

HARRISON MARKET COMMUNITY AUTHORITY
Franklin County, Ohio

REGULAR AUDIT

For the Years ended December 31, 2019 and 2018





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Columbus, Ohio 43215
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(800) 282-0370

Board of Trustees
Harrison Market Community Authority
842 North Fourth Street
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of the Harrison Market Community Authority, Franklin County, prepared by Charles E. Harris & Associates, Inc., for the audit period November 5, 2018 through December 31, 2020. 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 Harrison Market Community Authority is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

October 05, 2021

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**HARRISON MARKET COMMUNITY AUTHORITY
FRANKLIN COUNTY, OHIO
Regular Audit
For the Years Ended December 31, 2019 and 2018**

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INDEPENDENT AUDITOR'S REPORT

Harrison Market Community Authority
Franklin County
842 North Fourth Street Suite 200
Columbus, Ohio 43215

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Harrison Market Community Authority, Franklin County, Ohio (the Authority), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Harrison Market Community Authority, Franklin County, Ohio, as of December 31, 2019 and 2018 and the respective changes in financial position and cash flows thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. We did not modify our opinions regarding this matter.

Other Matters

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, 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 August 31, 2021, on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
August 31, 2021

HARRISON MARKET COMMUNITY AUTHORITY

Management's Discussion and Analysis

Years Ended December 31, 2019 and 2018

Unaudited

The management's discussion and analysis of the Harrison Market Community Authority's (Authority) financial performance provides an overall review of the Authority's financial activities for the years ended December 31, 2019 and 2018. While the intent of this discussion and analysis is to look at the Authority's financial performance, readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Authority's fiscal performance.

Financial Highlights

Key highlights for 2019 and 2018:

- The Authority undertook project financing, began construction and acquired land.
- The Authority's total net position increased \$11,763,365 in 2019.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Authority's financial activities and financial position. The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of the Authority, including all short-term and long-term financial resources and obligations.

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included in the Statement of Net Position. The Statement of Net Position represents the financial position of the Authority. The Statement of Revenues, Expenses and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The Statement of Cash Flows reflects how the Authority finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided on the basic financial statements.

These financial statements look at all financial transactions and ask the question, "How did we do financially?" These statements provide answers to that question. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position include all assets, liabilities, revenues and expenses of the Authority using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the Authority's net position and the changes in net position. The change in net position is important because it tells the reader whether the financial position of the Authority has improved or diminished. However, in evaluating this position, non-financial information such as occupancy will also need to be evaluated. The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided.

HARRISON MARKET COMMUNITY AUTHORITY

Management's Discussion and Analysis

Years Ended December 31, 2019 and 2018

Unaudited

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Authority assets exceeded liabilities by \$11,763,365 as of December 31, 2019.

The Authority was created in November 2018 but had no financial activity until 2019 other than a transfer of land. The following table provides a summary of the Authority's net position for the year ended December 31, 2019:

Table 1
Net Position

	2019	2018
Assets		
Current and other assets	\$ 5,014,790	\$ -
Capital assets	<u>11,438,047</u>	<u>10,460,000</u>
<i>Total Assets</i>	<u>16,452,837</u>	<u>10,460,000</u>
Liabilities		
Current liabilities	1,493,072	10,460,000
Long-term liabilities	<u>3,196,400</u>	<u>-</u>
<i>Total Liabilities</i>	<u>4,689,472</u>	<u>10,460,000</u>
Net Position		
Net investment in capital assets	8,491,768	
Restricted	<u>3,271,597</u>	<u>-</u>
<i>Total Net Postion</i>	<u>\$ 11,763,365</u>	<u>\$ -</u>

Cash on hand at year represents unspent project financing and bond proceeds. In 2019, the Authority received \$13,096,359 for project financing in accordance with a Cooperative Agreement (Agreement) as discussed in Note 8 to the financial statements with the City of Columbus, the Columbus-Franklin County Finance Authority (CFCFA), and the Development Finance Authority of Summit County (Summit). The parties have determined to cooperate with each other to assist the Developer of the project in its undertaking and financing of the project.

The Authority issued \$2,200,000 of bonds to provide financing for the project. During 2018, the Authority acquired land for the project.

The Authority's net position increased in 2019. The reasons for this increase are discussed in the following section.

