MOUND DEVELOPMENT CORPORATION
MONTGOMERY COUNTY

REGULAR AUDIT

For the Year Ended December 31, 2015
Fiscal Year Audited Under GAGAS: 2015

Board of Trustees
Mound Development Corporation
965 Capstone Drive, Suite 480
Miamisburg, Ohio 45342

We have reviewed the *Independent Auditor's Report* of the Mound Development Corporation, Montgomery County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2015 through December 31, 2015. 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 Mound Development Corporation is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

August 18, 2016

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MOUND DEVELOPMENT CORPORATION
MONTGOMERY COUNTY

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Independent Auditor's Report

Mound Development Corporation
Montgomery County
965 Capstone Drive, Suite 480
Miamisburg, OH 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, 2015 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 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 that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mound Development Corporation, Montgomery County, Ohio as of December 31, 2015, and the changes in its financial position and its cash flows for the year then ended in conformity with 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 June 24, 2016, 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.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Worthington, Ohio
June 24, 2016

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, 2015. 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 total assets of the Corporation were $10,480,970 and the total liabilities were $264,847 at fiscal year-end. Net position of the Corporation totaled $10,216,123, a decrease of $1,353,297 from the prior year.

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, 2015. 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 decrease 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 2015:

Table 1
Net Position at Year End

	2015	2014
Assets		
Current assets	$ 446,728	$ 702,268
Noncurrent assets	10,034,242	11,181,845
Total Assets	**10,480,970**	**11,884,113**
Liabilities		
Current liabilities	264,847	314,693
Total liabilities	**264,847**	**314,693**
Net position		
Investment in capital assets	9,552,373	10,680,134
Restricted for grant programs	77,698	288,251
Unrestricted	586,052	601,035
Total Net position	**$ 10,216,123**	**$ 11,569,420**

The significant decreases in current assets and restricted net position represents decreases in both cash and cash equivalents and grants receivable. These decreases are the result decreases in federal grants.

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

Financial Analysis (continued)

Table 2 provides a summary of the Corporation's change in net position for 2015:

Table 2
Change in Net Position

	2015	2014
Operating revenues		
Grant revenue	$ 43,459	$ 381,124
Lease revenue	1,361,517	1,187,494
Other revenue	12,259	147,724
Total operating revenue	1,417,235	1,716,342
Operating expenses		
Salaries and benefits	420,782	480,627
General and administrative	60,003	86,568
Utilities	293,465	308,235
Consulting and professional	141,322	219,569
Repair and maintenance	398,944	426,446
Real estate taxes	69,546	147,241
General liability insurance	101,218	100,703
Tenant receivable writeoff	42,678	-
Depreciation	1,268,139	1,489,376
Total operating expenses	2,796,097	3,258,765
Total operating loss	(1,378,862)	(1,542,423)
Non-operating revenues (expenses)		
Loss on sale/disposal of assets	-	(67,509)
Mortgage interest income	25,565	37,011
Total non-operating revenues (expenses)	25,565	(30,498)
Loss before capital contributions	(1,353,297)	(1,572,921)
Capital contributions	-	(3,589,549)
Change in net position	(1,353,297)	(5,162,470)
Net position, beginning of year	**11,569,420**	**16,731,890**
Net position, end of year	**$ 10,216,123**	**$ 11,569,420**

Financial Analysis (continued)

Grant revenue decreased significantly in comparison with the prior fiscal year. This decrease is the result of the Corporation completing a major grant-funded project.

Lease revenue increased significantly as a result of several new tenants in fiscal year 2015.

Operating expenses decreased significantly in comparison with the prior fiscal year. A key component of this decrease was a decrease in depreciation expense.

Capital contributions also decreased significantly. This decrease is the result of the Corporation contributing infrastructure assets to the City of Miamisburg in 2014.

Capital Assets

As of fiscal year end, the Corporation has $9,552,373 invested in capital assets. This amount represents $26,237,564 in capital assets at cost, offset by accumulated depreciation of $16,685,191. Current additions and depreciation were $140,378 and $1,268,139, respectively.

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.

