



FINANCIAL
TREND
MONITORING
SYSTEM
2004

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PREFACE

PREFACE TO FISCAL YEAR 2004 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.

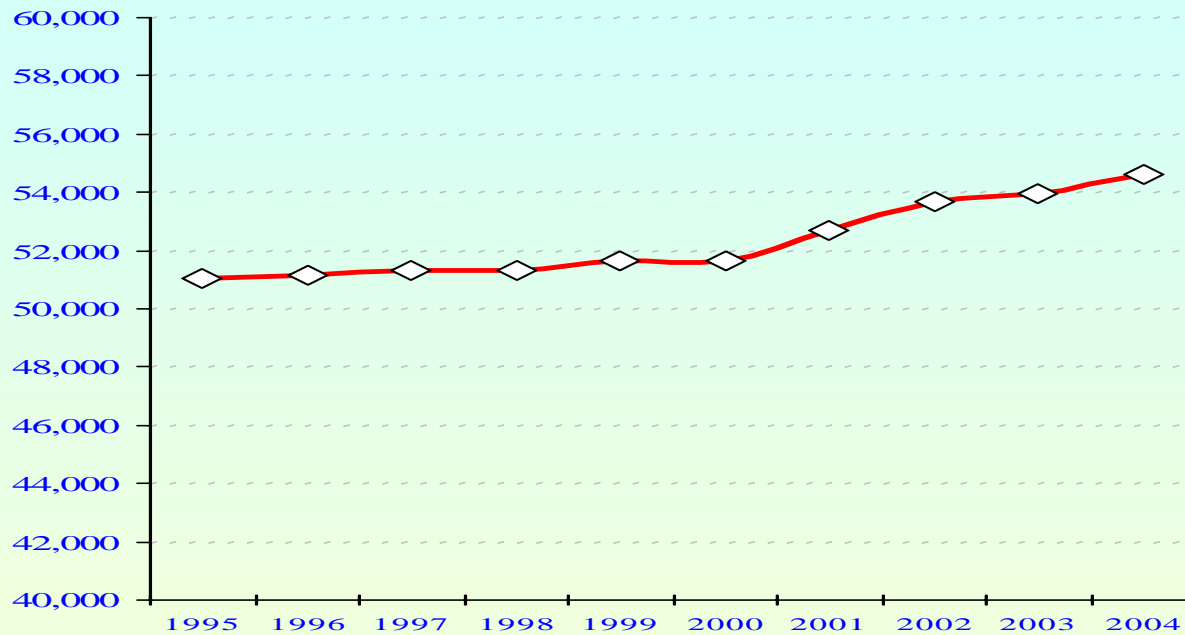
In order for financial information to be comparable over a number of years, the information must be adjusted to reflect constant dollars. More specifically, the distortion created by the effects of inflation must be removed. The Finance Department started tracking this information in 1991. Since ten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

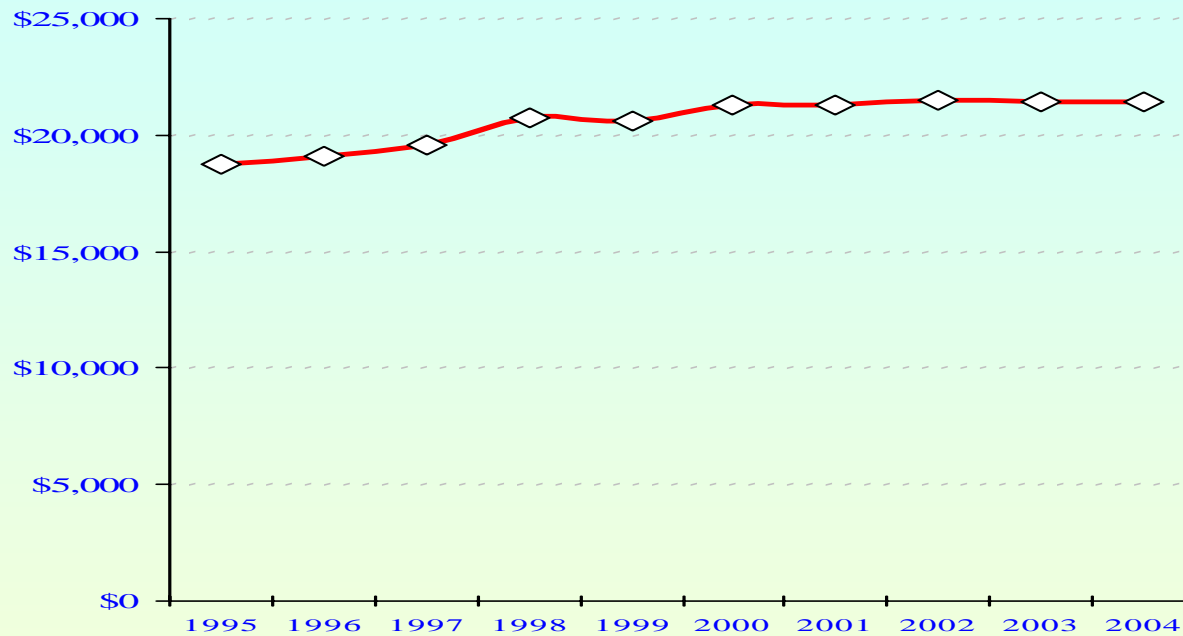
Warning Trend

Rapid change
in population

	<u>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>	<u>2004</u>
Population	51,031	51,143	51,311	51,315	51,650	51,659	52,715	53,657	53,939	54,639

Personal Income Per Capita

In Constant Dollars (Sarasota County)



Sarasota Trend

Very Positive

Positive ←

Marginal

Negative

Very Negative

Warning Trend

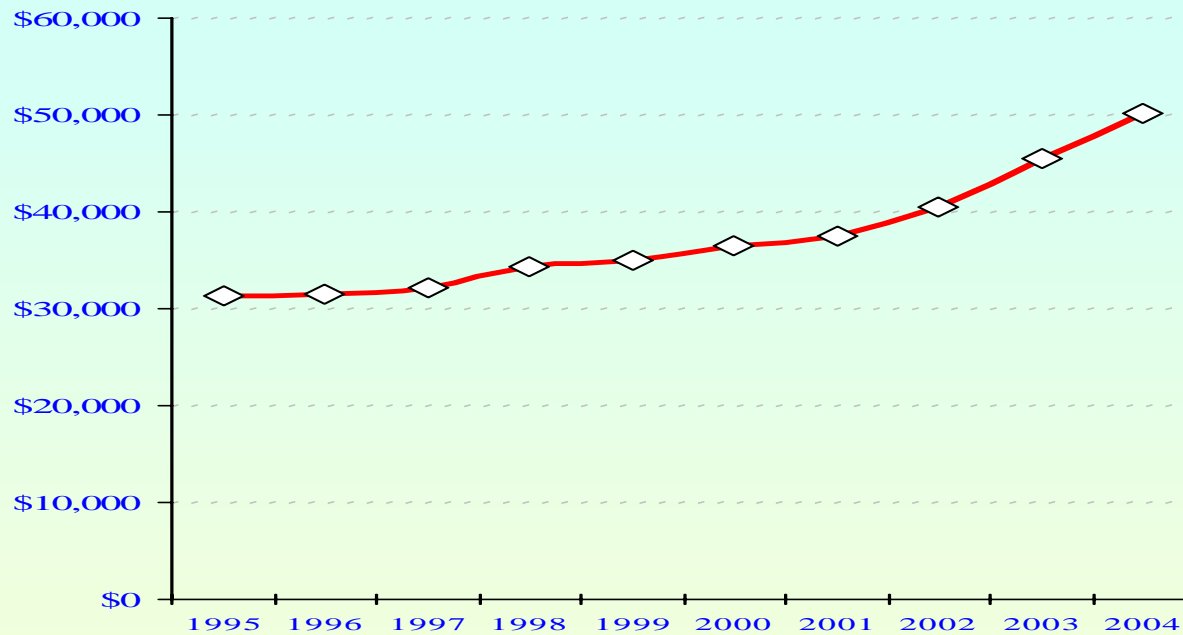
Decline in the level or
growth rate of personal
income per capita

	<u>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>	<u>2004</u>
Income Per Capita	30,745	32,213	33,906	36,244	37,111	39,567	40,720	41,658	42,699	43,767
CPI	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99	2.04
Income Per Capita In Constant Dollars	18,747	19,061	19,599	20,711	20,617	21,273	21,319	21,473	21,457	21,454

Note: Personal Income Per Capita, provided by the U.S. Department of Commerce, Bureau of Economic Analysis, is not available past fiscal year 2002. Fiscal years 2003 and 2004 are estimates, based on the 2000-2002 trend.

Assessed Valuation Per Capita

In Constant Dollars



Sarasota Trend

Very Positive

Positive ←

Marginal

Negative

Very Negative

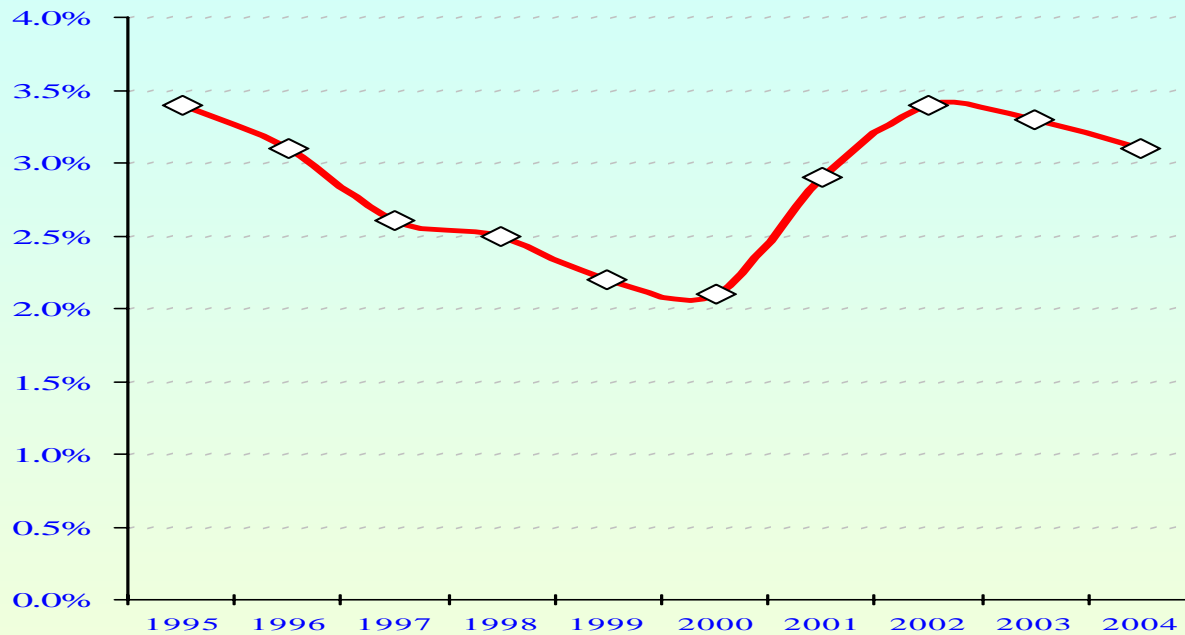
Warning Trend

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

	<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>	<u>2004</u>
Assessed Valuation (000's)	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	5,589,482
CPI	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99	2.04
Assessed Valuation In Constant Dollars	1,598,349	1,612,922	1,649,308	1,758,050	1,803,762	1,889,331	1,977,340	2,171,912	2,452,398	2,739,942
Population	51,031	51,143	51,311	51,315	51,650	51,659	52,715	53,657	53,939	54,639
Assessed Valuation Per Capita In Constant Dollars	31,321	31,537	32,143	34,260	34,923	36,573	37,510	40,478	45,466	50,146

Unemployment Rate

Sarasota County



Sarasota Trend

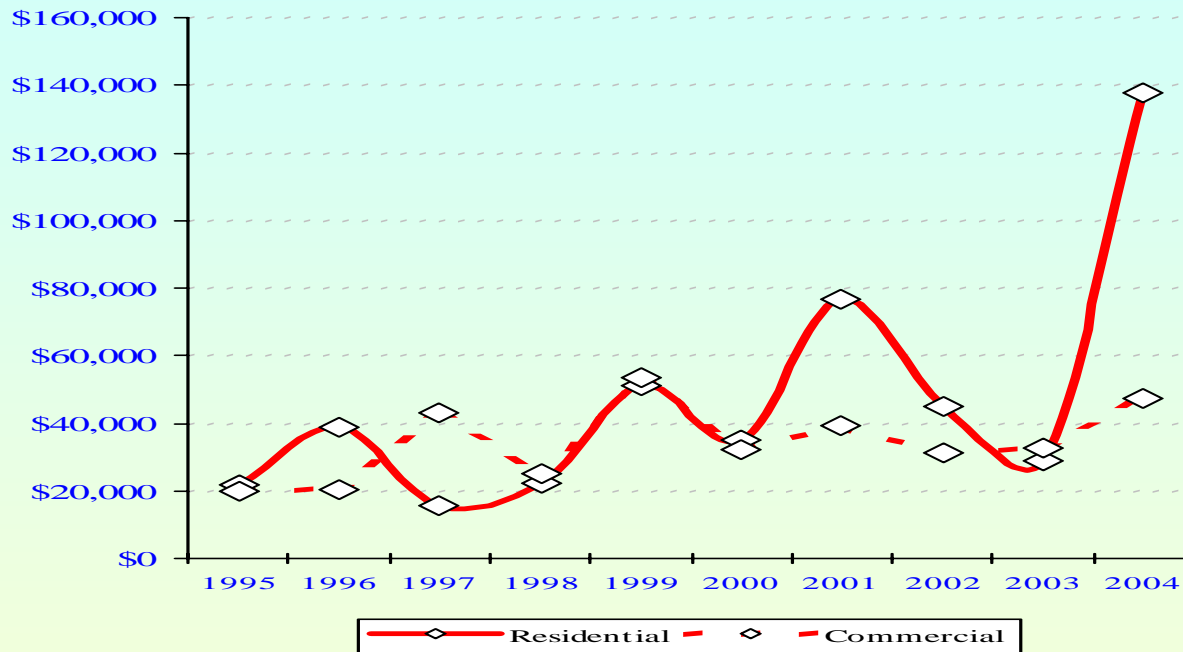
- Very Positive
- Positive ←
- Marginal
- Negative
- Very Negative

