

**FISCAL YEAR 2006/07
OPERATING AND CAPITAL IMPROVEMENT BUDGET**

TAXABLE VALUES & CITY MILLAGE RATE

The General Fund budget is a balanced budget, reflecting a 9.5% decrease in the property tax millage rate from the 2005/06 rate of 5.753 mills to an approved rate of 5.2088 mills for fiscal year 2006/07. The last time the millage rate was reduced was in fiscal year 1991/92.

Taxable Values

2007 Gross Taxable Value	\$ 10,661,184,191	
2006 Gross Taxable Value	<u>8,644,569,806</u>	
Net Increase	\$ 2,016,614,385	23.3%
New Taxable Value	\$ 145,858,302	7.2%
Net Increase in Value of Existing Property	<u>1,870,756,083</u>	<u>92.8%</u>
Total Increase in Taxable Value	\$ 2,016,614,385	100.0%

Taxable values of property within the City of Clearwater increased by more than \$2 billion to a total of more than \$10.6 billion in the new fiscal year, an increase of 23.3% over the values used for budget purposes last year. Included in this increase is the taxable value of new construction totaling almost \$150 million representing 7% of the total increase in taxable values. The increase in the taxable value of existing properties is almost \$1.9 billion or 93% of the total increase.

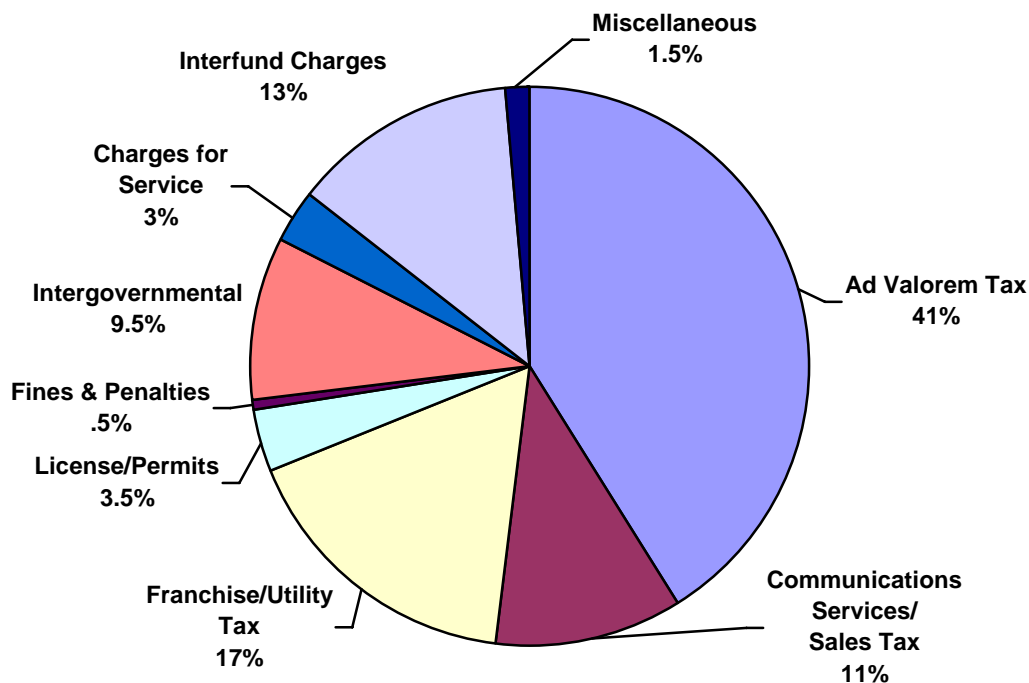
The adopted ad valorem rate of 5.2088 mills will generate \$50,277,930 to support General Fund operations, representing an additional \$5,399,750 for General Fund purposes over the 2005/06 budget. In addition, per City Council policy, a portion of the total millage is set aside to provide funding for City road maintenance. These funds account for .2963 of the total millage rate, and amount to \$3,033,030 for road maintenance projects, representing an additional \$168,290 for road maintenance projects over the 2005/06 budget.

GENERAL FUND REVENUES

“Ad valorem” or property tax revenues continue to provide the largest and fastest growing source of General Fund revenue. In fact, the total new revenues of \$5.4 million estimated for property taxes for the General Fund are 51% of the \$10.5 million of total new revenues for the General Fund.

