

**KNOX TOWNSHIP
COLUMBIANA COUNTY
Regular Audit
December 31, 2007 and 2006**



Mary Taylor, CPA

Auditor of State

Board of Trustees
Knox Township
4051 Harrison St.
PO Box 73
N. Georgetown, OH 44665

We have reviewed the *Independent Accountants' Report* of Knox Township, Columbiana County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Knox Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 22, 2008

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**KNOX TOWNSHIP
COLUMBIANA COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

May 1, 2008

Knox Township
Columbiana County
4051 Harrison St.
PO Box 73
N. Georgetown, OH 44665

To the Board of Trustees:

We have audited the accompanying financial statements of **Knox Township, Columbiana County, Ohio**, (the Township) as of and for the years ended December 31, 2007 and 2006. 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. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. 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 GAAP presentation. The Auditor of State permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2007 and 2006 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, 2007 and 2006 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 of Knox Township, Columbiana County, as of December 31, 2007 and 2006, 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 years ended December 31, 2007 and 2006. 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 May 1, 2008, 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.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

**KNOX TOWNSHIP
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Local Taxes	\$ 56,287	\$ 288,524	\$ -	\$ 344,811
Intergovernmental	194,310	167,677	-	361,987
Licenses, Permits, and Fees	12,224	2,975	-	15,199
Fines, Forfeitures, and Penalties	25	-	-	25
Special Assessments	-	6,328	-	6,328
Earnings on Investments	8,973	2,613	95	11,681
Miscellaneous	20,988	1,800	-	22,788
	<u>292,807</u>	<u>469,917</u>	<u>95</u>	<u>762,819</u>
Total Cash Receipts				
	<u>292,807</u>	<u>469,917</u>	<u>95</u>	<u>762,819</u>
Cash Disbursements:				
Current:				
General Government	107,406	-	-	107,406
Public Safety	-	139,754	-	139,754
Public Works	62,291	318,812	-	381,103
Health	25,150	2,550	-	27,700
Debt Service:				
Principal Retirement	-	14,000	-	14,000
Interest and Fiscal Charges	-	1,013	-	1,013
Capital Outlay	93,013	-	-	93,013
	<u>287,860</u>	<u>476,129</u>	<u>-</u>	<u>763,989</u>
Total Cash Disbursements				
	<u>287,860</u>	<u>476,129</u>	<u>-</u>	<u>763,989</u>
Total Cash Receipts Over/(Under) Disbursements	<u>4,947</u>	<u>(6,212)</u>	<u>95</u>	<u>(1,170)</u>
Other Financing Receipts and (Disbursements):				
Note Proceeds	42,000	-	-	42,000
	<u>42,000</u>	<u>-</u>	<u>-</u>	<u>42,000</u>
Total Other Financing Receipts/(Disbursements)				
	<u>42,000</u>	<u>-</u>	<u>-</u>	<u>42,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	46,947	(6,212)	95	40,830
Fund Cash Balances, January 1	<u>180,199</u>	<u>222,557</u>	<u>2,693</u>	<u>405,449</u>
Fund Cash Balances, December 31	<u>\$ 227,146</u>	<u>\$ 216,345</u>	<u>\$ 2,788</u>	<u>\$ 446,279</u>

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

**KNOX TOWNSHIP
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	
Cash Receipts:					
Local Taxes	\$ 53,101	\$ 259,041	\$ 14,000	\$ -	\$ 326,142
Intergovernmental	150,920	174,892	-	-	325,812
Licenses, Permits, and Fees	10,693	2,800	-	-	13,493
Fines, Forfeitures, and Penalties	810	-	-	-	810
Special Assessments	-	5,620	-	-	5,620
Earnings on Investments	6,629	1,762	-	83	8,474
Miscellaneous	1,462	1,350	-	-	2,812
Total Cash Receipts	<u>223,615</u>	<u>445,465</u>	<u>14,000</u>	<u>83</u>	<u>683,163</u>
Cash Disbursements:					
Current:					
General Government	100,857	-	-	-	100,857
Public Safety	-	130,948	-	-	130,948
Public Works	52,547	231,965	-	-	284,512
Health	24,864	4,425	-	-	29,289
Debt Service:					
Principal Retirement	-	-	14,000	-	14,000
Interest and Fiscal Charges	-	-	558	-	558
Capital Outlay	37,731	4,500	-	-	42,231
Total Cash Disbursements	<u>215,999</u>	<u>371,838</u>	<u>14,558</u>	<u>-</u>	<u>602,395</u>
Total Cash Receipts Over/(Under) Disbursements	<u>7,616</u>	<u>73,627</u>	<u>(558)</u>	<u>83</u>	<u>80,768</u>
Other Financing Receipts and (Disbursements):					
Transfers-In	101,492	-	558	-	102,050
Transfers-Out	(558)	(101,492)	-	-	(102,050)
Total Other Financing Receipts/(Disbursements)	<u>100,934</u>	<u>(101,492)</u>	<u>558</u>	<u>-</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>108,550</u>	<u>(27,865)</u>	<u>-</u>	<u>83</u>	<u>80,768</u>
Fund Cash Balances, January 1	<u>71,649</u>	<u>250,422</u>	<u>-</u>	<u>2,610</u>	<u>324,681</u>
Fund Cash Balances, December 31	<u><u>\$ 180,199</u></u>	<u><u>\$ 222,557</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,693</u></u>	<u><u>\$ 405,449</u></u>

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

**KNOX TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Knox Township, Columbiana County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general government services as well as road and bridge and cemetery maintenance. The Township contracts with the Homeworth Volunteer Fire Department and the North Georgetown Volunteer Fire Department to provide fire protection 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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash 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.

