

Cedar Fairmount Special Improvement District

Management's Discussion and Analysis

For the Years Ended December 31, 2021 and 2020 (Unaudited)

Note 1 – Reporting Entity

The Cedar Fairmount Special Improvement District, Cuyahoga County, is a body politic and corporation established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected 09-member Governing Board directs the Entity. The Entity provides A Marketing, Beautification & Maintenance, Economic Development and Physical Improvement Planning Program services.

The Cedar Fairmount Special Improvement District, Inc. (the "SID") was created in September 1994 by the City of Cleveland Heights. Chapter 1710 of the Ohio Revised Code provides that owners of sixty percent (60%) of the front footage of an area can petition to create a Special Improvement District (SID). The SID is a non-profit corporation, governed by trustees elected by the property owners (one of which is the City Executive or his designee and one appointed by City Council) of an area/district, to provide specially desired services such as marketing, beautification/maintenance, economic development and physical improvements planning services. The plan of service of the SID seeks as its overall goal to maintain and to enhance the economic viability of the Cedar Fairmount district.

The SID will provide the professional management to deliver the services in the district. The managed services will be overseen by the ten member Board of Directors of the SID – consisting of eight members elected by the property owners, one appointed by City Council and the City Manager.

The Internal Revenue Service approved its status as 501(c)(3) in 1994.

This discussion and analysis, along with the accompanying financial report, of the Cedar Fairmount Special Improvement District (the "SID") is designed to provide interested parties with a general overview of the SID and its financial activities.

Note 2: Summary of Significant Accounting Policies

The Entity's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Basis of Accounting

The financial statements of the SID have been prepared on the cash basis of accounting, which recognizes revenues when received and expenses when paid.

Basis of Presentation

The Entity uses funds to maintain its financial records during the year. A general fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Income Taxes

The SID has qualified for a tax exemption under Section 501c of the Internal Revenue Code and, accordingly, no provision for federal income tax has been recorded in the accompanying financial statements. Income taxes are accounted for under the provisions of the "Income Taxes" topic of the FASB ASC. Uncertain income tax positions are evaluated at least annually by management. As of December 31, 2021, the SID has identified no uncertain income tax positions and has incurred no amounts for income tax penalties and interest for the year then ended.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The SID is a non-profit corporation using fund accounting similar to private sector business. The basic financial statements are presented using the cash basis of accounting.

The **Statements of Net Position** includes all the SID's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Overtime, increases or decreases in net position may serve as a useful indicator of whether the financial position of the SID is improving or deteriorating.

The **Statements of Revenues, Expenses and Changes in Net Position** provides information on the SID's operations over the past year. Revenues are reported when received and expenses are reported when paid. The **Statements of Cash Flows** provide information about the SID's cash receipts and cash disbursements. It summarizes the net changes in cash resulting from operating activities. The SID does not have any investing or financing activities at this time.

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FINANCIAL HIGHLIGHTS

The SID's net position was \$21,368 and \$1,566 on December 2021 and 2020 respectively.

The SID's revenues increased \$5,605 from 2020 to 2021 and decreased \$7,326 from 2019 to 2020. The increase in revenue in 2021 was due to the revitalization of the festivals that had been cancelled the previous year due to COVID 19. The decrease in 2020 was due to the cancellation of the festivals.

The SID's expenses increased \$20,998 from 2020 to 2021 and decreased \$35,585 from 2019 to 2020. The increase in expenses in 2021 was due to higher administration, maintenance and snow removal costs, and festivals expense. The decreased in expenses in 2020 were due to lower administration, maintenance and snow removal costs, cancelations of festivals and a web site.

In January 2014 the City of Cleveland Heights apportioned a loan to the SID related to the Streetscape project that was completed in 2017. The SID's share of debt is \$100,000 to be repaid over 10 years. The City reduces the SID's assessment each year by \$10,000 for repayment on the debt. The SID has not received the loan amount directly but instead the City has contributed the \$100,000 to the Streetscape project fund. For this reason the loan is not accounted for on the balance sheet of the SID. The annual assessment revenue is the net amount after repayment of the debt.

In December 2021 the City of Cleveland Heights apportioned a loan to the SID in the amount of \$35,000 to cover the deficit and snow plowing expense. The debt is to be repaid over a period of five years.

CONTACT INFORMATION

Questions regarding this report and requests for additional information should be forwarded to Myra Orenstein Acting Executive Director or Vince Pangle Treasurer of the Cedar Fairmount SID, 12451 Cedar Road. Cleveland Heights, OH 44106 and (216) 932-3322.

