

**SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
**June 30, 2013**

The management of the School Board of Sarasota County, Florida (the District) has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues; (b) provide an overview and analysis of the District's financial activities; (c) identify changes in the District's financial position; (d) identify material deviations from the approved budget; and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events and conditions, it should be considered in conjunction with the District's financial statements and notes to the basic financial statements.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2012-13 fiscal year are as follows:

- The District's financial position improved during the fiscal year ended June 30, 2013. In total, net position increased by \$1,337,706, or less than one percent.
- General revenues totaled \$444,726,282, or 94 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions totaled \$26,759,177, or 6 percent. Total revenues decreased by \$354,102 from \$471,839,561 in fiscal year 2011-12 to \$471,485,459 in fiscal year 2012-13. The change is primarily attributed to the loss of Federal Stimulus funding offset by an increase in state funding and an increase in property tax revenues.
- Expenses totaled \$470,147,753 only \$26,759,177 of these expenses were offset by program specific charges, with the remainder paid from general revenues. Total revenues exceeded total expenses by \$1,337,706. Total expenses increased \$8,543,899 or 2 percent, from \$461,603,854 in fiscal year 2011-12. This change is attributed primarily to salary and benefit expenses from the reinstatement of 2011-12 furlough days and a one-time compensation adjustment and an increase in charter school payments due to enrollment growth.
- The unassigned fund balance of the General Fund, representing the net current financial resources available for general appropriation by the Board, totaled \$40,713,975 at June 30, 2013 or 10.9 percent of total General Fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

In addition, this report presents certain required supplementary information, which includes management's discussion and analysis.

**SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
**June 30, 2013**

**Government-wide Financial Statements**

The Government-wide financial statements provide both short-term and long-term information about the District's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net position and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the primary government presented on the accrual basis of accounting. The statement of net position provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net position, is a measure of the financial health of the District. The statement of activities presents information about the change in the District's net assets, the results of operations, during the fiscal year.

The Government-wide statements present the District's activities in two categories:

- Governmental activities – This represents most of the District's services including its educational programs: basic, vocational, adult and exceptional education. Support functions such as transportation and administration are also included. Local property taxes and the State's education finance program provide most of the resources that support these activities.
- Component units –The District presents nine separate legal entities in this report. Although legally separate organizations, the component units are included in this report because they meet the criteria for inclusion provided by generally accepted accounting principles. Eight of these organizations are charter schools. Financial information for these component units is reported separately from the financial information presented for the primary government. The Financing Corporation for the School Board of Sarasota County (Corporation), although also legally separate, was formed to facilitate financing for the acquisition of facilities and equipment. Due to the substantive economic relationship between the Board and the Corporation, the Corporation is included as an integral part of the primary government. Please refer to Note 1 to the basic financial statements for more information on the District's component units.

Over a period of time, changes in the District's net position are an indication of improving or deteriorating financial condition. This information should be evaluated in conjunction with other non-financial factors, such as changes in the District's property tax base, student enrollment, and the condition of the District's capital assets including its school buildings and administrative facilities.

**SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
**June 30, 2013**

**Fund Financial Statements**

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and prudent fiscal management. State law establishes certain funds, while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the District's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the Government-wide statements.

All of the District's funds may be classified within one of three broad categories:

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the Government-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Consequently, the governmental fund statements provide a detailed short-term view that may be used to evaluate the District's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the Government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

Proprietary Funds. Proprietary funds may be established to account for activities in which a fee is charged for services. The District maintains one type of proprietary fund, the internal service fund to account for the District's self-insurance programs. Since these services predominantly benefit governmental rather than business-type functions, the internal service funds have been included within governmental activities in the Government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to report assets held in a trustee or fiduciary capacity for the benefit of external parties, such as student activity funds. Fiduciary funds are not reflected in the Government-wide statements because the resources are not available to support the District's own programs. In its fiduciary capacity, the District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. The District uses agency funds to account for resources held for student activities and groups.

**SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
**June 30, 2013**

**GOVERNMENT- WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position and provides a perspective of the District as a whole. The following is a summary of the District's net position as of June 30, 2013, compared to net position as of June 30, 2012:

**Net Position, End of Year**

	Governmental Activities			Percentage Change
	6/30/2013	Restated 6/30/2012	Increase (Decrease)	
Current and other assets	\$ 251,005,833	\$ 305,494,818	\$ (54,488,985)	
Capital assets, net	923,307,067	876,986,364	46,320,703	
<b>Total assets</b>	<u>1,174,312,900</u>	<u>1,182,481,182</u>	<u>(8,168,282)</u>	-1%
Deferred outflows of resources	271,373	292,248	(20,875)	
<b>Total deferred outflows</b>	<u>271,373</u>	<u>292,248</u>	<u>(20,875)</u>	-7%
Other liabilities	38,538,415	37,054,696	1,483,719	
Long-term liabilities, current	34,361,201	32,947,605	1,413,596	
Long-term liabilities, noncurrent	231,079,842	243,504,020	(12,424,178)	
<b>Total liabilities</b>	<u>303,979,458</u>	<u>313,506,321</u>	<u>(9,526,863)</u>	-3%
Invested in capital assets, net of related debt	737,197,939	721,892,326	15,305,613	
Restricted	107,809,491	118,612,155	(10,802,664)	
Unrestricted	25,597,385	28,762,628	(3,165,243)	
<b>Total net position</b>	<u>\$ 870,604,815</u>	<u>\$ 869,267,109</u>	<u>\$ 1,337,706</u>	0%

The largest portion of the District's net position (85 percent) reflects its investment in capital assets (e.g., land, buildings, furniture and equipment), less any related debt still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

The restricted portion of the District's net position (12 percent) represents resources that are subject to external restrictions on how they may be used. The unrestricted net position (3 percent) may be used to meet the government's ongoing obligations to students, employees, and creditors.

**SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
**June 30, 2013**

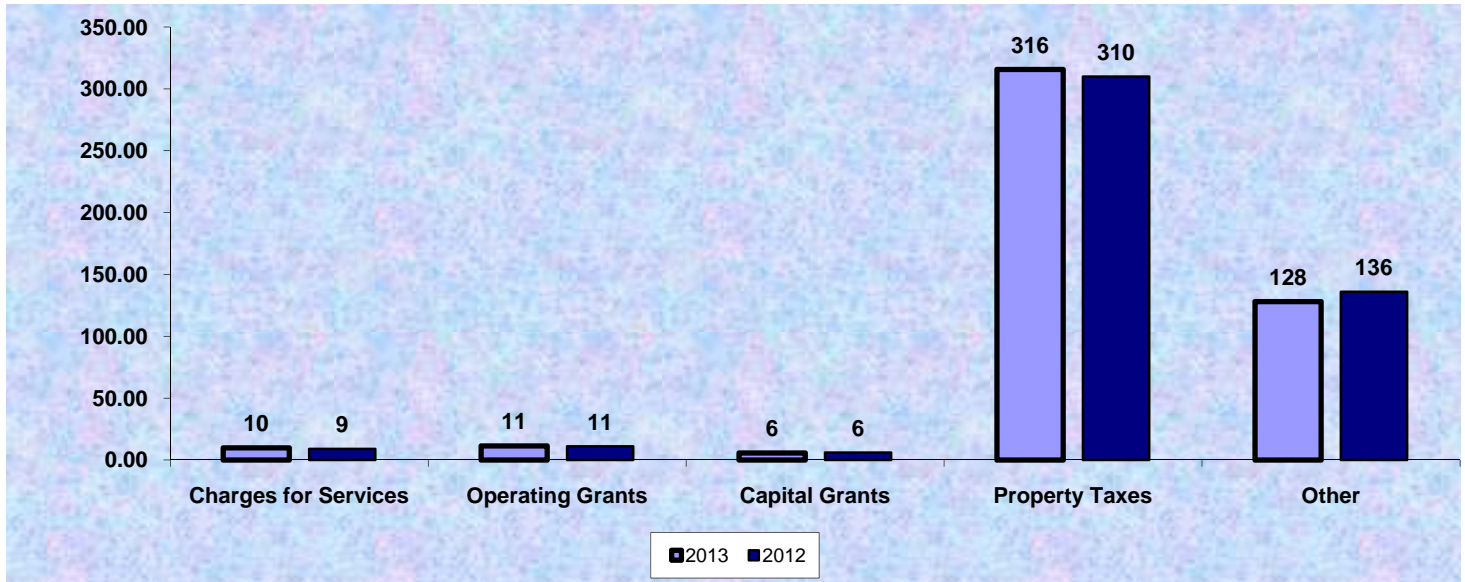
The key elements of the changes in the District's net position for the fiscal years ended June 30, 2013, and June 30, 2012, are shown in the following table and graphs:

