



FINANCIAL
TREND
MONITORING
SYSTEM
2003

Table of Contents

PREFACE.....1

COMMUNITY RESOURCES INDICATORS

Population2
Personal Income Per Capita3
Assessed Valuation Per Capita4
Unemployment Rate5
Construction Value6
Narrative7

REVENUE INDICATORS

Revenue Per Capita.....9
Restricted Revenue10
Intergovernmental Revenue11
Property Tax Revenue Per Capita.....12
Uncollected Property Taxes13
Utility Tax Revenue Per Capita14
Franchise Tax Revenue Per Capita.....15
Narrative16

EXPENDITURE INDICATORS

Operating Expenditures Per Capita.....20
Employees Per Thousand Citizens.....21
Average Employee Salary.....22
Fringe Benefits.....23
Narrative24

OPERATING POSITION INDICATORS

Operating Surplus 26
Unrestricted Fund Balance 27
Water and Sewer 28
Solid Waste Management..... 29
Bobby Jones Golf Course..... 30
Van Wezel Performing Arts Hall 31
Municipal Auditorium..... 32
Sports Stadium 33
Parking Management..... 34
Liquidity Ratio 35
Narrative 36

DEBT INDICATORS

Current Liabilities..... 39
Net Direct Debt 40
Direct Debt Per Capita 41
Net Direct Debt Service 42
Overlapping Long Term Debt 43
Long Term Debt Per Capita 44
Narrative..... 45

CONCLUSION

Narrative 47




PREFACE

PREFACE TO FISCAL YEAR 2003 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.

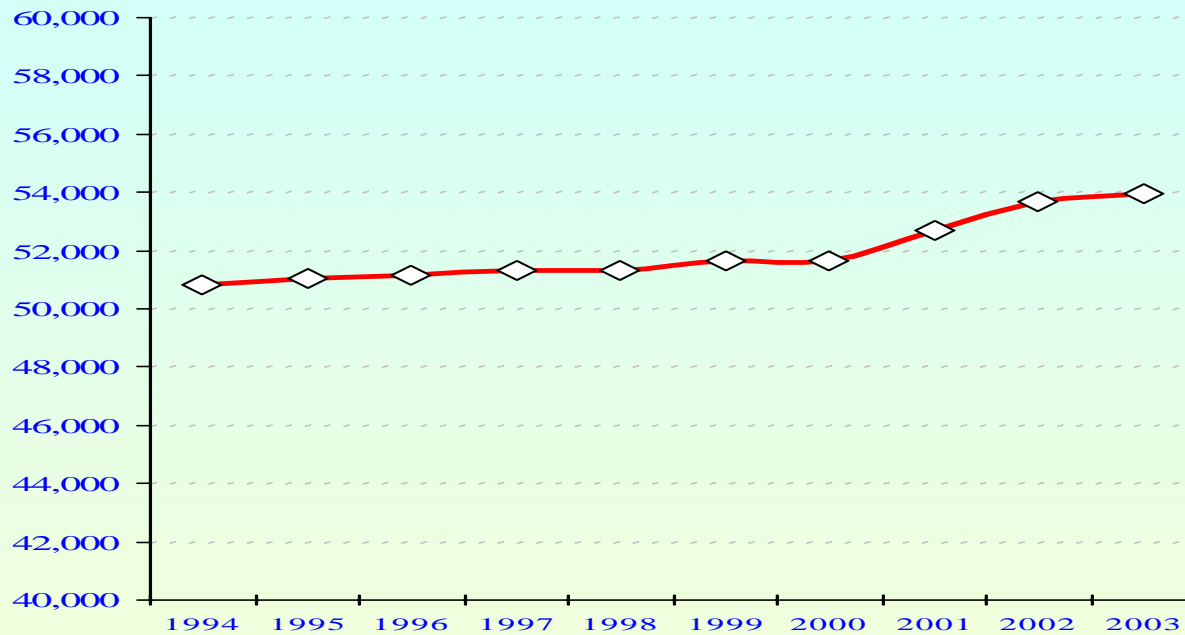
In order for financial information to be comparable over a number of years, the information must be adjusted to reflect constant dollars. More specifically, the distortion created by the effects of inflation must be removed. The Finance Department started tracking this information in 1991. Since ten 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

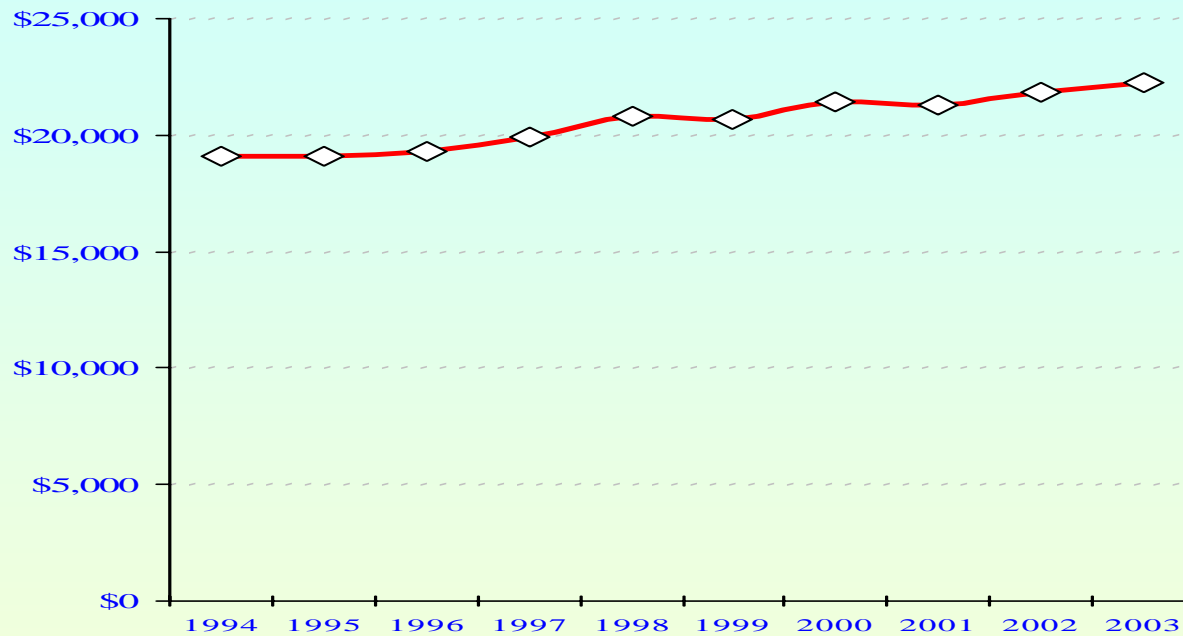
Warning Trend

Rapid change
in population

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Population	50,820	51,031	51,143	51,311	51,315	51,650	51,659	52,715	53,657	53,939

Personal Income Per Capita

In Constant Dollars (Sarasota County)



Sarasota Trend

Very Positive

Positive ←

Marginal

Negative

Very Negative

Warning Trend

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

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Income Per Capita	30,558	31,277	32,587	34,457	36,466	37,246	39,827	40,608	42,382	44,247
CPI	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99
Income Per Capita In Constant Dollars	19,099	19,071	19,282	19,917	20,838	20,692	21,412	21,261	21,846	22,235

Note: Personal Income Per Capita, provided by the U.S. Department of Commerce, Bureau of Economic Analysis, is not available past fiscal year 2001. Fiscal years 2002 and 2003 are estimates, based on the 1999-2001 trend.

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 revenue. 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

Notwithstanding the consolidation of the City Fire-Rescue Bureau and Public Safety communications with Sarasota County in 1997, the ratio of operating expenditures per capita in constant dollars has remained relatively constant, varying only 3.1 percent over the last six years.

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.

