



FINANCIAL  
TREND  
MONITORING  
SYSTEM  
2001

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PREFACE

## PREFACE TO FISCAL YEAR 2001 FINANCIAL INDICATORS

This analysis of the City's fiscal condition has been prepared to provide commissioners, administrators and residents with current information regarding Sarasota's financial condition. The indicators utilized in this analysis are generally those recommended by the International City Management Association (ICMA) as reflective of a municipality's economic health. These indicators have been compiled into a collection of financial indicators entitled the *Financial Trend Monitoring System* (FTMS). FTMS can alert a local government to existing and potential areas of financial difficulty and also serve as a valuable planning tool. In addition, it also provides comparative and analytical data that can be used in the formulation of public policy.

In order for financial information to be comparable over a number of years, the information must be adjusted to reflect constant dollars. More specifically, the distortion created by the effects of inflation must be removed. The Finance Department started tracking this information in 1991. Since ten years was selected as the appropriate comparison period, 1981 is the earliest year that information was collected. Accordingly, 1981 was used as the base year. In other words, the effect of inflation since 1981 has been removed in order that the dollar amounts of any year presented are comparable to 1981 dollars.

It should be noted that individual indicators may be meaningful only when viewed in conjunction with other indicators. Accordingly, an overall organization-wide perspective is essential in obtaining a comprehensive representation of the City's financial condition.

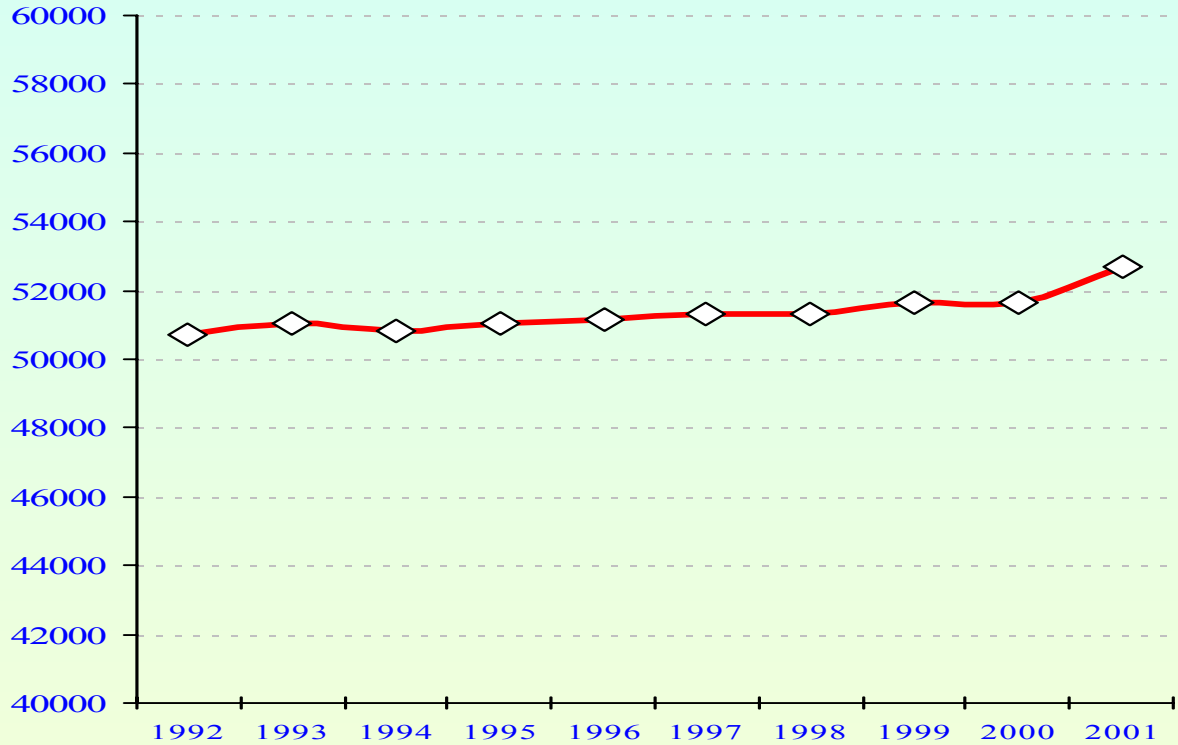


COMMUNITY

RESOURCES

INDICATORS

# Population



## Sarasota Trend

- Very Positive \_\_\_\_\_
- Positive \_\_\_\_\_
- Marginal ← \_\_\_\_\_
- Negative \_\_\_\_\_
- Very Negative \_\_\_\_\_

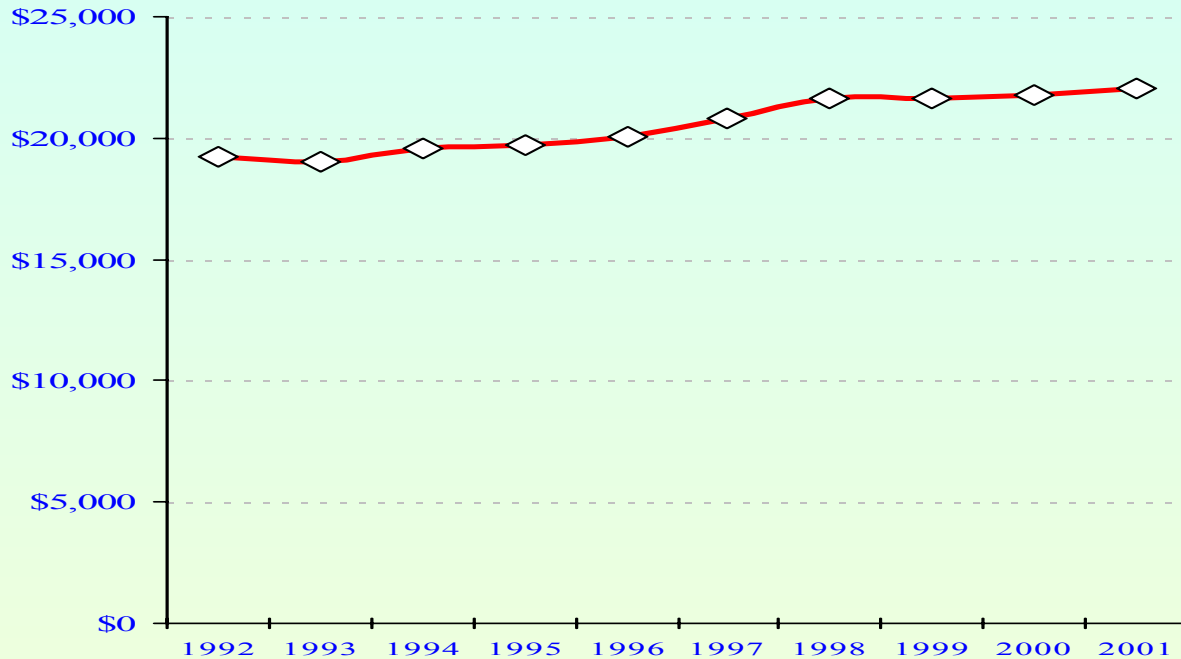
## **Warning Trend**

**Rapid change  
in population**

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Population	50,740	51,058	50,820	51,031	51,143	51,311	51,315	51,650	51,659	52,715

# Personal Income Per Capita

## In Constant Dollars (Sarasota County)



### Sarasota Trends

- Very Positive \_\_\_\_\_
- Positive ← \_\_\_\_\_
- Marginal \_\_\_\_\_
- Negative \_\_\_\_\_
- Very Negative \_\_\_\_\_

### **Warning Trend**

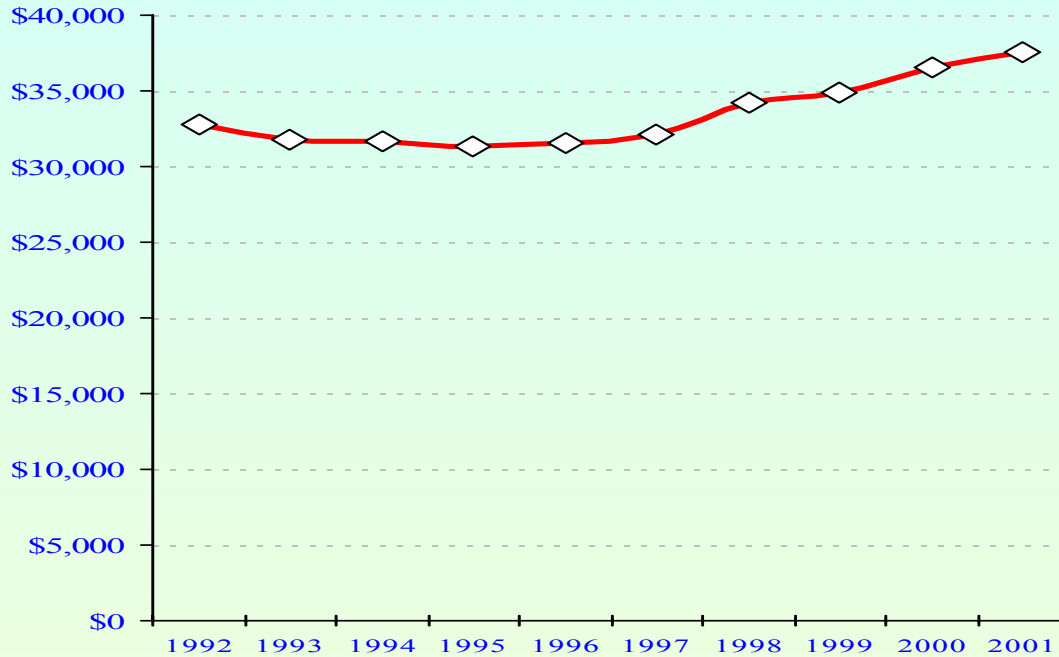
**Decline in the level or growth rate of personal income per capita**

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Income Per Capita	29,261	29,714	31,359	32,294	33,850	36,010	37,891	38,934	40,515	42,160
CPI	1.52	1.56	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91
Income Per Capita In Constant Dollars	19,251	19,047	19,599	19,691	20,030	20,815	21,652	21,630	21,782	22,073

Note: Personal Income Per Capita, provided by the U.S. Department of Commerce, Bureau of Economic Analysis, is not available for 2000 or 2001 due to a data consistency issue with the U.S. Census Bureau regarding the 1990 and 2000 decennial censuses. FY 2000 and 2001 are, therefore, estimated.

# Assessed Valuation Per Capita

In Constant Dollars



## Sarasota Trends

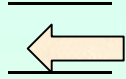
Very Positive

Positive

Marginal

Negative

Very Negative



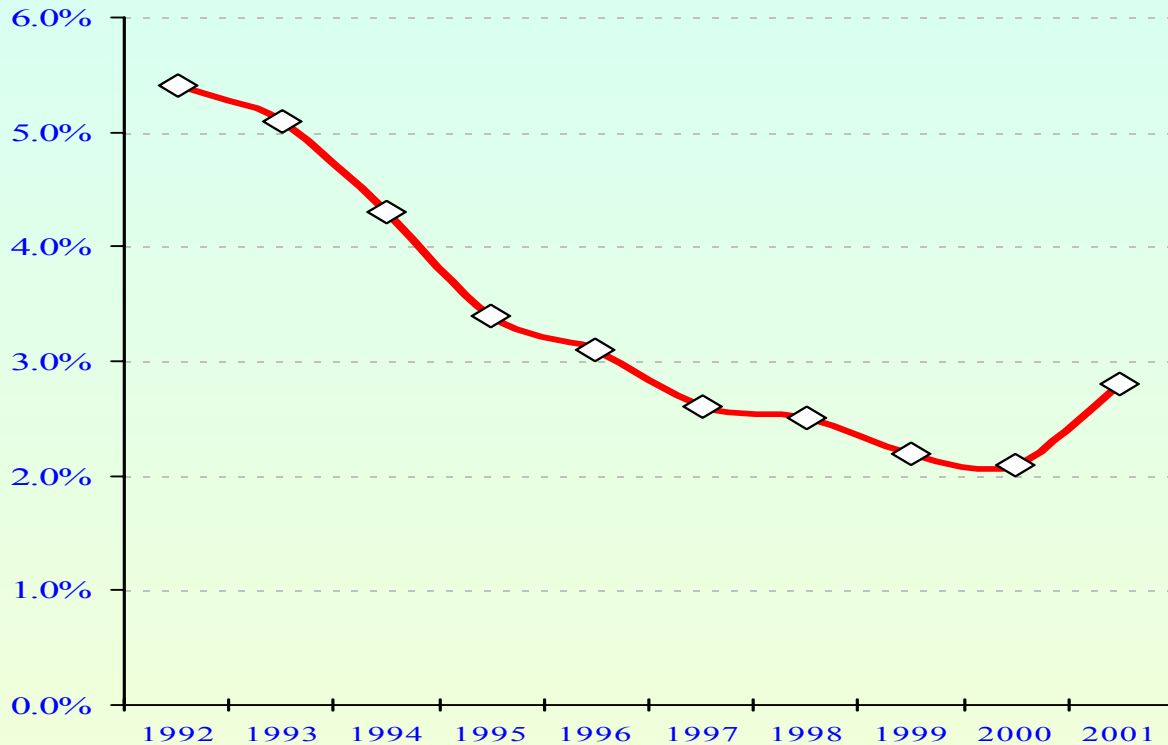
## **Warning Trend**

**Declining or negative growth  
in property tax assessments**

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Assessed Valuation (000's)	2,529,590	2,527,726	2,578,194	2,621,293	2,725,838	2,853,302	3,076,588	3,246,772	3,514,156	3,776,719
CPI	1.52	1.56	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91
Assessed Valuation In Constant Dollars	1,664,204	1,620,337	1,611,371	1,598,349	1,612,922	1,649,308	1,758,050	1,803,762	1,889,331	1,977,340
Population	50,740	51,058	50,820	51,031	51,143	51,311	51,315	51,650	51,659	52,715
Assessed Valuation Per Capita In Constant Dollars	32,799	31,735	31,707	31,321	31,537	32,143	34,260	34,923	36,573	37,510

# Unemployment Rate

## Sarasota County



**Sarasota Trend**

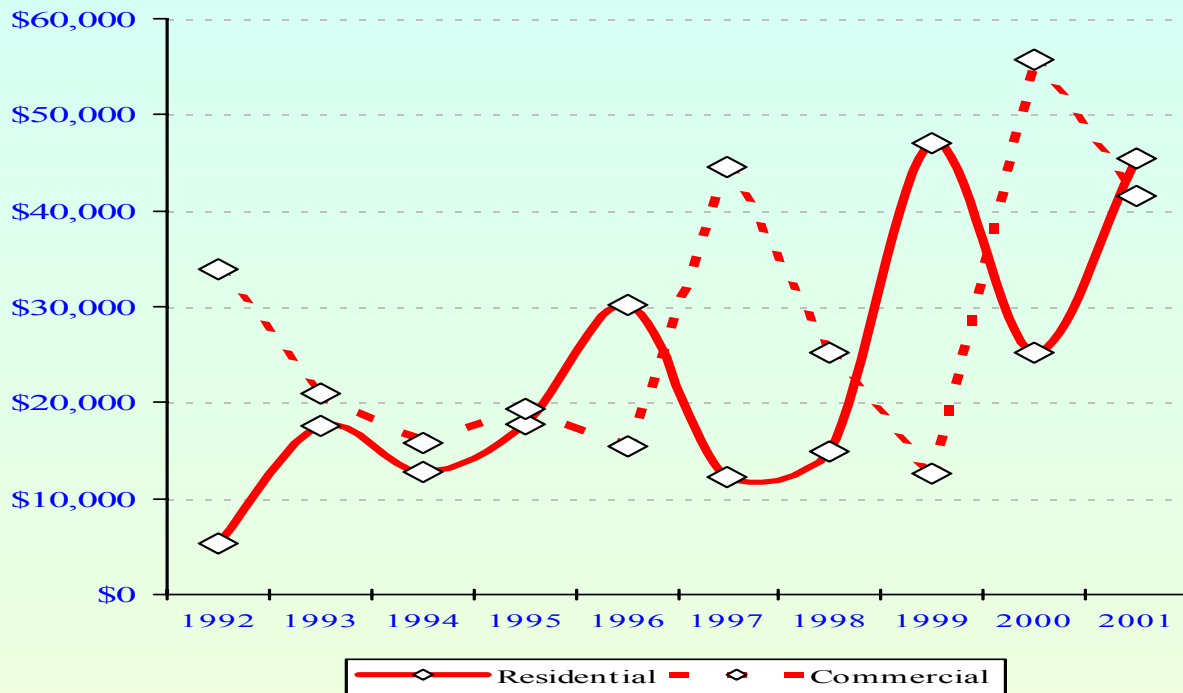
- Very Positive \_\_\_\_\_
- Positive \_\_\_\_\_
- Marginal ←
- Negative \_\_\_\_\_
- Very Negative \_\_\_\_\_

**Warning Trend**  
 Increasing rate of  
 local unemployment






	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Unemployment Rate	5.4%	5.1%	4.3%	3.4%	3.1%	2.6%	2.5%	2.2%	2.1%	2.8%

# Construction Values

## In Constant Dollars (000's)



### Sarasota Trends

- Very Positive 
- Positive 
- Marginal 
- Negative 
- Very Negative 

### **Warning Trend**

**Declining constant dollar construction**

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Residential Construction	8,170,073	27,289,692	20,422,455	29,109,938	50,931,756	21,212,144	26,103,625	84,742,018	46,974,085	86,700,534
Commercial Construction	51,574,370	32,576,719	25,269,547	31,598,901	26,237,556	77,061,193	43,966,644	22,571,320	103,794,648	79,465,812
CPI	1.52	1.56	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91
Residential Construction in Constant Dollars	5,375,048	17,493,392	12,764,034	17,749,962	30,137,134	12,261,355	14,916,357	47,078,899	25,254,884	45,392,950
Commercial Construction in Constant Dollars	33,930,507	20,882,512	15,793,467	19,267,623	15,525,181	44,544,042	25,123,797	12,539,622	55,803,574	41,605,137

# COMMUNITY RESOURCES INDICATORS

## GENERAL INFORMATION

Community Resources encompasses economic and demographic characteristics including population, personal income, property value, employment and construction activity. This is an umbrella category that treats “tax base” and “economic and demographic characteristics” as different sides of the same coin. On one hand, these indicators describe a community’s wealth and its ability to generate revenues (that is, level of personal, commercial and industrial income). On the other hand, they constitute the demands which the community will make on its government such as public safety, capital improvements and social services. In addition, changes in these characteristics are the most difficult to formulate into indicators because the data are not easy to gather. An evaluation of local economic and demographic characteristics can identify the following types of conditions:

- A decline in tax base as measured by population, property value, employment or business activity;
- A need to shift public service priorities because of a change in age or income of residents or in the type or density of physical development within the community;
- A need to reassess public policies because of a loss in competitive advantage of the city’s businesses to surrounding communities or because of a surge in inflation or other changes in national or regional economic conditions.