**Changes in Net Position from Operating Results**

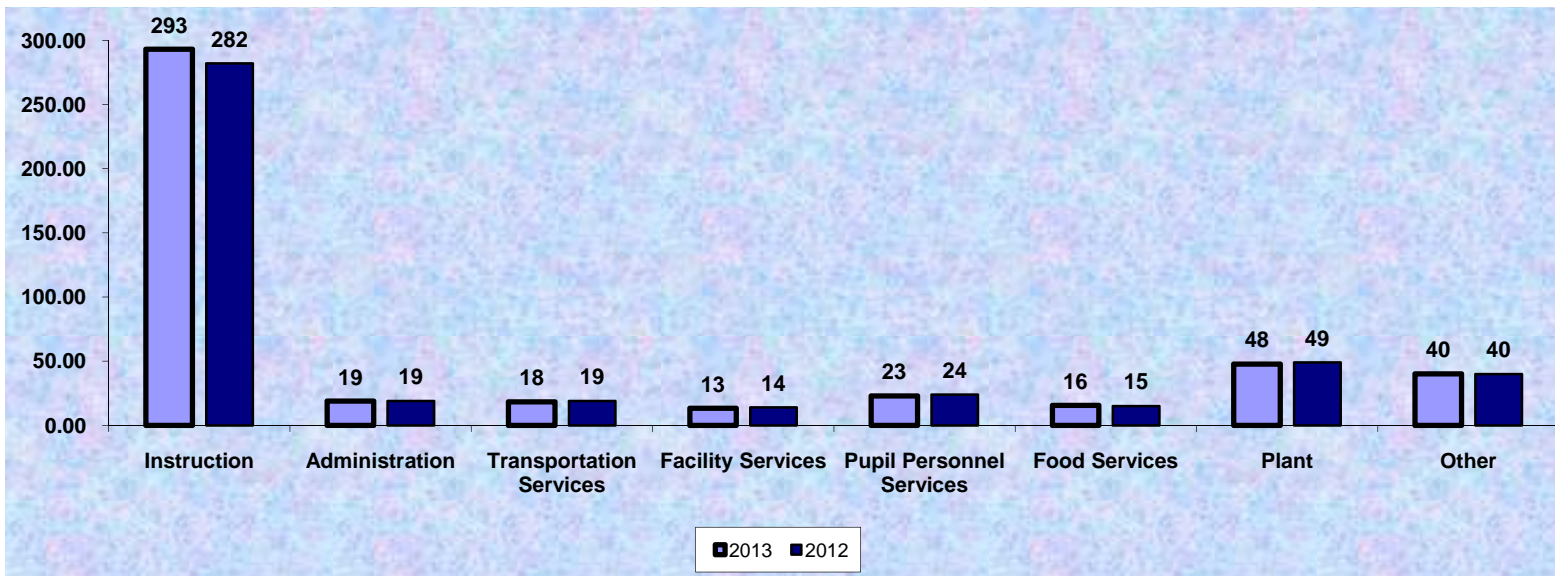
	Governmental Activities			Percentage Change
	6/30/2013	Restated 6/30/2012	Increase (Decrease)	
<b>Revenues:</b>				
Program revenues				
Charges for services	\$ 9,831,969	\$ 9,501,570	\$ 330,399	3%
Operating grants and contributions	11,311,261	10,690,392	620,869	6%
Capital grants and contributions	5,615,947	5,873,206	(257,259)	-4%
General revenues				
Property taxes - general	255,168,075	249,145,074	6,023,001	2%
Property taxes - capital projects	60,632,620	60,937,028	(304,408)	0%
Local sales taxes	14,752,739	13,860,532	892,207	6%
Grants and contributions not restricted to specific programs	104,701,937	112,835,562	(8,133,625)	-7%
Miscellaneous	8,123,936	7,466,487	657,449	9%
Unrestricted investment earnings	1,346,975	1,529,710	(182,735)	-12%
<b>Total revenues</b>	<u>471,485,459</u>	<u>471,839,561</u>	<u>(354,102)</u>	0%
<b>Expenses:</b>				
Instruction	293,223,596	281,722,647	11,500,949	4%
Pupil personnel services	22,931,811	23,967,492	(1,035,681)	-4%
Instructional media services	4,036,099	4,724,382	(688,283)	-15%
Instruction and curriculum development services	3,269,677	3,434,577	(164,900)	-5%