Warning Trend
 Increasing rate of local unemployment

	<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>	<u>2004</u>
Unemployment Rate	3.4%	3.1%	2.6%	2.5%	2.2%	2.1%	2.9%	3.4%	3.3%	3.1%

Construction Value

In Constant Dollars (000's)



Sarasota Trend

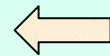
Very Positive

Positive

Marginal

Negative

Very Negative



Warning Trend

Declining constant
dollar construction

	<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>	<u>2004</u>
Residential Construction	35,704,647	65,443,359	26,895,140	39,294,245	92,099,352	65,302,055	146,714,872	87,670,772	57,335,987	280,634,806
Commercial Construction	32,224,572	34,147,871	74,777,293	43,550,443	96,448,484	59,935,047	75,378,546	60,357,005	65,180,478	96,873,125
CPI	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99	2.04
Residential Construction in Constant Dollars	21,771,126	38,723,881	15,546,324	22,453,854	51,166,307	35,108,632	76,814,069	45,191,120	28,812,054	137,566,081
Commercial Construction in Constant Dollars	19,649,129	20,205,841	43,223,869	24,885,967	53,582,491	32,223,144	39,465,207	31,111,858	32,754,009	47,486,826

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 as the City approaches build-out. Such minimal growth does not place urgent expansion requirements on the City's infrastructure but, at the same time, does not generate significant increased revenues. However, the increasing population in the surrounding county does exert additional pressure on the City's infrastructure and public safety needs.

Personal Income Per Capita

While Sarasota County personal income per capita has increased every year since 1994, the personal income per capita, *in constant dollars*, adjusted by the CPI, has climbed an average of only one fifth of one percent per year over the last four years.

Assessed Valuation Per Capita

Assessed valuation (non-exempt) per capita in constant dollars has increased every year since 1995, reflecting an average increase of over 6.7 percent per year. The booming real estate market in Sarasota has driven up the assessed valuation by 14.5% in 2004 alone.

Unemployment Rate

Between 1994 and 2000, the unemployment rate in Sarasota County declined steadily from 4.2% to 2.1%. By 2002, the rate had climbed back up to 3.4%, the result of a declining economic environment in the aftermath of 9/11. The unemployment rate has, once again, declined the last two years as the economy continues to rebound in the post 9/11 period.

Construction Value

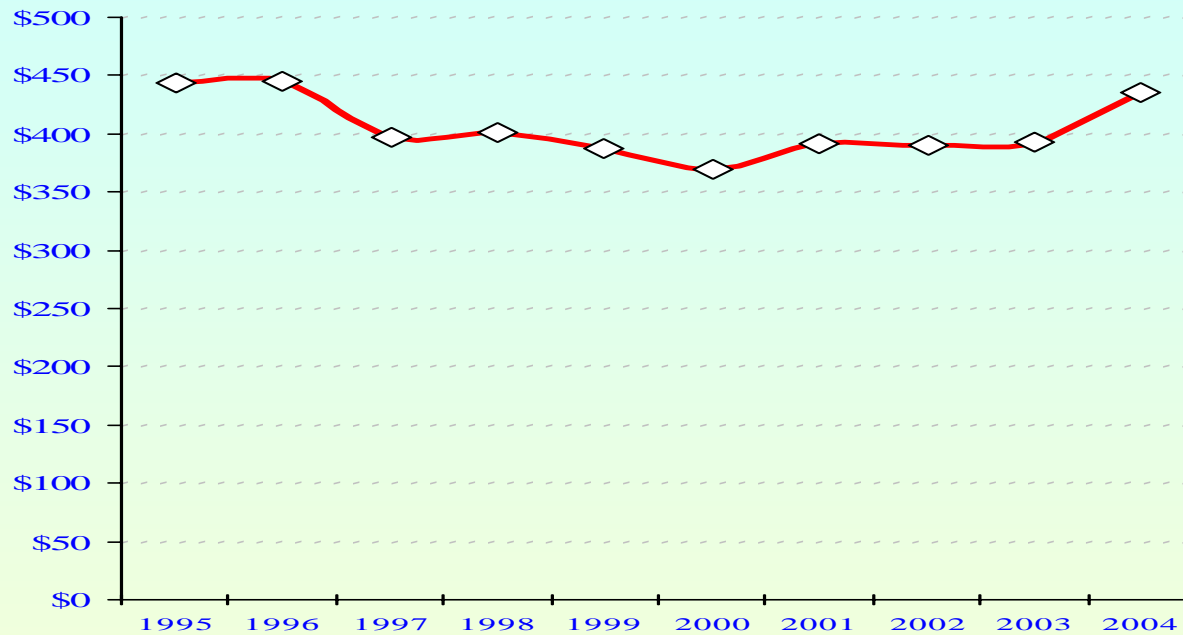
Residential and commercial new construction, in constant dollars, while erratic from year to year, does reveal a steady increase from 1995 through 2000. A slowdown in new construction growth occurred in 2002 and 2003, the victim of retreating economic markets representing a 53% decline in total new construction from 2001 to 2003. In 2004, the new residential construction market dramatically rebounded with a 477.0 percent increase, resulting from a surge in condominium construction.



**REVENUE
INDICATORS**

Revenue Per Capita - General Fund

In Constant Dollars



Sarasota Trend

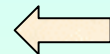
Very Positive

Positive

Marginal

Negative

Very Negative



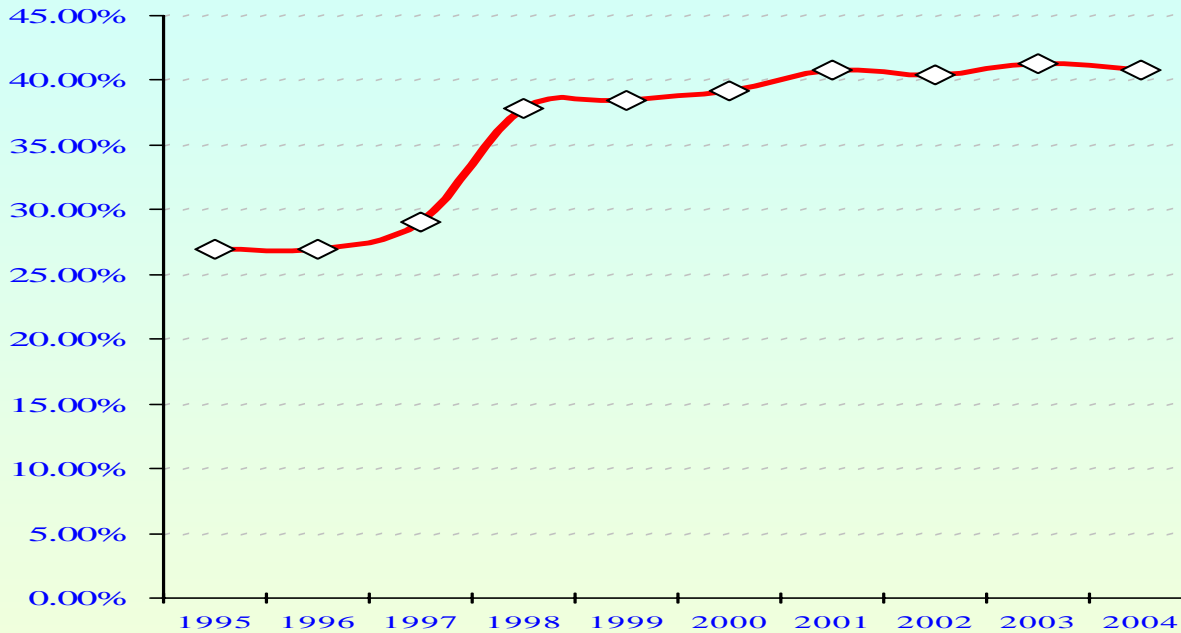
Warning Trend

**Declining per capita
revenue growth rate**

	<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>	<u>2004</u>
Gross Operating Revenue	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	48,603,304
CPI	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99	2.04
In Constant Dollars	22,643,840	22,746,628	20,394,852	20,555,606	20,005,186	19,114,273	20,661,468	20,953,556	21,193,299	23,825,149
Population	51,031	51,143	51,311	51,315	51,650	51,659	52,715	53,657	53,939	54,639
Operating Revenue Per Capita in Constant Dollars	443.73	444.77	397.48	400.58	387.32	370.01	391.95	390.51	392.91	436.05

Restricted Revenue

As a % of Operating Revenues



Sarasota Trend

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

Warning Trend

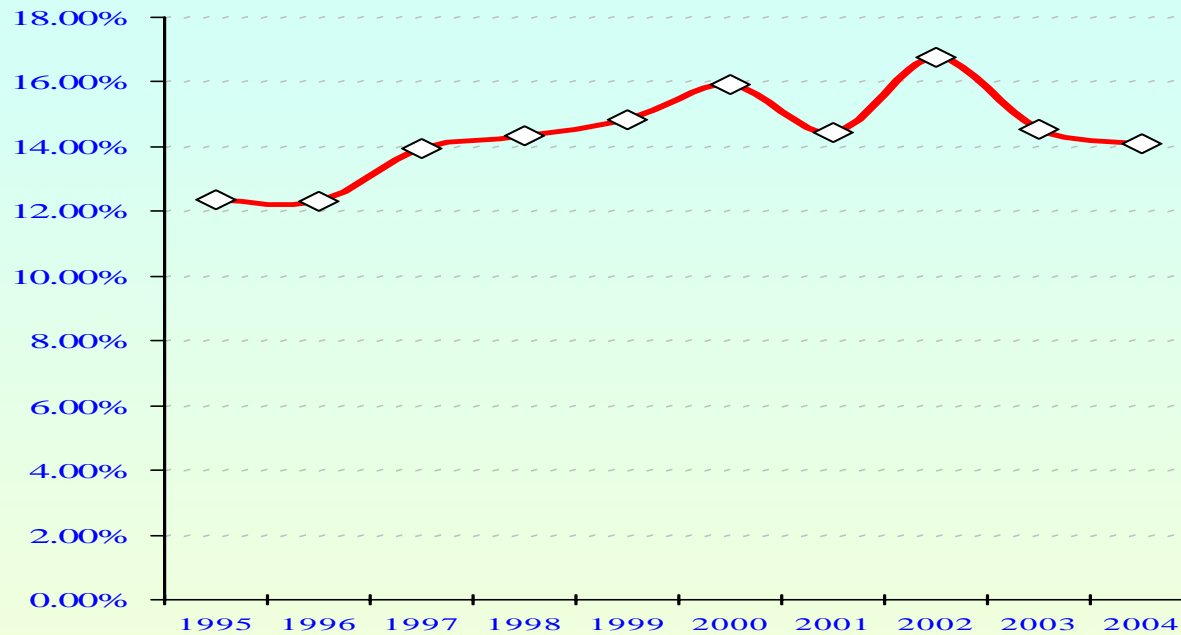
**Increasing amount of
restricted revenue as a %
of operating revenues**

	<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>	<u>2004</u>
Restricted Revenue	13,373,157	13,878,445	14,085,833	21,509,063	21,443,076	22,532,258	26,626,517	26,929,892	28,900,364	32,715,798
Operating Revenue *	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	80,249,955
Restricted Revenue as a percent of Operating Revenues	26.92%	26.94%	29.04%	37.81%	38.48%	39.21%	40.82%	40.39%	41.25%	40.77%