Changes in economic and demographic characteristics are most useful for long term financial analysis.

The following indicators represent those for which data are reasonably available:

## **Sarasota's Community Needs / Resources Indicators**

### Population

Sarasota's population continues to increase minimally, which is a double edged sword. Such minimal growth does not place any urgent expansion requirements on the City's infrastructure but also does not generate significant increased revenues. However, the increasing population in the surrounding county does put additional burdens on the City's infrastructure.

### Personal Income Per Capita

Local (Sarasota County) personal income per capita in constant dollars has increased seven of the last nine years, averaging a 1.6 percent increase per year.

### Assessed Valuation Per Capita

Assessed valuation per capita in constant dollars has increased every year since 1995 and reflects an average increase of almost 3.3 percent per year over the last six years.

### Unemployment Rate

The local (Sarasota County) unemployment rate declined steadily from 1992 to 2000. The rate rose from 2.1 percent in 2000 to 2.8 percent in 2001, presumably the result of national events in September, 2001.

### Construction Value

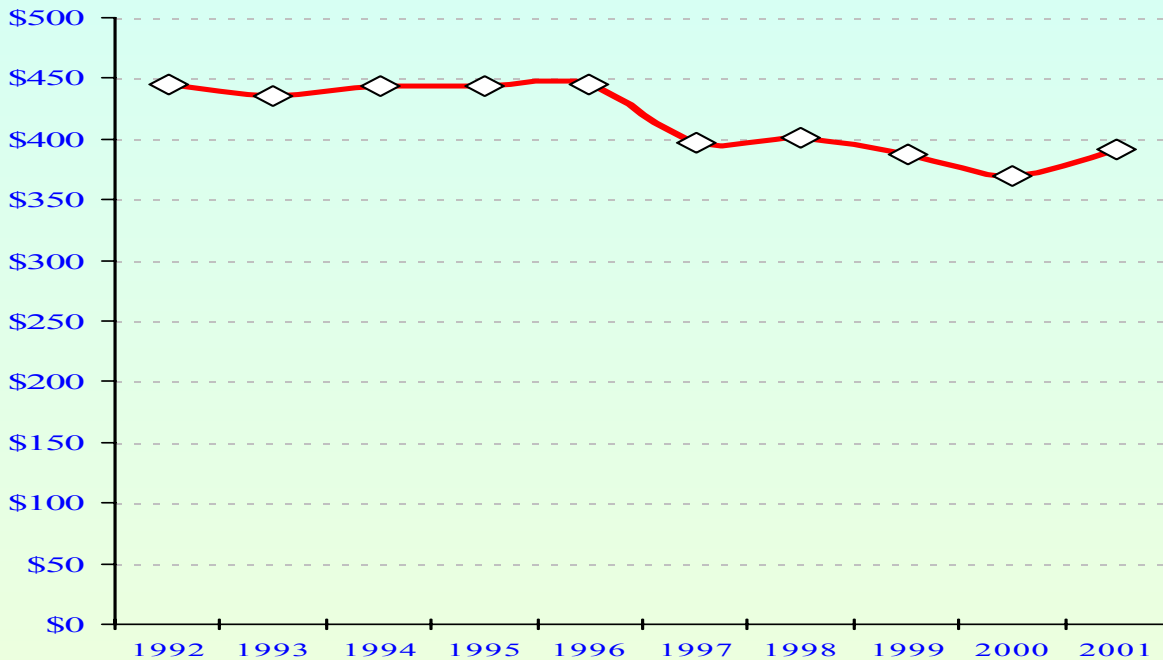
Residential and commercial construction in constant dollars, while erratic from year to year, does reveal a significant increase over the last seven years. The average commercial construction in constant dollars rose from a low of \$16,862,090 for the three year period of 1994-1996 to a high of \$36,649,444 for the three year period of 1999-2001. By the same token, the average residential construction in constant dollars rose from a low of \$11,877,491 for the three period of 1992-1994 to a high of \$39,242,244 for the three year period of 1999-2001.



REVENUE  
INDICATORS

# Revenue Per Capita - General Fund

## In Constant Dollars



### Sarasota Trends

- Very Positive \_\_\_\_\_
- Positive \_\_\_\_\_
- Marginal ← \_\_\_\_\_
- Negative \_\_\_\_\_
- Very Negative \_\_\_\_\_

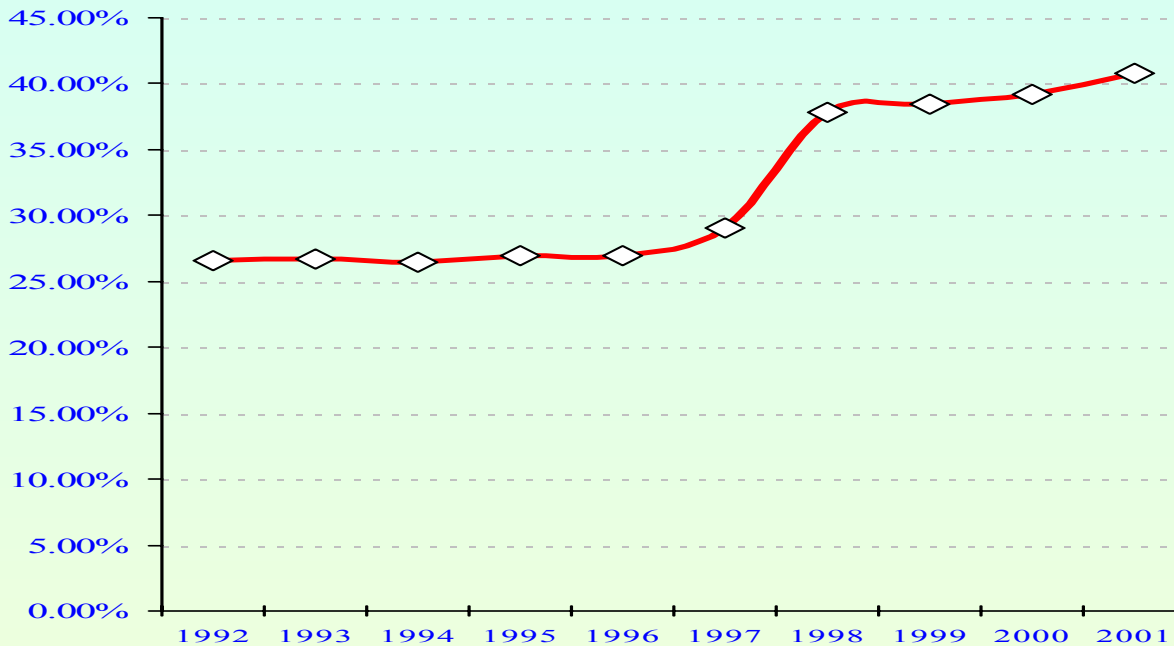
### **Warning Trend**

**Declining per capita  
revenue growth rate**

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Gross Operating Revenue	34,369,358	34,650,200	36,030,082	37,135,897	38,441,802	35,283,094	35,972,311	36,009,334	35,552,548	39,463,403
CPI	1.52	1.56	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91
In Constant Dollars	22,611,420	22,211,667	22,518,801	22,643,840	22,746,628	20,394,852	20,555,606	20,005,186	19,114,273	20,661,468
Population	50,740	51,058	50,820	51,031	51,143	51,311	51,315	51,650	51,659	52,715
Operating Revenue Per Capita in Constant Dollars	445.63	435.03	443.11	443.73	444.77	397.48	400.58	387.32	370.01	391.95

# Restricted Revenue

## As a % of Operating Revenues



### Sarasota Trends

Very Positive \_\_\_\_\_

Positive \_\_\_\_\_

Marginal ← \_\_\_\_\_

Negative \_\_\_\_\_

Very Negative \_\_\_\_\_

### **Warning Trend**

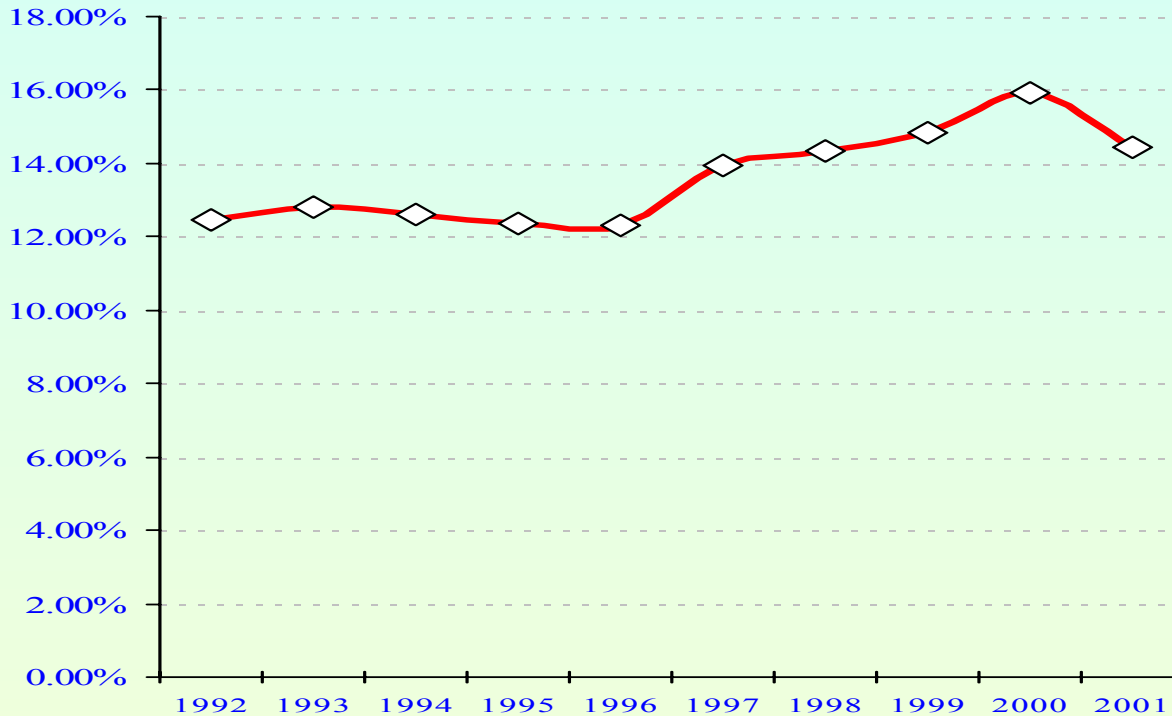
**Increasing amount of  
restricted revenue as a %  
of operating revenues**

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Restricted Revenue	12,120,884	12,377,461	12,617,990	13,373,157	13,878,445	14,085,833	21,509,063	21,443,076	22,532,258	26,626,517
Operating Revenue *	45,577,776	46,380,951	47,670,240	49,679,054	51,509,003	48,512,986	56,881,374	55,731,611	57,472,746	65,229,752
Restricted Revenue as a percent of Operating Revenues	26.59%	26.69%	26.47%	26.92%	26.94%	29.04%	37.81%	38.48%	39.21%	40.82%

\* Includes General Fund, Special Revenue Funds and Debt Service Funds.

# Intergovernmental Revenue

As a % of General Fund Revenues



## Sarasota Trends

- Very Positive \_\_\_\_\_
- Positive \_\_\_\_\_
- Marginal ← \_\_\_\_\_
- Negative \_\_\_\_\_
- Very Negative \_\_\_\_\_

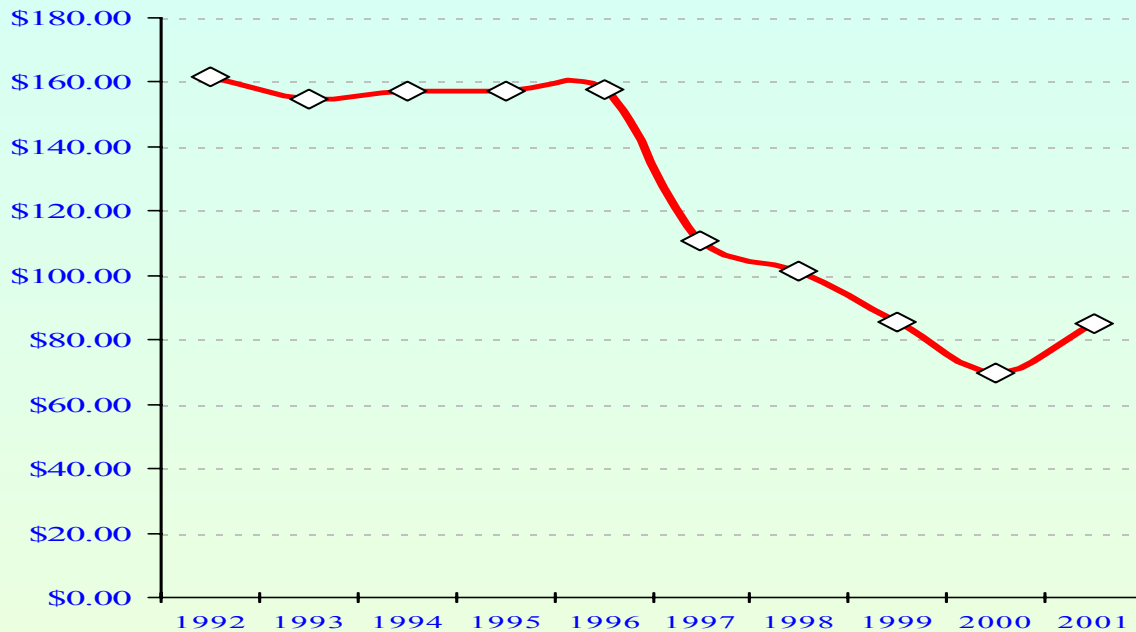
## Warning Trend

Increasing amount of intergovernmental revenues as a % of gross operating revenues

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Intergovernmental Revenue	4,286,397	4,433,976	4,545,288	4,586,889	4,735,432	4,913,199	5,151,047	5,348,106	5,654,462	5,706,386
Gross Operating Revenue	34,369,358	34,650,200	36,030,082	37,135,897	38,441,802	35,283,094	35,972,311	36,009,334	35,552,548	39,463,403
Intergovernmental Revenue as a % of Operating Revenue	12.47%	12.80%	12.62%	12.35%	12.32%	13.93%	14.32%	14.85%	15.90%	14.46%

