

**CAMBRIDGE-GUERNSEY COMMUNITY
IMPROVEMENT CORP.
FINANCIAL STATEMENTS
Years Ended December 31, 2003 and 2002**



**Auditor of State
Betty Montgomery**

Board of Trustees
Cambridge-Guernsey Community Improvement Corp.
806 Cochran Ave.
Cambridge, Ohio 43725

We have reviewed the Independent Auditor's Report of the Cambridge-Guernsey Community Improvement Corp., Guernsey County, prepared by Wolfe, Wilson, & Phillips, Inc., for the audit period January 1, 2003 through December 31, 2003. 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 Corp. is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 27, 2004

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Cambridge-Guernsey Community Improvement Corporation
Years Ended December 31, 2003 and 2002

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Wolfe, Wilson, & Phillips, Inc.
Certified Public Accountants
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, 2003 and 2002, 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, 2003 and 2002 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 25, 2004, 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. 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 25, 2004

CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.
STATEMENTS OF FINANCIAL POSITION
December 31, 2003 and 2002

| ASSETS | <u>2003</u> | <u>2002</u> |
|---|--------------------|--------------------|
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 138,526 | \$ 131,826 |
| Other receivables | 624 | 0 |
| Employee advances | 1,000 | 0 |
| Prepaid expenses | <u>12,576</u> | <u>8,702</u> |
| TOTAL CURRENT ASSETS | 152,726 | 140,528 |
| PROPERTY AND EQUIPMENT: | | |
| Furniture & fixtures | 31,858 | 25,109 |
| Railroad spur and tracks | 1,717,739 | 1,717,739 |
| Leasehold improvements | 6,000 | 0 |
| Land | 193,000 | 193,000 |
| Accumulated depreciation | <u>(1,528,522)</u> | <u>(1,496,137)</u> |
| TOTAL PROPERTY AND EQUIPMENT | 420,075 | 439,711 |
| 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>\$ 589,378</u> | <u>\$ 596,816</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 5,517 | \$ 4,389 |
| Deposits | 18,000 | 0 |
| Cash held for other agencies | 25,649 | 0 |
| Deferred revenue – lease | 5,000 | 4,853 |
| Accrued and withheld taxes | <u>6,637</u> | <u>5,618</u> |
| TOTAL CURRENT LIABILITIES | 60,803 | 14,860 |
| NET ASSETS | | |
| Unrestricted | 502,926 | 581,956 |
| Restricted | <u>25,649</u> | <u>0</u> |
| TOTAL NET ASSETS | <u>528,575</u> | <u>581,959</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 589,378</u> | <u>\$ 596,816</u> |

See notes to financial statements

CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.
STATEMENTS OF FINANCIAL ACTIVITIES
Years Ended December 31, 2003 and 2002

| PUBLIC SUPPORT AND REVENUE | <u>2003</u> | <u>2002</u> |
|--|-------------------|-------------------|
| Interest earned - banks | \$ 2,404 | \$ 5,085 |
| Reimbursements and other income | 10,429 | 0 |
| Donations – corporations | 34,770 | 26,589 |
| Donations – public entities | 145,997 | 169,261 |
| Grants and projects | 1,100 | 2,500 |
| Lease revenue | <u>7,053</u> | <u>6,197</u> |
| TOTAL REVENUE | <u>201,753</u> | <u>209,632</u> |
| | | |
| EXPENSES | | |
| Advertising | 18,144 | 28,271 |
| Auto expense | 3,063 | 1,770 |
| Bank service charges | 0 | 5 |
| Data processing fees | 300 | 0 |
| Contingencies | 1,153 | 0 |
| Depreciation expense | 32,386 | 31,584 |
| Dues & subscriptions | 1,171 | 1,313 |
| City of Cambridge - RLF | 0 | 78,142 |
| Guernsey County - RLF | 0 | 292,822 |
| Insurance | 24,781 | 18,477 |
| Interest expense | 187 | 0 |
| Lease expense | 9,360 | 9,709 |
| Foreign Trade Zone expense | 0 | 13,750 |
| Licenses, fees, permits | 200 | 7 |
| Miscellaneous | 842 | 1,517 |
| Office & postage expense | 2,830 | 6,282 |
| Professional fees | 1,902 | 2,385 |
| Repairs and maintenance | 3,650 | 4,049 |
| Rent | 10,110 | 11,267 |
| Salaries & wages | 116,295 | 111,683 |
| Seminars, conferences and meetings | 4,321 | 5,469 |
| Supplies | 2,808 | 23 |
| Payroll taxes | 9,534 | 8,712 |
| Taxes: real estate | 1,818 | 2,257 |
| Telephone | 7,220 | 6,782 |
| Travel & entertainment | 2,876 | 1,673 |
| Uncollected notes receivable | 0 | 1,225 |
| Utilities | <u>183</u> | <u>184</u> |
| TOTAL EXPENSES | <u>255,134</u> | <u>639,358</u> |
| CHANGE IN NET ASSETS | (53,381) | (429,726) |
| | | |
| NET ASSETS AT BEGINNING OF YEAR | <u>581,956</u> | <u>1,011,682</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 528,575</u> | <u>\$ 581,956</u> |