Mound Development Corporation
Statement of Net Position
As of December 31, 2015

Assets		
Current assets		
Cash and cash equivalents	$	339,424
Tenant receivable		69,709
Deposits		7,000
Grants receivable		10,753
Notes receivable		19,842
Total current assets		446,728
Noncurrent Assets		
Notes receivable		481,869
Nondepreciable capital assets		2,255,491
Depreciable capital assets, net		7,296,882
Total noncurrent assets		10,034,242
Total Assets		**10,480,970**
Liabilities		
Current liabilities		
Accounts payable		32,969
Accrued salaries and benefits		22,307
Accrued expenses		192,503
Escrow payable		17,068
Total current liabilities		264,847
Total liabilities		**264,847**
Net position		
Investment in capital assets		9,552,373
Restricted for grant programs		77,698
Unrestricted		586,052
Total net position	**$**	**10,216,123**

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 Fiscal Year Ended December 31, 2015

Operating revenues		
Grant revenue	$	43,459
Lease revenue		1,361,517
Other revenue		12,259
Total operating revenue		1,417,235
Operating expenses		
Salaries and benefits		420,782
General and administrative		60,003
Utilities		293,465
Consulting and professional		141,322
Repair and maintenance		398,944
Real estate taxes		69,546
General liability insurance		101,218
Tenant receivable writeoff		42,678
Depreciation		1,268,139
Total operating expenses		2,796,097
Total operating loss		(1,378,862)
Non-operating revenues		
Mortgage interest income		25,565
Total non-operating revenues		25,565
Change in net position		(1,353,297)
Net position, beginning of year		**11,569,420**
Net position, end of year	**$**	**10,216,123**

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

Mound Development Corporation
Statement of Cash Flows
For the Fiscal Year Ended December 31, 2015

Cash flows from operating activities		
Cash received from federal grants	$	92,780
Cash received from leases		1,302,721
Cash received from equipment sales		960
Cash received from other operating		11,299
Cash payments for goods and services		(1,016,594)
Cash payments for employee services		(367,884)
Cash payments for employee benefits		(100,582)
Net cash used in operating activities		**(77,300)**
Cash flows from capital and related activities		
Cash received from repayment of mortgage note		44,507
Cash received from mortgage escrow payments		17,068
Cash payments for mortgage related costs		(33,648)
Cash payments for capital assets		(140,378)
Net cash used in capital and related activities		**(112,451)**
Net decrease in cash		**(189,751)**
Cash and cash equivalents at beginning of year		529,175
Cash and cash equivalents at end of year	$	339,424
Operating loss	$	(1,378,862)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation		1,268,139
Changes in assets and liabilities		
(Increase)/decrease in prepaid expenses		38,403
(Increase)/decrease in tenant receivable		(16,118)
(Increase)/decrease in grants receivable		49,321
Increase/(decrease) in accounts payable		(5,714)
Increase/(decrease) in accrued salaries and benefits		(47,684)
Increase/(decrease) in accrued expenses		15,215
Total Adjustments		33,423
Net cash used in operating activities	**$**	**(77,300)**

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

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.

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. As of December 31, 2015 the Corporation had no 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
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 are 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 $339,424 and the bank balance was $353,965 as of December 31, 2015. As of December 31, 2015, deposits in excess of federally insured limits were $103,965.

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.

4. Property and Equipment

A summary of property and equipment at December 31, 2015 is as follows:

	Balance	Acquisitions	Disposals	Balance
Non-depreciable assets:				
Land	$ 2,249,270	$ -	$ -	$ 2,249,270
Equipment held for sale or lease	6,221	-	-	6,221
Construction-in-process	42,188	-	(42,188)	-
Depreciable assets:				
Buildings and improvements	5,217,213	72,489	-	5,289,702
Leasehold improvements	6,891,528	99,455	-	6,990,983
Office furniture and equipment	86,840	-	-	86,840
Site improvements held for donation	3,414,329	10,622	-	3,424,951
Infrastructure	8,189,597	-	-	8,189,597
Subtotal	26,097,186	182,566	(42,188)	26,237,564
Less: accumulated depreciation				
Buildings and improvements	(3,276,799)	(400,777)	-	(3,677,576)
Leasehold improvements	(5,213,137)	(358,936)	-	(5,572,073)
Office furniture and equipment	(81,545)	(3,516)	-	(85,061)
Site improvements held for donation	(423,196)	(145,049)	-	(568,245)
Infrastructure	(6,422,375)	(359,861)	-	(6,782,236)
Total accumulated depreciation	(15,417,052)	(1,268,139)	-	(16,685,191)
Total property and equipment - net	$ 10,680,134	$ (1,085,573)	$ (42,188)	$ 9,552,373

