



Dave Yost • Auditor of State



**MOUND DEVELOPMENT CORPORATION  
MONTGOMERY COUNTY  
DECEMBER 31, 2017**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### ***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, 2017, 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, as of December 31, 2017, 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 November 7, 2018, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 7, 2018

**Mound Development Corporation  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
(Unaudited)**

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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, 2017. 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 \$8,904,055 (net position). Of this amount, \$1,101,386 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, 2017. 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.

**Mound Development Corporation  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
(Unaudited)**

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**Financial Analysis**

Table 1 provides a summary of the Corporation's net position for 2017:

**Table 1  
Net Position at Year End**

	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Current assets	\$ 1,413,365	\$ 964,524
Noncurrent assets	7,802,669	8,469,471
<b>Total Assets</b>	<b>9,216,034</b>	<b>9,433,995</b>
<b>Liabilities</b>		
Current liabilities	311,979	324,111
<b>Total liabilities</b>	<b>311,979</b>	<b>324,111</b>
<b>Net position</b>		
Investment in capital assets	7,802,669	8,469,471
Unrestricted	1,101,386	640,413
<b>Total Net position</b>	<b>\$ 8,904,055</b>	<b>\$ 9,109,884</b>

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 two buildings during the year.

The significant decreases in noncurrent assets and 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 depreciation.



**Mound Development Corporation  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
(Unaudited)**

**Financial Analysis (continued)**

Table 2 provides a summary of the Corporation's change in net position for 2017:

**Table 2  
Change in Net Position**

	<u>2017</u>	<u>2016</u>
<b>Operating revenues</b>		
Lease revenue	\$ 1,546,635	\$ 1,499,496
Other revenue	64,942	11,655
Total operating revenue	<u>1,611,577</u>	<u>1,511,151</u>
<b>Operating expenses</b>		
Salaries and benefits	310,420	315,215
General and administrative	54,649	69,119
Utilities	255,894	278,996
Consulting and professional	160,714	138,113
Repair and maintenance	476,762	503,130
Real estate taxes	81,840	128,689
General liability insurance	86,647	98,680
Depreciation	883,995	1,099,719
Total operating expenses	<u>2,310,921</u>	<u>2,631,661</u>
Total operating loss	(699,344)	(1,120,510)
<b>Non-operating revenues</b>		
Donation from U.S. Department of Energy	491,622	-
Interest income	1,893	-
Mortgage interest income	-	14,271
Total non-operating revenues	<u>493,515</u>	<u>14,271</u>
Change in net position	(205,829)	(1,106,239)
<b>Net position, beginning of year</b>	<b><u>9,109,884</u></b>	<b><u>10,216,123</u></b>
<b>Net position, end of year</b>	<b><u>\$ 8,904,055</u></b>	<b><u>\$ 9,109,884</u></b>

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

Donation from U.S. Department of Energy increased significantly in comparison with the prior fiscal year. The Corporation did not receive any donations from the U.S. Department of Energy in 2016.

**Mound Development Corporation  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
(Unaudited)**

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**Capital Assets**

As of fiscal year-end, the Corporation has \$7,802,669 invested in capital assets, a decrease of \$666,802 in comparison with the prior fiscal year-end. This decrease represents the amount in which current year depreciation of \$883,995 and disposals of \$67,695 exceeded capital acquisitions of \$284,888.

**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 Eric Cluxton, President, at [ecluxton@mound.com](mailto:ecluxton@mound.com).

**Mound Development Corporation**  
Statement of Net Position  
As of December 31, 2017

**Assets**

*Current assets*

Cash and cash equivalents	\$ 743,968
Investments	500,000
Tenant receivable	141,114
Deposits	28,283
<b>Total current assets</b>	<b>1,413,365</b>

*Noncurrent Assets*

Nondepreciable capital assets	2,254,391
Depreciable capital assets, net	5,548,278
<b>Total noncurrent assets</b>	<b>7,802,669</b>

**Total assets** **9,216,034**

**Liabilities**

*Current liabilities*

Accounts payable	94,589
Accrued salaries and benefits	22,944
Accrued expenses	159,269
Unearned revenue	23,496
Security deposit payable	11,681
<b>Total current liabilities</b>	<b>311,979</b>

