



**Auditor of State
Betty Montgomery**

**GALION COMMUNITY IMPROVEMENT CORPORATION
CRAWFORD COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Galion Community Improvement Corporation
Crawford County
106 Harding Way East
Galion, Ohio 44833

To the Board of Trustees:

We have audited the accompanying statements of financial position of the Galion Community Improvement Corporation, Crawford County, Ohio, (the Corporation) as of December 31, 2005, and December 31, 2004, and the related statements of activities and cash flows for the years then ended, as listed in the table of contents. These financial statements are the responsibility of the Corporation'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 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. We believe that 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 the Galion Community Improvement Corporation, Crawford County, Ohio, as of December 31, 2005, and December 31, 2004, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2006, on our consideration of the Corporation'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 black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 10, 2006

**GALION COMMUNITY IMPROVEMENT CORPORATION
CRAWFORD COUNTY**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2005**

Assets:	
Cash	\$ 150,890
Fixed Assets (less accumulated depreciation)	<u>62,739</u>
Total Assets	<u>213,629</u>
Liabilities:	
Accounts Payable	698
Net Assets:	
Unrestricted Net Assets	<u>212,931</u>
Total Liabilities and Net Assets	<u>\$ 213,629</u>

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

**GALION COMMUNITY IMPROVEMENT CORPORATION
CRAWFORD COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

Revenue:	
Enterprise Zone Fees	\$ 3,900
Earnings on Investments	1,063
Loan Repayments	25,000
Miscellaneous	<u>2,018</u>
Total Revenue	<u>31,981</u>
Expenses:	
Meetings and Travel	381
Dues and Subscriptions	200
Contractual Services	25,000
Office	89
Telephone	427
Insurance	3,453
Advertising	224
Professional Services	1,755
Property Taxes	426
Depreciation	1,580
Loans to Agencies	25,000
Loss of Sale of Fixed Assets	5,357
Miscellaneous	<u>72</u>
Total Expenses	<u>63,964</u>
Decrease in Unrestricted Net Assets	(31,983)
Net Assets, Beginning of Year	<u>244,914</u>
Net Assets, End of Year	<u><u>\$ 212,931</u></u>

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

**GALION COMMUNITY IMPROVEMENT CORPORATION
CRAWFORD COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005**

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$ (31,983)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:	
Decrease in workers comp deposit	25
Depreciation	1,580
Increase in accounts payable	171
Loss on sale of fixed assets	<u>5,357</u>
NET CASH USED BY OPERATING ACTIVITIES	(24,850)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of fixed assets	70,443
Cash used to purchase fixed assets	<u>(21,422)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>49,021</u>
NET INCREASE IN CASH	24,171
CASH, BEGINNING OF YEAR	<u>126,719</u>
CASH, END OF YEAR	<u><u>\$ 150,890</u></u>

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

**GALION COMMUNITY IMPROVEMENT CORPORATION
CRAWFORD COUNTY**

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2004**

Assets:	
Cash	\$ 126,719
Workers Comp Deposit	25
Fixed Assets (less accumulated depreciation)	<u>118,697</u>
Total Assets	<u><u>245,441</u></u>
Liabilities:	
Accounts Payable	527
Net Assets:	
Unrestricted Net Assets	<u>244,914</u>
Total Liabilities and Net Assets	<u><u>\$ 245,441</u></u>

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

**GALION COMMUNITY IMPROVEMENT CORPORATION
CRAWFORD COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004**

Revenue:	
City Contract	\$ 34,750
Enterprise Zone Fees	2,565
Earnings on Investments	1,457
Reimbursements	25,765
Miscellaneous	<u>55</u>
Total Revenue	<u>64,592</u>
Expenses:	
Payroll	89,252
Meetings and Travel	1,822
Dues and Subscriptions	1,762
Contractual Services	9,811
Office	2,371
Utilities	917
Telephone	2,896
Insurance	1,703
Advertising	577
Professional Services	5,751
Property Taxes	477
Depreciation	2,061
Rent	5,671
Miscellaneous	<u>501</u>
Total Expenses	<u>125,572</u>
Decrease in Unrestricted Net Assets	(60,980)
Net Assets, Beginning of Year	<u>305,894</u>
Net Assets, End of Year	<u><u>\$ 244,914</u></u>

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

**GALION COMMUNITY IMPROVEMENT CORPORATION
CRAWFORD COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004**

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets	\$ (60,980)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:	
Depreciation	2,061
Decrease in accounts payable	<u>(2,661)</u>
NET CASH USED BY OPERATING ACTIVITIES	(61,580)
CASH, BEGINNING OF YEAR	<u>188,299</u>
CASH, END OF YEAR	<u><u>\$ 126,719</u></u>

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

**GALION COMMUNITY IMPROVEMENT CORPORATION
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Galion Community Improvement Corporation (the Corporation), was incorporated in 1979. The Corporation is a nonprofit entity which was formed for the purpose of advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the City of Galion, Ohio, and the surrounding area.

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

B. Basis of Accounting

The financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization 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. As of December 31, 2005, and December 31, 2004, net assets are unrestricted.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Property

Acquisitions of property in excess of \$50 are capitalized. Land is carried at cost. Depreciation is computed using the straight-line method over a useful life of 5-7 years for office equipment.

F. Income Taxes

The Corporation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and Chapters 1702 and 1724 of the Ohio Revised Code.

**GALION COMMUNITY IMPROVEMENT CORPORATION
CRAWFORD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2. FIXED ASSETS

A summary of fixed assets at December 31 follows:

	<u>2005</u>	<u>2004</u>
Land	\$ 60,597	\$ 114,975
Office equipment	34,697	34,697
Less: accumulated depreciation	<u>(32,555)</u>	<u>(30,975)</u>
Net fixed assets	<u>\$ 62,739</u>	<u>\$ 118,697</u>

3. RISK MANAGEMENT

Commercial Insurance

The Corporation has obtained comprehensive property and general liability insurance through a private carrier.

4. RELATED PARTY TRANSACTION

In 2005, the Corporation sold a parcel of land in the amount of \$59,955 to a local business, Elliott Machine, whose owner is a member of the Board of Trustees. The board member did not vote on the sale, as the decision to sell the land was made by the Corporation's Executive Committee.



**Auditor of State
Betty Montgomery**

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

Galion Community Improvement Corporation
Crawford County
106 Harding Way East
Galion, Ohio 44833

To the Board of Trustees:

We have audited the accompanying financial statements of the Galion Community Improvement Corporation, Crawford County, Ohio, (the Corporation) as of and for the years ended December 31, 2005, and December 31, 2004, and have issued our report thereon dated July 10, 2006. 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 Corporation's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Corporation's management dated July 10, 2006, we reported a matter involving the internal control over financial reporting we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Corporation's management dated July 10, 2006, we reported an other matter related to noncompliance we deemed immaterial.

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

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

Betty Montgomery
Auditor of State

July 10, 2006



**Auditor of State
Betty Montgomery**

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GALION COMMUNITY IMPROVEMENT CORPORATION

CRAWFORD 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
SEPTEMBER 19, 2006**