

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION

LAWRENCE COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2007

FISCAL YEAR AUDITED UNDER GAGAS: 2007

**Caudill & Associates, CPA's**

725 5<sup>th</sup> Street

Portsmouth, OH 45662





# Mary Taylor, CPA

Auditor of State

Board of Directors  
Lawrence Economic Development Corporation  
216 Collins Avenue  
P.O. Box 488  
South Point, Ohio 45680

We have reviewed the *Independent Auditors' Report* of the Lawrence Economic Development Corporation, Lawrence County, prepared by Caudill & Associates, CPA's, 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 Lawrence Economic Development Corporation is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

April 3, 2008

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LAWRENCE ECONOMIC DEVELOPMENT CORPORATION  
LAWRENCE COUNTY

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# Caudill & Associates, CPA's

725 5<sup>th</sup> Street  
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants

Board of Directors  
Lawrence Economic Development Corporation  
216 Collins Avenue  
South Point, Ohio 45680

## Independent Auditors' Report

We have audited the accompanying statement of financial position of the Lawrence Economic Development Corporation, (a nonprofit organization), as of December 31, 2007, the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Lawrence Economic Development Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 the Lawrence Economic Development Corporation, as of December 31, 2007, and the changes in its net assets, functional expenses and its 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 issued our report dated February 16, 2008 on our consideration of the Lawrence Economic Development Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in assessing the results of our audit.

*Caudill & Associates, CPA's*

Caudill & Associates, CPA's  
February 16, 2008

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LAWRENCE ECONOMIC DEVELOPMENT CORPORATION  
LAWRENCE COUNTY

STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2007

Assets:

Current Assets:

Cash	\$1,858,370
Receivables:	
Accounts	63,224
Grants	1,087,433
Inventory	18,048
Total Current Assets	3,027,075

Long Term Assets:

Net Property, Plant & Equipment	17,538,199
Total assets	\$20,565,274

Liabilities and Net Assets:

Current Liabilities:

Accounts Payable and Accrued Expenses	\$117,293
Customer Deposits	\$20,500
Current Portion -Notes Payable	510,189
Deferred Income	1,462,409
Total Current Liabilities	2,110,391

Long-Term Notes Payable	3,508,306
Total Liabilities	5,618,697

Net Assets:

Unrestricted	7,968,794
Temporarily Restricted	6,977,783
Total Net Assets	14,946,577
Total Liabilities and Net Assets	\$20,565,274

The accompanying notes to the financial statements are an integral part of this statement.

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION  
LAWRENCE COUNTY

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007

Changes in Unrestricted Net Assets:	
Unrestricted Revenue:	
Donations	\$ 97,429
Interest Income	44,327
Motel Tax	36,054
Rental Income	946,583
Program Income	15,746
Miscellaneous	<u>72,695</u>
Total Unrestricted Revenue	1,212,834
Net Assets Released from Program Restrictions:	
Satisfaction of Program Restrictions	<u>639,024</u>
Total Unrestricted Revenue and Other Support	<u>1,851,858</u>
Expenses:	
Convention and Visitor's Bureau	34,342
Procurement Outreach Center	363,889
Empowerment Zone Site Development	99,775
The Point	295,241
General and Administrative	<u>501,555</u>
Total Expenses before Depreciation	1,294,802
Depreciation	<u>367,846</u>
Total Expenses	<u>1,662,648</u>
Increase in Unrestricted Net Assets	<u>189,210</u>
Changes in Temporarily Restricted Net Assets:	
Temporarily Restricted Grant Monies	639,024
Net Assets released from Restrictions	<u>(639,024)</u>
Increase in Temporarily Restricted Net Assets	<u>-</u>
Increase in Net Assets	<u>189,210</u>
Net Assets Beginning of Year	
Unrestricted	7,779,584
Temporarily Restricted	<u>6,977,783</u>
	14,757,367
Net Assets, End of Year	
Unrestricted	7,968,794
Temporarily Restricted	<u>6,977,783</u>
	<u>\$ 14,946,577</u>

The accompanying notes to the financial statements are an integral part of this statement.