Instructional staff training services	4,947,478	4,969,184	(21,706)	0%
Instruction related technology	3,320,282	2,368,817	951,465	40%
Board of education	819,319	1,021,338	(202,019)	-20%
General administration	2,605,606	2,559,299	46,307	2%
School administration	16,303,070	16,226,134	76,936	0%
Facility services - non-capitalized	13,475,579	13,562,468	(86,889)	-1%
Fiscal services	1,884,311	2,106,502	(222,191)	-11%
Food services	15,649,443	15,439,526	209,917	1%
Central services	6,072,463	6,143,183	(70,720)	-1%
Pupil transportation services	18,343,827	18,989,823	(645,996)	-3%
Operation of plant	33,785,539	33,328,174	457,365	1%
Maintenance of plant	14,121,895	15,893,062	(1,771,167)	-11%
Administrative technology services	3,175,384	2,504,196	671,188	27%
Community services	2,586,369	2,318,840	267,529	12%
Interest on long-term debt	9,596,005	10,324,210	(728,205)	-7%
<b>Total expenses</b>	<u>470,147,753</u>	<u>461,603,854</u>	<u>8,543,899</u>	2%
<b>Increase (decrease) in net position</b>	<u>1,337,706</u>	<u>10,235,707</u>	<u>(8,898,001)</u>	-87%
<b>Beginning net position - restated</b>	<u>869,267,109</u>	<u>859,031,402</u>	<u>10,235,707</u>	
<b>Ending net position</b>	<u>\$ 870,604,815</u>	<u>\$ 869,267,109</u>	<u>\$ 1,337,706</u>	

**SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
**June 30, 2013**

**Revenues by Source – Governmental Activities – in Millions of Dollars**



**Expenses – Governmental Activities – in Millions of Dollars**



Overall total revenues decreased by less than one percent from the fiscal year ended June 30, 2012.

Total expenses increased by \$8,543,899, or 2 percent from the fiscal year ended June 30, 2012. The increase was primarily due to an increase in charter school payments due to enrollment growth and salary and benefit expenses from the 2011-12 reinstated furlough days and a one-time compensation adjustment.

**SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
**June 30, 2013**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The District completed the year with a total governmental fund balance of \$190,563,879, a decrease of \$57,230,348 from last year's ending fund balance of \$247,794,227. The decrease is primarily due to large capital construction expenditures for the rebuild of two high schools and a technical center, the loss of Federal stimulus funding and increased salary and benefit expenditures.

**Major Governmental Funds**

**General Fund**

The General Fund is the primary operating fund for the District. Presented below is an overall analysis of the General Fund as compared to the prior year:

	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>(Decrease)</u>	<u>Change</u>
Revenue	\$ 343,409,673	\$ 335,686,382	\$ 7,723,291	2%
Other financing sources	20,309,754	20,472,315	(162,561)	-1%
Beginning fund balance	63,999,318	64,819,785	(820,467)	-1%
Decrease in inventory reserve	-	(12,568)	12,568	100%
<b>Total</b>	<u><u>\$ 427,718,745</u></u>	<u><u>\$ 420,965,914</u></u>	<u><u>\$ 6,752,831</u></u>	2%
Expenditures	373,307,402	356,416,317	16,891,085	5%
Other financing uses	930,590	550,279	380,311	69%
Ending fund balance	53,480,753	63,999,318	(10,518,565)	-16%
<b>Total</b>	<u><u>\$ 427,718,745</u></u>	<u><u>\$ 420,965,914</u></u>	<u><u>\$ 6,752,831</u></u>	2%

The District's General Fund ending fund balance decreased by \$10,518,565 or 16 percent. This decrease is attributed to the loss of Federal stimulus revenues and to increased salary and benefit expenses from the reinstatement of 2011-12 furlough days and a one-time compensation adjustment. It should be noted that \$1,114,216 of ending fund balance has been encumbered for specific projects.

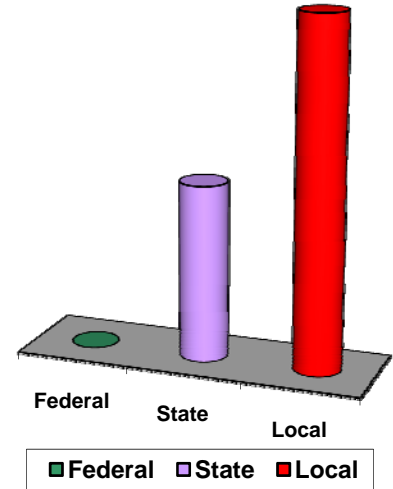
**SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
**June 30, 2013**

**Revenues** – Overall revenues increased by \$7,723,291 or 2 percent as follows:

**Revenues By Source - General Fund**

	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Federal	\$ 2,265,678	\$ 2,598,829	\$ (333,151)	-13%
State	76,425,715	75,468,945	956,770	1%
Local	264,718,280	257,618,608	7,099,672	3%
<b>Total</b>	<b>\$ 343,409,673</b>	<b>\$ 335,686,382</b>	<b>\$ 7,723,291</b>	<b>2%</b>

**Composition of Revenues  
In Millions of Dollars -  
2013**

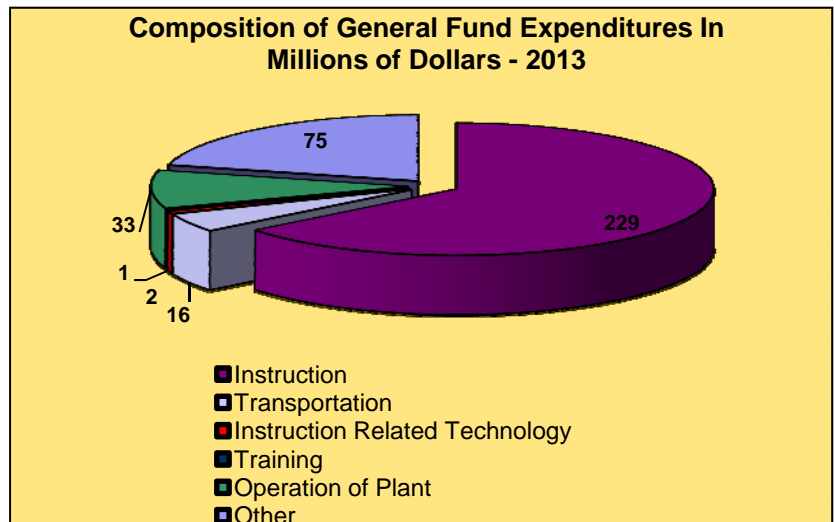


Federal sources decreased by \$333,151, or 13 percent, mainly attributed to a decrease in Medicaid funding.

State sources increased by \$956,770 or 1 percent, mainly attributed to the increase in the required funding of the Florida Education Program Funding.