Cedar Fairmount Special Improvement District

Table 1 summarizes net position of SID

| NET POSITION | | <u>2021</u> | <u>2020</u> |
|-----------------------|----|-------------|-------------|
| Assets: | | | |
| Current Assets | \$ | 21,368 | \$ 1,566 |
| Liabilities: | | | |
| Current Liabilities | | 3,799 | 0 |
| Long Term Liabilities | | 35,000 | |
| Net Position: | | | |
| Unrestricted | | (17,431) | 1,566 |
| Total net position | \$ | 21,368 | \$ 1,566 |

REVENUES, EXPENSES AND CHANGES IN NET POSITION

Table 2 summarizes changes in revenues and expenses and the resulting change in position

| | <u>2021</u> | <u>2020</u> |
|-----------------------------------|-------------|-------------|
| Operating revenues | \$ 76,925 | \$ 71,320 |
| Operating expenses | 95,922 | 74,924 |
| Operating (loss) income | (18,997) | (3,604) |
| Change in net position | (18,997) | (3,604) |
| Net position at beginning of year | 1,566 | 5,170 |
| Increase in Liabilities | 38,799 | - |
| Net position at end of year | \$ 21,368 | \$ 1,566 |

Cedar Fairmount Special Improvement District

Statements of Net Position

December 31, 2021 and 2020

| Assets: | <u>2021</u> | <u>2020</u> |
|---------------------------|-------------|-------------|
| Cash and cash equivalents | \$ 21,248 | \$ 1,066 |
| Accounts Receivable | 120 | 500 |
| Other | 0 | 0 |
| | <hr/> | <hr/> |
| Total assets | 21,368 | 1,566 |
| | <hr/> | <hr/> |
| Liabilities: | | |
| Current liabilities | 3,799 | 0 |
| | <hr/> | <hr/> |
| Long Term Liabilities | 35,000 | 0 |
| Total liabilities | 38,799 | 0 |
| | <hr/> | <hr/> |
| Net Position: | | |
| Unassigned | (17,431) | 1,566 |
| | <hr/> | <hr/> |
| | \$ 21,368 | \$ 1,566 |
| | <hr/> | <hr/> |

Cedar Fairmount Special Improvement District

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|-----------------------------------|------------------|-----------------|
| Operating revenues: | | |
| SID Assessment | \$ 65,645 | \$ 67,721 |
| Summer and Fall Festivals | 10,500 | 884 |
| Donations | 0 | 0 |
| Other Income | 780 | 2,715 |
| Total Operating Revenues | <u>76,925</u> | <u>71,320</u> |
| Operating Expenses: | | |
| Summer and Fall Festivals | 8,923 | 150 |
| Administration | 37,195 | 32,322 |
| Web Site | 2,570 | 3,243 |
| Promotion and Social Media | 6,448 | 8,197 |
| Holiday Decoration | 0 | 0 |
| Landscaping Maintenance | 30,286 | 22,912 |
| Snow Removal | 10,500 | 8,100 |
| | <u>95,922</u> | <u>74,924</u> |
| Operating (loss) revenue | (18,997) | (3,604) |
| Net position at beginning of year | 1,566 | 5,170 |
| Increase in liabilities | 38,799 | - |
| Net position at end of year | <u>\$ 21,368</u> | <u>\$ 1,566</u> |

Cedar Fairmount Special Improvement District

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|--------------------|-------------------|
| Cash flows from operating activities: | | |
| Cash receipts from assessment | \$ 65,645 | \$ 67,721 |
| Cash receipts from donations | - | - |
| Cash receipts from festivals | 10,500 | 884 |
| Cash payments for administrator | 34,000 | 30,103 |
| Cash payments for goods and services | 57,463 | 41,606 |
| Net cash (used for) provided by operating activities | <u>(15,318)</u> | <u>(3,104)</u> |
| Cash Flows from financing activities: | | |
| Loan payable | 35,000 | - |
| Net change in cash | 19,682 | (3,104) |
| Cash and cash equivalents at beginning of year | 1,566 | 4,670 |
| Cash and cash equivalents at end of year | <u>\$ 21,248</u> | <u>\$ 1,566</u> |
| Reconciliation of operating (loss) revenue to net cash from operating activities: | | |
| Operating Income(loss) | \$ (15,318) | \$ (3,104) |
| Change in operating assets: | | |
| Decrease in accounts receivable and unearned income | 120 | |
| Increase in accounts payables | (3,799) | |
| Net cash (used for) provided by operating activities | <u>\$ (18,997)</u> | <u>\$ (3,104)</u> |