

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION

LAWRENCE COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2010

FISCAL YEAR AUDITED UNDER GAGAS: 2010

Caudill & Associates, CPA

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Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Lawrence Economic Development Corporation, Lawrence County, prepared by Caudill & Associates, CPAs, for the audit period January 1, 2010 through December 31, 2010. 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.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

July 27, 2011

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LAWRENCE ECONOMIC DEVELOPMENT CORPORATION
LAWRENCE COUNTY

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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, 2010, 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 an opinion 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, 2010, 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 June 06, 2011 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.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Caudill & Associates, CPA

Caudill & Associates, CPA

June 06, 2011

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LAWRENCE ECONOMIC DEVELOPMENT CORPORATION
LAWRENCE COUNTY

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2010

Assets:

Current Assets:

Cash	\$	2,492,103
Receivables:		
Accounts		99,989
Grants		1,739,931
Inventory		18,048
Total Current Assets		4,350,071

Long Term Assets:

Net Property, Plant & Equipment		17,216,639
Total assets	\$	21,566,710

Liabilities and Net Assets:

Current Liabilities:

Accounts Payable and Accrued Expenses	\$	127,138
Customer Deposits		61,569
Current Portion -Notes Payable		209,016
Deferred Income		61,520
Total Current Liabilities		459,243

Long-Term Notes Payable		2,107,062
Total Liabilities		2,566,305

Net Assets:

Unrestricted		18,939,905
Temporarily Restricted		60,500
Total Net Assets		19,000,405
Total Liabilities and Net Assets	\$	21,566,710

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, 2010

Changes in Unrestricted Net Assets:	
Unrestricted Revenue:	
Donations	\$ 122,667
Interest Income	3,372
Motel Tax	82,351
Federal and State Grants	3,066,726
Rental Income	1,131,579
Program Income	33,414
Miscellaneous	333,806
Total Unrestricted Revenue	<u>4,773,915</u>
Net Assets Released from Program Restrictions:	
Satisfaction of Program Restrictions	185,208
Total Unrestricted Revenue and Other Support	<u>\$ 4,959,123</u>
Expenses:	
Convention and Visitor's Bureau	\$ 42,127
Chamber of Commerce	7,974
Procurement Outreach Center	387,471
Empowerment Zone Site Development	500,295
The Point	584,645
General and Administrative	502,441
Total Expenses before Depreciation	<u>2,024,953</u>
Depreciation	483,692
Total Expenses	<u>\$ 2,508,645</u>
Increase in Unrestricted Net Assets	<u>2,450,478</u>
Changes in Temporarily Restricted Net Assets:	
Temporarily Restricted Grant Monies	60,000
Net Assets released from Restrictions	(185,208)
Decrease in Temporarily Restricted Net Assets	<u>(125,208)</u>
Increase in Net Assets	<u>2,325,270</u>
Net Assets Beginning of Year	
Unrestricted	16,489,427
Temporarily Restricted	185,708
	<u>16,675,135</u>
Net Assets, End of Year	
Unrestricted	18,939,905
Temporarily Restricted	60,500
	<u>\$ 19,000,405</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, 2010

Cash Flows from Operating Activities:	
Change in net assets	\$ 2,325,270
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) Decrease in:	
Depreciation	483,692
Gain on sale of assets	(206,997)
Grants Receivable	(1,364,934)
Accounts Receivable	3,951
Increase (decrease) in:	
Accounts payable & accrued expenses	(12,422)
Customer Deposits	7,170
Deferred Revenue	(118,719)
	<u>1,117,011</u>
Net cash provided by operating activities	<u>1,117,011</u>
Cash Flows from Investing Activities	
Sale of Assets	4,227,197
Purchase of plant, property and equipment	(2,705,848)
	<u>1,521,349</u>
Net cash provided by investing activities	<u>1,521,349</u>
Cash Flows from Financing Activities	
Payments on long-term debt	(1,886,374)
Proceeds from long-term debt	750,000
	<u>(1,136,374)</u>
Net cash used in financing activities	<u>(1,136,374)</u>
Net increase in cash and cash equivalents	1,501,986
Cash at January 1, 2010	<u>990,117</u>
Cash at December 31, 2010	<u>\$ 2,492,103</u>
Supplemental Cash Flow Information	
Cash paid for interest	<u>\$ 132,457</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, 2010

