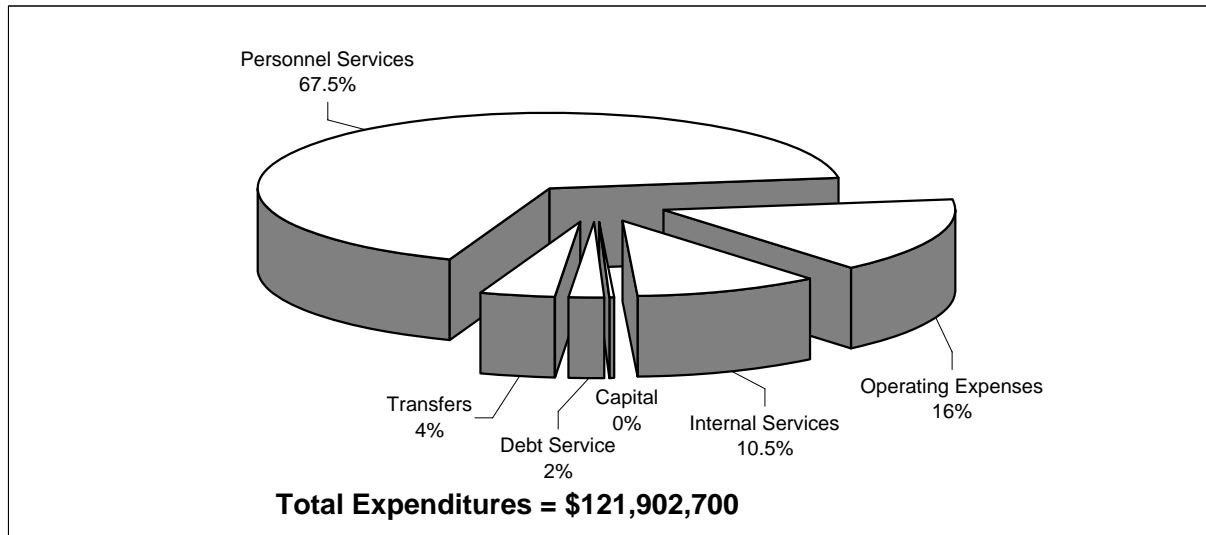


General Fund Expenditures by Type



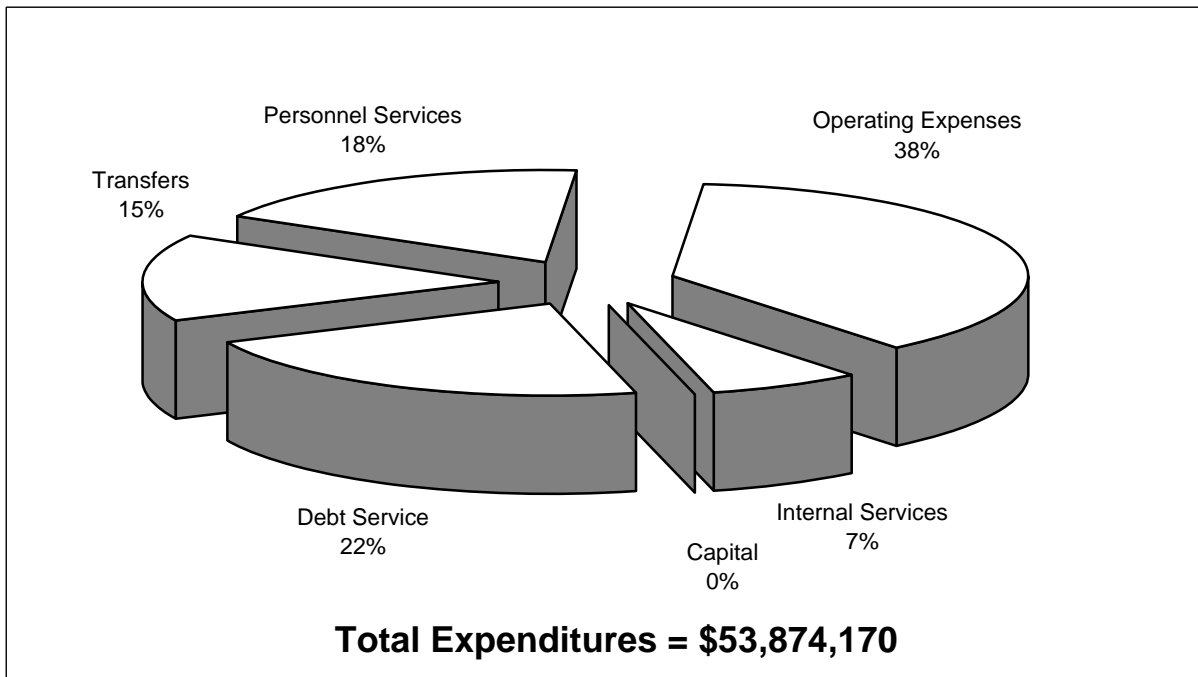
General Fund revenues are generated from many sources: property taxes, utility taxes, franchise fees, charges for services, revenue sharing and grants from other government units, sales taxes, licenses, fines, interfund administrative service and other service charges, interfund transfers from utilities (payments in lieu of taxes), and interest earnings. The largest share is provided by Property Taxes at 41%, up from 40% over fiscal 2005/06. The approved millage rate of 5.2088 has been reduced by one half of a mill from last year. Over the last eight years, the General Fund has been relying more on Property Taxes and less on Franchise Fee and Utility Tax revenues, which combined provide 17% of the General Fund revenues, and Sales/Communications Services Tax revenues which provide 11% of the General Fund revenues.