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

Intergovernmental Revenue

As a % of General Fund Revenues



Sarasota Trend

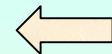
Very Positive

Positive

Marginal

Negative

Very Negative



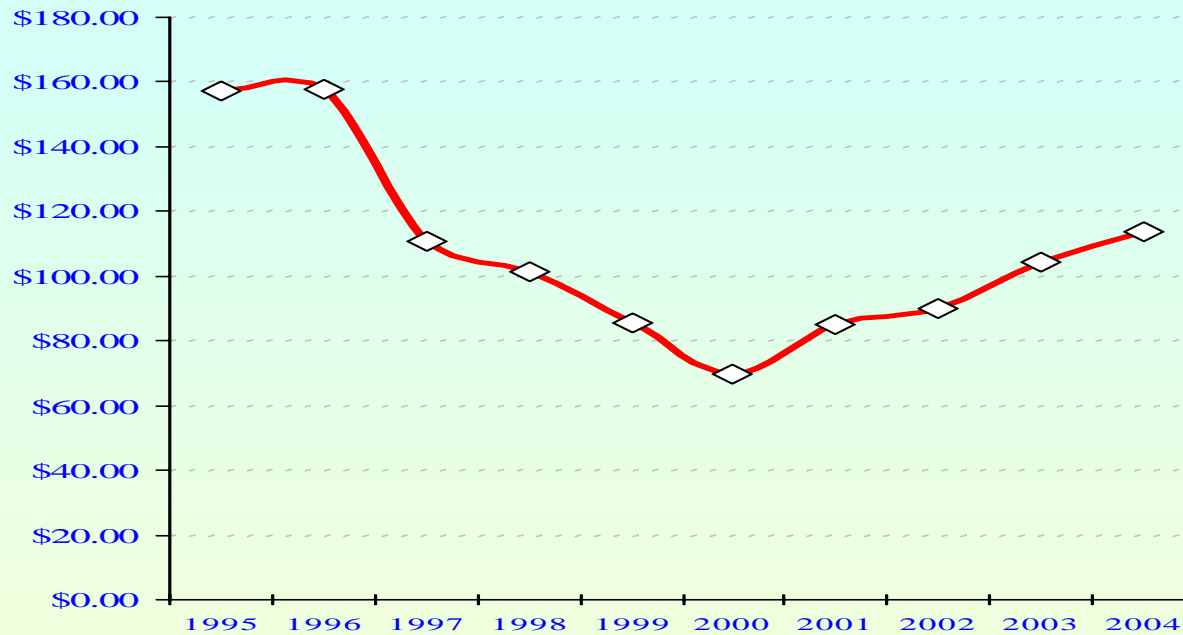
Warning Trend

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

	<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>	<u>2004</u>
Intergovernmental Revenue	4,586,889	4,735,432	4,913,199	5,151,047	5,348,106	5,654,462	5,706,386	6,816,917	6,132,860	6,859,069
Gross Operating Revenue	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	48,603,304
Intergovernmental Revenue as a % of Operating Revenue	12.35%	12.32%	13.93%	14.32%	14.85%	15.90%	14.46%	16.77%	14.54%	14.11%

Property Tax Revenue Per Capita

In Constant Dollars - General Fund



Sarasota Trend

Very Positive

Positive ←

Marginal

Negative

Very Negative

Warning Trend

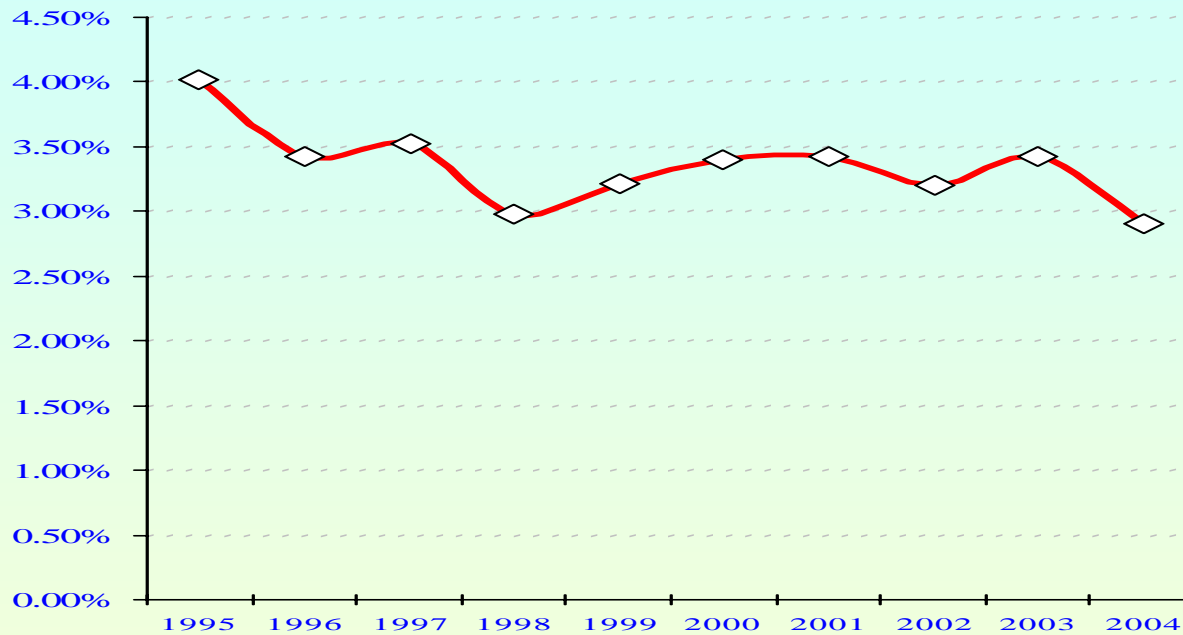
**Declining or negative
growth in property tax
revenues**

	<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>	<u>2004</u>
Property Tax Revenue	13,141,963	13,646,082	9,848,533	9,124,337	7,941,787	6,695,174	8,542,772	9,357,506	11,174,398	12,649,803
CPI	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99	2.04
Property Tax Revenue In Constant Dollars	8,013,392	8,074,605	5,692,794	5,213,907	4,412,104	3,599,556	4,472,655	4,823,457	5,615,275	6,200,884
Population	51,031	51,143	51,311	51,315	51,650	51,659	52,715	53,657	53,939	54,639
Property Tax Revenue Per Capita In Constant Dollars	157.03	157.88	110.95	101.61	85.42	69.68	84.85	89.89	104.10	113.49

Note: The 2004 Property Tax Revenue Per Capita in Constant Dollars would be \$225.10 if recalculated using the 5.339 mills levied in 1994.

Uncollected Property Tax

As a % of Property Taxes Levied



Sarasota Trend

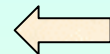
Very Positive

Positive

Marginal

Negative

Very Negative



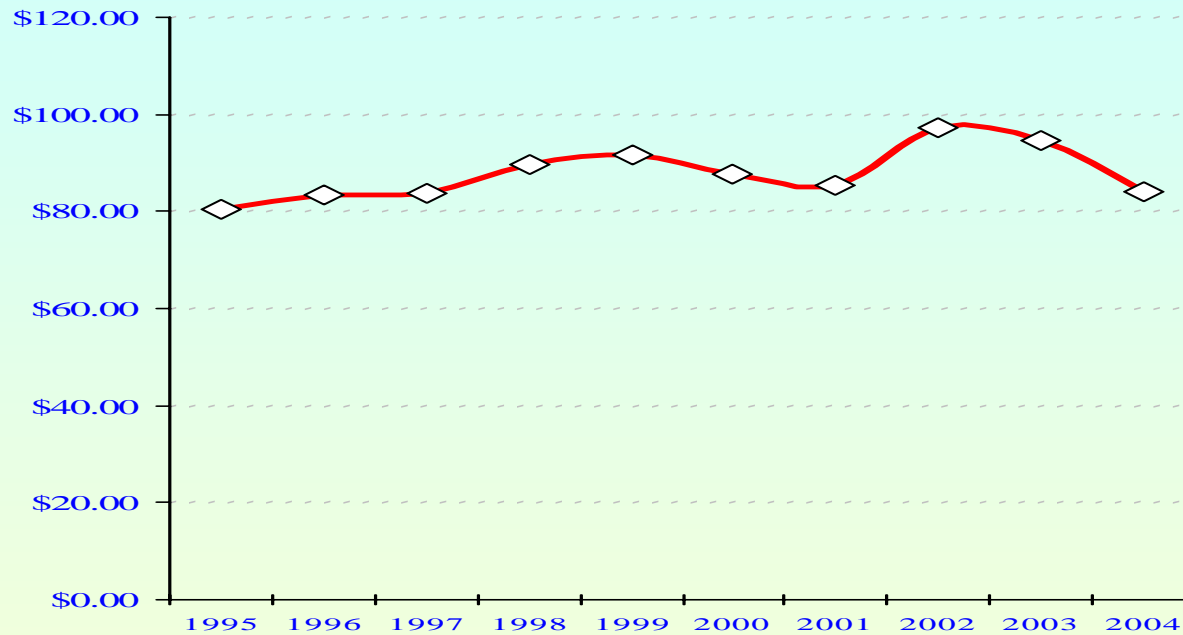
Warning Trend

Increasing amount of uncollected tax as a percent of taxes levied

	<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>	<u>2004</u>
Property Tax Levied	17,232,383	17,715,218	13,680,158	13,025,353	11,724,092	10,402,254	12,317,391	13,362,302	15,798,416	17,606,309
Property Tax Collected	16,540,407	17,109,211	13,198,544	12,636,865	11,347,840	10,048,718	11,895,066	12,934,696	15,256,791	17,095,989
Percent Uncollected	4.02%	3.42%	3.52%	2.98%	3.21%	3.40%	3.43%	3.20%	3.43%	2.90%

Utility Tax Revenue Per Capita

In Constant Dollars



Sarasota Trend

Very Positive

Positive

Marginal ←

Negative

Very Negative

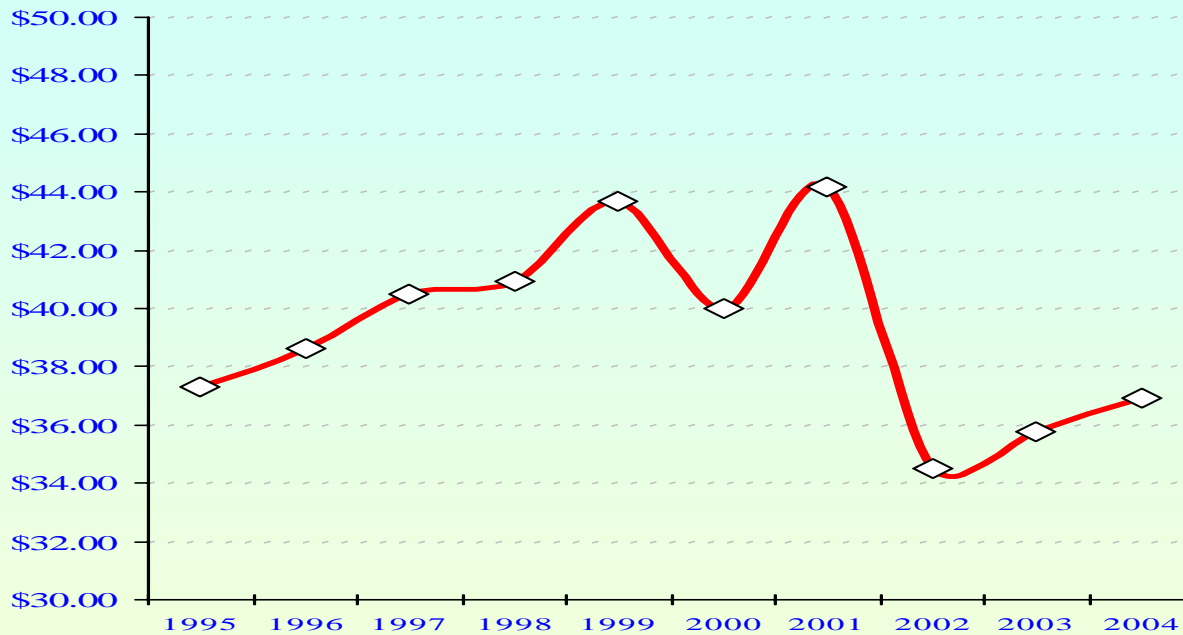
Warning Trend

**Declining per capita revenue
in constant dollars**

	<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>	<u>2004</u>
Utility Tax Revenue	6,736,618	7,197,900	7,423,741	8,058,835	8,506,731	8,415,496	8,592,697	10,109,163	10,156,178	9,371,751
CPI	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99	2.04
In Constant Dollars	4,107,694	4,259,112	4,291,180	4,605,049	4,725,962	4,524,460	4,498,794	5,210,909	5,103,607	4,593,996
Population	51,031	51,143	51,311	51,315	51,650	51,659	52,715	53,657	53,939	54,639
Utility Tax Revenue Per Capita	80.49	83.28	83.63	89.74	91.50	87.58	85.34	97.12	94.62	84.08

Franchise Tax Revenue Per Capita

In Constant Dollars



Sarasota Trend

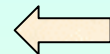
Very Positive

Positive

Marginal

Negative

Very Negative



Warning Trend

**Declining per capita
revenue in constant dollars**

	<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>	<u>2004</u>
Franchise Tax Revenue	3,121,871	3,336,021	3,594,510	3,673,657	4,062,137	3,843,532	4,448,446	3,593,193	3,840,178	4,114,225
CPI	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99	2.04
In Constant Dollars	1,903,580	1,973,977	2,077,751	2,099,233	2,256,743	2,066,415	2,329,029	1,852,161	1,929,738	2,016,777
Population	51,031	51,143	51,311	51,315	51,650	51,659	52,715	53,657	53,939	54,639
Franchise Tax Revenue Per Capita	37.30	38.60	40.49	40.91	43.69	40.00	44.18	34.52	35.78	36.91

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

Revenue Per Capita

Examining per capita revenue reveals changes in revenue relative to changes in population. After accounting for inflation, the City's per capita revenue in the General Fund decreased from \$444.77 in 1996 to a low of \$370.01 in 2000. Escalating property values, coupled with a residential construction boom, a Van Wezel settlement and the sale of several properties, has increased per capita revenue from \$392.91 in 2003 to \$436.05 in 2004. 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 revenue is that which is legally earmarked or dedicated for a specific purpose. For example, gas tax revenue must be used for street maintenance or improvements. Grant revenue is 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 revenue is 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 40.77% ratio of restricted operating revenue to net operating revenue in 2004. This is up from a ten year low of 26.92% in 1995. The increase in 1998 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 revenue must absorb any reductions, plus any unfunded new state or federal mandates.

Between 1996 and 2000, Sarasota exhibited an increasing trend, in terms of percent of General Fund revenue, in its reliance on this type of revenue. While intergovernmental revenue continues to increase minimally, an even greater increase in operating revenue has reversed this trend.

The spike in intergovernmental revenue in FY 2002 is the result of Federal Emergency Management Agency (FEMA) funding necessary to offset the costs of the cleanup following Tropical Storm Gabrielle.

