

# Agenda Report

**TO:** CITY COUNCIL **DATE:** March 21, 2005

**THROUGH:** ECONOMIC DEVELOPMENT & TECHNOLOGY COMMITTEE

**FROM:** CITY MANAGER

**SUBJECT:** APPROVAL OF ANNUAL REPORT OF THE SOUTH LAKE BUSINESS ASSOCIATION FOR THE SOUTH LAKE BUSINESS IMPROVEMENT DISTRICT AND ADOPTION OF A RESOLUTION OF INTENTION TO HOLD A PUBLIC HEARING TO LEVY ASSESSMENTS WITHIN SAID DISTRICT FOR PROGRAM YEAR 2005.

## **RECOMMENDATION:**

It is recommended that the City Council of the City of Pasadena ("City Council") take the following actions:

1. Approve the Annual Report of the South Lake Business Association ("Association") for the South Lake Business Improvement District (the "District") for Program Year 2005 in the form submitted by the Association (Attachment No. 1) to allow the public an opportunity to comment.
2. Adopt a resolution (Attachment No. 2) evidencing the intention of the City Council to hold a Public Hearing on April 4th, 2005 at 8:00 p.m. on the continuation of the City Council to levy and collect assessments within the District for Program Year 2005 commencing January 1, 2005.
3. Direct the City Clerk to give notice of the public hearing by causing the resolution to be published not less than seven days before the Public Hearing.

## **BACKGROUND**

### **A. General**

Pursuant to the Parking and Business Improvement Area Law of 1979 (the "Law") and in response to a request of the South Lake Business Association, a nonprofit corporation (the "Association"), the then City Board of Directors (the "Board") adopted

Ordinance No. 6320 (effective February 5, 1988) establishing the South Lake Business Improvement District (the "District") for the primary purpose of the promoting public events and business activities in the District. The ordinance established three classifications of businesses (retail, professional and service) and two separate benefit zones and authorized the City to collect assessments on businesses within the District and the two benefit zones depicted in "Exhibit A" of the Annual Report attached hereto.

The City and the Association entered into a Collection and Remittance Agreement, dated March 14, 1988, whereby the Board designated the Association as its advisory body for the purpose of recommending expenditures for those activities and programs, and in accordance with budget, approved annually by the City.

In 1989 the Law was amended to declare that every business improvement district, (BID) based upon the 1979 law, be subject to an annual approval. Since May 4, 1990, the City Council has confirmed the annual reports and the levying of assessments for the District on an annual basis. By doing so, the City conformed the existing District to the new law and applicable procedures, regulations and requirements.

**B. Proposed Annual Program, Assessment Levy and Budget**

On January 6, 2005, and pursuant to the law, the South Lake Association submitted its Annual Report for Program Year 2005, commencing January 1, 2005, which includes:

- a. A proposed list of the improvements, activities and programs for that year;
- b. A budget; and
- c. The basis and method for levying the assessments.

Inline with the Goals and Objectives of the organization, the Association has made improvements on the South Lake Avenue and has improved their organization by continuing to attract new volunteers and board members. As evidenced in "Exhibit B" and "Exhibit C" of the Annual Report, the Association has made enhancements to the streetscape and physical condition of South Lake Avenue as well as increase involvement amongst Association members, property owners and neighboring stakeholders. In doing so, the Association seeks to reposition South Lake Avenue as a destination for local residents and visitors alike by offering a unique, clean and safe experience within the City.

The City's Finance Department estimates that the aggregate amount of assessments to be levied will be approximately \$165,000 for Association's Program Year 2005, which commences January 1, 2005. The basis and method for levying the assessments are not proposed to be modified for the proposed Program Year 2005. The Association has prepared its annual audit for its Program Year 2004, which is included as Attachment No. 3.

The law requires the City Council to approve the Association's Annual Report as filed

or to modify the Report then approve the report as modified. Concurrently, City Council is required to adopt a resolution of intention fixing a time for a public hearing to be held by the City Council on the proposed levy of the assessment for Program Year 2005. Staff does not recommend that the City Council modify any of the provisions of the Annual Report and recommends that the City Council approve the report, as filed, and adopt a resolution evidencing its intent to hold a public hearing on April 4<sup>th</sup>, 2005 at 8:00 p.m. on the levy of the proposed assessment for Program Year 2005.

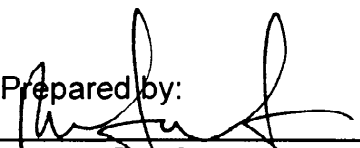
**PBID FORMATION:**

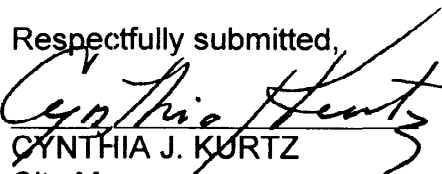
In 2004 the Association, a Business Improvement District (BID) completed a feasibility analysis of converting to a Property and Business Improvement District (PBID), similar to the Playhouse and Old Pasadena districts. The PBID form of business improvement districts differs from the BID form in that property owners are responsible for the assessment through the property tax rather than business tenants through business license and can be approved for up to five years rather than the one year the BID is limited to.