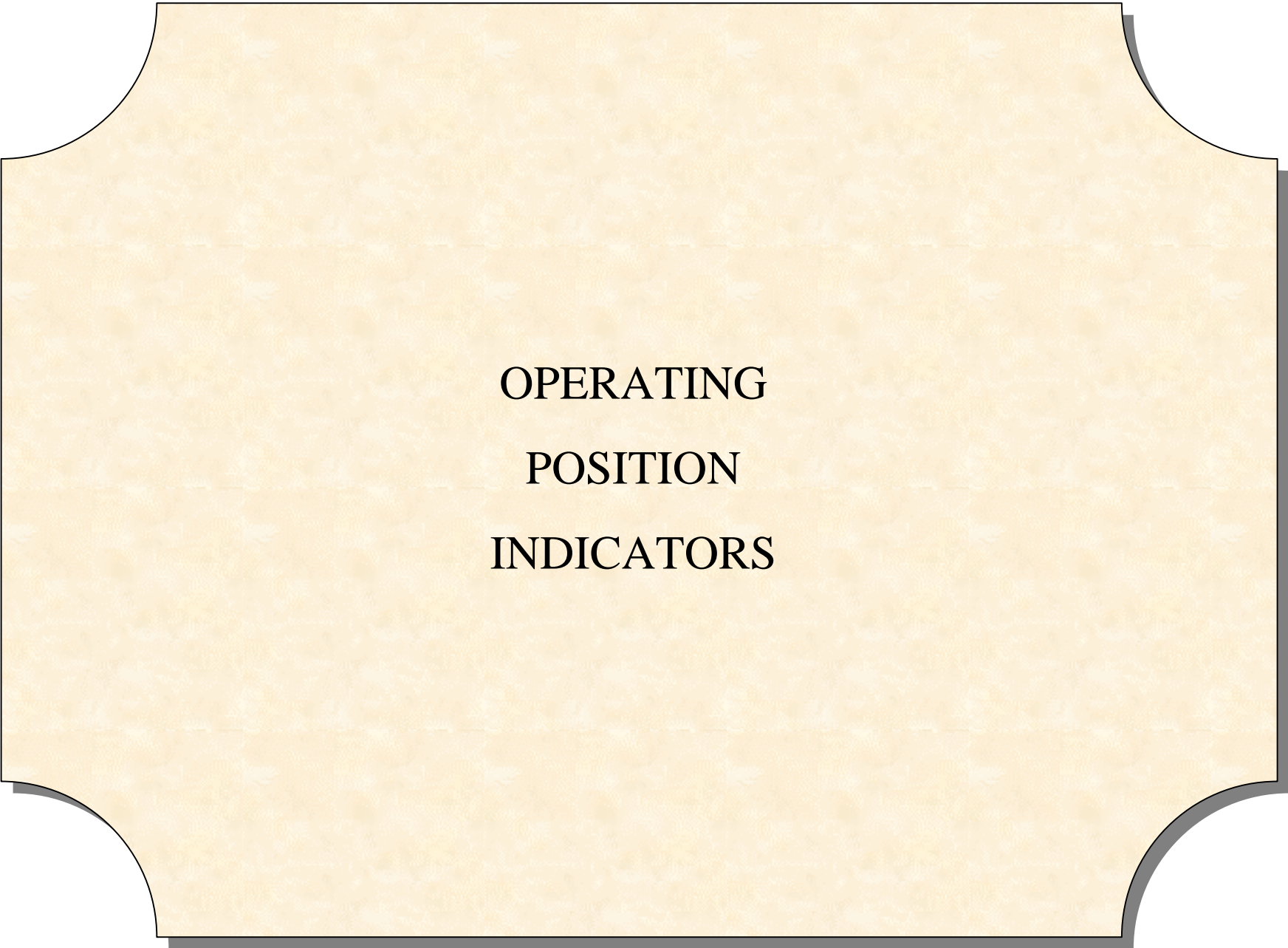
Sarasota demonstrates a very stable ratio of municipal employees per 1,000 residents, varying only 3.4 percent since 1997. The consolidation of the Fire-Rescue Bureau and Public Safety communications with Sarasota County resulted in a substantial reduction in City employees per thousand citizens from 17.27 in 1996 to 13.78 in 1997.

Average Employee Salary

In constant dollars, the average employee's salary remained relatively stable since 1994, with minor fluctuations in 1997 and 2002.

Fringe Benefits

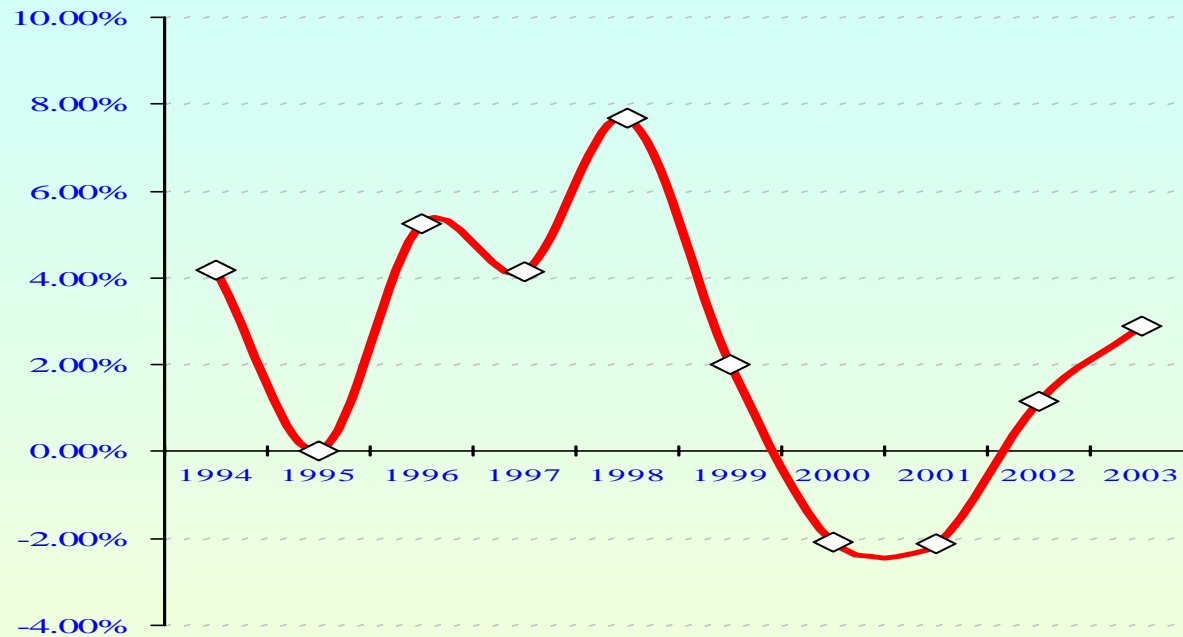
The City's level of the fixed costs of pension and other fringe benefits has remained relatively consistent over the four years prior to 2002. Due mainly to higher medical costs, the level has increased each of the last three years, increasing by almost 3.5 percent in 2003.



OPERATING
POSITION
INDICATORS

Operating Surplus - General Fund

As a % of General Fund Operating Revenue



Sarasota Trend

Very Positive

Positive ←

Marginal

Negative

Very Negative

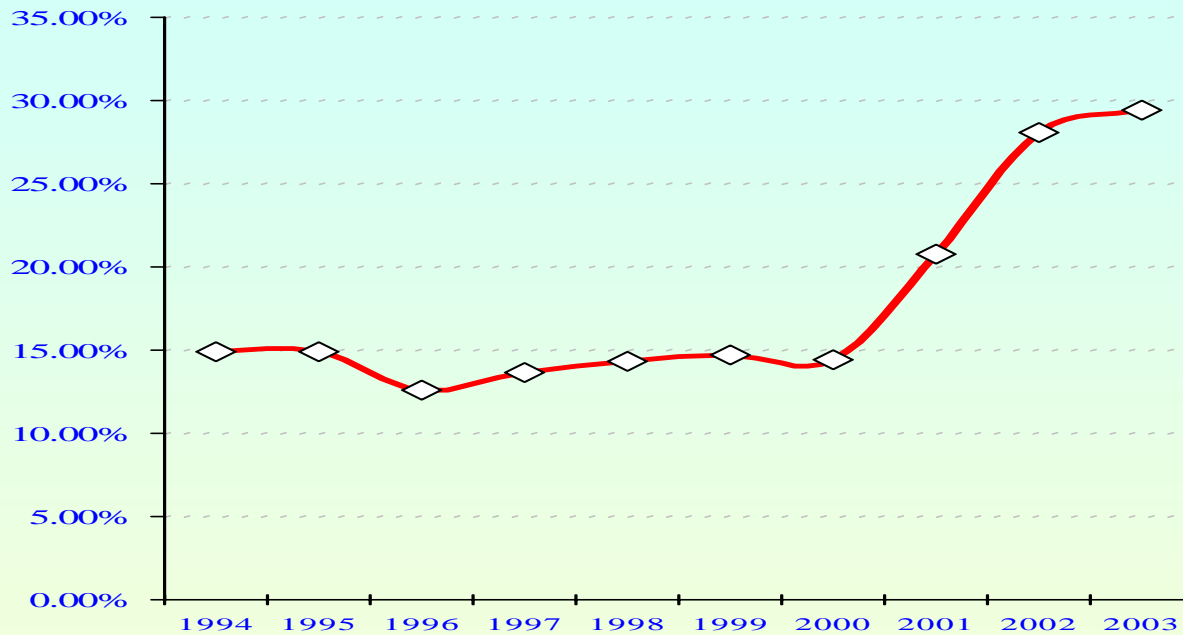
Warning Trend

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

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Operating Surplus (Deficit)	1,468,811	1,125	1,970,099	1,431,589	2,715,137	689,652	(724,904)	(821,272)	463,525	1,185,547
Operating Revenue	35,052,250	36,305,897	37,630,558	34,427,153	35,372,311	34,288,535	34,940,488	38,603,235	39,739,118	41,162,622
Surplus (Deficit) as a % of Operating Revenue	4.19%	0.00%	5.24%	4.16%	7.68%	2.01%	-2.07%	-2.13%	1.17%	2.88%

Unrestricted Balance - General Fund

As a % of General Fund Operating Revenue



Sarasota Trend

Very Positive

Positive

Marginal

Negative

Very Negative

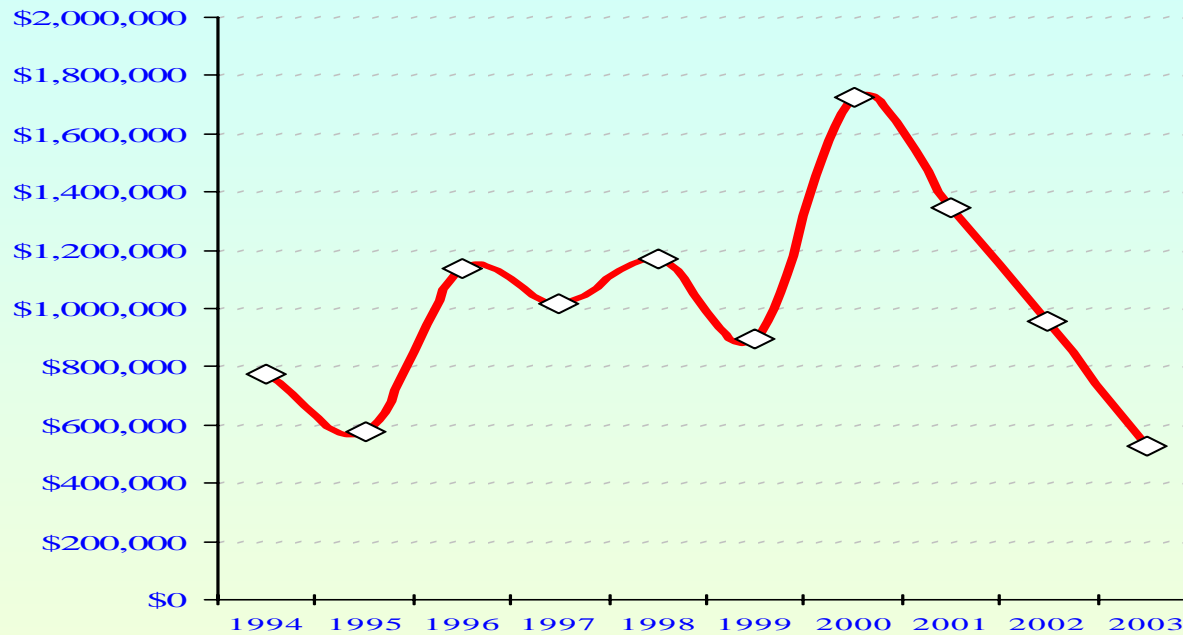


Warning Trend

Decreasing unrestricted fund balance as a percentage of general operating revenue

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Unrestricted Fund Balance	5,235,802	5,421,846	4,725,177	4,711,582	5,071,048	5,055,354	5,033,710	8,016,619	11,173,338	12,102,224
Operating Revenue	35,052,250	36,305,897	37,630,558	34,427,153	35,372,311	34,288,535	34,940,488	38,603,235	39,739,118	41,162,622
Unrestricted Fund Balance as a % of Net Operating Revenue	14.94%	14.93%	12.56%	13.69%	14.34%	14.74%	14.41%	20.77%	28.12%	29.40%

Water and Sewer Constant Dollar Profit (Loss)



Sarasota Trend

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

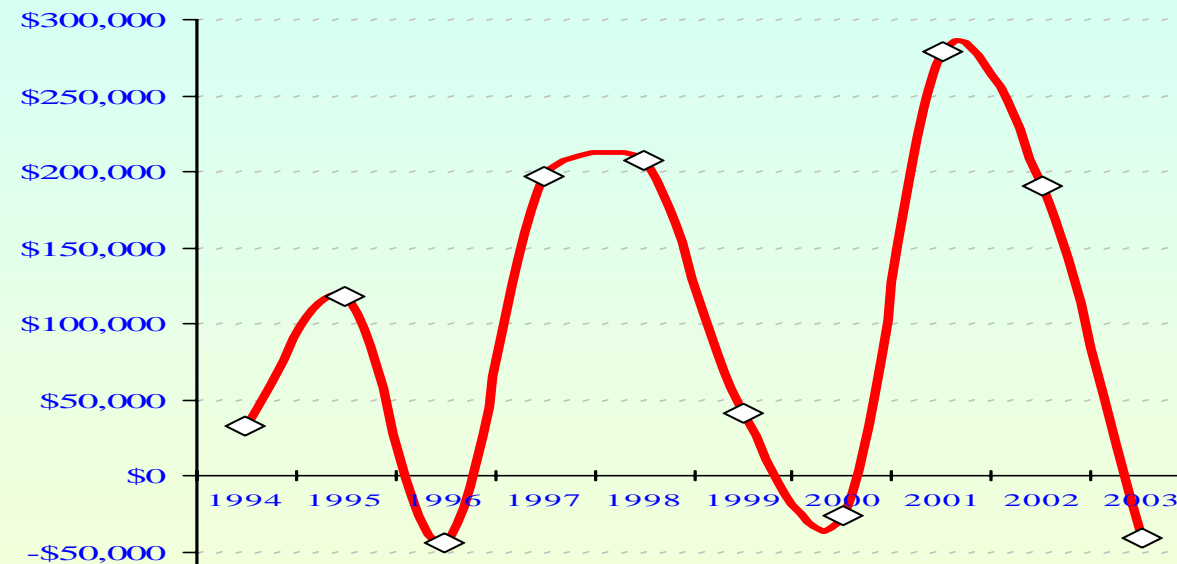
Warning Trend

Consistent enterprise
fund losses

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Profit (Loss)	1,242,466	947,657	1,919,127	1,759,179	2,051,603	1,611,116	3,214,001	2,576,399	1,850,533	1,052,260
CPI	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99
Profit (Loss) In Constant Dollars	776,541	577,840	1,135,578	1,016,866	1,172,345	895,064	1,727,958	1,348,900	953,883	528,774

Solid Waste Management

Constant Dollar Profit (Loss)



Sarasota Trend

Very Positive

Positive

Marginal

Negative ←

Very Negative

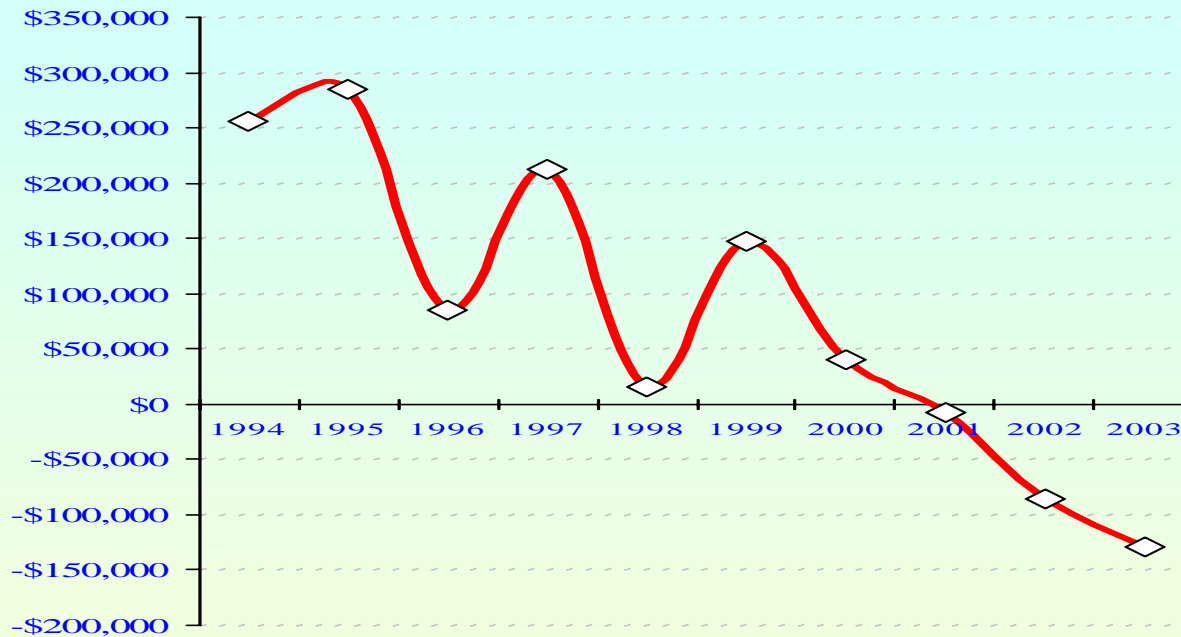
Warning Trend

Consistent enterprise
fund losses

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Profit (Loss)	52,648	193,540	(75,373)	341,087	363,551	73,144	(49,069)	531,855	368,700	(82,726)
CPI	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99
Profit (Loss) In Constant Dollars	32,905	118,012	(44,599)	197,160	207,743	40,636	(26,381)	278,458	190,052	(41,571)

Bobby Jones Golf Course

Constant Dollar Profit (Loss)



Sarasota Trend

Very Positive
 Positive
 Marginal
 Negative ←
 Very Negative

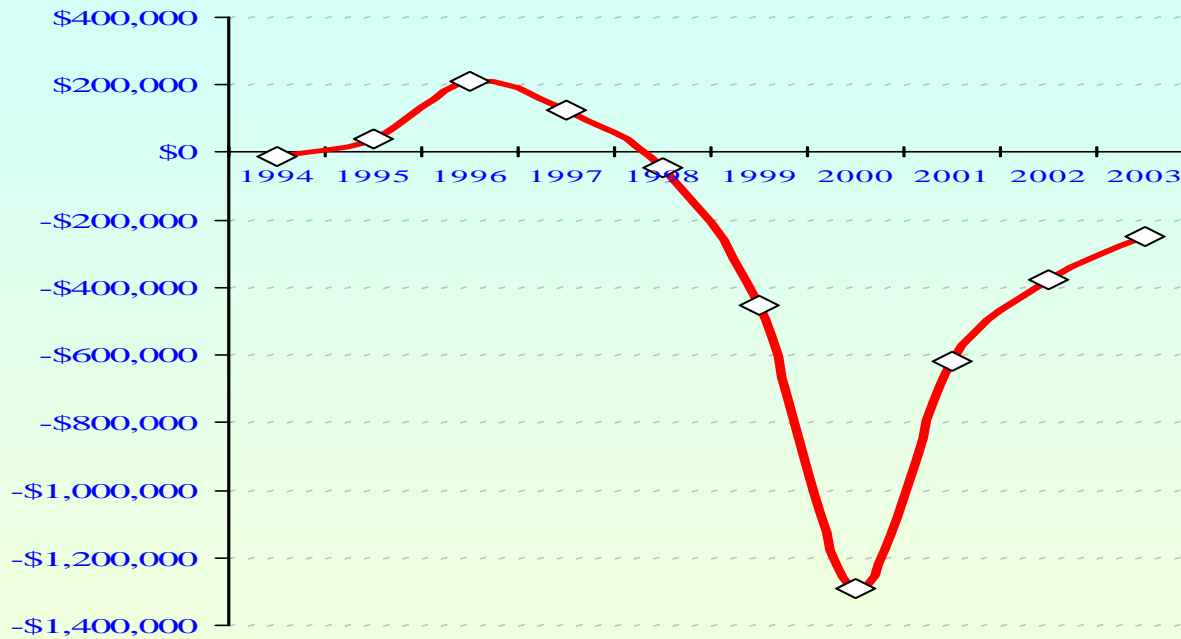
Warning Trend

Consistent enterprise
 fund losses

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Profit (Loss)	409,487	466,415	144,260	367,434	27,897	264,094	73,756	(14,699)	(167,578)	(256,653)
CPI	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99
Profit (Loss) In Constant Dollars	255,929	284,399	85,361	212,390	15,941	146,719	39,654	(7,696)	(86,380)	(128,971)

Van Wezel Performing Arts Hall

Constant Dollar Profit (Loss)



Sarasota Trend

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

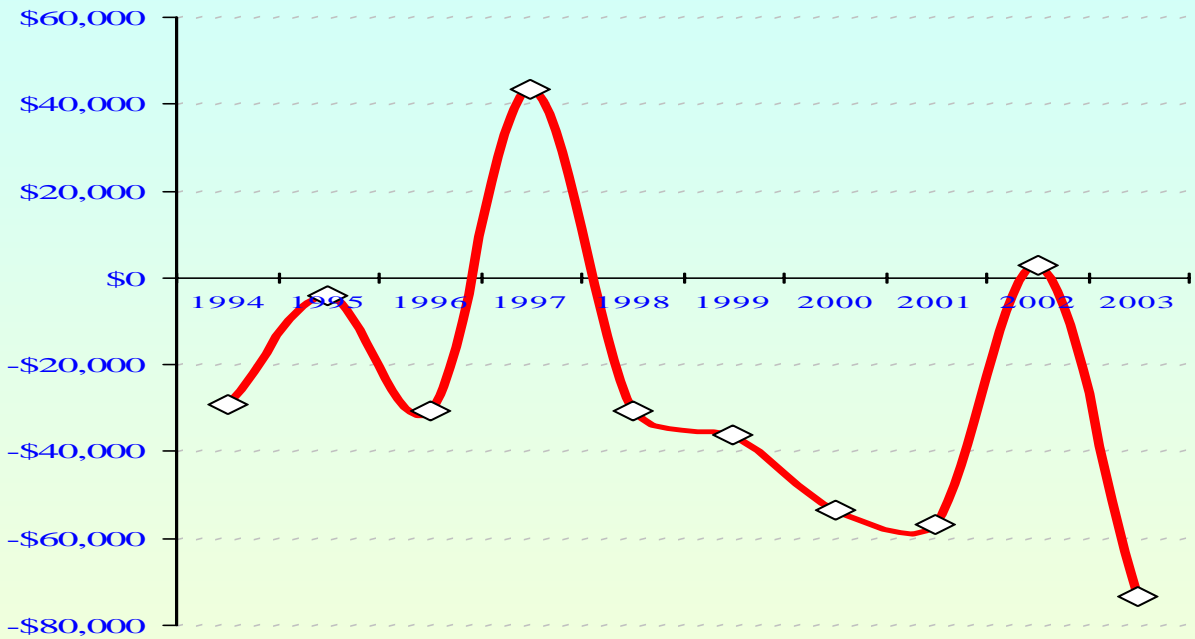
Warning Trend

Consistent enterprise
fund losses

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Profit (Loss)	(22,405)	64,879	352,717	215,125	(76,048)	(816,837)	(2,403,855)	(1,182,721)	(729,758)	(495,660)
CPI	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99
Profit (Loss) In Constant Dollars	(14,003)	39,560	208,708	124,350	(43,456)	(453,798)	(1,292,395)	(619,226)	(376,164)	(249,075)

Municipal Auditorium

Constant Dollar Profit (Loss)



Sarasota Trend

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

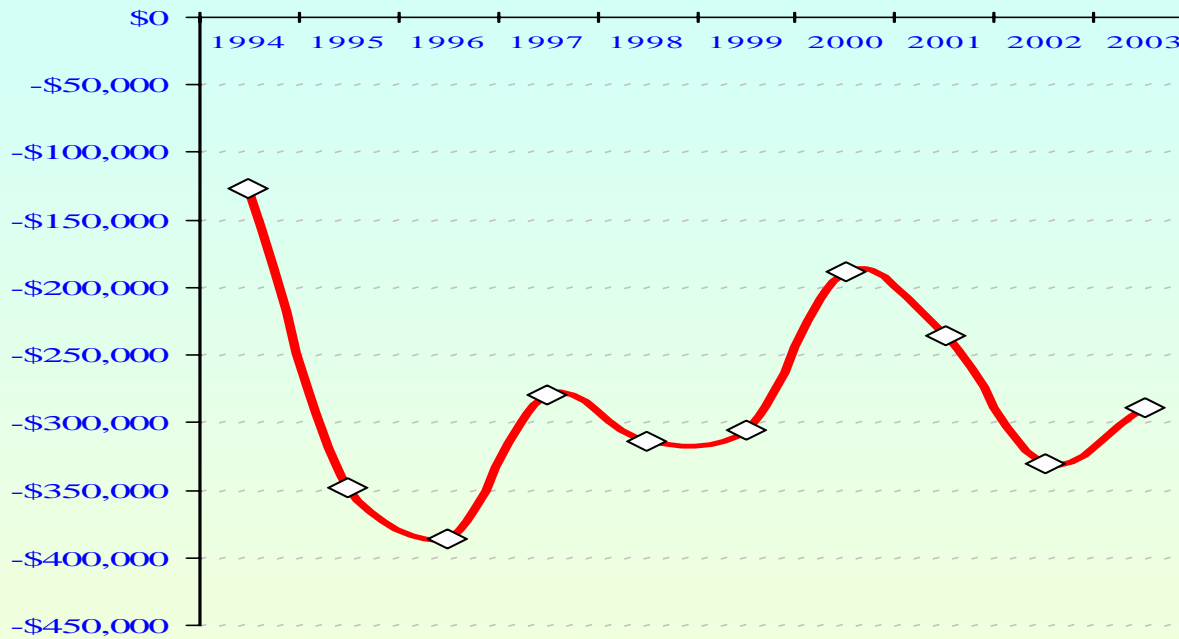
Warning Trend
Consistent enterprise fund losses

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Profit (Loss)	(46,872)	(6,613)	(51,478)	75,054	(53,889)	(64,918)	(99,402)	(108,290)	5,758	(146,260)
CPI	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99
Profit (Loss) In Constant Dollars	(29,295)	(4,032)	(30,460)	43,384	(30,794)	(36,066)	(53,442)	(56,696)	2,968	(73,497)

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

Sports Stadium

Constant Dollar Profit (Loss)



Sarasota Trend

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

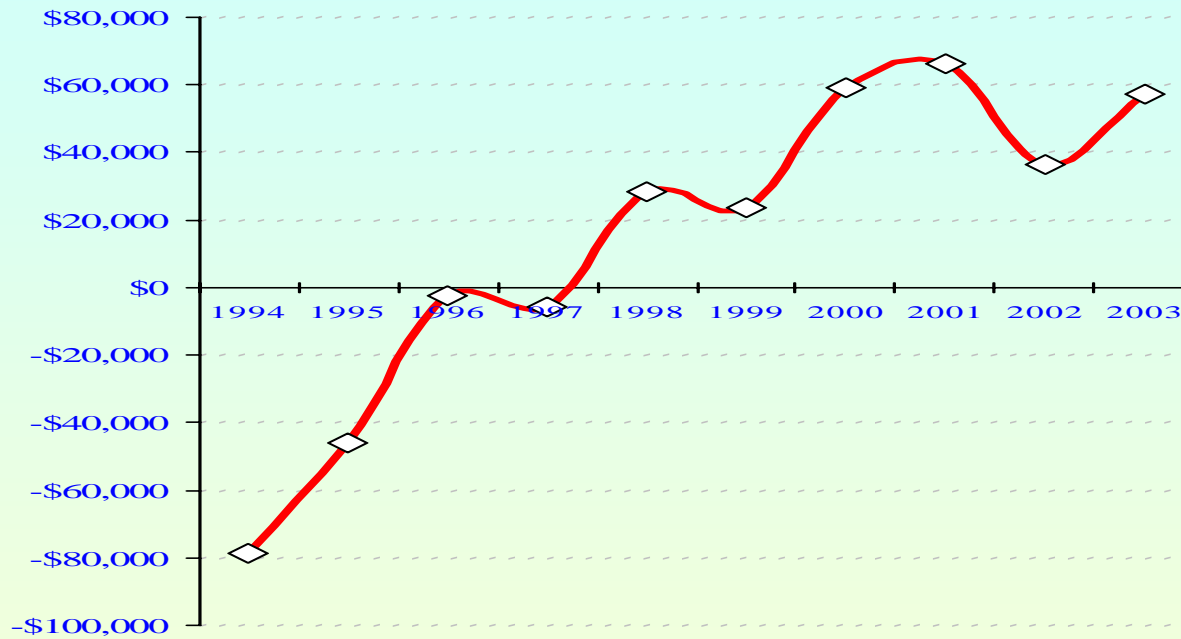
Warning Trend

Consistent enterprise
fund losses

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Profit (Loss)	(202,314)	(571,284)	(652,330)	(484,500)	(548,952)	(549,431)	(350,025)	(450,275)	(641,385)	(574,784)
CPI	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99
Profit (Loss) In Constant Dollars	(126,446)	(348,344)	(385,994)	(280,058)	(313,687)	(305,239)	(188,185)	(235,746)	(330,611)	(288,836)

Parking Management

Constant Dollar Profit (Loss)



Sarasota Trend

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

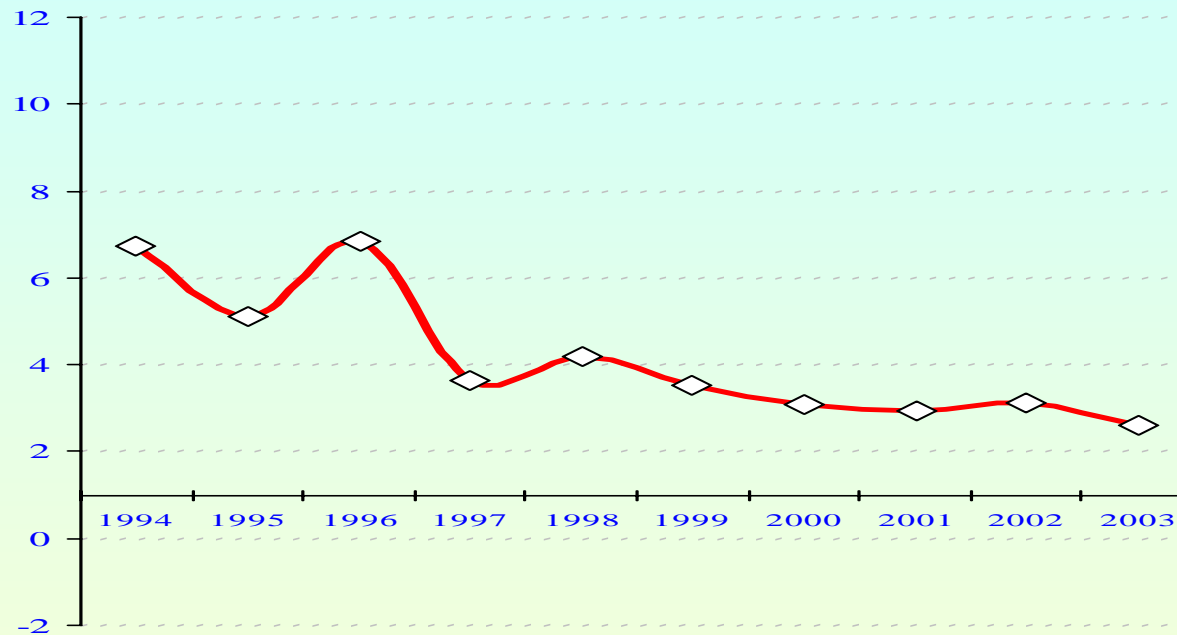
Warning Trend

Consistent enterprise
fund losses

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Profit (Loss)	(126,072)	(75,623)	(4,138)	(10,163)	49,780	42,757	110,013	126,585	70,362	114,403
CPI	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99
Profit (Loss) In Constant Dollars	(78,795)	(46,112)	(2,449)	(5,875)	28,446	23,754	59,147	66,275	36,269	57,489

Liquidity Ratio

General Fund



Sarasota Trend

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>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Cash and Liquid Assets	9,223,920	9,763,972	11,496,343	12,752,136	14,321,067	15,382,382	15,194,482	14,326,987	16,904,696	14,704,391
Current Liabilities	1,372,846	1,912,982	1,680,944	3,493,393	3,429,752	4,366,594	4,922,660	4,877,021	5,413,485	5,684,714
Liquidity Ratio	6.72	5.10	6.84	3.65	4.18	3.52	3.09	2.94	3.12	2.59

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. A reduction in General Fund subsidies in 2002 and 2003 resulted in a rebound to 1.17 and 2.88 percent, respectively. 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 2002 and 2003 surpluses reaching 28.12 and 29.40 percent, respectively.

Enterprise fund Operations

On a cumulative basis over the last several years, enterprise fund operations, except for the Van Wezel Performing Arts Hall, the Municipal Auditorium, the Bobby Jones Golf Course and the Ed Smith Sports Stadium, have been able to operate without a subsidy from the General Fund.

Liquidity Ratio

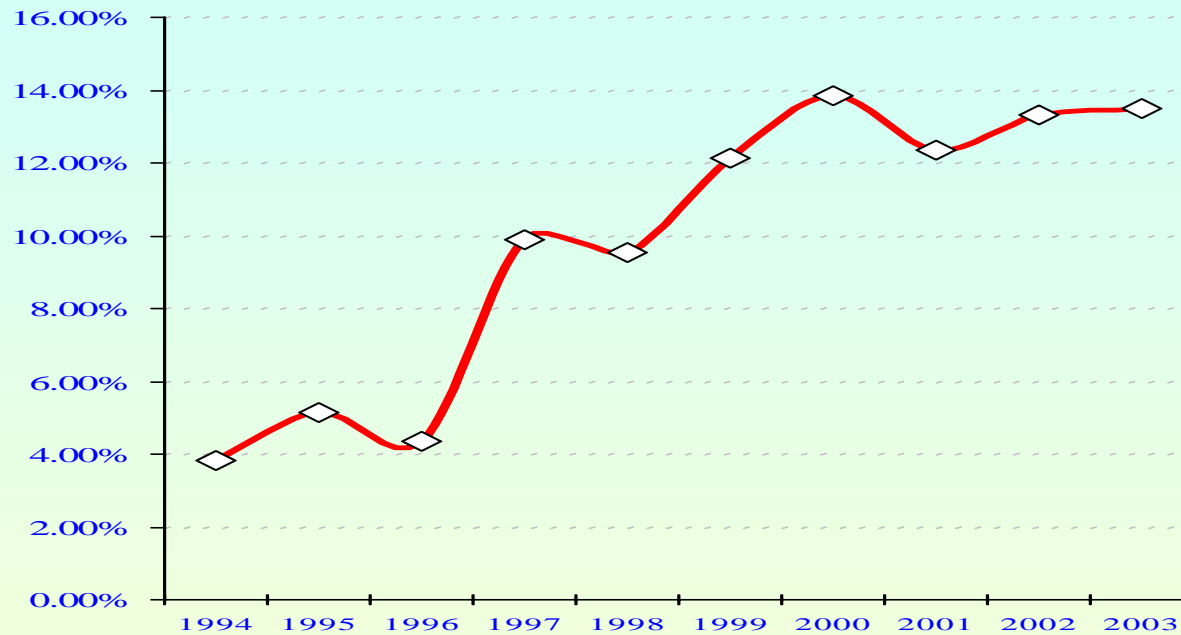
A good measure of a local government's short-term financial condition is its cash position. Cash position, which includes cash on hand and in the bank, as well as other assets that can be easily converted to cash, determines a government's ability to pay its short-term obligations. Entities use a standard 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 2.59 since 1994.



DEBT
INDICATORS

Current Liabilities

As a % of General Fund Operating Revenue



Sarasota Trend

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

Warning Trend

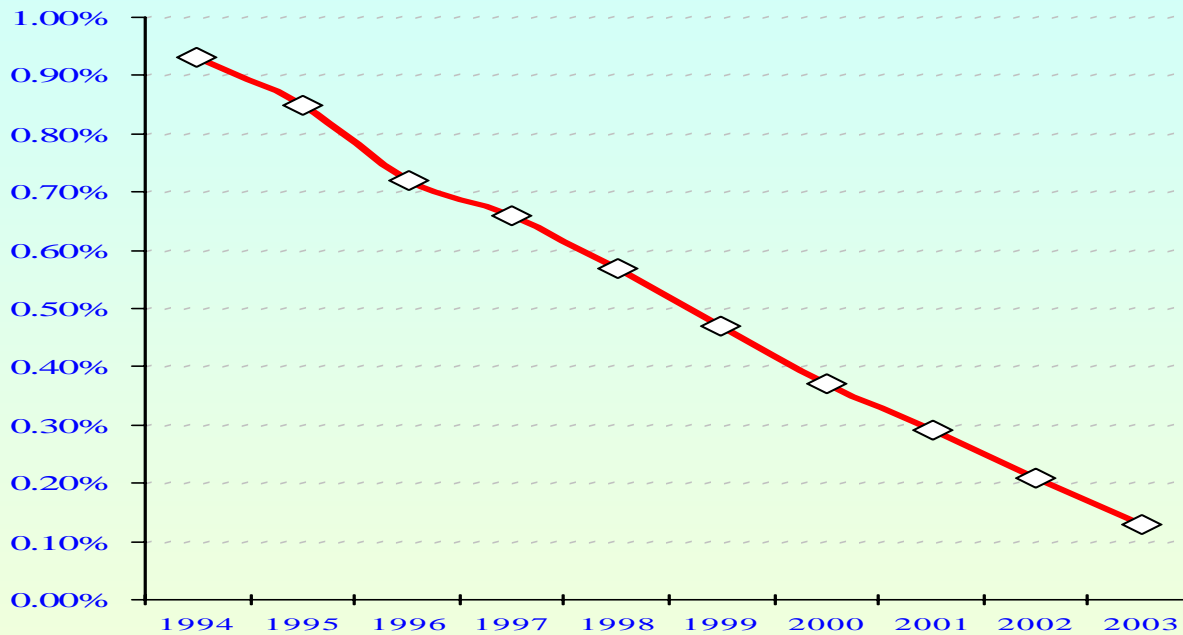
Increasing current liabilities as a percentage of operating revenues

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Current Liabilities	1,372,846	1,912,982	1,680,944	3,493,393	3,429,752	4,366,594	4,922,660	4,877,021	5,413,485	5,684,714
Gross Operating Revenue	36,030,082	37,135,897	38,441,802	35,283,094	35,972,311	36,009,334	35,552,548	39,463,403	40,649,898	42,174,665
Current Liabilities as a % of Operating Revenue	3.81%	5.15%	4.37%	9.90%	9.53%	12.13%	13.85%	12.36%	13.32%	13.48%

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 Trend

Very Positive ←

Positive

Marginal

Negative

Very Negative

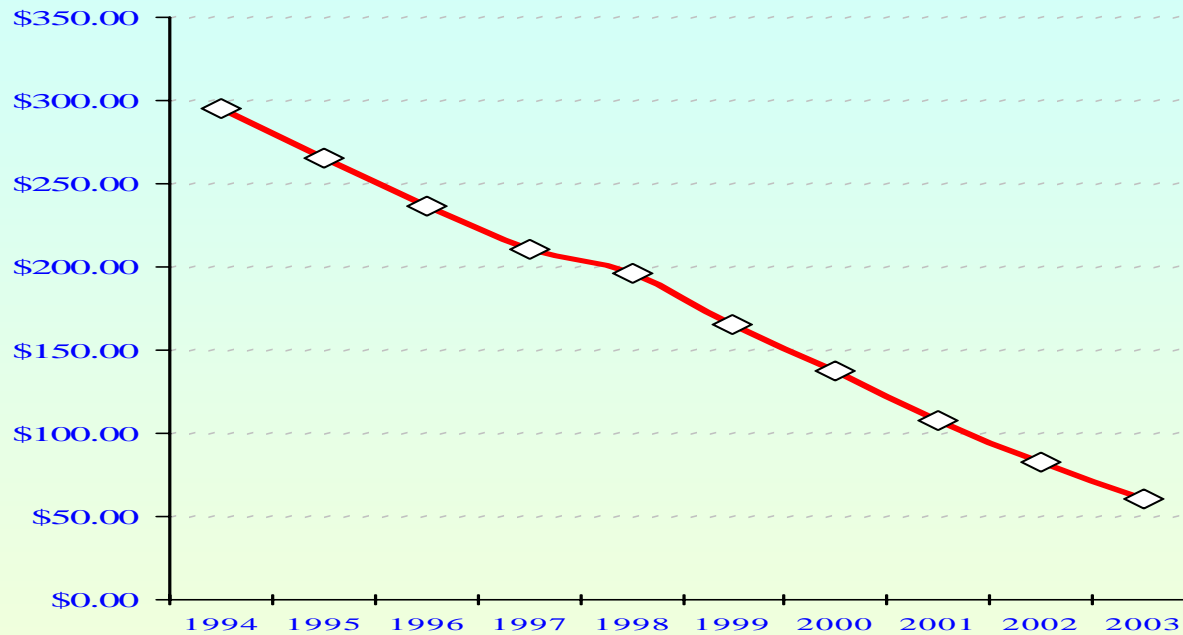
Warning Trend

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

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Assessed Valuation (000's)	2,578,194	2,621,293	2,725,838	2,853,302	3,076,588	3,246,772	3,514,156	3,776,719	4,213,509	4,880,272
Net Direct Debt	24,033,052	22,198,265	20,472,711	18,726,755	17,588,018	15,393,825	13,172,278	10,888,541	8,645,957	6,532,587
Net Direct Debt as a % of Assessed Valuation	0.93%	0.85%	0.75%	0.66%	0.57%	0.47%	0.37%	0.29%	0.21%	0.13%

Direct Debt Per Capita

General Obligation Bonds – In Constant Dollars



Sarasota Trend

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

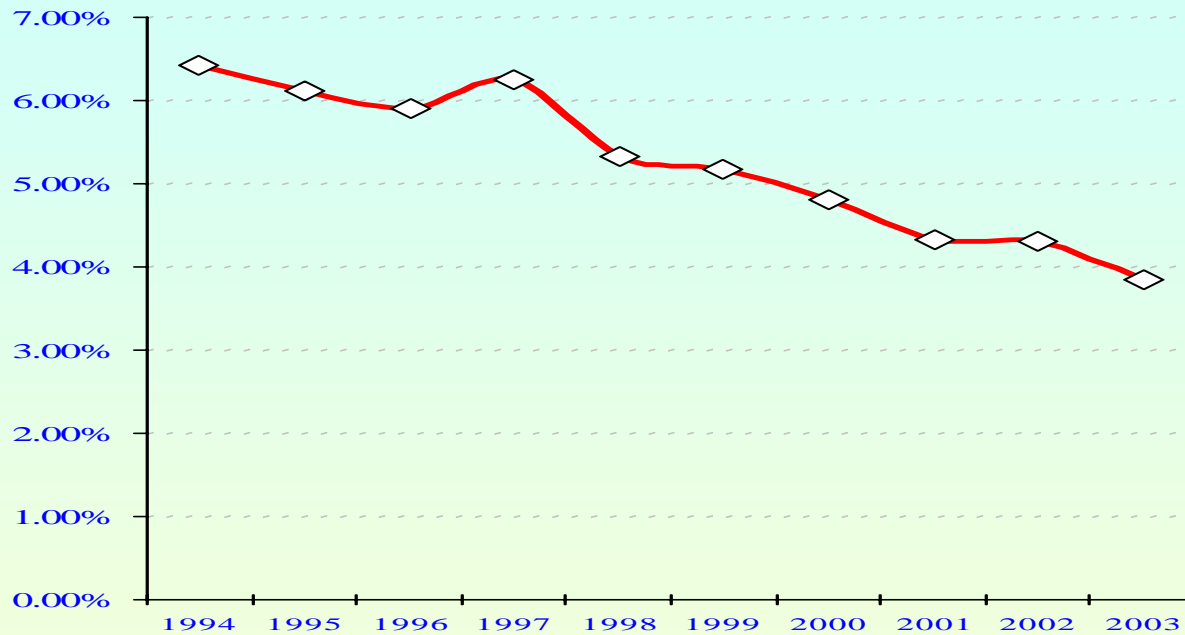
Warning Trend

Consistently rising dollars
per capita debt

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Net Direct Debt	24,033,052	22,198,265	20,472,711	18,726,755	17,588,018	15,393,825	13,172,278	10,888,541	8,645,957	6,532,587
CPI	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99
Net Direct Debt In Constant Dollars	15,020,658	13,535,527	12,114,030	10,824,714	10,050,296	8,552,125	7,081,870	5,700,807	4,456,679	3,282,707
Population	50,820	51,031	51,143	51,311	51,315	51,650	51,659	52,715	53,657	53,939
Net Direct Debt Per Capita In Constant Dollars	295.57	265.24	236.87	210.96	195.85	165.58	137.09	108.14	83.06	60.86