HARRISON MARKET COMMUNITY AUTHORITY

Management's Discussion and Analysis

Years Ended December 31, 2019 and 2018

Unaudited

As noted above, the Authority had no financial activity prior to 2019 other than the acquisition of land. In future years, comparative information will be presented. The following table provides a summary of the change in the Authority's net position for the year ended December 31, 2019:

Table 2
Change in Net Position

	<u>2019</u>
Operating revenues:	
Community development charges	\$ -
<i>Total operating revenues</i>	<u>-</u>
<i>Operating income (loss)</i>	<u>-</u>
Nonoperating revenues (expenses):	
Interest revenue	10,648
Intergovernmental project financing	13,096,359
Development expenses	(1,209,193)
Bond issuance costs	(74,499)
Interest expense	<u>(59,950)</u>
<i>Total nonoperating revenues (expenses)</i>	<u>11,763,365</u>
<i>Change in net position</i>	11,763,365
<i>Net position, beginning of year</i>	<u>-</u>
<i>Net position, end of year</i>	<u>\$ 11,763,365</u>

In accordance with the Cooperative Agreement discussed above, the Authority recorded the assigned intergovernmental project financing and development expenses as nonoperating items. The Authority made an interest payment on its outstanding bonds on November 1, 2019.

Capital Assets and Debt Administration

Capital Assets: As of December 31, 2019, the Authority had \$11.4 million in capital assets which consisted of land and construction in progress of infrastructure improvements. Land was acquired in 2018 and construction began in 2019. Note 4 provides capital asset activity during 2019 and 2018.

Debt: The Authority issued \$2,200,000 of Subordinate Redevelopment Bonds, 2019B in 2019 in a private placement offering. The Bonds pay interest at 9% and mature on November 1, 2049. The bonds were issued with a discount of \$50,637 for a net reported liability of \$2,149,363 at December 31, 2019. See Note 8 for more information.

Requests for Information

This financial report is designed to provide our citizens, customers, taxpayers, creditors, investors and elected officials with an overview of the Authority's finances and to show accountability for the money it receives. If you have any questions about this report or need additional information, contact the Authority's Treasurer, 842 North 4th Street, Suite 200, Columbus, Ohio 43215.

**HARRISON MARKET COMMUNITY AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Restricted assets:		
Cash with fiscal agents	\$ 5,014,790	-
Capital assets:		
Land	10,460,000	10,460,000
Construction in progress	<u>978,047</u>	<u>-</u>
Total capital assets	<u>11,438,047</u>	<u>10,460,000</u>
Total assets	<u>16,452,837</u>	<u>10,460,000</u>
LIABILITIES		
Current liabilities:		
Due to developer	1,460,072	10,460,000
Accrued interest payable	33,000	-
Long-term liabilities:		
Due to developer	1,047,037	-
Bonds payable, net of discount	<u>2,149,363</u>	<u>-</u>
Total liabilities	<u>4,689,472</u>	<u>10,460,000</u>
NET POSITION		
Net investment in capital assets	8,491,768	-
Restricted	<u>3,271,597</u>	<u>-</u>
Total net position	<u>\$ 11,763,365</u>	<u>-</u>

**HARRISON MARKET COMMUNITY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Operating revenues:		
Community development charges	\$ <u>-</u>	<u>-</u>
Operating income	-	-
Non-operating revenues (expenses):		
Intergovernmental project financing	13,096,359	-
Development expenses	(1,209,193)	-
Bond issuance costs	(74,499)	-
Interest revenue	10,648	-
Interest expense	<u>(59,950)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>11,763,365</u>	<u>-</u>
Change in net position	11,763,365	-
Net position - beginning of year	<u>-</u>	<u>-</u>
Net position - end of year	\$ <u>11,763,365</u>	<u>-</u>

**HARRISON MARKET COMMUNITY AUTHORITY
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash received from land owners	\$ <u>-</u>	<u>-</u>
Cash flows from noncapital financing activities:		
Intergovernmental project financing	13,096,359	-
Acquisitions of land	<u>(10,140,131)</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>2,956,228</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Bond proceeds	2,074,864	-
Bond interest payments	<u>(26,950)</u>	<u>-</u>
Net cash provided by capital and related financing activities	<u>2,047,914</u>	<u>-</u>
Cash flows from investing activities:		
Interest income	<u>10,648</u>	<u>-</u>
Net change in cash	5,014,790	-
Cash at beginning of year	<u>-</u>	<u>-</u>
Cash at end of year	\$ <u><u>5,014,790</u></u>	<u><u>-</u></u>
Schedule of noncash activities:		
Due to developer for purchase of capital assets	\$ <u>1,297,916</u>	<u>10,460,000</u>
Due to developer for development costs	\$ <u>1,209,193</u>	<u>-</u>

HARRISON MARKET COMMUNITY AUTHORITY

Notes to Basic Financial Statements Years Ended December 31, 2019 and 2018

1. REPORTING ENTITY

The Harrison Market Community Authority, Franklin County, Ohio (the "Authority") is a community authority created pursuant to Chapter 349 of the Ohio Revised Code (ORC). WTD Development, LLC. (the Developer) filed a petition (the Petition) for creation of the Authority with the City Council of the City of Columbus (City), Ohio, (Council) and the Petition was accepted by Resolution No. 0325X-2018 of the Council on November 5, 2018. The Petition, which may be subject to amendment or change, defines the boundaries of the Authority and allows the Authority to finance the costs of publicly owned and operated improvements and community facilities with Community Development Charges.

