



Dave Yost • Auditor of State

VILLAGE OF PATTERSON
HARDIN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013	3
Statement of Receipts, Disbursements, and Change in Fund Balance (Cash Basis) - Enterprise Fund - For the Year Ended December 31, 2013	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012	5
Statement of Receipts, Disbursements, and Change in Fund Balance (Cash Basis) - Enterprise Fund - For the Year Ended December 31, 2012	6
Notes to the Financial Statements	7
Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters	13
Schedule of Findings.....	15
Schedule of Prior Audit Findings.....	18

This page intentionally left blank.



Dave Yost • Auditor of State

AUDITOR'S REPORT

Village of Patterson
Hardin County
P.O. Box 81
Forest, Ohio 45843

To the Members of Council:

We have selectively tested certain accounts, financial records, files and reports of the Village of Patterson, Hardin County, (the Village) as of and for the years ended December 31, 2013 and 2012 following Ohio Admin. Code §117-4-02.

There are reportable findings and conditions as a result of performing these procedures. Our reportable finding and conditions follow the financial presentation. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, and we express no opinion on them.

We intend this report solely for the information and use of the management, Village Council and other officials authorized not receive this report under Section 117.26, Ohio Revised Code and it 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 "Dave Yost".

Dave Yost
Auditor of State

Columbus, Ohio

September 25, 2014

This page intentionally left blank.

**VILLAGE OF PATTERSON
HARDIN COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$932		\$932
Intergovernmental	2,675	\$2,619	5,294
Fines, Licenses and Permits	834		834
Earnings on Investments	2	26	28
Miscellaneous	1,767		1,767
Total Cash Receipts	<u>6,210</u>	<u>2,645</u>	<u>8,855</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	1,893		1,893
Public Health Services	278		278
Transportation		1,499	1,499
General Government	4,672		4,672
Total Cash Disbursements	<u>6,843</u>	<u>1,499</u>	<u>8,342</u>
Excess of Receipts Over (Under) Disbursements	(633)	1,146	513
Other Financing Receipts (Disbursements):			
Transfers In		4,429	4,429
Transfers Out	(4,429)		(4,429)
Total Other Financing Receipts (Disbursements)	<u>(4,429)</u>	<u>4,429</u>	
Net Change in Fund Cash Balance	(5,062)	5,575	513
Fund Cash Balances, January 1	<u>(4,601)</u>	<u>3,252</u>	<u>(1,349)</u>
Fund Cash Balances, December 31:			
Restricted		8,827	8,827
Unassigned (Deficit)	(9,663)		(9,663)
Fund Cash Balances, December 31	<u>(\$9,663)</u>	<u>\$8,827</u>	<u>(\$836)</u>

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

VILLAGE OF PATTERSON
HARDIN COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (CASH BASIS)
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Sewer Fund</u>
Operating Cash Disbursements:	
Miscellaneous	\$3
Total Cash Disbursements	<u>3</u>
Non-Operating Cash Receipts	
Special Assessment	66
Total Non-Operating Cash Receipts	<u>66</u>
Total Receipts Over Disbursements	<u>63</u>
Fund Cash Balance, January 1	<u>16,502</u>
Fund Cash Balance, December 31	<u><u>\$16,565</u></u>

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

**VILLAGE OF PATTERSON
HARDIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$1,025		\$1,025
Intergovernmental	3,408	\$1,588	4,996
Fines, Licenses and Permits	356		356
Earnings on Investments	3	12	15
Earnings on Investments		552	552
Total Cash Receipts	<u>4,792</u>	<u>2,152</u>	<u>6,944</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	1,657		1,657
Public Health Services	342		342
General Government	4,791		4,791
	<u>6,790</u>		<u>6,790</u>
Total Receipts Over / (Under) Disbursements	(1,998)	2,152	154
Fund Cash Balances, January 1	<u>(2,603)</u>	<u>1,100</u>	<u>(1,503)</u>
Fund Cash Balances, December 31:			
Restricted		3,252	3,252
Unassigned (Deficit)	<u>(4,601)</u>		<u>(4,601)</u>
Fund Cash Balances, December 31	<u>(\$4,601)</u>	<u>\$3,252</u>	<u>(\$1,349)</u>