The Association is preparing the Management Plan and completing their Petition Drive to request that we administer the public notice and formation balloting. The Association anticipates bringing the item to Council this spring. Should the PBID formation pass, the Association will seek to disestablish the current BID for next year, Program Year 2006 and operate as a PBID starting January 1, 2006.

**FISCAL IMPACT:**

Implementation of the proposed assessment formula for the Association's Program Year 2005 will have no fiscal impact upon the City, other than the cost of administering the collection of the assessments. Administration costs have been budgeted in Finance - Municipal Services Budget Account 327200.

Prepared by:  
  
ROBERT MONTANO  
Business District Coordinator

Respectfully submitted,  
  
CYNTHIA J. KURTZ  
City Manager

Approved by:  
  
RICHARD J. BRUCKNER  
Director of Planning and Development

**ATTACHMENT NO. 1**  
**ANNUAL REPORT FOR ASSOCIATION**  
**January 1, 2005 to December 31, 2005**

Included herein:

2005 Annual Report  
Exhibit A – District Boundaries  
Exhibit A-1 – Assessment Formula  
Exhibit B – Accomplished Activities in 2004  
Exhibit C – Proposed Activities for 2005  
Exhibit D – 2005 Budget

SOUTH  
LAKE  
AVENUE

ANNUAL REPORT  
2004

2004

**The South Lake Business  
Improvement District**

**Annual Report**

**Summary:**

Pursuant to Senate Bill 1424, this report will address the following items regarding the activities and financial status of the South Lake Business Improvement District:

- A. Boundaries of the Improvement District, with any current changes that are being considered and an explanation of the current assessment formula
- B. Changes to the existing assessment formula with supporting documentation
- C. The Annual Program Outline
- D. The Annual Budget and Financial Report indicating any surplus or deficit
- E. A report on any voluntary contributions received

—

**2004**  
**The South Lake Business**  
**Improvement District**

**Annual Report**

**A. Boundaries of the District and current assessment formula**

There are no changes to the District boundaries, see **Exhibit A**. See also **Exhibit A-1** for explanation of assessment formula.

**B. Changes to the existing assessment formula**

There are no changes to the assessment formula.

**C. Annual program outline**

Please see attached outline of accomplished improvements and activities for 2004 **Exhibit B**, and the proposed improvements and activities for 2005 **Exhibit C**.

**D. Annual budget and financial report**

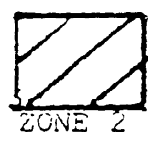
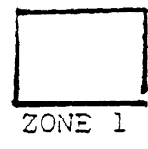
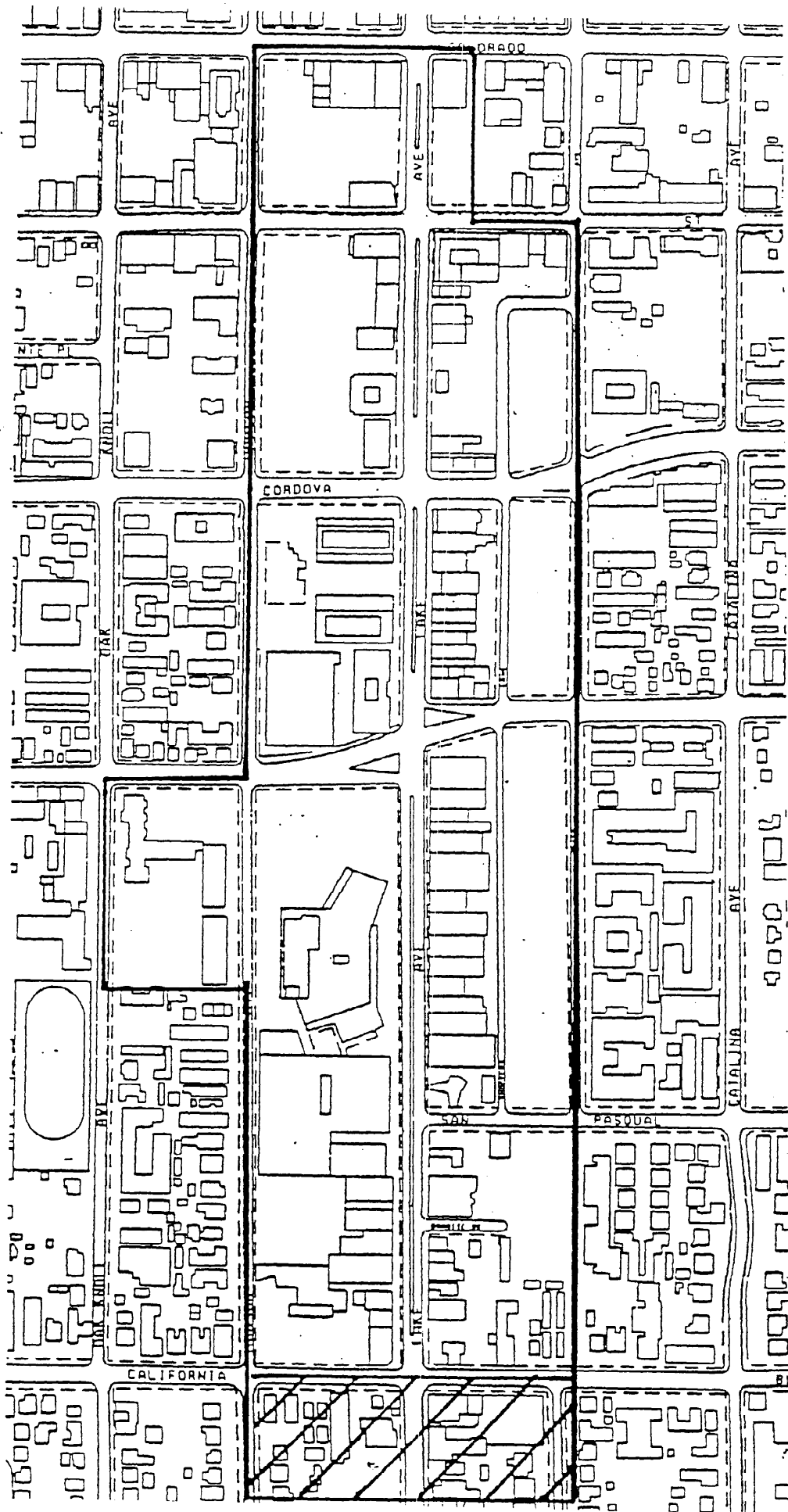
Please refer to **Exhibit D**.

