MOUND DEVELOPMENT CORPORATION
MONTGOMERY COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2021

OHIO AUDITOR OF STATE
KEITH FABER

MOUND DEVELOPMENT CORPORATION
MONTGOMERY COUNTY
DECEMBER 31, 2021

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Mound Development Corporation, Montgomery County, Ohio (the Corporation), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Mound Development Corporation, Montgomery County, Ohio as of December 31, 2021, and the changes in 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Corporation. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's 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

November 10, 2022

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Mound Development Corporation
Management's Discussion and Analysis
For the Year Ended December 31, 2021
(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, 2021. 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 and deferred outflows of resources of the Corporation exceeded its liabilities at the close of the most recent fiscal year by $12.3 million (net position). Of this amount, $6.4 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, 2021. The change in net position is important because it tells the reader whether the financial position of the Corporation has increased or decreased during the period. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating.

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

Basis of Accounting

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

Financial Analysis

Table 1 provides a summary of the Corporation's net position for 2021:

Table 1
Net Position at Year End

	2021	2020	Change
Assets			
Current assets	$ 4,610,536	$ 4,451,659	$ 158,877
Noncurrent assets	13,109,166	14,302,045	(1,192,879)
Total Assets	**17,719,702**	**18,753,704**	**(1,034,002)**
Deferred Outflows of Resources	**117,211**	**314,898**	**(197,687)**
Liabilities			
Current liabilities	784,284	847,785	(63,501)
Noncurrent liabilities	4,752,695	5,566,897	(814,202)
Total liabilities	**5,536,979**	**6,414,682**	**(877,703)**
Net position			
Investment in capital assets	5,936,403	6,244,686	(308,283)
Unrestricted	6,363,531	6,409,234	(45,703)
Total Net position	**$ 12,299,934**	**$ 12,653,920**	**$ (353,986)**

Noncurrent assets decreased significantly in comparison with the prior year. This decrease primarily represents payments made on the Corporation's lease receivable during the year.

Noncurrent liabilities also decreased significantly. The largest component of this decrease was a decrease in note payable representing principal repayments made during the year.

Table 2 provides a summary of the Corporation's change in net position for 2021:

Table 2
Change in Net Position

	2021	2020	Change
Operating revenues			
Lease revenue	$ 943,455	$ 1,019,186	$ (75,731)
Other revenue	11,718	5,696	6,022
Total operating revenue	955,173	1,024,882	(69,709)
Operating expenses			
Salaries and benefits	161,992	245,182	(83,190)
General and administrative	23,473	23,521	(48)
Utilities	143,557	143,704	(147)
Consulting and professional	100,067	238,749	(138,682)
Repair and maintenance	447,042	351,450	95,592
Real estate taxes	162,989	104,067	58,922
General liability insurance	46,069	48,968	(2,899)
Depreciation	338,174	336,730	1,444
Total operating expenses	1,423,363	1,492,371	(69,008)
Total operating loss	(468,190)	(467,489)	
Non-operating revenues (expenses)			
Capital grant	-	175,000	(175,000)
Interest expense	(180,255)	(7,875)	(172,380)
Investment expense	-	(7,589)	7,589
Lease interest income	251,541	44,238	207,303
Investment income	42,918	98,101	(55,183)
Total non-operating revenues (expenses)	114,204	301,875	(187,671)
Change in net position	(353,986)	(165,614)	
Net position, beginning of year	**12,653,920**	**12,819,534**	
Net position, end of year	**$ 12,299,934**	**$ 12,653,920**	

Salaries and benefits expenses decreased in comparison with the prior fiscal year. This decrease is primarily the result of a decrease in employee staffing from two full-time employees to one.

Consulting and professional expenses decreased in 2021 mainly due to decreases in commissions paid related to the inception of new lease agreements.

Repairs and maintenance expenses increased in comparison to prior year. This increase is primarily the result of major repairs in the 965 Capstone office building (referred to as COS building) for elevator, HVAC, and roofing repairs and related maintenance labor cost associated with making those repairs.

Real Estate taxes increased in comparison to prior year. This increase is primarily due to the Mound assuming ownership of five remaining real estate parcels transferred from the Federal Department of Energy.