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

VILLAGE OF PATTERSON
HARDIN COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (CASH BASIS)
ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Sewer Fund</u>
Operating Cash Disbursements:	
Contractual Services	\$9
Total Cash Disbursements	<u>9</u>
Non-Operating Cash Receipts	
Special Assessment	1,686
Miscellaneous	82
Total Non-Operating Cash Receipts	<u>1,768</u>
Total Receipts Over Disbursements	<u>1,759</u>
Fund Cash Balance, January 1	<u>14,743</u>
Fund Cash Balance, December 31	<u><u>\$16,502</u></u>

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

**VILLAGE OF PATTERSON
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 Village of Patterson, Hardin County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides street lighting, maintains storm drains, and street repair and maintenance. Fire protection is provided by the Village of Forest.

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

The Township participates in two jointly governed organizations. Note 7 to the financial statements provides additional information for these organizations. These organizations are:

Hardin County Regional Planning Commission - makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions and services of the County.

Jackson-Forest Ambulance District - provides emergency medical and ambulance services within the District.

B. Accounting Basis

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

The Village's does not have any investments. All money is maintained in an interest bearing checking account.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village 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.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

VILLAGE OF PATTERSON
HARDIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining, and repairing Village streets.

3. **Enterprise Funds**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following Enterprise Fund:

Sewer Fund - This fund receives assessment from residents to pay for the construction of a sewage system as the result of an Environmental Protection Agency mandate. The Village no longer collects these assessments.

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 Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The Village did not use the encumbrance method of accounting which violated Ohio Rev. Code Section 5705.41(D).

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. **Fund Balance**

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

1. **Non-spendable**

The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

VILLAGE OF PATTERSON
HARDIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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 Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

2. EQUITY IN POOLED DEPOSITS

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

	<u>2013</u>	<u>2012</u>
Demand deposits	<u>\$15,729</u>	<u>\$15,153</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**VILLAGE OF PATTERSON
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,193	\$6,210	\$2,017
Special Revenue	1,687	7,074	5,387
Enterprise		66	66
Total	<u>\$5,880</u>	<u>\$13,350</u>	<u>\$7,470</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,898	\$11,272	(\$3,374)
Special Revenue	2,300	1,499	801
Enterprise	10	3	7
Total	<u>\$10,208</u>	<u>\$12,774</u>	<u>(\$2,566)</u>

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,645	\$4,792	(\$853)
Special Revenue	1,687	2,152	465
Enterprise	6,000	1,768	(4,232)
Total	<u>\$13,332</u>	<u>\$8,712</u>	<u>(\$4,620)</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,983	\$6,790	\$193
Special Revenue	1,300		1,300
Enterprise		9	(9)
Total	<u>\$8,283</u>	<u>\$6,799</u>	<u>\$1,484</u>

Ohio Rev. Code Section 5705.10 (I) was violated when some disbursements were recorded in the wrong fund.

4. PROPERTY TAX

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

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

**VILLAGE OF PATTERSON
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

5. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

6. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;

7. JOINTLY GOVERNED ORGANIZATIONS

A. The Hardin County Regional Planning Commission – (the Commission) is a jointly governed entity between the County, the Municipalities, and the Townships within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty-seven members, and of which may hold any other public office. The Township is represented by one member.

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the County. Each participating government may be required to contribute an assessment per capita according to the latest federal census in any calendar year in which the revenue is needed. Financial information can be obtained from Mark Doll, Director, One Courthouse Square, Suite 130, Kenton, Ohio 43326.

B. The Jackson-Forest Ambulance District – (the District) is a jointly governed entity governed by a three-member Board of Trustees. Each political subdivision within the District appoints one member. Those subdivisions are Jackson Township, the Village of Forest and the Village of Patterson. The District provides ambulance services within the District and by contract to areas outside the District. Financial information can be obtained from Karin Bash, Clerk at 1699 Township Road 195, Forest, Ohio 45843.

