

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION

LAWRENCE COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2011

FISCAL YEAR AUDITED UNDER GAGAS: 2011



**Caudill & Associates, CPA**

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# Dave Yost • Auditor of State

Board of Trustees  
Lawrence Economic Development Corporation  
216 Collins Avenue  
PO 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, CPAs, for the audit period January 1, 2011 through December 31, 2011. 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 black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

May 31, 2012

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LAWRENCE ECONOMIC DEVELOPMENT CORPORATION  
LAWRENCE COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to the Financial Statements	7-13
Schedule of Expenditures of Federal Awards	14
Notes to the Expenditures of Federal Awards	15
Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	16-17
Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	18-19
Schedule of Findings and Questioned Costs	20



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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, 2011, 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, 2011, 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 April 05, 2012 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

April 05, 2012

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LAWRENCE ECONOMIC DEVELOPMENT CORPORATION  
LAWRENCE COUNTY

STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2011

Assets:

Current Assets:

Cash and Cash Equivalents	\$	2,936,838
Receivables:		
Accounts		422,913
Grants		953,479
Loans		120,000
Inventory		18,048
Other Assets		925,437
Total Current Assets		5,376,715

Long Term Assets:

Net Property, Plant & Equipment		19,741,721
Total assets	\$	25,118,436

Liabilities and Net Assets:

Current Liabilities:

Accounts Payable and Accrued Expenses	\$	164,117
Customer Deposits		61,569
Current Portion - Notes Payable		885,069
Deferred Income		1,420
Total Current Liabilities		1,112,175

Long-Term Notes Payable		1,729,614
Total Liabilities		2,841,789

Net Assets:

Unrestricted		22,276,647
Temporarily Restricted		-
Total Net Assets		22,276,647
Total Liabilities and Net Assets	\$	25,118,436

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, 2011

Changes in Unrestricted Net Assets:	
Unrestricted Revenue:	
Donations	\$ 167,161
Interest Income	44,634
Motel Tax	121,734
Federal and State Grants	5,472,949
Rental Income	803,367
Program Income	21,360
Miscellaneous	1,255,886
Total Unrestricted Revenue	<u>7,887,091</u>
Net Assets Released from Program Restrictions:	
Satisfaction of Program Restrictions	60,500
Total Unrestricted Revenue and Other Support	<u>\$ 7,947,591</u>
Expenses:	
Convention and Visitor's Bureau	\$ 49,769
Chamber of Commerce	15,503
Procurement Outreach Center	389,302
The Point	3,169,461
General and Administrative	462,974
Total Expenses before Depreciation	<u>4,087,009</u>
Depreciation	523,840
Total Expenses	<u>\$ 4,610,849</u>
Increase in Unrestricted Net Assets	<u>3,336,742</u>
Changes in Temporarily Restricted Net Assets:	
Temporarily Restricted Grant Monies	-
Net Assets released from Restrictions	(60,500)
Decrease in Temporarily Restricted Net Assets	<u>(60,500)</u>
Increase in Net Assets	<u>3,276,242</u>
Net Assets Beginning of Year	
Unrestricted	18,939,905
Temporarily Restricted	60,500
	<u>19,000,405</u>
Net Assets, End of Year	
Unrestricted	22,276,647
Temporarily Restricted	-
	<u>\$ 22,276,647</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, 2011

Cash Flows from Operating Activities:	
Change in net assets	\$ 3,276,242
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) Decrease in:	
Depreciation	523,840
Grants Receivable	786,452
Accounts Receivable	(322,924)
Loans Receivable	(120,000)
Other Assets	(925,437)
Accounts payable & accrued expenses	36,979
Deferred Revenue	<u>(60,100)</u>
Net cash provided by operating activities	<u>3,195,052</u>
Cash Flows from Investing Activities	
Sale of Assets	150,000
Purchase of plant, property and equipment	<u>(3,198,324)</u>
Net cash used by investing activities	<u>(3,048,324)</u>
Cash Flows from Financing Activities	
Payments on long-term debt	(368,993)
Proceeds from long-term debt	<u>667,000</u>
Net cash provided by financing activities	<u>298,007</u>
Net increase in cash and cash equivalents	444,735
Cash at January 1, 2011	<u>2,492,103</u>
Cash at December 31, 2011	<u><u>\$ 2,936,838</u></u>
Supplemental Cash Flow Information	
Cash paid for interest	<u><u>\$ 81,384</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, 2011