Capital grant revenue decreased in comparison with the prior fiscal year. This decrease is the result of a grant obtained from Montgomery County in 2020 related to the new construction project.
Lease interest income increased in 2021. This increase is the result of a full-year of income received from a capital lease agreement that started in 2020.

Investment income decreased significantly due to a decrease in amounts invested as a result of the Corporation's construction project.

Lease interest expense increased in 2021. This increase is the result of a full-year of interest payments made on a note payable that started in 2020.

Capital Assets

As of fiscal year-end, the Corporation has $5.9 million invested in capital assets, a decrease of $308,283 in comparison with the prior fiscal year-end. This decrease represents the amount in which current year depreciation exceeded acquisitions. See Note 4 for more information.

Debt

As of fiscal year-end, the Corporation has $4.1 million in notes payable outstanding, a decrease of $372,579 in comparison with the prior fiscal year-end. This decrease represents principal paid by the Corporation during the current fiscal year. See Note 6 for more information.

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, 2021

Assets	
Current assets	
Cash and cash equivalents	$ 3,531,674
Accounts Receivable	4,886
Tenant receivable	13,908
Prepaid expenses	62,095
Deposits	115,797
Lease receivable	853,888
Note receivable	28,288
Total current assets	4,610,536
Noncurrent Assets	
Lease receivable	6,688,786
Note receivable	483,977
Nondepreciable capital assets	2,254,391
Depreciable capital assets, net	3,682,012
Total noncurrent assets	13,109,166
Total assets	**17,719,702**
Deferred Outflow of Resources	
Accumulated decrease in fair value of hedging derivative	117,211
Total deferred outflows of resources	**117,211**
Liabilities	
Current liabilities	
Accounts payable	21,931
Accrued salaries and benefits	9,183
Accrued expenses	121,940
Unearned revenue	5,846
Security deposit payable	8,717
Unearned lease revenue	228,694
Note payable	387,973
Total current liabilities	784,284
Noncurrent liabilities	
Unearned lease Revenue	896,036
Swap fair value	117,211
Note payable	3,739,448
Total noncurrent liabilities	4,752,695
Total liabilities	**5,536,979**
Net position	
Investment in capital assets	5,936,403
Unrestricted	6,363,531
Total net position	**$ 12,299,934**

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, 2021

Operating revenues	
Lease revenue	$ 943,455
Other revenue	11,718
Total operating revenue	955,173
Operating expenses	
Salaries and benefits	161,992
General and administrative	23,473
Utilities	143,557
Consulting and professional	100,067
Repair and maintenance	447,042
Real estate taxes	162,989
General liability insurance	46,069
Depreciation	338,174
Total operating expenses	1,423,363
Total operating loss	(468,190)
Non-operating revenues (expenses)	
Interest expense	(180,255)
Lease interest revenue	251,541
Investment income	42,918
Total non-operating revenues (expenses)	114,204
Change in net position	(353,986)
Net position, beginning of year	**12,653,920**
Net position, end of year	**$ 12,299,934**

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, 2021

Cash flows from operating activities		
Cash received from leases	$	928,174
Cash received from other operating revenue		11,718
Cash payments for goods and services		(1,007,210)
Cash payments for employee services and benefits		(165,838)
Cash received from deposits		105,860
Net cash used for operating activities		**(127,296)**
Cash flows from capital and related financing activities		
Cash payments for note principal		(372,579)
Cash payment for note interest		(180,255)
Cash received from lease principal payments		602,346
Cash received from lease interest payments		251,693
Cash payments for capital assets		(29,890)
Net cash provided by capital and related financing activities		**271,315**
Cash flows from investing activities		
Interest income		10,419
Principal received from note receivable		28,288
Interest received from note receivable		32,499
Net cash provided by investing activities		**71,206**
Net increase in cash		215,225
Cash and cash equivalents at beginning of year		3,316,449
Cash and cash equivalents at end of year	$	3,531,674

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, 2021

Operating loss	$	(468,190)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation		338,174
Changes in assets and liabilities		
Increase in prepaid expenses		(55,246)
Decrease in tenant receivable		8,154
Decrease in deposits		105,860
Decrease in accounts payable		(10,852)
Decrease in unearned revenue		(23,435)
Decrease in accrued salaries and benefits		(3,846)
Decrease in accrued expenses		(17,915)
Total Adjustments		2,720
Net cash used for operating activities	**$**	**(127,296)**

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.