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION  
LAWRENCE COUNTY

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2007

Cash Flows from Operating Activities:	
Change in net assets	\$ 189,210
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) Decrease in:	
Depreciation	367,846
Grants Receivable	170,296
Taxes Receivable	6,318
Accounts Receivable	101,022
Inventory	36,744
Increase (decrease) in:	
Accounts payable & accrued expenses	20,816
Customer Deposits	20,500
Deferred Revenue	<u>268,131</u>
Net cash provided by operating activities	<u>1,180,883</u>
Cash Flows from Investing Activities	
Purchase of plant, property and equipment	<u>(1,014,613)</u>
Net cash used in investing activities	<u>(1,014,613)</u>
Cash Flows from Financing Activities	
Payments on long-term debt	(502,407)
Proceeds from long-term debt	<u>500,000</u>
Net cash used in financing activities	<u>(2,407)</u>
Net increase in cash and cash equivalents	163,863
Cash at January 1, 2007	<u>1,694,507</u>
Cash at December 31, 2007	<u><u>\$ 1,858,370</u></u>
Supplemental Cash Flow Information	
Cash paid for interest	<u><u>\$ 160,065</u></u>

The accompanying notes to the financial statements are an integral part of this statement

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Convention & Visitor's Bureau	Procurement Outreach Center	Empowerment Zone Site Development	The Point	Total Program Expenses	Administrative and General	Total Expenses
Personnel	\$ 16,382	\$ 198,679	\$ -	\$ 117,434	\$ 332,495	\$ 73,976	\$ 406,471
Interest	-	-	-	235	235	160,065	160,300
Real Estate Taxes	-	-	-	36,279	36,279	8,843	45,122
Advertising and Marketing	499	1,291	-	3,745	5,535	199	5,734
Supplies	645	5,760	-	2,698	9,103	1,091	10,194
Rent and Utilities	6,159	19,468	-	30,586	56,213	14,533	70,746
Telephone Expense	652	12,978	-	2,878	16,508	2,421	18,929
Operational	1,349	6,500	-	4,808	12,657	2,222	14,879
Postage	526	1,627	-	804	2,957	538	3,495
Janitor	432	1,948	-	1,495	3,875	2,380	6,255
Meetings	6	5,677	-	1,234	6,917	5,188	12,105
Travel	856	20,002	-	2,112	22,970	7,879	30,849
Insurance	-	-	-	12,930	12,930	13,256	26,186
Copies and Faxes	533	3,195	-	795	4,523	2,424	6,947
Dues and Subscriptions	110	-	-	1,455	1,565	685	2,250
Accounting and Auditing Services	2,047	14,340	-	2,401	18,788	2,585	21,373
Legal	-	-	-	14,343	14,343	358	14,701
Contractual	257	2,537	99,775	28,839	131,408	193,688	325,096
Printing	-	3,195	-	795	3,990	2,424	6,414
Equipment Expense	3,681	25,075	-	29,375	58,131	6,800	64,931
Donated Facilities	-	41,617	-	-	41,617	-	41,617
Miscellaneous	208	-	-	-	208	-	208
<b>Total</b>	<b>\$ 34,342</b>	<b>\$ 363,889</b>	<b>\$ 99,775</b>	<b>\$ 295,241</b>	<b>\$ 793,247</b>	<b>\$ 501,555</b>	<b>\$ 1,294,802</b>

The accompanying notes to the financial statements are an integral part of this statement.

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION  
LAWRENCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Lawrence Economic Development Corporation (the Corporation) is a non-profit corporation established in August 1983 under the governing laws of the State of Ohio. The Corporation was established to promote economic development in the City of Ironton, and the County of Lawrence, Ohio, to act as the designated agent for providing governmental assistance to business enterprises, and to promote the general economic development.

B. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The financial statements of the Lawrence Economic Development Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

C. FINANCIAL STATEMENT PRESENTATION

The Lawrence Economic Development Corporation has adopted Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting of Contributions Received and Made*, and SFAS No. 117, *Financial Statement for Not-Profit Organizations*. SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. SFAS No. 116 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received and for each net asset category in accordance with donor imposed restrictions. A description of the three net asset categories follows:

**Permanently Restricted Net Assets** – The Lawrence Economic Development Corporation reports gifts of cash and other assets as permanently restricted support if they are received with donor stipulations that limit the use of the donated assets in perpetuity.

**Temporarily Restricted Net Assets** - The Lawrence Economic Development Corporation reports gifts of cash, grants and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Unrestricted Net Assets** - The Lawrence Economic Development Corporation reports gifts of cash, land, buildings and equipment as unrestricted unless explicit donor stipulations specify how the donated assets must be used.

