



OHIO AUDITOR OF STATE
KEITH FABER



**MOUND DEVELOPMENT CORPORATION
MONTGOMERY COUNTY
DECEMBER 31, 2019**

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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, 2019, 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, 2019, 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.

Emphasis of Matter

As discussed in Note 10 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Corporation. We did not modify our opinion regarding this matter.

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 July 23, 2020, 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

July 23, 2020

Mound Development Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

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, 2019. 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 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 \$12.8 million (net position). Of this amount, \$5.2 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, 2019. 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, 2019
(Unaudited)

Financial Analysis

Table 1 provides a summary of the Corporation's net position for 2019:

Table 1
Net Position at Year End

	<u>2019</u>	<u>2018</u>
Assets		
Current assets	\$ 5,377,836	\$ 6,178,264
Noncurrent assets	<u>8,163,441</u>	<u>7,070,213</u>
Total Assets	13,541,277	13,248,477
Liabilities		
Current liabilities	<u>721,743</u>	<u>150,578</u>
Total liabilities	721,743	150,578
Net position		
Net investment in capital assets	7,620,602	7,070,213
Unrestricted	<u>5,198,932</u>	<u>6,027,686</u>
Total Net position	<u>\$ 12,819,534</u>	<u>\$ 13,097,899</u>

Current assets decreased in comparison with the prior year. This decrease is primarily the result of a new construction project begun in 2019 requiring the use of the Corporation's cash resources.

The significant increases in noncurrent assets and net investment in capital assets are mainly the result of an increase in construction in progress due to the aforementioned construction project. The increase was partially offset by current year disposals and depreciation.

Mound Development Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Financial Analysis (continued)

Table 2 provides a summary of the Corporation's change in net position for 2019:

Table 2
Change in Net Position

	<u>2019</u>	<u>2018</u>
Operating revenues		
Grant revenue	\$ -	\$ 23,496
Lease revenue	986,721	1,050,441
Other revenue	2,629	178,645
Total operating revenue	<u>989,350</u>	<u>1,252,582</u>
Operating expenses		
Salaries and benefits	307,617	366,147
General and administrative	51,402	60,630
Utilities	146,908	216,500
Consulting and professional	421,145	158,819
Repair and maintenance	430,727	496,635
Real estate taxes	48,513	81,840
General liability insurance	45,942	70,831
Depreciation	411,900	646,162
Total operating expenses	<u>1,864,154</u>	<u>2,097,564</u>
Total operating loss	(874,804)	(844,982)
Non-operating revenues (expenses)		
Gain on sale of assets	440,006	5,001,402
Investment expense	(17,947)	-
Interest income	174,380	37,424
Total non-operating revenues (expenses)	<u>596,439</u>	<u>5,038,826</u>
Change in net position	(278,365)	4,193,844
Net position, beginning of year	<u>13,097,899</u>	<u>8,904,055</u>
Net position, end of year	<u>\$ 12,819,534</u>	<u>\$ 13,097,899</u>

Mound Development Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Financial Analysis (continued)

Lease revenue decreased in comparison with the prior fiscal year. This decrease is primarily the result of the sale during 2019 of a building that had been previously leased.

Operating expenses decreased in comparison with the prior fiscal year. A key component of this decrease was a decrease in depreciation expense due to asset disposals during 2019.

Consulting and professional expenses increased in 2019 mainly due to commissions paid related to the inception of new lease agreements. Salaries and benefits decreased due to a reduction in bonuses earned during 2019.

Gain on Sale of Assets decreased significantly in comparison with the prior fiscal year from \$5.0 million in fiscal year 2018 to approximately \$0.4 million in fiscal year 2019. This decrease is the result of a reduction in building sales in fiscal year 2019. Interest income increased significantly due to receipt and investment of the proceeds from a prior note receivable.

Capital Assets

As of fiscal year-end, the Corporation has \$7.6 million invested in capital assets, an increase of \$0.5 million in comparison with the prior fiscal year-end. This increase represents the amount in which current year acquisitions, consisting mainly of construction in progress relating to the new construction project, exceeded depreciation and asset disposals.

