



**Auditor of State
Betty Montgomery**

FOWLER TOWNSHIP
TRUMBULL COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountant's Report.....	1
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.....	3
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, 2002.....	4
Notes to the Financial Statements	5
Independent Accountant's Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13
Schedule of Prior Audit Findings.....	15

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANT'S REPORT

Fowler Township
Trumbull County
P.O. Box 174
Fowler, Ohio 44418

To the Board of Trustees:

We have audited the accompanying financial statements of Fowler Township, Trumbull County (the Township) as of and for the years ended December 31, 2003 and December 31, 2002. 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.

Except as discussed in the following paragraph, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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's financial transactions were processed using 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 that our audit provides a reasonable basis for our opinion.

Ambulance billing and collections reported in the Emergency Medical Services Fund (a Special Revenue Fund) are processed by a service organization that is independent of Fowler Township. The service organization did not provide us with evidence we requested regarding the design and proper operation of its internal controls. We were therefore unable to satisfy ourselves as to the proper processing of ambulance run bills and collections. The ambulance collections represent 100% of the charges for services receipts reported in the financial statements under the Special Revenue Fund Type.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, except for the effects of such adjustments, if any as might have been necessary had we been able to examine certain information regarding ambulance collections reported as charges for services (Special Revenue Fund Type) as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as December 31, 2003 and December 31, 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 30, 2004

FOWLER TOWNSHIP
TRUMBULL 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>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:						
Local Taxes	\$73,956	\$128,172	\$17,573			\$219,701
Intergovernmental	70,431	81,101				151,532
Charges for Services		44,429				44,429
Licenses, Permits, and Fees	15,158	5,095				20,253
Fines, Forfeitures, and Penalties	2,423	0				2,423
Earnings on Investments	352	56				408
Other Revenue	514	3,478				3,992
Total Cash Receipts	162,834	262,331	17,573			442,738
Cash Disbursements:						
Current:						
General Government	109,668	5,042				114,710
Public Safety	5,272	152,419				157,691
Public Works	26,651	88,775				115,426
Health	7,597	4,719				12,316
Conservation - Recreation	5,023					5,023
Debt Service:						
Redemption of Principal	1,007		12,733			13,740
Interest and Fiscal Charges	290		4,764			5,054
Capital Outlay	5,714	18,229				23,943
Total Cash Disbursements	161,222	269,184	17,497			447,903
Total Receipts Over/(Under) Disbursements	1,612	(6,853)	76			(5,165)
Other Financing Receipts and (Disbursements):						
Proceeds from Sale of Public Debt:						
State Issue II Loan				60,000		60,000
Other Sources	45					45
Other Uses	(84)					(84)
Total Other Financing Receipts/(Disbursements)	(39)			60,000		59,961
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,573	(6,853)	76	60,000		54,796
Fund Cash Balances, January 1	10,340	59,896			1,157	71,393
Fund Cash Balances, December 31	\$11,913	\$53,043	\$76	\$60,000	\$1,157	\$126,189
Reserve for Encumbrances, December 31	\$118	\$107	\$0	\$0	\$0	\$225

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

**FOWLER TOWNSHIP
TRUMBULL 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, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Non-Expendable Trust</u>	
Cash Receipts:				
Local Taxes	\$81,781	\$131,357		\$213,138
Intergovernmental	77,952	72,068		150,020
Charges for Services		38,877		38,877
Licenses, Permits, and Fees	14,345	5,425		19,770
Fines, Forfeitures, and Penalties	522			522
Earnings on Investments	880	93		973
Other Revenue	6,222	4,612		10,834
	<hr/>	<hr/>		<hr/>
Total Cash Receipts	181,702	252,432		434,134
Cash Disbursements:				
Current:				
General Government	109,823	5,833		115,656
Public Safety	19,464	152,724		172,188
Public Works	24,900	93,336		118,236
Health	4,955	4,368		9,323
Conservation - Recreation	9,272			9,272
Debt Service:				
Redemption of Principal	8,333	2,918		11,251
Interest and Fiscal Charges	4,135	624		4,759
Capital Outlay	29,042	22,539		51,581
	<hr/>	<hr/>		<hr/>
Total Cash Disbursements	209,924	282,342		492,266
Total Receipts Over/(Under) Disbursements	(28,222)	(29,910)		(58,132)
Other Financing Receipts and (Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes		10,813		10,813
Advances-In	5,000	5,000		10,000
Advances-Out	(5,000)	(5,000)		(10,000)
	<hr/>	<hr/>		<hr/>
Total Other Financing Receipts/(Disbursements)		10,813		10,813
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(28,222)	(19,097)		(47,319)
Fund Cash Balances, January 1	38,562	78,993	1,157	118,712
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$10,340	\$59,896	\$1,157	\$71,393
	<hr/>	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	\$110	\$108	\$0	\$218
	<hr/>	<hr/>	<hr/>	<hr/>

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

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Fowler Township, Trumbull 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with L & D Medical Billing to provide ambulance billing 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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The Township maintains demand deposits. See Note 2.

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.

2. Special Revenue Funds

These funds are used to 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.

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

Police District Fund – This fund receives property tax money to pay for the general operation of the police department.

Fire District Fund – This fund receives property tax money to pay for the general operation of the fire department.

3. Debt Service Funds

The Township's Debt Service Fund receives property tax money used to repay general obligation notes which financed the purchase of a police cruiser and administrative office renovations.

4. Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township's Capital Project Fund received a State of Ohio Issue II Grant to repair certain Township roads.

5. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary funds:

Cemetery Bequest Funds – These funds use its revenue for the care and maintenance of cemetery plots.

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.

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(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 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. The Township did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2003</u>	<u>2002</u>
Demand deposits	\$126,189	\$71,393

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution's public entity risk pool.