**E. Report on any contributions received**

No voluntary contributions were received in 2004.

# **Exhibit A**





# **Exhibit A-1**

**Assessment Formula  
for the  
South Lake Avenue Business Improvement District**

Each retail business shall pay an annual basic assessment fee of One Hundred Fifty Dollars (\$150.00), and each Service and Professional Business shall pay an annual basic assessment of Fifty Dollars (\$50.00), plus the amount determined from the following schedule, except owner-operated businesses not having employees who shall pay only the Basic annual assessment set forth herein below.

**Schedule 1**

Number of Employees	Assessment	Number of Employees	Assessment
1*	\$10	14	\$70
2	\$15	15	\$74
3	\$20	16	\$78
4	\$25	17	\$82
5	\$30	18	\$86
6	\$35	19	\$90
7	\$40	20	\$93
8	\$45	21	\$96
9	\$50	22	\$99
10	\$54	23	\$102
11	\$58	24	\$105
12	\$62	25	\$108
13	\$66	over 25	\$108+
			\$2 per each additional emp.

\*Excluding owner-operated businesses without employees

**Schedule 2**

Classification	Benefit Factor Zone 1*	Benefit Factor Zone 2*
Retail	8	6
Professional	3	2
Service	4	3

\*Zone 1 – North of California Blvd. \*Zone 2 – South of California Blvd.

The annual assessment for the owner-operated Retail businesses without employees is \$150.00 and \$50.00 for owner-operated Professional and Service businesses without employees.

To determine the total assessment, multiply the employee assessment, Schedule 1, by the appropriate benefit factor, Schedule 2 and add \$150 for retail businesses or \$50 for Service and Professional businesses.

Financial Institutions are assessed at an annual rate of One Thousand Dollars (\$1,000) per location.

Assessments are collected by the City of Pasadena, with funds being remitted to the South Lake Business Association for expenditure in accordance with the adopted annual budget.

Assessment examples using the formula:

		<u>Zone 1</u>		<u>Zone 2</u>	
<b>Retail:</b>	20 Employees	$\$93 \times 8 =$	\$744	$\$93 \times 6 =$	\$558
	Basic Assessment		\$150		\$150
	<b>Total</b>		<b>\$894</b>		<b>\$708</b>
	<b>Assessment</b>				
<b>Professional:</b>	5 Employees	$\$30 \times 3 =$	\$90	$\$30 \times 2 =$	\$60
	Basic Assessment		\$50		\$50
	<b>Total</b>		<b>\$140</b>		<b>\$110</b>
	<b>Assessment</b>				
<b>Service:</b>	35 Employees	$\$128 \times 4 =$	\$512	$\$128 \times 3 =$	\$384
	Basic Assessment		\$50		\$50
	<b>Total</b>		<b>\$562</b>		<b>\$434</b>
	<b>Assessment</b>				

