



City of Sarasota Popular Annual Financial Report

For the year ending September 30, 2013

A Financial Summary for Our Citizens



Message to our Citizens:

Our City welcomes the responsibility of being accountable for the management of public funds. To assure accountability, transparency, and that the best practices in fiscal management are being observed, we prepare financial reports throughout the year for review by financial professionals, our governing Commission, and the public. Although all of these documents are publically available, many can be challenging to understand without a background in governmental accounting or financial management.

Therefore, beginning with Fiscal Year 2013 (10-01-2012 thru 09-30-2013) and annually thereafter, the City of Sarasota will publish a user-friendly financial report for the public's review, aka a '**Popular Report**'. The Popular Report will provide a succinct and relatable overview of the financial management of the City of Sarasota's public funds. We'll use commonly understood terms and explain any new terminology when needed. When done reviewing the report, one should be able to understand where public funds come from, how they are spent, and why they are spent in the way that they are.

All of the data presented in this report is taken from the City of Sarasota's **Comprehensive Annual Financial Report** (the "CAFR"), which is published annually in accordance with best practices and has been awarded a Certificate of Achievement for Excellence in Financial Reporting every year for the past 32 years. The full CAFR can be viewed online at the City's website: <http://sarasotagov.org/PDF/ACC/CAFR%202013.pdf>. The financial data in the CAFR is presented in accordance with **Generally Accepted Accounting Principles** ("GAAP"). Organizations use GAAP to make their reports and records comparable with other entities, so definitions, parameters and calculations are performed and presented the same way throughout different organizations. However, when trying to give a user-friendly overview, it can be beneficial to provide condensed data that does not include all of the extensive financial details and supplementary documentation required by GAAP. For that reason, this document is presented on a non-GAAP basis even though the original data source is the CAFR, a GAAP-compliant document.

The values in this report represent the summation of all of the funds the City is responsible for; that is, no portions of the Organization have been excluded from these totals. The financial information presented in this report represents the **fiscal year which ended on September 30th, 2013**, and also includes the previous fiscal year for comparison. The information in this report represents the **ACTUAL** (i.e., not budgeted) financial data.

It has been my pleasure to prepare this information for you, and I look forward to providing you this information on an annual basis. Please contact me directly with your questions, comments, or concerns – I welcome your feedback!



John Lege, CGFO, Director of Finance, City of Sarasota
John.Lege@SarasotaGov.com #941.954.4104



Fellow Sarasotans,

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The great hope for continuous improvements to the quality of life here and around the globe is the inherent promise of the information age. Good organizations are making lots of information available, but the best organizations translate extensive and complex information into meaningful and understandable forms.

Our new "Popular Report" strives to strengthen our civic infrastructure by organizing extensive and complex financial and accounting reports into understandable information to help the average citizen understand how our City government operates and invests your taxes and fees for services.

I would like to thank Finance Director John Lege and his staff for creating this new financial reporting format. Your suggestions for future financial reporting and related community improvements are very much appreciated and welcomed 2/7/365 at: thomas.barwin@sarasotagov.com

Thank you for your investment in our great community and taking some time to review this financial summary.

*From Sunny Sarasota,
Thomas W. Barwin
City Manager*



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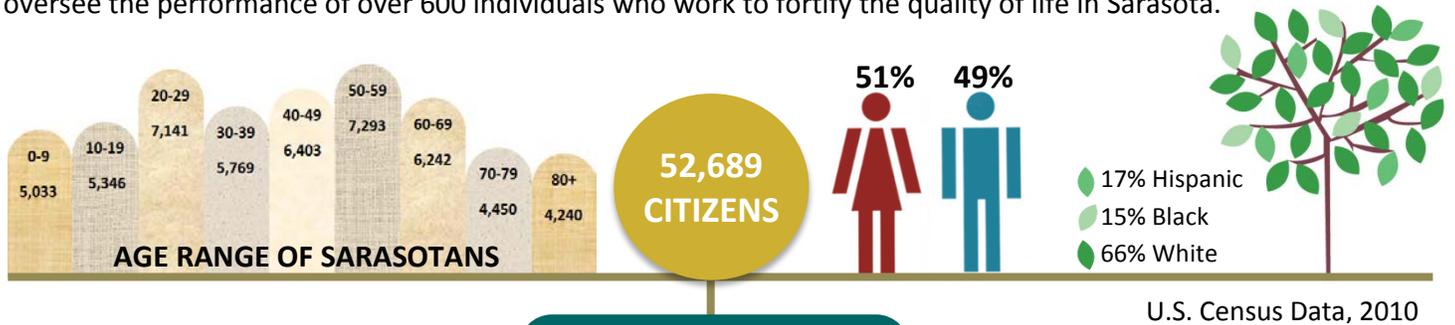
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Cover Photo: Norman Schimmel



Your City, Your Government

If you live in the City of Sarasota you join 52,689 other citizens in calling this City home, and you share in the care and governance of 14.6 square miles of land and 9.5 square miles of water. You are governed by five (5) elected officials known collectively as the City Commission. Your Commission appoints a professional City Manager to oversee the performance of over 600 individuals who work to fortify the quality of life in Sarasota.



5 Elected Commissioners



3 Appointed Professionals

City Attorney

City Manager

City Auditor-Clerk

The ORGANIZATION at Work in 2013: 564 Full Time 114 Part Time

Maintaining movement throughout the City: Overseeing 240+ miles of roadways, 175+ miles of sidewalk, and 101 traffic signals

Maintaining 595 miles of water and sewer infrastructure to provide clean drinking water and sanitary sewer service to over 19,300 City locations

Protecting the personal safety of over 84,000+ daytime occupants of the City and over 1 Million visitors annually

Making available to the public 750+ acres of public parks, three public pools, a Community Complex, a Performing Arts Hall, a Historic Auditorium, a Children's Fountain, a Skateboard Park, miles of public beachfront, and countless other amenities

Maintaining over 5,200 business licenses, and issuing over 6,300 building permits

And providing all the support services needed for the above activities to occur

The City's Financial Position as of Sept 30, 2013

The financial balance sheet, known in accounting terms as the “**Statement of Net Position**”, provides a picture of the health of the City at the end of a fiscal year, which can then be compared against other fiscal years. The City’s ‘fiscal year’ is twelve months beginning October 1st, and running until September 30th. By representing the total financial worth of the City (our “Assets”), and reducing that total by all the money we owe (our “Liabilities”), we are left with a remaining balance known as our “Net Position”. How big or small our net position is in a fiscal year, especially in relation to previous years’, can be critical information when assessing the City’s financial sustainability.

The City categorizes operations as either ‘**Governmental Activities**’ or ‘**Business-type Activities**’. Governmental Activities (and their respective funds) are intended to provide benefit to the public and the government body as a whole – not just specific users. Business-type Activities (and their respective funds) are expected to recover the costs of operations primarily through fees charged directly to the users benefiting from the service. We distinguish between the two because based on the accepted standards of governmental accounting we analyze each using different methods. In the City of Sarasota our major Governmental Activities include the categories of ‘**General Government**’, ‘**Public Safety**’, ‘**Physical Environment**’, ‘**Transportation**’, ‘**Culture and Recreation**’, ‘**Economic Environment**’, and ‘**Interest on Long Term Debt**’. Our major Business-Type Activities include **Water and Sewer**, **Solid Waste**, and the **Van Wezel Performing Arts Hall**.

When comparing our assets to liabilities – we group our assets by type, as well as our liabilities. Further, when we identify our net position, we must acknowledge that some of our assets are restricted from being spent, due to the fact that they are physical assets that are being used to operate the City, or based on other external restrictions upon the monies (for instance, they have been pledged for a future use).

Net of Depreciation indicates that the value being assigned to an asset is it’s ‘current’ value. Any loss in value due to the passing of time has already been accounted for when representing the assets’ values in the below table.

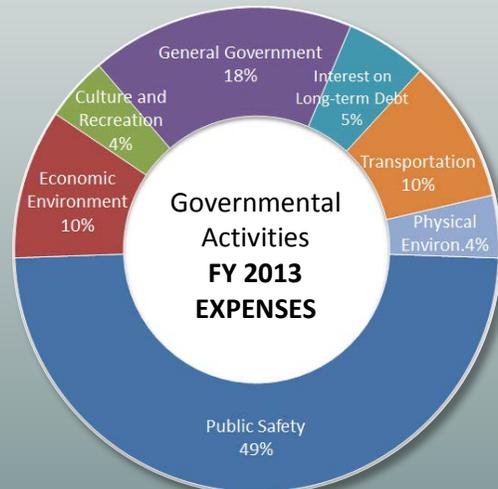
		Governmental Activities		Business Type Activities	
ASSETS		FY 2013	FY 2012	FY 2013	FY 2012
What We Have	Current and Other Assets	\$ 118,738,149	\$ 122,675,535	\$ 87,614,076	\$ 91,595,532
	Capital Assets, net of depreciation	\$ 207,800,108	\$ 223,563,205	\$ 190,702,430	\$ 166,109,940
	Total Assets	\$ 326,538,257	\$ 346,238,740	\$ 278,316,506	\$ 257,705,472
LIABILITIES		FY 2013	FY 2012	FY 2013	FY 2012
What We Owe	Current and Other Liabilities	\$ 19,666,105	\$ 21,058,816	\$ 14,906,296	\$ 14,312,515
	Long-term Liabilities Outstanding	\$ 86,416,588	\$ 89,042,268	\$ 61,122,127	\$ 64,694,988
	Total Liabilities	\$ 106,082,693	\$ 110,101,084	\$ 76,028,423	\$ 79,007,503
NET POSITION		FY 2013	FY 2012	FY 2013	FY 2012
What's Left	Capital Assets net of debt	\$ 148,111,650	\$ 160,182,484	\$ 135,645,189	\$ 113,546,562
	Restricted	\$ 62,107,977	\$ 62,009,064	\$ 12,741,195	\$ 14,824,001
	Unrestricted	\$ 10,235,937	\$ 13,946,108	\$ 53,901,699	\$ 50,327,406
TOTAL NET POSITION		\$ 220,455,564	\$ 236,137,656	\$ 202,288,083	\$ 178,697,969
		FY 2013	FY 2012	FY 2013	FY 2012
		Governmental Activities		Business Type Activities	

Accounting for the City's Governmental Activities

The Governmental Activities of the City include the administrative, legislative, and financial support services that are necessary to operate the City Organization and carry out the goals of the City Charter. The table below represents the **Revenues and Expenditures of just the Governmental Activities** for the fiscal year ending September 30, 2013 and the previous fiscal year. Although revenues are received from dozens of sources, we group revenues into only 6 categories in this table to more clearly represent how we receive the income we do. The same is true for expenses; they are grouped here by 'purpose', to provide clarity on why the City spends what it does.

GOVERNMENTAL ACTIVITIES		
WHERE THE MONEY COMES FROM.....		
REVENUES	FY 2013	FY 2012
Ad Valorem Property Taxes	\$ 26,109,863	\$ 25,956,504
Other Taxes	\$ 23,242,831	\$ 22,258,816
Operating Grants and Contributions	\$ 10,384,312	\$ 12,777,162
Other Sources	\$ 9,088,251	\$ 10,087,817
Charges for Services	\$ 5,357,348	\$ 4,279,833
Capital Grants and Contributions	\$ 2,588,161	\$ 4,125,429
Total Revenues	\$ 76,770,766	\$ 79,485,561

WHERE THE MONEY GOES TO.....		
EXPENSES	FY 2013	FY 2012
Public Safety	\$ 37,595,883	\$ 37,040,548
General Government	\$ 13,535,677	\$ 12,479,655
Economic Environment	\$ 7,685,608	\$ 9,057,540
Transportation	\$ 7,379,994	\$ 7,397,017
Interest on Long-term Debt	\$ 4,187,503	\$ 4,519,066
Culture and Recreation	\$ 3,294,003	\$ 3,384,150
Physical Environment	\$ 3,202,880	\$ 3,654,521
Total Expenses	\$ 76,881,548	\$ 77,532,497



- Other Taxes** includes gasoline taxes, sales taxes, public service taxes, local business tax receipts, and boat taxes.
- Operating Grants and Contributions** includes monies received that can be used for operations (for example – maintenance).
- Other Sources** includes franchise fees, unrestricted state revenue sharing, investment earnings, gain on sale of capital assets and miscellaneous (including alcohol licenses, mobile home licenses, and property rents).
- Charges For Services** includes charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the 'General Government' Departments (see below).
- Capital Grants and Contributions** includes monies received that can be used for capital projects (for example – a building).
- Public Safety** includes the efforts of the Sarasota Police, contributions to the Fire Dept, and the City's Code Compliance division.
- General Government** refers to the parts of the City organization which are not intended to serve as 'business-type' entities, but instead maintain general operations for the City organization – by providing support services like computer services (Information Technology Department), legal services (City Attorney's Office), employment services (Human Resources), etc.
- Economic Environment** includes efforts to support community redevelopment.
- Transportation** includes the City's efforts to design, construct, and maintain all pedestrian-bicycle-bus-vehicle corridors in the City.
- Culture and Recreation** includes the City's efforts to provide popular community amenities like a children's fountain, playgrounds, a Skateboard Park, a community complex, holiday parades and events, and to continue to sustain the Lido Beach amenities.
- Physical Environment** includes the City's efforts to maintain the City's parks and public landscaped areas.



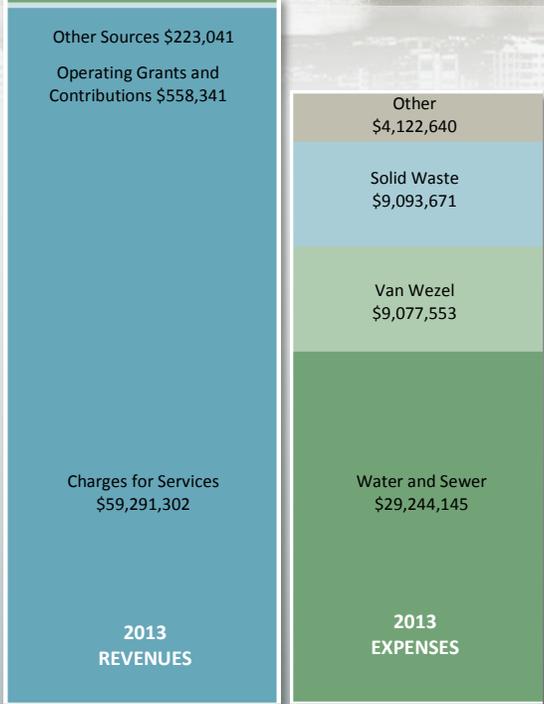
BUSINESS-TYPE ACTIVITIES

WHERE THE MONEY COMES FROM.....

REVENUES	FY 2013	FY 2012
Charges for Services	\$ 59,291,302	\$ 59,119,528
Operating Grants and Contributions	\$ 558,341	\$ 653,473
Other Sources	\$ 223,041	\$ 603,132
Total Revenues	\$ 60,072,684	\$ 60,376,133

WHERE THE MONEY GOES TO.....

EXPENSES	FY 2013	FY 2012
Water and Sewer	\$ 29,244,145	\$ 28,810,585
Van Wezel Performing Arts Hall	\$ 9,077,553	\$ 8,997,179
Solid Waste	\$ 9,093,671	\$ 8,806,639
Other	\$ 4,122,640	\$ 4,378,860
Total Expenses	\$ 51,538,009	\$ 50,993,263



The Business-Type Activities of the City include departments that are financed and operated in a manner similar to private business enterprise where the intent of the governing body is that the costs of providing goods and services is addressed primarily through user charges. The table above represents the **Revenues and Expenses of just the Business-Type Activities** for the fiscal year ending September 30, 2013 and the previous fiscal year. Although revenues are received from dozens of sources, we group revenues into only 3 categories in this table to simplify the income sources. The same is true for expenses; they are grouped here by the enterprise effort, to simplify the intent of the expenses.

Charges for Services for Business Type Activities includes ticket costs to attend performances at the Van Wezel, monthly water and sewer bills, charges for trash removal, payments for parking permits, rental fees for public auditorium use, charges to golf at Bobby Jones Golf Course, etc.

Operating Grants and Contributions includes monies received that can be used for operations (for example a Federal grant could be received to operate an educational program at the Van Wezel).

Other Sources includes investment earnings, and gain on disposition of capital assets.

Water and Sewer expenses include all costs to manage and operate an extensive water, wastewater, and reclaimed water program throughout the City.

Van Wezel Performing Arts Hall expenses include all costs to manage and operate a 1,743 seat performing arts hall.

Solid Waste expenses include all costs to collect and process 48,300+ tons of residential, commercial, and yard waste and recycling City-wide.

Other Expenses include all costs associated with providing public parking services, offering public golf facilities, and operating municipal auditoriums.

The City's Capital Assets... "What We Own"

'Assets' can be generally defined as the **items the City owns that will provide a benefit in the future**. Specifically, the City's capital assets are owned primarily for their contribution to the quality of the community, for instance, a parcel of land that is owned and used as a park (Governmental Activity), or a public parking garage that charges for permit parking (Business-Type Activity). The City's capital assets are assigned as either assets associated with Governmental Activities or as assets associated with Business-Type Activities.

