

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION

LAWRENCE COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2009

FISCAL YEAR AUDITED UNDER GAGAS: 2009

Caudill & Associates, CPA's

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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, 2009 through December 31, 2009. 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

June 11, 2010

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LAWRENCE ECONOMIC DEVELOPMENT CORPORATION
LAWRENCE COUNTY

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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, 2009, 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, 2009, 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 March 31, 2010 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, CPAs

Caudill & Associates, CPA's

March 31, 2010

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LAWRENCE ECONOMIC DEVELOPMENT CORPORATION
LAWRENCE COUNTY

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2009

Assets:

Current Assets:

Cash	\$	990,117
Receivables:		
Accounts		103,940
Grants		374,997
Inventory		18,048
Total Current Assets		1,487,102

Long Term Assets:

Net Property, Plant & Equipment		19,014,683
Total assets	\$	20,501,785

Liabilities and Net Assets:

Current Liabilities:

Accounts Payable and Accrued Expenses	\$	139,560
Customer Deposits		54,399
Current Portion -Notes Payable		549,275
Deferred Income		180,239
Total Current Liabilities		923,473

Long-Term Notes Payable		2,903,177
Total Liabilities		3,826,650

Net Assets:

Unrestricted		16,489,427
Temporarily Restricted		185,708
Total Net Assets		16,675,135
Total Liabilities and Net Assets	\$	20,501,785

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, 2009

Changes in Unrestricted Net Assets:	
Unrestricted Revenue:	
Donations	\$ 134,116
Interest Income	18,616
Motel Tax	71,834
Federal and State Grants	1,020,452
Rental Income	1,019,950
Program Income	40,543
Gain on Sale of Assets	661,697
Miscellaneous	<u>223,474</u>
Total Unrestricted Revenue	3,190,682
Net Assets Released from Program Restrictions:	
Satisfaction of Program Restrictions	<u>1,429,782</u>
Total Unrestricted Revenue and Other Support	<u>4,620,464</u>
Expenses:	
Convention and Visitor's Bureau	\$ 36,814
Chamber of Commerce	6,843
Procurement Outreach Center	398,015
Empowerment Zone Site Development	178,326
The Point	583,667
General and Administrative	<u>467,971</u>
Total Expenses before Depreciation	1,671,636
Depreciation	<u>427,994</u>
Total Expenses	<u>2,099,630</u>
Increase in Unrestricted Net Assets	<u>2,520,834</u>
Changes in Temporarily Restricted Net Assets:	
Temporarily Restricted Grant Monies	-
Net Assets released from Restrictions	<u>(1,429,782)</u>
Decrease in Temporarily Restricted Net Assets	<u>(1,429,782)</u>
Increase in Net Assets	<u>1,091,052</u>
Restated Net Assets Beginning of Year	
Unrestricted, Restated (See Note 8)	13,968,593
Temporarily Restricted	<u>1,615,490</u>
	15,584,083
Net Assets, End of Year	
Unrestricted	16,489,427
Temporarily Restricted	<u>185,708</u>
	<u>\$ 16,675,135</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, 2009

Cash Flows from Operating Activities:	
Change in net assets	\$ 1,091,052
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) Decrease in:	
Depreciation	427,994
Gain on sale of assets	(661,697)
Grants Receivable	515,296
Accounts Receivable	11,978
Increase (decrease) in:	
Accounts payable & accrued expenses	32,462
Customer Deposits	23,899
Deferred Revenue	<u>(643,666)</u>
Net cash provided by operating activities	<u>797,318</u>
Cash Flows from Investing Activities	
Sale of Assets	1,323,394
Purchase of plant, property and equipment	<u>(2,727,514)</u>
Net cash used in investing activities	<u>(1,404,120)</u>
Cash Flows from Financing Activities	
Payments on long-term debt	(541,924)
Proceeds from long-term debt	<u>486,070</u>
Net cash used in financing activities	<u>(55,854)</u>
Net decrease in cash and cash equivalents	(662,656)
Cash at January 1, 2009	<u>1,652,773</u>
Cash at December 31, 2009	<u><u>\$ 990,117</u></u>
Supplemental Cash Flow Information	
Cash paid for interest	<u><u>\$ 129,201</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, 2009

	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	\$ 19,192	\$ 6,843	\$ 235,126	\$ -	\$ 148,909	\$ 410,070	\$ 116,640	\$ 526,710
Interest	-	-	-	-	9,151	9,151	120,050	129,201
Real Estate Taxes	-	-	-	-	36,030	36,030	14,000	50,030
Advertising and Marketing	578	-	(216)	-	30,414	30,776	5,692	36,468
Supplies	654	-	3,039	-	3,693	7,386	19,182	26,568
Rent and Utilities	6,278	-	25,134	-	33,744	65,156	7,786	72,942
Telephone Expense	946	-	6,104	-	3,658	10,708	3,483	14,191
Operational	1,577	-	8,311	-	15,272	25,160	2,476	27,636
Postage	192	-	1,096	-	778	2,066	457	2,523
Janitor	385	-	1,412	-	1,484	3,281	5,498	8,779
Meetings	-	-	10,656	-	523	11,179	11,237	22,416
Travel	153	-	24,785	-	6,093	31,031	12,741	43,772
Insurance	-	-	-	-	12,792	12,792	12,626	25,418
Copies and Faxes	210	-	5,852	-	1,368	7,430	1,988	9,418
Dues and Subscriptions	247	-	8,157	-	10,636	19,040	31,959	50,999
Accounting and Auditing Services	3,162	-	3,237	-	3,631	10,030	3,776	13,806
Legal	-	-	-	-	12,000	12,000	-	12,000
Contractual	115	-	14,936	178,326	225,000	418,377	90,399	508,776
Equipment Expense	3,125	-	15,200	-	25,603	43,928	6,353	50,281
Donated Facilities	-	-	35,186	-	-	35,186	-	35,186
Miscellaneous	-	-	-	-	2,888	2,888	1,628	4,516
Total	\$ 36,814	\$ 6,843	\$ 398,015	\$ 178,326	\$ 583,667	\$ 1,203,665	\$ 467,971	\$ 1,671,636

