

HARRISON MARKET COMMUNITY AUTHORITY
Franklin County, Ohio

REGULAR AUDIT

For the Years ended December 31, 2022 and 2021





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Board of Trustees
Harrison Market Community Authority
842 North Fourth Street, Suite 200
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 January 1, 2021 through December 31, 2022. 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

November 01, 2023

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**HARRISON MARKET COMMUNITY AUTHORITY
FRANKLIN COUNTY, OHIO
Regular Audit
For the Years Ended December 31, 2022 and 2021**

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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 Audit of the Financial Statements

Opinions

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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority'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 Harrison Market Community Authority, Franklin County, Ohio, as of December 31, 2022 and 2021, and the changes in financial position and its cash flows, thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Authority, 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 opinions.

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 Authority'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 opinions. 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.

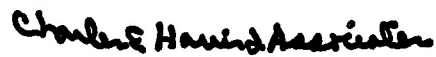
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- 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 Authority'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 Authority'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2023, 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.
July 26, 2023

HARRISON MARKET COMMUNITY AUTHORITY

Management's Discussion and Analysis

Years Ended December 31, 2022 and 2021

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, 2022 and 2021. 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 2022 and 2021:

- The Authority undertook project financing, began construction and acquired land.
- The Authority's total net position increased \$129,168 in 2022 and decreased \$6,094 in 2021, respectively.

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, 2022 and 2021

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 \$11,813,910 as of December 31, 2022.

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, 2022, 2021 and 2020:

Table 1
Net Position

	2022	2021	2020
Assets			
Current and other assets	\$ 1,345,783	\$ 1,267,302	\$ 2,311,388
Capital assets	<u>14,404,054</u>	<u>14,397,354</u>	<u>14,272,599</u>
Total Assets	<u>15,749,837</u>	<u>15,664,656</u>	<u>16,583,987</u>
Liabilities			
Current liabilities	1,353,386	1,399,061	2,268,986
Noncurrent liabilities	<u>2,582,541</u>	<u>2,580,853</u>	<u>2,624,165</u>
Total Liabilities	<u>3,935,927</u>	<u>3,979,914</u>	<u>4,893,151</u>
Net Position			
Net investment in capital assets	11,355,563	11,378,573	11,611,126
Unrestricted	<u>458,347</u>	<u>306,169</u>	<u>79,710</u>
Total Net Position	<u>\$ 11,813,910</u>	<u>\$ 11,684,742</u>	<u>\$ 11,690,836</u>

Cash on hand at year-end represents surplus development charges as well as 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 also issued \$2,200,000 of bonds to provide financing for the project. During 2018, the Authority acquired land for the project.

Construction continued in 2022.

HARRISON MARKET COMMUNITY AUTHORITY

Management's Discussion and Analysis

Years Ended December 31, 2022 and 2021

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 years ended December 31, 2022, 2021 and 2020:

Table 2
Changes in Net Position

	2022	2021	2020
Operating revenues:			
Community development charges	\$ 1,169,580	\$ 1,190,412	\$ 291,883
Tax increment financing	191,054	-	-
Total operating revenues	1,360,634	1,190,412	291,883
Operating expenses:			
Professional services	13,758	26,383	26,280
Other operating expenses	11,300	11,300	9,000
Total operating expenses	25,058	37,683	35,280
Operating income	1,335,576	1,152,729	256,603
Nonoperating revenues (expenses):			
Interest revenue	17,043	1,374	17,872
Pledged revenue to trustee	(1,024,438)	(960,509)	(149,004)
Interest expense	(199,013)	(199,688)	(198,000)
Total nonoperating revenues (expenses)	(1,206,408)	(1,158,823)	(329,132)
Change in net position	129,168	(6,094)	(72,529)
Net position, beginning of year	11,684,742	11,690,836	11,763,365
Net position, end of year	\$ 11,813,910	\$ 11,684,742	\$ 11,690,836

In accordance with the Cooperative Agreement discussed above, the Authority recorded the pledged revenues as nonoperating items. The Authority made interest payments on its outstanding bonds in both 2022 and 2021.

