

***CITY OF LOVELAND***  
***COMMUNITY IMPROVEMENT CORPORATION***

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**BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2020**

**UNAUDITED**

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**CITY OF LOVELAND**  
**COMMUNITY IMPROVEMENT CORPORATION**

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AUDIT  
OPINION  
LETTER

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***Management's Discussion and Analysis - Unaudited***  
***For the Year Ended December 31, 2020***

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The discussion and analysis of the Loveland Community Improvement Corporation (the CIC) financial performance provides an overall review of the CIC's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the CIC's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the CIC's financial performance.

**Financial Highlights**

**Key financial highlights for 2020 are as follows:**

- ❑ Total net position at December 31, 2020 was \$186,428.
- ❑ In total, net position increased \$94,571 from 2019.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of various financial statements and notes to those statements as well as the management's discussion and analysis. The basic financial statements include the *Statement of Net Position*, *Statement of Revenues, Expenses and Changes in Net Position*, and *Statement of Cash Flows*. These statements provide information about the financial activities of the CIC.

**CITY OF LOVELAND**  
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***Management's Discussion and Analysis - Unaudited***  
***For the Year Ended December 31, 2020***

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**FINANCIAL ANALYSIS OF THE CIC**

The following table provides a comparison of the CIC's net position at December 31, 2020 and 2019:

|                          | <u>2020</u>             | <u>2019</u>            |
|--------------------------|-------------------------|------------------------|
| Current and Other Assets | \$186,534               | \$92,957               |
| Land Held for Resale     | 193,230                 | 162,500                |
| Total Assets             | <u>379,764</u>          | <u>255,457</u>         |
| Long-term Liabilities    | 193,230                 | 162,500                |
| Other Liabilities        | 106                     | 1,100                  |
| Total Liabilities        | <u>193,336</u>          | <u>163,600</u>         |
| Net Position             |                         |                        |
| Unrestricted             | 186,428                 | 91,857                 |
| Total Net Position       | <u><u>\$186,428</u></u> | <u><u>\$91,857</u></u> |

Changes in Net Position – The following table provides a comparison of the changes in net position for 2020 and 2019:

|   | <u>2020</u>             | <u>2019</u>            |
|---|-------------------------|------------------------|
| Operating Revenues:                     |                         |                        |
| Other Revenue                           | \$9                     | \$140                  |
| Total Operating Revenues                | <u>9</u>                | <u>140</u>             |
| Operating Expenses:                     |                         |                        |
| General Operating Expenses              | 766                     | 2,634                  |
| Total Operating Expenses                | <u>766</u>              | <u>2,634</u>           |
| Operating Loss                          | (757)                   | (2,494)                |
| Non-Operating Revenues (Expenses):      |                         |                        |
| Gain on Sale of Land                    | 95,328                  | 0                      |
| Total Non-Operating Revenues (Expenses) | <u>95,328</u>           | <u>0</u>               |
| Change in Net Position                  | 94,571                  | (2,494)                |
| Beginning Net Position                  | 91,857                  | 94,351                 |
| Ending Net Position                     | <u><u>\$186,428</u></u> | <u><u>\$91,857</u></u> |



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***Management's Discussion and Analysis - Unaudited***  
***For the Year Ended December 31, 2020***

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**LAND HELD FOR RESALE**

At the end of 2020 the CIC had \$193,230 of land held for resale. The following table shows 2020 and 2019 balances:

|                      | <u>2020</u>             | <u>2019</u>             | <u>Increase<br/>(Decrease)</u> |
|----------------------|-------------------------|-------------------------|--------------------------------|
| Land Held for Resale | <u>\$193,230</u>        | <u>\$162,500</u>        | <u>\$30,730</u>                |
| Totals               | <u><u>\$193,230</u></u> | <u><u>\$162,500</u></u> | <u><u>\$30,730</u></u>         |

Additional information on the CIC's land held for resale can be found in Note 4.

**DEBT**

The CIC has no debt.

**ECONOMIC FACTORS**

The CIC is responsible for research and development of the City of Loveland, including the assurance that mortgage payments will be made to foster such development, the acquisition, construction, equipment and improvement of buildings, structures and other properties, the acquisition of sites for such development, the lease, sale and subdivision of such sites and incurring of debt in order to carry out such development, and to make loans to any individual or business entity in order to carry out such development purpose for the City. Funding to finance the CIC comes from the sale of properties owned by the CIC and contributions from the City, County and private sources.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, investors, and creditors with a general overview of the CIC's finances and to reflect the CIC's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the Department of Finance, City of Loveland, 120 West Loveland Ave., Loveland, Ohio 45140.

**CITY OF LOVELAND**  
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***Statement of Net Position***  
***December 31, 2020***

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|                           |                          |
|---------------------------|--------------------------|
| <b>Assets</b>             |                          |
| Current Assets:           |                          |
| Cash and Cash Equivalents | \$ 186,534               |
| Total Current Assets      | <u>186,534</u>           |
| Noncurrent Assets:        |                          |
| Land                      | <u>193,230</u>           |
| <b>Total Assets</b>       | <u><u>379,764</u></u>    |
| <b>Liabilities</b>        |                          |
| Current Liabilities:      |                          |
| Accounts Payable          | <u>106</u>               |
| Total Current Liabilities | <u>106</u>               |
| Noncurrent Liabilities:   |                          |
| Due to City               | <u>193,230</u>           |
| <b>Total Liabilities</b>  | <u><u>193,336</u></u>    |
| <b>Net Position</b>       |                          |
| Unrestricted              | <u>186,428</u>           |
| <b>Total Net Position</b> | <u><u>\$ 186,428</u></u> |

See accompanying notes to the basic financial statements

**CITY OF LOVELAND**  
**COMMUNITY IMPROVEMENT CORPORATION**

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***Statement of Revenues, Expenses and Changes in Net Position***  
***For The Year Ended December 31, 2020***

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|  |                   |
|--|-------------------|
| <b>Operating Revenues:</b>                     |                   |
| Other Revenue                                  | \$ 9              |
| <b>Total Operating Revenues</b>                | <u>9</u>          |
| <b>Operating Expenses:</b>                     |                   |
| General Operating Expenses                     | <u>766</u>        |
| <b>Total Operating Expenses</b>                | <u>766</u>        |
| <b>Operating Loss</b>                          | (757)             |
| <b>Non-Operating Revenue (Expenses):</b>       |                   |
| Gain on Sale of Land                           | <u>95,328</u>     |
| <b>Total Non-Operating Revenues (Expenses)</b> | <u>95,328</u>     |
| <b>Change in Net Position</b>                  | 94,571            |
| Net Position Beginning of Year                 | <u>91,857</u>     |
| <b>Net Position End of Year</b>                | <u>\$ 186,428</u> |

See accompanying notes to the basic financial statements

**CITY OF LOVELAND**  
**COMMUNITY IMPROVEMENT CORPORATION**

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***Statement of Cash Flows***  
***For the Year Ended December 31, 2020***

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|   |                         |
|---|-------------------------|
| <u>Cash Flows from Operating Activities:</u>            |                         |
| Cash Received from Donations                            | \$9                     |
| Cash Payments for Services and Fees                     | (1,760)                 |
| Net Cash Used by Operating Activities                   | <u>(1,751)</u>          |
| <u>Cash Flows from Noncapital Financing Activities:</u> |                         |
| Transfers Out to City                                   | (148,516)               |
| Net Cash Used by Noncapital Financing Activities        | <u>(148,516)</u>        |
| <u>Cash Flows from Investing Activities:</u>            |                         |
| Sale of Land  | 261,100                 |
| Cash Payments for Real Estate Services                  | (17,256)                |
| Net Cash Provided by Investing Activities               | <u>243,844</u>          |
| Net Increase in Cash and Cash Equivalents               | 93,577                  |
| Cash and Cash Equivalents at Beginning of Year          | 92,957                  |
| Cash and Cash Equivalents at End of Year                | <u><u>\$186,534</u></u> |
| <u>Reconciliation of Operating Loss to Net Cash</u>     |                         |
| <u>Used by Operating Activities:</u>                    |                         |
| Operating Loss  | (\$757)                 |
| Adjustments to Reconcile Operating Loss to              |                         |
| Net Cash Used by Operating Activities:                  |                         |
| Changes in Assets and Liabilities:                      |                         |
| Decrease in Accounts Payable                            | (994)                   |
| Total Adjustments                                       | <u>(994)</u>            |
| Net Cash Used by Operating Activities                   | <u><u>(\$1,751)</u></u> |

See accompanying notes to the basic financial statements

**CITY OF LOVELAND**  
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*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

*Unaudited*

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Loveland Community Improvement Corporation (the "CIC") was formed pursuant to passage of City of Loveland Ordinance 1974-39, passed August 27, 1974 and incorporated as a not-for-profit corporation under Title XVII, Chapters 1702 and 1724 of the Ohio Revised Code for the purpose of advancing, encouraging and promoting the industrial, commercial, distribution and research development in the City of Loveland.

The CIC Board of Trustees is a five member board comprised of two City of Loveland officials and three community representatives. All Board members are appointed by the Mayor and confirmed by Council.

The CIC is included as part of the City of Loveland for financial reporting purposes. Although it is legally separate from the City of Loveland, the CIC is reported as if it were part of the City due to the fact that debts of the CIC are repaid entirely or almost entirely with resources provided by the City of Loveland. The CIC is responsible for research and development of the City, including the assurance that mortgage payments will be made to foster such development, the acquisition, construction, equipment and improvement of buildings, structures and other properties, the acquisition of sites for such development, the lease, sale and subdivision of such sites and incurring of debt in order to carry out such development, and to make loans to any individual or business entity in order to carry out such development purpose for the City. Funding to finance the CIC comes from the sale of properties owned by the CIC and contributions from the City and private sources.

The financial statements are presented as of December 31, 2020 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

**CITY OF LOVELAND**  
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*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

*Unaudited*

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis of Accounting**

The basic financial statements of the CIC are prepared using the accrual basis of accounting in conformity with GAAP.

**B. Basis of Presentation**

The CIC's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

The CIC distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the CIC's principal ongoing operation. The principal operating revenues of the CIC are contributions from the City and County. Operating expenses for the CIC primarily include professional fees and service contract fees. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

**C. Federal Income Tax**

The City of Loveland Community Improvement Corporation is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code.

**D. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, all cash in the CIC's checking account is considered to be cash and cash equivalents. All monies received by the CIC are deposited in a demand deposit account.

**E. Land Held for Resale**

Land held for resale consists of various properties purchased by the City of Loveland and held by the CIC. Proceeds from the sale of land are required to be remitted to the City of Loveland unless legislation has been passed stating otherwise.

**CITY OF LOVELAND**  
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*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

*Unaudited*

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Net position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The CIC has no restricted net position.

**G. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 2 – DEPOSITS**

As of December 31, 2020, the carrying amount of the CIC’s deposits was in the amount of \$186,534. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosure”, as of December 31, 2020 the entire bank balance was covered by the Federal Deposit Insurance Corporation. There are no significant statutory restrictions regarding the deposits and investments of funds held by the not-for-profit corporation.

**NOTE 3 - RISK MANAGEMENT**

The CIC has obtained comprehensive property and general liability insurance as part of the City’s policy through a private carrier.

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*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2020*

*Unaudited*

**NOTE 4 – LAND HELD FOR RESALE**

Summary of changes in land held for resale at December 31, 2020:

| <i>Historical Cost:</i> | December 31, |           |             | December 31, |
|-------------------------|--------------|-----------|-------------|--------------|
| Class                   | 2019         | Additions | Deletions   | 2020         |
| Land Held for Resale    | \$162,500    | \$270,230 | (\$239,500) | \$193,230    |
| Total Cost              | \$162,500    | \$270,230 | (\$239,500) | \$193,230    |

**NOTE 5 – DUE TO/FROM CITY**

Balances due to/from the City of Loveland at December 31, 2020 are summarized below:

|                      | Due to the<br>City of Loveland | Due from the<br>City of Loveland |
|----------------------|--------------------------------|----------------------------------|
| Land Held for Resale | \$193,230                      | \$0                              |
| Totals               | \$193,230                      | \$0                              |

At December 31, 2020 the CIC reported \$193,230 as due to the City of Loveland. This balance represents land held by the CIC for which future sale proceeds are due to the City of Loveland.