



OHIO AUDITOR OF STATE
KEITH FABER



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City of Ashtabula and Ashtabula Township Joint Economic Development District
Ashtabula County
4717 Main Avenue
Ashtabula, Ohio 44004

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the City of Ashtabula and Ashtabula Township Joint Economic Development District, Ashtabula County, (the District) for the years ended December 31, 2019 and 2018.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the District's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the District's financial statements, transactions or balances for the years ended December 31, 2019 and 2018.

The District's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

Based on the results of our procedures, we found the following significant compliance and accounting issues to report.

Current Year Observations

1. We inquired with District management and determined that the District did not have a public records policy during the engagement period as required by Ohio Rev. Code § 149.43(E)(2). Currently the District follows the City of Ashtabula's Public Records Policy, however, we found no formal resolution adopting the policy. We recommend the District either adopt its own policy or pass a resolution adopting the City of Ashtabula's public records policy.
2. We inquired with District management and determined that the District did not have a records retention policy during the engagement period as required by Ohio Rev. Code § 149.43(B)(2). The District should adopt and approve a records retention schedule.
3. We inquired with District management and determined that the District did not have a public records policy during the engagement period and therefore could not provide it to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2). We recommend the District either adopt its own policy or pass a resolution adopting the City of Ashtabula's Public Records Policy and have the custodian/manager acknowledge they have reviewed it.
4. We inquired with District management and determined that the District did not have a public records policy poster during the engagement period as required by Ohio Rev. Code § 149.43(E)(2). We recommend the District create a poster for public view.

5. We inquired with District management and determined that the District did not have a public records policy during the engagement period therefore it could not be included in a policy manual as required by Ohio Rev. Code § 149.43(E)(2). We recommend the District either adopt their own policy or create a resolution adopting the City of Ashtabula's Public Records Policy and incorporate it into the policy manual.
6. We inquired with District management and determined the District did not notify 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).
7. 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 the District did not create minutes of public meetings during the engagement period.
8. 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 Section 121.22(G).
 - c. Formal governing board actions were adopted in open meetings.We found the District did not create minutes of public meetings during the engagement period.
9. We noted the District did not file its annual financial reports in a timely manner. Ohio Rev. Code § 117.38 requires cash-basis entities to file annual financial reports with the Auditor of State within 60 days of the fiscal year end. The District's filings for the years ended December 31, 2019 and 2018 were filed on June 3, 2020 and April 18, 2019, respectively, which is past the required due date. We recommend the District file the financial statements and notes to the financial statements within 60 days of the fiscal year end.
10. The City of Ashtabula and Ashtabula Township JEDD properly accounted for the income tax collection and distribution, however, the Hinkle report filing only indicated the gross disbursements to Ashtabula Township instead of all parties (JEDD, City of Ashtabula, City of Ashtabula – Administration, City of Ashtabula – Wastewater Treatment Plant and Ashtabula Township). Although the City of Ashtabula and JEDD distributions remain on the City's ledgers the gross amount should be posted on the Hinkle report to reflect the proper collections and distributions.
11. We examined the bank reconciliation prepared as of December 31, 2019. It was included as part of the City of Ashtabula's bank reconciliation. The District Agency fund 802 is included as part of the City of Ashtabula's bank reconciliation and money is co-mingled in the City's General bank account. The District should establish a separate bank account for each JEDD and perform a separate reconciliation independent of the City's bank reconciliation. The City can incorporate the separate reconciliations into its overall accounting system bank reconciliation.
12. We noted the income taxes are being collected and distributed. However, we found some income tax collections require an additional breakdown of amounts recorded in income tax collection software to segregate the regular City income tax payment due to the City and amount due to the District. This condition resulted in the 2019 revenue ledger recording \$34,550 instead of the amount reported on the financial statements of \$39,168. The \$4,618 difference should be posted in the 2020 ledger to agree the balances. Additionally, the 2018 revenue ledger had recorded \$34,723 in revenue instead of the amount reported on the financial statements of \$39,581. The \$4,858 difference should be posted in the 2020 ledger to agree the balances. Reporting and posting of

revenue and expenditures by the tax year to which it applies extends the reporting period into the subsequent year before fully settled, resulting in differences between the annual financial reports and supporting revenue and expenditure ledgers. We recommend the Fiscal Officer consider distributing only the amount posted to the revenue ledger as current fiscal year revenue and reporting the same in the financial statements, regardless of tax collection year the revenue may apply (applicable tax year can be noted in revenue ledger).

13. We noted the most recent bank reconciliation performed was as of April 30, 2020. The District should perform reconciliations in a timely fashion monthly. The District should also reconcile to the individual JEDD Agency funds monthly.

Current Status of Matters Reported in our Prior Engagement

14. We examined the bank reconciliation prepared as of December 31, 2017. It was included as part of the City of Ashtabula's bank reconciliation. The District Agency fund 802 is included as part of the City of Ashtabula's bank reconciliation and money is co-mingled in the City's General bank account. The District should establish a separate bank account for each JEDD and perform a separate reconciliation independent of the City's bank reconciliation. The City can incorporate the separate reconciliations into its overall accounting system bank reconciliation. This matter was repeated in observation 11 above for the years ended December 31, 2019 and 2018.
15. We noted the income taxes are being collected and distributed. However, we found some income tax collections require an additional breakdown to amounts recorded in Income tax collection software to segregate the regular City income tax payment due the City and amount due the District. This condition resulted in an underpayment to the District's fund 802 in 2016 of \$3,781. We also noted the Income tax software misclassified \$2,005 in Route 20 JEDD tax collections that were posted to the Ashtabula Township JEDD. Both corrections were made before distribution to the City and Township but after the close of the fiscal year in February 2017. Additionally, the 2017 revenue ledger had recorded \$25,269 in revenue instead of the amount reported on the financial statements of \$31,966. The \$6,697 difference was posted in the 2018 revenue ledger. This matter was repeated in observation 12 above for the years ended December 31, 2019 and 2018.
16. We noted the most recent bank reconciliation performed was as of February 28, 2018. The District should perform reconciliations in a timely fashion monthly. The District should also reconcile to the individual JEDD Agency funds monthly. This matter was repeated in observation 13 above for the years ended December 31, 2019 and 2018.



Keith Faber
Auditor of State

Columbus, Ohio

October 5, 2020

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF ASHTABULA AND ASHTABULA TOWNSHIP JEDD

ASHTABULA 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 10/20/2020

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This report is a matter of public record and is available online at
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