

STAMFORD DOWNTOWN  
SPECIAL SERVICES DISTRICT  
Financial Statements  
YEARS ENDED JUNE 30, 2013 and 2012

**FRIEDBERG, SMITH & CO., P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

STAMFORD DOWNTOWN SPECIAL SERVICES DISTRICT

CONTENTS

Independent Auditor's report

FINANCIAL STATEMENTS

Balance sheets..... Exhibit A

Statements of revenues, expenditures and  
changes in fund balances – actual and budget..... Exhibit B

Notes to financial statements

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## Independent Auditor's Report

The Board of Commissioners  
Stamford Downtown Special Services District  
Stamford, Connecticut

### *Report on the Audited Financial Statements*

We have audited the accompanying general - purpose financial statements of Stamford Downtown Special Services District which comprise the balance sheets as of June 30, 2013 and 2012 and the related statements of revenues, expenditures and changes in fund balances - actual and budget for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the General - Purpose Financial Statements*

Management is responsible for the preparation and fair presentation of these general - purpose 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 the general - purpose financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these general - purpose financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general - purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the general - purpose financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the general - purpose financial statements whether due to fraud or error. In making those risk assessments, the auditor considers Internal control appropriate to the entity's preparation and fair presentation of the general - purpose financial statements in order to design audit procedures that are relevant in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 general - purpose financial statements.

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

### *Opinion*

In our opinion, the general - purpose financial statements referred to above present fairly, in all materials respects, the financial position of Stamford Downtown Special Services District as of June 30, 2013 and 2012, and the results of its operations and the changes in its fund balances for the years then ended in accordance with accounting principles generally accepted in the United States of America.

January 15, 2014

*Friedberg, Smith & Co., P.C.*

STAMFORD DOWNTOWN SPECIAL SERVICES DISTRICTBALANCE SHEETS  
JUNE 30, 2013 AND 2012

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Cash and Cash Equivalents (Note 3)	\$ 668,640	\$ 713,892
Cash Available in STIF Account (Note 4)	<u>1,021,406</u>	<u>1,030,273</u>
Total Cash and Cash Equivalents	1,690,046	1,744,165
Receivable - Property Taxes (Notes 2 and 3)	9,501	32,543
Receivable - Sponsorships (Note 2)	64,487	127,559
Prepaid Expenses (Notes 2 and 5)	307,363	392,829
Website Costs, Net of Accumulated Amortization of \$1,153 in 2013 (Notes 2 and 6)	40,370	-
Agency Assets (Note 2)	<u>36,207</u>	<u>24,395</u>
TOTAL ASSETS	<u>\$ 2,147,974</u>	<u>\$ 2,321,491</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 184,090	\$ 213,372
Deferred Revenue (Notes 2 and 5)	337,324	456,570
Agency Liabilities (Note 2)	<u>36,207</u>	<u>24,395</u>
Total Liabilities	<u>557,621</u>	<u>694,337</u>
 <u>Fund Balance (Notes 1 and 2)</u>		
Fund Balance - Available for Operations	<u>1,590,353</u>	<u>1,627,154</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,147,974</u>	<u>\$ 2,321,491</u>

**STAMFORD DOWNTOWN SPECIAL SERVICES DISTRICT**

**STATEMENTS OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
ACTUAL AND BUDGET  
YEARS ENDED JUNE 30, 2013 AND 2012**

