



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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Route 20 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 Route 20 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 its own policy or pass a resolution adopting the City of Ashtabula's Public Records Policy and incorporate it into its 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, 2018 were filed on April 18, 2019, 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 Route 20 JEDD properly accounted for the income tax collection and distribution, however, the Hinkle report filing indicated the gross disbursements to Saybrook Township instead of all parties (Route 20 JEDD, City of Ashtabula, City of Ashtabula – Administration, City of Ashtabula – Wastewater Treatment Plant and Saybrook 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. The City of Ashtabula and Saybrook Township State Road and Route 20 JEDDs revenue and expenditures are co-mingled in Agency Fund 801. The State Road and Route 20 JEDDs should have separate Agency funds as they are legally separate entities. This practice will also reduce the risk of errors and increase transparency and accountability.
12. 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 801 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.

13. 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 \$55,802 (State Road and Route 20) instead of the amount reported on the financial statements of \$68,830. The \$13,028 difference should be posted in the 2020 ledger to agree the balances. Additionally, the 2018 revenue ledger had recorded \$44,867 in revenue (State Road and Route 20) instead of the amount reported on the financial statements of \$50,802. The \$5,935 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).
14. 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**

15. The City of Ashtabula and Saybrook Township State Road and Route 20 JEDDs revenue and expenditures are co-mingled in Agency Fund 801. We found that while the revenue agreed in total, the Saybrook JEDD's financial report was \$338 under-reported and the Route 20 report was over-reported \$338 when compared to revenue documentation. The Route 20 and State Road JEDDs should have separate Agency funds as they are legally separate entities. This practice will also reduce the risk of errors and increase transparency and accountability. This matter was repeated in observation 11 above for the years ended December 31, 2019 and 2018.
16. 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 801 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 12 above for the years ended December 31, 2019 and 2018.
17. 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 2016 revenue ledger recording \$18,761 (State Road and Route 20) instead of the amount reported on the financial statements of \$30,733. The \$11,972 difference was posted in the 2017 revenue ledger. We noted the JEDD had overpaid the City's Waste Water fund allocation by \$1,532 in the 2016 distribution. This error was corrected and repaid to the JEDDs (administrative fees) in August of 2018. Additionally, the 2017 revenue ledger had recorded \$38,013 in revenue (State Road and Route 20) instead of the amount reported on the financial statements of \$43,471. The \$5,458 difference was posted in the 2018 revenue ledger. 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). This matter was repeated in observation 13 above for the years ended December 31, 2019 and 2018.

18. 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 14 above for the years ended December 31, 2019 and 2018.



Keith Faber  
Auditor of State

Columbus, Ohio

October 5, 2020

# OHIO AUDITOR OF STATE KEITH FABER



**ROUTE 20 JOINT ECONOMIC DEVELOPMENT DISTRICT**

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