By its Ordinance, the Council determined the Authority would be conducive to the public health, safety, convenience and welfare, and that it was intended to result in the development of a new community as described in ORC. The Authority thereby was organized as a body corporate and politic in the State.

By law, the Authority is governed by a seven-member board of trustees. The Council appoints four of the trustees and the remaining three trustees are appointed by the Developer.

The Authority includes approximately 21 acres of land located in the City for which the Developer has planned an approximately 342-unit apartment complex, approximately 14,000 square feet of retail space, approximately 50 attached condominium units, an approximately 160-room hotel, approximately 42 detached condominium units, and an approximately 195-bed senior living facility, surface parking and a structured parking garage with at least 350 parking spaces and over six acres of dedicated parks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Basis of Presentation – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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 cash flows.

Operating revenues are those revenues that are generated from the primary activity of the Authority and consist of community development charges. Operating expenses consist primary of administrative expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Cash – The Authority considers all highly liquid investments with an original maturity of three months or less at the time they are purchased to be cash.

Capital Assets and Depreciation – Capital assets, including land and construction in progress, are recorded at historical cost for assets acquired or constructed and acquisition value for contributed infrastructure. Expenses that increase values or extend the useful life of the respective assets are capitalized while the costs of maintenance and repairs are charged to operating expenses. Depreciation is calculated on a straight-line basis over the estimated useful life of the various classes of assets when appropriate.

HARRISON MARKET COMMUNITY AUTHORITY

Notes to Basic Financial Statements Years Ended December 31, 2019 and 2018

Net Position – Net position represents the difference between assets, liabilities and deferred inflows of resources. 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 either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. DEPOSITS

Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a custodial risk policy beyond the requirements of State statute. Any public depository in which the Authority places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC).

Cash Equivalents - As of December 31, 2019, the Authority had cash on deposit with Huntington Bank (Trustee) in accordance with the Authority's Master Trust Agreement with the Trustee. The amount on deposit with the Trustee at December 31, 2019 was \$5,014,790 and consists of a US Treasury money market fund.

4. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2019 and 2018 was as follows:

	Balance 1/1/19	Increases	Decreases	Balance 12/31/19
<i>Capital assets not being depreciated:</i>				
Land	\$ 10,460,000	-	-	10,460,000
Construction in progress	-	978,047	-	978,047
	<u>\$ 10,460,000</u>	<u>978,047</u>	<u>-</u>	<u>11,438,047</u>
	Balance 1/1/18	Increases	Decreases	Balance 12/31/18
<i>Capital assets not being depreciated:</i>				
Land	\$ -	10,460,000	-	10,460,000

HARRISON MARKET COMMUNITY AUTHORITY

**Notes to Basic Financial Statements
Years Ended December 31, 2019 and 2018**

5. COMMUNITY DEVELOPMENT CHARGES

The Authority can levy community development charges, as defined, for the benefit and use of the Authority to cover all or part of land acquisitions, development, construction, operation and maintenance of land, land development and community facilities, the debt service therefore and any other cost incurred by the Authority.

The Community Development Charge is an annual charge on each chargeable parcel of land within the Authority based on the Assessed Valuation of each parcel which may be expressed as a number of mills. While no charge was levied in 2019, consistent with the Petition, the Authority will levy a Community Development Charge in future years which is intended to cover costs of debt service and operations.

Pursuant to the Cooperative Agreement and the Declaration of Covenants, Restrictions and Agreements for Harrison Market Community Authority (Declaration), the Authority agreed to pledge community development charges to the trustees for the purpose of paying on the debt issued by the Columbus-Franklin County Finance Authority and Development Finance Authority of Summit County. In future years when levied, these monies will be presented on the Statement of Receipts, Disbursements and Changes in Net Position as pledged revenue to trustee.

6. RELATED PARTY TRANSACTIONS

Under an agreement with the Authority, the Developer was responsible for overseeing the construction of the development projects. In addition, the Developer will fulfill certain administrative and operational functions for the Authority on an ongoing basis.

By law, the Authority is governed by a seven-member board of trustees. The City Council appointed four of the trustees and the remaining three trustees were appointed by the Developer.

7. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; and natural disasters. The Authority maintains insurance coverage with private carriers for property and general liability insurance. Settled claims did not exceed coverage for the years ended December 31, 2019 and 2018 and there was no significant change in coverage from the prior year.

8. PLEDGED REVENUE, TAX INCREMENT FINANCING AND COOPERATIVE AGREEMENT

The Authority entered a Cooperative Agreement (Agreement) with the City, the Columbus-Franklin County Finance Authority (CFCFA), and the Development Finance Authority of Summit County (Summit). The parties have determined to cooperate with each other to assist the Developer in its undertaking and financing of the project. CFCFA and Summit agreed to finance a portion of the project and issued bonds as follows:

2019A Tax Development Revenue Bonds (CFCFA)	\$5,520,000
2019A Tax Development Revenue Bonds (Summit)	\$5,510,000
2019C Tax Development Revenue Bonds (CFCFA)	\$5,480,000

HARRISON MARKET COMMUNITY AUTHORITY

Notes to Basic Financial Statements Years Ended December 31, 2019 and 2018

From these three bond issuances, the Authority received \$13,096,359 for project financing in 2019.

Under this agreement, the Authority shall levy and collect community development charges in accordance with the Declaration and transfer certain revenues to a trustee for debt service. Under the agreement, the Authority can use community development charges for administrative disbursements but the remaining revenues are considered pledged.

The debt is payable from revenues consisting primarily of financing payments as defined in the Agreement. In future years, the Authority will record a disbursement to the trustee for community development charges pledged and paid.

On December 1, 2018, the Authority along with the City and Developer entered into a cooperative agreement. Under the Economic Development Agreement (Agreement), the Developer agreed to acquire real property and redevelop with commercial and residential improvements while the City committed certain incentives to enable the redevelopment of the property including pledging tax increment financing service payments to pay costs of the infrastructure needed to develop the property.

The Authority has agreed to provide financing for the project by issuing bonds provided the City and Developer enter into this Agreement in order that the tax increment financing service payments received by the City shall be used to pay debt charges on and costs in connection with the bonds.

Finally, as part of the Agreement, the Authority issued \$2,200,000 of Subordinate Redevelopment Bonds, 2019B in 2019 in a private placement offering. The Bonds pay interest at 9% and mature on November 1, 2049. The bonds were issued with a discount of \$50,637 for a net reported liability of \$2,149,363 at December 31, 2019. Both the development charges and tax increment financing service payments noted above will be used for the bond debt service. The Authority paid interest of \$26,950 utilizing the Capitalized Interest fund created from bond proceeds.

Future debt service obligations for the 2019B Bonds are as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$	-	198,000	198,000
2021		-	198,000	198,000
2022		45,000	198,000	243,000
2023		-	193,950	193,950
2024		20,000	193,950	213,950
2025-2029		115,000	941,400	1,056,400
2030-2034		135,000	881,550	1,016,550
2035-2039		205,000	818,100	1,023,100
2040-2044		405,000	694,800	1,099,800
2045-2049		<u>1,275,000</u>	<u>461,700</u>	<u>1,736,700</u>
Total	\$	<u>2,200,000</u>	<u>4,779,450</u>	<u>6,979,450</u>

HARRISON MARKET COMMUNITY AUTHORITY

**Notes to Basic Financial Statements
Years Ended December 31, 2019 and 2018**

9. CONTINGENCIES

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 may impact subsequent periods of the Authority. The impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Harrison Market Community Authority
Franklin County
842 North Fourth Street
Columbus, Ohio 43215

To the Board of Trustees:

We have audited, in accordance with the 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 Harrison Market Community Authority, Franklin County, Ohio, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Harrison Market Community Authority's basic financial statements and have issued our report thereon dated August 31, 2021, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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 may exist that have not been identified.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated August 31, 2021.

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
August 31, 2021

HARRISON MARKET COMMUNITY AUTHORITY
Franklin County, Ohio

REGULAR AUDIT

For the Years ended December 31, 2020 and 2019



**HARRISON MARKET COMMUNITY AUTHORITY
FRANKLIN COUNTY, OHIO
Regular Audit
For the Years Ended December 31, 2020 and 2019**

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INDEPENDENT AUDITOR'S REPORT

Harrison Market Community Authority
Franklin County
842 North Fourth Street Suite 200
Columbus, Ohio 43215

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Harrison Market Community Authority, Franklin County, Ohio (the Authority), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements 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 Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Harrison Market Community Authority, Franklin County, Ohio, as of December 31, 2020 and 2019 and the respective changes in financial position and cash flows thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority. We did not modify our opinions regarding this matter.

