

CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.

ANNUAL REPORT

DECEMBER 31, 2007 AND 2006

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



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Cambridge-Guernsey Community Improvement Corp., Guernsey County, prepared by Wolfe, Wilson & Phillips, Inc. for the audit period January 1, 2007 through December 31, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 15, 2008

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**CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.
GUERNSEY COUNTY**

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**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Cambridge-Guernsey Community Improvement Corp.
Guernsey County
Cambridge, Ohio

We have audited the accompanying statements of financial position of The Cambridge-Guernsey Community Improvement Corp. (a nonprofit organization) as of December 31, 2007 and 2006, and the related statements of activities and net assets and cash flows for the years then ended. These financial statements are the responsibility of the Cambridge-Guernsey Community Improvement Corp. management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 audits 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, 2007 and 2006, and the changes in its net assets and cash flows for the year 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 18, 2008, on our consideration of the Cambridge-Guernsey Community Improvement Corporation'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 to 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 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, Ohio
June 18, 2008

CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006

	2007	2006
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 302,104	\$ 148,095
Cash held for custodial purposes	17,880	9,656
Accounts receivable	3,224	-
Prepaid expenses	2,365	3,532
Total Current assets	325,573	161,283
Property and Equipment:		
Land	95,400	93,000
Furniture and Fixtures	17,822	32,742
Railroad spurs and track	2,067,130	2,035,179
Leasehold improvements	6,000	6,000
	2,186,352	2,166,921
Accumulated Depreciation	1,743,020	1,694,656
Net Property and Equipment	443,332	472,265
Other Assets:		
Workers Comp. Deposit	100	100
Organizational costs	750	750
Land/Building for resale	107,325	15,727
Total Other Assets	108,175	16,577
TOTAL ASSETS	\$ 877,080	\$ 650,125
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 5,210	\$ 5,223
Cash held for custodial purposes	17,880	9,656
Deposit on real estate sale	150,000	-
Deferred revenue	-	5,000
Accrued and withheld taxes	5,422	5,741
Total Current Liabilities	178,512	25,620
NET ASSETS		
Unrestricted Net Assets	698,568	624,505
Total Net Assets	698,568	624,505
TOTAL LIABILITIES AND NET ASSETS	\$ 877,080	\$ 650,125

See notes to financial statements.

CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007	2006
PUBLIC SUPPORT AND REVENUE		
Interest income	\$ 8,490	\$ 5,685
Reimbursements and other income	6,224	278
Donations - Corporations	49,621	44,500
Donations - Public Entities	142,703	128,161
Donation of land/rail	91,598	-
Grants and projects	29,000	7,934
Lease Income	10,307	7,250
Total Public Support and Revenue	337,943	193,808
EXPENSES:		
Advertising	4,675	9,923
Auto Expense	4,120	3,819
Management fees	-	(3,006)
Contingencies	1,520	1,960
Data processing fees	84	-
Depreciation	63,783	62,693
Dues & subscriptions	1,711	1,200
Grants - Cambridge Main Street	1,600	1,500
Grants - Guernsey County 911 Mapping Project	5,000	-
Grants - Guernsey County Mapping Project	1,000	1,000
Insurance	15,678	17,097
Lease expense	8,891	8,632
Licenses, fees, permits	200	200
Miscellaneous	1,535	223
Office & postage expense	1,378	1,156
Professional fees	5,578	2,758
Repairs and maintenance	1,776	3,758
Rent	10,200	10,200
Salaries & wages	112,233	106,846
Seminars, conferences and meetings	875	2,036
Supplies	3,016	2,615
Payroll taxes	9,206	7,800
Taxes: Real estate	315	309
Telephone	7,555	7,323
Travel & entertainment	1,699	1,597
Utilities	252	244
Total Expenses	263,880	251,883
Increase (Decrease) in Unrestricted Net Assets	74,063	(58,075)
NET ASSETS AT BEGINNING OF YEAR	624,505	682,580
NET ASSETS AT END OF YEAR	\$ 698,568	\$ 624,505

See notes to financial statements.

CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash Flows from Operating Activities		
Changes in net assets from activities	\$ 74,063	\$ (58,075)
Adjustments to reconcile increase(decrease) in net assets To net assets provided by operating activities		
Depreciation	63,783	62,693
(Increase) Decrease in:		
Accounts receivable	(3,224)	-
Land/buildings for sale	(91,598)	-
Prepaid expenses	1,167	5,970
Increase (Decrease) in:		
Accounts payable	(13)	(1,570)
Cash held for custodial purposes	8,224	6,998
Deposit on real estate for sale	150,000	-
Deferred revenue	(5,000)	-
Accrued and withheld taxes	(319)	(501)
Net cash provided (used) by operating activities	<u>197,083</u>	<u>15,515</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(34,850)	(884)
Net cash provided (used) by investing activities	<u>(34,850)</u>	<u>(884)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	162,233	14,631
Cash and Cash Equivalents at Beginning of Year	<u>157,751</u>	<u>143,120</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 319,984</u></u>	<u><u>\$ 157,751</u></u>

See notes to financial statements.

**CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Cambridge-Guernsey Community Improvement Corp. (CIC) is an Ohio non-profit corporation. The Internal Revenue Service has determined the organization is exempt from federal income tax under Section 501 (a) of the Internal revenue Code as an organization described in Section 501 (c) (3) of the Internal Revenue Code.

The CIC is a county-wide entity whose purpose is to enhance the industrial base of Guernsey County while creating the opportunity for new industry and jobs.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Land, Building, and Equipment

Land, building, and equipment are carried at cost less accumulated depreciation. Depreciation is provided over the useful lives of the related assets. Maintenance and repairs are charged to operations when incurred. Renewals and betterments of a nature considered to materially extend the useful lives of the assets are capitalized. When assets are retired or otherwise disposed of, the assets and related allowances for depreciation and amortization are eliminated from the accounts and any resulting gain or loss is reflected in income.

Depreciation, for financial reporting purposes, is based on the following policies:

<u>Description</u>	<u>Useful Life</u>	<u>Method</u>
Railroad Spur/track	10 years	Straight line
Auto	5 years	Straight line
Leasehold Improvements	39 years	Straight line
Furniture and fixtures	5-10 years	Straight line

Cash Equivalents

For purposes of the statement of cash flows, the CIC considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

Income Taxes

The CIC is exempt from federal income taxes under Internal Revenue Code Section 501 (c) (3) and has been recognized as a nonprofit organization by the State of Ohio. Therefore, no provision has been made for federal or Ohio income taxes in the accompanying financial statements. In addition, the CIC 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 2007 and 2006, respectively.

CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Donated Property

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

Basis of Presentation

Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the CIC and changes there are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the CIC and/or passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the CIC. Generally, the donors of these assets permit the CIC to use all or part of the income earned on related investments for general or specific use.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulation purpose has been fulfilled and /or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

2. CONCENTRATION OF CREDIT RISK

The CIC's cash is placed with institutions with high credit ratings. This investment policy limits the CIC's exposure to concentration of credit risk. However, at various times throughout the year the CIC carried amounts in excess of federally insured limits with a local bank. In 2007 and 2006, the amounts in excess of the federally insured limits were \$227,010.61 and \$22,285, respectively.

3. DEFERRED REVENUE

The CIC entered into a lease for a portion of the railroad track that it owns. The annual lease amount for the period beginning in November 2005 through October 2006 and the period beginning November 2006 through October 2007 is \$6,000 each period. The CIC receives the annual payment at once. The CIC recognizes the lease revenue monthly. The unrecognized portion is shown as deferred revenue-lease. The lease was terminated in October 2007.

**CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.
NOTES TO FINANCIAL STATEMENTS**

4. LEASE

The CIC leases a portion of the railroad track to the Buckeye Central Scenic Railroad. The lease became a month-to-month lease in January 2004 and called for a lease amount of \$200 per month. The Buckeye Central Scenic Railroad failed to pay the lease payments due for the first quarter of 2006. The lease was canceled May 5, 2006.

The CIC leases a portion of the railroad track to the Byesville Scenic Railway, Inc. The lease began September 15, 2006 and extended through December 31, 2006; however, lease payments were to begin August 1, 2006. \$1,000 was paid in 2006.

The CIC extended its lease with the Byesville Scenic Railroad. The lease agreement dated January 1, 2007, calls for annual lease payments of \$2,400 and a fee of fifty cents per passenger due quarterly. The CIC received \$3,283 in 2007. The lease was terminated upon the sale of the assets to The Ohio Central Railroad System on February 13, 2008.

5. CASH HELD FOR CUSTODIAL PURPOSES

The CIC receives and holds cash for various local organizations or activities. This cash is separated on the statement of position as cash held for custodial purposes, as it cannot be used for any CIC operations. A corresponding liability is also shown in the same amount. The custodial accounts revenue and expenses are not shown on the statement of activities.

6. LAND AND BUILDINGS HELD FOR RESALE OR LEASE

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

	Value 12/31/07	Value 12/31/06	Valuation Based on
Land – Downtown Cambridge	\$ 15,385	\$ 15,385	FMV after Building razing
Land – beside Industrial Park	342	342	FMV
8.94 mile of rail and approximately 100 acres of land	91,598	-	
Total	<u>\$ 107,325</u>	<u>\$ 15,727</u>	

7. SUBSEQUENT EVENTS

The CIC entered into an agreement to sell their rail asset to The Ohio Central Railroad System for \$150,000 contingent upon receiving the donation of 8.94 miles of rail and 100 acres of land from Franklin Real Estate. \$150,000 was received by the CIC prior to receiving the donation of the 8.94 miles of rail and the 100 acres of land. At the end of 2007 the \$150,000 is shown as a down payment on the transaction because it has not been executed. The sale was executed in February of 2008.

WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

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

To the Board of Directors
Cambridge-Guernsey Community Improvement Corporation
806 Cochran Avenue
Cambridge, Ohio 43725

We have audited the financial statements of Cambridge-Guernsey Community Improvement Corporation as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 18, 2008. 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 Cambridge-Guernsey Community Improvement Corporation'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 Corporation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Corporation's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Corporation's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cambridge-Guernsey Community Improvement Corporation's combined 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Directors, 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 18, 2008



Mary Taylor, CPA
Auditor of State

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
JULY 29, 2008**