	Convention & Visitor's Bureau	Chamber of Commerce	Procurement Outreach Center	The Point	Total Program Expenses	Administrative and General	Total Expenses
Personnel	\$ 29,654	\$ 15,503	\$ 226,413	\$ 200,884	\$ 472,454	\$ 129,788	\$ 602,242
Interest	-	-	-	24,525	24,525	56,859	81,384
Real Estate Taxes	-	-	-	48,088	48,088	30,238	78,326
Advertising and Marketing	915	-	105	16,621	17,641	1,887	19,528
Supplies	737	-	5,303	2,767	8,807	14,854	23,661
Rent and Utilities	6,368	-	25,000	44,570	75,938	11,719	87,657
Telephone Expense	720	-	5,153	4,879	10,752	6,511	17,263
Operational	5,582	-	6,535	19,212	31,329	63,552	94,881
Postage	163	-	1,266	672	2,101	2,002	4,103
Janitor	349	-	1,279	1,918	3,546	6,866	10,412
Meetings	-	-	4,285	3,541	7,826	8,142	15,968
Travel	167	-	26,043	8,357	34,567	16,704	51,271
Insurance	-	-	-	2,462	2,462	13,017	15,479
Copies and Faxes	162	-	7,262	5,227	12,651	5,606	18,257
Dues and Subscriptions	150	-	6,189	950	7,289	1,486	8,775
Accounting and Auditing Services	1,475	-	21,299	3,834	26,608	4,729	31,337
Legal	-	-	-	21,000	21,000	285	21,285
Contractual	202	-	361	2,733,313	2,733,876	4,229	2,738,105
Equipment Expense	3,125	-	15,200	24,705	43,030	9,621	52,651
Donated Facilities	-	-	37,609	-	37,609	-	37,609
Miscellaneous	-	-	-	1,936	1,936	74,879	76,815
<b>Total</b>	<b>\$ 49,769</b>	<b>\$ 15,503</b>	<b>\$ 389,302</b>	<b>\$ 3,169,461</b>	<b>\$ 3,624,035</b>	<b>\$ 462,974</b>	<b>\$ 4,087,009</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, 2011

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, 2011  
(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, 2011  
(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, 2011  
(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 \$2,936,838 and the bank balance was \$3,155,644. 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, 2011:

Program	Grant No.	Amount
Department of Defense	12.002	\$280,852
Lawrence County Community Action Organization	N/A	623,000
Department of Housing and Urban Development	14.251	49,627
		<u>\$953,479</u>

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION  
LAWRENCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)

NOTE 4 - PROPERTY, PLANT & EQUIPMENT

The balance of property and equipment at December 31, 2011, consists of the following:

Land and Land Improvements	\$6,495,235
Construction in Progress	632,679
Buildings and Improvements	14,903,077
Machinery and Equipments	599,864
Vehicles	274,860
Total	22,905,715
Accumulated depreciation	<u>(3,163,994)</u>
Net	<u>\$19,741,721</u>

NOTE 5 - NOTES PAYABLE

Notes Payable at December 31, 2011 consists of the following:

Notes Payable to Wesbanco, secured by real estate and building bearing an interest rate of 3.5% due June 2020	\$ 377,174
Notes Payable to Ohio Valley Bank, Secured by real estate and building Bearing an interest rate of 2.95% due September 2012	667,000
Note Payable US Bank, secured by real estate and building, bearing an interest rate of 6%, due 2018	92,197
Note Payable to Guarantee Bank and Trust, secured by real estate and a building Bearing an interest rate of 4.125%, due August 2020	64,918
Note Payable to Ohio River Bank, secured by real estate and building, bearing a variable interest rate of 3.88%, due 2019	191,805
Note Payable to Ohio River Bank, secured by real estate and building, bearing an interest rate of 4.75%, due June 2020.	805,841
Note Payable to Wesbanco, secured by real estate and building, bearing a variable interest rate of 3.375%, due April 2023.	<u>415,748</u>
Total Long-Term Debt	<u>2,614,683</u>
Less Current Portion of Long-Term Debt	<u>(885,069)</u>
Total Notes Payable	<u>\$1,729,614</u>



LAWRENCE ECONOMIC DEVELOPMENT CORPORATION  
LAWRENCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)

NOTE 5 - NOTES PAYABLE (Continued)

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

2012	\$		885,069
2013			227,585
2014			237,504
2015			247,867
2016			225,475
Thereafter			791,183
	\$		2,614,683

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, 2011 is as follows:

Beginning balance	\$	600,471
Interest earned		378
Principal payments received		91,028
Interest payments received		24,593
Management fees		(1,500)
Loan Disbursements made		(7,471)
Administrative fees		(21,551)
Ending Escrow balance		685,948
Admin Escrow		(4,906)
Loans Pending		-
Available to lend	\$	681,042

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION  
LAWRENCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(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 \$10,141 for the year ended December 31, 2011.

