

STAMFORD DOWNTOWN
SPECIAL SERVICES DISTRICT

Financial Statements
(with Independent Auditor's Report thereon)

YEARS ENDED JUNE 30, 2018 and 2017

STAMFORD DOWNTOWN SPECIAL SERVICES DISTRICT

CONTENTS

Independent auditor's report

FINANCIAL STATEMENTS

Balance sheetsExhibit A

Statements of revenues, expenditures and
changes in fund balances - actual and budgetExhibit B

Notes to financial statements

SUPPLEMENTARY SCHEDULES

Schedule of sponsorships, grants and events revenue Schedule 1

Schedule of special events and promotions expense Schedule 2

Independent Auditor's Report

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

Report on the General-Purpose 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, 2018 and 2017 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 material respects, the financial position of Stamford Downtown Special Services District as of June 30, 2018 and 2017, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules for the years ended June 30, 2018 and 2017, as indicated in the Contents to the financial statements, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Cirone Friedberg, LLP

January 26, 2019
Bridgeport, Connecticut

STAMFORD DOWNTOWN SPECIAL SERVICES DISTRICTBALANCE SHEETS
JUNE 30, 2018 AND 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Cash	\$ 879,575	\$ 838,769
Cash Available in STIF Account	<u>559,680</u>	<u>634,967</u>
Total Cash	1,439,255	1,473,736
Receivable - Property Taxes	51,601	4,391
Receivable - Sponsorships and Other	93,693	101,841
Prepaid Expenses	414,959	484,227
Agency Assets	<u>91,362</u>	<u>405,531</u>
TOTAL ASSETS	<u>\$ 2,090,870</u>	<u>\$ 2,469,726</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>		
<u>Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 160,400	\$ 92,465
Agency Liabilities	<u>91,362</u>	<u>405,531</u>
Total Liabilities	<u>251,762</u>	<u>497,996</u>
 <u>Deferred Inflows of Resources</u>		
Unearned Revenues	246,020	266,454
Unavailable Revenues	<u>51,601</u>	<u>1,857</u>
Total Deferred Inflows of Resources	<u>297,621</u>	<u>268,311</u>
 <u>Fund Balance</u>		
Fund Balance - Available for Operations	<u>1,541,487</u>	<u>1,703,419</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 2,090,870</u>	<u>\$ 2,469,726</u>

See notes to financial statements.

STAMFORD DOWNTOWN SPECIAL SERVICES DISTRICT
 STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ACTUAL AND BUDGET
 YEARS ENDED JUNE 30, 2018 AND 2017