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, 2009

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, 2009
(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, 2009
(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, 2009
(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 \$990,117 and the bank balance was \$1,099,256. 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, 2009:

Program	Grant No.	Amount
Empowerment Zone	N/A	\$293,188
Department of Defense	N/A	81,809
		\$374,997

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION
LAWRENCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(Continued)

NOTE 4 - PROPERTY, PLANT & EQUIPMENT

The balance of property and equipment at December 31, 2009, consists of the following:

Land and Land Improvements	\$4,938,240
Construction in Progress	1,487,444
Buildings and Improvements	15,013,213
Machinery and Equipments	127,322
Vehicles	<u>274,860</u>
Total	21,840,079
Accumulated depreciation	<u>(2,826,396)</u>
Net	<u>\$19,014,683</u>

NOTE 5 - NOTES PAYABLE

Notes Payable at December 31, 2009 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	\$ 388,800
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	703,753
Note Payable US Bank, secured by real estate and building, bearing an interest rate of 6%, due 2018	115,587
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	76,733
Note Payable to Ohio River Bank, secured by real estate and building, bearing a variable interest rate of 3.88%, due 2019	235,442
Note Payable to Ohio River Bank, secured by real estate and building, bearing an interest rate of 4.75%, due June 2020.	955,407
Note Payable to Wesbanco, secured by real estate and building, bearing a variable interest rate of 3.375%, due April 2023.	476,730
Total Long-Term Debt	<u>3,452,452</u>
Less Current Portion of Long-Term Debt	<u>(549,275)</u>
Total Notes Payable	<u>\$2,903,177</u>

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION
LAWRENCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(Continued)

NOTE 5 - NOTES PAYABLE (Continued)

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

2010	\$	549,275
2011		499,056
2012		344,480
2013		174,983
2014		144,556
Thereafter		1,740,102
	\$	<u>3,452,452</u>

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, 2009 is as follows:

Beginning balance	\$	399,182
Interest earned		1,022
Principal payments received		90,306
Interest payments received		35,254
Management fees		(3,161)
Loan Disbursements made		-
Administrative fees		(32,016)
Ending Escrow balance		<u>490,587</u>
Admin Escrow		(9,171)
Loans Pending		-
Available to lend	\$	<u>481,416</u>

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION
LAWRENCE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(Continued)

NOTE 8 – FINANCIAL STATEMENT RESTATEMENT

During the audit, it was noted that the corporation had overstated its Buildings and improvements by \$116,368. A restatement of December 31, 2008 balances was necessary as shown below:

	2009	
	As previously reported	Restated
Net Property, Plant & Equipment	<u>\$ 17,493,228</u>	<u>\$ 17,376,860</u>
Unrestricted Net Assets	\$ 14,084,961	\$ 13,968,593

LAWRENCE ECONOMIC DEVELOPMENT CORPORATION
LAWRENCE COUNTY

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2009

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	<u>291,435</u>
Total U.S. Department of Defense			<u>\$ 291,435</u>
United States Department of Housing and Urban Development			
Pass through program from: Huntington, West Virginia -Ironton, Ohio Empowerment Zone, Inc. Empowerment Zone Site Development Program			
Empowerment Zones Program	N/A	14.244	<u>689,027</u>
Total U.S. Department of Housing and Urban Development			<u>689,027</u>
Total Federal Awards			<u><u>\$ 980,462</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, 2009

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.



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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, as of and for the year ended December 31, 2009, and have issued our report thereon dated March 31, 2010. 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 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 Lawrence Economic Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lawrence Economic Development 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 would not necessarily identify all deficiencies in internal control that might be 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 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

March 31, 2010



Caudill & Associates, CPAs

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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 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2009. The Lawrence Economic Development Corporation major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Lawrence Economic Development Corporation's management. Our responsibility is to express an opinion on the Lawrence Economic Development Corporation'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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation'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 Lawrence Economic Development Corporation'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 are applicable to each of its major federal programs for the year ended December 31, 2009.

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 management of the Corporation 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 Corporation's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal controls over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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 that might be 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, 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

March 31, 2010

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2009**

1. SUMMARY OF AUDITOR'S RESULTS
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<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):	<i>Empowerment Zones Program Facilities: (CFDA # 14.244)</i>
<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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.



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
JUNE 24, 2010**