	2013			2012		
	Actual	Budget	Variance (Note 10)	Actual	Budget	Variance (Note 10)
<b>Revenues (Notes 2, 7 and 9)</b>						
Taxation	\$ 1,773,718	\$ 1,675,269	\$ 98,449	\$ 1,671,361	\$ 1,623,374	\$ 47,987
Sponsorships, Grants and Events:						
Local Business and Individuals	2,037,149	1,566,500	470,649	1,889,259	1,344,000	545,259
City	20,000	-	20,000	20,000	-	20,000
	2,057,149	1,566,500	490,649	1,909,259	1,344,000	565,259
Security Program:						
City	60,000	60,000	-	60,000	60,000	-
City Beautification Program:						
City	20,000	20,000	-	20,000	15,000	5,000
Other	400	-	400	9,050	-	9,050
	20,400	20,000	400	29,050	15,000	14,050
Interest	7,802	7,000	802	5,092	7,000	(1,908)
In-kind Contributions:						
Rent	120,000	120,000	-	120,000	120,000	-
Services	50,000	-	50,000	100,000	-	100,000
	170,000	120,000	50,000	220,000	120,000	100,000
Other	11,515	5,000	6,515	9,498	5,000	4,498
<b>Total Revenues</b>	<b>4,100,584</b>	<b>3,453,769</b>	<b>646,815</b>	<b>3,904,260</b>	<b>3,174,374</b>	<b>729,886</b>
<b>Expenditures (Notes 2, 6, 7, 8 and 9)</b>						
Administrative	737,552	795,237	(57,685)	706,477	631,500	74,977
Environmental Improvements, Service Management and Security Program	772,772	723,000	49,772	732,533	775,000	(42,467)
Special Events and Promotions	2,145,342	1,895,500	249,842	1,924,065	1,800,000	124,065
Retail Administration, Recruitment and Economic Development	176,285	183,610	(7,325)	306,184	191,312	114,872
Retail Initiatives	58,552	150,000	(91,448)	4,162	-	4,162
New Initiatives	75,729	100,000	(24,271)	36,148	-	36,148
Amortization	1,153	-	1,153	-	-	-
In-kind:						
Rent	120,000	120,000	-	120,000	120,000	-
Services	50,000	-	50,000	100,000	-	100,000
	170,000	120,000	50,000	220,000	120,000	100,000
<b>Total Expenditures</b>	<b>4,137,385</b>	<b>3,967,347</b>	<b>170,038</b>	<b>3,929,569</b>	<b>3,517,812</b>	<b>411,757</b>
(Deficiency) Excess of Revenues Over Expenditures	(36,801)	\$ (513,578)	\$ 476,777	(25,309)	\$ (343,438)	\$ 318,129
Fund Balance - July 1	1,627,154			1,652,463		
<b>Fund Balance - June 30</b>	<b>\$ 1,590,353</b>			<b>\$ 1,627,154</b>		

STAMFORD DOWNTOWN SPECIAL SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

NOTE 1 - NATURE OF OPERATIONS

Stamford Downtown Special Services District (District) is a political subdivision which provides coordinated promotion and enhancement for the downtown Stamford retail and general business environment. Operations are funded by additional Property taxes on taxpayers in the District (Note 2). The District is not subject to federal or state income taxes, and may receive Qualified Contributions in accordance with Section 170(c)(1) of the Internal Revenue Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared using the modified accrual basis of accounting. Under this method of accounting, Revenues are recognized in the period in which they become measurable and available. The District considers as measurable and available those Revenues billed or collected prior to the current year-end or collected subsequent to year-end within sufficient time to finance current operations. Revenues not considered measurable and available are reflected as Deferred revenue – Property taxes. Expenditures are recorded in the period in which the liability is incurred.

For Events that span the year end, the District has allocated Sponsorship income and related event expenses between the years based either upon the number of events to be held or the time period of the event. Revenues applicable to the succeeding year are reflected as Deferred revenue – Events and expenses related to events to take place in the succeeding year are reflected as Prepaid expenses (Note 5).

Budgetary Data

On or before May 1 of each year, the District's Board of Commissioners:

- (i) adopts an annual budget and files the budget with the Commissioner of Finance of the City of Stamford (City). The annual budget may be amended as provided in the bylaws of the District. Amended budgets must be filed with the Commissioner of Finance within fifteen (15) days of adoption.
- (ii) recommends to the Board of Representatives of the City a tax levy for the District to be imposed in addition to the City's regular property tax levy.

It is the obligation of the City to collect this additional levy for the benefit of the District.