	2018			2017		
	Actual	Budget	Variance	Actual	Budget	Variance
Revenues						
Taxation	\$ 2,280,294	\$ 2,315,504	\$ (35,210)	\$ 2,320,162	\$ 2,221,659	\$ 98,503
<u>Sponsorships, Grants and Events:</u>						
Local Business and Individuals	1,875,049	1,686,000	189,049	2,066,941	1,739,690	327,251
State of Connecticut Grants	<u>153,750</u>	<u>10,000</u>	<u>143,750</u>	<u>10,000</u>	<u>16,000</u>	<u>(6,000)</u>
	<u>2,028,799</u>	<u>1,696,000</u>	<u>332,799</u>	<u>2,076,941</u>	<u>1,755,690</u>	<u>321,251</u>
<u>Security Program:</u>						
City	<u>85,000</u>	<u>85,000</u>	<u>-</u>	<u>85,000</u>	<u>80,000</u>	<u>5,000</u>
<u>City Beautification Program:</u>						
City	<u>37,900</u>	<u>30,000</u>	<u>7,900</u>	<u>32,100</u>	<u>24,000</u>	<u>8,100</u>
Interest	<u>21,112</u>	<u>12,000</u>	<u>9,112</u>	<u>20,931</u>	<u>12,000</u>	<u>8,931</u>
<u>In-kind Contributions:</u>						
Rent	120,000	120,000	-	120,000	120,000	-
Services	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
	220,000	120,000	100,000	220,000	120,000	100,000
Other	<u>12,197</u>	<u>30,000</u>	<u>(17,803)</u>	<u>28,683</u>	<u>20,000</u>	<u>8,683</u>
Total Revenues	<u>4,685,302</u>	<u>4,288,504</u>	<u>396,798</u>	<u>4,783,817</u>	<u>4,233,349</u>	<u>550,468</u>
Expenditures						
Administrative	1,002,275	972,201	30,074	950,855	966,148	(15,293)
Environmental Improvements, Service Management and Security Program	896,692	888,503	8,189	850,256	803,181	47,075
Special Events and Promotions	2,555,892	2,089,653	466,239	2,269,246	2,082,781	186,465
Retail Administration, Recruitment and Economic Development	168,398	178,135	(9,737)	184,220	211,227	(27,007)
Retail Initiatives	-	-	-	2,447	10,000	(7,553)
New Initiatives	<u>3,977</u>	<u>40,000</u>	<u>(36,023)</u>	<u>31,560</u>	<u>40,000</u>	<u>(8,440)</u>
Total Expenditures Before In-kind	<u>4,627,234</u>	<u>4,168,492</u>	<u>458,742</u>	<u>4,288,584</u>	<u>4,113,337</u>	<u>175,247</u>
<u>In-kind:</u>						
Rent	120,000	120,012	(12)	120,000	120,012	(12)
Services	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total In-kind	<u>220,000</u>	<u>120,012</u>	<u>99,988</u>	<u>220,000</u>	<u>120,012</u>	<u>99,988</u>
Total Expenditures	<u>4,847,234</u>	<u>4,288,504</u>	<u>558,730</u>	<u>4,508,584</u>	<u>4,233,349</u>	<u>275,235</u>
Excess of Revenues Over Expenditures	(161,932)	\$ -	\$ (161,932)	275,233	\$ -	\$ 275,233
Fund Balance - July 1	<u>1,703,419</u>			<u>1,428,186</u>		
Fund Balance - June 30	<u>\$ 1,541,487</u>			<u>\$ 1,703,419</u>		

See notes to financial statements.

STAMFORD DOWNTOWN SPECIAL SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 - NATURE OF OPERATIONS

The Stamford Downtown Special Services District (District) was established in 1991 by a majority vote of the designated property owners as a Special Services District under an applicable City of Stamford Ordinance enacted pursuant to Chapter 105a of the Connecticut General Statutes. The purpose of the statute is to enable property owners a mechanism which provides coordinated promotion, enhancement and economic growth for the downtown Stamford retail and general business environment. Property owners elect a Board of Commissioners who prepare a program of work aimed at achieving the collective goals and shared vision of the downtown property owners.

Active operations commenced in 1992 with the imposition of the initial special levy upon the assessed valuation of real property within the District by the City of Stamford (City).

Revenues of the District consist of Property taxes, Interest on past due taxes, Grants, Contributions, and Sponsorships. The Contributions are 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 using generally accepted accounting principles applicable to quasi-governmental units. Under this method of accounting, Revenues are recognized in the period in which they are susceptible to accrual, i.e., 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 inflows of resources - either Unearned revenue - events, or Unavailable revenue - property taxes. Expenditures applicable to future events are reflected as Prepaid expenses and are reflected 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.

District Budget and Tax Levy

On or before June 30 of each year, the District's Board of Commissioners:

- (i) adopts an annual budget and files the budget with the Director of Administration 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 Director of Administration within fifteen (15) days of adoption.

STAMFORD DOWNTOWN SPECIAL SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

District Budget and Tax Levy (continued)

- (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 impose and collect this additional levy for the benefit of the District.

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

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.

Equipment

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

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.

STAMFORD DOWNTOWN SPECIAL SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services and Facility (continued)

During the years ended June 30, 2018 and 2017, various City departments, including police, fire and sanitation, and local businesses and community volunteers contributed goods and 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 \$100,000 for each of the years ended June 30, 2018 and 2017.

