MOUND DEVELOPMENT CORPORATION
MONTGOMERY COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

MOUND DEVELOPMENT CORPORATION
MONTGOMERY COUNTY
DECEMBER 31, 2018

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Mound Development Corporation
Montgomery County
965 Capstone Drive, Suite 252
Miamisburg, Ohio 45342

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Mound Development Corporation, Montgomery County, Ohio (the Corporation), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mound Development Corporation, Montgomery County, Ohio, as of December 31, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019, on our consideration of the 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 describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

December 23, 2019

This management's discussion and analysis of the Mound Development Corporation (the Corporation), formerly the Miamisburg Mound Community Improvement Corporation's, financial performance provides an overall review of the Corporation's financial activities for the fiscal year ended December 31, 2018. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the Corporation's financial performance.

Financial Highlights

The assets of the Corporation exceeded its liabilities at the close of the most recent fiscal year by $13.1 million (net position). Of this amount, $6.0 million represents unrestricted net position, which can be used to meet the Corporation's ongoing obligations.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34.

Report Components

The statement of net position and the statement of revenues, expenses and changes in net position provide information about the Corporation as a whole.

The management's discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements are comprised of two components: the financial statements and the notes to the financial statements.

The statement of net position and the statement of revenues, expenses, and changes in net position reflect how the Corporation did financially during the year ended December 31, 2018. The change in net position is important because it tells the reader whether the financial position of the Corporation has increased or decreased during the period. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating.

The notes to the financial statements are an integral part of the basic financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Corporation has elected to present its financial statements on an accrual basis of accounting. Under the Corporation's accrual basis of accounting, revenues and expenses are recorded when incurred rather than when cash is received or paid.

Financial Analysis

Table 1 provides a summary of the Corporation's net position for 2018:

Table 1
Net Position at Year End

	2018	2017
Assets		
Current assets	$ 6,178,264	$ 1,413,365
Noncurrent assets	7,070,213	7,802,669
Total Assets	**13,248,477**	**9,216,034**
Liabilities		
Current liabilities	150,578	311,979
Total liabilities	**150,578**	**311,979**
Net position		
Net investment in capital assets	7,070,213	7,802,669
Unrestricted	6,027,686	1,101,386
Total Net position	**$ 13,097,899**	**$ 8,904,055**

Current assets increased significantly in comparison with the prior year. This increase is primarily the result of an increase in cash from the sale of three buildings during the year.

The significant decreases in noncurrent assets and net investment in capital assets are the result of a decrease in capital assets. This decrease in capital assets is primarily the result of current year disposals and depreciation.

Financial Analysis (continued)

Table 2 provides a summary of the Corporation's change in net position for 2018:

Table 2
Change in Net Position

	2018	2017
Operating revenues		
Grant revenue	$ 23,496	$ -
Lease revenue	1,050,441	1,546,635
Other revenue	178,645	64,942
Total operating revenue	1,252,582	1,611,577
Operating expenses		
Salaries and benefits	366,147	310,420
General and administrative	60,630	54,649
Utilities	216,500	255,894
Consulting and professional	158,819	160,714
Repair and maintenance	496,635	476,762
Real estate taxes	81,840	81,840
General liability insurance	70,831	86,647
Depreciation	646,162	883,995
Total operating expenses	2,097,564	2,310,921
Total operating loss	(844,982)	(699,344)
Non-operating revenues		
Gain on sale of assets	5,001,402	491,622
Interest income	37,424	1,893
Total non-operating revenues	5,038,826	493,515
Change in net position	4,193,844	(205,829)
Net position, beginning of year	**8,904,055**	**9,109,884**
Net position, end of year	**$ 13,097,899**	**$ 8,904,055**

Lease revenue decreased significantly in comparison with the prior fiscal year. This decrease is primarily the result of losing a large tenant in fiscal year 2018, who was a tenant in one of the buildings sold in 2018.

Financial Analysis (continued)

Operating expenses decreased in comparison with the prior fiscal year. A key component of this decrease was a decrease in depreciation expense. The Corporation sold three buildings during the year, which contributed to this decrease.

Gain on Sale of Assets increased significantly in comparison with the prior fiscal year from $491,622 in fiscal year 2017 to approximately $5.0 million in fiscal year 2018. This increase in the result of an increase in building sales in fiscal year 2018.