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, 2019

Assets

Current assets

Cash and cash equivalents	\$ 2,256,754
Investments	3,013,772
Accrued interest receivable	1,175
Tenant receivable	19,954
Prepaid expenses	10,937
Deposits	48,661
Note receivable	26,583
Total current assets	<u>5,377,836</u>

Noncurrent Assets

Note receivable	542,839
Nondepreciable capital assets	3,303,603
Depreciable capital assets, net	4,316,999
Total noncurrent assets	<u>8,163,441</u>

Total assets **13,541,277**

Liabilities

Current liabilities

Accounts payable	595,166
Accrued salaries and benefits	27,445
Accrued expenses	79,252
Security deposit payable	8,717
Unearned revenue	11,163
Total current liabilities	<u>721,743</u>

Total liabilities **721,743**

Net position

Net investment in capital assets	7,620,602
Unrestricted	5,198,932
Total net position	<u><u>\$ 12,819,534</u></u>

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, 2019

Operating revenues	
Lease revenue	\$ 986,721
Other revenue	2,629
Total operating revenue	<u>989,350</u>
Operating expenses	
Salaries and benefits	307,617
General and administrative	51,402
Utilities	146,908
Consulting and professional	421,145
Repair and maintenance	430,727
Real estate taxes	48,513
General liability insurance	45,942
Depreciation	411,900
Total operating expenses	<u>1,864,154</u>
Total operating loss	(874,804)
Non-operating revenues (expenses)	
Net gain on sale of assets	440,006
Investment expense	(17,947)
Investment income	174,380
Total non-operating revenues (expenses)	<u>596,439</u>
Change in net position	(278,365)
Net position, beginning of year	<u>13,097,899</u>
Net position, end of year	<u><u>\$ 12,819,534</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, 2019

Cash flows from operating activities

Cash received from leases	\$ 1,005,923
Cash received from other operating revenue	2,629
Cash payments for goods and services	(1,140,891)
Cash payments for employee services and benefits	(323,018)
Cash payments for deposits	(41,161)
Net cash used for operating activities	<u>(496,518)</u>

Cash flows from capital and related financing activities

Cash payments for capital assets	(496,334)
Net cash used for capital and related activities	<u>(496,334)</u>

Cash flows from investing activities

Investment purchases	(5,271,985)
Investment sales	3,821,392
Investment expense	(17,947)
Interest income	65,251
Principal received from note receivable	2,848,960
Interest received from note receivable	25,013
Closing costs for note receivable	(37,318)
Net cash provided by investing activities	<u>1,433,366</u>

Net increase in cash	<u>440,514</u>
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Cash and cash equivalents at beginning of year	<u>1,816,240</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,256,754</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, 2019

Operating loss	\$	(874,804)
 Adjustments to reconcile operating loss to net cash used for operating activities		
<hr/>		
Depreciation		411,900
 Changes in assets and liabilities		
Decrease in prepaid expenses		356
Decrease in tenant receivable		8,039
Increase in deposits		(41,161)
Increase in accounts payable		10,148
Increase in unearned revenue		11,163
Decrease in accrued salaries and benefits		(15,401)
Decrease in accrued expenses		(6,758)
Total Adjustments		<u>(33,614)</u>
 Net cash used for operating activities	 \$	 <u>(496,518)</u>

Schedule of non-cash transactions:

During the year, \$588,382 of sale of assets was financed by the purchaser with a note issued by the Corporation.

Accounts payable related to the acquisition of capital assets was \$577,013 as of December 31, 2019.

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, 2019

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, 2019

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 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. 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.

E. 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, 2019

3. Deposits and Investments

The carrying amount of the Corporation's deposits was \$2,147,860 and the bank balance was \$2,157,020. As of December 31, 2019, deposits in excess of federally insured limits were \$1,657,020. 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, 2019, the Corporation reported the following investments at fair value:

Investment Type	Standard & Poor's Rating	Fair Value	Percent of Total	Investment Maturities		
				< Than 1 Year	1 to 5 Years	5 to 10 Years
CD First Midwest Bank	N/A	\$ 248,005	7.94%	\$ 248,005	\$ -	\$ -
Nuveen Municipal Fixed Income	AA+	2,765,767	88.58%	421,438	885,619	1,458,710
Nuveen Government Money Market Fund	AAA	108,644	3.48%	108,644	-	-
Total		\$ 3,122,416	100.00%	\$ 778,087	\$ 885,619	\$ 1,458,710

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. The Corporation's municipal fixed income bonds are measured with observable market inputs (Level 2 inputs). The money market fund is reported at cost which approximates fair value. All other of the Corporation's fair value measurements are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk: 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.