8. CONTINGENT LIABILITIES

The Ohio Environmental Protection Agency (EPA) has mandated that the Village reduce the amount of waste going into a neighboring creek. An engineering study was paid for through a grant obtained by Hardin County. The study that was conducted gave the Village three options. The Village Council plans to request the neighboring Village of Forest to extend sewer service to the Village.

**VILLAGE OF PATTERSON
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

9. RECURRING LOSSES

The Village is experiencing a decline in fund balances. To correct the decline in the fund balances the Village sold all village assets (the village hall, all property and contents of the hall) to raise some money. The Village approved collecting 1% income tax from its residents. The Village also suspended the sewer interim charge until the finances are fixed.

9. FISCAL EMERGENCY

The Village had a negative General Fund balance at December 31, 2012. As a result, the Village was placed in Fiscal Emergency on May 14, 2013. A Financial Recovery Plan was implemented on October 21, 2013.



Dave Yost • Auditor of State

AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

Village of Patterson
Hardin County
P.O. Box 81
Forest, Ohio 45843

To the Members of Council:

We selectively tested certain accounts, financial records, files and reports of the Village of Patterson, Hardin County, (the Village) as of and for the years ended December 31, 2013 and 2012 following the Ohio Admin. Code § 117-4-02. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinion on these matters.

Internal Control Over Financial Reporting

During our procedures related to the internal control over financial reporting, we noted matters that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. In addition, these matters could result in the occurrence of misstatements that are caused by error or fraud that would not be detected in a timely manner by employees when performing the assigned functions. These matters are described in the Schedule of Findings as items 2013-001 and 2013-002.

Compliance and Other Matters

We tested compliance with certain provisions of laws, regulations, contract, and grant agreements applicable to the Village. Noncompliance with these requirements could impact the Village's ability to determine financials statement amounts. The results of our tests disclosed instances of noncompliance or other matters that are reported in the accompanying schedule of findings as items 2013-002 through 2013-004.

We intend this report solely for the information and use of management, the Village Council, and other officials authorized to receive this report under Section 117.26, Ohio Rev. Code, and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

Columbus, Ohio

September 25, 2014

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

www.ohioauditor.gov

This page intentionally left blank.

**VILLAGE OF PATTERSON
HARDIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS

FINDING NUMBER 2013-001

Internal Control – Accuracy of Financial Reporting

The Village should have procedures and controls in place to prevent and detect errors in the financial statements and accounting records to provide that the information provided to the users is complete and accurate.

The following errors were identified in December 31, 2013 financial statements:

- Homestead and rollback receipts in the amount of \$114 were recorded in the General Fund as property and local taxes receipts instead of intergovernmental receipts.
- A transfer out of the General Fund in the amount of \$984 to reimburse the Special Revenue Street Fund was eliminated since the disbursement was initially recorded in the General Fund and not the Special Revenue Street Fund.

The following errors were identified in December 31, 2012 financial statements:

- Homestead and Rollback receipts in the amount of \$284 were recorded in the General Fund property and other local taxes instead of intergovernmental receipts.
- Cable Franchise Fees in the amount of \$356 were recorded in the General Fund as miscellaneous receipts instead of fines, licenses and permits receipts.

Errors in the financial statements and supporting ledgers inhibit the ability of both the Village Fiscal Officer and the Members of Council to monitor financial activity and to make sound financial decisions. Reliance on financial information that contains errors could result in noncompliance with laws and regulations applicable to the Village. In addition, financial information with errors reduces the likelihood that irregularities will be detected in a timely manner.

The accompanying financial statements and, when impacting fund balances, the accounting records were adjusted to correct these recording errors.

The errors identified above should be reviewed by the Fiscal Officer to help assure that similar errors are not recorded in the accounting records and reported on the financial statements in subsequent years. The Members of Council should periodically review the accounting records to help identify and correct errors prior to completion of the annual financial statements. In addition, the Village Fiscal Officer should review the Village Officer's Handbook, Auditor of State Bulletins, UAN Manual, which can be found on the Auditor of State Website at <https://ohioauditor.gov/>, for guidance in recording of financial activity.

