



Dave Yost • Auditor of State

**HARTSGROVE TOWNSHIP
ASHTABULA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Hartsgrove Township
Ashtabula County
5321 SR 534 South
Rome, Ohio 44085

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Hartsgrove Township, Ashtabula County, (the Township) as of and for the years ended December 31, 2014 and 2013.

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(D) 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 Township'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 Township's internal control. Accordingly, we express no 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 opinion.

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

As described in Note 1 of the financial statements, the Township 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(D), 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 Township 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(D) 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 Township as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Hartsgrove Township, Ashtabula County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2015, on our consideration of the Township'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 Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

August 26, 2015

**HARTSGROVE TOWNSHIP
ASHTABULA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$86,875	\$219,303	\$306,178
Licenses, Permits and Fees		2,376	2,376
Intergovernmental	17,772	150,790	168,562
Earnings on Investments	2,708	2	2,710
Miscellaneous	7,172	10,597	17,769
<i>Total Cash Receipts</i>	<u>114,527</u>	<u>383,068</u>	<u>497,595</u>
Cash Disbursements			
Current:			
General Government	83,194	30,097	113,291
Public Safety		43,290	43,290
Public Works	36,504	211,774	248,278
Health	16,882	3,450	20,332
Conservation-Recreation	3,887		3,887
Capital Outlay		2,106	2,106
Debt Service:			
Principal Retirement		88,798	88,798
Interest and Fiscal Charges		12,458	12,458
<i>Total Cash Disbursements</i>	<u>140,467</u>	<u>391,973</u>	<u>532,440</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(25,940)</u>	<u>(8,905)</u>	<u>(34,845)</u>
<i>Fund Cash Balances, January 1</i>	<u>245,620</u>	<u>196,870</u>	<u>442,490</u>
Fund Cash Balances, December 31			
Restricted		182,416	182,416
Committed		5,549	5,549
Unassigned (Deficit)	219,680		219,680
<i>Fund Cash Balances, December 31</i>	<u><u>\$219,680</u></u>	<u><u>\$187,965</u></u>	<u><u>\$407,645</u></u>

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

**HARTSGROVE TOWNSHIP
ASHTABULA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Fiduciary Fund Type
	Private Purpose Trust
Operating Cash Receipts	
<i>Total Operating Cash Receipts</i>	0
Operating Cash Disbursements	
<i>Total Operating Cash Disbursements</i>	0
<i>Operating Income (Loss)</i>	0
<i>Net Change in Fund Cash Balances</i>	0
<i>Fund Cash Balances, January 1</i>	1,131
<i>Fund Cash Balances, December 31</i>	\$1,131

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

**HARTSGROVE TOWNSHIP
ASHTABULA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$87,024	\$216,207	\$303,231
Licenses, Permits and Fees		2,491	2,491
Intergovernmental	17,886	139,468	157,354
Earnings on Investments	2,573	2	2,575
Miscellaneous	7,790	8,060	15,850
<i>Total Cash Receipts</i>	115,273	366,228	481,501
Cash Disbursements			
Current:			
General Government	94,579	25,490	120,069
Public Safety		69,526	69,526
Public Works	44,893	152,578	197,471
Health	19,032	2,130	21,162
Conservation-Recreation	2,000		2,000
Capital Outlay	25,000	4,500	29,500
Debt Service:			
Principal Retirement		62,313	62,313
Interest and Fiscal Charges		9,745	9,745
<i>Total Cash Disbursements</i>	185,504	326,282	511,786
<i>Excess of Receipts Over (Under) Disbursements</i>	(70,231)	39,946	(30,285)
Other Financing Receipts (Disbursements)			
Other Financing Sources	40		40
Other Financing Uses	(6,095)		(6,095)
<i>Total Other Financing Receipts (Disbursements)</i>	(6,055)	0	(6,055)
<i>Net Change in Fund Cash Balances</i>	(76,286)	39,946	(36,340)
<i>Fund Cash Balances, January 1</i>	321,906	156,924	478,830
Fund Cash Balances, December 31			
Restricted		189,071	189,071
Committed		7,799	7,799
Unassigned (Deficit)	245,620		245,620
<i>Fund Cash Balances, December 31</i>	\$245,620	\$196,870	\$442,490

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

HARTSGROVE TOWNSHIP
ASHTABULA COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Fiduciary Fund Type
	Private Purpose Trust
Operating Cash Receipts	
<i>Total Operating Cash Receipts</i>	<u>0</u>
Operating Cash Disbursements	
<i>Total Operating Cash Disbursements</i>	<u>0</u>
<i>Operating Income (Loss)</i>	<u>0</u>
 <i>Fund Cash Balances, January 1</i>	 <u>1,131</u>
<i>Fund Cash Balances, December 31</i>	 <u><u>\$1,131</u></u>

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

**HARTSGROVE TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Hartsgrove Township, Ashtabula County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection. The Hartsgrove Township Volunteer Fire Department provides fire services.