# **Exhibit B**

## **Accomplished Improvements and Activities in 2004**

- I. Street Improvements
  - A. Continued pressure washing sidewalks of entire district two times per year and expanded sweep cleaning of South Lake Avenue's gutters and sidewalks (three times per week) to include Shopper's Lane (also three times per week)
  - B. Expanded cleaning program during the holiday season for six weeks to include one additional pressure washing of South Lake Avenue and Shopper's Lane and two weekly additional sweep cleanings of gutters and sidewalks on South Lake Avenue and Shopper's Lane
  - C. Scheduled semimonthly trash receptacle cleanings
  - D. Installed holiday decorations including poinsettias, banners, wreaths and LED colored lights
  - E. Planted seasonal flowers in planters on South Lake Avenue and in the areas in front of South Lake median monuments
  - F. Collaborated with the City on the implementation of the City News Rack Ordinance
  - G. Designed and manufactured new District signage to be installed in January 2005
  - H. Continued pursuit of CIP Center Median Project (electrical and landscaping renovations)
  - I. Continued pursuit of CIP Pedestrian Lighting
  
- II. Programs and Special Projects
  - A. With the Assistance of the City, hired consultants to collaborate with the South Lake PBID Steering Committee to move toward a PBID conversion by the year 2006
  - B. Continued collaborative relations with Rose City High School
  
- III. Programs for Members
  - A. Continued website updating of member information, community and District events and resources

- B. Continued fostering relations with Caltech Public Events and community organizations
- C. Continued to explore parking alternatives through cooperative work with the South Lake Parking Commission
- D. Initiated retail/restaurants committee meetings to keep members informed and involved in marketing ideas and outreach
- E. Hosted Annual Meeting for Members

#### IV. Activities and Events

- A. Hosted Rosebud Parade
- B. Hosted Spring Mixer

#### V. Marketing and Public Relations

- A. Utilized City marketing platforms
- B. Served as a resource to the membership and the community
- C. Promoted the District with advertisements in local newspapers during the months of November and December
- D. Created Welcome Packet for new members
- E. Published quarterly District Newsletter
- F. Continued work to recruit and retain tenants
- G. Maintained community outreach and goodwill program

#### VI. Advocacy

- A. Continued work with The Planning and Development department on proposed changes to the Central District Specific Plan
- B. Continued to monitor public safety issues; continued to be a partner and resource to the Pasadena Police Department, the HOPE Team and the 10-Year Strategy to End Homelessness Campaign Team
- C. Continued to maintain and build professional relationships with City officials and staff

# **Exhibit C**



## **Proposed Improvements and Activities for 2005**

- I. Street Improvements
  - A. Implement existing cleaning program in the South Lake Business District, including pressure washing, sweeping and cleaning of trash receptacles
  - B. Implement the enhanced cleaning program during the winter holiday season
  - C. Install holiday decorations, including poinsettias, banners, wreaths and lights
  - D. Plant seasonal flowers in planters and in the areas in front of the South Lake median monuments
  - E. Continue to work with the City to maintain guidelines outlined in the City News Rack Ordinance which began in 2004
  - F. Install new South Lake District Signage
  - G. Continue to explore funding for CIP Center Median Project
  - H. Continue to explore funding for CIP Pedestrian Lighting
  - I. Identify additional areas in need of repair and maintenance which will improve the aesthetic quality of the District
  
- II. Programs and Special Projects
  - A. Continue pursuit of Urban Plan for South Lake
  - B. Continue consultation with appropriate parties regarding restructuring to a PBID by the year 2006
  - C. Maintain collaborative relations with Rose City High School
  
- III. Programs for Members
  - A. Maintain website updating of member information, community and District events and resources
  - B. Continue to initiate beneficial partnerships and opportunities for members
  - C. Host Annual Meeting

IV. Activities and Events

- A. Host Rosebud parade
- B. Host Spring Mixer

V. Marketing and Public Relations

- A. Utilize City marketing platforms
- B. Serve as a resource to the membership and the community
- C. Promote the District during the holiday season
- D. Distribute welcome packets
- E. Publish quarterly District Newsletter
- F. Continue to recruit and retain tenants
- G. Maintain community outreach and goodwill program

VI. Advocacy

- A. Continue to work with the Planning Department on items in the Central District Specific Plan which impact South Lake Avenue
- B. Continue to monitor public safety issues, continue to be a partner and resource to the Pasadena Police Department, the HOPE Team and the 10-Year Strategy to End Homelessness Campaign Team
- C. Continue to maintain and build professional relationships with City officials and staff

# **Exhibit D**

**South Lake Business Association  
2005 Budget**

**INCOME:**

**Unrestricted Support and Revenue**

Member Assessments	155000
Miscellaneous Income	9000
Interest Income	1000
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**TOTAL INCOME** **165,000**

**EXPENSE:**

**Beautification and Maintenance**

Streetscape	6,000
Sidewalk Cleaning	33,000

**Programs for Members**

Membership Meetings and Programs	7,000
Newsletter, Bulletins, Internet	10,000

**Activities & Events**

Holiday Season	32,000
Regional Marketing & Promotion	10,000

**General & Administrative**

Staff Salaries	28,000
Payroll Taxes	3,100
Bank Charges	1,100
Board Strategy Session	1,000
Office Supplies, Postage & Equipment	3,000
Insurance	3,000
Printing	1,800
Professional Fees	15,500
Legal Services	3,000

Audit Fees	4,000
Dues & Subscriptions	500
Rent & Storage	500
Outside Services	500
Telephone	<u>2,000</u>
<b>TOTAL EXPENSE</b>	<b><u>165,000</u></b>

**ATTACHMENT NO. 2**  
**RESOLUTION OF INTENTION**

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
PASADENA DECLARING ITS INTENTION TO LEVY  
ASSESSMENTS WITHIN THE SOUTH LAKE BUSINESS  
IMPROVEMENT DISTRICT FOR PROGRAM YEAR 2005**

**WHEREAS**, the City of Pasadena is a municipal corporation which exercises its governmental functions and power, and is a chartered city organized and existing under the laws of the State of California; and

**WHEREAS**, pursuant to the Parking and Business Improvement Area Law of 1979 (former Streets and Highways Code Section 36500 et seq.), and in response to a request of certain businesses who later formed the South Lake Business Association, a California non-profit public benefit corporation ("Association"), the City Council of the City of Pasadena adopted Ordinance No. 6230 on January 4, 1988, establishing a business improvement area within a geographically defined area in the City of Pasadena designated as the "South Lake Business Improvement District of the City"; and

**WHEREAS**, effective January 1, 1990, the law under which the South Lake Business District was formed was repealed and in its place was enacted the Parking and Business Improvement Area Law of 1989 (commencing with Section 36500 of the Streets and Highways Code), which new law provided that every business improvement district established prior to January 1, 1990, was declared valid and effective and unaffected by the repeal of that prior law, but was, however, made subject to certain requirements of the new law; and

**WHEREAS**, in accordance with the new law, the City Council is required to approve a report for each Program year for which assessments are to be levied and collected to pay the costs of the improvements and activities described in the report; and

**WHEREAS**, the Association has heretofore presented to the City Clerk its annual report for the one-year period commencing January 1, 2005 and the City Council desires to approve the report and to adopt this resolution evidencing its

intention to levy an annual assessment against businesses for the one-year period commencing January 1, 2005 and ending December 31, 2005 (Program Year 2005).

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Pasadena as follows:

1. The annual report filed with the City Clerk by the Association contains all of the component parts required to be included by Section 36533 of the Streets and Highways Code.

2. Accordingly, the City Council hereby approves the report as filed by the Association.

3. The City Council hereby declares its intention to levy and collect assessments within the South Lake Business Improvement District for the one-year period commencing January 1, 2005.

4. The proposed improvements and activities authorized by the ordinance (Ordinance No. 6230), which established the South Lake Business Improvement District, have not changed substantially since the ordinance was enacted on January 4, 1988. Proposed improvements mean decoration of public space, promotion of events, furnishing of music, and general promotion in the District.

5. The location of the South Lake Business Improvement District is described on Exhibit No. 1 attached hereto and incorporated herein by this reference.

6. A public hearing concerning the intention of the City Council to levy an annual assessment for Program Year 2005 will be held on April 4<sup>th</sup>, 2005 at 8:00 p.m., or as soon thereafter as the matter can be heard, in the Pasadena Senior Center Multi-Purpose Room, 85 East Holly Street, Pasadena, California.

7. The annual report of the South Lake Business Improvement District for Program Year 2005 is on file with the City Clerk, 117 E Colorado Boulevard, 6<sup>th</sup> Floor, Pasadena, California. A full and detailed description of the boundaries of the District, zones, the improvements and activities to be provided for that



Program Year and the proposed assessments to be levied upon the businesses within the South Lake Business Improvement District for Program Year 2005 are described on Exhibit No. 1, attached hereto and incorporated herein by this reference.

8. Written and oral protests may be made at the public hearing. The City Council shall hear and consider all protests against the levy of the proposed annual assessment or the furnishing of specified types of improvements or activities within the South Lake Business Improvement District. A protest may be made orally or in writing by any interested person. Any protest pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularity or defect to which the objection is made. Every written protest shall be filed with the office of the City Clerk located at 117 E Colorado Boulevard, 6<sup>th</sup> Floor, Pasadena, California, at or before the time fixed for the public hearing or at the Public Hearing. The City Council may waive any irregularity in the form or content of any written protest and at the public hearing may correct minor defects in the proceedings. A written protest may be withdrawn in writing at any time before the conclusion of the public hearing. Each written protest shall contain a description of the business in which the person subscribing the protest is interested sufficient to identify the business and, if a person subscribing is not shown on the official records of the City as the owner of the business, the protest shall contain or be accompanied by written evidence that the person subscribing is the owner of the business. The written protest which does not comply with these requirements shall not be counted in determining a majority protest.

If the majority protest is only against the furnishing of a specified type or types of activities within the District, those types of activities must be eliminated.

If, at the conclusion of the public hearing, written protests are received from the owners of businesses in the South Lake Business Improvement District which will pay 50 percent or more of the assessment proposed to be levied and protests are not withdrawn so as to reduce the protests to less than that 50 percent (i.e., there is a majority protest), no further proceedings to levy the

assessment, as described in this resolution, shall be taken for a period of one year from the date of the finding of a majority protest by the City Council.

9. The City Clerk shall give notice of the public hearing by causing this resolution to be published once in a newspaper of general circulation in the City in the manner prescribed by Section 36534(b) of the Streets and Highways Code.

Adopted at the regular meeting of the City Council on the 21st day of March, 2005, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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JANE RODRIGUEZ

City Clerk

APPROVED AS TO FORM:



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Robin Harris

**ATTACHMENT NO. 3**  
**SOUTH LAKE BUSINESS ASSOCIATION**  
**AUDITED 2004 FINANCIAL STATEMENT**

**SOUTH LAKE BUSINESS  
ASSOCIATION OF PASADENA**

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2004

**JOHN M. HORNICK**  
CERTIFIED PUBLIC ACCOUNTANT

**SOUTH LAKE BUSINESS ASSOCIATION OF PASADENA**

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**DECEMBER 31, 2004**

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**JOHN M. HORNICK**  
CERTIFIED PUBLIC ACCOUNTANT

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
South Lake Business Association

We have audited the accompanying statement of financial position of the South Lake Business Association (a nonprofit organization) as of December 31, 2004, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the South Lake Business Association as of December 31, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

The information included on Page 9 is presented only for supplementary analysis purposes. Such information has not been subjected to the procedures applied in the audit of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.



John M. Hornick  
Certified Public Accountant

Pasadena, California  
February 17, 2005

**SOUTH LAKE BUSINESS ASSOCIATION OF PASADENA**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2004

<b>ASSETS</b>	
<u>CURRENT ASSETS</u>	
CASH AND CASH EQUIVALENTS	213,805
PREPAID EXPENSES	1,037
ASSESSMENTS RECEIVABLE	<u>1,164</u>
TOTAL CURRENT ASSETS	216,007
<u>PROPERTY AND EQUIPMENT</u>	
FURNITURE AND EQUIPMENT	22,932
DECORATIONS	80,536
STREETSCAPE, PLANTERS, ETC.	16,729
STREETSCAPE MONUMENTS	25,337
LESS: ACCUMULATED DEPRECIATION	<u>(65,348)</u>
TOTAL PROPERTY AND EQUIPMENT, NET	80,186
<b>TOTAL ASSETS</b>	<u><u>296,193</u></u>

<b>LIABILITIES &amp; NET ASSETS</b>	
<u>CURRENT LIABILITIES</u>	
ACCOUNTS PAYABLE	9,830
DEFERRED PBID REVENUE-note # 3	<u>15,035</u>
TOTAL CURRENT LIABILITIES	24,866
<u>NET ASSETS</u>	
UNRESTRICTED	256,292
TEMPORARILY RESTRICTED-note # 3	15,035
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>296,193</u></u>

SEE ACCOUNTANT'S REPORT. THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

**JOHN M. HORNICK**

CERTIFIED PUBLIC ACCOUNTANT

Page 2

**SOUTH LAKE BUSINESS ASSOCIATION OF PASADENA**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDING DECEMBER 31, 2004

	<b>TEMPORARILY</b>		
	<b>UNRESTRICTED</b>	<b>RESTRICTED</b>	<b>TOTAL</b>
<b><u>SUPPORT AND REVENUE</u></b>			
MEMBER ASSESSMENTS	153,637	-	153,637
P.B.I.D. INCOME-note # 3	-	30,000	30,000
less: RESERVED TO 2005		(15,035)	(15,035)
SPECIAL EVENT INCOME	-	-	0
MISCELLANEOUS INCOME	-	-	0
	<hr/>		
TOTAL SUPPORT AND REVENUE	153,637	14,965	168,602
<b><u>DIRECT EXPENDITURES</u></b>			
<b>BEAUTIFICATION &amp; MAINTENANCE</b>			
STREETSCAPE	7,621	-	7,621
SIDEWALK CLEANING	27,530	-	27,530
DEPRECIATION	7,304		7,304
TOTAL BEAUTIFICATION & MAINTENANCE	<hr/>	<hr/>	<hr/>
	42,455	-	42,455
<b>PROGRAMS FOR MEMBERS</b>			
MEMBERSHIP MEETINGS & PROGRAMS	964	-	964
NEWSLETTERS AND SPECIAL BULLETINS	1,984	-	1,984
TOTAL PROGRAMS FOR MEMBERS	<hr/>	<hr/>	<hr/>
	2,947	-	2,947
<b>ACTIVITIES AND EVENTS</b>			
HOLIDAY OPEN HOUSE	5,297	-	5,297
SPRING OPEN HOUSE	915	-	915
REGIONAL MARKETING & PROMOTION	1,343	-	1,343
TOTAL ACTIVITIES & EVENTS	<hr/>	<hr/>	<hr/>
	7,555	-	7,555
<b>P.B.I.D. EXPENSES</b>			
CONSULTANT FEES	-	14,965	14,965
TOTAL PBID EXPENSES	<hr/>	<hr/>	<hr/>
	-	14,965	14,965
<b>TOTAL DIRECT EXPENDITURES</b>	52,957	14,965	67,922
<b><u>GENERAL &amp; ADMINISTRATIVE EXPENSES-note #2</u></b>	44,088	-	44,088
<b><u>OTHER INCOME AND (EXPENSES)</u></b>			
INTEREST INCOME	642	-	642
	<hr/>		
TOTAL OTHER INCOME & EXPENSE	642	-	642
	<hr/>		
<b>CHANGE IN NET ASSETS</b>	<hr/>	<hr/>	<hr/>
	57,235	-	57,235