Mound Development Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2019

4. Property and Equipment

A summary of property and equipment at December 31, 2019 is as follows:

	Beginning Balance	Acquisitions	Disposals	Ending Balance
Non-depreciable assets:				
Land	\$ 2,249,270	\$ -	\$ -	\$ 2,249,270
Construction in progress	-	1,049,212	-	1,049,212
Equipment held for sale or lease	5,121	-	-	5,121
Total Non-depreciable assets	<u>2,254,391</u>	<u>1,049,212</u>	<u>-</u>	<u>3,303,603</u>
Depreciable assets:				
Buildings and improvements	7,090,086	22,000	(1,428,303)	5,683,783
Leasehold improvements	3,873,227	-	(106,727)	3,766,500
Office furniture and equipment	89,133	2,136	(5,079)	86,190
Site improvements held for donation	3,424,951	-	-	3,424,951
Infrastructure	5,915,096	-	-	5,915,096
Total depreciable assets	<u>20,392,493</u>	<u>24,136</u>	<u>(1,540,109)</u>	<u>18,876,520</u>
Less: accumulated depreciation				
Buildings and improvements	(5,891,979)	(139,745)	1,389,631	(4,642,093)
Leasehold improvements	(3,424,782)	(98,695)	34,340	(3,489,137)
Office furniture and equipment	(86,374)	(632)	5,079	(81,927)
Site improvements held for donation	(893,350)	(127,165)	-	(1,020,515)
Infrastructure	(5,280,186)	(45,663)	-	(5,325,849)
Total accumulated depreciation	<u>(15,576,671)</u>	<u>(411,900)</u>	<u>1,429,050</u>	<u>(14,559,521)</u>
Total depreciable assets - net	<u>4,815,822</u>	<u>(387,764)</u>	<u>(111,059)</u>	<u>4,316,999</u>
Total property and equipment - net	<u>\$ 7,070,213</u>	<u>\$ 661,448</u>	<u>\$ (111,059)</u>	<u>\$ 7,620,602</u>

5. Construction Commitments

The Corporation has an active construction project as of December 31, 2019. The project is the construction of a 38,069 square foot building, totaling \$6.76 million, for Excelitas Technologies Corporation, an existing tenant. As of year-end, the Corporation's commitments with contractors are as follows:

Company	Contract Amount	Amount Remaining on Contract
MV Commercial Construction, LLC	\$6,916,906	\$5,899,160

Mound Development Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2019

6. Leases and Subleases

On November 7, 2019 the final transfer of property from the U. S. Department of Energy to Mound Development Corporation was completed. Up until that date, the Corporation leased the Miamisburg Mound Facility, including real and personal property, from the Department of Energy. The lease required lease payments of \$1 per building per year and was 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 net carrying value of the building and improvements as of December 31, 2019 was \$1,041,690. 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, 2019 was \$986,721. Future minimum rentals under non-cancelable subleases for the next five years are as follows:

2020	\$ 901,375
2021	1,650,609
2022	1,599,762
2023	1,458,681
2024	<u>1,297,749</u>
Total	<u>\$6,908,176</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.

7. Debt

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 \$6.92 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.

8. 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.

Mound Development Corporation
Notes to the Financial Statements
For the Year Ended December 31, 2019

9. Notes Receivable

On March 26, 2019, the Corporation sold a property located at 1195 Mound Road to TWS Properties, LLC, for \$588,382. The Corporation financed \$588,382 of the sale. The mortgage note carries an interest rate of 5.75% and a maturity date of April 1, 2034.

10. Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Corporation. The impact on the Corporation's future operating costs and revenues cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



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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, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated July 23, 2020, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Corporation.

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

July 23, 2020

OHIO AUDITOR OF STATE KEITH FABER



MOUND DEVELOPMENT CORPORATION

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 8/11/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov