

POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2014



CITY OF SARASOTA, FLORIDA



THE POPULAR ANNUAL FINANCIAL REPORT

Fellow Sarasotans,

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 “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 financial reporting format. Your suggestions for future financial reporting and related community improvements are very much appreciated and welcomed “24/7/365” 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**



INDEX:

- 1: Introduction and Index**
- 2: A Message to Our Citizens**
- 3: A Look at the Organization**
- 4: The City’s Net Position**
- 5: Governmental Activities**
- 6: Business Type Activities**
- 7: Capital Assets**
- 8: Long Term Debt**
- 9: Investments**
- 10: Financial Planning and Reporting**

About the Cover:

The intersection of “five points” in Downtown Sarasota began life as a traffic circle, when ‘traffic’ meant horse and buggies.

Eventually the area was ‘modernized’, and the horse trough that marked the center of the road crossings was replaced with a five way stop, and eventually a signalized intersection.

In 2012, the intersection was reconstructed by the City of Sarasota into a modern traffic circle, with landscaping, decorative pavers, and well-defined pedestrian paths.

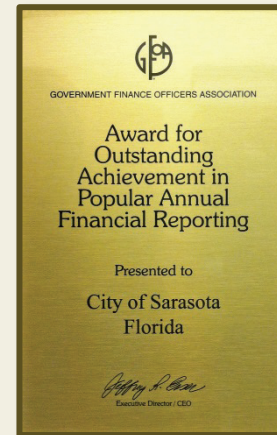


“Five Points” in Downtown, Sarasota

A MESSAGE TO OUR CITIZENS



For the second consecutive year I am pleased to present to you the City of Sarasota's Popular Annual Financial Report (PAFR) for the fiscal year ended September 30, 2014. The City's award-winning PAFR is a user friendly report and is intended to increase awareness throughout the community regarding the financial operations of the City. The average citizen may find it difficult to interpret the vast amount of data in the City's Comprehensive Annual Financial Report (CAFR). The PAFR is designed to make the City's finances easier to understand and to communicate with our citizens where City dollars come from and how they are spent. The report uses commonly understood terms and explains any new terminology when needed.



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 33 years. The full CAFR can be viewed online at the City's website: www.SarasotaGov.com. 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, 2014**, and also includes the previous fiscal year for comparison. The information in this report represents the ACTUAL (i.e., not budgeted) financial data.

We hope you find this report to be informative. I encourage you to contact us directly with feedback, comments or concerns regarding the information included in this report.

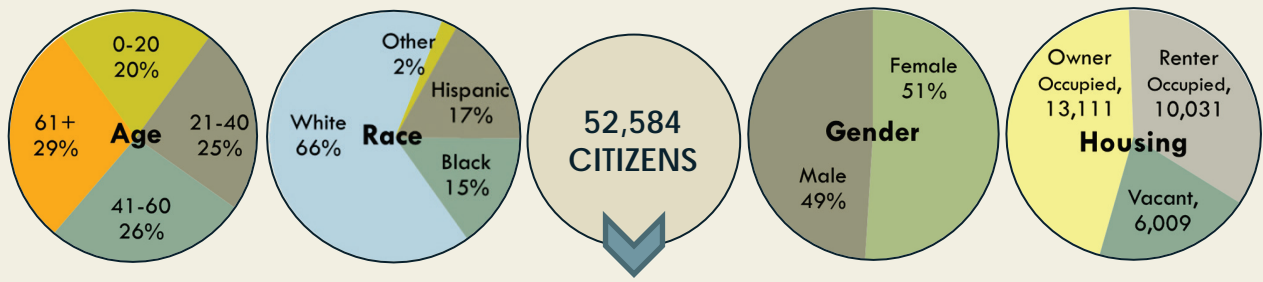


John Lege, CGFO, Director of Finance, City of Sarasota
John.Lege@SarasotaGov.com #941.954.4104



YOUR CITY, YOUR GOVERNMENT

If you live in the City of Sarasota you join 52,584 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 represented by five (5) elected officials known collectively as the City Commission. Your Commission appoints a professional City Manager to oversee the performance of over 700 individuals who work to fortify the quality of life in Sarasota.



5 Elected Commissioners



3 Appointed Professionals

CITY CLERK CITY MANAGER CITY ATTORNEY



700+
WORKFORCE
OVERSEEING:

100+ traffic signals
175+ miles of sidewalks
240+ miles of roadways
750+ acres of public parks
16+ municipal building projects
595+ miles of water and sewer infrastructure
Delivering clean drinking water to 19,300+ locations
6,300+ commercial and residential building permits
4,600+ on-street parking spaces, 3 garages, and 14 parking lots
2 community pools, 1 community complex, 1 children's splash park,
1 public skate park, 2 public auditoriums, and 1 performing arts hall
The safety of 84,000+ daytime occupants and over 1 million annual visitors

FINANCIAL POSITION AS OF SEPTEMBER 30, 2014



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 and begins every October 1st, running to 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 sustainability.

The City categorizes its many 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.

When comparing our assets to liabilities – we group them by type. 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).

	Governmental Activities		Business Type Activities	
ASSETS	FY 2014	FY 2013	FY 2014	FY 2013
Current and Other Assets	\$ 111,561,303	\$ 118,738,149	\$ 83,489,603	\$ 87,614,076
Capital Assets, net of depreciation	\$ 215,067,551	\$ 207,800,108	\$ 199,719,143	\$ 190,702,430
Total Assets	\$ 326,628,854	\$ 326,538,257	\$ 283,208,746	\$ 278,316,506
LIABILITIES	FY 2014	FY 2013	FY 2014	FY 2013
Current and Other Liabilities	\$ 21,144,224	\$ 19,666,105	\$ 16,560,026	\$ 14,906,296
Long-term Liabilities Outstanding	\$ 83,993,097	\$ 86,416,588	\$ 57,814,167	\$ 61,122,127
Total Liabilities	\$ 105,137,321	\$ 106,082,693	\$ 74,374,193	\$ 76,028,423
NET POSITION	FY 2014	FY 2013	FY 2014	FY 2013
Capital Assets net of debt	\$ 158,951,011	\$ 148,111,650	\$ 143,855,792	\$ 135,645,189
Restricted	\$ 59,877,127	\$ 62,107,977	\$ 12,730,059	\$ 12,741,195
Unrestricted	\$ 2,663,395	\$ 10,235,937	\$ 52,248,702	\$ 53,901,699
TOTAL NET POSITION	\$ 221,491,533	\$ 220,455,564	\$ 208,834,553	\$ 202,288,083
	FY 2014	FY 2013	FY 2014	FY 2013
	Governmental Activities		Business Type Activities	

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 above table.



ACCOUNTING FOR 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 at right represents the **Revenues and Expenditures of just the Governmental Activities** for the fiscal year ending September 30, 2014 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 2014	FY 2013
Ad Valorem Property Taxes	\$ 25,269,921	\$ 22,584,230
Other Taxes	\$ 24,177,433	\$ 23,242,831
Operating Grants and Contributions	\$ 7,949,480	\$ 10,384,312
Other Sources	\$ 9,070,902	\$ 9,088,251
Charges for Services	\$ 7,636,219	\$ 5,357,348
Capital Grants and Contributions	\$ 7,053,950	\$ 6,113,794
Total Revenues	\$ 81,157,905	\$ 76,770,766
WHERE THE MONEY GOES TO.....		
EXPENSES	FY 2014	FY 2013
Public Safety	\$ 41,197,141	\$ 37,595,883
General Government	\$ 15,959,585	\$ 13,535,677
Economic Environment	\$ 4,923,941	\$ 7,685,608
Transportation	\$ 7,230,305	\$ 7,379,994
Interest on Long-term Debt	\$ 3,908,368	\$ 4,187,503
Culture and Recreation	\$ 3,503,809	\$ 3,294,003
Physical Environment	\$ 3,534,031	\$ 3,202,880
Total Expenses	\$ 80,257,180	\$ 76,881,548

Other Taxes includes gasoline taxes, sales tax, 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.

ACCOUNTING FOR BUSINESS TYPE ACTIVITIES



BUSINESS-TYPE ACTIVITIES

WHERE THE MONEY COMES FROM.....

REVENUES	FY 2014	FY 2013
Charges for Services	\$ 62,732,029	\$ 59,291,302
Operating Grants and Contributions	\$ 596,987	\$ 558,341
Other Sources	\$ 491,532	\$ 223,041
Total Revenues	\$ 63,820,548	\$ 60,072,684

WHERE THE MONEY GOES TO.....

EXPENSES	FY 2014	FY 2013
Water and Sewer	\$ 32,303,663	\$ 29,760,016
Van Wezel Performing Arts Hall	\$ 10,305,552	\$ 9,077,553
Solid Waste	\$ 9,774,612	\$ 9,093,671
Other	\$ 4,755,007	\$ 4,122,640
Total Expenses	\$ 57,138,834	\$ 52,053,880

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, 2014 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"

Capital 'Assets' can generally be defined as **items the City owns that will provide a benefit in the future**. 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 either associated with Governmental Activities or with Business-Type Activities, and are owned primarily for their contribution to the community's quality of life.

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, 2014, including any reductions made to their original value(s) to account for depreciation. It should be noted that the City does not depreciate assets in the asset categories of 'Art Collections' and 'Land', which are considered to have indefinite useful lives.

CAPITAL ASSETS	Governmental Activities		Business Type Activities	
	FY 2014	FY 2013	FY 2014	FY 2013
Art Collections	\$ 877,973	\$ 859,973	\$ 219,297	\$ 218,397
Equipment	\$ 6,438,899	\$ 6,297,329	\$ 4,207,352	\$ 3,899,912
Construction In Progress	\$ 13,746,718	\$ 7,424,252	\$ 41,358,001	\$ 39,730,048
Land	\$ 40,480,911	\$ 40,450,911	\$ 12,252,113	\$ 12,252,113
Buildings	\$ 56,292,602	\$ 57,818,671	\$ 27,576,977	\$ 28,830,139
Improvements & Infrastructure	\$ 97,230,448	\$ 94,948,972	\$ 5,190,083	\$ 5,248,120
Utility Systems	---	---	\$ 108,915,320	\$ 100,523,701
TOTAL	\$ 215,067,551	\$ 207,800,108	\$ 199,719,143	\$ 190,702,430
VALUE OF	FY 2014	FY 2013	FY 2014	FY 2013
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.



THE CITY'S LONG TERM DEBT....."WHAT WE OWE"



Sometimes the City will chose to 'issue debt' (borrow money) in order to maintain or create worthwhile community assets. The City is frequently able to borrow money at favorable rates, due to our status as a government entity, and our excellent bond rating. The City repays this debt with either general revenues ("General Obligation Bonds"), or revenues from specific (typically Business-Type) activities ("Special Obligation Bonds, and "Revenue Bonds"). The City is also able to acquire municipal loans when needed.

OUTSTANDING DEBT - ISSUED FOR CAPITAL PROJECTS	FY 2014	FY 2013
GENERAL OBLIGATION BONDS Includes a 2007 Bond to build a Police Headquarters, and a 2008 Bond to pay for improvements to the Golden Gate streetscape.	\$ 40,701,396	\$ 41,828,184
SPECIAL OBLIGATION BONDS Includes Bonds used to buy public land, build an expansive recreational Community Complex in North Sarasota, build a public parking garage in Downtown, rebuild a Sports Stadium, and improve Downtown streetscapes and infrastructure.	\$ 28,479,704	\$ 31,826,378
REVENUE BONDS Includes five 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).	\$ 57,745,000	\$ 60,995,000
LOANS PAYABLE Includes three Loans, to purchase Downtown land (2005), to create Public Parking Garage spaces (2003), and to establish two public parking lots on St. Armand's (1994).	\$ 1,955,000	\$ 2,925,000
TOTAL VALUE OF BONDS AND LOANS	\$ 128,881,100	\$ 137,574,562

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": the costs of providing health and/or life insurance to retirees and their dependents).

ORGANIZATIONAL AGREEMENTS - UNFUNDED ACTUARIAL ACCRUED LIABILITY	
GENERAL EMPLOYEES DEFINED BENEFIT PENSION 661 members	\$55,086,339
FIREFIGHTERS DEFINED BENEFIT PENSION 173 members	\$36,726,331
POLICE OFFICERS DEFINED BENEFIT PENSION 339 members	\$59,846,380
OTHER POST-EMPLOYMENT BENEFITS aka OPEB	\$81,398,999



INVESTING FOR THE FUTURE

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**. Recently this document was updated (January 2015) to reflect the latest in best practices in municipal investing standards. The Policy has the following guiding principles:

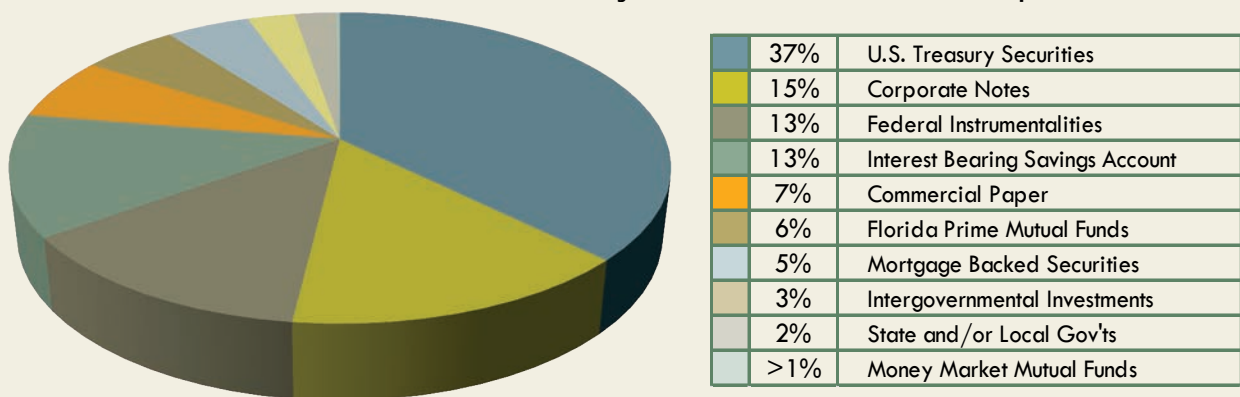
#1: Safety of Principal: The foremost objective when the City invests is to preserve the safety of the original investment amount. In order to maximize safety (i.e., minimize losses) we spread our investments out over multiple areas to help ensure that potential losses on individual securities do not 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 50% of our Portfolio may be invested in money market funds, and that those funds must have an AAA rating (a rating which assures they have historically provided a stable rate of return).

The City's Investment Portfolio as of September 30, 2014

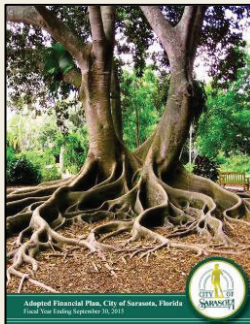


Every year the City identifies an investment goal, or 'benchmark', for each of the categories of investments known as 'long-term' (an investment held longer than one year) or 'short-term' (less than one year). In Fiscal Year 2014 the City **reached and exceeded its investment goals** in the areas of short and long term investments; the City's investment manager realized a 12 month total return performance of 0.073%, which exceeded the benchmark performance of 0.50% by 0.23%. This resulted in a gross increase in the net value of the City's FY 2014 portfolio by \$1.32 million.

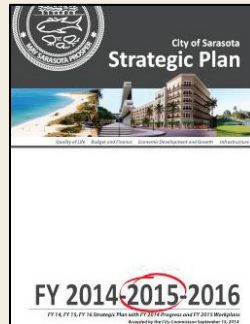
FINANCIAL PLANNING AND REPORTING



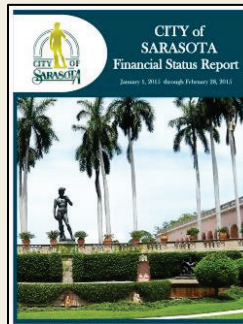
The City's financial activity is carefully planned, closely audited, and extensively reported. Every year the City produces dozens of reports to communicate the status of the City's finances and to properly plan for future expenditures. Within an annual planning/reporting cycle, financial staff presents to internal departments, public committees and boards, the City Commission, and at public hearings in order to incorporate the wishes of the public as well as the adopted direction of the governing body. All of the City's financial documentation and reporting is available on the public website, as well as distributed liberally in print form. The annual reporting cycle follows the schedule shown below and includes the following published materials:



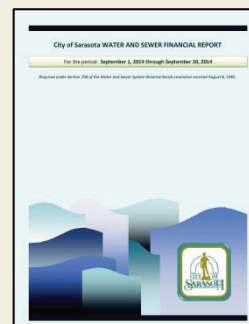
- **Adopted Financial Plan**
- (aka "The Budget")
- Detailed expenditure and revenue plans for all City funds
- **October 1 Annually**



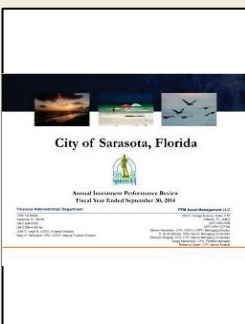
- **Strategic Plan**
- Detailed work plans to carry out the Commission's Goals, Strategies, Objectives
- **October 1 Annually**



- **Financial Status Reports**
- Status of budgeted expenditures and revenues by division, department, and fund
- **Monthly**



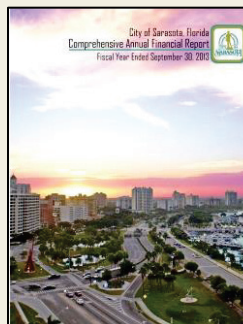
- **Water & Sewer Reports**
- Status of budgeted expenditures and revenues by the Water and Sewer fund
- **Monthly**



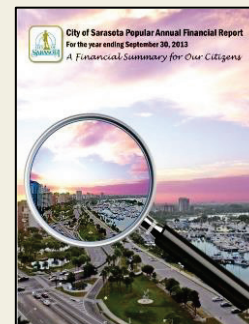
- **Investment Performance**
- Summary of monetary returns and policy compliance
- **Annually: January**
- **Quarterly: Jan/Apr/Jul/Oct**



- **Indebtedness Report**
- Summary of all outstanding long term and short term debt issued by the City
- **March 1 Annually**



- **CAFR**
- Comprehensive Annual Financial Report
- Audited detail of prior fiscal year activity
- **March 31, Annually**



- **PAFR**
- Popular Annual Financial Report
- Summary of prior fiscal year activity
- **March 31, Annually**

OCTOBER 2013						NOVEMBER 2013					DECEMBER 2013					JANUARY 2014					FEBRUARY 2014					MARCH 2014										
	1	2	3	4	5	6				1	2	3					1	2	3	4	5					1	2	3	4	5						
7	8	9	10	11	12	13	4	5	6	7	8	9	10				2	3	4	5	6	7	8													
14	15	16	17	18	19	20	11	12	13	14	15	16	17				9	10	11	12	13	14	15													
21	22	23	24	25	26	27	18	19	20	21	22	23	24				16	17	18	19	20	21	22													
28	29	30	31				25	26	27	28	29	30				23/30	24/31	25	26	27	28	29														
APRIL 2014						MAY 2014					JUNE 2014					JULY 2014					AUGUST 2014					SEPTEMBER 2014										
DEPT'L BUDGETS SUBMITTED						ADMINISTRATIVE REVIEW					BUDGET REVISIONS					BUDGET WORKSHOPS					BUDGET REVISIONS					PUBLIC HEARING / ADOPTION										
7	8	9	10	11	12	13	5	6	7	8	9	10	11	12	13	7	8	9	10	11	12	13	4	5	6	7	8	9	10	8	9	10	11	12	13	14
DEVELOPMENT OF STRATEGIC GOAL OBJECTIVES AND STRATEGIC PLAN BUDGETS						COMMISSION REVIEWS					DEVELOPMENT OF STRATEGIC WORK PLANS					ACCEPTANCE OF FINAL PLAN																				
CIP REVISED AND REFINED											REVIEWED AT WORKSHOP										ACCEPTANCE OF 5-YR PLAN															
28	29	30					26	27	28	29	30	31				23/30	24	25	26	27	28	29				25	26	27	28	29	30	31	29	30		