Additionally, the District leases its office space at a value which is deemed by the Landlord to be a below 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, 2018 and 2017, for the difference between a market-value lease and the rental amount.

Income Taxes

The District is a Special Services District pursuant to Chapter 105(a) of the Connecticut General Statutes, and accordingly, is not subject to federal and state income taxes.

Compensated Absences

Employees are entitled to paid vacations and sick days depending on job classification, length of service and other factors. The District's policy does not provide for a carryover from one year to the next of unused vacation days, and unused vacation days are not compensated. Unused sick days are not allowed to be carried over after the end of the year nor will an employee be paid for any accrued unused sick time upon separation from employment.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America applicable to quasi-governmental units, 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 2017 financial statements to conform to the 2018 presentation.

STAMFORD DOWNTOWN SPECIAL SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

Management has evaluated subsequent events through January 26, 2019, 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 RISK

Cash

The District maintains all Cash Accounts at one community Bank. The Cash Accounts are insured up to \$250,000 per bank, by the Federal Deposit Insurance Corporation (FDIC). At times during the year, the Cash balances in the accounts may have exceeded the insured limits. At June 30, 2018, Cash balances exceeded the FDIC limit by approximately \$955,400.

Revenue and Receivables

Revenues and any related Receivables are primarily derived from the tax assessments and event sponsorships received from the businesses within the Stamford downtown district and from Cash and In-kind support from the City of Stamford.

NOTE 4 - CASH AVAILABLE IN STIF ACCOUNT

Cash available in the State of Connecticut Short Term Investment Fund (STIF) account at June 30, 2018 and 2017, was comprised of taxes collected by the City on behalf of the District, but not yet remitted to the District. These funds, and interest earned thereon, are held by the City in the name of the District in the General Fund in a special account for the benefit of the District. Funds in the STIF account are transferred to the District's operating bank account upon written request by the District to the City.

STAMFORD DOWNTOWN SPECIAL SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 5 - PREPAID EXPENSES, UNEARNED AND DEFERRED INFLOWS OF RESOURCES

Prepaid expenses, Unearned revenues and Unavailable revenues at June 30 were as follows:

	<u>2018</u>		<u>2017</u>	
	<u>Prepaid</u>	<u>Unearned</u>	<u>Prepaid</u>	<u>Unearned</u>
	<u>Expenses</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Revenues</u>
Insurance	\$ 46,415	\$ -	\$ 48,317	\$ -
Farmers Market	-	3,183	-	-
Alive @ Five	162,364	96,070	183,858	109,016
Sculpture Exhibit	68,071	106,200	117,754	117,808
Arts and Crafts Show	4,141	14,967	3,341	15,950
Brews on Bedford	-	-	8,781	-
Jazz-Wednesday Night Live	111,724	23,000	89,960	19,500
Miscellaneous	17,785	-	13,978	2,180
Pedestrian Counting Service	-	-	11,730	-
Bark in the Park	-	2,600	-	-
Grand Summer Night	<u>4,459</u>	<u>-</u>	<u>6,508</u>	<u>2,000</u>
Total	<u>\$ 414,959</u>	<u>\$ 246,020</u>	<u>\$ 484,227</u>	<u>\$ 266,454</u>
		<u>2018</u>		<u>2017</u>
<u>Unavailable Revenues</u>				
Property Taxes		<u>\$ 51,601</u>		<u>\$ 1,857</u>

NOTE 6 - 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.

During September 2016, the District entered into a contract with a company to provide security services on behalf of the District. The contract was for an initial term of one year, with an option to renew for four subsequent years. The monthly fee was based on the number of personnel assigned to security and the number of hours worked each week at a predetermined rate. The contract was extended through April 2018, then terminated. Payments to this vendor amounted to approximately \$198,000 for the year ended June 30, 2018.

The District's City beautification program provides for the purchase and maintenance of various beautification items.