SEE ACCOUNTANT'S REPORT. THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

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**SOUTH LAKE BUSINESS ASSOCIATION OF PASADENA**

**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDING DECEMBER 31, 2004**

	<b>UNRESTRICTED NET ASSETS</b>	<b>TEMPORARILY RESTRICTED NET ASSETS</b>	<b>TOTAL NET ASSETS</b>
BALANCE AT DECEMBER 31, 2003	214,092	0	214,092
INCREASE (DECREASE) IN NET ASSETS	42,199	15,035	57,235
BALANCE AT DECEMBER 31, 2004	<u>256,292</u>	<u>15,035</u>	<u>271,327</u>

SEE ACCOUNTANT'S REPORT. THE ACCOMPANYING NOTES ARE  
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**SOUTH LAKE BUSINESS ASSOCIATION OF PASADENA**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDING DECEMBER 31, 2004**

NET CASH PROVIDED BY OPERATING ACTIVITIES:

CHANGE IN NET ASSETS	57,235
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH USED FOR OPERATING ACTIVITIES:	
DEPRECIATION	10,853
LOSS ON DISPOSITION OF ASSETS	0
DECREASE (INCREASE) IN ASSESSMENTS RECEIVABLE	(1,164)
DECREASE (INCREASE) IN PREPAID EXPENSES	36
(DECREASE) INCREASE IN ACCOUNTS PAYABLE	(1,003)
(DECREASE) INCREASE IN ACCRUED PAYROLL AND RELATED TAXES	(10)
(DECREASE) INCREASE IN DEFERRED PBID INCOME	15,035
(DECREASE) INCREASE IN ASSESSMENT ADVANCES	<u>0</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES:	80,982

NET CASH USED BY INVESTING ACTIVITIES:

PAYMENTS FOR CAPITAL EXPENDITURES	<u>(8,757)</u>
NET CASH USED BY INVESTING ACTIVITIES:	<u>(8,757)</u>

NET INCREASE(DECREASE) IN CASH	72,225
CASH AT DECEMBER 31, 2003	<u>141,580</u>
CASH AT DECEMBER 31, 2004	<u>213,805</u>

SEE ACCOUNTANT'S REPORT. THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

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# SOUTH LAKE BUSINESS ASSOCIATION OF PASADENA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

### NOTE # 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of Activities*

The Association is a nonprofit corporation incorporated to promote business activities in the South Lake area of Pasadena, including the increase in the sales volume of the business establishments in the area and stimulating the resurgence of private investment and employment opportunities.

#### *Basis of Accounting*

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

#### *Revenue*

The Association receives substantially all of its revenue from assessments to the local business establishments as well as from a sales tax sharing agreement with the City of Pasadena.

#### *Property & Equipment*

Property, Plant, and Equipment is stated at cost. Depreciation is computed principally on the straight line method over the estimated useful lives of the assets generally as follows:

Furniture and equipment	5 - 7 years
Flag Poles	10 years
Decorations	10 years
Streetscape, planters, etc.	10 years

#### *Income Taxes*

The Association is exempt from income taxes under Section 501 (c) (6) of the Internal Revenue Code and therefore has made no provision for Federal income taxes.

#### *Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

#### *Cash, Cash Equivalents, and Concentration of Credit Risk*

For purposes of reporting cash flow information, the Association considers all unrestricted, highly liquid investments available for current use, with a maturity of three months or less to be cash equivalents. The Organization maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2004, the Organization's uninsured cash balances were \$113,805.

# SOUTH LAKE BUSINESS ASSOCIATION OF PASADENA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

### NOTE # 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### *Revenue and Contributions*

The Organization recognizes revenue in accordance with SFAS No. 116; funds received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence or nature of any restrictions.

### NOTE # 2 GENERAL & ADMINISTRATIVE EXPENSES

STAFF SALARIES	23,768
PAYROLL TAXES	2,279
BANK CHARGES	911
BOARD STRATEGY SESSION	455
OFFICE SUPPLIES & EQUIPMENT	3,069
INSURANCE	2,745
PRINTING	821
PROFESSIONAL FEES	1,500
LEGAL SERVICES	0
AUDIT FEES	3,110
DUES AND SUBSCRIPTIONS	409
RENT	0
OUTSIDE SERVICES	0
TELEPHONE	1,473
DEPRECIATION EXPENSE	3,549
LOSS ON DISPOSITION OF ASSETS	0
TAXES AND TAX PENALTIES	0
	<hr/>
TOTAL GENERAL AND ADMINISTRATIVE	<u>44,088</u>

### NOTE # 3 CONVERSION TO PROPERTY BASED BUSINESS IMPROVEMENT DISTRICT

The Association is exploring the benefits of changing from a fee based assessment district to a Property-based Business Improvement District (PBID). The purpose of the Association will remain, and it will continue to provide and manage supplemental services and improvements in the district.

The City of Pasadena has provided \$30,000 to the Association for this purpose, and the Association has expended \$14,964.74 to date. The balance of funds, \$15,035.26 is reflected on the Balance Sheet as Deferred PBID Income, until the funds are expended.

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**SUPPLEMENTARY INFORMATION**

# SOUTH LAKE BUSINESS ASSOCIATION OF PASADENA

BUDGET COMPARISON (UNAUDITED)  
FOR THE YEAR ENDING DECEMBER 31, 2004

	2004 BUDGET	2004 ACTUAL	2004 VARIANCE fav/(unfav)	2005 BUDGET
<b>RECEIPTS:</b>				
RESTRICTED AND UNRESTRICTED REVENUE				
MEMBER ASSESSMENTS	145,000	152,473	7,473	155,000
P.B.I.D. INCOME	-	30,000	30,000	8,000
P.B.I.D. INCOME-CARRYOVER	-	-	-	15,035
STREETSCAPE - CAPITAL EXP. CARRYOVER	-	-	-	10,000
SPECIAL EVENT INCOME	-	-	-	-
MISCELLANEOUS INCOME	1,000	-	(1,000)	1,000
INTEREST INCOME	500	642	142	1,000
<b>TOTAL RECEIPTS:</b>	<b>146,500</b>	<b>183,116</b>	<b>36,616</b>	<b>190,035</b>
<b>DISBURSEMENTS:</b>				
BEAUTIFICATION & MAINTENANCE				
STREETSCAPE	5,000	7,429	(2,429)	6,000
STREETSCAPE - CAPITAL EXPENDITURES	-	-	-	10,000
SIDEWALK CLEANING	12,000	19,590	(7,590)	33,000
TOTAL BEAUTIFICATION & MAINTENANCE	17,000	27,019	(10,019)	49,000
PROGRAMS FOR MEMBERS				
MEMBERSHIP MEETINGS & PROGRAMS	5,000	964	4,036	7,000
NEWSLETTERS AND SPECIAL BULLETINS	5,000	1,984	3,016	10,000
TOTAL PROGRAMS FOR MEMBERS	10,000	2,947	7,053	17,000
ACTIVITIES AND EVENTS				
HOLIDAY OPEN HOUSE	29,000	13,363	15,637	32,000
HOLIDAY LIGHTS & BANNERS- CAPITAL EXPEND.	-	8,757	(8,757)	-
SPRING OPEN HOUSE	5,000	915	4,085	-
REGIONAL MARKETING & PROMOTION	25,000	1,901	23,099	10,000
TOTAL ACTIVITIES & EVENTS	59,000	24,936	34,064	42,000
GENERAL & ADMINISTRATIVE				
STAFF SALARIES	21,000	23,768	(2,768)	28,000
PAYROLL TAXES	2,100	2,279	(179)	3,100
BANK CHARGES	1,100	911	189	1,100
BOARD STRATEGY SESSION	1,000	455	545	1,000
OFFICE SUPPLIES & EQUIPMENT	1,800	3,569	(1,769)	3,000
INSURANCE	7,500	2,709	4,792	3,000
PRINTING	700	821	(121)	1,800
PROFESSIONAL FEES	11,000	1,500	9,500	15,500
P.B.I.D. CONSULTING FEES	-	14,965	(14,965)	15,035
LEGAL SERVICES	5,000	-	5,000	3,000
AUDIT & TAX FEES	2,800	3,110	(310)	4,000
DUES AND SUBSCRIPTIONS	1,000	409	591	500
RENT	2,000	-	2,000	500
OUTSIDE SERVICES	500	-	500	500
TELEPHONE	3,000	1,494	1,506	2,000
TOTAL GENERAL & ADMINISTRATIVE	60,500	55,988	4,512	82,035
<b>TOTAL DISBURSEMENTS:</b>	<b>146,500</b>	<b>110,890</b>	<b>35,610</b>	<b>190,035</b>
<b>NET INCREASE(DECREASE)</b>	-	72,225	72,225	-

SEE ACCOUNTANT'S REPORT.

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