Other Matters

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, 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 August 31, 2021, on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
August 31, 2021

HARRISON MARKET COMMUNITY AUTHORITY

Management's Discussion and Analysis

Years Ended December 31, 2020 and 2019

Unaudited

The management's discussion and analysis of the Harrison Market Community Authority's (Authority) financial performance provides an overall review of the Authority's financial activities for the years ended December 31, 2020 and 2019. While the intent of this discussion and analysis is to look at the Authority's financial performance, readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Authority's fiscal performance.

Financial Highlights

Key highlights for 2020 and 2019:

- The Authority undertook project financing, began construction and acquired land.
- The Authority's total net position decreased \$72,439 in 2020.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Authority's financial activities and financial position. The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position provide information about the activities of the Authority, including all short-term and long-term financial resources and obligations.

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included in the Statement of Net Position. The Statement of Net Position represents the financial position of the Authority. The Statement of Revenues, Expenses and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The Statement of Cash Flows reflects how the Authority finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the information provided on the basic financial statements.

These financial statements look at all financial transactions and ask the question, "How did we do financially?" These statements provide answers to that question. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position include all assets, liabilities, revenues and expenses of the Authority using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the Authority's net position and the changes in net position. The change in net position is important because it tells the reader whether the financial position of the Authority has improved or diminished. However, in evaluating this position, non-financial information such as occupancy will also need to be evaluated. The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided.

HARRISON MARKET COMMUNITY AUTHORITY

Management's Discussion and Analysis

Years Ended December 31, 2020 and 2019

Unaudited

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Authority assets exceeded liabilities by \$11,690,836 as of December 31, 2020.

The Authority was created in November 2018 but had no financial activity until 2019 other than a transfer of land. The following table provides a summary of the Authority's net position for the years ended December 31, 2020, 2019 and 2018:

Table 1
Net Position

	2020	2019	2018
Assets			
Current and other assets	\$ 2,311,388	\$ 5,014,790	\$ -
Capital assets	14,846,468	11,438,047	10,460,000
<i>Total Assets</i>	<u>17,157,856</u>	<u>16,452,837</u>	<u>10,460,000</u>
Liabilities			
Current liabilities	2,268,986	1,493,072	10,460,000
Long-term liabilities	3,198,034	3,196,400	-
<i>Total Liabilities</i>	<u>5,467,020</u>	<u>4,689,472</u>	<u>10,460,000</u>
Net Position			
Net investment in capital assets	11,611,126	8,491,768	-
Restricted	79,710	3,271,597	-
<i>Total Net Postion</i>	<u>\$ 11,690,836</u>	<u>\$ 11,763,365</u>	<u>\$ -</u>

Cash on hand at year represents unspent project financing and bond proceeds. In 2019, the Authority received \$13,096,359 for project financing in accordance with a Cooperative Agreement (Agreement) as discussed in Note 8 to the financial statements with the City of Columbus, the Columbus-Franklin County Finance Authority (CFCFA), and the Development Finance Authority of Summit County (Summit). The parties have determined to cooperate with each other to assist the Developer of the project in its undertaking and financing of the project.

The Authority issued \$2,200,000 of bonds to provide financing for the project. During 2018, the Authority acquired land for the project.

Construction continued in 2020. The Authority's net position increased in 2019. The reasons for this increase are discussed in the following section.

HARRISON MARKET COMMUNITY AUTHORITY

Management's Discussion and Analysis

Years Ended December 31, 2020 and 2019

Unaudited

As noted above, the Authority had no financial activity prior to 2019 other than the acquisition of land. The following table provides a summary of the change in the Authority's net position for the year ended December 31, 2020 and 2019:

Table 2
Change in Net Position

	2020	2019
Operating revenues:		
Community development charges	\$ 291,883	\$ -
Total operating revenues	<u>291,883</u>	<u>-</u>
Operating expenses:		
Professional services	26,280	-
Other operating expenses	9,000	-
Total operating expenses	<u>35,280</u>	<u>-</u>
Operating income (loss)	<u>256,603</u>	<u>-</u>
Nonoperating revenues (expenses):		
Interest revenue	17,962	10,648
Pledged revenue to trustees	(149,004)	-
Intergovernmental project financing	-	13,096,359
Development expenses	-	(1,209,193)
Bond issuance costs	-	(74,499)
Interest expense	(198,000)	(59,950)
Total nonoperating revenues (expenses)	<u>(329,042)</u>	<u>11,763,365</u>
Change in net position	(72,439)	11,763,365
Net position, beginning of year	<u>11,763,365</u>	<u>-</u>
Net position, end of year	<u>\$ 11,690,926</u>	<u>\$ 11,763,365</u>

In accordance with the Cooperative Agreement discussed above, the Authority recorded the assigned intergovernmental project financing and development expenses as nonoperating items. The Authority made interest payments on its outstanding bonds in both 2020 and 2019.