STAMFORD DOWNTOWN SPECIAL SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition - Property Taxes

The District's property tax is levied each July 1 on the assessed value listed as of the preceding October 1 as determined by the City. Real property taxes are due and payable in two installments, July 1 and January 1. Delinquent taxes are lien by the City each year prior to May 31. The City collects property taxes assessed on behalf of the District.

Receivables

Receivables are periodically evaluated for collectability based upon Management's evaluation of past loss experience, known and inherent risks in its accounts plus other factors which could affect collectability. In the opinion of Management, all accounts for which the collectability is doubtful have been written off and the remaining accounts are deemed to be collectible.

Marketing and Advertising Expenses

The District expenses Marketing and Advertising expenses in the period of benefit. Any amounts paid and not recognized as expense are reflected in the accompanying financial statements as Prepaid expenses (Note 5).

Equipment

The District's policy is to expense during the year the cost of Computers and other Office equipment items purchased.

Website

The costs of developing the District's website are being amortized on a straight-line basis over thirty-six months (Note 6).

Agency Assets and Liabilities

The District acts as agent for restaurants in the downtown district, relating to the collection of Dues and certain revenues and disbursements for advertising and security.

STAMFORD DOWNTOWN SPECIAL SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services and Facility

Goods and services have been provided by various organizations and a number of unpaid volunteers have contributed their time to the District. Contributions are recognized if the goods or services received either (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed goods or services that do not meet the above criteria are not recognized.

During the years ended June 30, 2013 and 2012, various City departments and local businesses contributed services to the District which have been reflected as an In-kind Contribution and a corresponding In-kind services expense in the estimated amounts of \$50,000 and \$100,000, respectively.

Additionally, the District leases its office space at a value which is deemed by the Landlord to be below a market value lease and the District has reflected an In-kind Contribution and a corresponding In-kind Rent expense amounting to \$120,000 for each of years ended June 30, 2013 and 2012, for the difference between a market value lease and the rental amount (Note 9).

Use of Estimates

The preparation of 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 expenditures during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 presentation.

Subsequent Events

Management has evaluated subsequent events through January 15, 2014, the date the financial statements were available to be issued. Through that date, there were no material events that would require recognition or additional disclosure in the financial statements.

NOTE 3 - CONCENTRATION OF CREDIT RISK

Cash

The District maintains Cash Accounts at a local Bank. As of January 1, 2013 the Cash Accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At times during the year, the cash balances in the accounts may have exceeded the insured limits.

Receivables

Revenues and any related Receivables result from services provided in the downtown section of the City.

STAMFORD DOWNTOWN SPECIAL SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

NOTE 4 - CASH AVAILABLE IN STIF ACCOUNT

Cash available in the State of Connecticut Short Term Investment Fund (STIF) account at June 30, 2013 and 2012, was comprised of taxes collected by the City on behalf of the District, but not yet remitted to the District. These funds have been invested by the City on behalf of the District.

NOTE 5 - PREPAID EXPENSES AND DEFERRED REVENUES

Prepaid expenses and Deferred revenues at June 30 were as follows (Note 2):

	<u>2013</u>		<u>2012</u>	
	<u>Prepaid Expenses</u>	<u>Deferred Revenues</u>	<u>Prepaid Expenses</u>	<u>Deferred Revenues</u>
Insurance	\$ 46,601	\$ -	\$ 34,945	\$ -
Security Program	15,884	-	35,738	-
Property Taxes	-	9,501	-	32,543
Directory Advertising	-	5,000	-	-
Alive @ Five	130,849	61,563	142,595	147,881
Art in Public Places	41,129	140,000	99,597	125,396
Artwork in Stamford				
Downtown	2,081	23,100	8,210	18,750
A Grand Summer				
Night	5,717	1,160	6,045	1,000
Jazz Up July	63,955	62,000	60,147	36,000
French Market	197	-	1,770	-
Holiday Parade/Tree				
Lighting	950	35,000	1,100	95,000
Rockin' the River	-	-	2,682	-
Total	<u>\$307,363</u>	<u>\$337,324</u>	<u>\$392,829</u>	<u>\$456,570</u>

NOTE 6 - WEBSITE COSTS, NET

Website Costs and related Accumulated Amortization consisted of the following as of June 30, 2013 (Note 2):

<u>Cost</u>	<u>\$41,523</u>
<u>Accumulated Amortization</u>	<u>\$1,153</u>
<u>Net Book Value</u>	<u>\$40,370</u>

Amortization expense for the year ended June 30, 2013 was \$1,153.