With the approved millage rate of 5.2088 mills, anticipated revenues of \$50.3 million from ad valorem taxes represent 41% of total anticipated General Fund revenues, up from 40% in the 2005/06 budget, and 35% just three years ago.

General Fund Revenues Fiscal Year 2006/07 \$ 121,902,700



Revenue Source	2005/06	2006/07	% Increase
Ad Valorem Tax	\$ 44,878,180	\$ 50,277,930	12.0%
Franchise/Utility	18,602,330	20,565,160	10.6%
Interfund Charges	14,843,650	15,793,580	6.4%
Communications Service/Sales Tax	12,872,070	13,297,890	3.3%
Intergovernmental	10,010,270	11,374,130	13.6%
Licenses/Permits	4,015,000	4,046,110	.8%
Charges for Service	3,674,870	3,784,020	3.0%
Miscellaneous	1,675,540	1,927,880	15.1%
Fines & Penalties	828,000	836,000	1.0%
Total	\$111,399,910	\$121,902,700	9.4%

GENERAL FUND REVENUES

Franchise and utility tax revenues continue to provide the second largest source of General Fund revenues. Franchise and utility taxes collected on power and utility services are anticipated to be \$20.6 million, representing 17% of fiscal year 2006/07 budgeted revenue, the same percentage as the 2005/06 budget.

The General Fund is reimbursed by the various Enterprise Funds for administrative services provided to those operations including a portion of the City Manager, City Attorney, Human Resources, and Finance Departments. The General Fund is also reimbursed for any direct services provided to Enterprise Funds by operational departments such as the Parks and Recreation or Public Works Administration. And finally, most of the Enterprise operations pay the General Fund a “payment in lieu of taxes” (PILOT) by City Council policy. This category of revenues is depicted on the previous graph and chart as Interfund Charges. The combined receipts provided by interfund charges to the General Fund are approximately \$15.8 million, representing 13% of total General Fund revenues.

The next largest source of revenue for the General Fund is the Communications Services and Sales Tax category at 11% of total revenues. Sales tax revenues continue with steady growth and are estimated to increase by 7% to just over \$6.7 million in fiscal 2006/07. On the other hand, the collections for the Communications Services Tax continue to remain flat. Department of Revenue estimates for the Communications Service Tax are \$6.5 million, the same as the 2005/06 budget. The estimated revenues for the combined Local Communications Services Tax and Sales tax category of revenues will be approximately \$13.3 million in the new fiscal year. This category reflects an increase of approximately \$425,820 more than the 2005/06 adopted budget, and results in a 3.3% increase in this category as outlined on the previous table.

Intergovernmental revenue, or revenues received from federal, state, or local governments, accounts for \$11.4 million, or 9.5% of General Fund revenue. Primary receipts in this category include Fire and EMS revenues received from Pinellas County and the Pinellas County Library Cooperative funds.

Occupational Licenses and Building Permits represent 3.5% of General Fund revenues. Increases in this category are a result of the increases in anticipated building permit revenue.

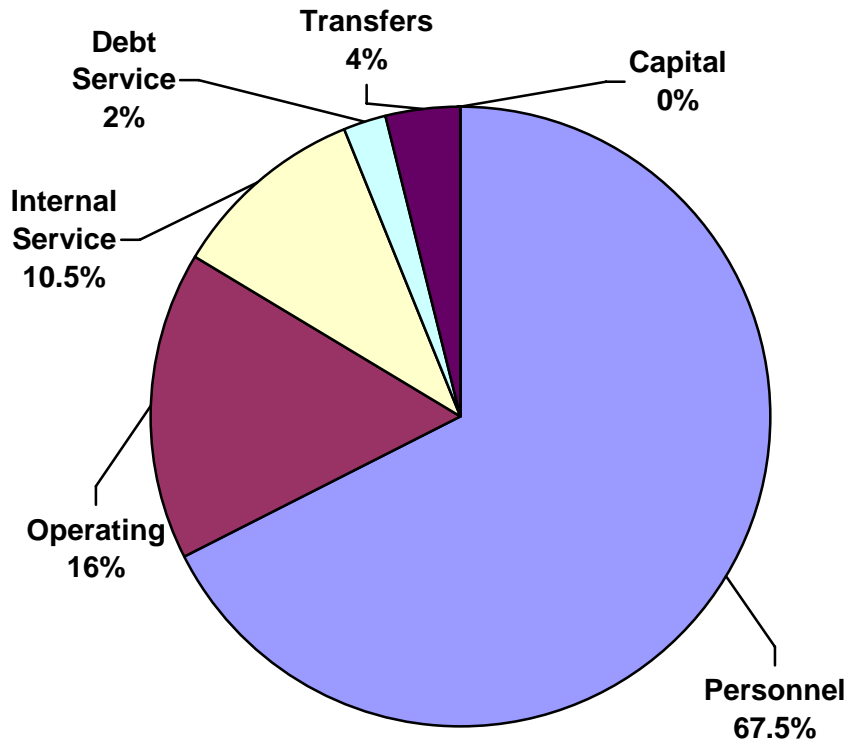
The category of revenue recognizing Charges for City Services accounts for approximately \$3.8 million, and represents only 3% of the City’s total General Fund revenues. This category includes revenues for all of the City’s recreation and library programs, as well as some specific planning and public safety fees. This category of revenues is anticipated to increase by approximately 3% in the approved budget.