STAMFORD DOWNTOWN SPECIAL SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 6 - SECURITY PROGRAM AND CITY BEAUTIFICATION PROGRAM (continued)

During the year ended June 30, 2017, the District entered into a contract with a company (Contractor) to provide cleaning and landscaping services. The initial contract was for one year, expiring January 31, 2018, for a monthly fee of \$13,992.

In February 2018, the District extended the initial contract and also included security services on behalf of the District, which began as of May 2018. The new contract is for an initial term of one year, expiring in March 2019. At the end of the initial term, it may be extended for two additional terms of one year each upon written agreement of the parties. The fee for these services is based on the hourly billable rates for the employees of the Contractor, not to exceed a maximum annual amount of \$400,000. Payments to this Contractor for both contracts amounted to approximately \$214,300 for the year ended June 30, 2018.

NOTE 7 - 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, 2018 and 2017 amounted to \$49,166 and \$58,197, respectively.

NOTE 8 - 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 of \$120,000 for each year. This Lease may be terminated by either party with 30 days notice.

STAMFORD DOWNTOWN SPECIAL SERVICES DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 9 - AGENCY ASSETS AND LIABILITIES

The District acts as agent for downtown district restaurants in coordinating joint advertising and the Bedford Trash Co-op. The District collects fees for these services from the restaurants and makes disbursements to the vendors. The District also acts as agent for the Veterans Park Committee, a group comprising representatives from the City, downtown business owners and veteran's groups, whose purpose is to raise funds for and oversee the design of improvements to Veterans Park. Separate bank accounts are maintained for each of these agency arrangements. The balances in the accounts at June 30 were as follows:

	<u>2018</u>	<u>2017</u>
Stamford 375	\$ 48,890	\$ 73,950
Stamford Tables	33,299	31,228
Bedford Trash Co-op	4,178	9,134
Ferguson Library-CT Next, LLC	4,995	-
Veterans Park Initiative	<u>-</u>	<u>291,219</u>
Total	<u>\$ 91,362</u>	<u>\$ 405,531</u>

STAMFORD DOWNTOWN SPECIAL SERVICES DISTRICTSCHEDULE OF SPONSORSHIPS, GRANTS AND EVENTS REVENUE
YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>	<u>Variance</u>
Holiday Parade/Tree Lighting	\$ 382,629	\$ 536,616	\$ (153,987)
Sculpture Exhibit	203,817	330,437	(126,620)
Alive @ Five	802,201	769,503	32,698
Annual Meeting	59,117	82,253	(23,136)
Wednesday Night Live	242,134	191,211	50,923
Brews on Bedford/WineFest	40,429	14,971	25,458
Other Sponsorships and Events	<u>144,722</u>	<u>141,950</u>	<u>2,772</u>
Local Business and Individuals	<u>1,875,049</u>	<u>2,066,941</u>	<u>(191,892)</u>
State Grant	3,750	10,000	(6,250)
CT Next Grant	<u>150,000</u>	<u>-</u>	<u>150,000</u>
State of Connecticut Grants	<u>153,750</u>	<u>10,000</u>	<u>143,750</u>
Total	<u>\$ 2,028,799</u>	<u>\$ 2,076,941</u>	<u>\$ (48,142)</u>

SCHEDULE 2

SCHEDULE OF SPECIAL EVENTS AND PROMOTIONS EXPENSE
YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>	<u>Variance</u>
Holiday Parade/Tree Lighting	\$ 349,772	\$ 361,086	\$ (11,314)
Sculpture Exhibit	180,886	282,852	(101,966)
Alive @ Five	994,035	778,589	215,446
Wednesday Night Live	432,041	303,103	128,938
Brews on Bedford/WineFest	40,064	775	39,289
Other Special Events and Promotions	<u>559,094</u>	<u>542,841</u>	<u>16,253</u>
Total	<u>\$ 2,555,892</u>	<u>\$ 2,269,246</u>	<u>\$ 286,646</u>