	Convention & Visitor's Bureau	Chamber of Commerce	Procurement Outreach Center	Empowerment Zone Site Development	The Point	Total Program Expenses	Administrative and General	Total Expenses
Personnel	\$ 20,026	\$ 7,474	\$ 240,161	\$ -	\$ 192,713	460374	\$ 141,645	\$ 602,019
Interest	-	-	-	-	38,880	38880	93,577	132,457
Real Estate Taxes	-	-	-	-	44,021	44021	26,669	70,690
Advertising and Marketing	300	500	-	-	15,323	16123	1,350	17,473
Supplies	571	-	2,529	-	2,700	5800	13,235	19,035
Rent and Utilities	6,363	-	25,081	-	55,643	87087	9,184	96,271
Telephone Expense	660	-	7,236	-	4,726	12622	3,161	15,783
Operational	6,406	-	6,512	-	92,843	105761	124,198	229,959
Postage	158	-	679	-	650	1487	2,634	4,121
Janitor	387	-	1,417	-	3,763	5567	7,218	12,785
Meetings	-	-	3,400	-	1,297	4697	7,961	12,658
Travel	235	-	17,888	-	9,344	27467	12,251	39,718
Insurance	-	-	-	-	21,557	21557	25,351	46,908
Copies and Faxes	96	-	5,124	-	1,269	6489	3,629	10,118
Dues and Subscriptions	335	-	6,381	-	1,068	7784	1,794	9,578
Accounting and Auditing Services	3,232	-	15,846	-	4,550	23628	4,927	28,555
Legal	-	-	-	-	13,500	13500	250	13,750
Contractual	233	-	415	500,295	62,545	563488	4,241	567,729
Equipment Expense	3,125	-	15,124	-	18,253	36502	12,758	49,260
Donated Facilities	-	-	39,678	-	-	39678	-	39,678
Miscellaneous	-	-	-	-	-	-	6,408	6,408
Total	\$ 42,127	\$ 7,974	\$ 387,471	\$ 500,295	\$ 584,645	\$ 1,522,512	\$ 502,441	\$ 2,024,953

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, 2010

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, 2010
(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. Fixed asset purchases or construction are capitalized with a cost of \$2,500 or more and with a useful life of more than one year.

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

Buildings	40 years
Buildings and Leasehold improvements	40 years
Land Improvements	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, 2010
(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, 2010
(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 \$2,492,103 and the bank balance was \$2,600,752. The entire bank balance was covered by federal depository insurance. As of October 3, 2008 the FDIC temporarily increased the automatic coverage of accounts to \$250,000.

NOTE 3 – GOVERNMENTAL GRANTS RECEIVABLE

Grants Receivable are considered collectible in one year and consisted of the following amounts at December 31, 2010:

Program	Grant No.	Amount
Ohio Department of Development	N/A	\$1,739,931
		<u>\$1,739,931</u>

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION
LAWRENCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)

NOTE 4 - PROPERTY, PLANT & EQUIPMENT

The balance of property and equipment at December 31, 2010, consists of the following:

Land and Land Improvements	\$4,981,832
Construction in Progress	98,853
Buildings and Improvements	14,402,178
Machinery and Equipments	99,070
Vehicles	<u>274,860</u>
Total	19,856,793
Accumulated depreciation	<u>(2,640,154)</u>
Net	<u>\$17,216,639</u>

NOTE 5 - NOTES PAYABLE

Notes Payable at December 31, 2010 consists of the following:

Notes Payable to Wesbanco, secured by real estate and building bearing an interest rate of 3.5% due June 2020	\$ 590,867
Note Payable US Bank, secured by real estate and building, bearing an interest rate of 6%, due 2018	104,247
Note Payable to Guarantee Bank and Trust, secured by real estate and a building Bearing an interest rate of 4.125%, due August 2020	71,077
Note Payable to Ohio River Bank, secured by real estate and building, bearing a variable interest rate of 3.88%, due 2019	213,822
Note Payable to Ohio River Bank, secured by real estate and building, bearing an interest rate of 4.75%, due June 2020.	882,783
Note Payable to Wesbanco, secured by real estate and building, bearing a variable interest rate of 3.375%, due April 2023.	<u>453,282</u>
Total Long-Term Debt	<u>2,316,078</u>
Less Current Portion of Long-Term Debt	<u>(209,016)</u>
Total Notes Payable	<u>\$2,107,062</u>