NOTE 10 – MISCELLANEOUS INCOME

During 2011, the Organization incurred expenses on several projects including Charley Creek Road Project, Chatham Steel Project, and the Ironton Lofts Project on behalf of the Lawrence County Community Action Organization. The incurred expenses were subsequently reimbursed by the Lawrence County Community Action Organization. The total amount paid as a reimbursement to the Lawrence Economic Development Corporation from Lawrence County Community Action for various projects amounted to approximately \$944,821 (75.2%) of the total amount of miscellaneous income in 2011.

NOTE 11 – OTHER ASSETS

During March 2011, the Organization agreed to provide a deposit for a construction loan, jointly with the Lawrence County Community Action Organization on behalf of St. Mary's Hospital. The Organizations' deposit in the amount of \$250,000 has been placed in an escrow account by a local attorney on behalf of LEDC and the remaining \$675,437 in an escrow account at People's Bank. The security deposits will be returned to the Organization as a reimbursement when Ohio Valley Bank has opened the loan for construction.

**LAWRENCE ECONOMIC DEVELOPMENT CORPORATION**  
LAWRENCE COUNTY

Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2011

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>United States Department of Defense</b>			
Procurement Technical Assistance For Business Firms	N/A	12.002	\$ 300,000
Total U.S. Department of Defense			<u>300,000</u>
<b>United States Department of Housing and Urban Development</b>			
<i>Pass through from the Ohio Department of Housing and Urban Development</i>			
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	N/A	14.251	<u>63,646</u>
Total U.S. Department of Housing and Urban Development			<u>63,646</u>
<b>United States Department of Transportation</b>			
<i>Pass through from the Ohio Department of Transportation</i>			
ARRA - Highway Planning and Construction	N/A	20.205	<u>2,044,406</u>
Total U.S. Department of Transportation			<u>2,044,406</u>
<b>Total Federal Awards</b>			<u><u>\$ 2,408,052</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, 2011

**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.



## Caudill & Associates, CPA

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### **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Lawrence Economic Development Corporation  
Lawrence County  
216 Collins Avenue  
South Point, Ohio 45680

To the Board of Directors:

We have audited the financial statements of Lawrence Economic Development Corporation, Lawrence County, (the Organization) as of and for the year ended December 31, 2011, and have issued our report thereon dated April 05, 2012. 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 Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Organization'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, or detect 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 material weaknesses, as defined above.

Board of Directors  
Lawrence Economic Development Corporation

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*

### **Compliance and Other Matters**

As part of reasonably assuring whether the Organization's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, Board of Directors, federal awarding agencies, Auditor of State and pass-through entities, and others within the Organization. We intend it for no one other than these specified parties.

*Caudill & Associates, CPA*

Caudill & Associates, CPA  
April 05, 2012



## Caudill & Associates, CPA

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### **Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133**

Lawrence Economic Development Corporation  
Lawrence County  
216 Collins Avenue  
South Point, Ohio 45680

To the Board of Directors:

#### **Compliance**

We have audited the compliance of Lawrence Economic Development Corporation, (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, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the Organization's major federal program. 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 Government'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 directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Government's compliance with those requirements.

In our opinion, Lawrence Economic Development Corporation complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2011.

#### **Internal Control Over Compliance**

The Organization's management is responsible for establishing and maintaining effective internal control over compliance with the 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 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.

Board of Directors  
Lawrence Economic Development Corporation

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

**Internal Control Over Compliance (Continued)**

*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 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 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.

We intend this report solely for the information and use of management, Board of Directors, federal awarding agencies, Auditor of State and pass-through entities. It is not intended for anyone other than these specified parties.

*Caudill & Associates, CPA*

Caudill & Associates, CPA  
April 05, 2012



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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
*OMB CIRCULAR A-133 § .505*  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**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.



# 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  
JUNE 12, 2012**