Other smaller General Fund revenue sources include the revenue categories of Fines and Penalties and Miscellaneous revenues. Miscellaneous revenues represent approximately 1.5% of total General Fund revenues. The increase of approximately \$260,000 in the category of Miscellaneous revenues reflects increased interest earnings with a strong fund balance in the General Fund and an improving economy.

GENERAL FUND EXPENDITURES

The City's General Fund budget expenditures total \$121,902,700, an increase of 9.4% over the 2005/06 approved budget.

General Fund Expenditures by Category Fiscal Year 2006/07 \$ 121,902,700



Category	2005/06	2006/07	% Change
Personnel	\$ 76,576,160	\$ 82,098,970	7.2%
Operating	17,050,440	19,588,870	14.9%
Internal Service	11,215,600	12,540,920	11.8%
Interfund Transfers	4,409,040	4,930,940	11.8%
Debt Service	1,876,710	2,606,800	38.9%
Capital	271,960	136,200	(49.9%)
Total	\$ 111,399,910	\$ 121,902,700	9.4%

GENERAL FUND EXPENDITURES

PERSONNEL costs include salaries and benefits totaling \$82.1 million in fiscal 2006/07, representing 67.5% of the total General Fund operating budget, which, percentage wise, is slightly less than the 2005/06 budget. The cost of our employees has increased by 7.2% in this new budget from the previous budget of \$77 million. The City Council's final adopted budget reflects the impact of a 1% salary savings in the General Fund, which equates to approximately \$510,000.

Merit and Step Increases

- For budget purposes only, the budget provides for a 4% merit increase for SAMP (Supervisory, Administrative, Managerial, and Professional) employees. The budget for CWA union employees reflects a prorated 4% merit increase and a one-time base wage increase effective on October 1, 2006 per the contract. The 2006/07 budget year is the second year of a three year contract period for the CWA union contract.
- The Police union does not have a contract in place for the 2006/07 fiscal year and contract negotiations are currently underway. For budget purposes only, the Police Department operating budget reflects step increases and a 3% general wage increase for all Police union employees.
- The Fire Department operating budget reflects the cost of step increases for fire union employees as provided under the contract approved in May 2005, and provides for a 5% general wage increase effective October 1, 2006. The 2006/07 budget year is the third year of a three year contract period for Fire union contracts.

General Fund FTE Staffing Analysis

Under the approved budget, the General Fund would employ a total of 1,281.5 full-time equivalent (FTE) employees. The net change in General Fund full-time equivalent (FTE) positions in the approved budget is an increase of 17.5 FTE positions. Only three of these positions are new positions to the overall budget. The significant changes are as follows:

- Fire Services – The budget includes a total of three new FTE positions for the Fire Department. These three positions were discussed with the Council with the approval of last year's union contract reducing the number of hours in the employee workweek. These three positions will provide staffing to cover reduced workweek. These are also the only new positions in this budget.
- Beach Guard Services – The budget includes the transfer of the beach guard program from the Parking Fund. This results in the transfer of 14.5 FTE's from the Parking Fund to the General Fund. Based upon final Council action, this program will be supported with a transfer of \$452,310 from the Parking Fund to provide for approximately ½ the cost of this program and the Jolley Trolley in 2006/07. The full cost of the Beach Guard program will not be supported by the General Fund until fiscal year 2007/08.

A list of changes to FTE positions across all City operations, including the transfer of FTE positions between Departments, is included at the end of this letter.