Local sources increased by \$7,099,672, or 3 percent, mainly as a result of an increase in property tax general revenues of \$6,023,001.

**Expenditures** - Total General Fund expenditures increased by \$16,891,085 from \$356,416,317 to \$373,307,402 for the fiscal year ended June 30, 2013. The increase of 5 percent is related to increased salary and benefit expenditures and payments to charter schools from enrollment growth.





**SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
**June 30, 2013**

**Expenditures By Function - General Fund**

	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Instruction	\$ 247,624,935	\$ 229,122,527	\$ 18,502,408	8%
Instructional staff training services	1,253,537	1,380,608	(127,071)	-9%
Pupil transportation services	15,882,426	16,341,740	(459,314)	-3%
Operation of plant	33,599,632	33,045,743	553,889	2%
Instruction related technology	3,009,685	2,301,261	708,424	31%
Other	71,937,187	74,224,438	(2,287,251)	-3%
Total	<u>\$ 373,307,402</u>	<u>\$ 356,416,317</u>	<u>\$ 16,891,085</u>	5%

**Special Revenue - Federal Economic Stimulus Fund**

The Federal Economic Stimulus Fund is used to account for Federal program revenues and expenditures related to the American Recovery and Reinvestment Act and the Education Jobs Act. Since Federal revenue is recognized to the extent that eligible expenditures have been incurred, these funds do not accumulate a fund balance. The decrease in expenditures is due to the loss of Education Jobs Act funds. An overall analysis of the District's Special Revenue - Federal Economic Stimulus Fund expenditures is presented below:

	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Current:				
Instruction	\$ 12,813	\$ 8,197,136	\$ (8,184,323)	-100%
Pupil personnel services	-	3,558	(3,558)	-100%
Instruction and curriculum development service:	18,375	34,261	(15,886)	-46%
Instructional staff training services	235,025	194,049	40,976	21%
Instruction related technology	291,256	423	290,833	-79%
Fiscal services	30,175	28,759	1,416	55%
Central services	161,466	87,904	73,562	71%
Capital Outlay:				
Other capital outlay	4,977	54,879	(49,902)	100%
Total	<u>\$ 754,087</u>	<u>\$ 8,600,969</u>	<u>\$ (7,846,882)</u>	-91%

**SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
**June 30, 2013**

**Debt Service – Other Debt Service Fund**

An overall analysis of the District's Other Debt Service Fund is presented below. The increase in expenditures was due to increased debt service payments with a corresponding increase in transfers from the Capital Projects – Local Capital Improvement Tax fund.

	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenue	\$ 35,465	\$ 34,151	\$ 1,314	4%
Other financing sources	25,742,884	24,279,267	1,463,617	6%
Beginning fund balance	936,611	903,299	33,312	4%
Total	<u>\$ 26,714,960</u>	<u>\$ 25,216,717</u>	<u>\$ 1,498,243</u>	6%
Expenditures	\$ 25,743,530	\$ 24,280,106	\$ 1,463,424	6%
Ending fund balance	971,430	936,611	34,819	4%
Total	<u>\$ 26,714,960</u>	<u>\$ 25,216,717</u>	<u>\$ 1,498,243</u>	6%

**Debt Service – ARRA Economic Stimulus Fund**

This fund is used to account for the accumulation of resources for and the payment of, sinking fund, interest and related costs on the Certificates of Participation, Series 2010A Qualified School Construction Bonds. This is the third year of this fund. Revenues in this fund are an interest rebate received from the Internal Revenue Service. The fund balance represents amounts placed into the sinking fund to pay the debt when due. Interest payments are made twice a year.