At 67.5%, personnel expenditures are the largest expenditure of the General Fund. This is due to the service oriented nature of the General Fund which includes programs such as Police, Fire, Parks & Recreation, Finance, Library and Beach Guards. Operating expenses, such as electricity and contractual services, account for the next greatest proportion of total fund expenditures at 16%. Internal Services include such expenditures as vehicle maintenance, information technology services, telephone service, and maintenance of buildings, and account for 10.5% of total fund expenditures. Debt Service includes \$862,120 for principal and interest on lease purchased equipment as well as \$1,744,680 on outstanding bond issues and internal loans. This includes the debt for Beach Walk.

Transfers to other funds, includes \$3,024,280 to the Capital Improvement Program (CIP), and \$1,906,660 to other funds for a total of \$4,930,940. The capital projects funded include \$568,150 for fire equipment, \$688,630 for library materials, \$440,000 for city-wide air conditioner and roof repairs/replacements, painting and flooring for buildings, \$997,500 for maintenance of recreational facilities, \$100,000 for initial costs for a New City Hall, \$195,000 for docks, seawalls, Pier 60/Sailing Center and Beach Guard facility maintenance, and \$35,000 for miscellaneous engineering and environmental issues. Transfers to other funds includes funding for the tax increment contribution to the Community Redevelopment Agency (CRA), the annual subsidy to the Harborview Fund, the annual funding of the City Manager's Flexibility Fund, and the annual subsidy to the Clearwater Homeless Intervention Program Shelter (CHIPS).

Anticipated revenues for fiscal year 2006/07 are estimated to be approximately \$121,902,700 with the approved millage rate of 5.2088 mills. Anticipated revenues for fiscal 2006/07 equal the estimated expenditures.

Water & Sewer Fund Expenditures by Type

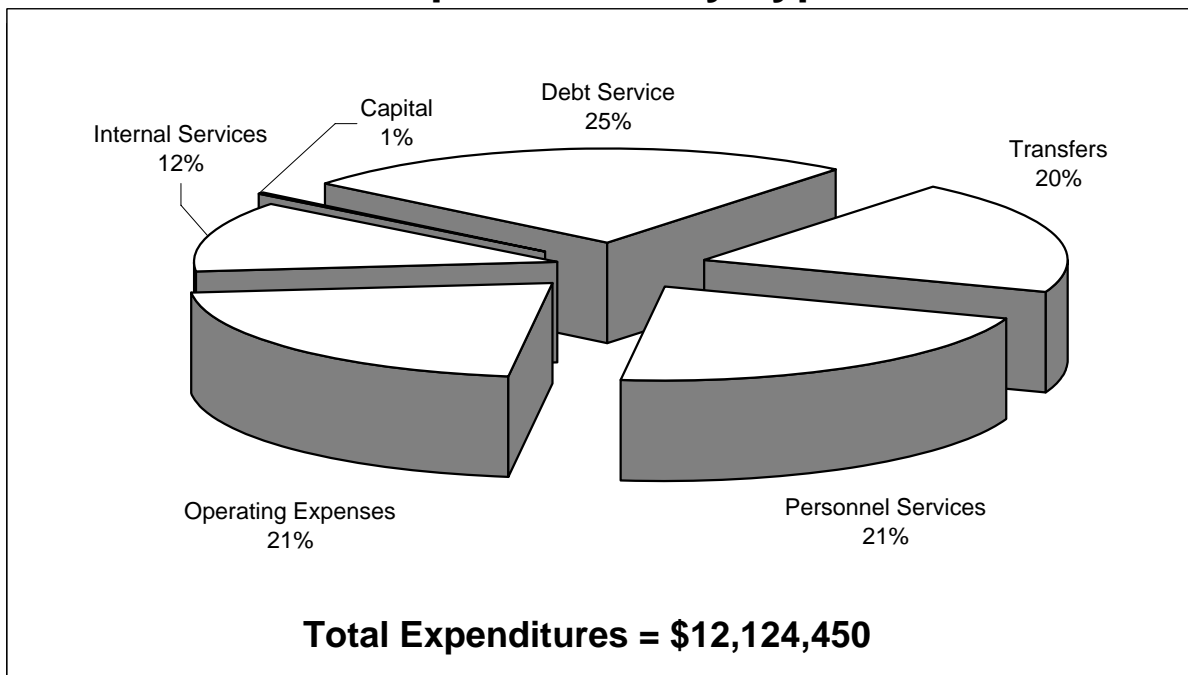


Water & Sewer revenues are generated primarily from user fees for sale of water and sewer service. Both water and sewer rates increased 7% October 1, 2006, and will be increased 6% on October 1, 2007 and 2008. Reclaimed water rates were restructured effective October 1 2006 with an average reclaimed water customer increase of 29.44% to be followed by subsequent increases of 6% on October 1, 2007 and 2008. These increases are necessary to provide funding to maintain compliance with debt service coverage requirements and to support the continuation of capital improvement projects needed to sustain the City's utility infrastructure and expand the reclaimed water system. These projects are necessary due to a combination of aging facilities and regulatory requirements.