City Pension Costs

The actuary report for the Employee's Pension Plan as of January 1, 2006 indicates that a required City contribution of \$15,438,360, which is approximately 20% of covered payroll, is required for fiscal year 2006/07. The City's fiscal year 2005/06 contribution was 19.6% of employee salaries and wages, with 10% funded in the 2005/06 budget and the remaining 9.6% funded from the pension plan credit balance.

The 2006/07 budget reflects an increased contribution of 13% of covered payroll, which provides approximately \$10.3 million, approximately 67% of the required contribution for the 2006/07 budget. The balance of the required contribution will be provided by an allocation from the pension plan credit balance, which has a current balance of approximately \$18.8 million.

GENERAL FUND EXPENDITURES

The strategy is to increase the City's contribution steadily over the next few years to achieve the higher contribution rate of 20% by fiscal 2008/09, while drawing on the reserves of the pension credit balance to provide the balance over this same period. The budget impact of this change on the annual operating budget is significant at almost \$2.8 million for all operations in 2006/07. The impact on the General Fund alone is more than \$1.9 million for the additional 3% contribution.

Medical Insurance Costs

In fiscal year 2006/07, City contributions are budgeted to remain at \$6,400 per employee, the same as the 2005/06 budget. This information is based upon estimates obtained from the City's medical insurance consultants. Medical insurance for employees cost the City approximately \$11.8 million across all operations and the cost to the General Fund is \$7.7 million, which is more than 6% of the total General Fund budget.

Worker's Compensation

The City's cost for worker's compensation is expected to increase at the rate of 2.8% in the new fiscal year. In 2006/07 workers compensation costs across all City operations will increase from \$2.8 million in fiscal year 2005/06 to \$2.9 million in the approved budget, and the General Fund impact is \$114,450.

OPERATING expenditures represent the second largest category of expenditures in the General Fund. Operating costs, which include utility costs for our traffic signal system and general public buildings, operating supplies, contractual services, as well as contributions to outside agencies, total approximately \$19.6 million, representing 16% of the City's General Fund budget. Some highlights outlining major increases in this category are noted below.

Utility costs

The cost of City utilities for all general operation facilities is expected to increase by approximately \$1.1 million in fiscal 2006/07. Our utility costs are also being impacted by higher fuel costs on our energy bills.

Property and Liability Insurance

Due to hurricane concerns, our property and liability insurance costs across all City operations are expected to increase by more than 100% in 2006/07. This budget funds approximately two-thirds of this increase, with the balance of needed funds provided from the retained earnings of the Central Insurance Fund, if necessary. In 2006/07, property and liability insurance costs across the City are budgeted at \$4.4 million, an increase of \$1.5 million over the 2005/06 budget. The budgeted impact of the property and liability insurance cost is an increase of \$941,020, or 48%, on the General Fund budget.

Other Agency Costs

The budget reflects the shifting of the funding of the Jolley Trolley program costs of \$229,000 that had been previously funded by the Parking Fund to the General Fund. With the loss of revenue from metered and cashier parking spaces due to the construction of Beach Walk, the Parking Fund needs to be relieved of this liability. Based upon final Council action, this program along with the Beach Guard program will be supported with a transfer of \$452,310 from the Parking Fund to provide for approximately ½ the cost of the Jolley Trolley and Beach Guard programs in 2006/07. The full cost of the Jolley Trolley program will not be supported by the General Fund until fiscal year 2007/08. The budget also includes the annual contribution to PACT in the amount of \$477,620.

The operating category of expenditures has increased by approximately \$2.5 million in the 2006/07 fiscal year across all City General Fund operations, an increase of 14.9%.

INTERNAL SERVICE costs represent the labor and operating costs of maintaining the City's infrastructure, fleet, and internal networks are \$12.5 million, or 10% of the General Fund budget. This category of expenditures has increased by approximately \$1.3 million, over the 2005/06 budget, an increase of approximately 11.8%. More than 60% of this increase is a result of higher garage charges primarily due to escalating fuel costs. Other increases in internal service costs are primarily in the area of information technology due to enhancements in programs and software.

GENERAL FUND EXPENDITURES

INTERFUND TRANSFERS total \$4.9 million in the approved budget, an increase of \$521,900 over 2005/06. Most of the budgeted transfers reflect the appropriation of funds to the Capital Improvement Fund to pay for City facility maintenance and transfers to other City Funds to cover the cost of Fire insurance, the CRA contribution which is \$376,610 more than the 2005/06 budget due to rising property values, and the subsidy to Harborview to name a few. The increase in the CRA contribution makes up the bulk of the increase in this category.