**Capital Projects – Local Capital Improvement Tax Fund**

An overall analysis of the District's Capital Projects – Local Capital Improvement Tax Fund is presented below:

	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenue	\$ 61,081,902	\$ 61,276,774	\$ (194,872)	0%
Other financing sources	2,870,811	-	2,870,811	100%
Beginning fund balance	59,142,983	66,109,265	(6,966,282)	-11%
Total	<u>\$ 123,095,696</u>	<u>\$ 127,386,039</u>	<u>\$ (4,290,343)</u>	-3%
Expenditures	\$ 25,495,969	\$ 22,872,849	\$ 2,623,120	11%
Other financing uses	46,325,881	45,370,207	955,674	2%
Ending fund balance	51,273,846	59,142,983	(7,869,137)	-13%
Total	<u>\$ 123,095,696</u>	<u>\$ 127,386,039</u>	<u>\$ (4,290,343)</u>	-3%

During the fiscal year 2012-13, revenue in the Capital Projects – Local Capital Improvement Tax Fund decreased by \$194,872 or less than 1 percent. Expenditures increased by \$2,623,120, or 11 percent. Remodeling, renovations and HVAC work at various locations are the primary reason for the increase. Of the total fund balance, \$32,362,796 has been encumbered for specific projects.

**SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
**June 30, 2013**

**Capital Projects - Other Capital Projects Fund**

The District's other capital projects fund is primarily used to report revenues and expenditures from sales tax collections and expenditures from the District's Series 2009 and Series 2010B Certificates of Participation issuance. An overall analysis of this fund is presented below:

	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenue	\$ 20,010,460	\$ 18,816,738	\$ 1,193,722	6%
Other financing sources	8,086,208	5,667,889	2,418,319	43%
Beginning fund balance	104,494,144	126,372,661	(21,878,517)	-17%
Total	<u>\$ 132,590,812</u>	<u>\$ 150,857,288</u>	<u>\$ (18,266,476)</u>	-12%
Expenditures	\$ 55,882,527	\$ 44,373,765	\$ 11,508,762	26%
Other financing uses	4,726,143	1,989,379	2,736,764	138%
Ending fund balance	71,982,142	104,494,144	(32,512,002)	-31%
Total	<u>\$ 132,590,812</u>	<u>\$ 150,857,288</u>	<u>\$ (18,266,476)</u>	-12%

Other financing sources increased by \$2,418,319 primarily due to issuance of capital lease agreement for computers. Expenditures increased by \$11,508,762 due primarily to construction of phase three of the rebuild of Sarasota Technical Institute and the rebuilds of Venice and Booker High Schools. It should be noted that \$49,206,560 of fund balance has been encumbered for specific projects.

**Capital Projects - ARRA Economic Stimulus Fund**

The District's ARRA Economic Stimulus Capital Project fund is used to report the revenues and expenditures from the District's Series 2010A Certificates of Participation Qualified School Construction Bonds. The total fund balance as of June 30, 2013 is \$77,403.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the fiscal year, the District revised its budget and brought two amendments to the Board. These amendments were needed to adjust to actual revenues and direct resources where needed. The Board approves the final amendment to the budget after year-end. The original 2012-13 budget was prepared on a conservative basis as the State had experienced multiple years of revenue shortfalls and prorated funding to school districts accordingly. Budgeted expenditures decreased \$219,269 from the original budget to the final amended budget. Actual expenditures were \$1,300,145 below the final amended expenditure budget.

**SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
**June 30, 2013**

**CAPITAL ASSETS AND LONG-TERM DEBT**

At June 30, 2013, the District had \$923,307,067 invested in a broad range of capital assets, including land, buildings and improvements, and equipment. This amount represents a net increase (including additions, deductions and depreciation) of \$46,320,703 or 5 percent, from last fiscal year due primarily to the rebuilds at Booker High, Venice High, and Sarasota Technical Institute.

