Cash Receipts

1. We selected a total of five receipts from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Listing (DTL), and the Ottawa County Local Government Confirmations for 2022 and a total of five from 2021:
 - a. We compared the amount from the above-named reports to the amount recorded in the Revenue Receipt Register Report. The amounts agreed.
 - b. We inspected the Revenue Receipt Register Report to determine these receipts were allocated to the proper funds as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Revenue Receipt Register Report to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the Revenue Receipt Register Report to determine whether it included two real estate tax receipts for 2022 and 2021. The Revenue Receipt Register Report included the proper number of tax receipts for each year. We found no exceptions.

Other Receipts

We selected ten other receipts from the year ended December 31, 2022 and ten other receipts from the year ended December 31, 2021 and:

- a. Agreed the receipt amount recorded in the Revenue Receipt Register Report to supporting documentation. The amounts agreed.
- b. Confirmed the amounts charged complied with rates in force during the period, where applicable. We found no exceptions.
- c. Inspected the Revenue Receipt Register Report to determine the receipt was posted to the proper funds, and was recorded in the proper year. We found one 2022 receipt of \$300 for a cemetery lot sale recorded in the General fund that should have been recorded in the Cemetery Special Revenue Fund. We brought this to management's attention. They corrected the General Fund and Cemetery Special Revenue Fund balances for this item. However, because we did not inspect all receipts, our report provides no assurance regarding whether or not other similar errors occurred.

Water Revenue Plant Operating - BPA, Water Service Deposits, and Water Repairs and Improvements Fund Charges for Services

1. We selected ten Water Revenue Plant Operating - BPA, Water Service Deposits, and Water Repairs and Improvements Fund collection cash receipts from the year ended December 31, 2022 and ten Water Revenue Plant Operating - BPA, Water Service Deposits, and Water Repairs and Improvements Fund collection cash receipts from the year ended December 31, 2021 recorded in the Monthly Payment Report and determined whether the:
 - a. Receipt amount per the Monthly Payment Report agreed to the amount recorded to the credit of the customer's account in the Monthly Pending Billing Report. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Monthly Pending Billing Report for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the engagement period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
 - c. Receipt was posted to the proper funds and was recorded in the year received. We found no exceptions.

2. We observed the Aged Balances Report.
 - a. This report listed \$3,910 and \$3,908 of accounts receivable as of December 31, 2022 and December 31, 2021, respectively.
 - b. Of the total receivables reported in the preceding procedure, \$163 and \$587 were recorded as more than 90 days delinquent.

3. We observed the Adjustment Report.
 - c. This report listed a total of \$3,533 and \$4,444 non-cash receipts adjustments for the years ended December 31, 2022 and 2021, respectively.
 - d. We selected five non-cash adjustments from 2022 and five non-cash adjustments from 2021 and observed that the Board of Public Affairs approved each adjustment, where required.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following bonds, notes, and loans were outstanding as of December 31, 2020.
 - a. These amounts agreed to the Village's January 1, 2021 balances on the summary we used in Procedure 3.
 - b. We inspected the debt's final offering documents for all outstanding debt, and we confirmed the Village was in compliance with the debt covenants listed below.

Issue	Principal outstanding as of December 31, 2020:	Debt Covenant
OPWC Loan CE05N OPWC Loan CT72L	\$37,399 54,259	OPWC Promissory Note requires to make payments in a timely manner and the minimum payment.
OWDA Loan 5483 OWDA Loan 9923	497,270	4.1. Loan Agreement requires to make payments in a timely manner and the minimum payment.

		<p>4.3. Requires (1) Furnishing annual reports of the operation and income of the system, (2) Utility rates to be charged in amounts sufficient to meet operation and maintenance and the payments required on loan and (3) the Village will segregate the revenues, funds and properties of the system from all other funds and properties.</p> <p>5.1. Requires the Project Facilities to be maintained in good repair and operating condition, as well as continue operating with substantially the same efficiency as when first constructed.</p> <p>5.2. Requires the Village to commence operation of the facility and not discontinue operation w/out the approval of OWDA and Director of Environmental Protection of the State of Ohio. Further requires adequate operation and maintenance of the facilities, compliance with various quality standards and sufficient qualified operating personnel be retained to operate the facilities.</p> <p>5.3. Requires the Village to insure facilities in amounts as similar properties are usually insured by political subdivisions.</p> <p>5.4. Requires that any policy pursuant to 5.3 shall be so written or endorsed to make loss payments to OWDA and Village as their interests may appear.</p>
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General Obligation Bonds - 2006	110,000	Moody's requires audited financial statements within one year after fiscal year end.

2. We inquired of management and inspected the Revenue Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2022 or 2021 or debt payment activity during 2022 or 2021. All debt agreed to the summary we used in Procedure 3.
3. We obtained a summary of bond and loan debt activity for 2022 and 2021 and agreed principal and interest payments from the related debt amortization schedules to Special Assessment - Island View 2006, Water Revenue Plant Operating - BPA, OWDA Debt Service -2009 #5483, and OPWC Debt Service - 2011 #CT72L Fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds received for 2022 from the debt documents to amounts recorded in the Johnson's Island Waterline Extension Fund per the Revenue Receipt Register Report. The amounts agreed.
5. For new debt issued during 2022, we inspected the debt legislation, which stated the Village must use the proceeds for Johnson's Island Waterline Extension project. We inspected the Payment Register Detail Report and observed the Village used proceeds for Johnson's Island Waterline Extension project during 2022. We found no exceptions.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2022 and one payroll check for five employees from 2021 from the Wage Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively-approved rate or salary). We found no exceptions.
 - b. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employee's duties as documented in the employees' personnel files and/or minute record. We found no exceptions.
 - c. We confirmed the payment was posted to the proper year. We found no exceptions.