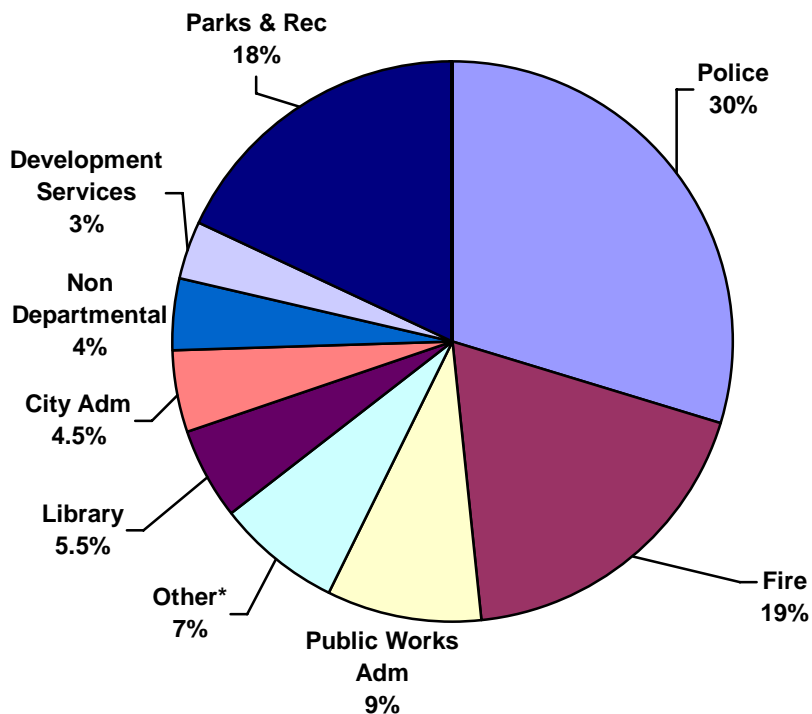
A detailed schedule of capital projects funded with General Fund revenues is included on page 333.

DEBT SERVICE costs of \$2.6 million, or 2% of the General Fund budget, provide funding for general-purpose debt including the debt on the City's Police Complex. In addition, this budget for the first time includes \$1 million for debt costs on a bond issue for Beach Walk. This category of expenditures has increased by approximately \$730,090 in the budget, increasing from \$1.9 million last year to \$2.6 million in 2006/07.

SMALL CAPITAL purchases represent the balance of \$136,200 and reflect the purchases of small equipment throughout the General Fund departmental operations.

GENERAL FUND EXPENDITURES

**General Fund Expenditures by Department
Fiscal Year 2006/07
\$ 121,902,700**



GENERAL FUND EXPENDITURES

General Fund Expenditures by Department Fiscal Year 2006/07

Department	2005/06	2006/07	% Change
Police	\$ 33,243,510	\$35,630,590	7.2%
Fire	20,658,540	22,734,580	10.0%
Parks and Recreation	20,088,080	22,273,410	10.9%
Public Works Administration	10,104,080	10,418,210	3.1%
Library	6,081,950	6,611,820	8.7%
City Administration (1)	4,988,280	5,366,740	7.6%
Non-Departmental	4,671,660	6,506,570	39.3%
Development Services	3,837,330	4,136,700	7.8%
Finance *	2,157,900	2,200,540	2.0%
Planning *	1,484,330	1,445,380	(2.6%)
Economic Development *	1,397,330	1,457,130	4.3%
Human Resources *	1,207,690	1,333,630	10.4%
Public Communications *	976,400	1,055,510	8.1%
Pier 60/Sailing Center /Beach Guards*	502,830	731,890	45.6%
Total	\$ 111,399,910	\$121,902,700	10.9%

(1) Includes budgets of City Council, City Manager's Office, City Attorney's Office, Official Records, Equity Services, Office of Management and Budget, and City Audit.

* These programs are reflected in the category of "Other" on the above graph.

GENERAL FUND RESERVES

The City Council's current policy requires that the City maintain a General Fund reserve equal to 8% of the subsequent year's budgeted expenditures as a contingency fund to meet unanticipated financial needs. In addition, the City Council will require an additional General Fund reserve equal to ½% of the subsequent year's budgeted expenditures to fund unanticipated retirements of General Fund long-term employees during the given fiscal year.

