



Mary Taylor, CPA  
Auditor of State



**WAYNESFIELD GOSHEN COMMUNITY IMPROVEMENT LEAGUE  
AUGLAIZE COUNTY**

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## INDEPENDENT ACCOUNTANTS' REPORT

Waynesfield Goshen Community Improvement League, Inc.  
Auglaize County  
P.O. Box 100  
102 West Wapakoneta Street  
Waynesfield, Ohio 45896

To the Governing Board:

We have audited the accompanying statement of financial position of the Waynesfield Goshen Community Improvement League, Inc., Auglaize County, (the League), as of and for the years ended December 31, 2006 and 2005, and the related statement of activities and cash flows for the years then ended. These financial statements are the responsibility of the League'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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Waynesfield Goshen Community Improvement League, Inc., Auglaize County, as of December 31, 2006 and 2005, and the changes in its net assets and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2007, on our consideration of the League'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.

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

**Mary Taylor, CPA**  
Auditor of State

November 29, 2007

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**WAYNESFIELD GOSHEN COMMUNITY IMPROVEMENT LEAGUE  
AUGLAIZE COUNTY**

**STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2006 AND 2005**

	<b>2006</b>	<b>2005</b>
<b>Assets</b>		
Current Assets		
Checking/Savings		
Certificate of Deposit	\$2,161	\$2,161
Liberty National Bank checking	15,112	
Liberty Savings Acct.	9,305	9,118
National Bank & Trust		16,737
Union Bank Checking Account	50	4,309
Total Current Assets	26,628	32,325
Long-Term Assets		
Note Receivable - E Coat	316,067	405,303
UB Comm Loan-Equipment	658,559	761,176
UB Comm Loan-Receivable	1,151,859	1,183,537
Total Long-Term Assets	2,126,485	2,350,016
Total Assets	2,153,113	2,382,341
 <b>Liabilities and Equity</b>		
Liabilities		
Long Term Liabilities		
Equipment Note - E Coat	325,452	414,440
Union Bank Comm. Loan	1,153,339	1,181,786
Union Bank Loan (Bethel)	661,391	773,397
Total Long Term Liabilities	2,140,182	2,369,623
Total Liabilities	2,140,182	2,369,623
 Net Assets (Unrestricted)	12,931	12,718
Total Liabilities and Equity	\$2,153,113	\$2,382,341

*See accompanying notes to the financial statements.*

**WAYNESFIELD GOSHEN COMMUNITY IMPROVEMENT LEAGUE  
AUGLAIZE COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
<b>Revenue</b>		
Bank Interest Income	\$4	\$7
Interest Income - Note	107,962	109,407
Membership Dues		415
Total Income	<u>107,966</u>	<u>109,829</u>
<b>Expenses</b>		
Advertising	1,000	
Finance Charge		2,462
Interest Expense - Note	106,128	113,282
Miscellaneous	600	
Legal Fees	25	
Total Expenses	<u>107,753</u>	<u>115,744</u>
 Change in Net Assets	 213	 (5,915)
 Unrestricted Net Assets-Beg of Year	 <u>12,718</u>	 <u>18,633</u>
 Unrestricted Net Assets-End of Year	 <u><u>\$12,931</u></u>	 <u><u>\$12,718</u></u>

*See accompanying notes to the financial statements.*



**WAYNESFIELD GOSHEN COMMUNITY IMPROVEMENT LEAGUE  
AUGLAIZE COUNTY**

**STATEMENT OF CASHFLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<b>2006</b>	<b>2005</b>
<b>Cash Flows From Operating Activities:</b>		
Change in Net Assets	\$213	(\$5,915)
Net Cash Provided by Operating Activities	213	(5,915)
Cash Flows From investing Activities:		
Investing in Note Receivables		(2,095,000)
Net Cash Flows From Investing Activities		(2,095,000)
Cash Flows From Noncapital Financing Activities		
Note Principal Payments	(229,441)	(244,636)
Net Cash Flows From Noncapital Financing Activities	(229,441)	(244,636)
Cash Flows From Capital and Related Financing Activities:		
Proceeds of Notes		2,095,000
Payments received on notes receivable	223,531	264,243
Net Cash Provided(Used) for Capital and Related Financing Activities	223,531	2,359,243
Net Increase(Decrease) in Cash and Cash Equivalents	(5,697)	13,692
Cash and Cash Equivalents-Beginning of Year	32,325	18,633
Cash and Cash Equivalents-End of Year	\$26,628	\$32,325