Capital Assets

As of fiscal year-end, the Corporation has $7.1 million invested in capital assets, a decrease of $732,456 in comparison with the prior fiscal year-end. This decrease represents the amount in which current year depreciation of $646,162 and disposals of $244,904 exceeded capital acquisitions of $158,610.

Debt

As of fiscal year-end, the Corporation has no outstanding debt.

Contacting the Corporation's Financial Management

The financial report is designed to provide a general overview of the Corporation's finances and to show the Corporation's accountability for the funds it receives. If you have any questions about this report or need additional information, contact Albert Leland, Chairperson, at awleland@mound.com.

Mound Development Corporation
Statement of Net Position
As of December 31, 2018

Assets		
Current assets		
Cash and cash equivalents	$	1,816,240
Investments		1,477,763
Accrued interest receivable		7,475
Tenant receivable		27,993
Prepaid expenses		11,293
Deposits		7,500
Notes receivable		2,830,000
Total current assets		6,178,264
Noncurrent Assets		
Nondepreciable capital assets		2,254,391
Depreciable capital assets, net		4,815,822
Total noncurrent assets		7,070,213
Total assets		**13,248,477**
Liabilities		
Current liabilities		
Accounts payable		13,005
Accrued salaries and benefits		42,846
Accrued expenses		81,371
Security deposit payable		13,356
Total current liabilities		150,578
Total liabilities		**150,578**
Net position		
Net investment in capital assets		7,070,213
Unrestricted		6,027,686
Total net position	**$**	**13,097,899**

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

Mound Development Corporation
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended December 31, 2018

Operating revenues		
Grant revenue	$	23,496
Lease revenue		1,050,441
Other revenue		178,645
Total operating revenue		1,252,582
Operating expenses		
Salaries and benefits		366,147
General and administrative		60,630
Utilities		216,500
Consulting and professional		158,819
Repair and maintenance		496,635
Real estate taxes		81,840
General liability insurance		70,831
Depreciation		646,162
Total operating expenses		2,097,564
Total operating loss		(844,982)
Non-operating revenues		
Gain on sale of assets		5,001,402
Interest income		37,424
Total non-operating revenues		5,038,826
Change in net position		4,193,844
Net position, beginning of year		**8,904,055**
Net position, end of year	**$**	**13,097,899**

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

Mound Development Corporation
Statement of Cash Flows
For the Year Ended December 31, 2018

Cash flows from operating activities		
Cash received from leases	$	1,163,561
Cash received from other operating		178,645
Cash payments for goods and services		(1,254,355)
Cash payments for employee services and benefits		(346,245)
Cash payments for other		20,783
Net cash used for by operating activities		**(237,611)**
Cash flows from capital and related activities		
Cash received from sale of capital assets		2,770,000
Cash payments for closing costs		(376,322)
Cash payments for capital assets		(135,914)
Net cash provided by capital and related activities		**2,257,764**
Cash flows from investing activities		
Investment purchases		(2,474,951)
Investment sales		1,500,000
Interest income		27,070
Net cash used for investing activities		**(947,881)**
Net increase in cash		1,072,272
Cash and cash equivalents at beginning of year		743,968
Cash and cash equivalents at end of year	$	1,816,240

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

Mound Development Corporation
Statement of Cash Flows
For the Year Ended December 31, 2018

Operating loss	$	(844,982)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation		646,162
Changes in assets and liabilities		
Increase in prepaid expenses		(11,293)
Decrease in tenant receivable		113,120
Decrease in deposits		20,783
Decrease in accounts payable		(81,584)
Decrease in unearned revenue		(23,496)
Increase in accrued salaries and benefits		19,902
Decrease in accrued expenses		(76,223)
Total Adjustments		(38,791)
Net cash used for operating activities	**$**	**(237,611)**

Schedule of non-cash transactions:

During the year, $2,830,000 of sale of assets was financed by the purchaser with a note issued by the Corporation.

During the year, the Corporation acquired $22,696 in capital assets through a credit received from a vendor.

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

Mound Development Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2018

1. Reporting Entity

The Mound Development Corporation (the Corporation), formerly the Miamisburg Mound Community Improvement Corporation, a nonprofit Corporation, was incorporated in April 1994. The purpose of the Corporation is to advance, encourage, and promote the industrial, economic, commercial, and civic development of the City of Miamisburg (the City) by acting as a designated agency of the City for industrial, commercial, distribution and research development within the City. The Corporation is a related organization of the City since the City appoints a voting majority of the Corporation's Board of Directors. The Corporation is a tax-exempt organization under Internal Revenue Code Section 501(c)(4).