Capital Assets and Debt Administration

Capital Assets: As of December 31, 2022, the Authority had \$14.4 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 2022 and 2021.

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. 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
STATEMENTS OF NET POSITION
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash	\$ <u>490,672</u>	<u>306,169</u>
Restricted assets:		
Cash with fiscal agents	<u>855,111</u>	<u>961,133</u>
Capital assets:		
Land	10,460,000	10,460,000
Construction in progress	<u>3,944,054</u>	<u>3,937,354</u>
Total capital assets	<u>14,404,054</u>	<u>14,397,354</u>
Total assets	<u>15,749,837</u>	<u>15,664,656</u>
LIABILITIES		
Current liabilities:		
Due to developer	1,321,061	1,321,061
Accrued interest payable	32,325	33,000
Bonds payable-current	-	<u>45,000</u>
Total current liabilities	<u>1,353,386</u>	<u>1,399,061</u>
Noncurrent liabilities:		
Due to developer	474,802	474,802
Bonds payable, net of discount and current portion	<u>2,107,739</u>	<u>2,106,051</u>
Total noncurrent liabilities	<u>2,582,541</u>	<u>2,580,853</u>
Total liabilities	<u>3,935,927</u>	<u>3,979,914</u>
NET POSITION		
Net investment in capital assets	11,355,563	11,378,573
Unrestricted	<u>458,347</u>	<u>306,169</u>
Total net position	\$ <u>11,813,910</u>	<u>11,684,742</u>

**HARRISON MARKET COMMUNITY AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Community development charges	\$ 1,169,580	1,190,412
Tax incremental financing	<u>191,054</u>	<u>-</u>
Total operating revenues	<u>1,360,634</u>	<u>1,190,412</u>
Operating expenses:		
Professional services	13,758	26,383
Bank charges	<u>11,300</u>	<u>11,300</u>
Total operating expenses	<u>25,058</u>	<u>37,683</u>
Operating income	1,335,576	1,152,729
Non-operating revenues (expenses):		
Pledged revenue to trustee	(1,024,438)	(960,509)
Interest income	17,043	1,374
Interest expense	<u>(199,013)</u>	<u>(199,688)</u>
Total non-operating revenues (expenses)	<u>(1,206,408)</u>	<u>(1,158,823)</u>
Change in net position	129,168	(6,094)
Net position - beginning of year	<u>11,684,742</u>	<u>11,690,836</u>
Net position - end of year	\$ <u>11,813,910</u>	<u>11,684,742</u>

**HARRISON MARKET COMMUNITY AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from property owners	\$ 1,360,634	1,190,412
Cash paid for goods and services	<u>(25,058)</u>	<u>(37,683)</u>
Net cash provided by operating activities	<u>1,335,576</u>	<u>1,152,729</u>
Cash flows from capital and related financing activities:		
Acquisitions of land and payments to developer	(6,700)	(1,039,680)
Pledged revenue to trustee	(1,024,438)	(960,509)
Bond principal paid	(45,000)	-
Bond interest payments	<u>(198,000)</u>	<u>(198,000)</u>
Net cash used by capital and related financing activities	<u>(1,274,138)</u>	<u>(2,198,189)</u>
Cash flows from investing activities:		
Interest income	<u>17,043</u>	<u>1,374</u>
Net cash provided by investing activities	<u>17,043</u>	<u>1,374</u>
Net change in cash	78,481	(1,044,086)
Cash at beginning of year	<u>1,267,302</u>	<u>2,311,388</u>
Cash at end of year	<u>\$ 1,345,783</u>	<u>1,267,302</u>

HARRISON MARKET COMMUNITY AUTHORITY

Notes to Basic Financial Statements Years Ended December 31, 2022 and 2021

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, 2022 and 2021

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, 2022, 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, 2022 and 2021 was \$1,345,783 and \$1,267,302, respectively and consists of a US Treasury money market fund.

4. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2022 and 2021 was as follows:

	Balance			Balance
	1/1/22	Increases	Decreases	12/31/22
<i>Capital assets not being depreciated:</i>				
Land	\$ 10,460,000	-	-	10,460,000
Construction in progress	<u>3,937,354</u>	<u>6,700</u>	<u>-</u>	<u>3,944,054</u>
	<u>\$ 14,397,354</u>	<u>6,700</u>	<u>-</u>	<u>14,404,054</u>
	Balance			Balance
	1/1/21	Increases	Decreases	12/31/21
<i>Capital assets not being depreciated:</i>				
Land	\$ 10,460,000	-	-	10,460,000
Construction in progress	<u>3,812,599</u>	<u>124,755</u>	<u>-</u>	<u>3,937,354</u>
Subtotal	<u>\$ 14,272,599</u>	<u>124,755</u>	<u>-</u>	<u>14,397,354</u>

HARRISON MARKET COMMUNITY AUTHORITY

Notes to Basic Financial Statements Years Ended December 31, 2022 and 2021

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 2022 and 2021, these are presented on the Statement of Revenues, Expenditures 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, 2022 and 2021 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, 2022 and 2021

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. 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. Both the development charges and tax increment financing service payments noted above will be used for the bond debt service.

Bond activity for the years ended December 31, 2022 and 2021 was as follows:

	Balance 1/1/22	Additions	Reductions	Balance 12/31/22	Due Within One Year
2020 Revenue Bonds	\$ 2,200,000	-	(45,000)	2,155,000	-
Discount	(48,949)	-	1,688	(47,261)	-
	\$ <u>2,151,051</u>	<u>-</u>	<u>(43,312)</u>	<u>2,107,739</u>	<u>-</u>

	Balance 1/1/21	Additions	Reductions	Balance 12/31/21	Due Within One Year
2020 Revenue Bonds	\$ 2,200,000	-	-	2,200,000	45,000
Discount	(50,637)	-	1,688	(48,949)	-
	\$ <u>2,149,363</u>	<u>-</u>	<u>1,688</u>	<u>2,151,051</u>	<u>45,000</u>

HARRISON MARKET COMMUNITY AUTHORITY

Notes to Basic Financial Statements
Years Ended December 31, 2022 and 2021

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

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$	-	193,950	193,950
2024		20,000	193,950	213,950
2025		20,000	192,150	212,150
2026		20,000	190,350	210,350
2027		25,000	188,550	213,550
2028-2032		135,000	905,850	1,040,850
2033-2037		155,000	847,800	1,002,800
2038-2042		305,000	754,200	1,059,200
2043-2047		565,000	569,700	1,134,700
2048-2049		<u>910,000</u>	<u>148,950</u>	<u>1,058,950</u>
Total	\$	<u>2,155,000</u>	<u>4,185,450</u>	<u>6,340,450</u>

HARRISON MARKET COMMUNITY AUTHORITY

Management's Discussion and Analysis

Years Ended December 31, 2021 and 2020

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, 2021 and 2020. 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 2021 and 2020:

- The Authority undertook project financing, began construction and acquired land.
- The Authority's total net position decreased \$6,094 and \$72,439 in 2021 and 2020, respectively.

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, 2021 and 2020

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 \$11,684,742 as of December 31, 2021.