STAMFORD DOWNTOWN SPECIAL SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

NOTE 7 - SECURITY PROGRAM AND CITY BEAUTIFICATION PROGRAM

The District's Security program is a service to provide security patrols in the City's downtown business area.

Funding for the Security program is provided by the City and local businesses.

The District contracts with a company to provide the security services. The current agreement expired April 2013. By mutual agreement, the agreement is continuing on a month-to-month basis under the same terms.

The District's City beautification program provides for the purchase and maintenance of various beautification items. Funding is provided by the City and local businesses.

NOTE 8 - EMPLOYEE BENEFIT PLAN

The District sponsors an employee retirement plan, whereby discretionary Contributions are made for eligible employees under a Simplified employee pension (SEP) arrangement. Contributions for employees during the years ended June 30, 2013 and 2012 amounted to approximately \$50,300 and \$41,600, respectively.

NOTE 9 - LEASED PREMISES

The District leases its office space on a month-to-month basis. The Lease provides for a monthly rental of \$1 and the District has reflected an In-kind Contribution from the Landlord and a corresponding In-kind Rent expense (Note 2). This Lease may be terminated by either party with 30 days notice.

NOTE 10 - VARIANCES TO BUDGET

For the Year Ended June 30, 2013:

Total Revenues exceeded budgeted amounts by approximately \$647,000 primarily due to increased Sponsorships and Event revenues over budgeted amounts of approximately \$470,000 (of which approximately \$170,000 was from Art in Public Places events, approximately \$106,000 was from Alive @ Five events and approximately \$69,000 was from the Rockin' the River Event) taxation revenues exceeding budgeted amounts by approximately \$98,000 and recognition of unbudgeted In-kind Contributions of services of \$50,000.

Total Expenditures exceeded budgeted amounts by approximately \$170,000 primarily due to expenditures exceeding budgeted amounts for Special events and promotions of approximately \$250,000 (of which approximately \$154,000 was from Alive @ Five events, and approximately \$87,000 was from Art in Public Places events) expenditures exceeding budgeted amounts for Environmental Improvements, Service Management and Security programs expenditures of approximately \$50,000 and recognition of unbudgeted In-kind expenses for services of \$50,000. These were partially offset by Administrative expenditures under budget by approximately \$58,000, Retail Administration, Recruitment and Economic Development and Retail Initiatives under budget by approximately \$98,000 and New Initiatives under budget by approximately \$24,000.

STAMFORD DOWNTOWN SPECIAL SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012

NOTE 10 - VARIANCES TO BUDGET (continued)

For the Year Ended June 30, 2012:

Total Revenues exceeded budgeted amounts by approximately \$730,000, primarily due to increased Sponsorships and Event revenues over budgeted amounts of approximately \$545,000 (of which approximately \$328,000 was from Alive @ Five) taxation revenues exceeding budgeted amounts by approximately \$48,000 and recognition of unbudgeted In-kind Contributions of services of \$100,000.

Total Expenditures exceeded budgeted amounts by approximately \$412,000 primarily due to expenditures exceeding budgeted amounts for Administrative expenditures of approximately \$75,000, expenditures exceeding budgeted amounts for expenses for Special events and promotions of approximately \$124,000, expenditures exceeding budgeted amounts for Retail Administration, Recruitment and Economic Development expenditures of approximately \$151,000 (including Retail Initiatives of approximately \$36,000) and unbudgeted In-kind services expenses of \$100,000. These were partially offset by Environmental Improvements, Service Management and Security programs expenditures under budget by approximately \$43,000.