Capital Assets and Debt Administration

Capital Assets: As of December 31, 2020, the Authority had \$14.8 million in capital assets which consisted of land and construction in progress of infrastructure improvements. Land was acquired in 2018 and construction began in 2019. Note 4 provides capital asset activity during 2020 and 2019.

Debt: The Authority issued \$2,200,000 of Subordinate Redevelopment Bonds, 2019B in 2019 in a private placement offering. The Bonds pay interest at 9% and mature on November 1, 2049. The bonds were issued with a discount of \$50,637 for a net reported liability of \$2,149,363 at December 31, 2020 and 2019. See Note 8 for more information.

HARRISON MARKET COMMUNITY AUTHORITY

Management's Discussion and Analysis

Years Ended December 31, 2020 and 2019

Unaudited

Requests for Information

This financial report is designed to provide our citizens, customers, taxpayers, creditors, investors and elected officials with an overview of the Authority's finances and to show accountability for the money it receives. If you have any questions about this report or need additional information, contact the Authority's Treasurer, 842 North 4th Street, Suite 200, Columbus, Ohio 43215.

**HARRISON MARKET COMMUNITY AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
Restricted assets:		
Cash with fiscal agents	\$ 2,311,388	5,014,790
Capital assets:		
Land	10,460,000	10,460,000
Construction in progress	4,386,468	978,047
Total capital assets	<u>14,846,468</u>	<u>11,438,047</u>
Total assets	<u>17,157,856</u>	<u>16,452,837</u>
LIABILITIES		
Current liabilities:		
Due to developer	2,235,986	1,460,072
Accrued interest payable	33,000	33,000
Long-term liabilities:		
Due to developer	1,048,671	1,047,037
Bonds payable, net of discount	<u>2,149,363</u>	<u>2,149,363</u>
Total liabilities	<u>5,467,020</u>	<u>4,689,472</u>
NET POSITION		
Net investment in capital assets	11,611,126	8,491,768
Restricted	<u>79,710</u>	<u>3,271,597</u>
Total net position	<u>\$ 11,690,836</u>	<u>11,763,365</u>

**HARRISON MARKET COMMUNITY AUTHORITY
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Community development charges	\$ <u>291,883</u>	<u>-</u>
Operating expenses:		
Professional services	26,280	-
Bank charges	<u>9,000</u>	<u>-</u>
Total operating expenses	<u>35,280</u>	<u>-</u>
Operating income	256,603	-
Non-operating revenues (expenses):		
Intergovernmental project financing	-	13,096,359
Pledged revenue to trustees	(149,004)	-
Development expenses	-	(1,209,193)
Bond issuance costs	-	(74,499)
Interest revenue	17,962	10,648
Interest and fiscal charges	<u>(198,000)</u>	<u>(59,950)</u>
Total non-operating revenues (expenses)	<u>(329,042)</u>	<u>11,763,365</u>
Change in net position	(72,439)	11,763,365
Net position - beginning of year	<u>11,763,365</u>	<u>-</u>
Net position - end of year	\$ <u><u>11,690,926</u></u>	<u><u>11,763,365</u></u>

**HARRISON MARKET COMMUNITY AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from land owners	\$ 291,883	-
Cash paid for goods and services	<u>(35,280)</u>	<u>-</u>
Net cash used by noncapital financing activities	<u>256,603</u>	<u>-</u>
Cash flows from noncapital financing activities:		
Intergovernmental project financing	-	13,096,359
Acquisitions of land and payments to developer	<u>(2,630,963)</u>	<u>(10,140,131)</u>
Net cash provided by noncapital financing activities	<u>(2,630,963)</u>	<u>2,956,228</u>
Cash flows from capital and related financing activities:		
Bond proceeds	-	2,074,864
Pledged revenue to trustee	(149,004)	-
Bond interest payments	<u>(198,000)</u>	<u>(26,950)</u>
Net cash provided (used) by capital and related financing activities	<u>(347,004)</u>	<u>2,047,914</u>
Cash flows from investing activities:		
Interest income	<u>17,962</u>	<u>10,648</u>
Net change in cash	(2,703,402)	5,014,790
Cash at beginning of year	<u>5,014,790</u>	<u>-</u>
Cash at end of year	\$ <u><u>2,311,388</u></u>	<u><u>5,014,790</u></u>