Some capital assets are considered to lose value over time. For instance, a garbage truck purchased for \$100,000 may only have a value of \$50,000 after a number of years. In order for the City to account for changing values, they assign a 'depreciation' factor over time. In the table below, all the assets are represented 'net of depreciation', that is, they are valued as of September 30, 2013, including any reductions made to their original value(s). It should be noted that the City does not depreciate assets in the categories of 'Art Collections' and 'Land', which have indefinite useful lives.



CAPITAL ASSETS	Governmental Activities		Business Type Activities	
	FY 2013	FY 2012	FY 2013	FY 2012
Art Collections	\$ 859,973	\$ 859,973	\$ 218,397	\$ 218,397
Equipment	\$ 6,297,329	\$ 6,999,841	\$ 3,899,912	\$ 2,263,186
Construction In Progress	\$ 7,424,252	\$ 6,609,140	\$ 39,730,048	\$ 38,159,908
Land	\$ 40,450,911	\$ 43,181,580	\$ 12,252,113	\$ 9,584,361
Buildings	\$ 57,818,671	\$ 68,348,846	\$ 28,830,139	\$ 20,230,389
Improvements and Infrastructure	\$ 94,948,972	\$ 97,563,825	\$ 5,248,120	\$ 2,219,562
Utility Systems	---	---	\$ 100,523,701	\$ 93,434,137
TOTAL	\$ 207,800,108	\$ 223,563,205	\$ 190,702,430	\$ 166,109,940
VALUE OF	FY 2013	FY 2012	FY 2013	FY 2012
CAPITAL ASSETS	Governmental Activities		Business Type Activities	



The City has thousands of different kinds of capital assets making up its total holdings. While there are less than 100 works of **Art** in the City's public collection, there are more than 7,400 pieces of **Equipment** the City is responsible for. **Improvements and Infrastructure** range from sidewalk improvements, to the creation of a baseball field. The category of **Land** includes not only public parks, but land under City owned **Buildings**. The largest category of capital assets is **Utility Systems**, and includes over 275 miles of water lines and 326 miles of sanitary sewers, in addition to water and wastewater treatment plants, well fields, saltwater intakes, and other critical system components.



Sometimes the City will chose to 'issue debt' (borrow money) in order to maintain or create critical community assets. As a Government entity (a municipal City), as well as due to our excellent bond rating (established by external rating agencies who determine the City's bonds are a good investment), the City is often able to borrow money at favorable rates, provided the bond proceeds benefit the community. The City repays this debt with either general revenues ("General Obligation Bonds"), or revenues received from specific (typically Business-Type) activities ("Special Obligation Bonds, and "Revenue Bonds"). We are also able to acquire municipal loans when needed.

OUTSTANDING DEBT - ISSUED FOR CAPITAL PROJECTS	FY 2013	FY 2012
GENERAL OBLIGATION BONDS Includes a 2007 Bond to build the Sarasota Police Headquarters, and a 2008 Bond to pay for improvements to the Golden Gate streetscape.	\$ 41,828,184	\$ 42,909,043
SPECIAL OBLIGATION BONDS Includes Bonds used to buy public land, build a N. Sarasota Community Complex, build a Public Parking Garage, rebuild a Sports Stadium, and build Downtown streetscapes and infrastructure.	\$ 31,826,378	\$ 34,859,613
REVENUE BONDS Includes six separate Bonds issued to pay for system improvements to the City's Water and Sewer infrastructure and equipment (all will be paid back with Water and Sewer revenues).	\$ 60,995,000	\$ 64,240,000
LOANS PAYABLE Includes four Loans, used to build a neighborhood wall (2011), to purchase Downtown land (2005), to create Public Parking Garage spaces (2003), to establish two public parking lots on St. Armand's (1994), and to pay for Sewer System Rehabilitation (1993).	\$ 2,925,000	\$ 4,293,603
TOTAL VALUE OF BONDS AND LOANS	\$ 137,574,562	\$ 146,302,259

Per Florida State Statutes, the City may accumulate general obligation debt up to 10% of the value of the total assessed property value (the taxable value of all the property within City limits), less the outstanding balance of the general obligation bonds, plus the value of any amounts set aside for repayment of said bonds. In fiscal year 2013, the total debt held by the City was equal to 6% of the total debt the City was legally able to hold.