Property Tax Revenue Per Capita

Property tax revenue per capita in constant dollars (after inflation) decreased significantly from \$157.88 in 1996 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 it 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 \$225.10 in 2004. A millage rate increase in FY 2001 and FY 2003, combined with rapidly escalating property values, has increased property tax revenue per capita each year since 2000.

Uncollected Property Tax

Uncollected property tax has decreased significantly since a 1995 level of over four percent. The last nine years have produced a relatively consistent 3.0 to 3.5 percent, breaking the 3.0 percent barrier in 2004 for the first time since 1998. Since the discount for early payment of property tax can be as high as 4.0 percent, this 2.9 percent rate is considered excellent.

Utility and Franchise Tax Revenue

The Communications Services Tax Simplification Law, effective 10/1/01, restricted taxes on telecommunications, cable, direct-to-home satellite and related services. The law replaced and consolidated seven different state and local taxes or fees, including franchise fees, with a single utility tax.

The effect of this legislation is evident in 2002 as franchise fee revenue for communications services (cable/telephone) declined, and was replaced by a single communications services utility tax administered and collected by the State Department of Revenue (DOR) and distributed to counties and cities throughout Florida.

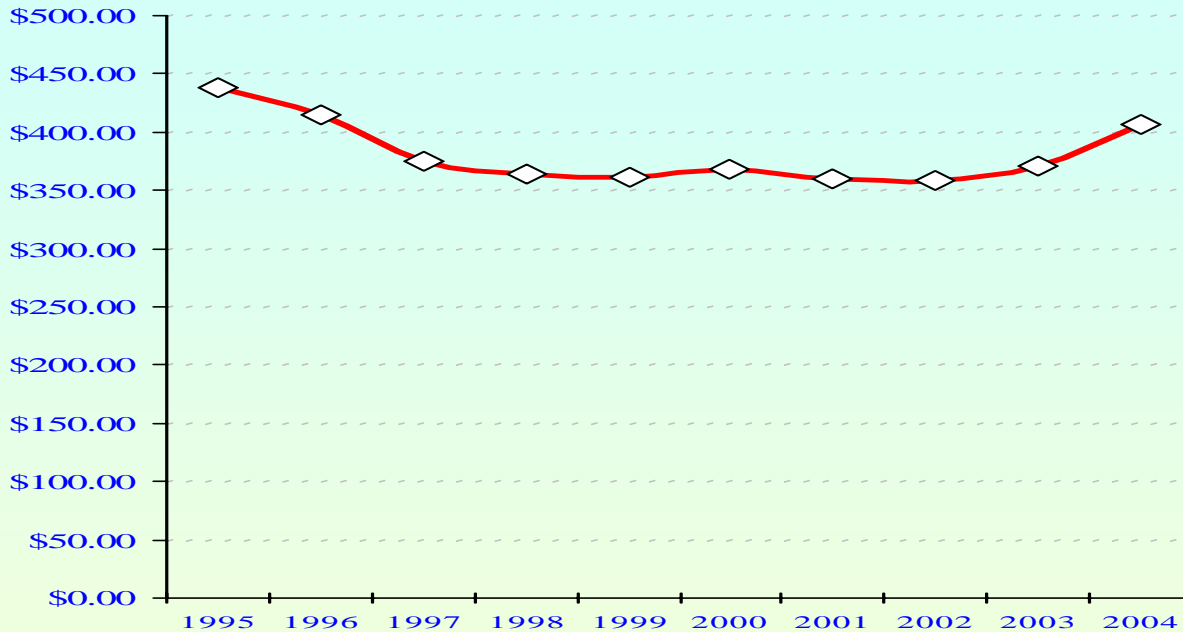
The erosion of utility tax revenues in 2003 and 2004 is due to a continuing migration from telephone land lines and beepers/pagers (charged by the call minute) to cell phones (included in base rate). The electric and natural gas franchise fee revenue continues to rise in 2003 and 2004.



**EXPENDITURE
INDICATORS**

Operating Expenditures Per Capita

General Fund In Constant Dollars



Sarasota Trend

Very Positive

Positive

Marginal

Negative

Very Negative



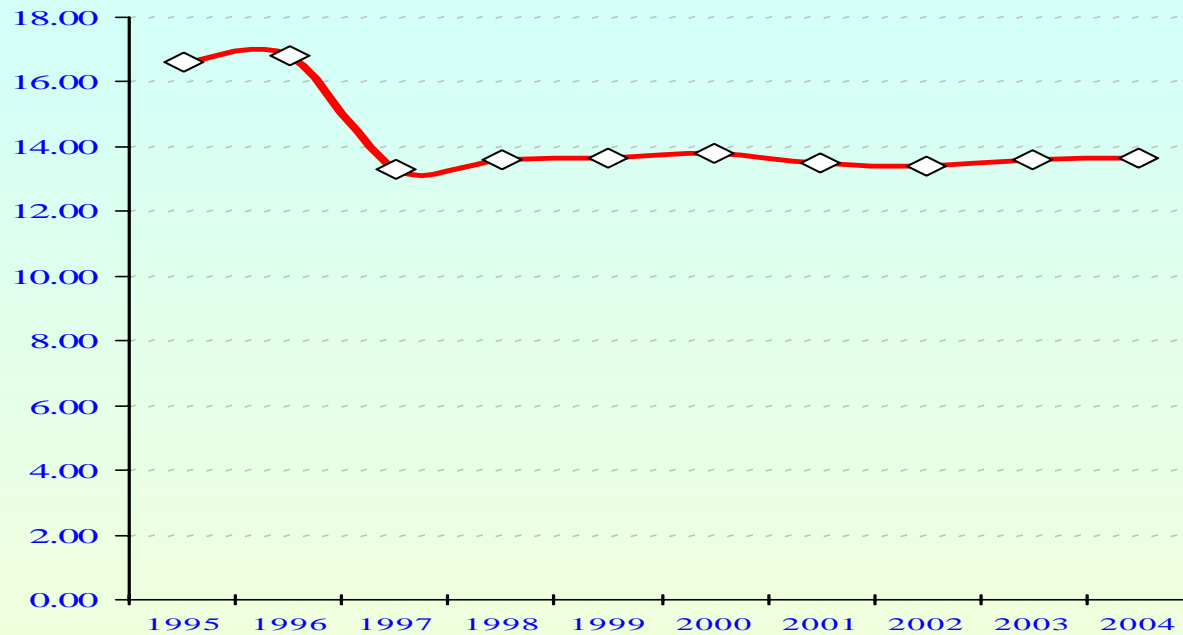
Warning Trend

Increasing per capita
expenditures in constant
dollars

	<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>	<u>2004</u>
Total General Fund										
Operating Expenditures	36,678,762	35,850,595	33,292,037	32,731,990	33,637,931	35,348,305	36,255,368	37,360,246	39,741,381	45,352,758
CPI	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99	2.04
Operating Expenditures In Constant Dollars	22,365,099	21,213,370	19,243,952	18,703,994	18,687,739	19,004,465	18,981,868	19,257,859	19,970,543	22,231,744
Population	51,031	51,143	51,311	51,315	51,650	51,659	52,715	53,657	53,939	54,639
Operating Expenditures Per Capita In Constant Dollars	438.26	414.79	375.05	364.49	361.81	367.88	360.08	358.91	370.24	406.88

Employees Per Thousand Citizens

All Funds



Sarasota Trend

Very Positive

Positive

Marginal

Negative

Very Negative



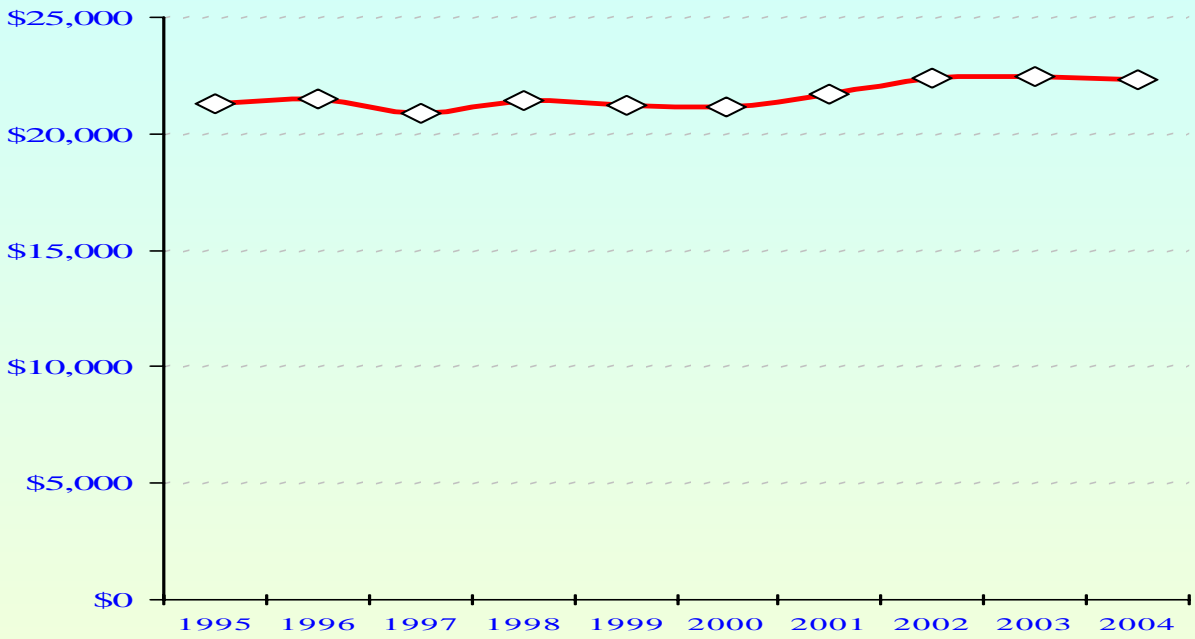
Warning Trend

Increasing number of employees per 1,000 citizens

	<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>	<u>2004</u>
Number of Employees	849.00	859.00	683.00	697.50	705.00	712.00	712.75	719.00	734.50	746.00
Population	51,031	51,143	51,311	51,315	51,650	51,659	52,715	53,657	53,939	54,639
Employees Per 1,000 Citizens	16.64	16.80	13.31	13.59	13.65	13.78	13.52	13.40	13.62	13.65

Average Employee Salary

General Fund Only - In Constant Dollars



Sarasota Trend

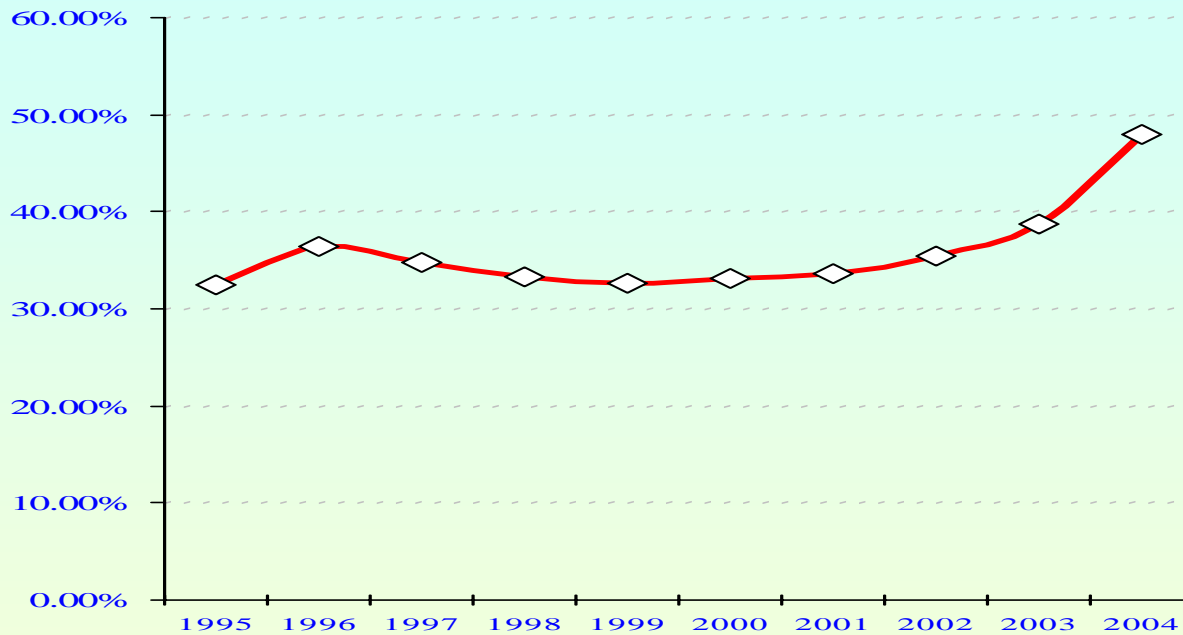
- Very Positive
- Positive ←
- Marginal
- Negative
- Very Negative

Warning Trend
 Consistent constant dollar
 increases / decreases

	<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>	<u>2004</u>
Number of Employees	595.66	408.66	419.66	429.16	439.74	446.74	448.74	449.86	462.74	472.49
Salaries & Wages	20,797,039	14,841,766	15,147,406	16,118,636	16,813,011	17,584,702	18,608,102	19,514,809	20,672,330	21,489,210
Average Salary	34,914	36,318	36,094	37,559	38,234	39,362	41,467	43,380	44,674	45,481
CPI	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99	2.04
Average Salary Per Employee In Constant Dollars	21,289	21,490	20,864	21,462	21,241	21,162	21,710	22,361	22,449	22,295

Fringe Benefits

As a % of General Fund Salaries and Wages



Sarasota Trend

Very Positive

Positive

Marginal

Negative

Very Negative ←

Warning Trend

Increasing fringe benefit expenditures as a percentage of salaries and wages

	<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>	<u>2004</u>
Fringe Benefit Costs (GF)	6,755,164	5,411,614	5,280,933	5,363,356	5,500,268	5,811,783	6,243,879	6,908,546	8,012,615	10,321,284
Salaries and Wages (GF)	20,797,039	14,841,766	15,147,406	16,118,636	16,813,011	17,584,702	18,608,102	19,514,809	20,672,330	21,489,210
Fringe Benefits as a % of Salaries and Wages	32.48%	36.46%	34.86%	33.27%	32.71%	33.05%	33.55%	35.40%	38.76%	48.03%

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 remained relatively constant from 1997 through 2002. In 2003 and 2004, additional pension costs and the hectic 2004 hurricane season resulted in a combined 13% increase.

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.

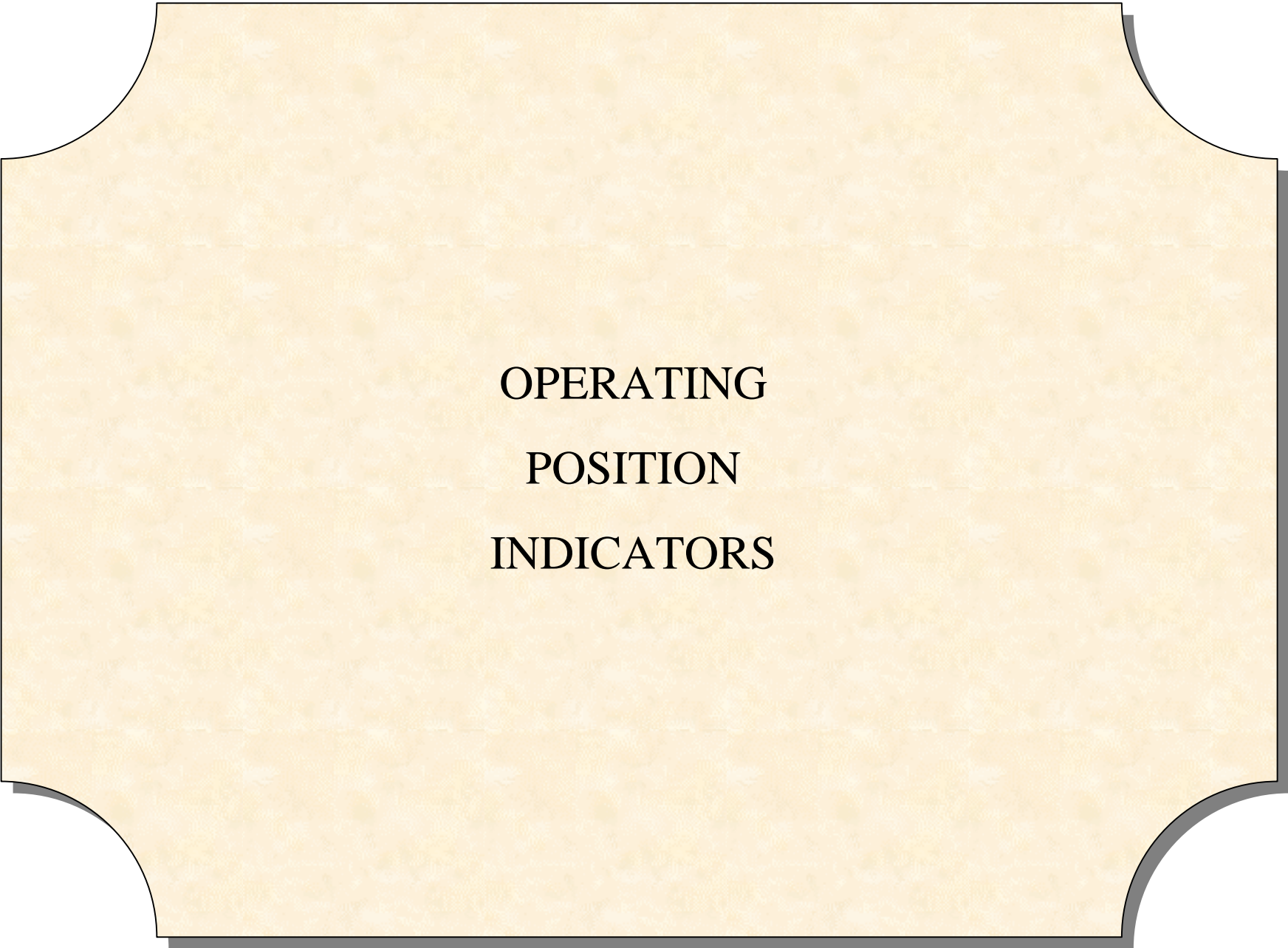
Sarasota demonstrates a very stable ratio of municipal employees per 1,000 residents, varying only 3.5 percent since 1997. The consolidation of the Fire-Rescue Bureau and Public Safety communications with Sarasota County resulted in a substantial reduction in City employees per thousand citizens from 16.80 in 1996 to 13.31 in 1997.

Average Employee Salary

In constant dollars, the average employee's salary remained relatively stable since 1995, varying only a total of 7.6 percent.

Fringe Benefits

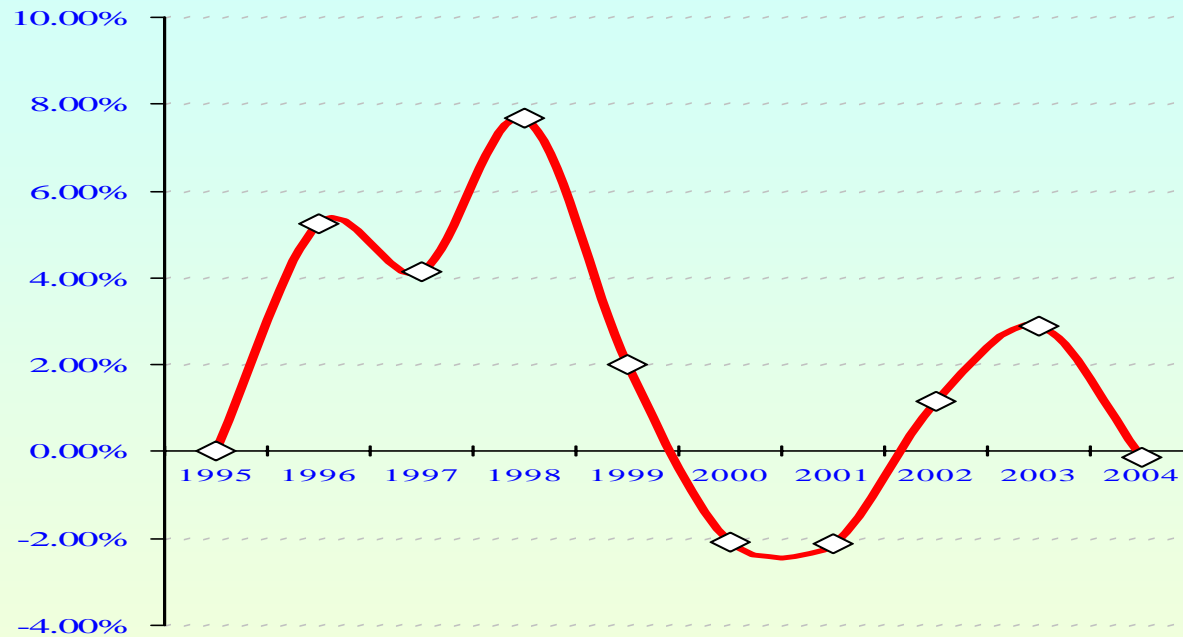
The level of fixed costs for pension and other fringe benefits remained relatively consistent over the four years prior to 2002. Due mainly to higher medical costs and increased pension costs, the level of fringe benefit costs has increased dramatically each of the last three years.



OPERATING
POSITION
INDICATORS

Operating Surplus - General Fund

As a % of General Fund Operating Revenue



Sarasota Trend

Very Positive

Positive

Marginal ←

Negative

Very Negative

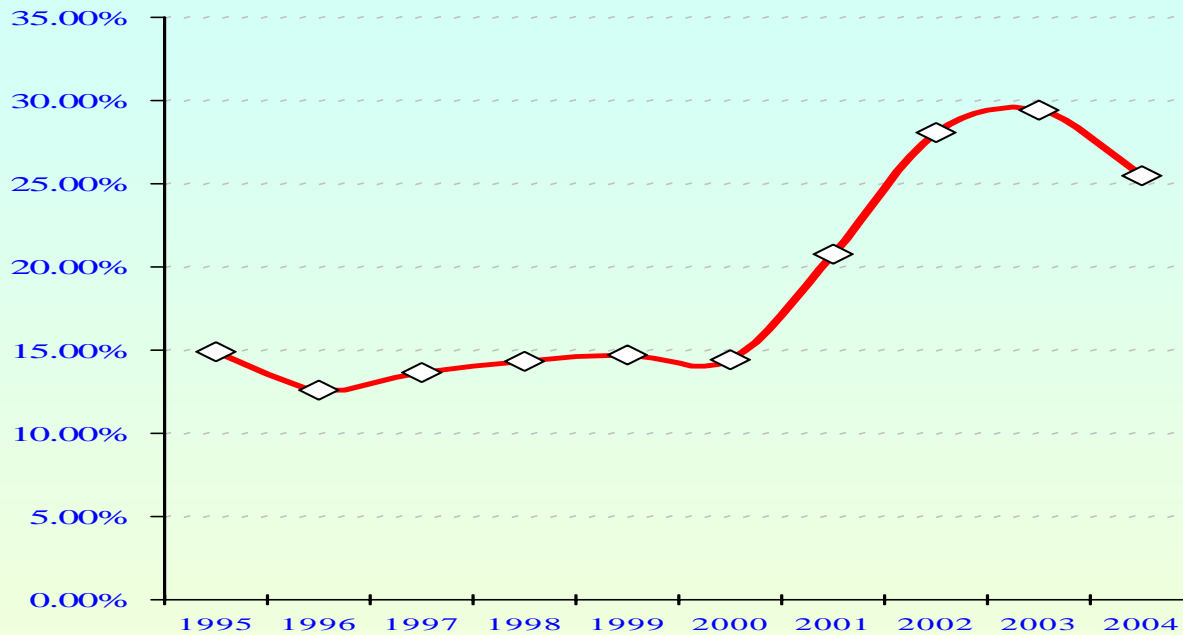
Warning Trend

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

	<u>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>	<u>2004</u>
Operating Surplus (Deficit)	1,125	1,970,099	1,431,589	2,715,137	689,652	(724,904)	(821,272)	463,525	1,185,547	(68,623)
Operating Revenue	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	47,534,157
Surplus (Deficit) as a % of Operating Revenue	0.00%	5.24%	4.16%	7.68%	2.01%	-2.07%	-2.13%	1.17%	2.88%	-0.14%

Unrestricted Balance - General Fund

As a % of General Fund Operating Revenue



Sarasota Trend

Very Positive

Positive

Marginal ←

Negative

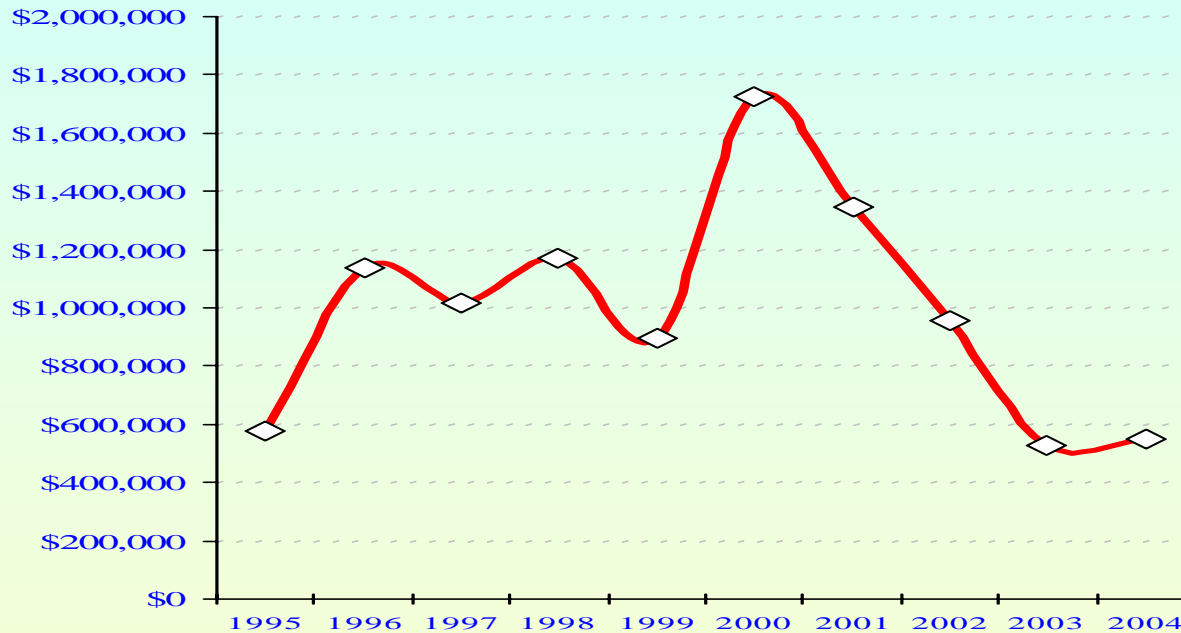
Very Negative

Warning Trend

Decreasing unrestricted fund balance as a percentage of general operating revenue

	<u>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>	<u>2004</u>
Unrestricted Fund Balance	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	12,104,774
Operating Revenue	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	47,534,157
Unrestricted Fund Balance as a % of Net Operating Revenue	14.93%	12.56%	13.69%	14.34%	14.74%	14.41%	20.77%	28.12%	29.40%	25.47%

Water and Sewer Constant Dollar Profit (Loss)



Sarasota Trend

Very Positive

Positive ←

Marginal

Negative

Very Negative

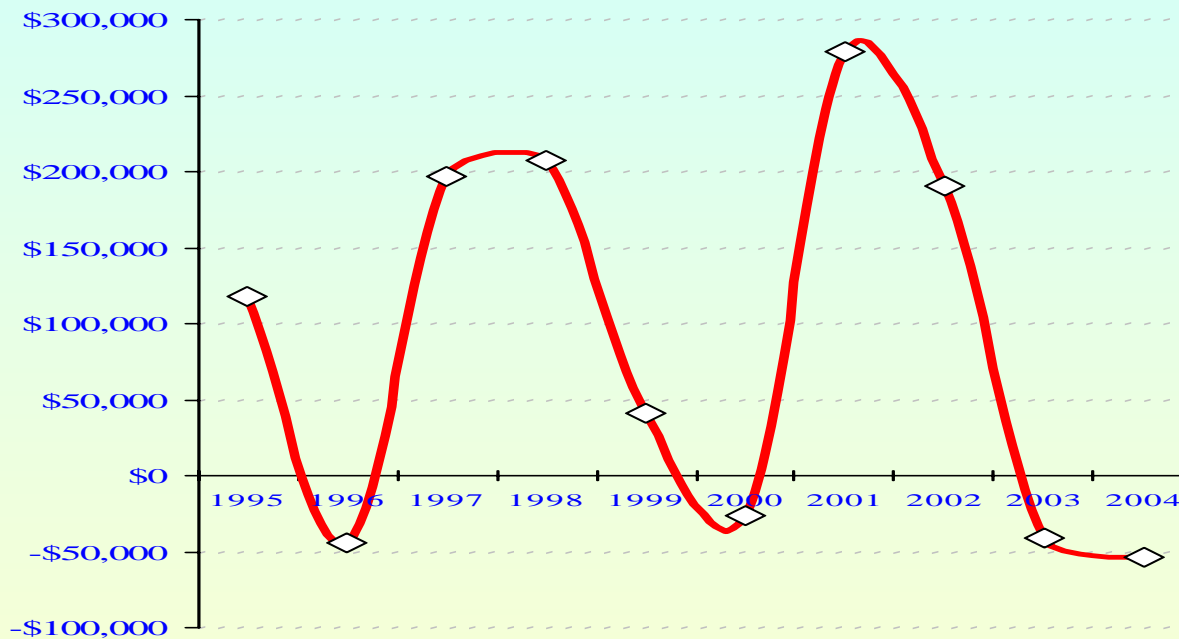
Warning Trend

Consistent enterprise
fund losses

	<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>	<u>2004</u>
Profit (Loss)	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	1,116,398
CPI	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99	2.04
Profit (Loss) In Constant Dollars	577,840	1,135,578	1,016,866	1,172,345	895,064	1,727,958	1,348,900	953,883	528,774	547,254

Solid Waste Management

Constant Dollar Profit (Loss)



Sarasota Trend

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

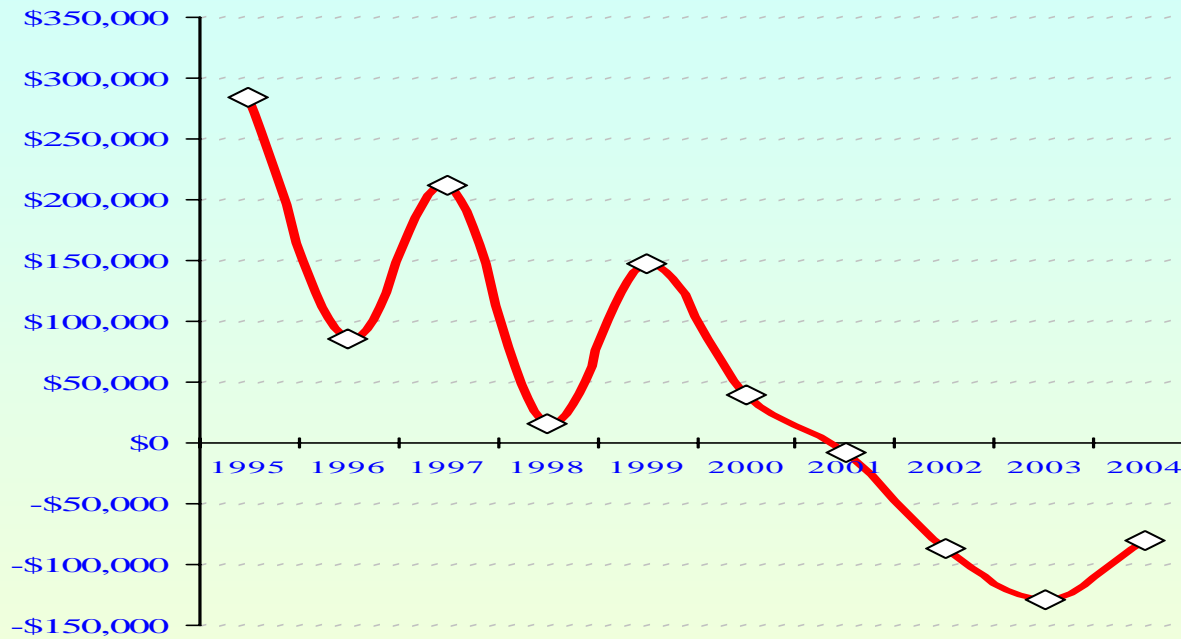
Warning Trend

Consistent enterprise
fund losses

	<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>	<u>2004</u>
Profit (Loss)	193,540	(75,373)	341,087	363,551	73,144	(49,069)	531,855	368,700	(82,726)	(109,555)
CPI	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99	2.04
Profit (Loss) In Constant Dollars	118,012	(44,599)	197,160	207,743	40,636	(26,381)	278,458	190,052	(41,571)	(53,703)

Bobby Jones Golf Course

Constant Dollar Profit (Loss)



Sarasota Trend

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

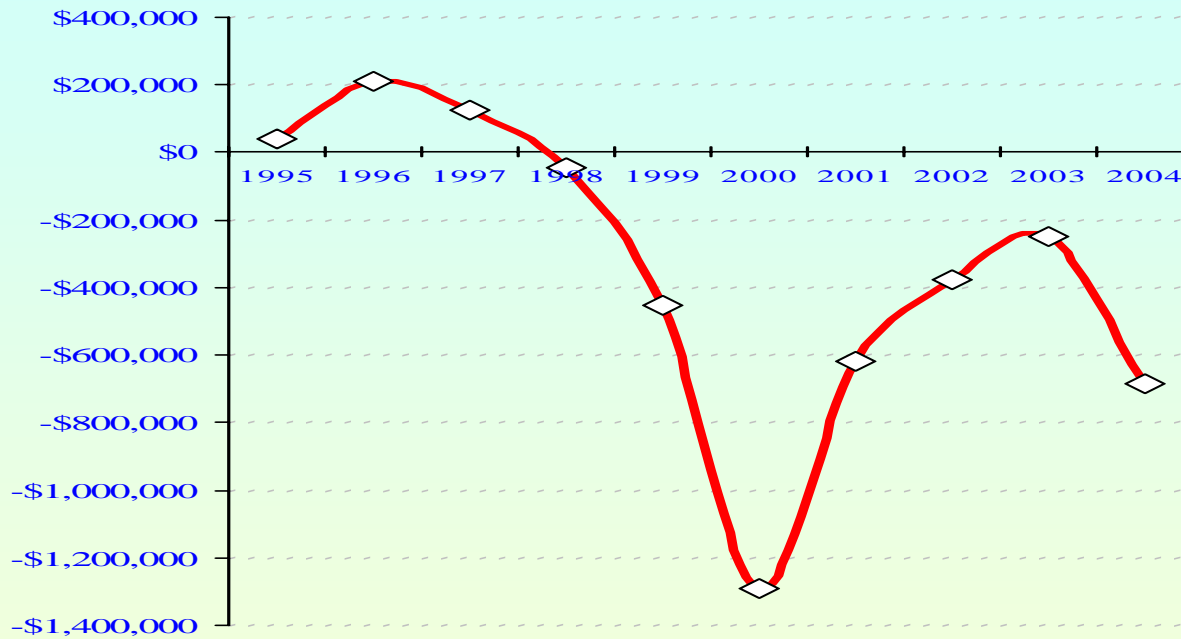
Warning Trend

Consistent enterprise
fund losses

	<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>	<u>2004</u>
Profit (Loss)	466,415	144,260	367,434	27,897	264,094	73,756	(14,699)	(167,578)	(256,653)	(163,229)
CPI	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99	2.04
Profit (Loss) In Constant Dollars	284,399	85,361	212,390	15,941	146,719	39,654	(7,696)	(86,380)	(128,971)	(80,014)

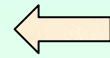
Van Wezel Performing Arts Hall

Constant Dollar Profit (Loss)



Sarasota Trend

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

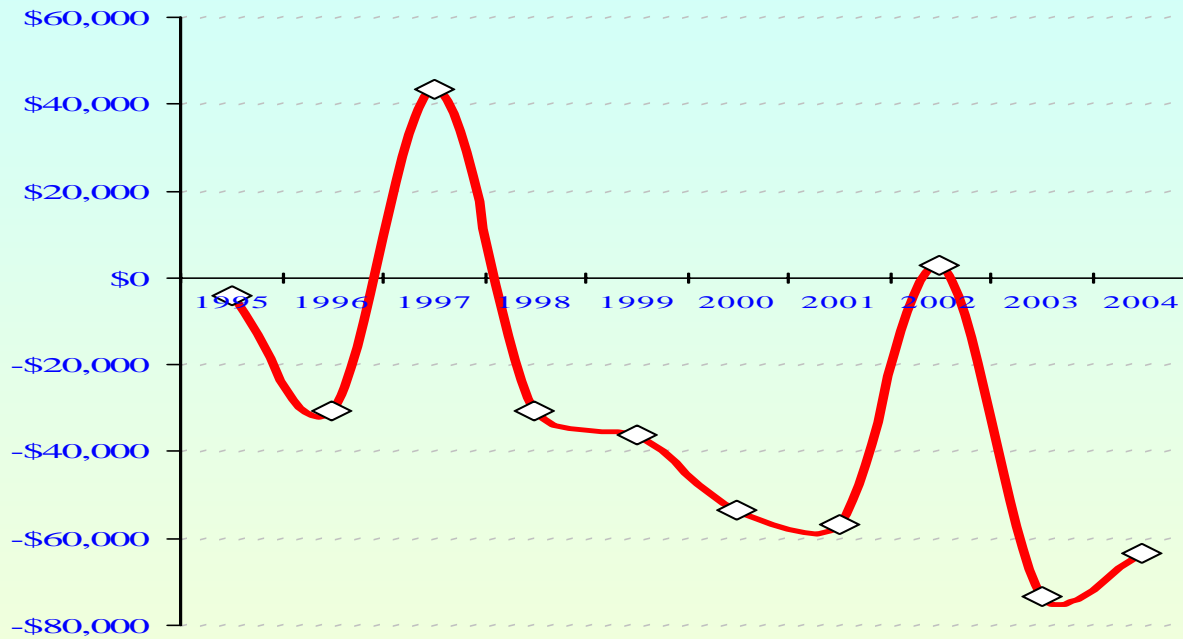


Warning Trend
Consistent enterprise fund losses

	<u>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>	<u>2004</u>
Profit (Loss)	64,879	352,717	215,125	(76,048)	(816,837)	(2,403,855)	(1,182,721)	(729,758)	(495,660)	(1,395,656)
CPI	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99	2.04
Profit (Loss) In Constant Dollars	39,560	208,708	124,350	(43,456)	(453,798)	(1,292,395)	(619,226)	(376,164)	(249,075)	(684,145)

Municipal Auditorium

Constant Dollar Profit (Loss)



Sarasota Trend

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

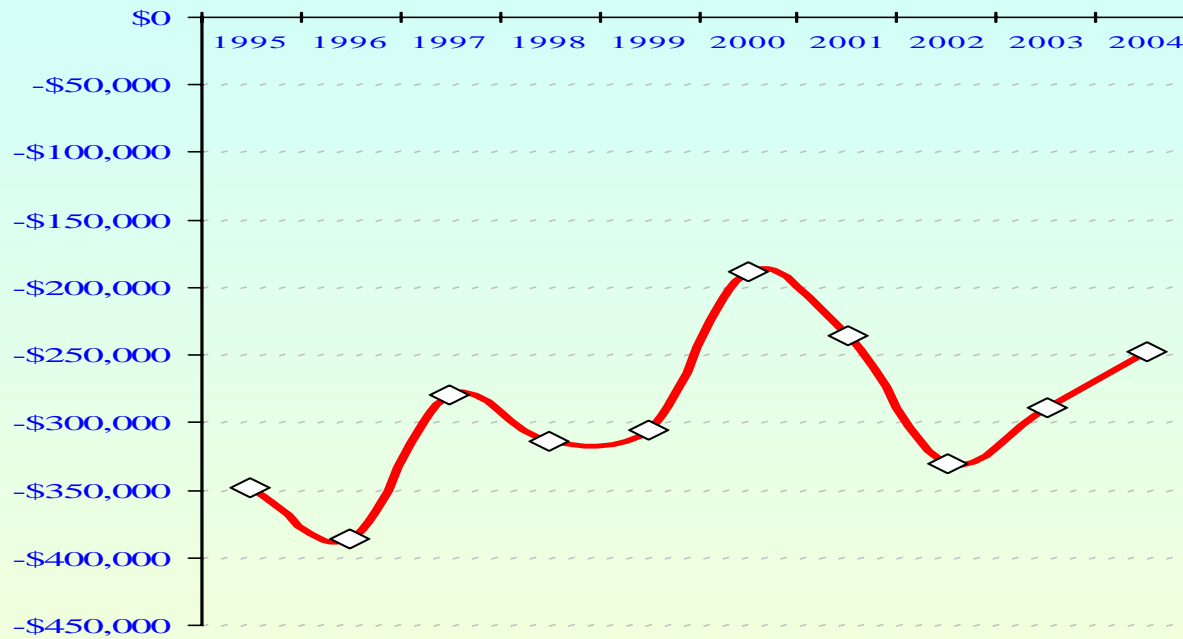
Warning Trend
Consistent enterprise fund losses

	<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>	<u>2004</u>
Profit (Loss)	(6,613)	(51,478)	75,054	(53,889)	(64,918)	(99,402)	(108,290)	5,758	(146,260)	(129,083)
CPI	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99	2.04
Profit (Loss) In Constant Dollars	(4,032)	(30,460)	43,384	(30,794)	(36,066)	(53,442)	(56,696)	2,968	(73,497)	(63,276)

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 ←

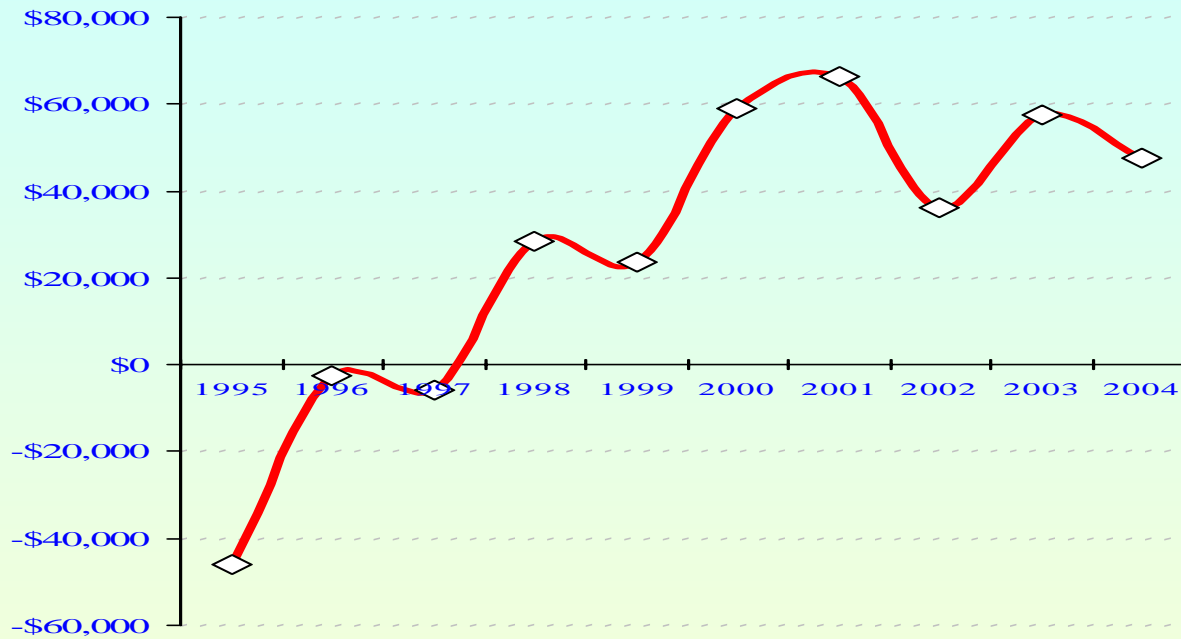
Warning Trend

Consistent enterprise
fund losses

	<u>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>	<u>2004</u>
Profit (Loss)	(571,284)	(652,330)	(484,500)	(548,952)	(549,431)	(350,025)	(450,275)	(641,385)	(574,784)	(504,288)
CPI	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99	2.04
Profit (Loss) In Constant Dollars	(348,344)	(385,994)	(280,058)	(313,687)	(305,239)	(188,185)	(235,746)	(330,611)	(288,836)	(247,200)

Parking Management

Constant Dollar Profit (Loss)



Sarasota Trend

Very Positive

Positive

Marginal

Negative

Very Negative



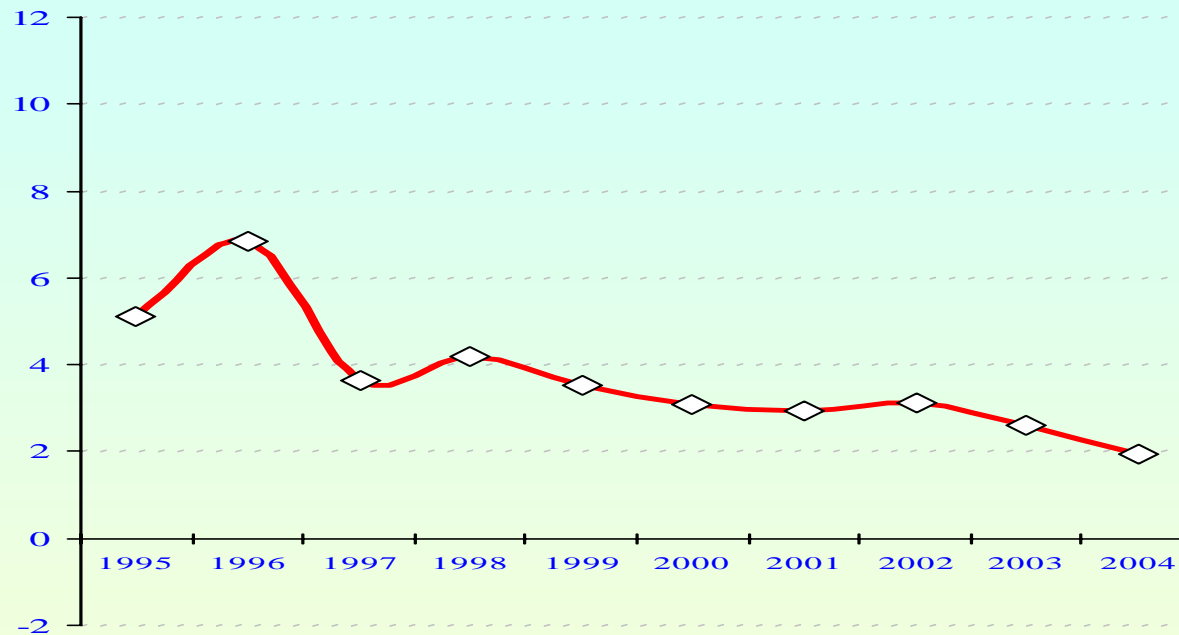
Warning Trend

Consistent enterprise
fund losses

	<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>	<u>2004</u>
Profit (Loss)	(75,623)	(4,138)	(10,163)	49,780	42,757	110,013	126,585	70,362	114,403	97,010
CPI	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99	2.04
Profit (Loss) In Constant Dollars	(46,112)	(2,449)	(5,875)	28,446	23,754	59,147	66,275	36,269	57,489	47,554

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>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>	<u>2004</u>
Cash and Liquid Assets	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	18,514,983
Current Liabilities	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	9,527,016
Liquidity Ratio	5.10	6.84	3.65	4.18	3.52	3.09	2.94	3.12	2.59	1.94

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. 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. 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 both revenues and expenditures increased in 2004 by 14 and 15 percent, respectively, the City experienced a 166 percent increase in transfers, the result of a year-end transfer to a special fund for building/zoning activities and development services.

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, 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 from the General Fund.

Liquidity Ratio

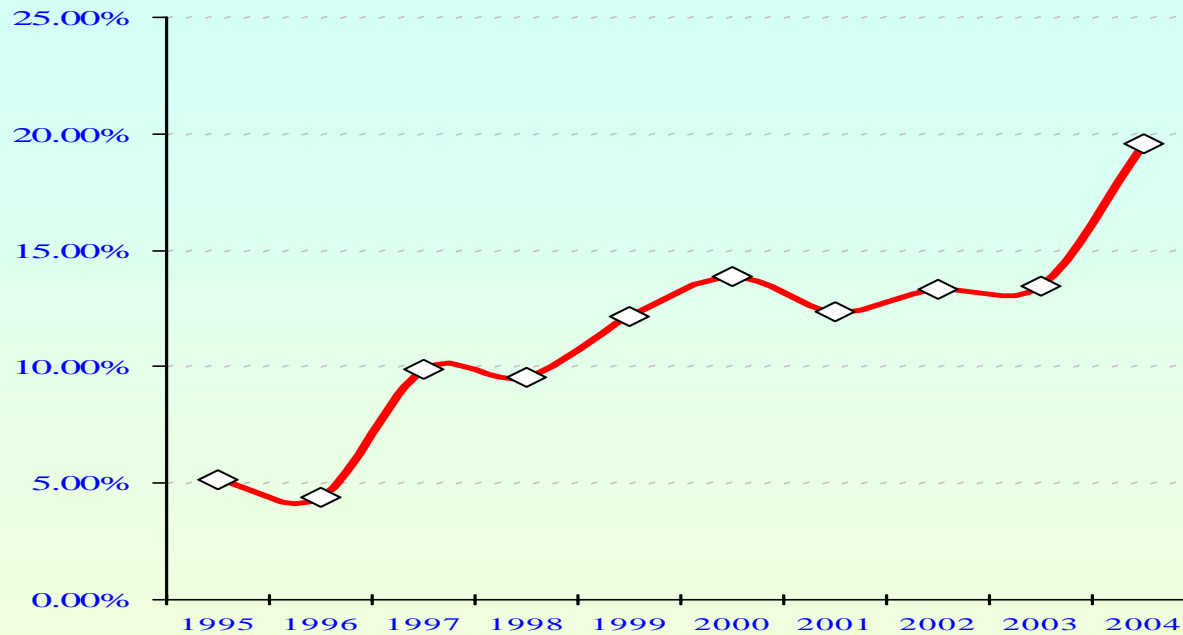
A good measure of a local government's short-term financial condition is its cash position. Cash position, which includes cash on hand and in the bank, as well as other assets that can be easily converted to cash, determines a government's ability to pay its short-term obligations. Entities use a standard 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 1.94 since 1994.



DEBT
INDICATORS

Current Liabilities

As a % of General Fund Operating Revenue



Sarasota Trend

Very Positive

Positive

Marginal ←

Negative

Very Negative

Warning Trend

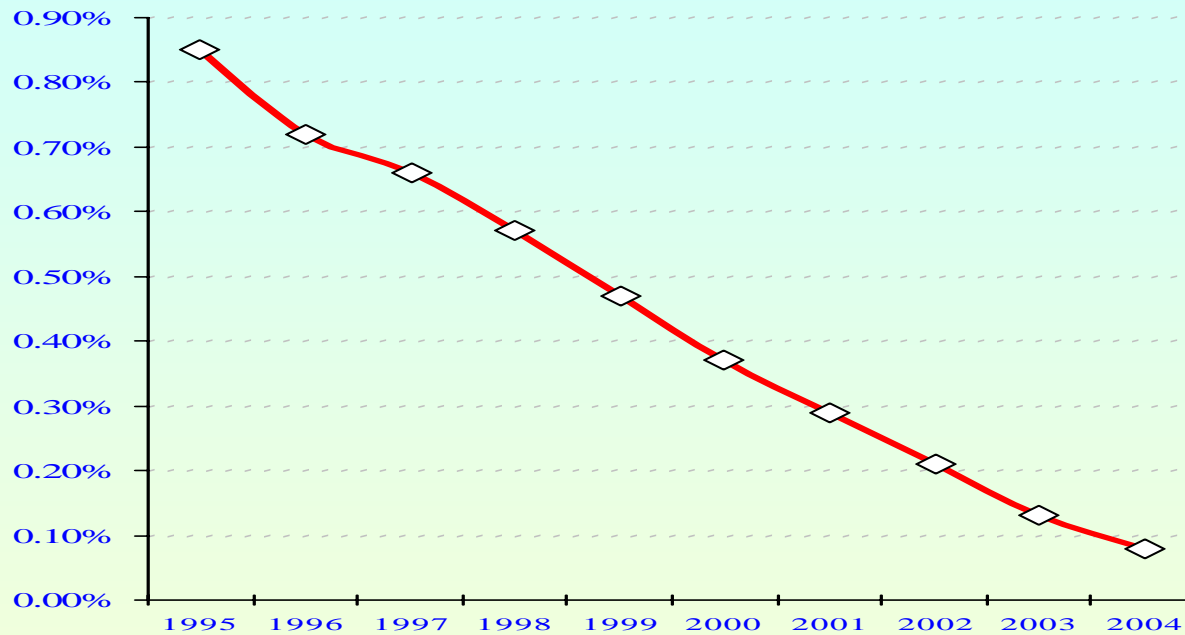
**Increasing current liabilities
as a percentage of operating
revenues**

	<u>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>	<u>2004</u>
Current Liabilities	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	9,527,016
Gross Operating Revenue	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	48,603,304
Current Liabilities as a % of Operating Revenue	5.15%	4.37%	9.90%	9.53%	12.13%	13.85%	12.36%	13.32%	13.48%	19.60%

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

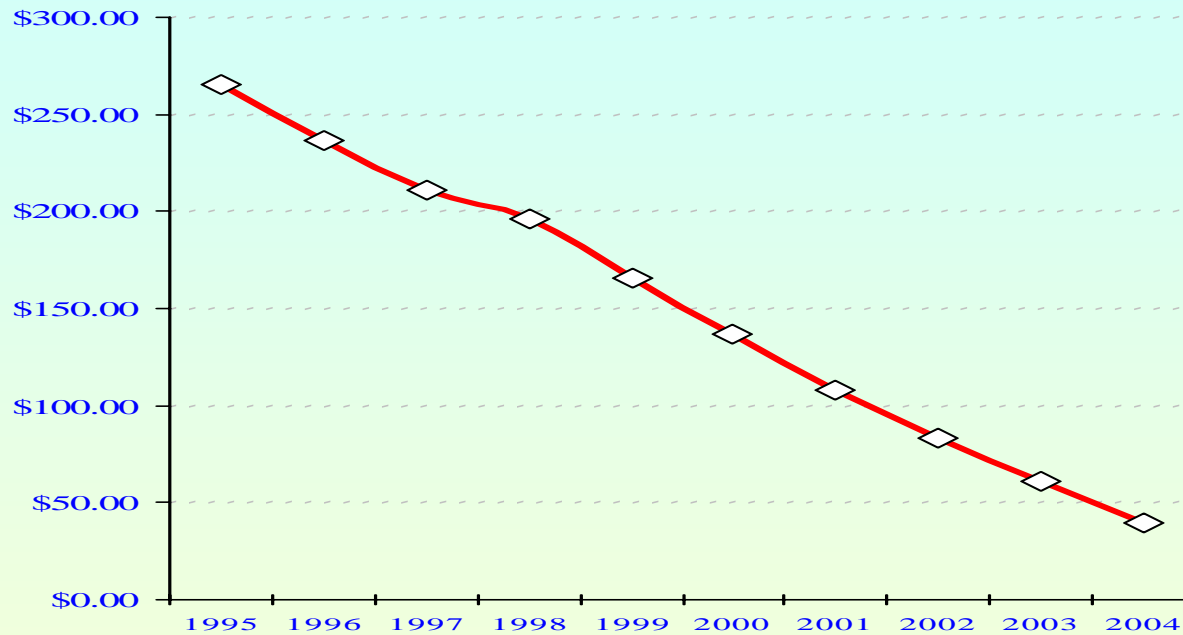
Warning Trend

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

	<u>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>	<u>2004</u>
Assessed Valuation (000's)	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	5,589,482
Net Direct Debt	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	4,429,717
Net Direct Debt as a % of Assessed Valuation	0.85%	0.75%	0.66%	0.57%	0.47%	0.37%	0.29%	0.21%	0.13%	0.08%

Direct Debt Per Capita

General Obligation Bonds – In Constant Dollars



Sarasota Trend

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

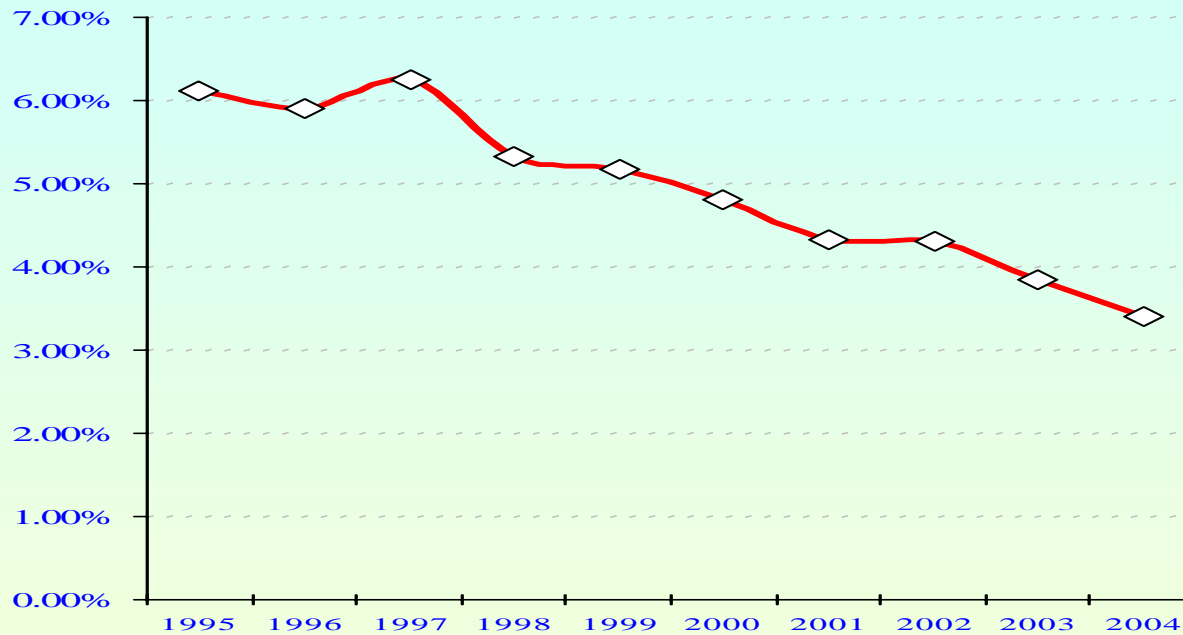
Warning Trend

Consistently rising dollars
per capita debt

	<u>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>	<u>2004</u>
Net Direct Debt	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	4,429,717
CPI	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99	2.04
Net Direct Debt In Constant Dollars	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	2,171,430
Population	51,031	51,143	51,311	51,315	51,650	51,659	52,715	53,657	53,939	54,639
Net Direct Debt Per Capita In Constant Dollars	265.24	236.87	210.96	195.85	165.58	137.09	108.14	83.06	60.86	39.74

Net Direct Debt Service

General Obligation Bonds – As a % of Operating Revenue



Sarasota Trend

Very Positive ←

Positive

Marginal

Negative

Very Negative

Warning Trend

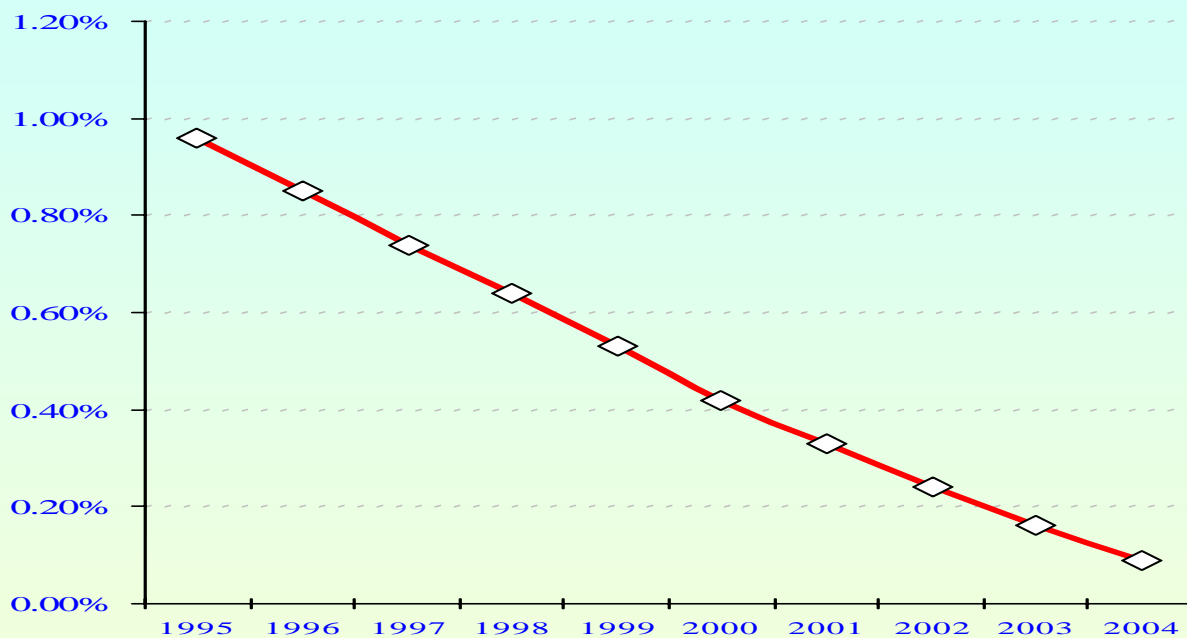
Increasing amount of net direct debt service as a percentage of net operating revenue

	<u>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>	<u>2004</u>
Net Direct Debt Service	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	2,728,675
Net Operating Revenue *	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	80,249,955
Net Direct Debt Service as a % of Net Operating Revenue	6.11%	5.90%	6.25%	5.32%	5.17%	4.81%	4.33%	4.31%	3.85%	3.40%

* 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

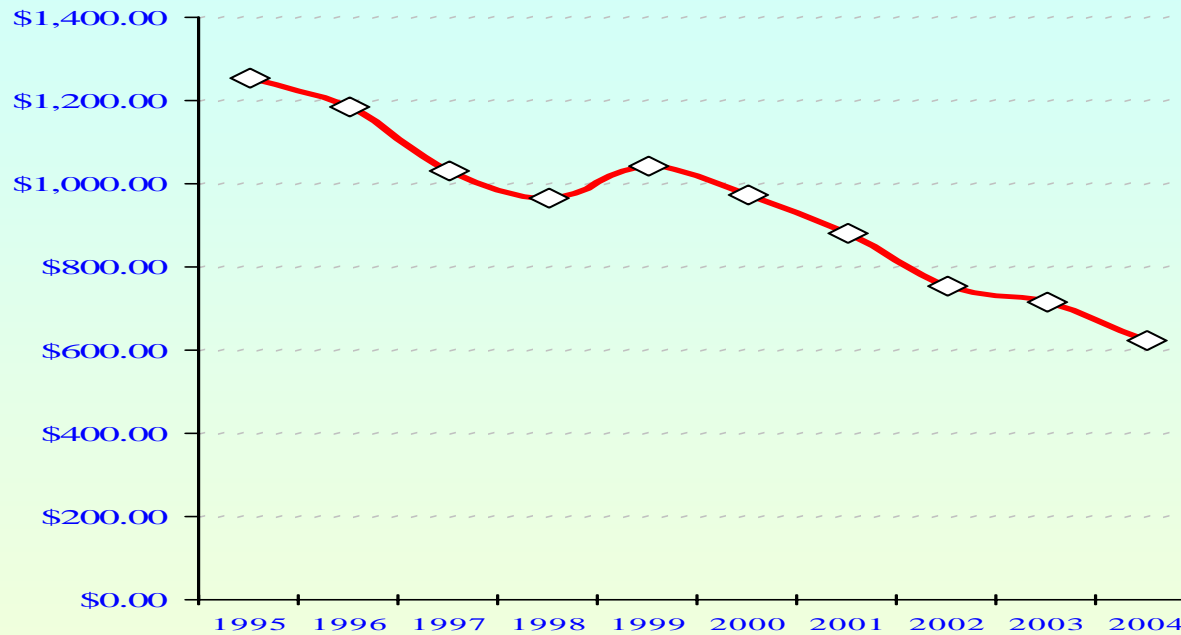
Warning Trend

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

	<u>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>	<u>2004</u>
Assessed Valuation (000's)	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	5,589,482
Overlapping LongTerm Debt	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	5,241,842
Overlapping LongTerm Debt as a % of Assessed Valuation	0.96%	0.85%	0.74%	0.64%	0.53%	0.42%	0.33%	0.24%	0.16%	0.09%

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>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>	<u>2004</u>
Long Term Debt	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	91,738,254
Reserve for Debt Srvce	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	22,409,263
Net Long Term Debt	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	69,328,991
CPI	1.64	1.69	1.73	1.75	1.80	1.86	1.91	1.94	1.99	2.04
Constant Dollars	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	33,984,800
Population	51,031	51,143	51,311	51,315	51,650	51,659	52,715	53,657	53,939	54,639
Per Capita	1,255.20	1,183.16	1,031.02	967.22	1,041.58	972.70	880.59	752.25	713.49	621.99

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 as a percent of General Fund operating revenue increased from 4.37 % in 1996 to 19.6 % in 2004. A considerable increase in liabilities in 1997 and subsequent years reflects the recording of the full liability for compensated absences in the year earned. The spike in 2004 is the result of recording as a liability, unpaid (\$1,594,242) and unearned (\$1,434,818) reimbursements from the Federal Emergency Management Agency and a retroactive Police wage liability (\$554,106). These three liabilities are extraordinary in nature and constitute a temporary condition that generally will not exist at year end. To illustrate the point, the current liabilities as a percent of operating revenue will decrease to a comparable level of approximately 13.0 percent when these liabilities are liquidated.

Net Direct Debt

The City's net direct debt has declined from 0.85 percent in 1995 to a low of 0.09 percent in 2004.

Direct Debt Per Capita

The City's direct debt per capita has declined from \$265.24 in 1995 to \$39.74 in 2004.

Net Direct Debt Service

The net direct debt service has steadily decreased from 6.25 percent in 1997 to 3.40 percent in 2004.

Overlapping Long Term Debt

The City's overlapping long-term debt has declined each of the last ten years, from 0.96 percent in 1995 to 0.08 percent in 2004.

Total Long Term Debt Per Capita

The City's total long term debt per capita has decreased consistently from \$1,255.20 in 1995 to \$621.99 in 2004.

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 City personnel costs (wages, retirement contributions and health care benefits, in particular) and expanded services, pressure on the City's limited property tax base will continue to increase.

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