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION
LAWRENCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)

NOTE 5 - NOTES PAYABLE (Continued)

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

2011	\$		209,016
2012			218,063
2013			227,585
2014			237,504
2015			247,867
Thereafter			1,176,043
	\$		2,316,078

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, 2010 is as follows:

Beginning balance	\$	490,587
Interest earned		267
Principal payments received		119,438
Interest payments received		31,186
Management fees		(1,311)
Loan Disbursements made		-
Administrative fees		(34,427)
Ending Escrow balance		605,740
Admin Escrow		(5,269)
Loans Pending		-
Available to lend	\$	600,471

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION
LAWRENCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010
(Continued)

NOTE 8 – SUBSEQUENT EVENTS

Consideration of subsequent events for inclusion and disclosure in these financial statements was made through the date of the report, which is the date that the financial statements were available to be issued, and would include all relevant material circumstances and events. No subsequent events were deemed necessary to disclose.

NOTE 9– RETIREMENT PLAN

The organization has a SEP-IRA retirement plan covering all employees who meet the eligibility requirements. The organization's contributions to the plan have been determined by the Board of Directors. Contributions to the plan were \$8,617 for the year ended December 31, 2010.

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION
LAWRENCE COUNTY

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
United States Department of Defense			
Procurement Technical Assistance For Business Firms	N/A	12.002	\$ 238,759
Total U.S. Department of Defense			<u>238,759</u>
United States Department of Housing and Urban Development			
<i>Pass through program from:</i>			
<i>Huntington, West Virginia -Ironton, Ohio Empowerment Zone, Inc.</i>			
<i>Empowerment Zone Site Development Program</i>			
Empowerment Zones Program	N/A	14.244	446,923
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	N/A	14.251	<u>47,666</u>
Total U.S. Department of Housing and Urban Development			<u>494,589</u>
United States Department of Transportation			
<i>Pass through from the Ohio Department of Transportation</i>			
ARRA - Highway Planning and Construction	N/A	20.205	<u>500,294</u>
Total U.S Department of Transportation			<u>500,294</u>
Total Federal Awards			<u><u>\$ 1,233,642</u></u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION
LAWRENCE COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) is a summary of the activity of the Corporation's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B – MATCHING

Certain Federal programs require the Organization to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Organization has met its matching requirements. The schedule does not include the expenditure of non-Federal matching funds.



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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 Lawrence Economic Development Corporation, Lawrence County, (the Organization), as of and for the year ended December 31, 2010, and have issued our report thereon dated June 06, 2011. 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 the *Government Audit Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lawrence Economic Development Corporation's 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 Lawrence Economic Development Corporation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Lawrence Economic Corporation's internal control over financial reporting.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies, resulting in more than a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented or detected and timely corrected.

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

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 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*.

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

Caudill & Associates, CPA

Caudill & Associates, CPA

June 06, 2011



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Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the compliance of Lawrence Economic Development Corporation, Lawrence County, Ohio, (the Organization), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could directly and materially affect Lawrence Economic Development Corporation's major federal programs for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the Organization's major federal programs. The Organization's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards* and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Lawrence Economic Development Corporation complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2010.

Board of Directors
Lawrence Economic Development Corporation

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133

Internal Control Over Compliance

The Organization's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

This report is intended solely for the information and use of the Lawrence Economic Development Corporation management, Board of Directors, federal awarding agencies, pass-through entities and Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Caudill & Associates, CPA

Caudill & Associates, CPA

June 06, 2011

**LAWRENCE ECONOMIC DEVELOPMENT CORPORATION
LAWRENCE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other Significant Control Deficiency(ies) reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiency(ies) in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Procurement Technical Assistance for Business Firms – CFDA #12.002 ARRA – Highway Planning and Construction – CFDA 20.205
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**LAWRENCE ECONOMIC DEVELOPMENT CORPORATION
LAWRENCE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2010**

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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Dave Yost • 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
AUGUST 9, 2011**