# Property Tax Revenue Per Capita

## In Constant Dollars - General Fund



### Sarasota Trends

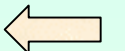
Very Positive

Positive

Marginal

Negative

Very Negative



### **Warning Trend**

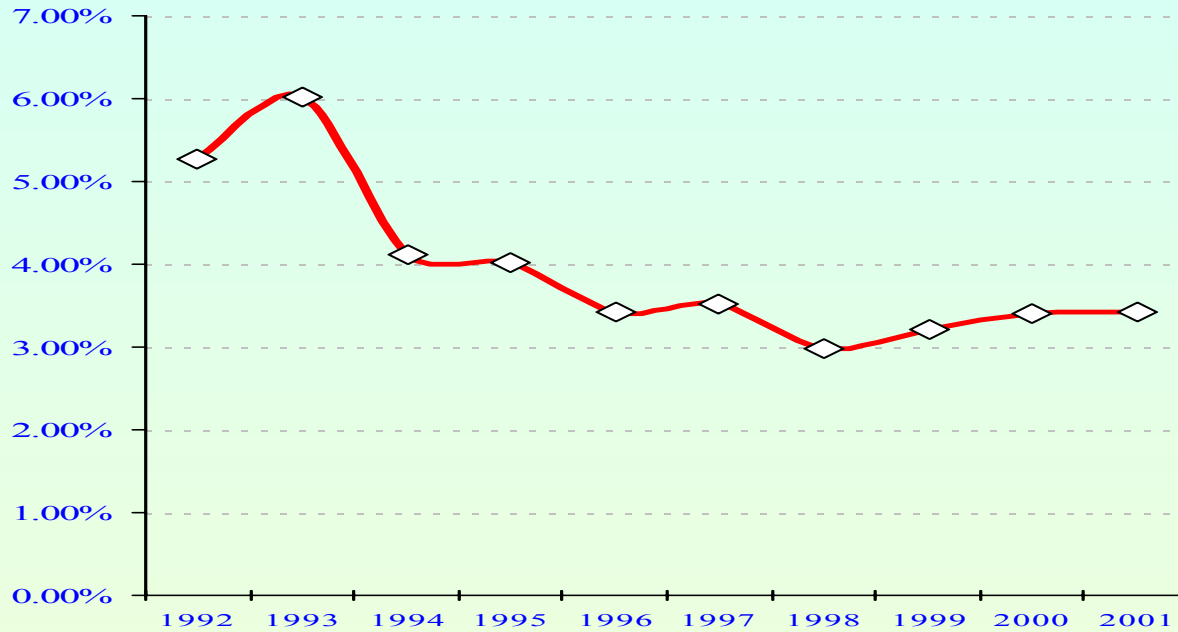
**Declining or negative  
growth in property tax  
revenues**

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Property Tax Revenue	12,460,732	12,326,733	12,785,365	13,141,963	13,646,082	9,848,533	9,124,337	7,941,787	6,695,174	8,542,772
CPI	1.52	1.56	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91
Property Tax Revenue In Constant Dollars	8,197,850	7,901,752	7,990,853	8,013,392	8,074,605	5,692,794	5,213,907	4,412,104	3,599,556	4,472,655
Population	50,740	51,058	50,820	51,031	51,143	51,311	51,315	51,650	51,659	52,715
Property Tax Revenue Per Capita In Constant Dollars	161.57	154.76	157.24	157.03	157.88	110.95	101.61	85.42	69.68	84.85

Note: The 2001 Property Tax Revenue Per Capita would be \$181.73 if recalculated using the 5.339 mills levied in 1994.

# Uncollected Property Taxes

## As a % of Property Taxes Levied



### Sarasota Trends

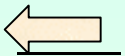
Very Positive

Positive

Marginal

Negative

Very Negative



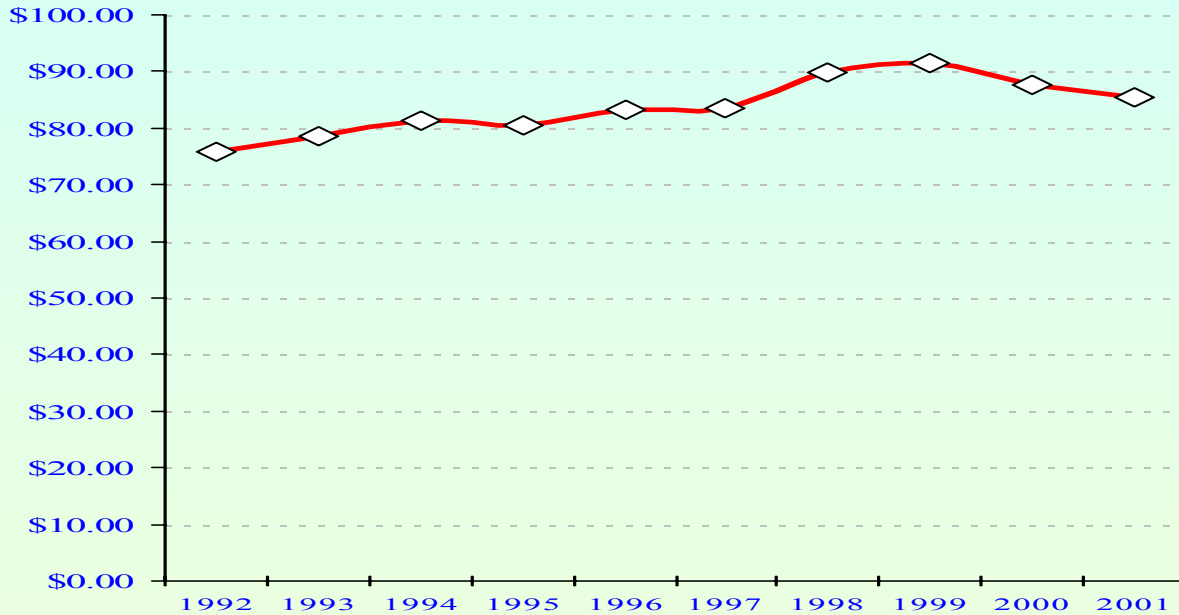
### **Warning Trend**

Increasing amount of uncollected taxes as a percent of taxes levied

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Property Tax Levied	16,487,868	16,475,719	16,977,408	17,232,383	17,715,218	13,680,158	13,025,353	11,724,092	10,402,254	12,317,391
Property Tax Collected	15,618,406	15,485,495	16,280,133	16,540,407	17,109,211	13,198,544	12,636,865	11,347,840	10,048,718	11,895,066
Percent Uncollected	5.27%	6.01%	4.11%	4.02%	3.42%	3.52%	2.98%	3.21%	3.40%	3.43%

# Utility Tax Revenue Per Capita

## In Constant Dollars



### Sarasota Trends

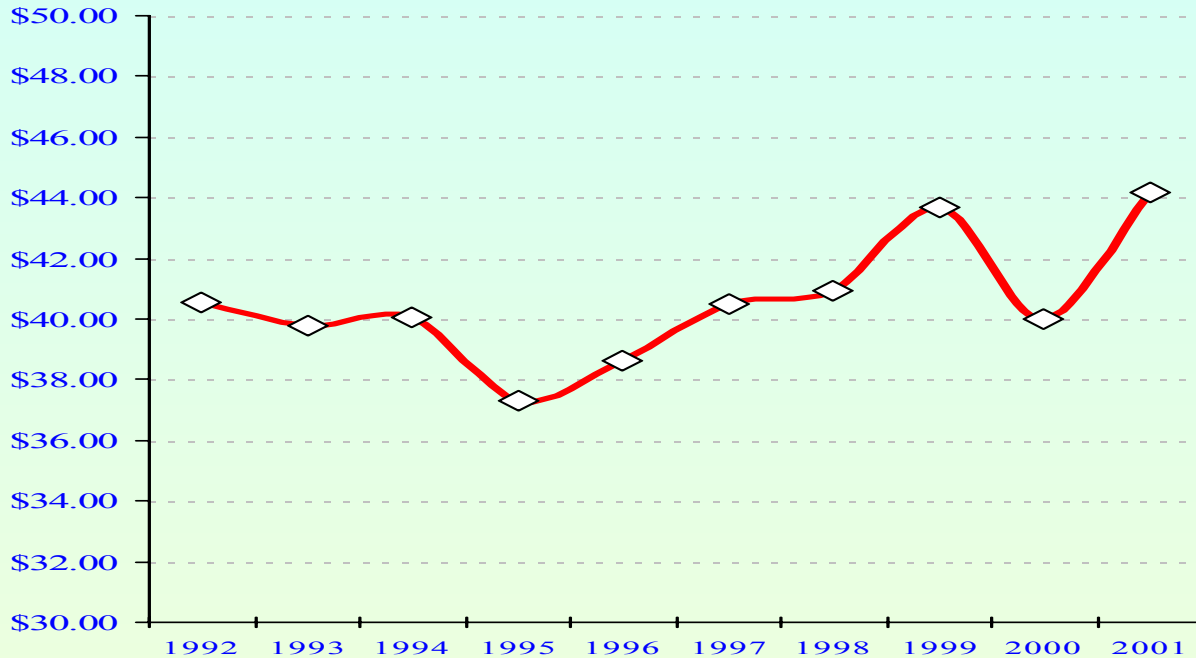
- Very Positive \_\_\_\_\_
- Positive \_\_\_\_\_
- Marginal ← \_\_\_\_\_
- Negative \_\_\_\_\_
- Very Negative \_\_\_\_\_

**Warning Trend**  
Declining per capita revenues  
in constant dollars

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Utility Tax Revenue	5,855,695	6,262,818	6,610,020	6,736,618	7,197,900	7,423,741	8,058,835	8,506,731	8,415,496	8,592,697
CPI	1.52	1.56	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91
In Constant Dollars	3,852,431	4,014,627	4,131,263	4,107,694	4,259,112	4,291,180	4,605,049	4,725,962	4,524,460	4,498,794
Population	50,740	51,058	50,820	51,031	51,143	51,311	51,315	51,650	51,659	52,715
Utility Tax Revenue Per Capita	75.92	78.63	81.29	80.49	83.28	83.63	89.74	91.50	87.58	85.34

# Franchise Tax Revenue Per Capita

## In Constant Dollars



### Sarasota Trends

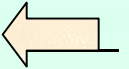
Very Positive

Positive

Marginal

Negative

Very Negative



### **Warning Trend**

**Declining per capita revenues  
in constant dollars**

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Franchise Tax Revenue	3,127,607	3,166,644	3,256,957	3,121,871	3,336,021	3,594,510	3,673,657	4,062,137	3,843,532	4,448,446
CPI	1.52	1.56	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91
In Constant Dollars	2,057,636	2,029,900	2,035,598	1,903,580	1,973,977	2,077,751	2,099,233	2,256,743	2,066,415	2,329,029
Population	50,740	51,058	50,820	51,031	51,143	51,311	51,315	51,650	51,659	52,715
Franchise Tax Revenue Per Capita	40.55	39.76	40.06	37.30	38.60	40.49	40.91	43.69	40.00	44.18

# REVENUE INDICATORS

## GENERAL INFORMATION

Revenues determine the capacity to provide services. Important issues to consider relative to revenues are growth, diversity, reliability, flexibility and administration. Under ideal conditions revenues will grow at a rate equal to or greater than the combined effects of inflation and expenditure pressures from new and/or expanded services. They will be sufficiently flexible (non-dedicated funding) to allow necessary adjustments in response to changing conditions. They will be diversified in their resources so as not to be overly dependent on residential, commercial or industrial land uses or on external funding sources such as federal grants or discretionary state aid. User fees would be regularly evaluated and revised to cover the true cost of providing services.

Analyzing a revenue structure will aid in identifying the following types of problems:

- ❑ Deterioration in revenue base.
- ❑ Internal procedures or legislative priorities that may adversely affect revenue.
- ❑ Over-dependence on obsolete or external revenue sources.
- ❑ User fees that are not covering the cost of providing services.
- ❑ Changes in tax burden.
- ❑ Lack of cost controls and poor revenue estimating practices.
- ❑ Inefficiency in collection or administration of revenue.

## **Sarasota's Revenue Indicators**

The overall revenue trend for Sarasota indicates that revenues are stagnating consistent with the City's population growth.

### *Revenue Per Capita*

Examining per capita revenue reveals changes in revenue relative to changes in population. After accounting for inflation over the last six years, the City's per capita revenue decreased from \$444.77 in 1996 to \$370.01 in 2000, before increasing to \$391.95 in 2001. The significant decrease in 1997 is the direct result of ad valorem property tax reductions (lower millage) due to the consolidation of the Fire-Rescue Bureau and Public Safety communications with Sarasota County.

### *Restricted Revenue*

Restricted revenues are those which are legally earmarked or dedicated for a specific purpose. For example, gas tax revenues must be used for street improvements. Grant revenues are also generally restricted to specific purposes. As a municipality's reliance on this type of revenue increases, it loses the latitude to respond to changing conditions. It also makes the City vulnerable to dictates from outside agencies.

The restricted revenue indicator is one that has both a positive side and a negative side. Initially, an increase is positive, as operating revenues are not tapped to perform certain capital and infrastructure improvements. However, on a long term basis, it indicates that the City's recurring revenue sources are not sufficient to provide for necessary capital improvements. Sarasota achieved a 40.82% ratio of restricted operating revenues to net operating revenues in 2001. This is up from a ten year low of 26.47% in 1994. The increase is the result of significant additional revenue in Tourist Development funds and revenue from the State Housing Initiative Partnership (SHIP).

### Intergovernmental Revenue

Intergovernmental revenue (revenue received from another governmental entity) is closely related to restricted revenue, in that, typically, it is intended to fund a specific activity. This is a marginal indicator, as an increasing dependence on intergovernmental revenue also provides little latitude in discretionary spending, and may be eliminated with little notice. In 1986, this occurred when the Federal Revenue Sharing program was ended. Had these funds provided a major portion of the City's total revenues, the impact of withdrawing them may have resulted in service reductions or tax increases. Again, however, any reduction has a negative side. More specifically, local revenues must absorb any reductions, plus any unfunded new state or federal mandates.

Sarasota exhibits an increasing trend, in terms of percent of General Fund revenue, in its reliance on this type of revenue prior to 2001. Data for 2000 indicates 15.9 percent of gross operating revenue was identified as intergovernmental. This is up from a ten year low of 12.32 percent in 1996. The increase is the result of a combination of two issues. Gross operating revenue was down significantly after 1996 due to the consolidation of the Fire-Rescue Bureau and Public Safety communications with Sarasota County (decreased City millage required) and intergovernmental revenue has increased steadily each year since 1992.

### Property Tax Revenue Per Capita

Property tax revenue per capita in constant dollars (after inflation) has decreased significantly from \$161.57 in 1992 to \$69.68 in 2000. The reduction in the millage rate, precipitating this decline in ad valorem tax revenue, is the result of the consolidation of the Fire-Rescue Bureau and Public Safety communications with Sarasota County in 1997. Although this appears to be a substantial decrease, if the per capita property tax revenue is recalculated using the 5.339 mills levied in 1994, the resulting per capita property tax revenue in constant dollars would be \$181.73 in 2001.

### Uncollected Property Taxes

Uncollected property taxes have decreased significantly since a 1993 level of over six percent. The last six years have produced a relatively consistent 3.0 to 3.5 percent. Since the discount for early payment can be as high as 4.0 percent, this 3.43 percent rate is considered positive.

### Utility and Franchise Tax Revenue

Overall, utility tax revenue per capita has increased minimally over the last nine years at an average of 1.4 percent per year. Among the six utility service usage taxes, only the telephone utility service tax has increased significantly (138 percent) over the ten year period, a trend that reflects society's increasing dependence on communications.

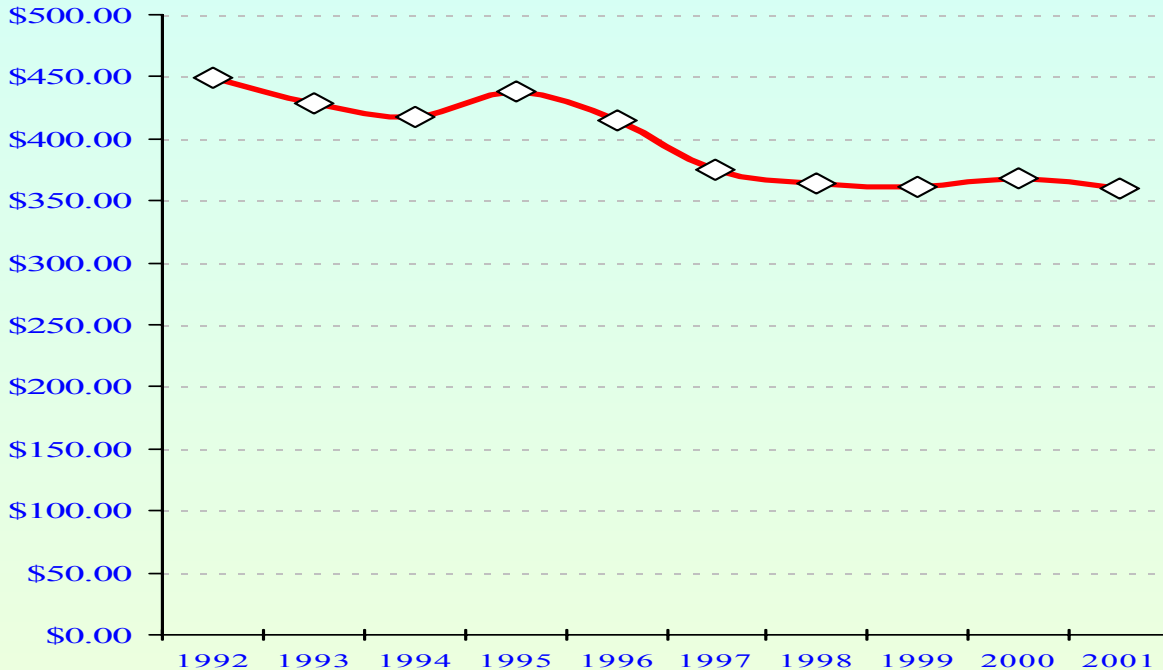
Franchise tax revenue per capita, adjusted for inflation, has not increased or decreased significantly in the long term but has fluctuated year to year. While all four franchise tax collections have increased somewhat, the cable franchise tax has more than doubled.



**EXPENDITURE  
INDICATORS**

# Operating Expenditures Per Capita

## General Fund In Constant Dollars



### Sarasota Trends

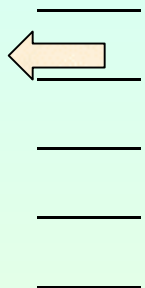
Very Positive

Positive

Marginal

Negative

Very Negative



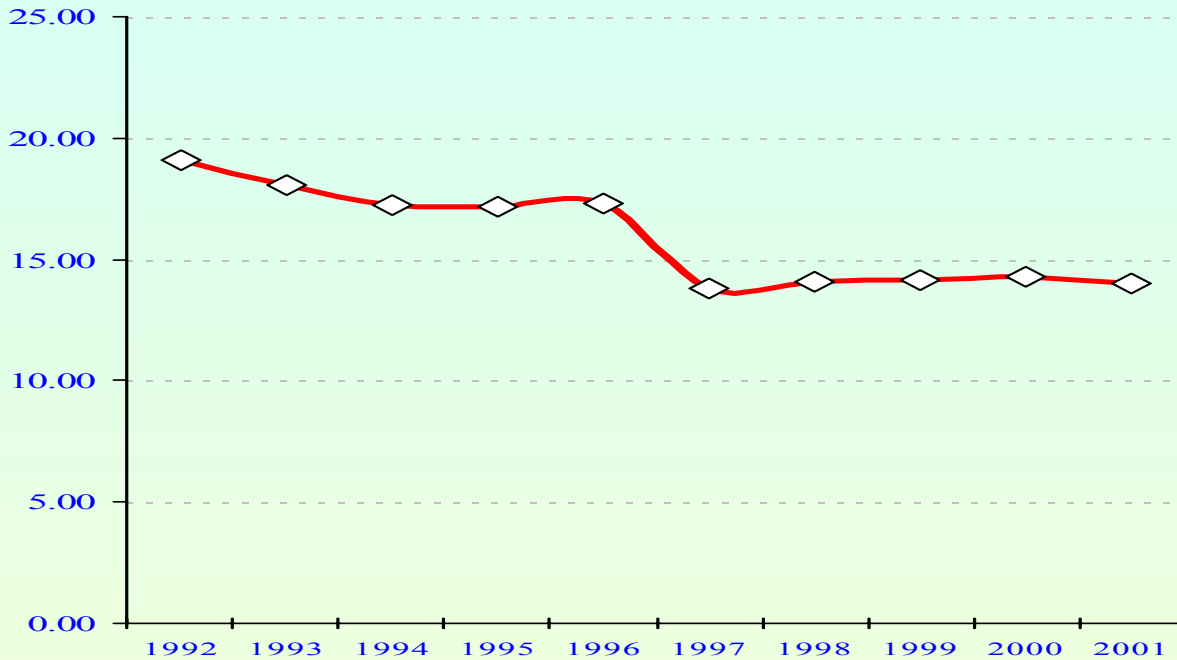
### **Warning Trend**

Increasing per capita  
expenditures in constant  
dollars

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Total General Fund										
Operating Expenditures	34,591,808	34,106,096	33,989,528	36,678,762	35,850,595	33,292,037	32,731,990	33,637,931	35,348,305	36,255,368
CPI	1.52	1.56	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91
Operating Expenditures In Constant Dollars	22,757,768	21,862,882	21,243,455	22,365,099	21,213,370	19,243,952	18,703,994	18,687,739	19,004,465	18,981,868
Population	50,740	51,058	50,820	51,031	51,143	51,311	51,315	51,650	51,659	52,715
Operating Expenditures Per Capita In Constant Dollars	448.52	428.20	418.01	438.26	414.79	375.05	364.49	361.81	367.88	360.08

# Employees Per Thousand Citizens

## All Funds



### Sarasota Trends

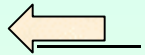
Very Positive

Positive

Marginal

Negative

Very Negative



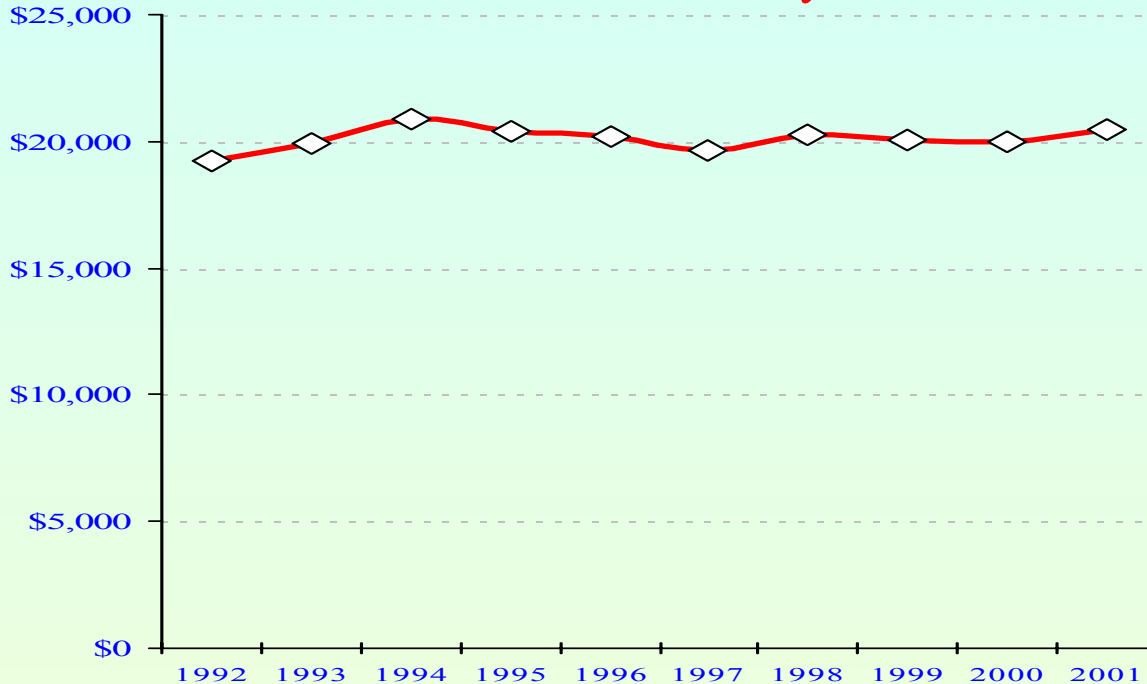
### **Warning Trend**

Increasing number of employees per 1,000 citizens

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Number of Employees	969.00	921.00	876.00	875.00	885.00	709.00	723.50	731.00	739.00	739.75
Population	50,740	51,058	50,820	51,031	51,143	51,311	51,315	51,650	51,659	52,715
Employees Per 1,000 Citizens	19.10	18.04	17.24	17.15	17.30	13.82	14.10	14.15	14.31	14.03

# Average Employee Salary

## General Fund Only - In Constant Dollars



### Sarasota Trends

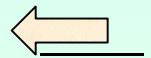
Very Positive

Positive

Marginal

Negative

Very Negative



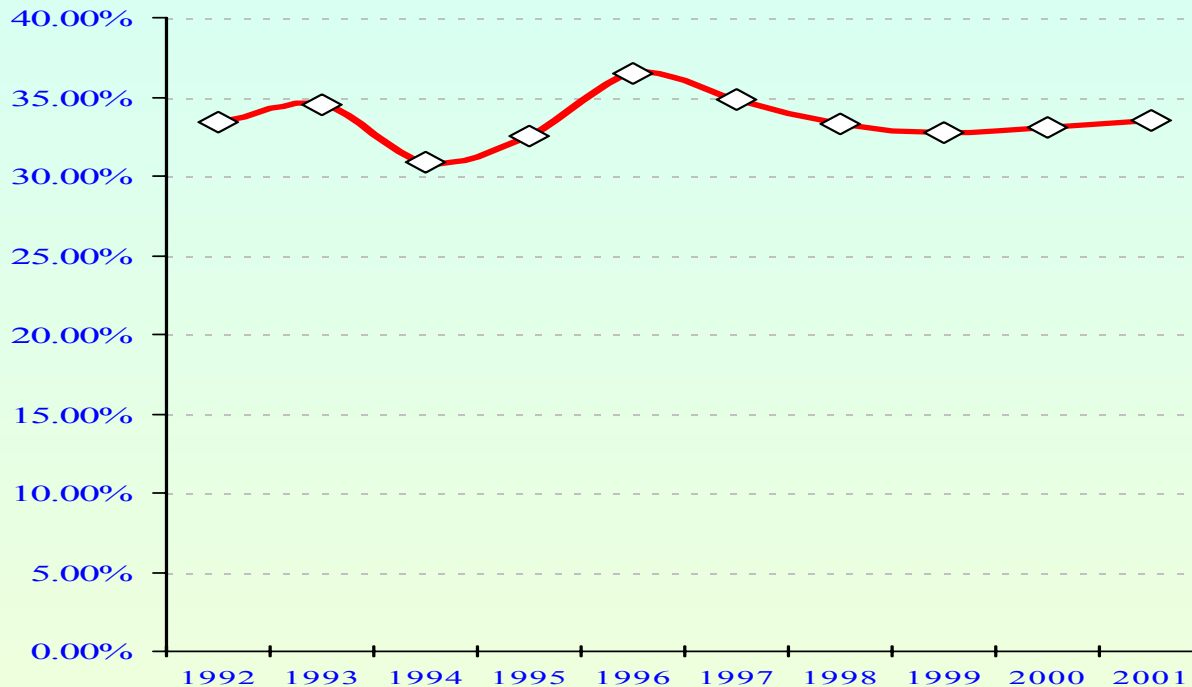
### **Warning Trend**

Consistent constant dollar  
increases / decreases

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Number of Employees	683.00	654.00	623.66	621.66	434.66	445.66	455.16	465.74	473.74	475.74
Salaries & Wages	19,933,527	20,329,296	20,804,883	20,797,039	14,841,766	15,147,406	16,118,636	16,813,011	17,584,702	18,608,102
Average Salary	29,185	31,085	33,359	33,454	34,146	33,989	35,413	36,100	37,119	39,114
CPI	1.52	1.56	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91
Average Salary Per Employee In Constant Dollars	19,201	19,926	20,849	20,399	20,205	19,647	20,236	20,056	19,956	20,479

# Fringe Benefits

As a % of General Fund Salaries and Wages



## Sarasota Trends

- Very Positive \_\_\_\_\_
- Positive \_\_\_\_\_
- Marginal ← \_\_\_\_\_
- Negative \_\_\_\_\_
- Very Negative \_\_\_\_\_

### Warning Trend

Increasing fringe benefit expenditures as a percentage of salaries and wages

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Fringe Benefit Costs (GF)	6,652,895	7,017,000	6,413,628	6,755,164	5,411,614	5,280,933	5,363,356	5,500,268	5,811,783	6,243,879
Salaries and Wages (GF)	19,933,527	20,329,296	20,804,883	20,797,039	14,841,766	15,147,406	16,118,636	16,813,011	17,584,702	18,608,102
Fringe Benefits as a % of Salaries and Wages	33.38%	34.52%	30.83%	32.48%	36.46%	34.86%	33.27%	32.71%	33.05%	33.55%

## **EXPENDITURE INDICATORS**

### **GENERAL INFORMATION**

Expenditures are a rough measure of service output. Generally, the more a government spends in constant dollars, the more services it provides. This reasoning does not take into account how effective the services are or how efficiently they are delivered.

The first issue to consider is the expenditure growth rate to determine whether an entity is living within its revenues. Most cities are required to have balanced budgets: therefore, it would seem unlikely that expenditure growth would exceed revenue growth. Nevertheless, there are a number of ways to balance an annual budget that create a long-term imbalance in which expenditure outlays and commitments exceed anticipated revenues. Some of the most common methods are utilizing bond proceeds for operations, using small amounts of intergovernmental grants, borrowing or using reserve funds. Other ways are to defer maintenance on street, buildings or other capital assets, defer funding of pension plan liabilities or to finance operations through revenue windfalls.

A second issue to consider is expenditure flexibility. It is a measure of a municipality's freedom to adjust its service levels to changing conditions. Ideally, the expenditure growth rate does not exceed its revenue growth rate, and as such, maximum flexibility to adjust spending would be available. A city with increasing mandatory costs will be less able to adjust to change. As the percentage of debt service, matching requirements, pension benefit, state and federal mandates, contractual agreements and commitments to existing capital plant increases, the flexibility of spending decisions decreases.

## **Sarasota's Expenditure Indicators**

### *Operating Expenditures Per Capita*

Sarasota's expenditure trends indicate a relatively steady per capita rate of operating expenditures in constant dollars, varying only 4.1 percent over the last five years. The per capita rate of operating expenditures has slowly declined from a high of \$448.52 in 1992 to a low of \$360.08 in 2001. The consolidation of the Fire-Rescue Bureau and Public Safety communications with Sarasota County resulted in a substantial reduction in Operating Expenditures Per Capita from \$414.79 in 1996 to \$375.05 in 1997.

### *Employees Per Thousand Citizens*

Because personnel costs are a substantial and constant portion of any city's budget, an increasing proportion of employees to citizens (who generate the need for services and the tax revenues to pay for them) might indicate declining productivity or an inflated payroll.

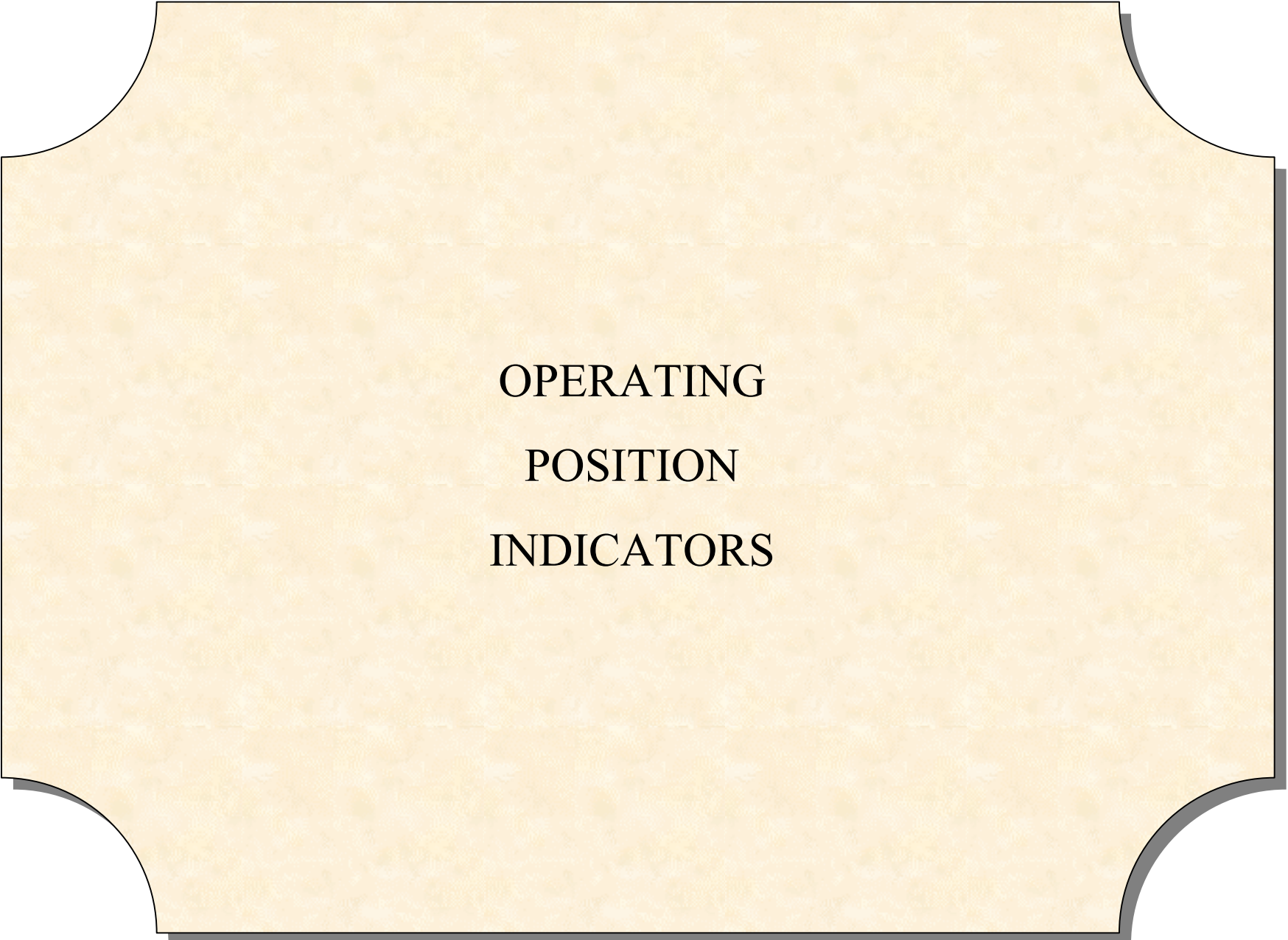
Sarasota demonstrates a very stable ratio of municipal employees per 1,000 residents since 1997, varying only 3.5 percent. The consolidation of the Fire-Rescue Bureau and Public Safety communications with Sarasota County resulted in a substantial reduction in City employees per thousand citizens from 17.3 in 1996 to 13.82 in 1997.

### *Average Employee Salary*

In constant dollars, the average employee's salary has remained relatively stable in the last four years, varying only 2.6 percent.

### *Fringe Benefits*

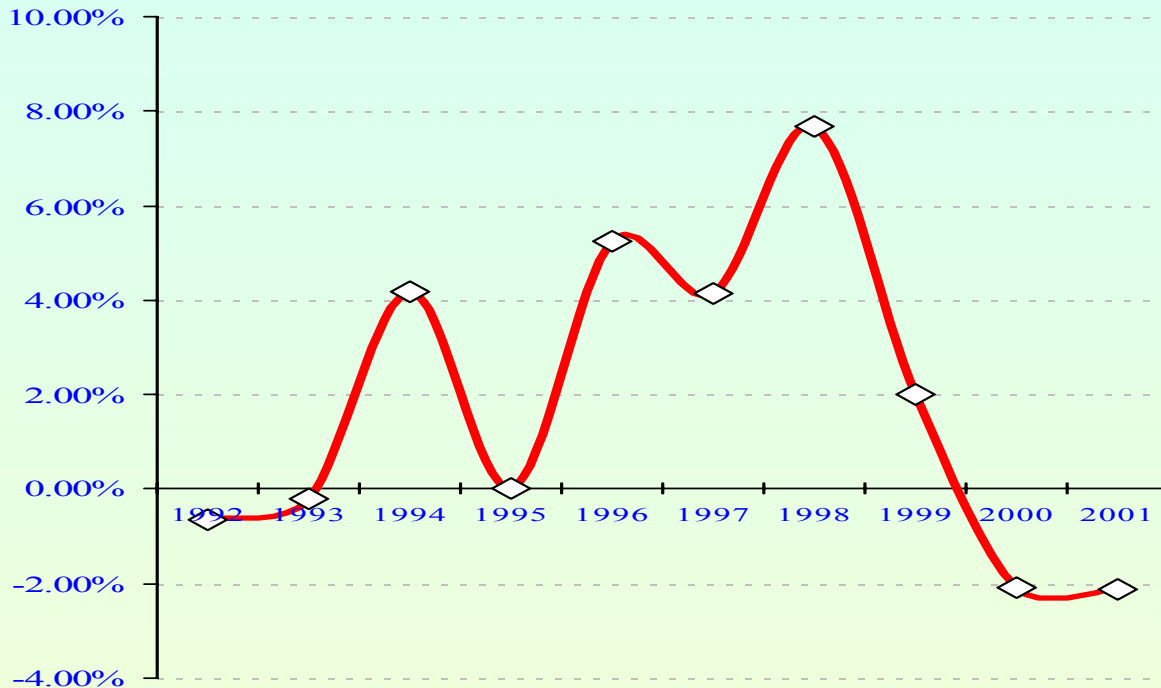
The City's level of the fixed costs of pension and other fringe benefits has remained very consistent over the last four years. In 2001, fringe benefits rose from 33.05 percent to 33.55 percent of salaries and wages mainly due to higher medical costs.



OPERATING  
POSITION  
INDICATORS

# Operating Surplus - General Fund

## As a % of General Fund Operating Revenue



### Sarasota Trends

- Very Positive \_\_\_\_\_
- Positive \_\_\_\_\_
- Marginal ← \_\_\_\_\_
- Negative \_\_\_\_\_
- Very Negative \_\_\_\_\_

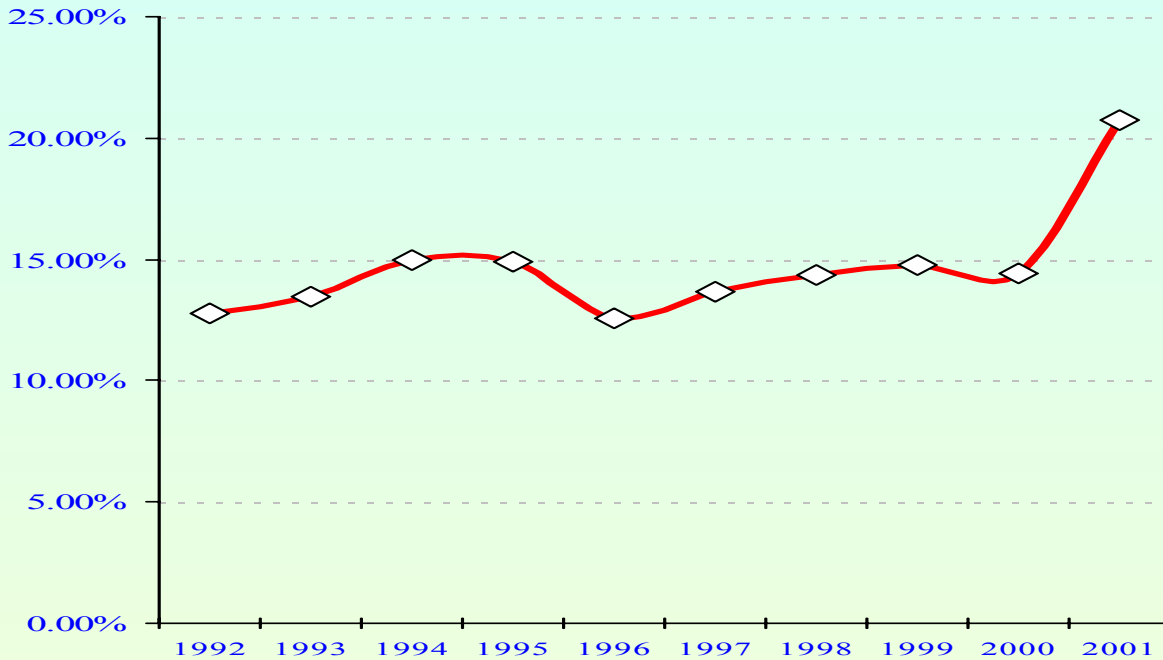
### **Warning Trend**

Consistent General fund operating deficits as a percentage of general operating revenues

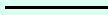




	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Operating Surplus(Deficit)	(222,450)	(65,330)	1,468,811	1,125	1,970,099	1,431,589	2,715,137	689,652	(724,904)	(821,272)
Operating Revenue	33,456,892	34,003,490	35,052,250	36,305,897	37,630,558	34,427,153	35,372,311	34,288,535	34,940,488	38,603,235
Surplus (Deficit) as a % of Operating Revenue	-0.66%	-0.19%	4.19%	0.00%	5.24%	4.16%	7.68%	2.01%	-2.07%	-2.13%

# Unrestricted Balance - General Fund

As a % of General Fund Operating Revenue



## Sarasota Trends

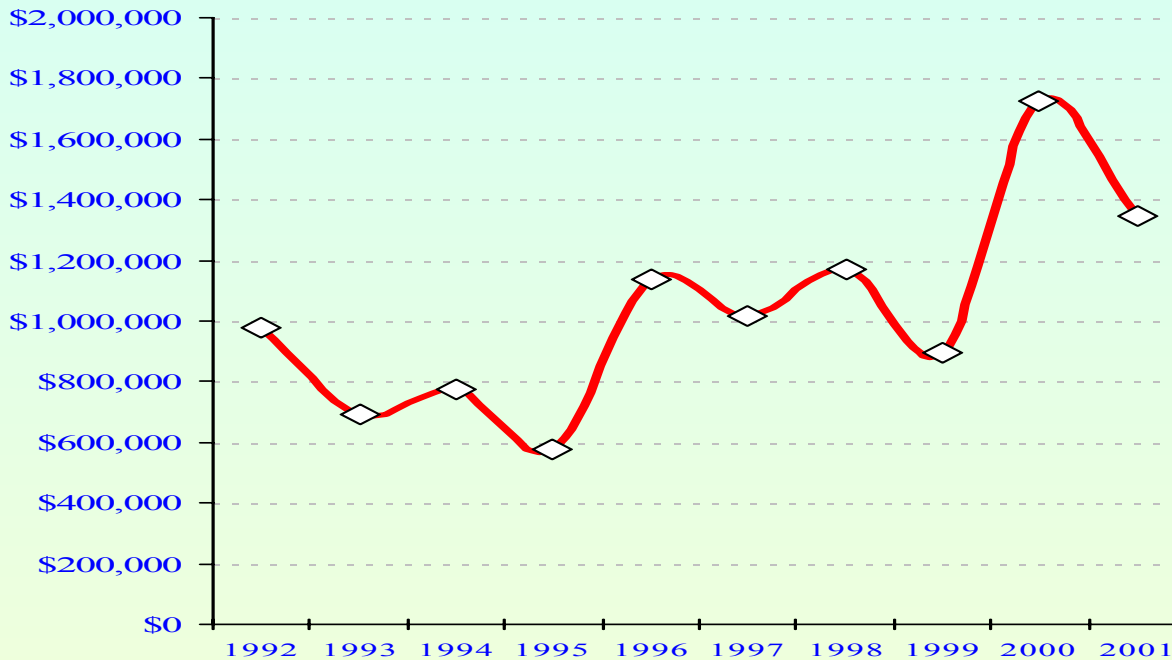
- Very Positive 
- Positive 
- Marginal 
- Negative 
- Very Negative 

**Warning Trend**  
Decreasing unrestricted fund balance as a percentage of general operating revenues

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Unrestricted Fund Balance	4,269,108	4,570,328	5,235,802	5,421,846	4,725,177	4,711,582	5,071,048	5,055,354	5,033,710	8,016,619
Operating Revenue	33,456,892	34,003,490	35,052,250	36,305,897	37,630,558	34,427,153	35,372,311	34,288,535	34,940,488	38,603,235
Unrestricted Fund Balance as a % of Net Operating Revenue	12.76%	13.44%	14.94%	14.93%	12.56%	13.69%	14.34%	14.74%	14.41%	20.77%

# Water and Sewer

## Constant Dollar Profit (Loss)



### Sarasota Trends

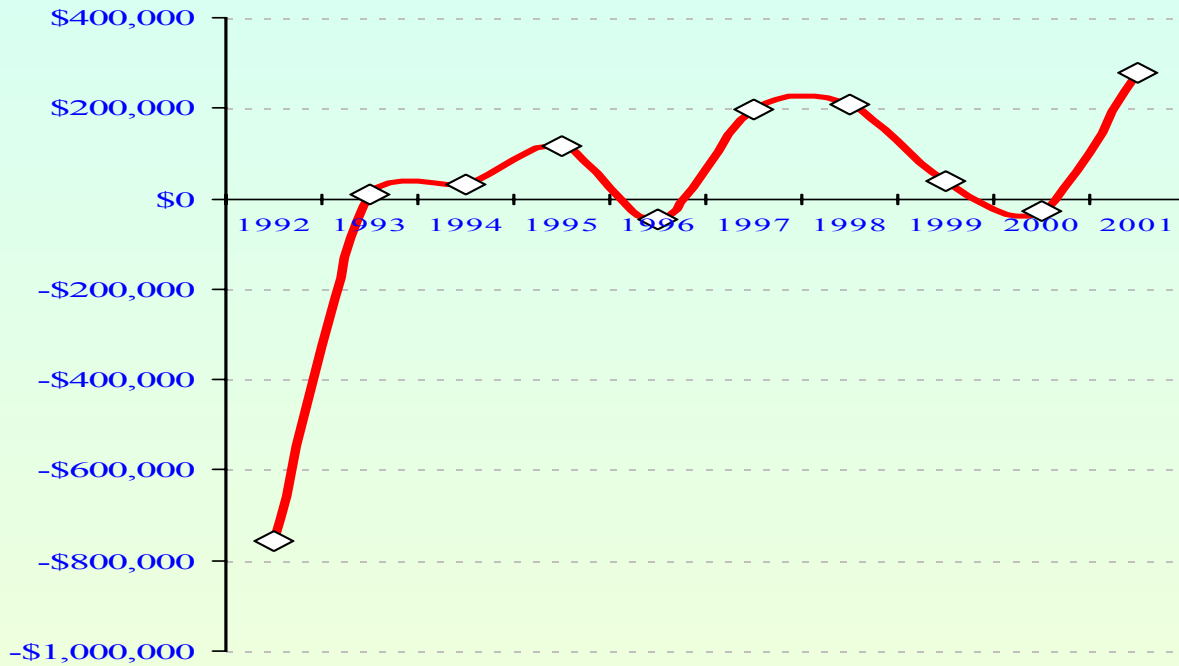
- Very Positive —————
- Positive ←—————
- Marginal —————
- Negative —————
- Very Negative —————

**Warning Trend**  
Consistent enterprise  
fund losses

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Profit (Loss)	1,488,344	1,083,266	1,242,466	947,657	1,919,127	1,759,179	2,051,603	1,611,116	3,214,001	2,576,399
CPI	1.52	1.56	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91
Profit (Loss) In Constant Dollars	979,174	694,401	776,541	577,840	1,135,578	1,016,866	1,172,345	895,064	1,727,958	1,348,900

# Solid Waste Management

## Constant Dollar Profit (Loss)



### Sarasota Trends

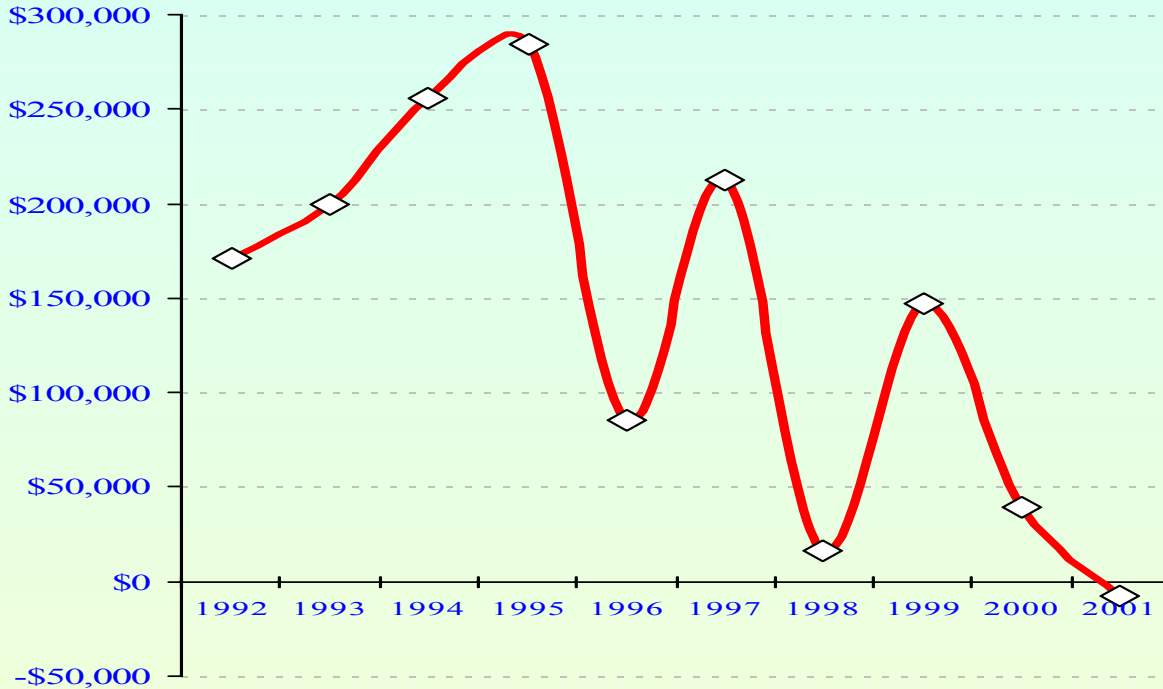
- Very Positive \_\_\_\_\_
- Positive ←\_\_\_\_\_
- Marginal \_\_\_\_\_
- Negative \_\_\_\_\_
- Very Negative \_\_\_\_\_

**Warning Trend**  
Consistent enterprise  
fund losses

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Profit (Loss)	(1,147,992)	15,625	52,648	193,540	(75,373)	341,087	363,551	73,144	(49,069)	531,855
CPI	1.52	1.56	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91
Profit (Loss) In Constant Dollars	(755,258)	10,016	32,905	118,012	(44,599)	197,160	207,743	40,636	(26,381)	278,458

# Bobby Jones Golf Course

## Constant Dollar Profit (Loss)



### Sarasota Trends

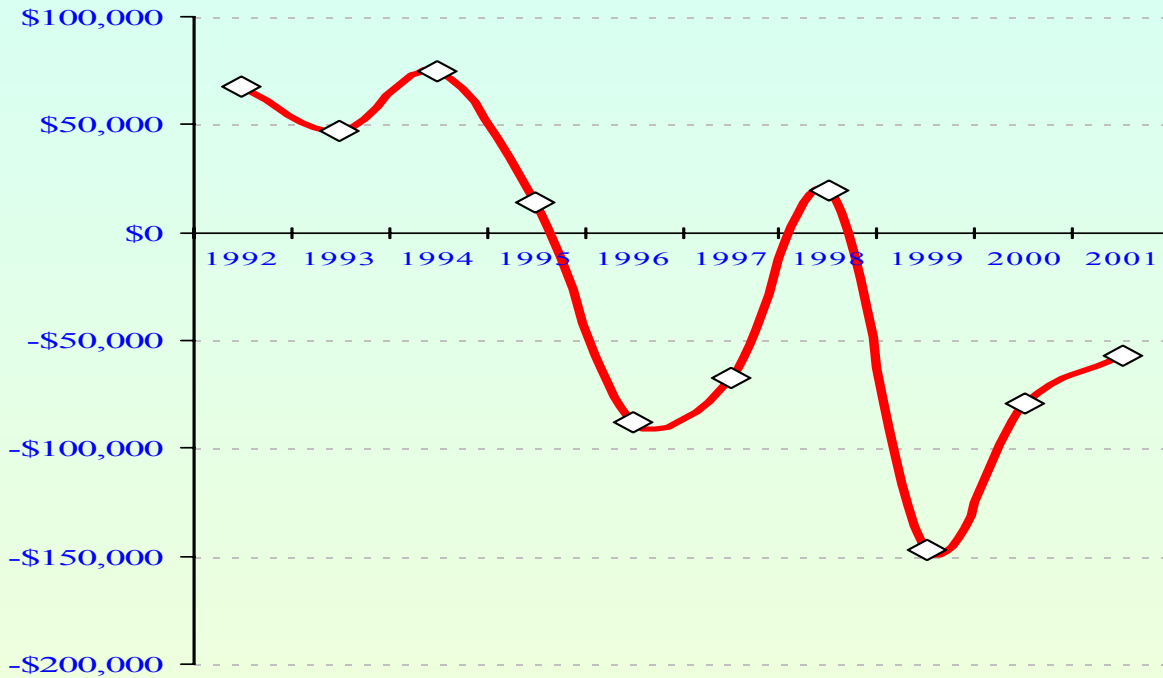
- Very Positive \_\_\_\_\_
- Positive \_\_\_\_\_
- Marginal ← \_\_\_\_\_
- Negative \_\_\_\_\_
- Very Negative \_\_\_\_\_

**Warning Trend**  
Consistent enterprise  
fund losses

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Profit (Loss)	259,825	310,905	409,487	466,415	144,260	367,434	27,897	264,094	73,756	(14,699)
CPI	1.52	1.56	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91
Profit (Loss) In Constant Dollars	170,938	199,298	255,929	284,399	85,361	212,390	15,941	146,719	39,654	(7,696)

# Mobile Home Park

## Constant Dollar Profit (Loss)



### Sarasota Trends

- Very Positive \_\_\_\_\_
- Positive \_\_\_\_\_
- Marginal ← \_\_\_\_\_
- Negative \_\_\_\_\_
- Very Negative \_\_\_\_\_

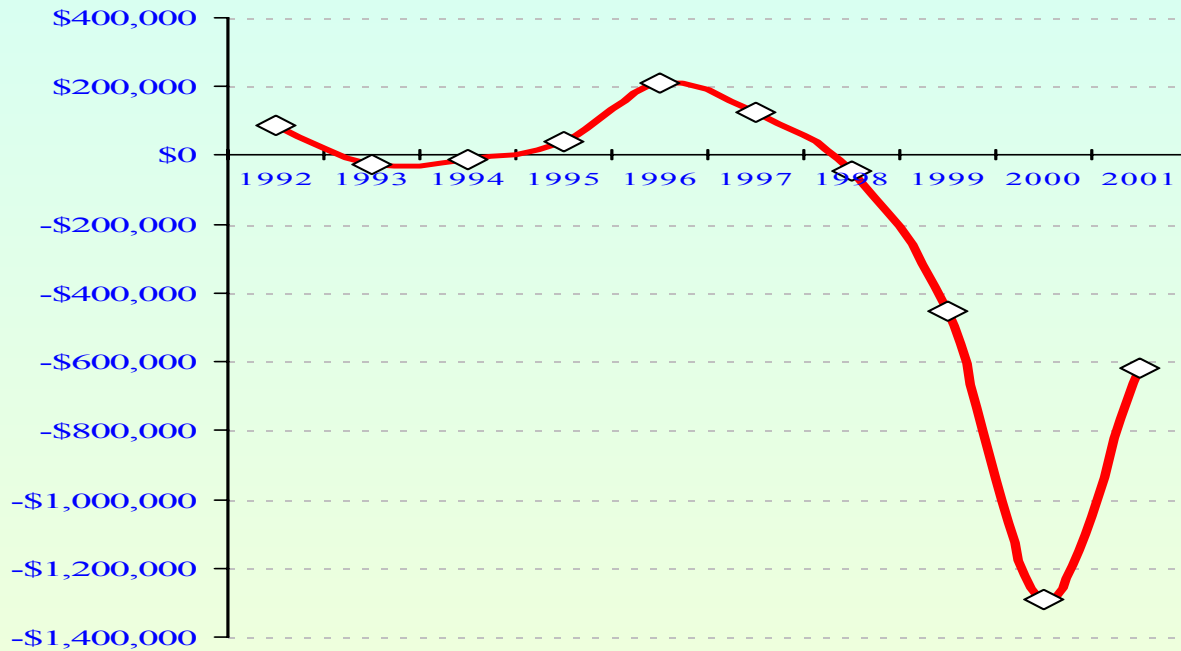
### **Warning Trend**

Consistent enterprise  
fund losses

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Profit (Loss)	103,204	73,107	-119,321	22,847	(-149,032)	(-117,174)	34,729	(-265,488)	(-147,061)	(108,701)
CPI	1.52	1.56	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91
Profit (Loss) In Constant Dollars	67,897	46,863	74,576	13,931	(88,185)	(67,731)	19,845	(147,493)	(79,065)	(56,912)

# Van Wezel Performing Arts Hall

## Constant Dollar Profit (Loss)



### Sarasota Trends

- Very Positive \_\_\_\_\_
- Positive \_\_\_\_\_
- Marginal \_\_\_\_\_
- Negative ← \_\_\_\_\_
- Very Negative \_\_\_\_\_

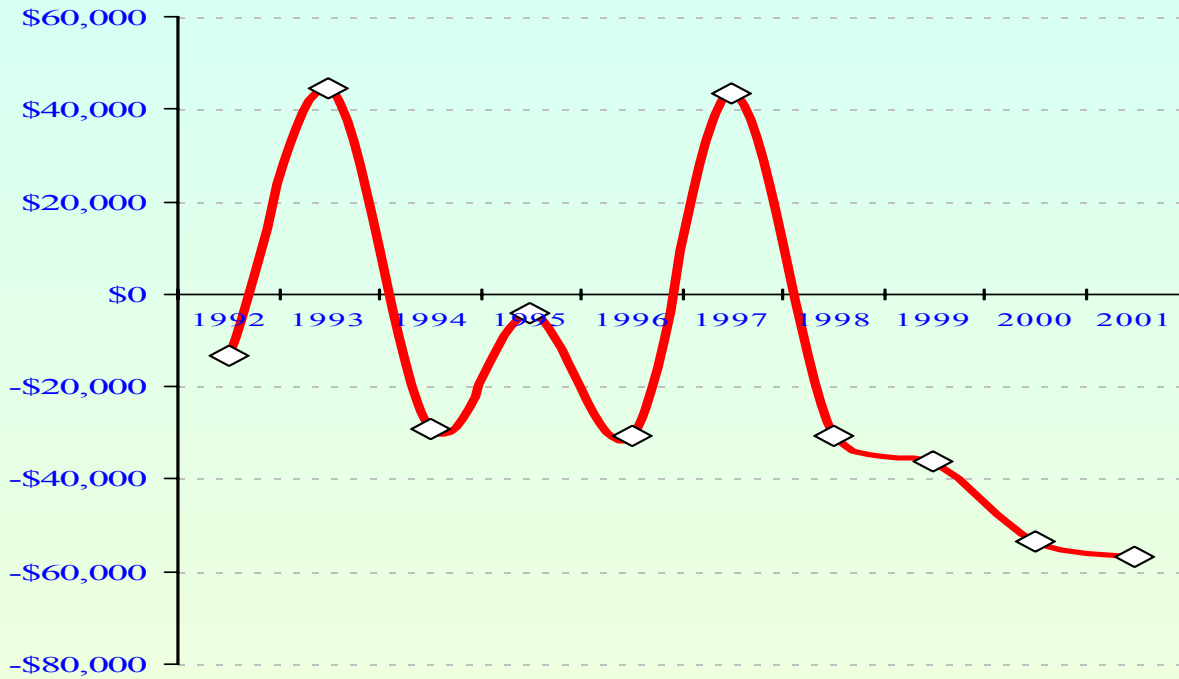
### Warning Trend

Consistent enterprise  
fund losses

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Profit (Loss)	130,610	(43,496)	(22,405)	64,879	352,717	215,125	(76,048)	(816,837)	(2,403,855)	(1,182,721)
CPI	1.52	1.56	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91
Profit (Loss) In Constant Dollars	85,928	(27,882)	(14,003)	39,560	208,708	124,350	(43,456)	(453,798)	(1,292,395)	(619,226)

# Municipal Auditorium

## Constant Dollar Profit (Loss)



### Sarasota Trends

- Very Positive \_\_\_\_\_
- Positive \_\_\_\_\_
- Marginal \_\_\_\_\_
- Negative ← \_\_\_\_\_
- Very Negative \_\_\_\_\_

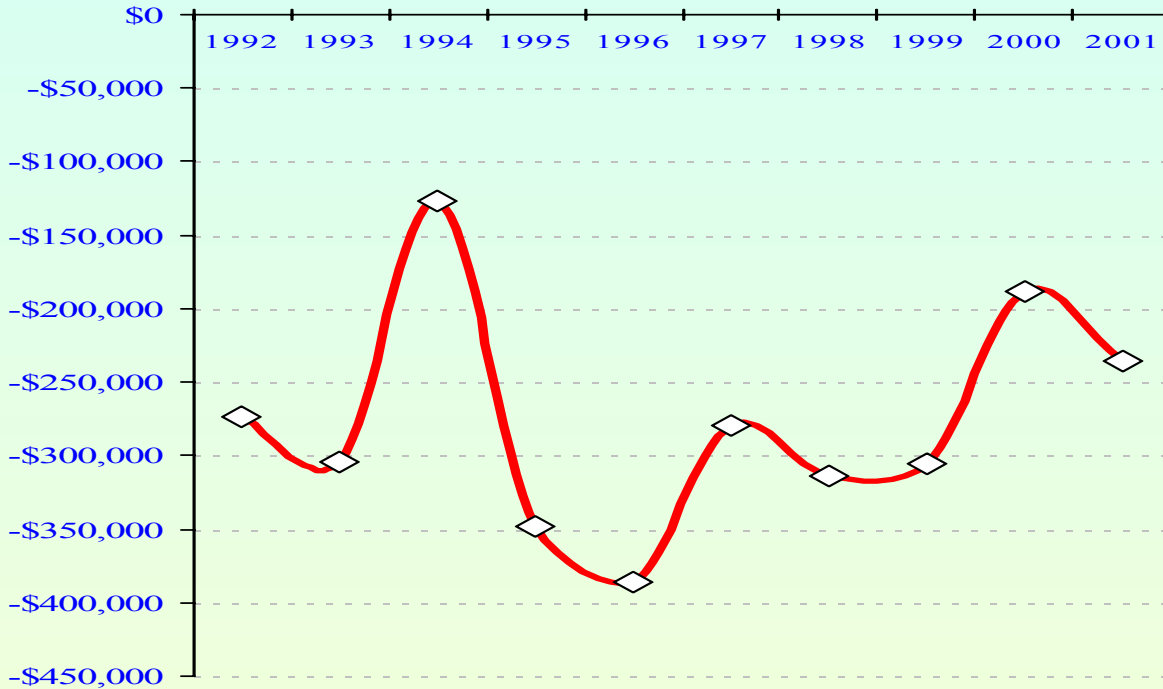
**Warning Trend**  
Consistent enterprise fund losses

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Profit (Loss)	(20,021)	69,471	(46,872)	(6,613)	(51,478)	75,054	(53,889)	(64,918)	(99,402)	(108,290)
CPI	1.52	1.56	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91
Profit (Loss) In Constant Dollars	(13,172)	44,533	(29,295)	(4,032)	(30,460)	43,384	(30,794)	(36,066)	(53,442)	(56,696)

Note: The positive trend in 1997 was due to special revenue from a historic preservation grant.

# Sports Stadium

## Constant Dollar Profit (Loss)



### Sarasota Trends

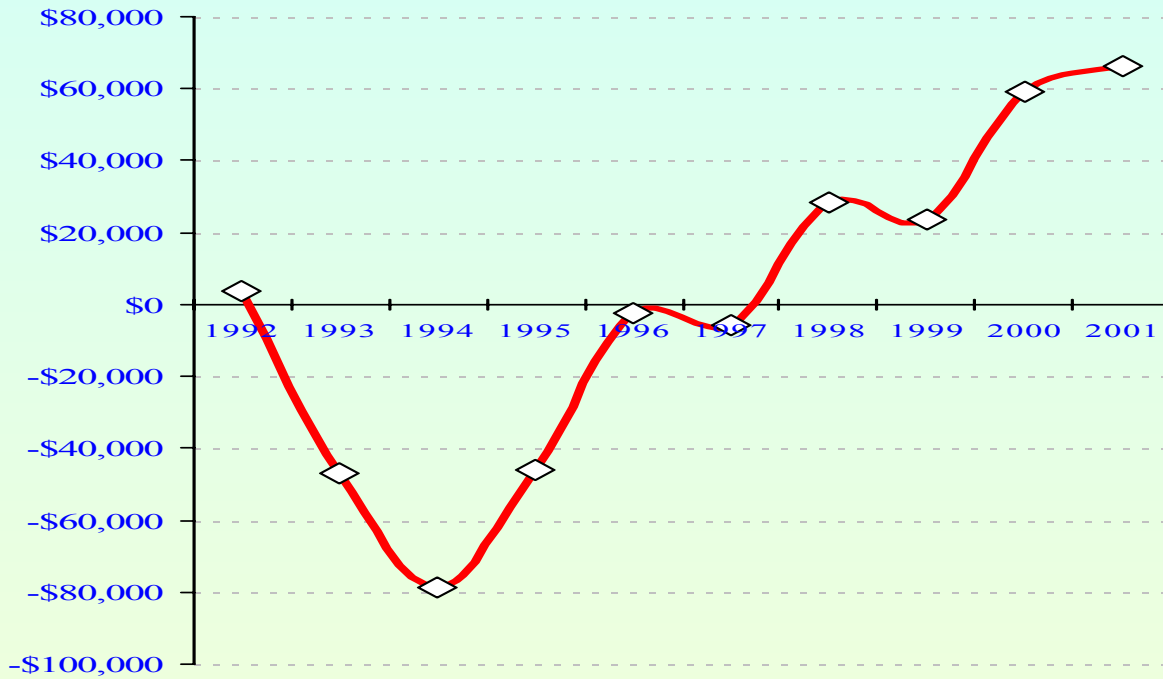
- Very Positive \_\_\_\_\_
- Positive \_\_\_\_\_
- Marginal \_\_\_\_\_
- Negative ← \_\_\_\_\_
- Very Negative \_\_\_\_\_

**Warning Trend**  
Consistent enterprise  
fund losses

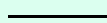
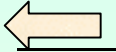



	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Profit (Loss)	(415,880)	(475,095)	(202,314)	(571,284)	(652,330)	(484,500)	(548,952)	(549,431)	(350,025)	(450,275)
CPI	1.52	1.56	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91
Profit (Loss) In Constant Dollars	(273,605)	(304,548)	(126,446)	(348,344)	(385,994)	(280,058)	(313,687)	(305,239)	(188,185)	(235,746)

# Parking Management

## Constant Dollar Profit (Loss)



### Sarasota Trends

- Very Positive 
- Positive 
- Marginal 
- Negative 
- Very Negative 

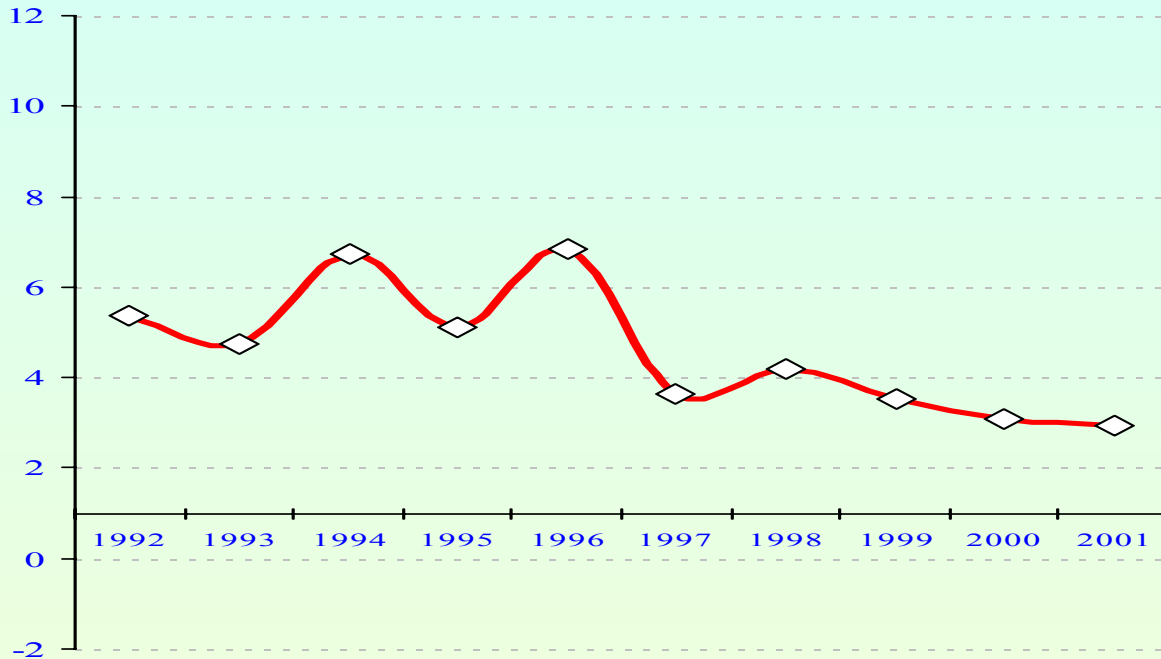
### **Warning Trend**

Consistent enterprise  
fund losses

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Profit (Loss)	5,609	(73,426)	(126,072)	(75,623)	(4,138)	(10,163)	49,780	42,757	110,013	126,585
CPI	1.52	1.56	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91
Profit (Loss) In Constant Dollars	3,690	(47,068)	(78,795)	(46,112)	(2,449)	(5,875)	28,446	23,754	59,147	66,275

# Liquidity Ratio

## General Fund



### Sarasota Trends

- Very Positive \_\_\_\_\_
- Positive \_\_\_\_\_
- Marginal ← \_\_\_\_\_
- Negative \_\_\_\_\_
- Very Negative \_\_\_\_\_

### **Warning Trend**

**Declining ratio of liquid assets to current liabilities and ratio of less than 1.0**

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Cash and Liquid Assets	7,909,086	8,095,447	9,223,920	9,763,972	11,496,343	12,752,136	14,321,067	15,382,382	15,194,482	14,326,987
Current Liabilities	1,476,025	1,709,751	1,372,846	1,912,982	1,680,944	3,493,393	3,429,752	4,366,594	4,922,660	4,877,021
Liquidity Ratio	5.36	4.73	6.72	5.10	6.84	3.65	4.18	3.52	3.09	2.94

Note: Industry benchmarks state that a ratio of less than 1.0 represents a serious problem.

# OPERATING POSITION INDICATORS

## GENERAL INFORMATION

Operating position refers to the ability to 1) balance the budget on a current basis, 2) maintain reserves for emergencies, and 3) maintain sufficient liquidity to pay bills on a timely basis.

### Balancing the Current Budget

During a typical year, an entity will generate either an operating surplus or an operating deficit. An operating surplus develops when current revenues exceed current expenditures. An operating deficit develops when the reverse occurs. An operating surplus or deficit may be created intentionally because it is difficult to predict precisely revenues and expenditures on an annual basis. Deficits are usually funded from unreserved fund balances; surpluses are generally used to increase unreserved fund balances.

### Reserves

Reserves are built through the accumulation of operating surpluses. They are maintained for the purpose of providing a financial cushion in the event of:

- ❑ Loss of a revenue source;
- ❑ Economic downturn;
- ❑ Unanticipated expenditure demands due to natural disasters, insurance loss, etc.;
- ❑ Need for large capital expenditure or other non-recurring expense;
- ❑ Uneven cash flow.

Reserves may actually be budgeted as a contingency account, or may be reflected as part of one or more fund balances.

## **Liquidity**

Liquidity refers to the flow of cash in and out. Revenues are received in large installments at infrequent intervals during the year. If revenues are received before they need to be spent, a positive liquidity or cash flow is present. It is advantageous to maintain some excess liquidity or “cash reserves” as a cushion in the event of an unanticipated delay in the receipt of revenues, an unexpected decline or loss of a revenue source, or an unanticipated need to make a large expenditure.

An analysis of operating position can help to identify the following conditions:

- Pattern of operating deficits;
- Decline in reserves;
- Decline in liquidity;
- Ineffective revenue forecasting techniques;
- Ineffective budgetary controls.

## **Sarasota’s Operating Position Indicators**

### **Operating Surplus – General Fund**

The City has had good success in achieving an operating surplus in the six years prior to 2000, averaging a 3.9 percent surplus per year. The City incurred a 2.07 percent deficit in 2000 and a 2.13 percent deficit in 2001 due to General Fund subsidies for several of the City’s enterprise funds including a significant deficit for the Van Wezel Performing Arts Hall and an increasing deficit for the Ed Smith Sports Stadium. While operating deficits are not unusual or necessarily negative, and are usually funded from prior years’ fund balances, a continuing deficit can indicate potential problems.

### Unrestricted Balance - General Fund

The City continues to maintain a healthy General Fund reserve. It is generally accepted that a fund balance of 5 to 10 percent is adequate for contingencies. Sarasota has maintained a General Fund balance in excess of 12 percent over the last ten years, with the 2001 surplus reaching 20.77 percent.

### Enterprise fund Operations

Enterprise fund operations, except for the Van Wezel Performing Arts Hall, the Municipal Auditorium and the Ed Smith Sports Stadium, have been able to operate without a subsidy for operations over the last several years. The Mobile Home Park has required a subsidy in five of the last six years, the planned result of the City Commission's decision to close the park.

### Liquidity Ratio

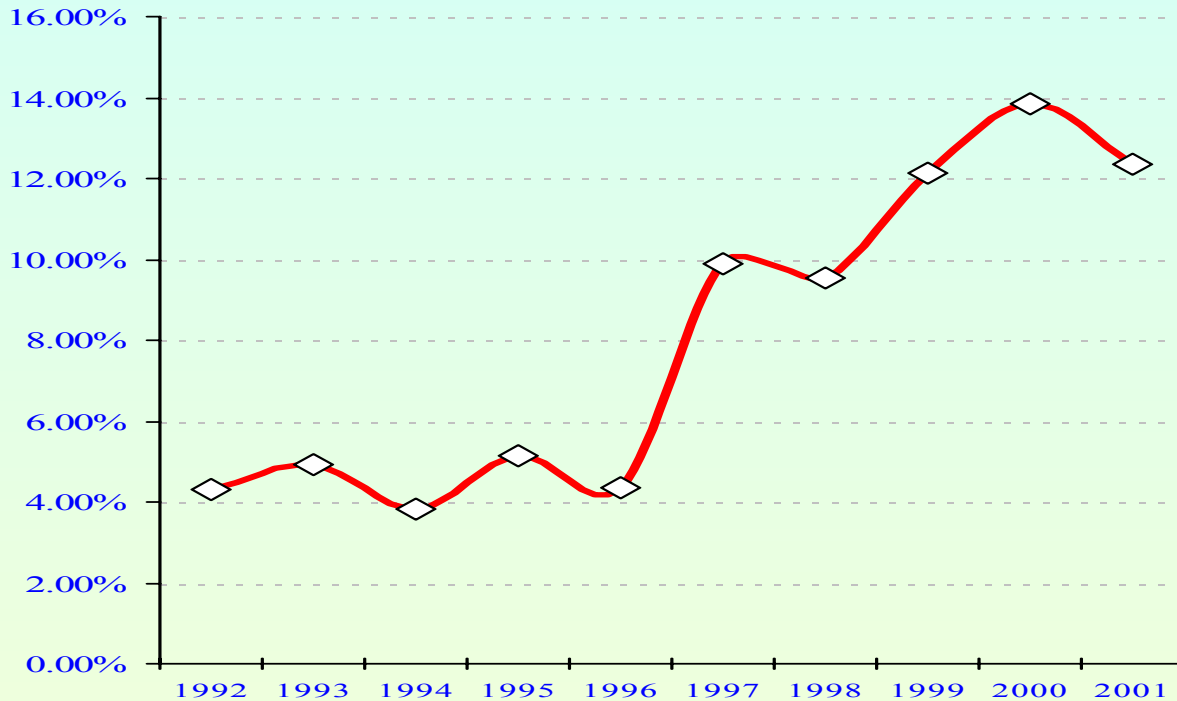
A good measure of a local government's short-term financial condition is its cash position. Cash position, which includes cash on hand and in the bank, as well as other assets that can be easily converted to cash, determines a government's ability to pay its short-term obligations. Entities use a standard ratio of liquidity by dividing cash, short-term investments and accounts receivable by current liabilities. A ratio of less than 1.0 would indicate the entity could be facing liquidity problems. The City's liquidity ratio has consistently been above 2.9 for the last ten years.



DEBT  
INDICATORS

# Current Liabilities

As a % of General Fund Operating Revenue



## Sarasota Trends

- Very Positive \_\_\_\_\_
- Positive \_\_\_\_\_
- Marginal ← \_\_\_\_\_
- Negative \_\_\_\_\_
- Very Negative \_\_\_\_\_

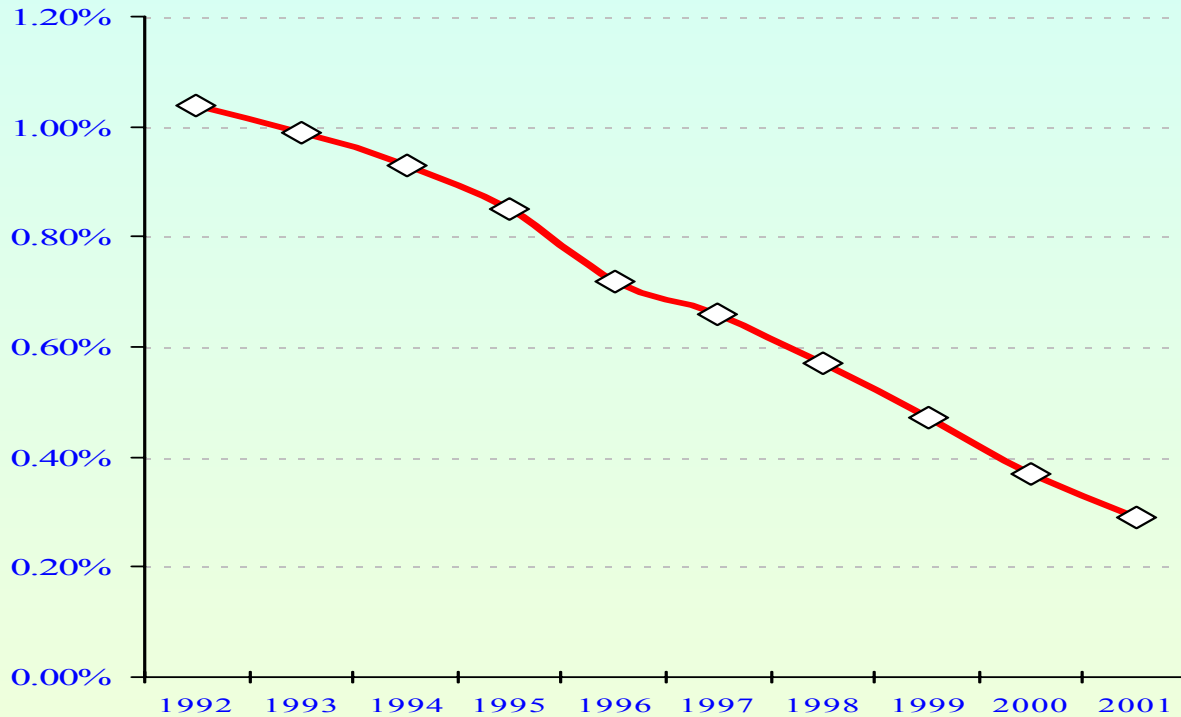
**Warning Trend**  
 Increasing current liabilities  
 as a percentage of operating  
 revenues

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Current Liabilities	1,476,025	1,709,751	1,372,846	1,912,982	1,680,944	3,493,393	3,429,752	4,366,594	4,922,660	4,877,021
Gross Operating Revenue	34,369,358	34,650,200	36,030,082	37,135,897	38,441,802	35,283,094	35,972,311	36,009,334	35,552,548	39,463,403
Current Liabilities as a % of Operating Revenue	4.29%	4.93%	3.81%	5.15%	4.37%	9.90%	9.53%	12.13%	13.85%	12.36%

Note: Current liabilities after 1996 reflect the recording of full liability of compensated absences.

# Net Direct Debt

## General Obligation Bonds - As a % of Assessed Valuation



### Sarasota Trends

Very Positive ←

Positive —

Marginal —

Negative —

Very Negative —

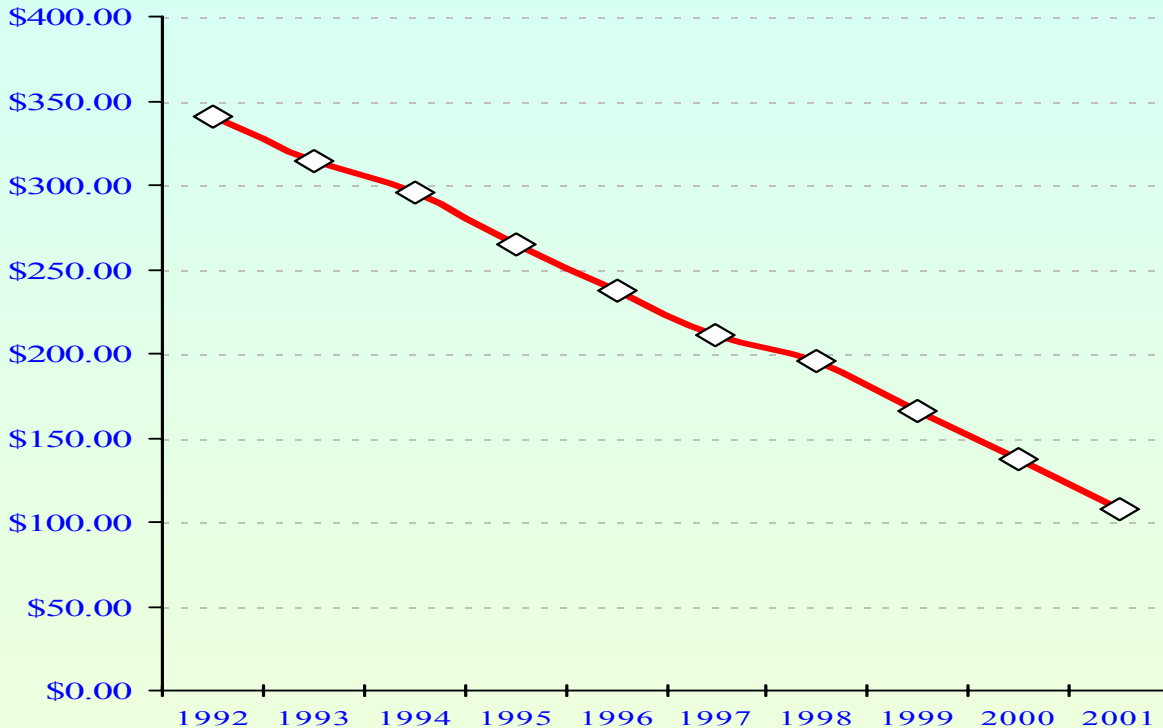
### Warning Trend

Increasing amount of net direct debt as a percentage of assessed valuation

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Assessed Valuation (000's)	2,529,590	2,527,726	2,578,194	2,621,293	2,725,838	2,853,302	3,076,588	3,246,772	3,514,156	3,776,719
Net Direct Debt	26,295,988	25,040,353	24,033,052	22,198,265	20,472,711	18,726,755	17,588,018	15,393,825	13,172,278	10,888,541
Net Direct Debt as a % of Assessed Valuation	1.04%	0.99%	0.93%	0.85%	0.75%	0.66%	0.57%	0.47%	0.37%	0.29%

# Direct Debt Per Capita

## General Obligation Bonds – In Constant Dollars



### Sarasota Trends

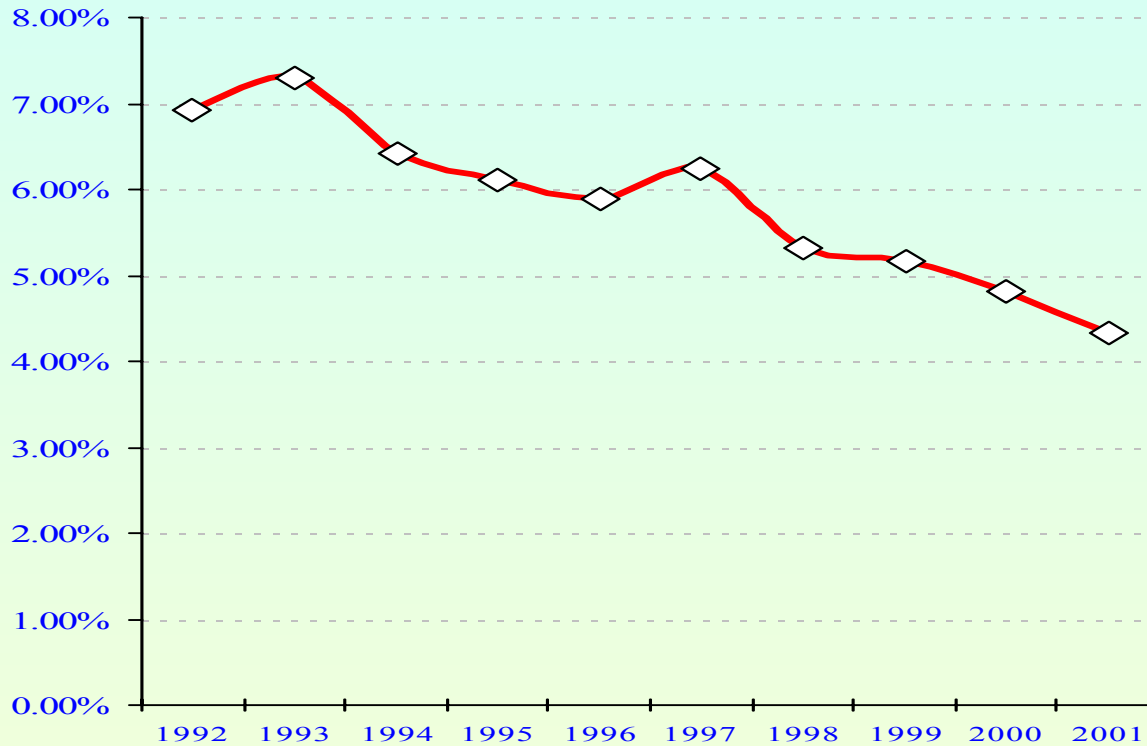
- Very Positive ←
- Positive —
- Marginal —
- Negative —
- Very Negative —

**Warning Trend**  
Consistently rising dollars  
per capita debt

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Net Direct Debt	26,295,988	25,040,353	24,033,052	22,198,265	20,472,711	18,726,755	17,588,018	15,393,825	13,172,278	10,888,541
CPI	1.52	1.56	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91
Net Direct Debt In Constant Dollars	17,299,992	16,051,508	15,020,658	13,535,527	12,114,030	10,824,714	10,050,296	8,552,125	7,081,870	5,700,807
Population	50,740	51,058	50,820	51,031	51,143	51,311	51,315	51,650	51,659	52,715
Net Direct Debt Per Capita In Constant Dollars	340.95	314.38	295.57	265.24	236.87	210.96	195.85	165.58	137.09	108.14

# Net Direct Debt Service

## General Obligation Bonds – As a % of Operating Revenues



### Sarasota Trends

- Very Positive
- Positive
- Marginal
- Negative
- Very Negative

### **Warning Trend**

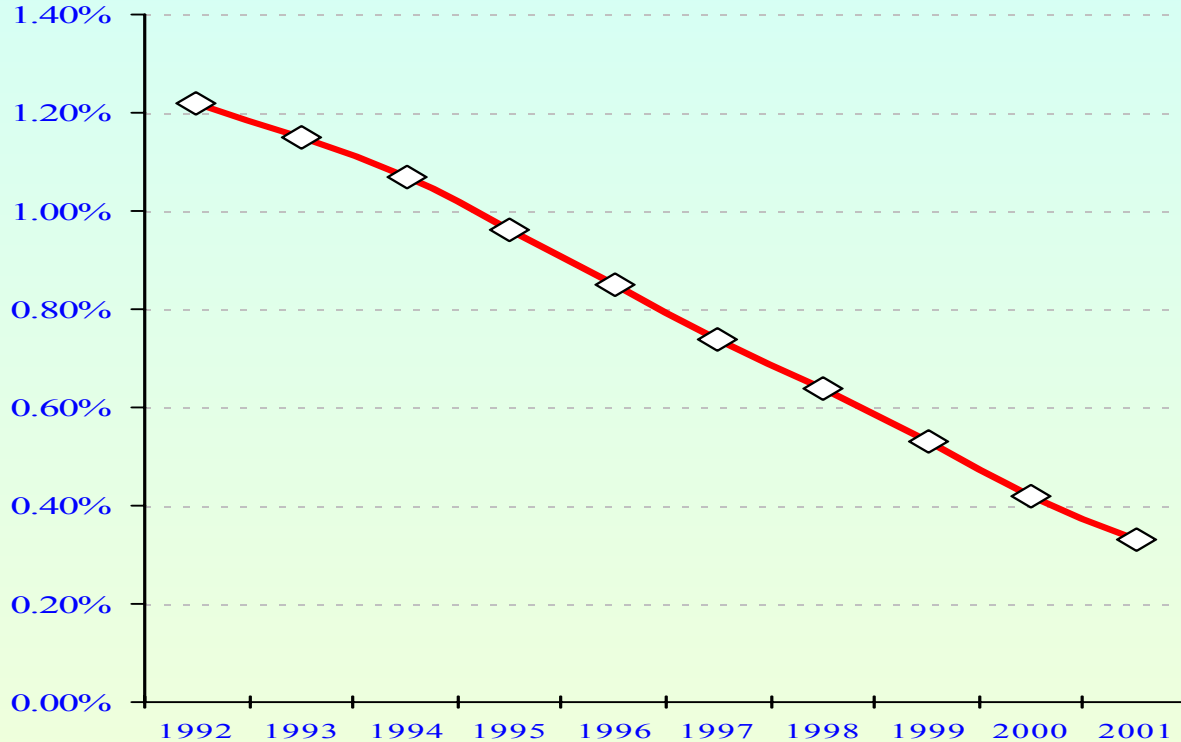
**Increasing amount of net direct debt service as a percentage of net operating revenue**

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Net Direct Debt Service	3,154,601	3,385,491	3,059,175	3,035,626	3,039,656	3,033,627	3,024,684	2,879,349	2,763,876	2,827,052
Net Operating Revenue *	45,577,776	46,380,951	47,670,240	49,679,054	51,509,003	48,512,986	56,881,374	55,731,611	57,472,746	65,229,752
Net Direct Debt Service as a % of Net Operating Revenue	6.92%	7.30%	6.42%	6.11%	5.90%	6.25%	5.32%	5.17%	4.81%	4.33%

\* Includes General Fund, Special Revenue Funds and Debt Service Funds.

# Overlapping Long Term Debt

## As a % of Assessed Valuation



### Sarasota Trends

- Very Positive ←
- Positive —
- Marginal —
- Negative —
- Very Negative —

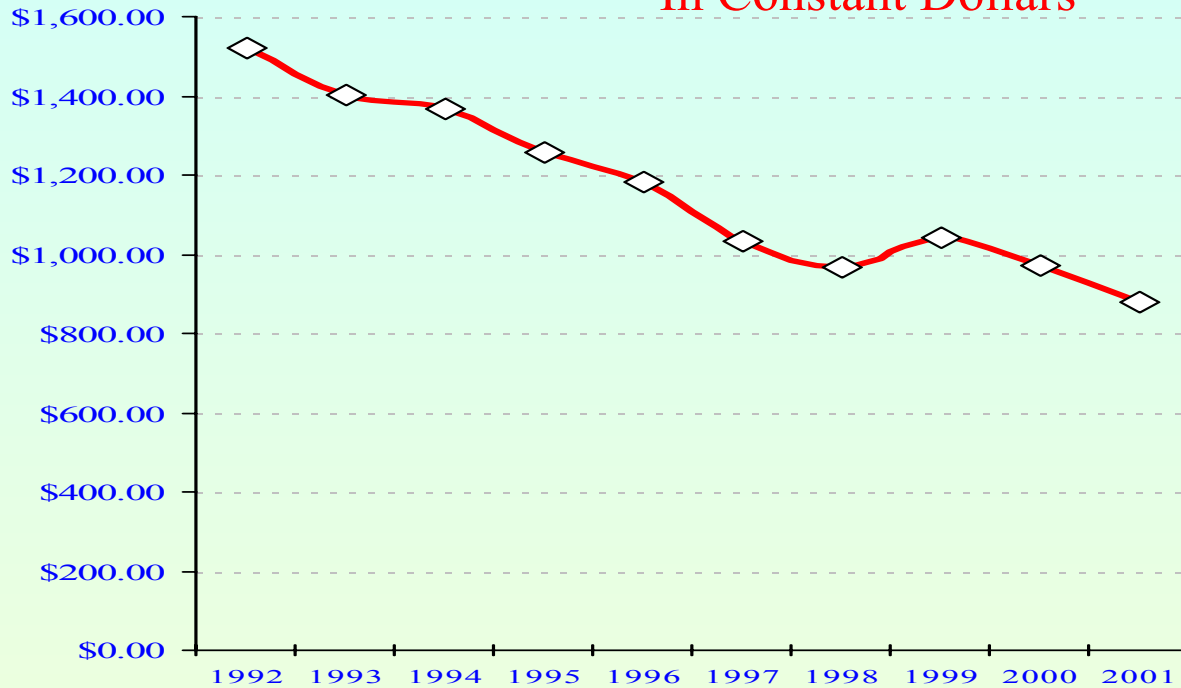
### Warning Trend

Increasing amount of overlapping long-term debt as a percentage of assessed valuation

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Assessed Valuation (000's)	2,529,590	2,527,726	2,578,194	2,621,293	2,725,838	2,853,302	3,076,588	3,246,772	3,514,156	3,776,719
Overlapping LongTerm Debt	30,789,883	29,152,252	27,660,348	25,249,734	23,291,751	21,064,940	19,665,506	17,292,022	14,870,914	12,361,935
Overlapping LongTerm Debt as a % of Assessed Valuation	1.22%	1.15%	1.07%	0.96%	0.85%	0.74%	0.64%	0.53%	0.42%	0.33%

# Long Term Debt Per Capita

In Constant Dollars



## Sarasota Trends

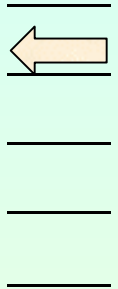
Very Positive

Positive

Marginal

Negative

Very Negative



## Warning Trend

Increasing amount of long term debt per capita in constant dollars

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Long Term Debt	131,417,358	126,246,408	126,731,249	121,490,595	120,797,977	112,713,067	107,583,889	116,979,606	114,967,667	111,916,227
Reserve for Debt Service	14,066,239	14,541,897	15,411,674	16,441,835	18,535,185	21,191,086	20,726,669	20,143,614	21,504,601	23,253,013
Net Long Term Debt	117,351,119	111,704,511	111,319,575	105,048,760	102,262,792	91,521,981	86,857,220	96,835,992	93,463,066	88,663,214
CPI	1.52	1.56	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91
Constant Dollars	77,204,684	71,605,456	69,574,734	64,054,122	60,510,528	52,902,879	49,632,697	53,797,773	50,248,960	46,420,531
Population	50,740	51,058	50,820	51,031	51,143	51,311	51,315	51,650	51,659	52,715
Per Capita	1,521.57	1,402.43	1,369.04	1,255.20	1,183.16	1,031.02	967.22	1,041.58	972.70	880.59

## **DEBT INDICATORS**

### **GENERAL INFORMATION**

Debt is an effective method of financing capital improvements, and may even be used to stabilize short-term revenue fluctuations. Its misuse can cause serious financial problems. Even a temporary inability to repay can result in loss of credit rating and increased cost of future borrowing.

The most common forms of long-term debts are general obligations, special obligations and revenue bonds. Even when these types of debt are used exclusively for capital projects, the outstanding debt can not exceed the ability to repay as measured by the wealth of the community in the form of property value or personal and business income. Another method to evaluate ability to repay is to consider the amount of principal and interest or “debt service” that is obligated to be repaid each year. Also to be considered are “overlapping debt” and debt of other jurisdictions against which the City has pledged its “full faith and credit”.

Under the most favorable circumstances, debt should be proportionate in size and growth to the tax base; will not extend beyond the useful life of the facilities which it finances; will not be used to finance or balance the operating budget; will not require a repayment schedule which places an inordinate strain on the City’s operating budget; and will not be so high as to jeopardize the municipal credit rating.

An examination of debt structure may reveal the following conditions:

- ❑ Inadequacies in cash management procedures;
- ❑ Inadequacies in expenditure controls;
- ❑ Increasing reliance on long-term debt;
- ❑ Decreases in expenditure flexibility due to increased fixed costs in the form of debt service;
- ❑ Use of short-term debt to finance operation.

## **Sarasota's Debt Indicators**

Sarasota debt indicators are, overall, very positive.

### Current Liabilities

Current liabilities have increased from 4.37 % in 1996 to a peak of 13.85 % in 2000 before decreasing to 12.36 % in 2001. The increase in liabilities in 1997 and subsequent years is due to recording the full liability for compensated absences in the year earned.

### Net Direct Debt

The City's net direct debt has declined from 1.04 percent in 1992 to a low of 0.29 percent in 2001.

### Direct Debt Per Capita

The City's direct debt per capita has declined from \$340.95 in 1992 to \$108.14 in 2001.

### Net Direct Debt Service

The net direct debt service has steadily decreased from 6.25 percent in 1997 to 4.33 percent in 2001.

### Overlapping Long Term Debt

The City's overlapping long-term debt has declined each of the last ten years, from 1.22 percent in 1992 to 0.33 percent in 2001.

### Total Long Term Debt Per Capita

The City's total long term debt per capita has decreased consistently from \$1,521.57 in 1992 to \$880.59 in 2001.

# CONCLUSIONS

## CONCLUSIONS

When viewed in a comprehensive perspective, the City of Sarasota continues to experience an extended period of prosperity. However, despite the period of economic growth, the indicators do not reflect a singular strong performance. The population and revenue per capita indicators underscore this fact. In addition, the relatively large increases in population at the County level have put a strain on the City's infrastructure without a commensurate increase in the City's tax base.

The City has been able to expand its services in recent years and to provide for additional employee compensation without major funding problems. While this has been possible during the recent good economic times, the economy was expected to slow in the next several years. As we know now, the events of September, 2001 have slowed the national and local economy, providing the City of Sarasota with an even greater challenge to balance the budget.

With the possibility of additional revenues being unlikely, and the expected increase in the cost of health benefits and other personal services being in excess of revenue increases, an ever increasing strain will be placed on the property tax base.

In order to re-evaluate long term trends this report is updated periodically to monitor emerging fiscal trends and establish effective fiscal policies.