



**Auditor of State  
Betty Montgomery**



**SWANCREEK TOWNSHIP  
FULTON COUNTY**

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**Auditor of State  
Betty Montgomery**

Swanecreek Township  
Fulton County  
15724 State Route 2  
Wauseon, Ohio 43567-9294

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

June 15, 2005

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Swan Creek Township  
Fulton County  
15724 State Route 2  
Wauseon, Ohio 43567-9294

To the Board of Trustees:

We have audited the accompanying financial statements of Swan Creek Township, Fulton County, (the Township) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Swan creek Township, Fulton County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2005, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

June 15, 2005



**SWANCREEK TOWNSHIP  
FULTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$ 165,834	\$ 327,374			\$ 493,208
Intergovernmental	104,274	157,571	\$ 78,925		340,770
Licenses, Permits, and Fees	6,177	24,175			30,352
Earnings on Investments	7,542	1,034		\$ 57	8,633
Other Revenue	2,426	25,436			27,862
Total Cash Receipts	<u>286,253</u>	<u>535,590</u>	<u>78,925</u>	<u>57</u>	<u>900,825</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	299,402	1,500			300,902
Public Safety		84,836			84,836
Public Works		277,570			277,570
Health	14,945	18,858			33,803
Redemption of Principal	19,000	16,631			35,631
Interest and Fiscal Charges	7,840	1,406			9,246
Capital Outlay		7,129	80,134		87,263
Total Cash Disbursements	<u>341,187</u>	<u>407,930</u>	<u>80,134</u>		<u>829,251</u>
Total Cash Receipts Over/ (Under) Cash Disbursements	<u>(54,934)</u>	<u>127,660</u>	<u>(1,209)</u>	<u>57</u>	<u>71,574</u>
<b>Other Financing Receipts:</b>					
Other Sources	4,769				4,769
Total Other Financing Receipts	<u>4,769</u>				<u>4,769</u>
Excess of Cash Receipts and Other Financing Receipts Over/ (Under) Cash Disbursements	<u>(50,165)</u>	<u>127,660</u>	<u>(1,209)</u>	<u>57</u>	<u>76,343</u>
Fund Cash Balances, January 1	<u>257,408</u>	<u>478,781</u>	<u>1,209</u>	<u>4,494</u>	<u>741,892</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 207,243</u></b>	<b><u>\$ 606,441</u></b>		<b><u>\$ 4,551</u></b>	<b><u>\$ 818,235</u></b>
Reserve for Encumbrances, December 31	<u>\$ 26</u>	<u>\$ 315</u>			<u>\$ 341</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**SWANCREEK TOWNSHIP  
FULTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$ 161,325	\$ 318,650			\$ 479,975
Intergovernmental	83,743	133,831			217,574
Licenses, Permits, and Fees	5,634	21,766			27,400
Earnings on Investments	8,234	1,108		\$ 50	9,392
Other Revenue	2,259	14,441			16,700
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	261,195	489,796		50	751,041
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>					
Current:					
General Government	248,321	331			248,652
Public Safety		65,365			65,365
Public Works		403,045			403,045
Health	9,341	12,438			21,779
Human Services				150	150
Debt Service:					
Redemption of Principal	13,253	15,864	\$ 4,747		33,864
Interest and Fiscal Charges	8,628	2,681			11,309
Capital Outlay		20,039	1,304		21,343
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	279,543	519,763	6,051	150	805,507
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements Over Cash Receipts	(18,348)	(29,967)	(6,051)	(100)	(54,466)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts:</b>					
Other Sources	150		13		163
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	150		13		163
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Disbursements Over Cash Receipts and Other Financing Receipts	(18,198)	(29,967)	(6,038)	(100)	(54,303)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	275,606	508,748	7,247	4,594	796,195
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 257,408</u></b>	<b><u>\$ 478,781</u></b>	<b><u>\$ 1,209</u></b>	<b><u>\$ 4,494</u></b>	<b><u>\$ 741,892</u></b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	<u>\$ 26</u>	<u>\$ 13,815</u>			<u>\$ 13,841</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**SWANCREEK TOWNSHIP  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**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 Swancreek Township, Fulton 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, fire protection and emergency medical services. The Township contracts with York Township, Providence Township, Liberty-Washington Township, the Village of Swanton, and the Village of Delta to provide fire services and ambulance services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Township 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 Auditor of State prescribes or permits.

**C. Cash and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or disbursements investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Certificates of deposits are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**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 reports all financial resources except those required to be accounted for in another fund.