See notes to financial statements

CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2003 and 2002

| | <u>2003</u> | <u>2002</u> |
|--|-------------------|-------------------|
| Cash Flows From Operating Activities | | |
| Net loss | \$ (53,381) | \$ (429,726) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation expense | 32,386 | 31,584 |
| Notes receivable uncollected | 0 | 1,225 |
| (Increase)/Decrease in Assets | | |
| Other receivables | (624) | 0 |
| Employee advances | (1,000) | 1,345 |
| Prepaid expenses | (3,874) | 544 |
| Increase/(Decrease) in Liabilities | | |
| Accounts payable | 1,128 | (4,885) |
| Deposits | 18,000 | 0 |
| Cash held for others | 25,649 | 0 |
| Deferred revenue | 147 | 4,853 |
| Accrued & withheld taxes | <u>1,019</u> | <u>126</u> |
| Total adjustments | <u>72,831</u> | <u>34,792</u> |
| Net cash provided by (used in) operating activities | 19,450 | (394,934) |
| Cash Flows From Investing Activities | | |
| Purchase of fixed assets | <u>(12,750)</u> | <u>(1,622)</u> |
| Net cash (used in) investing activities | (12,750) | (1,622) |
| Net increase (decrease) in cash and cash equivalents | (6,700) | (396,556) |
| Cash and cash equivalents at beginning of period | <u>131,826</u> | <u>528,382</u> |
| Cash and cash equivalents at end of period | <u>\$ 138,526</u> | <u>\$ 131,826</u> |

See notes to financial statements

CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORPORATION
NOTES TO COMPARATIVE FINANCIAL STATEMENTS
December 31, 2003 and 2002

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 2003 or 2002.

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, 2003 and 2002

NOTE 2: NOTES RECEIVABLE:

Two revolving loan funds have been established to provide low interest financing to help encourage economic development and jobs in Guernsey County and the City of Cambridge. Interest rates range from 5% to 9.5%. Notes receivable under the revolving loan funds totaled \$0 as of December 31, 2003 and 2002. In February of 2002 the Corporation disbursed the balance in two revolving loan accounts to the Guernsey County Treasurer of \$26,344.93 and \$266,477.32. In May of 2002 the Corporation disbursed the balances in a revolving loan accounts to the City of Cambridge for \$78,142.09. Accordingly, the note receivable balance was also transferred before it was uncollected.

NOTE 3: LAND AND BUILDINGS HELD FOR RESALE OR LEASE

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

| <u>Description</u> | <u>12-31-03</u> <u>Value</u> | <u>12-31-02</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 4: OTHER RECEIVABLES

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

NOTE 5: DEPOSITS

The Corporation received a deposit for the sale of the Gibson Station railroad track section to the Community Development Corporation Inc. (CDC). As of the date of this report this sale was not finalized, nor has there been a written contract for the sale.

CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORPORATION
NOTES TO COMPARATIVE FINANCIAL STATEMENTS
December 31, 2003 and 2002

NOTE 6: 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. 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.

NOTE 7: 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 8: REIMBURSEMENTS AND OTHER INCOME

The Corporation receives reimbursements for certain expenses it incurs.

NOTE 9: 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 10: CASH FLOWS

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

Supplemental cash flow disclosures:

| | <u>2003</u> | <u>2002</u> |
|------------------------|--------------|-------------|
| Cash paid for interest | <u>\$187</u> | <u>\$0</u> |

NOTE 11: LEASES

The Corporation leases a portion of the rail road track to the Buckeye Central Scenic Railroad. The lease, which expired December 31, 2003, called for a lease amount of \$200 per month.

Wolfe, Wilson, & Phillips, Inc.
Certified Public Accountants
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, 2003, and have issued our report thereon dated June 25, 2004. 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 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 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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 assurance 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 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.

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 25, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
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Columbus, Ohio 43216-1140
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800-282-0370
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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 5, 2004**