HARRISON MARKET COMMUNITY AUTHORITY

Notes to Basic Financial Statements Years Ended December 31, 2020 and 2019

1. REPORTING ENTITY

The Harrison Market Community Authority, Franklin County, Ohio (the "Authority") is a community authority created pursuant to Chapter 349 of the Ohio Revised Code (ORC). WTD Development, LLC. (the Developer) filed a petition (the Petition) for creation of the Authority with the City Council of the City of Columbus (City), Ohio, (Council) and the Petition was accepted by Resolution No. 0325X-2018 of the Council on November 5, 2018. The Petition, which may be subject to amendment or change, defines the boundaries of the Authority and allows the Authority to finance the costs of publicly owned and operated improvements and community facilities with Community Development Charges.

By its Ordinance, the Council determined the Authority would be conducive to the public health, safety, convenience and welfare, and that it was intended to result in the development of a new community as described in ORC. The Authority thereby was organized as a body corporate and politic in the State.

By law, the Authority is governed by a seven-member board of trustees. The Council appoints four of the trustees and the remaining three trustees are appointed by the Developer.

The Authority includes approximately 21 acres of land located in the City for which the Developer has planned an approximately 342-unit apartment complex, approximately 14,000 square feet of retail space, approximately 50 attached condominium units, an approximately 160-room hotel, approximately 42 detached condominium units, and an approximately 195-bed senior living facility, surface parking and a structured parking garage with at least 350 parking spaces and over six acres of dedicated parks.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Basis of Presentation – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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 cash flows.

Operating revenues are those revenues that are generated from the primary activity of the Authority and consist of community development charges. Operating expenses consist primary of administrative expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Cash – The Authority considers all highly liquid investments with an original maturity of three months or less at the time they are purchased to be cash.

Capital Assets and Depreciation – Capital assets, including land and construction in progress, are recorded at historical cost for assets acquired or constructed and acquisition value for contributed infrastructure. Expenses that increase values or extend the useful life of the respective assets are capitalized while the costs of maintenance and repairs are charged to operating expenses. Depreciation is calculated on a straight-line basis over the estimated useful life of the various classes of assets when appropriate.

HARRISON MARKET COMMUNITY AUTHORITY

**Notes to Basic Financial Statements
Years Ended December 31, 2020 and 2019**

Net Position – Net position represents the difference between assets, liabilities and deferred inflows of resources. 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 either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. DEPOSITS

Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a custodial risk policy beyond the requirements of State statute. Any public depository in which the Authority places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC).

Cash Equivalents - As of December 31, 2020, the Authority had cash on deposit with Huntington Bank (Trustee) in accordance with the Authority's Master Trust Agreement with the Trustee. The amount on deposit with the Trustee at December 31, 2020 and 2019 was \$2,311,318 and \$5,014,790, respectively and consists of a US Treasury money market fund.

4. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2020 and 2019 was as follows:

	Balance 1/1/20	Increases	Decreases	Balance 12/31/20
<i>Capital assets not being depreciated:</i>				
Land	\$ 10,460,000	-	-	10,460,000
Construction in progress	<u>978,047</u>	<u>3,408,421</u>	<u>-</u>	<u>4,386,468</u>
	<u>\$ 11,438,047</u>	<u>3,408,421</u>	<u>-</u>	<u>14,846,468</u>

	Balance 1/1/19	Increases	Decreases	Balance 12/31/19
<i>Capital assets not being depreciated:</i>				
Land	\$ 10,460,000	-	-	10,460,000
Construction in progress	<u>-</u>	<u>978,047</u>	<u>-</u>	<u>978,047</u>
Subtotal	<u>\$ 10,460,000</u>	<u>978,047</u>	<u>-</u>	<u>11,438,047</u>

HARRISON MARKET COMMUNITY AUTHORITY

Notes to Basic Financial Statements Years Ended December 31, 2020 and 2019

5. COMMUNITY DEVELOPMENT CHARGES

The Authority can levy community development charges, as defined, for the benefit and use of the Authority to cover all or part of land acquisitions, development, construction, operation and maintenance of land, land development and community facilities, the debt service therefore and any other cost incurred by the Authority.

The Community Development Charge is an annual charge on each chargeable parcel of land within the Authority based on the Assessed Valuation of each parcel which may be expressed as a number of mills. The Community Authority levied the Community Development Charge for the first time in 2020 which is intended to cover costs of debt service and operations.