**Total liabilities** **311,979**

**Net position**

Investment in capital assets	7,802,669
Unrestricted	1,101,386
<b>Total net position</b>	<b>\$ 8,904,055</b>

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, 2017

<b>Operating revenues</b>	
Lease revenue	\$ 1,546,635
Other revenue	64,942
Total operating revenue	<u>1,611,577</u>
<b>Operating expenses</b>	
Salaries and benefits	310,420
General and administrative	54,649
Utilities	255,894
Consulting and professional	160,714
Repair and maintenance	476,762
Real estate taxes	81,840
General liability insurance	86,647
Depreciation	883,995
Total operating expenses	<u>2,310,921</u>
Total operating loss	(699,344)
<b>Non-operating revenues</b>	
Donation from U.S. Department of Energy	491,622
Interest income	1,893
Total non-operating revenues	<u>493,515</u>
Change in net position	(205,829)
<b>Net position, beginning of year</b>	<u><b>9,109,884</b></u>
<b>Net position, end of year</b>	<u><u><b>\$ 8,904,055</b></u></u>

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, 2017

<b><u>Cash flows from operating activities</u></b>	
Cash received from leases	\$ 1,475,757
Cash received from other operating	64,942
Cash payments for goods and services	(1,110,244)
Cash payments for employee services and benefits	(318,395)
Cash payments for other	<u>(21,283)</u>
<b>Net cash provided by operating activities</b>	<b><u>90,777</u></b>
 <b><u>Cash flows from capital and related activities</u></b>	
Cash received from sale of capital assets	600,000
Cash payments for closing costs	(40,683)
Cash payments for capital assets	<u>(284,888)</u>
<b>Net cash provided by capital and related activities</b>	<b><u>274,429</u></b>
 <b><u>Cash flows from investing activities</u></b>	
Investment purchases	(500,000)
Interest income	1,893
<b>Net cash used for investing activities</b>	<b><u>(498,107)</u></b>
 Net decrease in cash	 <u>(132,901)</u>
 Cash and cash equivalents at beginning of year	 <u>876,869</u>
Cash and cash equivalents at end of year	<u>\$ 743,968</u>
 <b>Operating loss</b>	 \$ (699,344)
 <b><u>Adjustments to reconcile operating loss to net cash provided by operating activities</u></b>	
Depreciation	883,995
 <b>Changes in assets and liabilities</b>	
Decrease in prepaid expenses	10,419
Increase in tenant receivable	(70,878)
Increase in deposits	(21,283)
Increase in accounts payable	46,057
Decrease in accrued salaries and benefits	(7,975)
Decrease in accrued expenses	<u>(50,214)</u>
Total Adjustments	<u>(93,874)</u>
 <b>Net cash provided by operating activities</b>	 <b><u>\$ 90,777</u></b>

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, 2017**

**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.

**Mound Development Corporation**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

**2. Summary of Significant Accounting Policies (Continued)**

**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.

**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 informal 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. The Corporation did not receive grant revenue in 2017.

**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.

**Mound Development Corporation**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

**2. Summary of Significant Accounting Policies (Continued)**

**G. Donation from U.S. Department of Energy**

The Corporation leases buildings from the U.S. Department of Energy (DOE) as described in Note 5. The DOE retains ownership of buildings which are not subleased by the Corporation, therefore, those buildings are not reflected in the Corporation's asset records. The Corporation capitalizes any improvements to the buildings in accordance with the capital asset policy described in Note 2C.

When the buildings are sold, the DOE transfers ownership to the Corporation and the Corporation completes the sale to the purchaser. The Corporation records the difference between the sales price and the related fees and residual value of improvements as Donation from U.S. Department of Energy in the accompanying financials.

**3. Deposits and Investments**

The carrying amount of the Corporation's deposits was \$1,243,968, which includes a \$500,000 certificate of deposit, and the bank balance was \$1,270,158. As of December 31, 2017, deposits in excess of federally insured limits were \$1,020,158. In addition to the bank balance of \$1,270,158, 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.