Net Direct Debt Service

General Obligation Bonds – As a % of Operating Revenue



Sarasota Trend

Very Positive

Positive ←

Marginal

Negative

Very Negative

Warning Trend

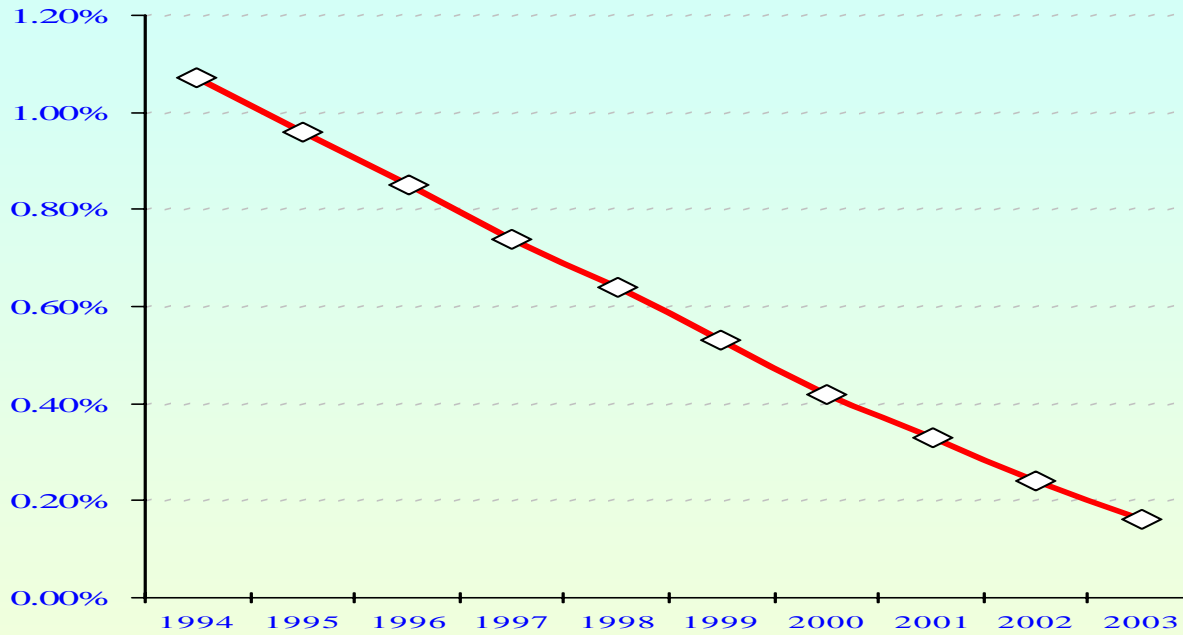
Increasing amount of net direct debt service as a percentage of net operating revenue

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Net Direct Debt Service	3,059,175	3,035,626	3,039,656	3,033,627	3,024,684	2,879,349	2,763,876	2,827,052	2,874,010	2,697,415
Net Operating Revenue *	47,670,240	49,679,054	51,509,003	48,512,986	56,881,374	55,731,611	57,472,746	65,229,752	66,669,010	70,062,986
Net Direct Debt Service as a % of Net Operating Revenue	6.42%	6.11%	5.90%	6.25%	5.32%	5.17%	4.81%	4.33%	4.31%	3.85%

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

Overlapping Long Term Debt

As a % of Assessed Valuation



Sarasota Trend

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

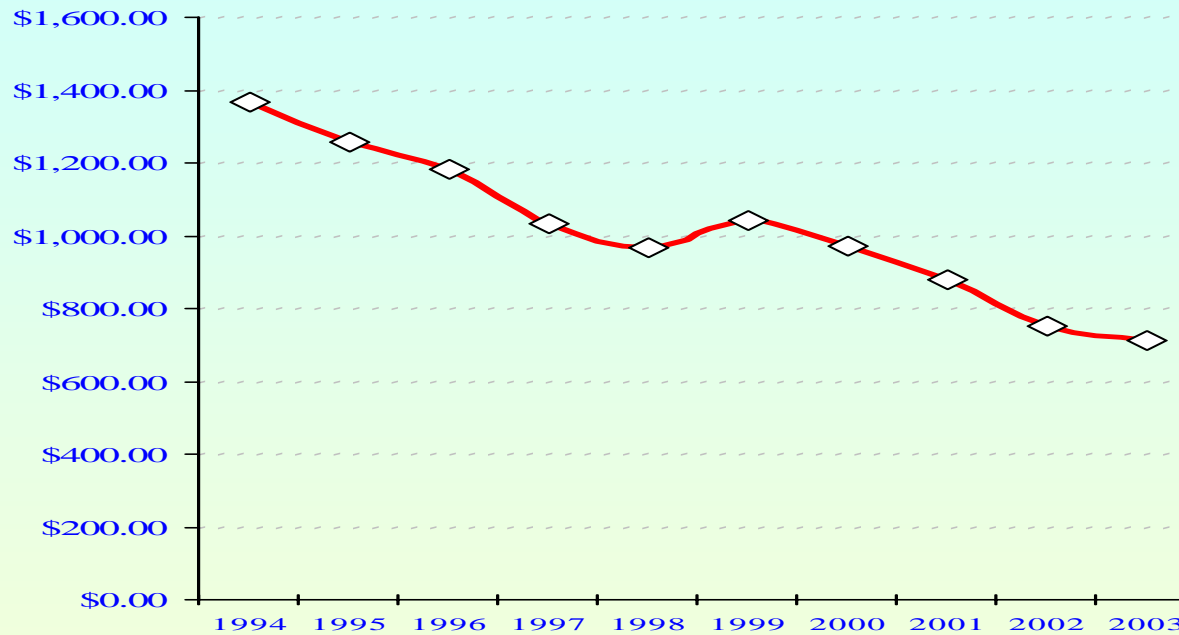
Warning Trend

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

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Assessed Valuation (000's)	2,578,194	2,621,293	2,725,838	2,853,302	3,076,588	3,246,772	3,514,156	3,776,719	4,213,509	4,880,272
Overlapping LongTerm Debt	27,660,348	25,249,734	23,291,751	21,064,940	19,665,506	17,292,022	14,870,914	12,361,935	9,926,751	7,595,835
Overlapping LongTerm Debt as a % of Assessed Valuation	1.07%	0.96%	0.85%	0.74%	0.64%	0.53%	0.42%	0.33%	0.24%	0.16%

Long Term Debt Per Capita

In Constant Dollars



Sarasota Trend

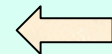
Very Positive

Positive

Marginal

Negative

Very Negative



Warning Trend

Increasing amount of long term debt per capita in constant dollars

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Long Term Debt	126,731,249	121,490,595	120,797,977	112,713,067	107,583,889	116,979,606	114,967,667	111,916,227	104,378,486	100,412,460
Reserve for Debt Srvce	15,411,674	16,441,835	18,535,185	21,191,086	20,726,669	20,143,614	21,504,601	23,253,013	26,073,795	23,827,106
Net Long Term Debt	111,319,575	105,048,760	102,262,792	91,521,981	86,857,220	96,835,992	93,463,066	88,663,214	78,304,691	76,585,354
CPI	1.60	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99
Constant Dollars	69,574,734	64,054,122	60,510,528	52,902,879	49,632,697	53,797,773	50,248,960	46,420,531	40,363,243	38,485,103
Population	50,820	51,031	51,143	51,311	51,315	51,650	51,659	52,715	53,657	53,939
Per Capita	1,369.04	1,255.20	1,183.16	1,031.02	967.22	1,041.58	972.70	880.59	752.25	713.49

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, not extend beyond the useful life of the facilities which it finances, not be used to finance or balance the operating budget, not require a repayment schedule which places an inordinate strain on the City’s operating budget, and 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 13.48 % in 2003. The increase in liabilities in 1997 and subsequent years reflects recording the full liability for compensated absences in the year earned.

Net Direct Debt

The City's net direct debt has declined from 0.93 percent in 1994 to a low of 0.13 percent in 2003.

Direct Debt Per Capita

The City's direct debt per capita has declined from \$295.57 in 1994 to \$60.86 in 2003.

Net Direct Debt Service

The net direct debt service has steadily decreased from 6.25 percent in 1997 to 3.85 percent in 2003.

Overlapping Long Term Debt

The City's overlapping long-term debt has declined each of the last ten years, from 1.07 percent in 1994 to 0.16 percent in 2003.

Total Long Term Debt Per Capita

The City's total long term debt per capita has decreased consistently from \$1,369.04 in 1994 to \$713.49 in 2003.

CONCLUSIONS

CONCLUSIONS

When viewed in a comprehensive perspective, the City of Sarasota continues to experience an extended period of slow growth. Despite an extended period of slow economic growth, the financial indicators, such as *population* and *revenue per capita in constant dollars*, do not reflect a singular strong performance. To the contrary, significant increases in population in the surrounding County 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 maintain essential services to its' citizens and has provided additional employee compensation despite significant funding problems. While this has been possible despite the recent economic downturn and mild recovery, the local economy is not expected to grow significantly in the next year or two. The events of September, 2001 and subsequent global and national events have slowed the national and local economy, providing the City of Sarasota with a significant challenge to balance the budget.

With the possibility of additional revenues unlikely, and the continued increase in the area of personnel costs (wages, health care benefits, and retirement contributions) and expanded services, an increasing strain will be placed on the City's limited 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.