Pursuant to the Cooperative Agreement and the Declaration of Covenants, Restrictions and Agreements for Harrison Market Community Authority (Declaration), the Authority agreed to pledge community development charges to the trustees for the purpose of paying on the debt issued by the Columbus-Franklin County Finance Authority and Development Finance Authority of Summit County. In 2020, these are presented on the Statement of Receipts, Disbursements and Changes in Net Position as pledged revenue to trustee.

6. RELATED PARTY TRANSACTIONS

Under an agreement with the Authority, the Developer was responsible for overseeing the construction of the development projects. In addition, the Developer will fulfill certain administrative and operational functions for the Authority on an ongoing basis.

By law, the Authority is governed by a seven-member board of trustees. The City Council appointed four of the trustees and the remaining three trustees were appointed by the Developer.

7. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; and natural disasters. The Authority maintains insurance coverage with private carriers for property and general liability insurance. Settled claims did not exceed coverage for the years ended December 31, 2020 and 2019 and there was no significant change in coverage from the prior year.

8. PLEDGED REVENUE, TAX INCREMENT FINANCING AND COOPERATIVE AGREEMENT

The Authority entered a Cooperative Agreement (Agreement) with the City, the Columbus-Franklin County Finance Authority (CFCFA), and the Development Finance Authority of Summit County (Summit). The parties have determined to cooperate with each other to assist the Developer in its undertaking and financing of the project. CFCFA and Summit agreed to finance a portion of the project and issued bonds as follows:

2019A Tax Development Revenue Bonds (CFCFA)	\$5,520,000
2019A Tax Development Revenue Bonds (Summit)	\$5,510,000
2019C Tax Development Revenue Bonds (CFCFA)	\$5,480,000

From these three bond issuances, the Authority received \$13,096,359 for project financing in 2019.

Under this agreement, the Authority shall levy and collect community development charges in accordance with the Declaration and transfer certain revenues to a trustee for debt service.

HARRISON MARKET COMMUNITY AUTHORITY

Notes to Basic Financial Statements Years Ended December 31, 2020 and 2019

Under the agreement, the Authority can use community development charges for administrative disbursements but the remaining revenues are considered pledged.

The debt is payable from revenues consisting primarily of financing payments as defined in the Agreement. In future years, the Authority will record a disbursement to the trustee for community development charges pledged and paid.

On December 1, 2018, the Authority along with the City and Developer entered into a cooperative agreement. Under the Economic Development Agreement (Agreement), the Developer agreed to acquire real property and redevelop with commercial and residential improvements while the City committed certain incentives to enable the redevelopment of the property including pledging tax increment financing service payments to pay costs of the infrastructure needed to develop the property.

The Authority has agreed to provide financing for the project by issuing bonds provided the City and Developer enter into this Agreement in order that the tax increment financing service payments received by the City shall be used to pay debt charges on and costs in connection with the bonds.

Finally, as part of the Agreement, the Authority issued \$2,200,000 of Subordinate Redevelopment Bonds, 2019B in 2019 in a private placement offering. The Bonds pay interest at 9% and mature on November 1, 2049. The bonds were issued with a discount of \$50,637 for a net reported liability of \$2,149,363 at December 31, 2020 and 2019. No principal was paid in 2020 or 2019 and no principal is due until 2022. Both the development charges and tax increment financing service payments noted above will be used for the bond debt service.

Future debt service obligations for the 2019B Bonds are as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$	-	198,000	198,000
2022		45,000	198,000	243,000
2023		-	193,950	193,950
2024		20,000	193,950	213,950
2025		20,000	192,150	212,150
2026-2030		140,000	931,050	1,071,050
2031-2035		110,000	869,400	979,400
2036-2040		240,000	799,650	1,039,650
2041-2045		465,000	658,350	1,123,350
2046-2049		<u>1,160,000</u>	<u>346,950</u>	<u>1,506,950</u>
Total	\$	<u>2,200,000</u>	<u>4,581,450</u>	<u>6,781,450</u>

9. CONTINGENCIES

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 may impact subsequent periods of the Authority. The impact on the Authority's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Harrison Market Community Authority
Franklin County
842 North Fourth Street
Columbus, Ohio 43215

To the Board of Trustees:

We have audited, in accordance with the 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 Harrison Market Community Authority, Franklin County, Ohio, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Harrison Market Community Authority's basic financial statements and have issued our report thereon dated August 31, 2021, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Authority.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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 may exist that have not been identified.

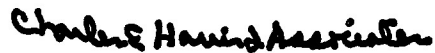
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters not requiring inclusion in this report that we reported to the Authority's management in a separate letter dated August 31, 2021.

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
August 31, 2021

OHIO AUDITOR OF STATE KEITH FABER



HARRISON MARKET COMMUNITY AUTHORITY

FRANKLIN 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 10/19/2021

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