

**CAMBRIDGE-GUERNSEY COMMUNITY
IMPROVEMENT CORP.
FINANCIAL STATEMENTS
Years Ended December 31, 2004 and 2003**



**Auditor of State
Betty Montgomery**

Board of Trustees
Cambridge-Guernsey Community Improvement Corporation
Cambridge, Ohio

We have reviewed the *Independent Auditor's Report* of the Cambridge-Guernsey Community Improvement Corporation, Guernsey County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 8, 2005

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Cambridge-Guernsey Community Improvement Corporation
Years Ended December 31, 2004 and 2003

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Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, OH 43701

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Cambridge-Guernsey Community Improvement Corp.
Cambridge, OH 43725

We have audited the accompanying statement of financial position of Cambridge-Guernsey Community Improvement Corp. (a non-profit corporation) as of December 31, 2004 and 2003, and the related statements of financial activities and cash flows for the years then ended. 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 audits.

We conducted our audits 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. We believe that our audits provide 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 Cambridge-Guernsey Community Improvement Corp. as of December 31, 2004 and 2003 and the changes in its net assets and its 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 a report dated June 24, 2005, on our consideration of the Cambridge-Guernsey Community Improvement Corp.'s internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, OH
June 24, 2005

CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.
STATEMENTS OF FINANCIAL POSITION
December 31, 2004 and 2003

ASSETS	<u>2004</u>	<u>2003</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 161,226	\$ 138,526
Other receivables	0	624
Employee advances	0	1,000
Prepaid expenses	<u>12,313</u>	<u>12,576</u>
TOTAL CURRENT ASSETS	173,539	152,726
PROPERTY AND EQUIPMENT:		
Furniture & fixtures	31,858	31,858
Railroad spur and tracks	2,033,775	1,717,739
Leasehold improvements	6,000	6,000
Land	93,000	193,000
Accumulated depreciation	<u>(1,568,484)</u>	<u>(1,528,522)</u>
TOTAL PROPERTY AND EQUIPMENT	596,149	420,075
OTHER ASSETS:		
Workers Comp. deposit	100	100
Organizational costs	750	750
Land/buildings for sale	<u>15,727</u>	<u>15,727</u>
TOTAL OTHER ASSETS	<u>16,577</u>	<u>16,577</u>
TOTAL ASSETS	<u>\$ 786,265</u>	<u>\$ 589,378</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 17,034	\$ 5,517
Deposits	0	18,000
Cash held for other agencies	5,610	25,649
Deferred revenue – lease	5,000	5,000
Accrued and withheld taxes	<u>6,115</u>	<u>6,637</u>
TOTAL CURRENT LIABILITIES	33,759	60,803
NET ASSETS		
Unrestricted	746,896	502,926
Restricted	<u>5,610</u>	<u>25,649</u>
TOTAL NET ASSETS	<u>752,506</u>	<u>528,575</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 786,265</u>	<u>\$ 589,378</u>

See notes to financial statements

CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.
STATEMENTS OF FINANCIAL ACTIVITIES
Years Ended December 31, 2004 and 2003

PUBLIC SUPPORT AND REVENUE	<u>2004</u>	<u>2003</u>
Interest earned - banks	\$ 1,540	\$ 2,404
Reimbursements and other income	6,450	10,429
Donations – corporations	36,803	34,770
Donations – public entities	150,474	145,997
Grants and projects	314,959	1,100
Lease revenue	<u>7,650</u>	<u>7,053</u>
TOTAL REVENUE	<u>517,876</u>	<u>201,753</u>
EXPENSES		
Advertising	14,230	18,144
Auto expense	3,150	3,063
Data processing fees	130	300
Contingencies	673	1,153
Depreciation expense	39,962	32,386
Dues & subscriptions	3,577	1,171
Grant – Cambridge Main Street	1,500	0
Grant - Guernsey County (Mapping Project)	1,000	0
Insurance	33,536	24,781
Interest expense	0	187
Lease expense	8,656	9,360
Licenses, fees, permits	200	200
Miscellaneous	300	842
Office & postage expense	1,944	2,830
Professional fees	1,992	1,902
Repairs and maintenance	2,979	3,650
Rent	10,200	10,110
Salaries & wages	98,644	116,295
Seminars, conferences and meetings	1,892	4,321
Supplies	2,515	2,808
Payroll taxes	8,405	9,534
Taxes: real estate	631	1,818
Telephone	7,054	7,220
Travel & entertainment	391	2,876
Utilities	<u>184</u>	<u>183</u>
TOTAL EXPENSES	<u>243,745</u>	<u>255,134</u>
CHANGE IN NET ASSETS BEFORE OTHER OTHER FINANCING USES	274,131	(53,381)
OTHER FINANCING USES		
Loss on sale of fixed assets	<u>50,200</u>	<u>0</u>
TOTAL OTHER FINANCING USES	50,200	0
 CHANGE IN NET ASSET	 233,931	 (53,381)
 NET ASSETS AT BEGINNING OF YEAR	 <u>528,575</u>	 <u>581,956</u>
NET ASSETS AT END OF YEAR	<u>\$ 752,506</u>	<u>\$ 528,575</u>

