



OHIO AUDITOR OF STATE  
**KEITH FABER**







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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of Marblehead  
Ottawa County  
513 West Main Street  
Marblehead, Ohio 43440-0306

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of Marblehead, Ottawa County, Ohio (the Village), on the receipts, disbursements and balances recorded in the Village's cash-basis accounting records for the years ended December 31, 2020 and 2019 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, 2020 and 2019 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village. The sufficiency of the procedures is solely the responsibility of the parties specified in this 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.

This report only describes exceptions exceeding \$10.

### Cash and Investments

1. We recalculated the December 31, 2020 and December 31, 2019 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2019 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2018 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2020 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2019 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2020 and December 31, 2019 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 confirmed the December 31, 2020 bank account balances with the Village's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2020 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2020 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the Outstanding Payments Report and determined the debits were dated prior to December 31. There were no exceptions.

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6. We inspected investments held at December 31, 2020 and December 31, 2019 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

#### **Property Taxes, Intergovernmental, and Other Confirmable 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 2020 and a total of five from 2019:
  - a. We compared the amount from the above named report 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 Sections 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 2020 and 2019. The Revenue Receipt Register Report included the proper number of tax receipts for each year.
3. We confirmed the total amount paid from the Marblehead Bank and STAR Ohio (the banks) and individual amounts paid from the Kelleys Island Ferry Boat Line (the boat line) and Ottawa County Auditor (the County Auditor) to the Village during 2020 and 2019 with the banks, the boat line, and the County Auditor. We found no exceptions.
  - a. We inspected the Revenue Ledger Report to determine whether these receipts were allocated to the proper funds. We found no exceptions.
  - b. We inspected the Revenue Ledger Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

#### **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, 2020 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, 2019 recorded in the UB Max Monthly Payment Report and determined whether the:
  - a. Receipt amount per the UB Max Monthly Payment Report agreed to the amount recorded to the credit of the customer's account in the UB Max Monthly Billing Register. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the UB Max Monthly Billing Register for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties. 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 \$25,009 and \$24,546 of accounts receivable as of December 31, 2020 and 2019, respectively.
  - b. Of the total receivables reported in the preceding procedure, \$1,000 and \$1,269, respectively, were recorded as more than 90 days delinquent.
3. We observed the Adjustment Report.
  - a. This report listed a total of \$2,284 and \$1,931 non-cash receipts adjustments for the years ended December 31, 2020 and 2019, respectively.
  - b. We selected five non-cash adjustments from 2020 and five non-cash adjustments from 2019, and observed that the Board of Public Affairs approved each adjustment, where required.

**Debt**

1. From the prior audit documentation, we observed the following bonds, notes, and loans were outstanding as of December 31, 2018. These amounts agreed to the Village's January 1, 2019 balances on the summary we used in Procedure 3.

<b>Issue</b>	<b>Principal outstanding as of December 31, 2018:</b>
General Obligation Bonds - 1998	\$40,000
General Obligation Notes - 2006	140,000
Ohio Public Works Commission Loan - 2009	61,657
Ohio Public Works Commission Loan - 2010	42,277
Ohio Water Development Authority Loan - 2010	601,958

2. We inquired of management, and inspected the Revenue Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2020 or 2019 or debt payment activity during 2020 or 2019. All debt agreed to the summary we used in Procedure 3.
3. We obtained a summary of bonds, notes, and loan debt activity for 2020 and 2019 and agreed principal and interest payments from the related debt amortization schedules to Special Assessment - Island View 2006, Water Revenue Plant Operating - BPA, Waterline Extension - Barnhill, 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.

**Payroll Cash Disbursements**

1. We selected one payroll check for five employees from 2020 and one payroll check for five employees from 2019 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).
    - i. We inspected the employee's personnel files for the retirement system, federal, state, and local income tax withholding authorization.
    - ii. We agreed these items to the information used to compute gross and net pay related to this check.

We found no exceptions.

- b. We inspected the fund and account code to which the check was posted to determine the posting was allowable based on the employee's duties as documented in the employee's personnel files or as required by statute. We found no exceptions.
  - c. We confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2020 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 2020. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes and Medicare (and social security, for employees not enrolled in pension system)	February 1, 2021	December 24, 2020	\$3,097	\$3,097
State income taxes	January 15, 2021	December 24, 2020	1,105	1,105
OPERS retirement	February 1, 2021	December 30, 2020	8,258	8,258
OP&F retirement	February 1, 2021	December 30, 2020	4,164	4,164

**Non-Payroll Cash Disbursements**

We selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2020 and ten from the year ended December 31, 2019 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 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 Section 5705.41(D). We found no exceptions.