Component units are legally separate organizations for which the Corporation is financially accountable. The Corporation is financially accountable for an organization if the Corporation appoints a voting majority of the organization's governing board and the Corporation is able to significantly influence the programs or services performed or provided by the organization; or the Corporation is legally entitled to or can otherwise access the organization's resources; or the Corporation is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or the Corporation is obligated for the debt of the organization. Component units may also include organizations for which the Corporation approves the budget, the issuance of debt, or the levying of taxes. Currently, the Corporation does not have any component units.

2. Summary of Significant Accounting Policies

A. Measurement Focus and Basis of Accounting

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the Corporation's accounting policies are described below.

The Corporation's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are lease revenues. Operating expenses include salaries and benefits, repairs and maintenance of facilities, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

B. Cash and Cash Equivalents

Investments with original maturities of three months or less at the time they are purchased by the Corporation are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

2. Summary of Significant Accounting Policies (Continued)

C. Property and Equipment

Property and equipment are stated at cost. Donated property and equipment are recorded at their estimated fair value at the date of donation. The Corporation's policy includes a capitalization threshold of one thousand dollars. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, as follows:

Roadways	27 years
Buildings	20 years
New Roofs	15 years
Heating, Ventilating, and Air-conditioning	15 years
Site Improvements	10 years
Tenant Improvements	5 years
Equipment held for sale or lease	5-10 years
Office Furniture	5 years
Office Equipment	3 years

Costs for repairs and maintenance are charged to expense as incurred. Gains and losses on disposals and retirements of capital assets are recognized as they occur. In the event the Corporation would borrow funds to finance construction of capital assets, interest costs would be capitalized accordingly. Capital additions, received through the Corporation's affiliation with the Department of Energy, are designated to further the Corporation's purpose.

D. Grant Revenue Recognition

In accordance with GASB Statement No. 33, Accounting and Reporting for Nonexchange Transactions, the Corporation's Grant from the U.S. Department of Energy is considered a voluntary nonexchange transaction. As such, receivables and revenues are recognized when all eligibility requirements have been met. Resources received before eligibility requirements are satisfied are recorded as unearned revenue.

E. Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

F. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions. Actual results could differ from those estimates and assumptions.

3. Deposits and Investments

The carrying amount of the Corporation's deposits was $1,815,990 and the bank balance was $1,855,163. As of December 31, 2018, deposits in excess of federally insured limits were $1,355,163. In addition to the bank balance, the Corporation had petty cash at year-end totaling $250.

The Corporation requires collateral for demand deposits and certificate of deposits at 105 percent of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities, school districts, and district Corporations. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

At December 31, 2018, the Corporation reported the following investments at fair value:

Investment Type	Standard & Poor's Rating	Fair Value	Percent of Total	Investment Maturities: Within 1 Year	Investment Maturities: More than 1 Year
U.S. Treasury Bill	AAA	248,237	16.80%	248,237	-
CD Regions Bank	N/A	247,993	16.78%	247,993	
CD Bank of New York Mellon	N/A	245,683	16.63%	245,683	
CD Bank of the West SF C	N/A	243,571	16.48%	243,571	
CD Santander Bank NA	N/A	243,553	16.48%	243,553	
CD Wells Fargo Bk N A	N/A	248,726	16.83%	248,726	-
Total		$ 1,477,763	100.00%	$ 1,477,763	$ -

The Corporation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the Corporation's fair value measurements are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, all investments outstanding at fiscal year-end mature within one year. The Corporation does not have a formal policy to address interest rate risk.

Credit Risk: The Corporation does not a formal policy to address credit risk.

Concentration Risk: The Corporation's investments are diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issue or a specific class of securities. The Corporation does not have a formal investment policy to address concentration risk.

On October 17, 2016, the Corporation executed a Security Agreement with Farmers & Merchants Bank for a line of credit in the amount of $300,000 with an interest rate of 4.5 percent. The Security Agreement matured on October 31, 2017, at which time it was extended for an additional twelve-month period with a new maturity date of October 31, 2018 and an interest rate of 5.5 percent. There were no restrictions on the purpose for which the Corporation could use the line of credit. The Corporation did not renew the line of credit when it matured October 31, 2018.