FINDING NUMBER 2013-002

Internal Control/Noncompliance Citation

Ohio Rev. Code § 5705.10 (I) states money paid into any fund shall be used only for the purposes for which such fund is established. In 2012, the Village allocated wages of the Fiscal Officer and Solicitor in the amount of \$1,598 in 2013 to the Enterprise Sewer Fund. The Village did not maintain documentation to support these allocations and as a result the activity should be recorded in the General Fund.

**FINDING NUMBER 2013-002
(Continued)**

The accompanying financial statements and the accounting records have been adjusted to correct these recording errors.

If the Village plans to allocate wages of the Fiscal Officer and Solicitor to funds other than the General Fund, the Village should maintain documentation supporting the allocation. Disbursements should be recorded in the fund according to the established purpose of the fund. The Fiscal Officer and Members of Council should monitor the financial activity of each fund to help identify recording errors and negative trends that may result in deficit spending so that corrective action can be taken in a timely manner.

FINDING NUMBER 2013-003

Noncompliance Citation

Ohio Rev. Code § 5705.14(E) states money may be transferred from the general fund to any other fund of the subdivision. OAG Opinion 89-075 requires a governing board resolution passed by a simple majority of the board members to transfer funds. The Village made a transfer in 2013 in the amount of \$5,413 from the General Fund to the Special Revenue Street (\$4,984) and Highway (\$429) funds to adjust fund balances for disbursements made in 2011 for drain tile, catch basin, and storm sewer work that could have been paid from the General Fund. However, these transfers were not approved by the Village Council.

The failure to either approve each transfer by resolution, or if the transfers are from the general fund, to include as part of the appropriations resolution, increases the risk of irregularities and the risk that adequate resources will not be available to cover obligations in the fund transferring the money.

Council should review and, if acceptable, approve all transfers. If the transfers from the General Fund are planned at the time when appropriations are adopted, then the transfers can be included as part of the appropriations resolution. In addition, the Fiscal Officer and Council should review the Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16 to further their understanding of the requirements for transfers. In addition, Council should monitor financial activity to help assure that they have approved all transfers.

FINDING NUMBER 2013-004

Noncompliance Citation

Ohio Rev. Code § 5705.41(D) prohibits a subdivision or taxing unit from making any contract or ordering any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

FINDING NUMBER 2013-004
(Continued)

1. **“Then and Now” certificate** – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the subdivision can authorize the drawing of a warrant for the payment of the amount due. The subdivision has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the subdivision.

2. **Blanket certificate** – Fiscal officers may prepare “blanket” certificates not exceeding an amount established by resolution or ordinance adopted by the legislative authority against any specific line item account over a period not running beyond the end of the year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket certificate** – The subdivision may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

The Village did not properly certify the availability of funds prior to purchase commitment for any of the expenditures in 2013 and 2012.

The Village's Fiscal Officer should certify that the funds are or will be available prior to the obligation by the Village to improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations. When prior certification is not possible, “Then and Now” certification may be used, if appropriate. When the “Then and Now” certification is used for amounts in excess of \$3,000, the Council should approve the payment by resolution within 30 days.

OFFICIALS’ RESPONSE: We did not receive a response from Officials to the findings reported above.

**VILLAGE OF PATTERSON
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	Accuracy of financial reporting	No	Repeated at Finding 2013-001
2011-02	Ohio Rev. Code Section 5705.10(D) – restricted receipts were recorded in the wrong fund.	Yes	
2011-03	Ohio Rev. Code Section 5705.10 (I) states money paid into any fund shall be used only for the purposes for which such fund is established.	No	Repeated at Finding 2013-002
2011-04	Ohio Rev. Code Section 5705.41(D) – expenditures were not certified prior to obligation	No	Repeated at Finding 2013-004
2011-05	Village of Patterson Ordinance 2007-003 – the Village did not collect sewer special assessments as required by this Ordinance	No	The Village suspended the collection of these assessments
2011-06	Ohio Rev. Code Section 727.01 – the Village did not comply with the requirements of this Code Section when it imposed the sewer special assessment.	No	The Village suspended the collection of these assessments



Dave Yost • Auditor of State

VILLAGE OF PATTERSON

HARDIN 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
NOVEMBER 6, 2014**