2. We selected three new employees from 2022 and three new employees and from 2021 and:
 - a. We inspected the employee's personnel files and/or minute record for the retirement system and federal, state, and local income tax withholding authorization.
 - b. We agreed the items in a above to the Employee General Information Report. We found no exceptions.
3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2022 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2022. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes and Medicare (and Social Security for employees not enrolled in pension system)	January 31, 2023	December 23, 2022	\$3,515	\$3,515
State income taxes	January 15, 2023	December 27, 2022	1,222	1,222
City of Norwalk income tax	January 31, 2023	January 3, 2023	80	80
School district income tax	January 31, 2023	December 27, 2022	27	27
OPERS retirement	January 30, 2023	January 20, 2023	14,014	14,014
OP&F retirement	January 31, 2023	January 20, 2023	8,679	8,679

We found no exceptions.

Non-Payroll Cash Disbursements

We selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2022 and ten from the year ended December 31, 2021 and determined whether:

- a. The disbursements were for a proper public purpose. We found no exceptions.
- b. The check number, date, payee name and amount recorded on the returned, canceled check and/or the bank statement agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
- d. The Fiscal Officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code § 5705.41(D). We found no exceptions.

Compliance - Budgetary

1. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2022 and 2021 for the General, James Park Maintenance and Improvement, and CELCP-2016 fund as recorded in the Appropriation Status Report. Expenditures did not exceed appropriations.
2. We inspected all interfund transfers from 2022 and all from 2021 Revenue Status Reports and Appropriation Status Reports for compliance with Ohio Rev. Code §§ 5705.14 - .16. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner.

3. We inspected the Cash Summary by Fund Report for the years ended December 31, 2022 and 2021 for negative cash fund balance. Ohio Rev. Code § 5705.10(l) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

Sunshine Law Compliance

1. We obtained and inspected the Village's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We selected all public records requests from the engagement period and inspected each request to determine the following:
 - a. The Village was compliant and responded to the request in accordance with its adopted policy as required by Ohio Rev. Code § 149.43(B)(1). We found no exceptions.
 - b. The Village did not have any denied public records requests during the engagement period.
 - e. The Village was redacting records and making the redactions visible and provided an explanation which included the legal authority to the requester as required by Ohio Rev. Code § 149.43(B)(1). We found no exceptions.
3. We inquired whether the Village had a records retention schedule and observed that it was readily available to the public as required by Ohio Rev. Code § 149.43(B)(2). We found no exceptions.
4. We inspected written evidence that the Public Records Policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
5. We inspected the Village's policy manual and determined the Public Records Policy was included as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
6. We observed that the Village's poster describing its Public Records Policy was displayed conspicuously in all branches of the Village as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
7. We inquired with Village management and determined that the Village did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inspected Ohio Attorney General Public Records training attendees list and determined whether each elected official in accordance with Ohio Rev. Code § 149.43(E)(1) (or his/her designee) successfully attended a certified three-hour public records training for each term of office as required by Ohio Rev. Code § 109.43(B). We found no exceptions.
9. We inspected the public notices for the public meetings held during the engagement period and determined the Village notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.

10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
 - a. Prepared - a file is created following the date of the meeting.
 - b. Filed - placed with similar documents in an organized manner.
 - c. Maintained - retained, at a minimum, for the engagement period.
 - d. Open to public inspection - available for public viewing or request.

We found no exceptions.

11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
 - a. Executive sessions were only held at regular or special meetings.
 - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code § 121.22(G).
 - c. Formal Village Council actions were adopted in open meetings.

We found no exceptions.

Contract Compliance

1. We inspected the minutes and Appropriation Ledger Report and identified the Village had an expenditure subject to competitive bidding. We found no exceptions.
2. We selected one contract over \$50,000 for 2022 and:
 - a. We inspected the contract and other bids for the contracted expenditure and determined:
 - i. The Village accepted the lowest bid and met the requirements of Ohio Rev. Code § 735.05.
 - ii. No bid splitting occurred.
 - iii. No deliberate attempts to evade bid limitations occurred, such as successive contracts just under the bid amount, occurred.
 - iv. No apparent interest in the contract by a public official occurred.We found no exceptions.
 - b. We inspected the advertisements of the proposals for bids in the newspaper and determined they were made as required by Ohio Rev. Code §§ 731.14 and 7.16. We found no exceptions.

Other Compliance

Ohio Rev. Code § 117.38 requires villages to file their financial information in the Hinkle System within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Village filed its complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2022 and 2021 in the Hinkle System. We found no exceptions.

Related Party Transactions

1. We inquired with management and identified the following related party transactions:
 - a. For the year ended December 31, 2022, the Village had related party transactions with Village Pro Hardware in the amount of \$3,395.
 - b. For the year ended December 31, 2021, the Village had related party transactions with Village Pro Hardware in the amount of \$3,410.

We found no exceptions.

2. We confirmed the transactions with the other party. We found no exceptions.

3. We obtained supporting evidence for the Related Party Transactions identified in Procedure 1. We found no exceptions.

Other Procedures

We inquired of the Village management and determined the Village does not have a formal written policy covering proper procedures for verifying changes to employee payroll information, including changes to direct deposit information.

We were engaged by the Village to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Village and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.



Keith Faber
Auditor of State
Columbus, Ohio

October 11, 2023

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF MARBLEHEAD

OTTAWA 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 11/9/2023

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www.ohioauditor.gov