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$169,978	\$162,879	(\$7,099)
Special Revenue	259,590	262,331	2,741
Debt Service	18,006	17,573	(433)
Capital Projects	60,000	60,000	0
Total	\$507,574	\$502,783	(\$4,791)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$180,435	\$161,424	\$19,011
Special Revenue	316,960	269,291	47,669
Debt Service	18,006	17,497	509
Capital Projects	0	0	0
Total	\$515,401	\$448,212	\$67,189

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$236,544	\$181,702	(\$54,842)
Special Revenue	240,407	263,245	22,838
Debt Service	12,020	0	(12,020)
Total	\$488,971	\$444,947	(\$44,024)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$267,053	\$210,034	\$57,019
Special Revenue	315,240	282,450	32,790
Debt Service	0	0	0
Total	\$582,293	\$492,484	\$89,809

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio law, the Township did not certify purchases prior to the obligations being incurred during the years ended December 31, 2003 and December 31, 2002 in the following funds:

- General Fund
- Motor Vehicle License Fund
- Gasoline Tax Fund
- Road and Bridge Fund
- Cemetery Fund
- Police District Fund
- Fire District Fund
- Zoning Fund
- Ambulance Medical Services Fund
- Drug Law Enforcement Fund

4. 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.

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, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes - Building	\$58,333	5.75%
General Obligation Notes -Police Cruiser	\$5,406	4.00%
General Obligation Notes -Issue II	\$60,000	4.00%
Total	<u>\$123,739</u>	

The notes are collateralized solely by the Township's taxing authority.

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. DEBT (Continued)

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

	General Obligation Note Building	General Obligation Note Cruiser	General Obligation Note Issue II
Year ending December 31:			
2004	\$11,688	\$5,623	\$15,080
2005	11,216		13,948
2006	10,729		13,450
2007	10,250		12,973
2008	9,771		12,488
2009 – 2010	18,107		
Total	<u>\$71,761</u>	<u>\$5,623</u>	<u>\$67,939</u>

6. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement 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. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Fowler Township
Trumbull County
P.O. Box 174
Fowler, Ohio 44418

To the Board of Trustees:

We have audited the accompanying financial statements of Fowler Township (the Township) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated June 30, 2004 which was qualified since certain information related to Special Revenue Fund receipts reported as charges for services was not available for audit and wherein we noted that the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). Except for the preceding matter, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 30, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted one matter involving the internal control over financial reporting and its operation that we consider to be a material weakness. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Fowler Township
Trumbull County
Independent Accountant's Report on Compliance and on Internal Control
Required by *Government Auditing Standards*

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is described in the accompanying schedule of findings as item 2003-002.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 30, 2004

FOWLER TOWNSHIP
TRUMBULL COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2003-001

NONCOMPLIANCE CITATION

Certification of Funds

Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate- If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Township Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. Amounts of less than one thousand dollars (\$3,000 effective April 7, 2003) may be paid by the fiscal officer without such affirmation of the Board of Township Trustees upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful.

Of sixty (60) disbursements tested throughout the years ended December 31, 2003 and 2002, there were thirty eight (38) instances in which the purchase order was prepared after the invoice date. These instances indicated commitments for the expenditure of money were made without proper certification of the Clerk contrary to the statute. In every case, there was sufficient money appropriated and in the treasury to meet the obligations.

We recommend that a purchase order with the certificate of the Clerk attached be obtained prior to making any order involving the expenditure of money. Should circumstances not allow for the preparation of a purchase order, the Clerk should use the "then and now" certificate following the guidelines noted in the two exceptions above.

FINDING NUMBER 2003-002

Material Weakness- Ambulance Billing and Collections

The Township has delegated the processing of ambulance billings and collections, which is a significant accounting function, to a third party administrator, L&D Medical Billing Company. The following internal control weaknesses were noted with regard to the processing of ambulance billings and collections:

- A. L&D Medical Billing Co. provides monthly billing and collection reports to the Township. These reports are not reviewed or reconciled by any Township personnel to monitor whether ambulance runs are being properly billed and collected.
- B. The Township has not established procedures to determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that ambulance billings and collections have been completely and accurately processed in accordance with the contract between the Township and L&D Medical Billing Co.
- C. The Township has not adopted a policy to outline the procedures to follow in the case of the ambulance billing accounts whose collections are past due.

These conditions may not assure the completeness and accuracy of ambulance billings and collections processed by the third party administrator.

Statement on Auditing Standards (SAS) No. 70, as amended, prescribes standards for reporting on service organizations. An unqualified Type Two *Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness* in accordance with SAS 70 should provide the Township with reasonable assurance that ambulance run billings and collections conform to the contract.

We recommend the Township require a Type Two SAS 70 report in its contract with L&D Medical Billing Company. The Township should review the SAS 70 report timely. The report should follow American Institute of Certified Public Accountants standards and be performed by a firm registered and considered in good standing with the Accountancy Board of the respective state. If L&D Medical Billing Company refuses to furnish the Township with a Type Two SAS 70 report, we recommend the Township contract with a third party administrator that will provide such a report.

In addition, we recommend the Township adopt a formal, written policy that mandates the procedures to follow for the collection of past due ambulance billing accounts. The policy should include but not be limited to specific guidelines on the write-off of past due accounts and the conditions that warrant the past due accounts to be turned over to a collection agency.

**FOWLER TOWNSHIP
TRUMBULL COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1,2,3 and 5	Overpayment of Trustees	Yes	
4	Overpayment of Clerk	Yes	
6	ORC Section 5705.41D	No	Reissued



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

FOWLER TOWNSHIP

TRUMBULL 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
JULY 27, 2004**