

**CAMBRIDGE-GUERNSEY COMMUNITY  
IMPROVEMENT CORP.  
FINANCIAL STATEMENTS  
Years Ended December 31, 2002 and 2001**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Cambridge-Guernsey Community Improvement Corporation  
1131 Steubenville Avenue  
Cambridge, Ohio 43725

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, 2001 to December 31, 2002. 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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

July 21, 2003

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**Cambridge-Guernsey Community Improvement Corporation**  
**Years Ended December 31, 2002 and 2001**

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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, 2002 and 2001, 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, 2002 and 2001 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 26, 2003, 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, Ohio  
June 26, 2003

**CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2002 and 2001**

<b>ASSETS</b>	<u>2002</u>	<u>2001</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 131,826	\$ 528,382
Notes receivable - current	0	1,225
Employee advances	0	1,345
Prepaid expenses	<u>8,702</u>	<u>9,246</u>
<b>TOTAL CURRENT ASSETS</b>	140,528	540,198
<b>PROPERTY AND EQUIPMENT:</b>		
Furniture & fixtures	25,109	23,487
Railroad spur and tracks	1,717,739	1,717,739
Land	193,000	193,000
Accumulated depreciation	<u>(1,496,137)</u>	<u>(1,464,553)</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	439,711	469,673
<b>OTHER ASSETS:</b>		
Workers Comp. deposit	100	100
Organizational costs	750	750
Land/buildings for sale	<u>15,727</u>	<u>15,727</u>
<b>TOTAL OTHER ASSETS</b>	<u>16,577</u>	<u>16,577</u>
<b>TOTAL ASSETS</b>	<u>\$ 596,816</u>	<u>\$ 1,026,448</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 4,389	\$ 9,274
Deferred revenue – lease	4,853	0
Accrued and withheld taxes	<u>5,618</u>	<u>5,492</u>
<b>TOTAL CURRENT LIABILITIES</b>	14,860	14,766
<b>NET ASSETS – UNRESTRICTED</b>	<u>581,956</u>	<u>1,011,682</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 596,816</u>	<u>\$ 1,026,448</u>

See accompanying notes to financial statements

**CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.**  
**STATEMENTS OF FINANCIAL ACTIVITIES**  
**Years Ended December 31, 2002 and 2001**

<b>PUBLIC SUPPORT AND REVENUE:</b>	<u>2002</u>	<u>2001</u>
Interest earned - banks	\$ 5,085	\$ 12,734
Interest earned - notes	0	20
Donations – corporations	32,139	34,356
Donations – public entities	169,261	161,123
Grants and projects	2,500	229,640
Lease revenue	<u>647</u>	<u>0</u>
<b>TOTAL REVENUE</b>	<u>209,632</u>	<u>437,873</u>
<b>EXPENSES</b>		
Advertising	28,271	17,455
Auto expense	1,770	1,758
Bank service charges	5	5
Depreciation expense	31,584	23,764
Dues & subscriptions	1,313	3,840
Fees	0	4,998
Grants	0	70,734
City of Cambridge - RLF	78,142	0
Guernsey County - RLF	292,822	0
Insurance	18,477	10,527
Lease expense	9,709	9,810
Foreign Trade Zone expense	13,750	0
Licenses, fees, permits	7	25
Miscellaneous	1,517	0
Office & postage expense	6,282	11,769
Professional fees	2,385	5,580
Repairs and maintenance	4,049	3,374
Rent	11,267	8,688
Salaries & wages	111,683	95,617
Seminars & conferences	5,469	4,157
Supplies	23	939
Payroll taxes	8,544	7,315
Taxes: Workers Comp.	168	168
Taxes: real estate	2,257	173
Telephone	6,782	7,957
Travel & entertainment	1,673	2,805
Uncollected notes receivable	1,225	0
Utilities	<u>184</u>	<u>152</u>
<b>TOTAL EXPENSES</b>	<u>639,358</u>	<u>291,610</u>
<b>CHANGE IN NET ASSETS</b>	(429,726)	146,263
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>1,011,682</u>	<u>865,419</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 581,956</u>	<u>\$1,011,682</u>

See notes to financial statements



**CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2002 and 2001**

	<u>2002</u>	<u>2001</u>
Cash Flows From Operating Activities		
Net income (loss)	\$ (429,726)	\$ 146,263
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	31,584	23,764
Notes receivable	1,225	0
(Increase)/Decrease in Assets		
Employee advances	1,345	(1,345)
Prepaid expenses	544	(7,898)
Increase/(Decrease) in Liabilities		
Accounts payable	(4,885)	2,234
Deferred revenue	4,853	0
Accrued & withheld taxes	<u>126</u>	<u>1,488</u>
Total adjustments	<u>34,792</u>	<u>18,243</u>
Net cash provided by (used in) operating activities	(394,934)	164,506
Cash Flows From Investing Activities		
Purchase of fixed assets	(1,622)	(282,214)
Payments received on notes	<u>0</u>	<u>2,967</u>
Net cash provided by (used in) investing activities	(1,622)	(279,247)
Net increase (decrease) in cash and cash equivalents	(396,556)	(114,741)
Cash and cash equivalents at beginning of period	<u>528,382</u>	<u>643,123</u>
Cash and cash equivalents at end of period	<u>\$ 131,826</u>	<u>\$ 528,382</u>

See notes to financial statements

**CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORPORATION**  
**NOTES TO COMPARATIVE FINANCIAL STATEMENTS**  
**December 31, 2002 and 2001**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Federal, State and City Income Taxes

The corporation is a nonprofit organization created under Ohio Revised Code Section 1724. The corporation formed in 1965 has received non-profit status under federal law. No federal tax liability has been assumed and none is anticipated.

Donated Property

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

Revenue Recognized from Governmental Grants

The grants received from governmental agencies to construct the railroad spur are released to the income statement in equal installments over the ten year estimated useful life of the railroad spur. The grants are included in the balance sheet as deferred income.

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, 2002 and \$1,224.90 as of December 31, 2001. 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.

**CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORPORATION**  
**NOTES TO COMPARATIVE FINANCIAL STATEMENTS**  
**December 31, 2002 and 2001**

NOTE 4: LAND AND BUILDINGS HELD FOR RESALE OR LEASE

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

<u>Description</u>	<u>12-31-02</u> <u>Value</u>	<u>12-31-01</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 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. The Corporation received the entire annual payment at once. The Corporation recognized the lease revenue monthly. The unrecognized portion is shown as deferred revenue.

**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, 2002, and have issued our report thereon dated June 26, 2003. 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 26, 2003

**Wolfe, Wilson, & Phillips, Inc.**  
**Certified Public Accountants**  
**37 South Seventh Street**  
**Zanesville, OH 43701**

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

Auditing standards require that certain matters related to the conduct of an audit to be communicated to those having responsibility for oversight of the Corporation's financial reporting process. Among the matters are the following:

1. Auditors' Responsibility Under Generally Accepted Auditing Standards
  - a. To express an opinion on the financial statements.
  - b. To provide reasonable, not absolute, assurance of detecting material misstatements whether caused by error or fraud.
  - c. To gain a basic understanding of the internal control policies and procedures in order to design an effective audit approach, not for the purpose of providing assurance on the internal control.
2. Significant Changes In or New Accounting Policies Adopted
  - a. The significant accounting policies used are described in the notes to the financial statements.
3. Management's Accounting Estimates
  - a. Depreciable lives of fixed assets.
  - b. Estimated costs allocated to acres of land sold.
4. Significant Audit Adjustments – None.
5. Other Information in Documents Containing Audited Financial Statements – None.
6. Disagreements with Management Related to Auditing, Accounting, or Disclosure Matters – None.
7. Consultation with Other Accountants – None.
8. Major Issues Discussed with Management Prior to Retention – None.

9. Difficulties Encountered in Performing the Audit – None.

This report is intended solely for the information and use of the board of directors and management and is not intended to be and should not be used by anyone other than these specified parties.

**Wolfe, Wilson, & Phillips, Inc.**  
Zanesville, OH  
June 26, 2003







**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
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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 21, 2003**