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 are no restrictions on the purpose for which the Corporation may use the line of credit. The Corporation did not draw on the line of credit during the year and the outstanding balance at year-end was \$0.



**Mound Development Corporation**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

**4. Property and Equipment**

A summary of property and equipment at December 31, 2017 is as follows:

	<u>Beginning Balance</u>	<u>Acquisitions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Non-depreciable assets:				
Land	\$ 2,249,270	\$ -	\$ -	\$ 2,249,270
Equipment held for sale or lease	6,221	-	(1,100)	5,121
Total Non-depreciable assets	<u>2,255,491</u>	<u>-</u>	<u>(1,100)</u>	<u>2,254,391</u>
Depreciable assets:				
Buildings and improvements	5,289,702	239,368	-	5,529,070
Leasehold improvements	7,007,800	42,927	(275,019)	6,775,708
Office furniture and equipment	86,840	2,593	-	89,433
Site improvements held for donation	3,424,951	-	-	3,424,951
Infrastructure	8,189,597	-	(44,226)	8,145,371
Total depreciable assets	<u>23,998,890</u>	<u>284,888</u>	<u>(319,245)</u>	<u>23,964,533</u>
Less: accumulated depreciation				
Buildings and improvements	(4,012,752)	(260,713)	-	(4,273,465)
Leasehold improvements	(5,889,540)	(265,024)	237,909	(5,916,655)
Office furniture and equipment	(86,352)	(517)	-	(86,869)
Site improvements held for donation	(717,966)	(149,721)	-	(867,687)
Infrastructure	(7,078,300)	(208,020)	14,741	(7,271,579)
Total accumulated depreciation	<u>(17,784,910)</u>	<u>(883,995)</u>	<u>252,650</u>	<u>(18,416,255)</u>
Total depreciable assets - net	<u>6,213,980</u>	<u>(599,107)</u>	<u>(66,595)</u>	<u>5,548,278</u>
Total property and equipment - net	<u>\$ 8,469,471</u>	<u>\$ (599,107)</u>	<u>\$ (67,695)</u>	<u>\$ 7,802,669</u>

**Mound Development Corporation**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

**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 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, 2017 was \$1,546,635. Future minimum rentals under non-cancelable subleases for the next five years are as follows:

2018	\$ 1,410,945
2019	1,270,613
2020	908,981
2021	878,115
2022	<u>793,146</u>
TOTAL	<u>\$ 5,261,800</u>

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. Subsequent Event**

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.

On August 3, 2018, the Corporation sold a property located at 480 Vantage Point for \$325,000.

**Mound Development Corporation**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2017**

**9. Change in Accounting Principles**

For fiscal year 2017, the Corporation implemented GASB Statement No. 73 *“Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68”* which improves the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The implementation of this statement did not have an effect on the financial statements of the Corporation.

For fiscal year 2017, the Corporation implemented GASB Statement No. 74 *“Financial Reporting for Postemployment Benefit Plans other than Pension Plans”* which improves the usefulness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The implementation of this statement did not have an effect on the financial statements of the Corporation.

For fiscal year 2017, the Corporation implemented GASB Statement No. 80 *“Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14”* which improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The implementation of this statement did not have an effect on the financial statements of the Corporation.

For fiscal year 2017, the Corporation implemented GASB Statement No. 81 *“Irrevocable Split-Interest Agreements”*, which improves financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of this statement did not have an effect on the financial statements of the Corporation.

For fiscal year 2017, the Corporation implemented GASB Statement No. 82 *“Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73”* which addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of this statement did not have an effect on the financial statements of the Corporation.

**10. New Pronouncements**

GASB Statement No. 84 *“Fiduciary Activities”*. The requirements of this statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 85 *“Omnibus 2017”*. The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 86 *“Certain Debt Extinguishment Issues”*. The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 87 *“Leases”*. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

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# Dave Yost • Auditor of State

## 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 Trustees:

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, 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated November 7, 2018.

### ***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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 7, 2018



# Dave Yost • Auditor of State

**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  
NOVEMBER 27, 2018**