The approved Annual Operating Budget reflects a comfortable General Fund reserve of approximately \$17 million, or 14% of the fiscal year 2006/07 approved expenditures. This maintains the City's General Fund reserve at a level of \$6.7 million over the required reserve policy.

UTILITY FUNDS

Fund	2005/06	2006/07	% Change
Water & Sewer	\$ 49,847,580	\$ 53,874,170	8.1%
Gas	40,533,050	48,613,190	19.9%
Solid Waste	17,298,140	18,475,210	6.8%
Stormwater	11,398,620	12,124,450	6.4%
Recycling	2,557,020	2,677,450	4.7%
Total	\$ 121,634,410	\$ 135,764,470	11.6%

UTILITY OPERATIONS

Water and Sewer

The Water and Sewer enterprise fund accounts for the financing, construction, operation, and maintenance of the water and sewer services of the City from charges made to users of the service. Based upon the current rate study analysis, water and sewer utility revenues reflect the Council approved rate increase of 6%, beginning October 1, 2006. Budgeted fund revenues are estimated at \$54.3 million and fund expenditures at \$53.9 million for the 2006/07 fiscal year.

The Water & Sewer Fund reflects the same staffing level of 175 full-time equivalent positions in the new fiscal year, the same as in the 2005/06 adopted budget.

Gas

The Gas enterprise fund accounts for the financing, construction, operation, and maintenance of the gas system of the City from charges made to users of the service. Anticipated revenues for fiscal year 2006/07 are approximately \$50.2 million, which includes the use of \$1,507,810 of previous years' retained earnings for the Gas dividend payment to the General Fund. Estimated Gas Fund expenditures are \$48.6 million for fiscal year 2006/07, an increase of 20% primarily due to the escalating cost of natural gas.

The Gas Fund reflects the same staffing level of 90 full-time equivalent positions in the new fiscal year as in the 2005/06 adopted budget.

New gas rates and utility charges went into effect in April 2005, the first increase since October 1997.

Solid Waste

The Solid Waste enterprise fund accounts for the financing, construction, operation, and maintenance of the Solid Waste operations of the City from charges made to users of the service. Budgeted fund revenues and expenditures are estimated at \$18.5 million for fiscal year 2006/07, but revenues reflect the use of \$1.3 million in unrestricted retained earnings. Staff will be conducting a rate study before next budget year to review revenue sufficiency and program efficiency options.

The Solid Waste Fund reflects a staffing level of 112 full-time equivalents in the new fiscal year, the same as the 2005/06 adopted budget.

Recycling

The Recycling enterprise fund accounts for the financing, construction, operation, and maintenance of the Recycling operations of the City from charges made to users of the service. The Recycling Fund generates most revenues from the collection and sale of recyclable material. Budgeted revenues and expenditures for the fiscal year are estimated at \$2.7 million.

The Recycling Fund reflects a staffing level of 22.5 full-time equivalent positions in the new fiscal year, .5 FTE less than the 2005/06 adopted budget.

The Fund does not include any planned rate increase in fiscal year 2006/07.

Stormwater

The Stormwater enterprise fund accounts for the financing, construction, operation, and maintenance of the Stormwater system of the City from charges made to users of the service. Stormwater utility revenues reflect the Council approved rate increase of 6% from \$9.35 to \$9.91 per residential unit, beginning October 1, 2006. Stormwater revenues are anticipated to be approximately \$12.6 million and expenditures are estimated at \$12.1 million in fiscal year 2006/07.

The Stormwater Fund reflects a staffing level of 46 full-time equivalents in 2006/07, the same as the 2005/06 adopted budget.

OTHER ENTERPRISE FUNDS

Fund	2005/06	2006/07	% Change
Marine & Aviation	\$ 3,601,820	\$ 3,708,200	3.0%
Parking Fund	4,609,970	4,113,090	(10.8%)
Harborview	2,211,770	706,040	(68.1%)
Total	\$ 10,423,560	\$ 8,527,330	(18.2%)

Marine and Aviation

Budgeted revenues for fiscal year 2006/07 are approximately \$3.9 million and expenditures are estimated at \$3.7 million. The Marine and Aviation Fund reflects a staffing level of 20 full-time equivalent positions in the new fiscal year, the same as the 2005/06 adopted budget. No other major changes are reflected in this operation. Capital projects for the Marine and Aviation Fund continue to support the needed infrastructure maintenance of the docks, fuel system, and airpark facilities, keeping them safe and functional for all users.