**Compliance - Budgetary**

- 1. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code Sections 5705.38 and 5705.40) plus any carryover appropriations for the year ended December 31, 2020 for the General, Zoning, and Fire Department funds and for the year ended December 31 2019 for the General, Drug - Law Enforcement, and CPT - Continuing Professional Training funds, as recorded in the Comparison of Disbursements and Encumbrances With Expenditure Authority Report. We observed no funds for which expenditures exceeded appropriations.
- 2. We inspected all interfund transfers from the 2020 and 2019 Revenue Ledger Reports and Appropriation Ledger Reports for compliance with Ohio Rev. Code Sections 5705.14 - .16. We found no evidence of transfers these sections prohibit, or for which Ohio Rev. Code 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, 2020 and 2019 for negative cash fund balance. Ohio Rev. Code Section 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 Sections 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 Section 149.43(B)(1). We found no exceptions.
  - b. The Village did not have any denied public records requests during the engagement period.
  - c. 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 Sections 149.43(B)(1) and 149.43(B)(3). 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 Sections 149.43(B)(2) and 149.43(B)(3). 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 Section 149.43(E)(2). We found no exceptions.
5. We inspected the Village's policy manual and determined the Public Records Policy was not included as required by Ohio Rev. Code Section 149.43(E)(2).
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 Section 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 individual training certificates and determined whether each elected official in accordance with Ohio Rev. Code Section 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 Section 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 Section 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 Section 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 Section 121.22(G) and determined the following:
  - a. Executive sessions were only held at regular or special meetings.
  - b. The purpose of the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code Section 121.22(G).
  - c. Formal Village Council actions were adopted in open meetings.

We found no exceptions.

#### **HB 481 / HB 614 Coronavirus Relief Fund (CRF) Compliance**

1. We inquired of management and those charged with governance and documented how the Village decided to spend their CRF allocations and how the Village evaluated and documented its compliance with the CARES Act three-prong test. We then selected five payroll, non-payroll, and subgrant/subloan transactions and determined the Village:
  - a. Spent the CRF money (including additional distributions or redistributions) in accordance with use of funds requirements and
  - b. Maintained appropriate supporting documentation.

We found no exceptions.

2. We inquired with management and inspected the Appropriation Ledger Report to determine the Village did not have an unencumbered balance of money to pay back to the County Treasurer. We found no exceptions.

#### **Other Compliance**

1. Ohio Rev. Code Section 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, 2020 and 2019 in the Hinkle system. There were no exceptions.
2. We inquired of the Fiscal Officer and inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the Fiscal Officer obtained the training required by Ohio Rev. Code Sections 507.12 and 733.81. The Fiscal Officer obtained the required training.



3. For all credit card accounts we obtained:
  - copies of existing internal control policies,
  - a list of authorized users, and
  - a list of all credit card account transactions.
  
- a. We inspected the established policy obtained above and determined it is:
  - i. in compliance with the HB 312 statutory requirements, and
  - ii. implemented by the Village.We found no exceptions.
- b. We selected one credit card transaction from each account for testing. For selected transactions we inspected documentation to determine that:
  - i. Use was by an authorized user within the guidelines established in the policy, and
  - ii. Each transaction was supported with original invoices and for a proper public purpose.We found no exceptions.
- c. We selected three credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
  - i. No unpaid beginning balance was carried forward to the current billing cycle,
  - ii. Ending statement balance was paid in full, and
  - iii. Statement contained no interest or late fees.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, 2020, the Village had related party transactions with Village Pro Hardware and Starcher Enterprises in the amounts of \$2,940 and \$120, respectively.
  - b. For the year ended December 31, 2019, the Village had related party transactions with Village Pro Hardware and Starcher Enterprises in the amounts of \$3,374 and \$5,668, respectively.We found no exceptions.
  
2. We confirmed the transactions with the other party. We found no exceptions.
  
3. We obtained sufficient evidence for the related party transactions noted in Procedure 1. We found no exceptions.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, 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.

This report is to provide 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, 2020 and 2019, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio

June 14, 2021

# 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 6/29/2021**

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[www.ohioauditor.gov](http://www.ohioauditor.gov)