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 acquisition 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 – Acquired Used	20 years
Buildings – New Construction	40 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. 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 deferred outflows of resources and liabilities. 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.

3. Deposits and Investments

The Corporation's bank balance was $3,345,350. As of December 31, 2021, deposits in excess of federally insured limits were $2,595,350. 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.

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 only investment at year-end was a Vanguard Total Stock Exchange Traded Fund in the amount of $241,440. The Corporation's investment is valued using 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.

4. Property and Equipment

A summary of property and equipment at December 31, 2021 is as follows:

	Beginning Balance	Acquisitions	Disposals	Ending Balance
Non-depreciable assets:				
Land	$ 2,249,270	$ -	$ -	$ 2,249,270
Equipment held for sale or lease	5,121	-	-	5,121
Total Non-depreciable assets	2,254,391	-	-	2,254,391
Depreciable assets:				
Buildings and improvements	5,683,783	28,801	-	5,712,584
Leasehold improvements	3,766,500	-	-	3,766,500
Office furniture and equipment	96,216	1,090	-	97,306
Site improvements held for donation	3,424,951	-	-	3,424,951
Infrastructure	5,915,096	-	-	5,915,096
Total depreciable assets	18,886,546	29,891	-	18,916,437
Less: accumulated depreciation				
Buildings and improvements	(4,765,514)	(124,245)	-	(4,889,759)
Leasehold improvements	(3,527,589)	(38,451)	-	(3,566,040)
Office furniture and equipment	(84,182)	(2,876)	-	(87,058)
Site improvements held for donation	(1,147,679)	(127,165)	-	(1,274,844)
Infrastructure	(5,371,287)	(45,437)	-	(5,416,724)
Total accumulated depreciation	(14,896,251)	(338,174)	-	(15,234,425)
Total depreciable assets - net	3,990,295	(308,283)	-	3,682,012
Total property and equipment - net	$ 6,244,686	$ (308,283)	$ -	$ 5,936,403

5. Leases

A. Operating Leases

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 buildings acquired from the U.S. Department of Energy are reported under buildings and improvements in Note 4 and the net carrying value of the building and improvements as of December 31, 2021 was $822,825. The Corporation is permitted to lease the property for the sole purpose of supporting economic development. Any lease rental income received by the Corporation must be reinvested into economic development endeavors of the Corporation. Rental income for the year ended December 31, 2021 was $943,455. Future minimum rentals under non-cancelable leases for the next five years are as follows:

2022	$ 769,601
2023	617,016
2024	545,725
2025	537,678
2026	537,168
Total	$3,007,188

The Corporation also 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.

B. Capital Lease

On July 1, 2019, the Corporation executed an amended lease agreement with Excelitas Technologies Corporation (tenant) and agreed to contract for, and manage the construction of, an expansion to Building 87 consisting of approximately 38,069 square feet. The amended lease agreement extended the current Building 87 lease agreement from its current expiration date of September 30, 2019 through the date of substantial completion of the expansion of Building 87 at the current base rent.

Upon the substantial completion of the Building 87 expansion, the term of the Building 87 lease was extended by 10 years and base rent (not including the expansion) for the extended term is $336,857 each year, and base rent of the expansion is $22.43 per square feet. At the expiration of the extended term, the tenant shall have the option to purchase Building 87 for seventy-five thousand dollars pursuant to a separate real estate purchase agreement. To exercise this option, the tenant must provide the Corporation written notice during the first twelve months of the extended term.

The total cost of Building 87 expansion was $7,118,520 and total minimum lease payments to be received over the 10 year extended period is $8,538,877. The difference represents unearned interest revenue that will be amortized as lease interest revenue over the 10 year extended period. Future minimum lease payments to be received are as follows:

2022	$ 853,888
2023	853,888
2024	853,888
2025	853,888
2026	853,888
2027-2030	3,273,234
Total	$7,542,674

6. Note Payable

Changes in the Corporation's note payable during the year were as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Direct Borrowing:					
Mortgage Note	$ 4,500,000	$ -	$ (372,579)	$ 4,127,421	$ 387,973

On November 25, 2019, the Corporation secured bank financing in the amount of a $4.5 million Open-End Construction Mortgage related to the Building 87 expansion construction project. The note bears interest at a variable interest rate equal to the 1-month LIBOR Rate, plus 2.25%. Interest is due and payable monthly on any outstanding loan balance. The note matures on December 10, 2030.