*See accompanying notes to the financial statements.*

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**WAYNESFIELD GOSHEN COMMUNITY IMPROVEMENT LEAGUE  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Waynesfield Goshen Community Improvement League (the League), was organized under the laws of the State of Ohio as a not-for-profit corporation whose purpose is to encourage, promote and assist the industrial, economic, commercial, and civic development of Waynesfield, Ohio. The League arranges financing for business development and may charge a fee to the beneficiary of the financing.

The League may be directed by a board of three to twenty-five members; currently a nine member board serves. The Board is comprised of the appointed and elected officials of the various subdivisions who are provided services and are elected at the annual meeting of the membership. The Board of Trustees believe these financial statements present all activities for which the League is financially responsible.

**B. Basis of Accounting**

The League prepares its financial statements on the accrual basis of accounting in accordance generally accepted accounting principles, consequently, revenues and the related assets are recognized when earned, and expenditures are recognized when the obligation is incurred.

**C. Financial Statement Presentation**

The League had adopted Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements for Not-for-Profit Organizations. Under SFAS No. 117, the League is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Waynesfield Goshen Community Improvement League has no temporarily or permanently restricted net assets. As permitted by the statement, the League does not use fund accounting.

**D. Cash and Cash Equivalents**

Cash is held in checking accounts and a certificate of deposit. For purposes of the statements of cash flows and for presentation on the balance sheet, investments with original maturities of three months or less are considered to be cash and cash equivalents.

**E. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**F. Non-Profit Organization – Income Tax Status**

The League is a non-profit organization under IRC Section 501 (c)(4) and is exempt from paying federal income taxes.

**WAYNESFIELD GOSHEN COMMUNITY IMPROVEMENT LEAGUE  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**2. CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents consist of amounts on deposit and the carrying amount at December 31, was as follows:

	<b>2006</b>	<b>2005</b>
Demand deposits	\$24,467	\$30,164
Certificates of deposit	2,161	2,161
Total deposits	\$26,628	\$32,325

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

**3. NOTES RECEIVABLE**

On May 9, 2001, a loan was granted to Fetter Finishing, in the amount of \$980,000 for the purposes of equipment purchases. The following represents the current amount outstanding:

<b>Date</b>	<b>Amount Outstanding</b>	<b>Rate</b>	<b>Due Date</b>
December 31, 2006	\$316,067	5.625%	November 1, 2008

On January 24, 2005, a loan was granted to HJC Enterprises, LLC, in the amount of \$870,000 for the purposes of equipment purchases and the refinancing of previous equipment purchases of Bethel Engineering and Equipment, Inc. The following represents the current amount outstanding:

<b>Date</b>	<b>Amount Outstanding</b>	<b>Rate</b>	<b>Due Date</b>
December 31, 2006	\$658,559	4.75%	January 24, 2012

On January 24, 2005, a loan was granted to HJC Enterprises, LLC, in the amount of \$1,225,000 for the purposes of a building expansion and the refinancing of the existing loans. The following represents the current amount outstanding:

<b>Date</b>	<b>Amount Outstanding</b>	<b>Rate</b>	<b>Due Date</b>
December 31, 2006	\$1,151,859	4.75%	January 24, 2025

**4. LONG-TERM OBLIGATIONS**

The changes in the League's long-term obligations at December 31, 2006 were as follows:

	<b>Outstanding 01/01/06</b>	<b>Additions</b>	<b>Deductions</b>	<b>Outstanding 12/31/06</b>
Equipment Note (Fetter)	\$ 414,440	-	\$88,988	\$325,452
Equipment Note (Bethel)	773,397	-	112,006	661,391
Building Addition (HJC)	1,181,786	-	28,447	1,153,339
Total Long Term Obligations	\$2,369,623	\$ -	\$229,441	\$2,140,182

**WAYNESFIELD GOSHEN COMMUNITY IMPROVEMENT LEAGUE  
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**4. LONG-TERM OBLIGATIONS (Continued)**

On May 9, 2001, the League obtained a note with Liberty National Bank in the amount of \$980,000 for an equipment loan to Fetter Finishing. The notes were issued for a seven year period with final maturity on November 1, 2008. with an interest rate of 6.625 percent.