**SWANCREEK TOWNSHIP  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. 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 to provide fire protection services.

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

New Offices Construction Fund - The Township used note proceeds for the purpose of constructing, equipping, and furnishing township offices with related site improvements and appurtenances thereto.

Issue II Fund - The Township received a grant from the State of Ohio for a road paving project.

**4. Fiduciary Funds (Non-expendable Trust Funds)**

These funds account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

Cemetery Bequest Funds – The Township has three Cemetery Bequest Funds; Drennen, Green, and Hollis established for the perpetual care and maintenance of the cemetery.

**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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**SWANCREEK TOWNSHIP  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also 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 carried over, and need not be reappropriated.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**F. 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.

**G. 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 CASH AND INVESTMENTS**

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

	2004	2003
Cash on Hand	\$ 50	\$ 50
Demand deposits	253,701	119,046
Total deposits and cash on hand	253,751	119,096
STAR Ohio	564,484	622,796
Total investments	564,484	622,796
Total deposits, cash on hand, and investments	\$ 818,235	\$ 741,892

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**SWANCREEK TOWNSHIP  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 299,409	\$ 291,022	\$ (8,387)
Special Revenue	530,000	535,590	5,590
Capital Projects	78,925	78,925	-
Fiduciary	52	57	5
Total	<u>\$ 908,386</u>	<u>\$ 905,594</u>	<u>\$ (2,792)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 556,793	\$ 341,213	\$ 215,580
Special Revenue	1,009,097	408,245	600,852
Capital Projects	80,134	80,134	-
Fiduciary	52	-	52
Total	<u>\$ 1,646,076</u>	<u>\$ 829,592</u>	<u>\$ 816,484</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 293,620	\$ 261,345	\$ (32,275)
Special Revenue	497,695	489,796	(7,899)
Capital Projects	78,925	13	(78,912)
Fiduciary	93	50	(43)
Total	<u>\$ 870,333</u>	<u>\$ 751,204</u>	<u>\$ (119,129)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 569,252	\$ 279,569	\$ 289,683
Special Revenue	1,006,752	533,578	473,174
Capital Projects	86,172	6,051	80,121
Fiduciary	150	150	-
Total	<u>\$ 1,662,326</u>	<u>\$ 819,348</u>	<u>\$ 842,978</u>

**SWANCREEK TOWNSHIP  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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, 2004 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$ 160,000	4.38%

The Township issued general obligation notes on December 18, 2001 for the purpose of constructing, equipping, and furnishing township offices with related site improvements and appurtenances thereto. The notes are collateralized solely by the Township's taxing authority.

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

Year ending December 31:	General Obligation Notes
2005	\$ 27,008
2006	27,132
2007	27,212
2008	27,249
2009	27,241
2010 - 2011	53,285
Total	\$ 189,127

**7. 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 these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**SWANCREEK TOWNSHIP  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

**8. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2003 and 2002 (the latest information available):



**SWANCREEK TOWNSHIP  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$ 27,792,223	\$ 23,757,036
Liabilities	(11,791,300)	(9,197,512)
Retained Earnings	<u>\$ 16,000,923</u>	<u>\$ 14,559,524</u>

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$ 6,791,060	\$ 6,596,996
Liabilities	(750,956)	(1,204,326)
Retained Earnings	<u>\$ 6,040,104</u>	<u>\$ 5,392,670</u>

**9. RELATED PARTY TRANSACTIONS**

The Township appoints all members of the Board of Trustees of the Swancreek Water District (the District). During 1997 the Township loaned the District \$51,402 for the purpose of conducting a feasibility study, for the construction, maintenance, repair, and operation of a water system. As of December 31, 2004 the District owes the Township \$51,403.

The Township currently does not charge the District rent for use of the Township building offices.

The Township has an employment services agreement with the District. The agreement allows the District to utilize the services of Township employees for the purpose of performing District business. The District agrees to pay for such services. Total services billed in 2004 and 2003 were \$4,096 and \$1,142, respectively.

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**Auditor of State  
Betty Montgomery**

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

Swan creek Township  
Fulton County  
15724 State Route 2  
Wauseon, Ohio 43567-9294

To the Board of Trustees:

We have audited the financial statements of the Swan creek Township (the Township) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 15, 2005, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated June 15, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

### **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, providing an opinion 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*.

We intend this report solely for the information and use of management, and the Board of Trustees. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

June 15, 2005



**Auditor of State  
Betty Montgomery**

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Facsimile 614-466-4490

**SWANCREEK TOWNSHIP**

**FULTON 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  
AUGUST 04, 2005**