	<b>Governmental Activities</b>			<b>Percentage Change</b>
	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Change</u>	
<b>Capital assets not being depreciated:</b>				
Land	\$ 31,548,138	\$ 31,501,233	\$ 46,905	0%
Land improvements	67,884,975	68,036,121	(151,146)	0%
Construction in progress	164,779,586	102,394,924	62,384,662	61%
<b>Capital assets being depreciated:</b>				
Improvements other than buildings	50,844,685	50,493,844	350,841	1%
Buildings and fixed equipment	819,480,695	818,467,275	1,013,420	0%
Furniture, fixtures and equipment and Audio visual materials	61,013,316	63,201,196	(2,187,880)	-3%
Motor vehicles	31,562,431	29,981,572	1,580,859	5%
Equipment under capital leases	32,950,142	25,889,414	7,060,728	27%
Computer software	9,309,119	9,111,162	197,957	2%
Total Capital Assets	1,269,373,087	1,199,076,741	70,296,346	6%
Less accumulated depreciation	(346,066,020)	(322,090,377)	(23,975,643)	7%
Total Capital Assets, net	<u>\$ 923,307,067</u>	<u>\$ 876,986,364</u>	<u>\$ 46,320,703</u>	5%

Detailed information regarding the District's capital asset balances and activity for the fiscal year ended June 30, 2013, is provided in Note 5 to the basic financial statements.

**SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
**June 30, 2013**

**Long-Term Debt**

At June 30, 2013, the District had \$210,754,656 in bonds payable, obligations under capital leases, and certificates of participation versus \$223,435,402 last fiscal year, a decrease of 6 percent. A summary of the long-term debt obligations are listed in the following table:

	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Obligations under capital leases	\$ 19,034,624	\$ 16,679,724	\$ 2,354,900	14%
State school bonds	11,718,571	12,645,306	(926,735)	-7%
Race track revenue bonds	-	296,566	(296,566)	-100%
Qualified academy zone bonds	1,299,696	1,299,696	-	0%
Certificates of participation	178,701,765	192,514,110	(13,812,345)	-7%
<b>Total</b>	<u>\$ 210,754,656</u>	<u>\$ 223,435,402</u>	<u>\$ (12,680,746)</u>	-6%

The District's decrease in debt is primarily due to payments made on Certificates of Participation.

The District has been given the following ratings for their outstanding Certificates of Participation:

<u>Certificates of Participation</u>		
<u>Rating Agency</u>	<u>Rating</u>	<u>Issue Series</u>
Standard & Poor's	AA-	2009, 2010B
Moody's	Aa2	2004, 2009, 2010B
Fitch IBCA	AA	2004, 2009, 2010B

For more details concerning long-term debt, refer to Notes 7 to 11 in the basic financial statements.

**ECONOMIC FACTORS**

The unemployment rate in June 2013 for Sarasota County was 7.1 percent, which is a decrease of 1.6 percent from June 2012. The State's average unemployment rate in June 2013 was 7.4 percent. Florida's unemployment rate has decreased 1.6 percent while the nation's unemployment rate has decreased .4 percent from the prior year.

The State of Florida funds the District through the Florida Education Finance Program (FEFP) which is based on student enrollment. Through fiscal year 2007-08, the District grew at a steady pace as enrollment increased. Starting in fiscal year 2008-09, and continuing through fiscal year 2011-12, revenue to the District through the State and Local FEFP declined due to the slowing of growth as well as state funding shortfalls. In fiscal year 2012-13, the District realized a 3 percent increase in FEFP base student funding, the first increase since the economic downturn. In fiscal year 2013-14, the District anticipates a slight increase in student enrollment as well as another increase in base student funding based upon slow and steady increases in State revenue collections. However, base funding per student have only been restored to fiscal year 2005-06 levels and remains 8 percent below their highest funding level from fiscal year 2007-08.

**SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**  
**Management's Discussion and Analysis**  
**June 30, 2013**

In fiscal year 2012-13, property values remained fairly level from the prior year at \$41.8 billion. Property values have declined 33 percent from their highest level of \$62.7 billion in fiscal year 2007-08. It is anticipated that property values will increase next year as real property sales have increased with average home prices continuing to rise over the prior year.

During the current fiscal year, unassigned fund balance of the General Fund totaled \$40,713,975. It is anticipated that the unassigned fund balance at June 30, 2014 will be in excess of the Board required minimum of 7.5 percent of total appropriations and transfers out.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate compliance and accountability for its resources. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mitsi Corcoran, Chief Financial Officer, 1960 Landings Boulevard, Sarasota, Florida 34231.