4. Property and Equipment

A summary of property and equipment at December 31, 2018 is as follows:

	Beginning Balance	Acquisitions	Disposals	Ending Balance
Non-depreciable assets:				
Land	$ 2,249,270	$ -	$ -	$ 2,249,270
Equipment held for sale or lease	5,121	-	-	5,121
Total Non-depreciable assets	2,254,391	-	-	2,254,391
Depreciable assets:				
Buildings and improvements	8,536,130	157,616	(1,603,660)	7,090,086
Leasehold improvements	6,775,708	-	(2,902,481)	3,873,227
Office furniture and equipment	89,433	994	(1,294)	89,133
Site improvements held for donation	3,424,951	-	-	3,424,951
Infrastructure	8,145,371	-	(2,230,275)	5,915,096
Total depreciable assets	26,971,593	158,610	(6,737,710)	20,392,493
Less: accumulated depreciation				
Buildings and improvements	(7,280,525)	(215,114)	1,603,660	(5,891,979)
Leasehold improvements	(5,916,655)	(211,407)	2,703,280	(3,424,782)
Office furniture and equipment	(86,869)	(799)	1,294	(86,374)
Site improvements held for donation	(867,687)	(149,721)	-	(1,017,408)
Infrastructure	(7,271,579)	(69,121)	2,184,572	(5,156,128)
Total accumulated depreciation	(21,423,315)	(646,162)	6,492,806	(15,576,671)
Total depreciable assets - net	5,548,278	(487,552)	(244,904)	4,815,822
Total property and equipment - net	$ 7,802,669	$ (487,552)	$ (244,904)	$ 7,070,213

5. Leases and Subleases

The Corporation leases the Miamisburg Mound Facility, including real and personal property, from the Department of Energy. The lease requires lease payments of $1 per building per year. On October 2, 2017, the lease was extended on a month-to-month basis terminable on 30 days' notice.

The leased buildings are reported under buildings and improvements in Note 4 and the total value of $3,007,060 was fully depreciated as of January 1, 2018. The Corporation is permitted to sublease the property for the sole purpose of supporting economic development. Any sublease rental income received by the Corporation must be reinvested into economic development endeavors of the Corporation. Rental income for the year ended December 31, 2018 was $1,050,441. Future minimum rentals under non-cancelable subleases for the next five years are as follows:

2019	$ 859,249
2020	886,319
2021	1,604,910
2022	1,643,648
2023	1,645,578
TOTAL	$6,639,704

In addition, the Corporation sells and leases certain machinery and equipment to outside parties under non-cancelable operating leases. The cost of the machinery is included in equipment held for sale or lease.

6. Risk Management

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Corporation manages these risks through the purchase of commercial insurance. Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

7. Contingent Liabilities

Under the terms of Federal grants, periodic audits are required and certain costs may be questioned as not being appropriate expenses under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although the Corporation expects such amounts, if any, not to have a material impact.

8. Notes Receivable

On February 15, 2018, the Corporation sold a property located at 460 Vantage Point to Jen Skyline, Inc. for $5.2 million. The Corporation financed $2.83 million of the sale. The mortgage note carries an interest rate of 0% and a maturity date of February 14, 2019. The note was collected in full on the maturity date.

9. Subsequent Event

In March of 2019, the Corporation finalized the new construction of a 38,069 square foot building, totaling $6.76 million, for Excellitas Technologies Corporation, an existing tenant. The current sublease with Excellitas Technologies Corporation will be extended for a period of 10 years with a bargain purchase option at the end of the 10 years.

On November 7, 2019 the final transfer of property from the U. S. Department of Energy to Mound Development Corporation was completed.

On November 25, 2019, the Corporation secured Bank Financing in the amount of a $4.5 million Open-End Construction Mortgage related to the new $6.76 million construction project. The note bears interest at a variable interest rate *(during 12-month construction)* equal to the 1-month LIBOR Rate, plus 2.25%, currently 4.00%. Interest is due and payable monthly during the construction period on any outstanding loan balance. The Corporation also signed a Swap Agreement, effective December 10, 2020, fixing interest for 10 years at 4.08% on the Mortgage Note. The Mortgage Note and Swap Agreement are collateralized by the new construction, and assignment of rents and leases. No borrowings on the loan are expected until mid-year 2020.

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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*

Mound Development Corporation
Montgomery County
965 Capstone Drive, Suite 252
Miamisburg, Ohio 45342

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Mound Development Corporation, Montgomery County, (the Corporation) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated December 23, 2019.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation'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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Corporation’s internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation’s internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

December 23, 2019

MOUND DEVELOPMENT CORPORATION

MONTGOMERY 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
FEBRUARY 4, 2020