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION  
LAWRENCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

Costs are allocated between management and general or the appropriate program based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Lawrence Economic Development Corporation.

E. ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reporting of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates.

F. PROPERTY, PLANT & EQUIPMENT

Fixed assets acquired for the general use of the Lawrence Economic Development Corporation in providing service are recorded at cost. Depreciation of fixed assets of the Lawrence Economic Development Corporation is calculated utilizing the straight line method. All assets reported in the financial statements are at cost less accumulated depreciation. The Corporation doesn't have a capitalization policy.

The estimated useful lives by major fixed asset class are as follows:

Buildings	40 years
Equipment	5 years
Furniture & Fixtures	5 years
Vehicles	5 years

G. INCOME TAXES

The Corporation is exempt from U.S. Federal income taxes under Section 501 ( c )(3) of the Internal Revenue Code and, therefore, has no provision for Federal income taxes.

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION  
LAWRENCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. REVENUES

Revenues are recognized in the accompanying financial statements as follows:

1. Grants and Reimbursement Contracts

The funds from various funding sources under reimbursement contracts are recognized as revenue in the accounting period in which the grant is earned.

2. Hotel and Motel Taxes

Funds received from the collection of local hotel and motel bed taxes are recognized net of collection fees in the period in which they are earned.

3. Interest Income

Interest Income is recognized in the accounting period when it is earned. The Lawrence Economic Development Corporation, maintains funds received from the various sources in interest bearing checking accounts. The portion of interest earned on advances of direct federal funds is remitted to the federal funding sources in accordance with OMB Circular A-110, Attachment D, Uniform Administrative Requirements of Grants and Agreements with Nonprofit Organizations. The interest earned on other funds is included in unrestricted funds and is used to support the Lawrence Economic Development Corporation programs.

4. Donations

Donations are recognized as unrestricted, restricted or temporarily restricted according to their designation in the period in which they are received.

I. CASH and CASH EQUIVALENTS

For the purposes of the statement of cash flows, the Corporation considers cash in operating bank accounts and certificates of deposit with an original maturity date of three months or less as cash.

J. COST ALLOCATION

Joint costs are allocated to benefiting programs using various allocation methods, depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all agency programs, which cannot be readily identified with a final cost objective. Cost allocation methods are as follows:

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION  
LAWRENCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. COST ALLOCATION (Continued)

Building

Space costs (maintenance costs, utilities, rent, etc.) are allocated based on the number of square feet of space each program occupies.

Insurance

Insurance is allocated to benefiting programs depending on the equipment, space or people covered by the insurance.

NOTE 2—CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

Protection of the Lawrence Economic Development Corporation deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment or by a single collateral pool established by the financial institution to secure the repayment of all public money deposited with the institution.

*Deposits* At year end, the carrying amount of Lawrence Economic Development Corporation deposits was \$1,858,370 and the bank balance was \$2,115,469. Of the bank balance:

1. \$800,000 was covered by federal depository insurance.
2. \$1,315,469 was collateralized by securities held by the financial institution on the institution's name.

NOTE 3 – GOVERNMENTAL GRANTS RECEIVABLE

Grants Receivable are considered collectible in one year and consisted of the following amounts at December 31, 2007:

Program	Grant No.	Amount
Empowerment Zone	N/A	\$1,087,433
		\$1,087,433



LAWRENCE ECONOMIC DEVELOPMENT CORPORATION  
LAWRENCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)

NOTE 4 - PROPERTY, PLANT & EQUIPMENT

The balance of property and equipment at December 31, 2007, consists of the following:

Land and Land Improvements	\$4,717,442
Construction in Progress	365,324
Buildings and Improvements	14,341,233
Machinery and Equipments	140,285
Vehicles	<u>37,943</u>
Total	19,602,227
Accumulated depreciation	<u>(2,064,028)</u>
Net	<u>\$17,538,199</u>

NOTE 5 - NOTES PAYABLE

Notes Payable at December 31, 2007 consists of the following:

Notes Payable to Ohio Department of Development, secured by real estate and building bearing an interest rate of 3% due September 2012	\$ 808,883
Note Payable to Ohio Department of Development, secured by an Open-end mortgage and a second lien and mortgage on the Liebert Project bearing an interest rate of 4% due December 2012	1,116,032
Note Payable US Bank, secured by real estate and building, bearing an interest rate of 6%, due 2018	136,283
Note Payable to Ohio Department of Development, secured by a mortgage on project property, bearing an interest rate of 0% for the first five years and 4% thereafter due January 2023	500,000
Note Payable to Guarantee Bank and Trust, secured by real estate and a building Bearing an interest rate of 4.125%, due August 2020	87,792
Note Payable to Ohio River Bank, secured by real estate and building, bearing a variable interest rate of 3.88%, due 2019	277,339
Note Payable to Ohio River Bank, secured by real estate and building, bearing an interest rate of 4.75%, due June 2020.	1,092,166
Total Long-Term Debt	<u>4,018,495</u>
Less Current Portion of Long-Term Debt	<u>(510,189)</u>
Total Notes Payable	<u>\$3,508,306</u>

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION  
LAWRENCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)

NOTE 5 - NOTES PAYABLE (Continued)

The future scheduled maturities of long term debt are as follows:

2008	\$		510,189
2009			529,658
2010			512,253
2011			474,091
2012			318,394
Thereafter			1,673,910
	\$		4,018,495

NOTE 6 – CONCENTRATIONS

The Corporation depends on grants from federal, state and local sources for its continued existence.

NOTE 7 – 166 REGIONAL LOAN PROGRAM

The Corporation manages a 166 Regional Loan Program pursuant to an agreement with the Ohio Department of Development dated October 8, 1996. The agreement states that the organization provides assistance in making loans to companies in the service area who are in need of capital expansion funds. The program is managed by the Corporation and held in an escrow account on behalf of the Ohio Department of Development. Loan Activity for the year ending December 31, 2007 is as follows:

Beginning balance	\$	903,270
Interest earned		46,455
Principal payments received		60,191
Interest payments received		13,354
Management fees		(5,706)
Loan Disbursements made		-
Administrative fees		(14,822)
Ending Escrow balance		1,002,742
Admin Escrow		(3,303)
Loans Pending		(350,000)
Available to lend	\$	649,439

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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Board of Directors  
Lawrence Economic Development Corporation  
216 Collins Avenue  
South Point, Ohio 45680

We have audited the financial statements of the Lawrence Economic Development Corporation, Lawrence County, as of and for the year ended December 31, 2007, and have issued our report thereon dated February 16, 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 the Lawrence Economic Development Corporation internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lawrence Economic Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lawrence Economic Development Corporation's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 Lawrence Economic Development Corporation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Lawrence Economic Development Corporation's financial statements that is more than inconsequential will not be prevented or detected by the Lawrence Economic Development Corporation's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Responses to be a significant deficiency in internal control over financial reporting. The significant deficiency is described in the accompanying Schedule of Findings and Responses as item 2007-001.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Lawrence Economic Development Corporation's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Board of Directors

Lawrence Economic Development Corporation  
South Point, Ohio 45680

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Lawrence Economic Development Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, 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*.

Lawrence Economic Development Corporation's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We didn't audit Lawrence Economic Development Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management and Board of Trustees, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Caudill & Associates, CPA's*

Caudill & Associates, CPA's  
February 16, 2008

**LAWRENCE ECONOMIC DEVELOPMENT CORPORATION  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2007**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2007-001**

**Significant Deficiency:**

During the audit, several adjusting entries were proposed to management due to the incorrect recording of fixed assets, receivables, grant revenue and deferred revenue. Fixed asset additions had not been properly recorded, improper revenue recognition and the incorrect recording of receivables and deferred revenue were noted during the audit.

By not properly recording fixed assets, receivables, grant revenue, deferred revenue and any other element of the Corporation's Accounting System, an opportunity exist for the financial statements to be materially misstated.

We recommend that the Corporation properly record all activities in the accounting system and seek professional advice if the Corporation is unsure of how to handle certain difficult transactions that occur during the year.

**Officials Response:**

The Corporation is working to correct this issue.

**LAWRENCE ECONOMIC DEVELOPMENT CORPORATION  
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2006-001	Lack of Numbering System for Chart of Accounts and General Ledger resembles a for profit entity	Yes	N/A
2006-002	Numerous General Ledger Accounts	Yes	N/A
2006-003	Audit Adjusting Entries	No	Reissued as Finding 2007-001



**Mary Taylor, CPA**  
Auditor of State

**LAWRENCE ECONOMIC DEVELOPMENT CORPORATION**

**LAWRENCE 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  
APRIL 15, 2008**