The Township maintains an interest bearing checking used by all funds. Certificates of deposit and the Sweep account are valued at cost. No other investments are held by the Township.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**KNOX TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Funds:

Gasoline Tax Fund - This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

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

Homeworth Fire District Fund - This fund receives levied tax money for providing fire protection services.

N. Georgetown Fire District Fund - This fund receives levied tax money for providing fire protection services.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

Note Retirement Fund – This fund receives tax levy monies to pay principal and interest on the Township’s note issues for purchase of equipment.

4. Permanent Funds (Trust Funds)

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township’s programs. The Township had the following significant Permanent Fund:

Cemetery Trust Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. The earnings are used for the general maintenance and upkeep of the Township’s cemetery. The Township has two separate trusts set up for the same purpose.

**KNOX TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

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, and 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.

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 also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances at year end are cancelled, and reappropriated in the subsequent year.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH

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

	2007	2006
Demand deposits	\$ 11,746	\$ 17,546
Certificates of Deposit	3,155	3,047
Sweep Account deposits	431,378	384,856
Total deposits and investments	<u>\$ 446,279</u>	<u>\$ 405,449</u>

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

The Township invests in a Sweep Account and Certificates of Deposit. These are valued at cost.

**KNOX TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 335,147	\$ 334,807	\$ (340)
Special Revenue	501,509	469,917	(31,592)
Debt Service	2,500	-	(2,500)
Permanent Fund	140	95	(45)
Total	<u>\$ 839,296</u>	<u>\$ 804,819</u>	<u>\$ (34,477)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 501,384	\$ 287,860	\$ 213,524
Special Revenue	695,565	476,129	219,436
Debt Service	2,500	-	2,500
Permanent Fund	-	-	-
Total	<u>\$ 1,199,449</u>	<u>\$ 763,989</u>	<u>\$ 435,460</u>

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 322,753	\$ 325,107	\$ 2,354
Special Revenue	445,627	445,465	(162)
Debt Service	16,500	14,558	(1,942)
Permanent	143	83	(60)
Total	<u>\$ 785,023</u>	<u>\$ 785,213</u>	<u>\$ 190</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 378,086	\$ 216,557	\$ 161,529
Special Revenue	672,462	473,330	199,132
Debt Service	16,500	14,558	1,942
Permanent	-	-	-
Total	<u>\$ 1,067,048</u>	<u>\$ 704,445</u>	<u>\$ 362,603</u>

**KNOX TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. DEBT

Debt outstanding at December 31, 2007 was as follows:

	Principal	Interest Rate
General Obligation Note - 2006 GMC Truck	\$ 42,000	4.75%

A promissory note was issued in 2005 in the amount of \$42,000 to finance the purchase of a 2005 GMC Truck. The prior audit reflected an inaccurate balance due at December 31, 2005. The principal outstanding at December 31, 2005 was \$28,000. This note was paid in full during the audit period.

A promissory note was issued in 2007 in the amount of \$42,000 for the purchase of a 2006 truck. This note is collateralized solely by the truck. The Township is to make three annual payments on the note.

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

Year ending December 31:	Truck Note
2008	\$ 14,000
2009	14,000
2010	14,000
Total	\$ 42,000

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

**KNOX TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, members of PERS contributed 9.5% (2007) and 9% (2006) of their gross salaries. The Township contributed an amount equal to 13.85% (2007) and 13.7% (2006) of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

7. RISK MANAGEMENT

Commercial Insurance

Risk Pool Membership

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage's, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses.

Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2006 and 2005 (the latest information available):

**KNOX TOWNSHIP
COLUMBIANA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

7. RISK MANAGEMENT (Continued)

	2006	2005
Assets	\$9,620,148	\$8,219,430
Liabilities	<u>(3,329,620)</u>	<u>(2,748,639)</u>
Members' Equity	<u>\$6,290,528</u>	<u>\$5,470,791</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

8. TRANSFER OF FUNDS / POLICE LEVY FUND

The Township had a Police Levy Fund established for the purpose of providing Township police protection in the past. The Township no longer provides police protection and does not intend to do so in the foreseeable future. Therefore, the Township terminated the continuing 2.5 police levy and took the necessary steps as outlined by legal counsel to transfer the remaining fund balance within the Police Levy Fund to the General Fund.

The Police Levy Fund was established pursuant to ORC Section 5705.09(D), which requires a township to establish a special fund for each special levy. Once the activity, service, or other undertaking for which such special fund existed (in this case, police protection) has terminated, and provided all obligations incurred and payable from such special fund have been paid and satisfied, the unexpended balance may be transferred to the General Fund per ORC Section 5704.14(D). No court order is required.

Perry & Associates
Certified Public Accountants, A.C.

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

May 1, 2008

Knox Township
Columbiana County
4051 Harrison St.
PO Box 73
N. Georgetown, OH 44665

To the Board of Trustees:

We have audited the financial statements of **Knox Township, Columbiana County, Ohio** (the Township) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated May 1, 2008, 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 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 as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Internal Control Over Financial Reporting (Continued)

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We also noted one internal control matter that we reported to the Township's management in a separate letter dated May 1, 2008.

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 that we must report under *Government Auditing Standards*.

This report is intended solely for the information and use of Township management and Board of Trustees and is not intended to be, and should not be used by anyone other than these specified parties.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA
Auditor of State

KNOX TOWNSHIP

COLUMBIANA 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
JUNE 5, 2008**