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, 2021, 2020 and 2019:

	2021	<i>Restated</i> 2020	2019
Assets			
Current and other assets	\$ 1,267,302	\$ 2,311,388	\$ 5,014,790
Capital assets	<u>14,397,354</u>	<u>14,272,599</u>	<u>11,438,047</u>
Total Assets	<u>15,664,656</u>	<u>16,583,987</u>	<u>16,452,837</u>
Liabilities			
Current liabilities	1,399,061	2,268,986	1,493,072
Noncurrent liabilities	<u>2,580,853</u>	<u>2,624,165</u>	<u>3,196,400</u>
Total Liabilities	<u>3,979,914</u>	<u>4,893,151</u>	<u>4,689,472</u>
Net Position			
Net investment in capital assets	11,378,573	11,611,126	8,491,768
Unrestricted	<u>306,169</u>	<u>79,710</u>	<u>3,271,597</u>
Total Net Position	<u>\$ 11,684,742</u>	<u>\$ 11,690,836</u>	<u>\$ 11,763,365</u>

Cash on hand at year-end represents surplus development charges as well as 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 also issued \$2,200,000 of bonds to provide financing for the project. During 2018, the Authority acquired land for the project.

Construction continued in 2021.

HARRISON MARKET COMMUNITY AUTHORITY

Management's Discussion and Analysis

Years Ended December 31, 2021 and 2020

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, 2021, 2020 and 2019:

Table 2
Changes in Net Position

	2021	2020	2019
Operating revenues:			
Community development charges	\$ 1,190,412	\$ 291,883	\$ -
<i>Total operating revenues</i>	<u>1,190,412</u>	<u>291,883</u>	<u>-</u>
Operating expenses:			
Professional services	26,383	26,280	-
Other operating expenses	11,300	9,000	-
<i>Total operating expenses</i>	<u>37,683</u>	<u>35,280</u>	<u>-</u>
<i>Operating income</i>	<u>1,152,729</u>	<u>256,603</u>	<u>-</u>
Nonoperating revenues (expenses):			
Interest revenue	1,374	17,872	10,648
Pledged revenue to trustees	(960,509)	(149,004)	-
Interest expense	(199,688)	(198,000)	(59,950)
Intergovernmental project financing	-	-	13,096,359
Development expenses	-	-	(1,209,193)
Bond issuance costs	-	-	(74,499)
<i>Total nonoperating revenues (expenses)</i>	<u>(1,158,823)</u>	<u>(329,132)</u>	<u>11,763,365</u>
<i>Change in net position</i>	(6,094)	(72,529)	11,763,365
<i>Net position, beginning of year</i>	<u>11,690,836</u>	<u>11,763,365</u>	<u>-</u>
<i>Net position, end of year</i>	<u>\$ 11,684,742</u>	<u>\$ 11,690,836</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 2021 and 2020.

Capital Assets and Debt Administration

Capital Assets: As of December 31, 2021, the Authority had \$14.4 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 2021 and 2020.

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. See Note 8 for more information.

HARRISON MARKET COMMUNITY AUTHORITY

Management's Discussion and Analysis

Years Ended December 31, 2021 and 2020

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
STATEMENT OF NET POSITION
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<i>Restated</i> <u>2020</u>
ASSETS		
Current assets:		
Cash	\$ <u>306,169</u>	<u>-</u>
Restricted assets:		
Cash with fiscal agents	<u>961,133</u>	<u>2,311,388</u>
Capital assets:		
Land	10,460,000	10,460,000
Construction in progress	<u>3,937,354</u>	<u>3,812,599</u>
Total capital assets	<u>14,397,354</u>	<u>14,272,599</u>
Total assets	<u>15,664,656</u>	<u>16,583,987</u>
LIABILITIES		
Current liabilities:		
Due to developer	1,321,061	2,235,986
Accrued interest payable	33,000	33,000
Bonds payable-current	<u>45,000</u>	<u>-</u>
Total current liabilities	<u>1,399,061</u>	<u>2,268,986</u>
Noncurrent liabilities:		
Due to developer	474,802	474,802
Bonds payable, net of discount and current portion	<u>2,106,051</u>	<u>2,149,363</u>
Total noncurrent liabilities	<u>2,580,853</u>	<u>2,624,165</u>
Total liabilities	<u>3,979,914</u>	<u>4,893,151</u>
NET POSITION		
Net investment in capital assets	11,378,573	11,611,126
Unrestricted	<u>306,169</u>	<u>79,710</u>
Total net position	<u>\$ 11,684,742</u>	<u>11,690,836</u>