5. Grant Revenue

Grant revenues for the year ended December 31, 2015 is as follows:

U.S. Department of Energy - Facilities Transition	$ 43,459

6. Leases and Subleases

The Corporation leases the Miamisburg Mound Facility, including real and personal property, from the Department of Energy. The lease is for a term of five years (through September, 2017). The lease requires lease payments of $1 per building per year.

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. Future minimum rentals under non-cancelable subleases for the next five years are as follows:

2016	$ 1,268,327
2017	1,214,358
2018	1,154,227
2019	1,060,920
2020	789,552
TOTAL	$ 5,487,384

Rental income for the year ended December 31, 2015 was $1,361,517.

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.

7. Notes Receivable

In 2012, property was transferred to the Corporation from the Department of Energy. The Corporation sold the property to BOI Solutions, Inc., an Ohio Corporation, for $695,000 with a down payment of $139.000. The Corporation is financing $556,000 at 4.65% over 20 years.

In consideration of the repayment of the note, monthly payments of $3,563 began December 2012 and continue each month until December 2032. BOI made 12 payments during 2015. At December 31, 2015, the balance of the note was $501,711.

8. Subsequent Events

In January 2016, BOI Solutions stopped making monthly note payments as well as monthly escrow payments for real estate tax, insurance and common area maintenance. When contacted by the Corporation, the BOI Solutions owner acknowledged being in financial difficulty resulting from the loss of a major customer. As of the time of the audit report date, the attorneys representing the Corporation had filed foreclosure proceedings on the BOI property. In addition to taking back possession of the BOI property, the Corporation is seeking to recover all 2016 monthly escrow payments due as well as attorney fees. See Note (7) above.

9. 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.

10. 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.

11. Change in Accounting Principles

For fiscal year 2015, the Corporation has implemented the following:

Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions*" and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. The implementation of these standards did not impact the financial statements of the Corporation.

12. New Pronouncements

GASB Statement No. 72 *"Fair Value Measurement and Application".* The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2015.

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".* The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2016.

GASB Statement No. 74 *"Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans".* The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2016.

GASB Statement No. 75 *"Financial Reporting for Postemployment Benefits Other Than Pensions".* The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2017.

GASB Statement No. 76 *"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments".* The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2015.

GASB Statement No. 77 *"Tax Abatement Disclosures".* The requirements of this statement are effective for financial statements for reporting periods beginning after December 15, 2015.

GASB Statement No. 78 *"Pensions Provided through Certain Multiple-Employer Defined Benefit Plans".* The requirements of this statement are effective for financial statements for reporting periods beginning after December 15, 2015.

GASB Statement No. 79 *"Certain External Investment Pools and Pool Participants".* The requirements of this statement are effective for financial statements for reporting periods beginning after December 15, 2015.

12. New Pronouncements (Continued)

GASB Statement No. 80 *"Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14".* The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2016.

GASB Statement No. 81 *"Irrevocable Split-Interest Agreements".* The requirements of this statement are effective for financial statements for reporting periods beginning after December 15, 2016.

GASB Statement No. 82 *"Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No.73".* The requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2016.

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 480
Miamisburg, Ohio 45342

To the Board of Trustees:

We have audited, in accordance with the 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, 2015, and the related notes to the financial statements and have issued our report thereon dated June 24, 2016.

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 communication is not suitable for any other purpose.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Worthington, Ohio
June 24, 2016

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
AUGUST 30, 2016

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