Interest Rate Swap

Objective: The Corporation has entered into an interest rate swap agreement with the lender as a means of hedging the interest rate risk of its variable rate note. The swap serves as a hedging tool, which allows the Corporation to reduce its exposure to changes in variable interest rates and effectively changes the Corporation's interest rate on the note to a synthetic fixed rate. Under the swap agreement, the Corporation has agreed to make payments to the lender based on a fixed rate of interest.

Terms: The notional amount was $4.5 million upon issuance and the swap agreement provides for reductions in the notional amount to coincide with expected redemptions of outstanding amounts of the associated note. The effective date of the swap agreement was December 10, 2020 and the maturity date is December 20, 2030. The synthetic fixed rate is 4.08%.

Fair Value: If the swap agreement has a negative fair value and is terminated, the Corporation would be liable to pay the lender the fair value amount as of the termination date; a positive fair value would result in an obligation of the lender. As of December 31, 2021, the swap agreement had a negative fair value of $117,211. This amount is reported as a noncurrent liability on the Corporation's statement of net position. Since the coupons on the Corporation's variable rate note adjust to changing interest rates, the note does not have a corresponding fair value change. The fair value of the swap agreement was estimated by the lender based on prevailing market data and derived from proprietary valuation models based on well recognized financial principles and reasonable estimates about relevant future market conditions.

Swap Effectiveness: As of December 31, 2021, the Corporation's interest rate swap has been determined to be effective. Accordingly, the cumulative changes in the fair value of the swap is reported as a deferred outflow of resources of $117,211. The year-over-year change in fair value was $197,687 and can be attributed to the change in market interest rates during the year.

The Mortgage Note and Swap Agreement are collateralized by the new construction, and assignment of rents and leases. Upon the occurrence of any event of default and at any time thereafter, the lender may, at its option, but without any obligation to do so, and in addition to any other right the lender without notice to the Corporation may have, do any one or more of the following without notice to borrower: (a) expend funds necessary to remedy the default; (b) take possession of the property; (c) accelerate maturity of the note and demand payment of all sums due under the note; (d) bring action on the note; (e) foreclose lender's security agreement or mortgage, if any, on the property in any manner available under law; and (g) exercise any other right or remedy which is has under the note or related documents, or which is otherwise available at law or in equity or by statute.

The following schedule contains the debt service on the note and payments on the associated interest rate swap agreement. Interest calculations were based on rates as of December 31, 2021. As rates vary, variable-rate note interest payments and net swap payments may vary.

Year Ending	Variable Rate		Interest Rate	
December 31	Principal	Interest	Swap	Total
2022	$ 387,973	$ 92,870	$ 73,645	$ 554,488
2023	404,004	83,575	63,444	551,023
2024	420,322	73,899	58,601	552,822
2025	438,063	63,825	50,612	552,500
2026	456,163	53,329	40,479	549,971
2027-2030	2,020,896	99,423	75,440	2,195,759
Total	$ 4,127,421	$ 466,921	$ 362,221	$ 4,956,563

The Open-End Construction Mortgage Holder requires as part of the Financial Covenants and Ratios, the Corporation maintain a Debt Service Coverage equal to or in excess of 1.200 to 1.00 for the Excelitas Technologies Building 87 Construction Project Financed. The Information is presented for this purpose only.

Minimum Fixed Coverage Ratio	2021
EBITDA	
Earnings (Net Cash Inflows)	$ 658,035
Interest Expense	180,255
EBITDA	838,290
Fixed Charges	
Interest Expense	180,255
Principal Installments Indebtedness	372,579
Total Fixed Charges	552,834
Fixed Charge Coverage Ratio	1.52
Target	1.20
Favorable Variance	0.32

7. 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.

8. 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.

9. COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Corporation. The impact on the Corporation's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

10. Implementation of New Accounting Principles

For the year ended December 31, 2021, the Corporation has implemented Governmental Accounting Standards Board (GASB) Statement No. 93.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the Corporation.

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

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 of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Mound Development Corporation, Montgomery County, (the Corporation) as of and for the year ended December 31, 2021 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 10, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Corporation.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

November 10, 2022

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 12/13/2022