**HARRISON MARKET COMMUNITY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Community development charges	\$ <u>1,190,412</u>	<u>291,883</u>
Operating expenses:		
Professional services	26,383	26,280
Bank charges	<u>11,300</u>	<u>9,000</u>
Total operating expenses	<u>37,683</u>	<u>35,280</u>
Operating loss	1,152,729	256,603
Non-operating revenues (expenses):		
Pledged revenue to trustees	(960,509)	(149,004)
Interest income	1,374	17,872
Interest expense	<u>(199,688)</u>	<u>(198,000)</u>
Total non-operating revenues (expenses)	<u>(1,158,823)</u>	<u>(329,132)</u>
Change in net position	(6,094)	(72,529)
Net position - beginning of year	<u>11,690,836</u>	<u>11,763,365</u>
Net position - end of year	\$ <u><u>11,684,742</u></u>	<u><u>11,690,836</u></u>

**HARRISON MARKET COMMUNITY AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<i>Restated</i> <u>2020</u>
Cash flows from operating activities:		
Cash received from property owners	\$ 1,190,412	291,883
Cash paid for goods and services	<u>(37,683)</u>	<u>(35,280)</u>
Net cash provided by operating activities	<u>1,152,729</u>	<u>256,603</u>
Cash flows from capital and related financing activities:		
Acquisitions of land and payments to developer	(1,039,680)	(2,630,963)
Pledged revenue to trustee	(960,509)	(149,004)
Bond interest payments	<u>(198,000)</u>	<u>(198,000)</u>
Net cash used by capital and related financing activities	<u>(2,198,189)</u>	<u>(2,977,967)</u>
Cash flows from investing activities:		
Interest income	<u>1,374</u>	<u>17,872</u>
Net cash provided by investing activities	<u>1,374</u>	<u>17,872</u>
Net change in cash	(1,044,086)	(2,703,492)
Cash at beginning of year	<u>2,311,388</u>	<u>5,014,880</u>
Cash at end of year	\$ <u>1,267,302</u>	<u>2,311,388</u>

HARRISON MARKET COMMUNITY AUTHORITY

Notes to Basic Financial Statements Years Ended December 31, 2021 and 2020

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, 2021 and 2020**

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, 2021, 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, 2021 and 2020 was \$1,267,302 and \$2,311,388, respectively and consists of a US Treasury money market fund.

4. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2021 and 2020 was as follows:

	Balance 1/1/21	Increases	Decreases	Balance 12/31/21
<i>Capital assets not being depreciated:</i>				
Land	\$ 10,460,000	-	-	10,460,000
Construction in progress	<u>3,812,599</u>	<u>124,755</u>	-	<u>3,937,354</u>
	<u>\$ 14,272,599</u>	<u>124,755</u>	-	<u>14,397,354</u>
	Balance 1/1/20	<i>Restated</i> 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>2,834,552</u>	-	<u>3,812,599</u>
Subtotal	<u>\$ 11,438,047</u>	<u>2,834,552</u>	-	<u>14,272,599</u>

Construction in progress increases during the year ended December 31, 2020 were restated from \$3,408,421 to \$2,834,552.

HARRISON MARKET COMMUNITY AUTHORITY

Notes to Basic Financial Statements Years Ended December 31, 2021 and 2020

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 2021 and 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, 2021 and 2020 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, 2021 and 2020

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. No principal was paid in 2021 or 2020 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.