Parking

The Parking Fund supports both the operations and parking enforcement programs. The City's construction of Beach Walk, that is now underway on Clearwater Beach, will eventually lead to the elimination of the revenue from more than 500 metered and cashier parking spaces on Clearwater Beach, resulting in a funding issue for the City's Parking Fund. Therefore, the Council approved budget includes the inevitable shifting of the funding of the Jolley Trolley and the Beach Guard programs out of the Parking Fund over a period of two years starting in fiscal 2006/07. Approximately \$452,310 of costs that have been previously supported by the Parking Fund have been shifted to the General Fund in fiscal year 2006/07. By fiscal year 2007/08, it is anticipated that the balance of these two programs will be fully funded in the General Fund. The Parking Fund operation budget reflects anticipated revenues of \$4.9 million and expenditures of \$4.1 million for fiscal 2006/07.

With the shifting of the beach guards to the General Fund, the Parking Fund reflects a reduction of 14.5 FTE's to a total of 20.7 full-time equivalent positions in 2006/07. The Parking Fund will reflect a transfer of \$452,310 to support approximately one-half the cost of the Beach Guard program and the Jolley Trolley program in the General Fund.

Harborview

The operations of the Harborview Center are estimated at a cost of approximately \$706,040 in 2006/07, while operating revenues are anticipated to be the same as expenditures. The General Fund subsidy to the Harborview Fund will be \$342,240 to close the anticipated annual deficit of this operation.

INTERNAL SERVICE FUNDS

Fund	2005/06	2006/07	% Change
Administrative Services	\$ 9,053,370	\$ 9,703,270	7.2%
General Services	4,104,120	4,202,510	2.4%
Garage Fund	11,330,890	12,305,160	8.6%
Central Insurance Fund	18,737,140	22,388,660	19.5%
Total	\$ 43,225,520	\$ 48,599,600	12.4%

Internal Service Funds

The Internal Service Funds of the City account for fleet management, information technology, telephone, graphics, employee benefits, facilities management, radio communications, insurance, and risk management services provided to other City departments on a cost reimbursement basis.

In 2006/07, the internal service operations that are having the most impact on the City budget include the Central Insurance Fund due to the escalating costs of property and liability insurance coverage, the Garage Fund due to the escalating costs of fuel and vehicle parts, and the Administrative Services Fund primarily due to the cost of improving technology.

DEBT ADMINISTRATION

The City maintains separate accounting records for all debt principal, interest, and reserve requirements for all General Long Term Debt. Separate budgets are not adopted for these debt service funds, but appropriations are included in the operating expenditures of all related operating funds.

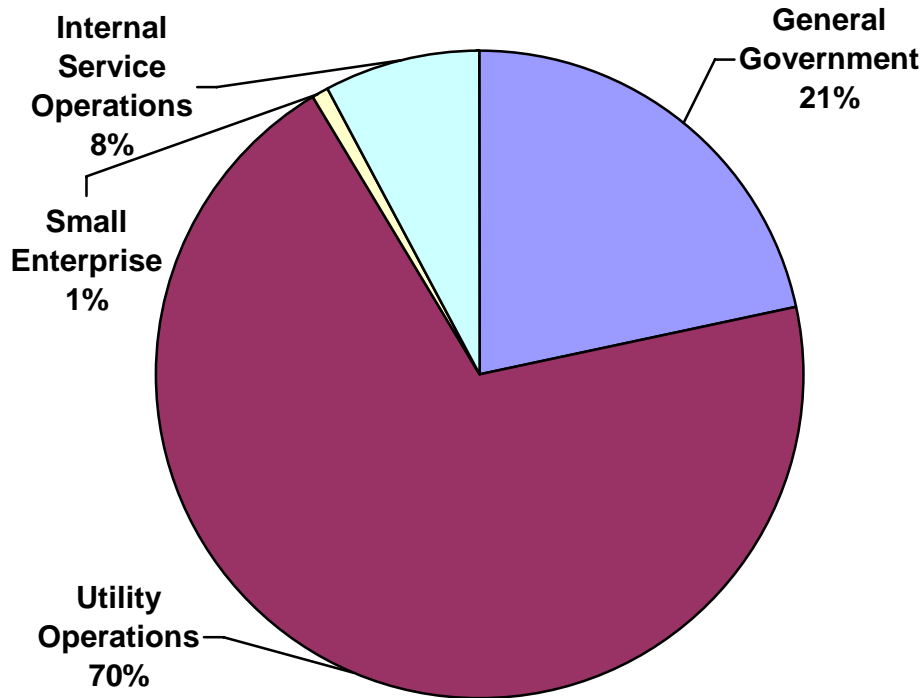
Statistical Table VII on page 373 outlines the ratio of net general bonded debt to taxable assessed value and bonded debt per capita over a ten-year period. There is no general obligation debt outstanding as of September 30, 2005, and no general obligation bonds have been issued during the 2005/06 fiscal year.