The Township participates in a public entity risk pool and is part of a Jointly Governed Organization. Note 7 and 8 to the financial statements provides additional information for these entities. These organizations are:

Public Entity Risk Pool:
Ohio Township Association Risk Management Authority (OTARMA) Note 7

Jointly Governed Organization:
South Central Ambulance District (SCAD) Note 8

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Accounting Basis

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(D). 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(D) permit.

C. Deposits and Investments

The Township'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.

Certificates of Deposit are valued at cost.

**HARTSGROVE TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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 Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Fire Levy Fund - This fund receives property tax money from a restricted levy to pay for fire protection.

3. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the benefit of certain individuals.

The Township had the following significant Trust Fund:

Phelps Cemetery Bequest – Monies were left in a bequest for the proper care, maintenance, decoration and repair of a family burial plot.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. 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 Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

HARTSGROVE TOWNSHIP
ASHTABULA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

2. 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.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. 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.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend 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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**HARTSGROVE TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

5. 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.

The Township 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.

G. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. 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.

2. Equity in Pooled Deposits and Investments

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2014	2013
Demand deposits	\$408,274	\$443,121
Certificates of deposit	502	500
Total deposits	\$408,776	\$443,621

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; collateralized by the financial institution's public entity deposit pool.

**HARTSGROVE TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$103,375	\$114,527	\$11,152
Special Revenue	338,100	383,068	44,968
Total	\$441,475	\$497,595	\$56,120

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$318,250	\$140,467	\$177,783
Special Revenue	479,285	391,973	87,312
Total	\$797,535	\$532,440	\$265,095

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$104,675	\$115,313	\$10,638
Special Revenue	341,800	366,228	24,428
Total	\$446,475	\$481,541	\$35,066

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$419,300	\$191,599	\$227,701
Special Revenue	481,507	326,282	155,225
Total	\$900,807	\$517,881	\$382,926

**HARTSGROVE TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback 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 Township.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. Debt

Debt outstanding at December 31, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note: Fire Truck	\$187,097	2.70%
General Obligation Note: Paving	\$212,023	2.85%
OPWC Loan	49,680	0%
Total	<u>\$481,571</u>	

The Township issued general obligation notes to finance the purchase of a new fire pumper for the Township Volunteer Fire Department. The Township's taxing authority collateralized the notes.

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

Year ending December 31:	<u>Paving Note</u>	<u>Fire Pumper Note</u>	<u>OPWC Loan</u>
2015	\$71,958	\$24,002	\$5,520
2016	71,958	24,002	5,520
2017	71,958	24,002	5,520
2018	5,997	24,002	5,520
2019		24,002	5,520
2020-2024		90,010	22,080
Total	<u>\$221,871</u>	<u>\$210,020</u>	<u>\$49,680</u>

**HARTSGROVE TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. Retirement Systems

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

7. Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$34,411,883	\$35,402,177
Liabilities	<u>(12,760,194)</u>	<u>(12,363,257)</u>
Net Position	<u>\$21,651,689</u>	<u>\$23,038,920</u>

**HARTSGROVE TOWNSHIP
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$6,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2014</u>
\$8,437	\$9,481

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to OTARMA. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. Jointly Governed Organization

The constitution and laws of the State of Ohio establish the rights and privileges of the South Central Ambulance District, Ashtabula County (the District), as a body corporate and politic. Eleven Board members govern the District. Each political subdivision within the District appoints one member. Those subdivisions are Colebrook Township, Dorset Township, Hartsgrove Township, Lenox Township, Morgan Township, New Lyme Township, Orwell Township, Rome Township, Orwell Village, Rock Creek Village and Roaming Shores Village, in Ashtabula County. The District provides ambulance services within the District and by contract to areas outside the District.

Financial information can be obtained by contacting Dan Koziol, Director, 3100 US Highway 6 Rome, Ohio 44085.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Hartsgrove Township
Ashtabula County
5321 SR 534 South
Rome, Ohio 44085

To the Board of Trustees:

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 Hartsgrove Township, Ashtabula County, (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated August 26, 2015 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 Township'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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Township'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 determination of financial statement amounts. 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

August 26, 2015



Dave Yost • Auditor of State

HARTSGROVE TOWNSHIP

ASHTABULA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 10, 2015**