Bond activity for the years ended December 31, 2021 and 2020 was as follows:

	Balance 1/1/21	Additions	Reductions	Balance 12/31/21	Due Within One Year
2020 Revenue Bonds	\$ 2,200,000	-	-	2,200,000	45,000
Discount	(50,637)	-	1,688	(48,949)	-
	<u>\$ 2,149,363</u>	<u>-</u>	<u>1,688</u>	<u>2,151,051</u>	<u>45,000</u>

	Balance 1/1/20	Additions	Reductions	Balance 12/31/20	Due Within One Year
2020 Revenue Bonds	\$ -	2,200,000	-	2,200,000	-
Discount	-	(50,637)	-	(50,637)	-
	<u>\$ -</u>	<u>2,149,363</u>	<u>-</u>	<u>2,149,363</u>	<u>-</u>

HARRISON MARKET COMMUNITY AUTHORITY

**Notes to Basic Financial Statements
Years Ended December 31, 2021 and 2020**

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

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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		20,000	190,350	210,350
2027-2031		140,000	918,450	1,058,450
2032-2036		130,000	859,500	989,500
2037-2041		265,000	778,050	1,043,050
2042-2046		520,000	616,500	1,136,500
2047-2049		<u>1,040,000</u>	<u>242,550</u>	<u>1,282,550</u>
Total	\$	<u>2,200,000</u>	<u>4,383,450</u>	<u>6,583,450</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Trustees:

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 Harrison Market Community Authority, Franklin County, Ohio (the Authority) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated July 26, 2023.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying Schedule of Findings as item 2022-001 that we consider to be a material weakness.

Report on 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 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*.

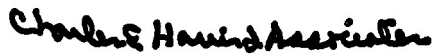
We also noted matters not requiring inclusion in this report that were reported to the Authority's management in a separate letter dated July 26, 2023.

Authority's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying Corrective Action Plan. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

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.
July 26, 2023

HARRISON MARKET COMMUNITY AUTHORITY
FRANKLIN COUNTY

Schedule of Audit Findings
December 31, 2022 and 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number 2022-001 – Material Weakness

The Bylaws of the Authority provide that “The Treasurer shall maintain all financial records of the Authority and accurate books of account of the Authority’s financial transactions.”

Proper internal control provides that the Authority should maintain an accounting system and accounting records sufficient to enable the Authority to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Pursuant to various financing agreements, a bank acting as Trustee of the Authority receives all revenues and disburses all funds. The Trustee provides a monthly bank statement to the Treasurer of the Authority which indicates amounts and dates of receipts and expenditures. The Treasurer summarizes these transactions yearly into a journal entry which is posted to an Excel spreadsheet which serves as a trial balance from which the financial statements are prepared by an outside accountant.

Since only summarized transactions are provided to the financial statement preparer, recording errors in 2020, 2021 and 2022 went undetected, and the Authority’s financial statements required audit adjustments and reclassifications as follows:

- In 2022, an adjustment was made to reverse an entry posted in error to Construction in Progress and Due to Contractor for \$1,497,786.
- In 2021, an adjustment was made to reverse an entry posted in error to Construction in Progress and Due to Contractor for \$1,048,672.
- In 2021, an adjustment was made to reclassify \$124,755 from Due to Contractor to Construction in progress for capital construction cost incurred in 2021.
- In 2020, an entry for \$573,679 was erroneously recorded in Construction in Progress and Due to Contractor. An adjustment was made to reverse the entry in the 2020 comparative financial statements.

The accompanying financial statements and the Authority’s records have been adjusted to properly reflect these transactions.

Sound financial reporting is the responsibility of the Authority and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend that the Treasurer maintain a general ledger, updated at least monthly, that provides the details of each transaction by account including, date, source of the transaction, the amount of the transaction, a brief description, and a cumulative balance of the account.

Management’s Response:

See Corrective Action Plan on page 30.

HARRISON MARKET COMMUNITY AUTHORITY
FRANKLIN COUNTY
For the Years Ended December 31, 2022 and 2021

CORRECTIVE ACTION PLAN – PREPARED BY MANAGEMENT

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	The Treasurer will make the appropriate allocations when financials are prepared to insure accurate financial reporting.	December 31, 2023	Eric Casto, Treasurer

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 11/14/2023

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