The computation of the legal debt margin imposed by the City Charter is included in Statistical Table VIII on page 374, and as of September 30, 2005, the City's outstanding debt represents a little over 3% of the assessed value of non-exempt real estate, well within the 20% limitation set by the City Charter, and well within the resource capacity of the individual pledged revenue sources. This computation includes all outstanding revenue bonds as well as all outstanding lease purchase contracts.

CAPITAL IMPROVEMENT PROGRAM

The capital project budget includes \$62.7 million of projects for fiscal year 2006/07 and the six-year plan totals more than \$350 million.

Capital Improvement Fund Expenditures Fiscal Year 2006/07 \$ 62,706,790



CAPITAL IMPROVEMENT PROGRAM

Capital Improvement Fund Expenditures

Category	2005/06	2006/07	% of Total
Utility Operations	\$ 31,293,520	\$ 43,704,900	70%
General Government	17,543,340	13,566,490	21%
Internal Service Operations	5,120,100	4,835,400	8%
Small Enterprise	645,000	600,000	1%
Total	\$ 54,601,960	\$ 62,706,790	100%

Of the total anticipated projects of almost \$63 million, more than \$43 million are projects supporting one of the City's five utility operations, which consist of Water and Sewer, Stormwater, Solid Waste, Recycling, and Gas. Slightly more than \$13.5 million of projects are devoted to general government operations. General government type projects include those projects supporting the construction of fire facilities and police and fire equipment, street

maintenance and intersection maintenance, park development and maintenance, and the purchase of library materials.

The \$4.8 million allocated to internal service operation projects support the replacement of City vehicles and the maintenance of all telephone, radio, computer, and other information systems. Small enterprise projects are those projects that support the City's parking, airpark, and marine operations.

Some of the major new projects that are budgeted in the 2006/07 fiscal year are as follows:

- In the new budget year, more than \$400,000 of new funding is provided for the replacement of air packs, water vehicles, radios, ladder truck equipment, the purchase of a thermal camera, and protective gear.
- The approved budget includes a \$400,000 project for the expansion of the Sailing Center funded by Penny for Pinellas Funds that will provide additional covered classroom space and renovations to some areas of the current facility.
- Penny for Pinellas funds are moved forward for the Druid Road project to complete the trail section from Glen Oaks Park to the Memorial Causeway.

GFOA BUDGET AWARD

The Government Finance Officers Association of the United States and Canada (GFOA), a national organization, each year nationally recognizes budgets that meet certain rigorous standards. GFOA has awarded the City of Clearwater this award for each of the past twenty years. In order to receive the budget award, a government must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

We believe that this budget document continues to conform to program requirements, and will be submitted to the GFOA to determine its eligibility for another award. This award, along with the Certificate of Achievement For Excellence in Financial Reporting, helps the City of Clearwater present a quality image to bond rating agencies and other outside agencies with which the City does business.

PUBLIC PROCESS

The City Council met to discuss the preliminary budget and the tentative millage rate at the City Council worksession on July 18th and the Council set the tentative millage rate at the City Council meeting on July 20th at 5.42 mills, a reduction of 6% from the 2005/06 adopted rate of 5.753 mills. The City Council also held a special public meeting on the budget on August 21st.

Public hearings to adopt the budget were held on September 5th and 21st, 2006 and a public hearing to review the planned expenditures for Penny for Pinellas infrastructure projects was held on September 7, 2006. After hearing citizens concerns about the proposed tax rate of 5.42 mills, the City Council adopted a final rate of 5.2088 mills at the final public hearing.

All public meetings and workshops on the budget are televised for Clearwater residents.