

**CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.**

**ANNUAL REPORT**

**DECEMBER 31, 2005 AND 2004**

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





**Auditor of State  
Betty Montgomery**

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

We have reviewed the *Independent Auditors' Report* of the Cambridge-Guernsey Community Improvement Corporation, Guernsey County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2005 through December 31, 2005. 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 14, 2006

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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, 2005 and 2004, 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, 2005 and 2004, 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 21, 2006, on our consideration of the City of Newark'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 21, 2006

**CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2005 AND 2004**

	2005	2004
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 140,462	\$ 155,616
Cash held for custodial purposes	2,658	5,610
Prepaid expenses	9,502	12,313
<b>Total Current assets</b>	152,622	173,539
<b>Property and Equipment:</b>		
Land	93,000	93,000
Furniture and Fixtures	31,858	31,858
Railroad spurs and track	2,035,179	2,033,775
Leasehold improvements	6,000	6,000
	2,166,037	2,164,633
Accumulated Depreciation	1,631,963	1,568,484
<b>Net Property and Equipment</b>	534,074	596,149
<b>Other Assets:</b>		
Workers Comp. Deposit	100	100
Organizational costs	750	750
Land/Building for resale	15,727	15,727
<b>Total Other Assets</b>	16,577	16,577
<b>TOTAL ASSETS</b>	\$ 703,273	\$ 786,265
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 6,793	\$ 17,034
Cash held for custodial purposes	2,658	5,610
Deferred revenue	5,000	5,000
Accrued and withheld taxes	6,242	6,115
<b>Total Current Liabilities</b>	20,693	33,759
<b>NET ASSETS</b>		
Unrestricted Net Assets	682,580	752,506
<b>Total Net Assets</b>	682,580	752,506
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 703,273	\$ 786,265

See notes to financial statements.

**CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2005 AND 2004**

	2005	2004
<b>PUBLIC SUPPORT AND REVENUE</b>		
Interest income	\$ 1,614	\$ 1,540
Reimbursements and other income	2,814	6,450
Donations - Corporations	46,137	36,803
Donations - Public Entities	143,654	150,474
Grants and projects	3,250	314,959
Lease Income	7,200	7,650
Loss on sale of fixed assets	-	(50,200)
<b>Total Public Support and Revenue</b>	<b>204,669</b>	<b>467,676</b>
<b>EXPENSES:</b>		
Advertising	8,067	14,230
Auto Expense	4,092	3,150
Data processing fees	-	130
Contingencies	1,289	673
Depreciation	63,479	39,962
Dues & subscriptions	1,834	3,577
Grants - Cambridge Main Street	1,500	1,500
Grants - Guernsey County Mapping Project	1,000	1,000
Insurance	36,380	33,536
Lease expense	8,903	8,656
Licenses, fees, permits	200	200
Miscellaneous	3,216	300
Office & postage expense	2,782	1,944
Professional fees	2,019	1,992
Repairs and maintenance	3,891	2,979
Rent	10,200	10,200
Salaries & wages	103,959	98,644
Seminars, conferences and meetings	1,805	1,892
Supplies	2,828	2,515
Payroll taxes	8,806	8,405
Taxes: Real estate	292	631
Telephone	6,475	7,054
Travel & entertainment	1,342	391
Utilities	236	184
<b>Total Expenses</b>	<b>274,595</b>	<b>243,745</b>
<b>Increase (Decrease) in Unrestricted Net Assets</b>	<b>(69,926)</b>	<b>223,931</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>752,506</b>	<b>528,575</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 682,580</b>	<b>\$ 752,506</b>

See notes to financial statements.

**CAMBRIDGE-GUERNSEY COMMUNITY IMPROVEMENT CORP.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004**

	<b>2005</b>	<b>2004</b>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets from activities	\$ (69,926)	\$ 223,931
Adjustments to reconcile increase(decrease) in net assets		
To net assets provided by operating activities		
Depreciation	63,479	39,962
(Gain) loss on disposal of assets	-	50,200
(Increase) Decrease in:		
Other receivables	-	624
Employee advances	-	1,000
Prepaid expenses	2,811	263
Increase (Decrease) in:		
Accounts payable	(10,241)	11,517
Deposits	-	(18,000)
Cash held for custodial purposes	(2,952)	(20,039)
Accrued and withheld taxes	127	(522)
<b>Net cash provided (used) by operating activities</b>	<b>(16,702)</b>	<b>288,936</b>
 <b>Cash Flows from Investing Activities</b>		
Proceeds from sale of property and equipment	-	49,800
Purchase of property and equipment	(1,404)	(316,036)
<b>Net cash provided (used) by investing activities</b>	<b>(1,404)</b>	<b>(266,236)</b>
 <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(18,106)</b>	<b>22,700</b>
 <b>Cash and Cash Equivalents at Beginning of Year</b>	<b>161,226</b>	<b>138,526</b>
 <b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 143,120</b>	<b>\$ 161,226</b>

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 a maturity of three months or less to be cash equivalents.

**Income Taxes**

The MFY 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 2005 and 2004, 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. The amounts in excess of the federally insured limits were \$10,646 and \$21,280, respectively.

**3. DEFERRED REVENUE**

The CIC entered into a lease for a portion of the track that it owns. The annual lease amount for the period beginning in November 2004 through October 2005 and the period beginning November 2005 through October 2006 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.

**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. Due to flood damage, a portion of the track became unusable for severable months in 2004 and 2005. The Buckeye Central Scenic Railroad only paid \$1,200 in 2005 and was not charged in 2004.

**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 12/31/05	Value 12/31/04	Valuation Based on
Land – Downtown Cambridge	\$ 15,385	\$ 15,385	FMV after Building razing
Land – beside Industrial Park	342	342	FMV
Total	<u>\$ 15,727</u>	<u>\$ 15,727</u>	

**7. RECLASSIFICATION**

As of December 31, 2003, the CIC showed \$25,649 as restricted net assets. These net assets were reclassified as unrestricted net assets due to the custodial nature of the assets. Since the asset and liability is recorded at the same value, there are no net assets in relation to this activity and no restriction.

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

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

Cambridge-Guernsey Community Improvement Corp.  
Board of Trustees  
Guernsey County  
Cambridge, Ohio

We have audited the financial statements of the Cambridge-Guernsey Community Improvement Corp. as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 21, 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 *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 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 caused by error or fraud 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 21, 2006.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cambridge-Guernsey Community Improvement Corp.'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 that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the 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 21, 2006



**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 3, 2006**