Total Assessed Property Values	10% (Debt Limit)	Bal. of General Obligation Bonds	Set aside to repay G.O.Bonds	Legal Debt Margin	Obligation Balance	Debt held by City as percentage of Legal Debt Limit
\$6,874,850,905	\$687,485,100	\$41,828,184	-\$921,944	\$646,578,851	\$40,906,240	6%

Additionally, the City must anticipate future payments needed to be made to satisfy agreements with members of the City Organization. As one of the largest employers within the City of Sarasota, the municipal government has historical and current obligations to provide **pensions and health care benefits** for past and present employees. To account for these expenses, the City identifies the current liability associated with those agreements – in the form of Pension costs and **Other Post-Employment Benefits** ("OPEB"). These liabilities are to be funded over the careers of current and future employees to pay benefits at retirement.

ORGANIZATIONAL AGREEMENTS - UNFUNDED ACTUARIAL ACCRUED LIABILITY	As of September 30, 2013
GENERAL EMPLOYEES DEFINED BENEFIT PENSION As of September 30, 2013 this pension plan included 678 members	\$56,211,059
FIREFIGHTERS DEFINED BENEFIT PENSION As of September 30, 2013 this pension plan included 178 members	\$45,646,189
POLICE OFFICER DEFINED BENEFIT PENSION As of September 30, 2013 this pension plan included 340 members	\$65,009,404
OTHER POST-EMPLOYMENT BENEFITS aka OPEB Funds to meet the costs of providing health and/or life insurance to retirees and their dependents	\$123,474,000

When the City has monies that are not otherwise restricted, a portion is identified to invest, with the aim of increasing the original amount and using that interest income as a revenue source. Since investing can be inherently risky, the City limits its risk by following a strict **City of Sarasota Investment Policy**. The Policy has the following guiding principles:

#1: Safety of Principal: The foremost objective when the City invests is to preserve the safety of the original investment amount. In order to maximize safety (i.e., minimize losses) we spread our investments out over multiple areas helping to ensure that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio (all our investments) for the calendar year.

#2: Maintenance of Liquidity: Although it is the City’s wish to grow our money, we need to preserve the ability to use that money should unexpected circumstances arrive. Therefore, the City’s second objective when investing is to preserve our liquidity, that is, to make certain we can remove our money from any investments without hindrance.

#3: Return on Investment: Return on investment is of least importance compared to the safety and liquidity objectives described above, however, a healthy rate of return adds to the sustainability of the City’s finances. Our goal is to achieve a return that is equal to, or exceeds, the market rate of return (the ‘average’ return received across a specific market index during a specific period of time).

The Investment Policy further dictates what types and what quantities of investments can be made. For instance, the Policy states that no more than 25% of our Portfolio may be invested in Florida Prime Mutual Funds, and that those funds must have an AAA rating (a rating which assures they have historically provided a stable rate of return).



30%	U.S. Treasury Securities
23%	Federal Instrumentalities
18%	Money Market Mutual Funds
14%	Corporate Notes
6%	Mortgage Backed Securities
5%	Intergovernmental Investments
2%	Interest Bearing Savings Account
2%	U.S. Gov't Agency Securities
1%	State and/or Local Gov'ts
>1%	Florida Prime Mutual Funds

Financial Planning on an Annual Basis



The City’s financial transactions are dictated by a comprehensive **budget**, which is prepared with input from staff and management, the City’s administration, the community, and finally approved and adopted by the City Commission, all of which is done **every year**.

In order to anticipate all the needs of the community, and to properly fund the plans and goals, dozens of preparatory meeting take place, including departmental meetings, strategic planning retreats, financial presentations, CIP workshops, budget workshops, and public hearings, all of which result in a final set of products: the **Capital Improvement Plan** or “CIP” (the City’s major capital projects that are scheduled to occur over the next ten years), the **Strategic Plan** (the City’s major initiatives over the next 1 to 3 years), and the **Adopted Budget** (the City’s Financial Plan for the next year). Also, as previously mentioned in this Report, the City produces a **Comprehensive Annual Financial Report** (“CAFR”) *after* the close of the Fiscal Year, which identifies the exact transactions that took place in the fiscal year.



*Thank you
for taking the time
to review this document.*

*We welcome your
feedback,*

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