On January 24, 2005, the League obtained a note with The Union Bank Company in the amount of \$870,000 for an equipment loan and refinancing of Bethel Engineering and Equipment, Inc. equipment loans. The note was issued for a seven year period with the final maturity at January 24, 2012, with an interest rate of 4.75 percent.

On January 24, 2005, the League obtained a note with The Union Bank Co. in the amount of \$1,225,000 for a building expansion and refinancing of HJC Enterprises, LLC building loans. The note was issued for a twenty year period with the final maturity at January 24, 2025, with an interest rate of 4.75 percent.

Principal and interest requirements to retire debt outstanding at December 31, 2006 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$253,937	\$98,653	\$352,590
2008	267,132	84,458	352,590
2009	281,018	71,572	352,590
2010	209,053	60,338	269,391
2011	192,720	49,470	242,190
2012-2016	303,363	186,858	490,221
2017-2021	368,689	109,003	477,692
2022-2024	264,270	19,593	283,863
Total	<u>\$2,140,182</u>	<u>\$680,945</u>	<u>\$2,821,127</u>

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# Mary Taylor, CPA

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

Waynesfield Goshen Community Improvement League, Inc.  
Auglaize County  
P.O. Box 100  
102 West Wapakoneta Street  
Waynesfield, Ohio 45896

To the Governing Board:

We have audited the financial statements of the Waynesfield Goshen Community Improvement League, Inc., Auglaize County, (the League), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated November 29, 2007. 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 League's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the League's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the League's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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 League'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 League's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the League'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. However, we believe the significant deficiency described above, as finding number 2006-001 is a material weakness.

We also noted certain internal control matters that we reported to the League's management in a separate letter dated November 29, 2007.

**Compliance and Other Matters**

As part of reasonably assuring whether the League'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*.

We noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the League's management in a separate letter dated November 29, 2007.

We intend this report solely for the information and use of the management and the Board of Directors. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

November 29, 2007



**WAYNESFIELD GOSHEN COMMUNITY IMPROVEMENT LEAGUE  
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**FINDING NUMBER 2006-001**

**Material Weakness**

**Trial Balances and Accounting Record Problems**

Presentation of the financial statements is designed to provide an accurate accounting of the financial position of the entity to the public. Part of the underlying support for financial statements is trial balances and accurate accounting records. To accurately present the financial statements the reversing, cash transactions, adjusting entries, and prior year-end balances must be accurate and be recorded to the correct Statement of Financial Position or Statement of Activities line item. Trial balances should be supported by the individual account information. During the audit of the financial statements and the accounting records the following problems were noted:

- The accounting ledgers used to support the activity of the statements presented by the compiler were not in agreement. Also, the ledgers did not include accrual accounts to support Statement of Financial Position activity. Activity for notes receivables and notes payables were not properly recorded. Activity regarding loan payments that totaled \$13,697 in 2006 and \$16,924 in 2005 was not recorded in the accounting ledgers. It was also noted that activity regarding interest payments received and expensed on loans that totaled \$10,590 in 2006 and \$83,359 in 2005 were not recorded in the accounting ledgers.
- Amounts as recorded as loan balances due the banks were not in agreement to confirmations received from the banks. Adjustments were made to the debt activity to properly record the balances at each year end.
- Trial balances were not presented to support the activity and agree the accounting ledgers to the financial statements.

Lack of effective oversight of the financial reporting and internal control process by those charged with governance resulted in misstatements in the financial statements that were not initially identified by internal controls. In addition, the determination and rectification of these discrepancies by audit staff results in additional audit time and costs.

During the process of accumulating data in the preparation of the financial statements, the information should be reviewed for accuracy and completeness. In addition, management should review the compiled report to verify the accuracy and completeness of the financial statements and note disclosures, trial balances, and supporting work papers.

**Officials' Response:**

Officials did not respond to finding 2006-001.





**Mary Taylor, CPA**  
Auditor of State

**WAYNESFIELD GOSHEN COMMUNITY IMPROVEMENT LEAGUE**

**AUGLAIZE 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  
JANUARY 24, 2008**