See notes to financial statements

CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash Flows From Operating Activities		
Net income (loss)	\$ 223,931	\$ (53,381)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	39,962	32,386
Loss on sale of fixed assets	50,200	0
(Increase)/Decrease in Assets		
Other receivables	624	(624)
Employee advances	1,000	(1,000)
Prepaid expenses	263	(3,874)
Increase/(Decrease) in Liabilities		
Accounts payable	11,517	1,128
Deposits	(18,000)	18,000
Cash held for others	(20,039)	25,649
Deferred revenue	0	147
Accrued & withheld taxes	<u>(522)</u>	<u>1,019</u>
Total adjustments	<u>65,005</u>	<u>72,831</u>
Net cash provided by operating activities	288,936	19,450
Cash Flows From Investing Activities		
Proceeds from sale of fixed assets	49,800	0
Purchase of fixed assets	<u>(316,036)</u>	<u>(12,750)</u>
Net cash (used in) investing activities	(266,236)	(12,750)
Net increase (decrease) in cash and cash equivalents	22,700	6,700
Cash and cash equivalents at beginning of period	<u>138,526</u>	<u>131,826</u>
Cash and cash equivalents at end of period	<u>\$ 161,226</u>	<u>\$ 138,526</u>

See notes to financial statements

CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORPORATION
NOTES TO COMPARATIVE FINANCIAL STATEMENTS
December 31, 2004 and 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Property and Equipment

Property and equipment are carried at cost, depreciation is provided over the estimated useful lives of the related assets. Renewals and betterments, which materially extend the useful lives of the assets, are capitalized. When assets are retired or otherwise disposed of, the assets and the related allowance for depreciation are eliminated from the accounts and any resulting gain or loss is reflected in income. The useful lives and methods are as follows:

<u>Description</u>	<u>Useful Life</u>	<u>Method</u>
Railroad spur/track	10 years	Straight Line
Auto	5 years	Straight Line
Office equipment	5-10 years	Straight Line
Leasehold improvements	39 years	Straight Line

Federal, State and City Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Corporation has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for 2004 or 2003.

Nature of Activities

The Corporation is a countywide entity whose purpose is to enhance the industrial base of the county while creating the opportunity for new industry and jobs.

Donated Property

The value of donated property is recognized as revenue at its fair market value on the date of the donation.

CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORPORATION
NOTES TO COMPARATIVE FINANCIAL STATEMENTS
December 31, 2004 and 2003

NOTE 2: LAND AND BUILDINGS HELD FOR RESALE OR LEASE

A summary of the properties and their valuation is as follows:

<u>Description</u>	<u>12-31-04</u> <u>Value</u>	<u>12-31-03</u> <u>Value</u>	<u>Valuation</u> <u>Based On</u>
Land-downtown Cambridge	\$15,385	\$15,385	FMV after building razing
Land-beside Industrial Park	<u>342</u>	<u>342</u>	FMV
Total property held for investment	<u>\$ 15,727</u>	<u>\$ 15,727</u>	

NOTE 3: OTHER RECEIVABLES

The Corporation paid an invoice twice and is due back the amount of the overpayment.

NOTE 4: DEPOSITS

The Corporation received a deposit for the sale of the Gibson Station railroad track section to the Community Development Corporation Inc. (CDC). The sale was finalized on August 24, 2004.

NOTE 5: DEFERRED REVENUE – LEASE

The Corporation entered into a lease for a portion of the track that it owns. The annual lease amount for the period beginning in November 2002 and ending October 2003 is \$5,500, for the period beginning in November 2003 and ending October 2004 is \$6,000, and for the period beginning November 2004 and ending October 2005 is \$6,000. The Corporation received the entire annual payment at once. The Corporation recognized the lease revenue monthly. The unrecognized portion is shown as deferred revenue-lease.

CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORPORATION
NOTES TO COMPARATIVE FINANCIAL STATEMENTS
December 31, 2004 and 2003

NOTE 6: CASH HELD FOR OTHER AGENCIES

The Corporation is holding cash for the Cambridge Main Street organization. Once the organization receives tax-exempt status, this cash will be disbursed to the organization. This custodial account's revenues and expenses are not shown on the statement of activities.

NOTE 7: REIMBURSEMENTS AND OTHER INCOME

The Corporation receives reimbursements for certain expenses it incurs. The Corporation received an insurance check for \$6,430 for damage to a railroad crossing during 2004.

NOTE 8: CONCENTRATION OF CREDIT RISK

The Corporation's cash is placed with institutions with high credit ratings. This investment policy limits the Corporation's exposure to concentrations of credit risk. However, at various times throughout the year the Corporation carried amounts in excess of federally insured limits with a local bank.

NOTE 9: CASH FLOWS

For purposes of reporting cash flows, cash includes cash in petty cash, checking accounts and savings accounts.

Supplemental cash flow disclosures:

	<u>2004</u>	<u>2003</u>
Cash paid for interest	<u>\$0</u>	<u>\$187</u>

NOTE 10: LEASES

The Corporation leases a portion of the railroad track to the Buckeye Central Scenic Railroad. The lease became a month-to-month lease January 1, 2004 and called for a lease amount of \$200 per month; however, because of flood damage to a portion of the leased track making it unusable for several months in 2004 the Buckeye Central Scenic Railroad was not charged for those months.

Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, OH 43701

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
Cambridge-Guernsey Community Improvement Corp.
Cambridge, OH

We have audited the financial statements of the Cambridge-Guernsey Community Improvement Corp. as of and for the year ended December 31, 2004, and have issued our report thereon dated June 24, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Cambridge-Guernsey Community Improvement Corp.'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 an opinion on the internal control over financial reporting. 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 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting that we have reported to management in a separate letter dated June 24, 2005.

Compliance

As part of obtaining reasonable assurance about whether Cambridge-Guernsey Community Improvement Corp.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Independent Auditors' Report on Compliance and Internal Control
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This report is intended for the information of Board of Trustees, management, and the Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
June 24, 2005



**Auditor of State
Betty Montgomery**

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**CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORPORATION
GUERNSEY 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
AUGUST 4, 2005**