The Water & Sewer Fund supports 61 full time equivalent positions (FTE) for water operations, 108 FTE positions for Sewer operations and 6.0 FTE's for Public Utilities Administration, the same as the 2005/06 budget, in the Public Works Administration/Public Utilities Department. Only 18% of fund expenditures are personnel related. Operating expenses account for 38% of the fund expenditures, of which \$8,453,470 represents the estimated cost for purchase of water from Pinellas County. Debt Service expenditures of \$11,764,570 account for \$11,303,310 of interest and principal payments on outstanding water and sewer construction bonds, \$344,760 of payments on lease purchased equipment and \$116,500 of interest that must be paid on utility deposits.

Transfers include \$3,313,120 to the Capital Improvement Program, an increase of \$1,469,530. These transfers fund additions and repairs and line relocations throughout the water, sewer, reclaimed water system. Other transfers reflect \$2,486,080 of payments in lieu of taxes to the General Fund. Also included is a transfer of \$2,423,270 to the Utility Renewal and Replacement Fund as a reserve for future maintenance of the system, as required by bond covenants. Anticipated revenues for fiscal year 2006/07, which include the use of \$219,440 of accumulated impact fees are approximately \$54,340,550 and exceed anticipated expenditures by \$466,380. Fiscal year end 9/30/2005 financial statements reflect a net income of approximately \$6,936,360.

Stormwater Fund Expenditures by Type



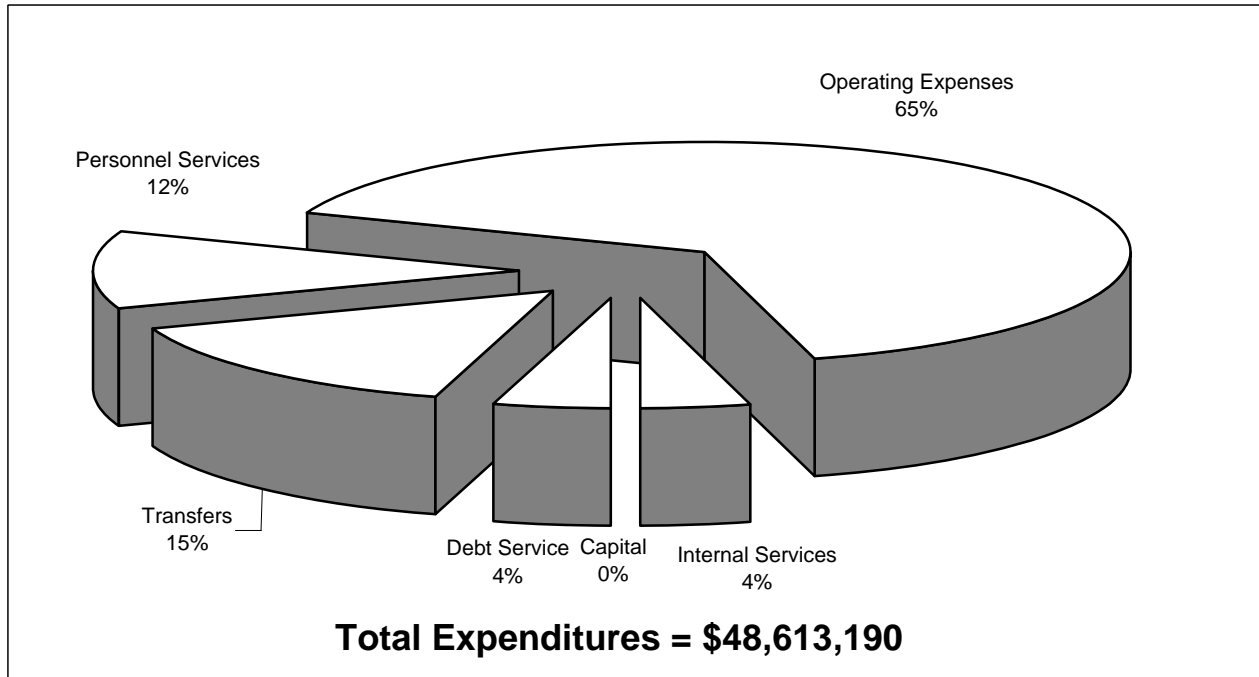
Stormwater revenues are provided by the stormwater utility fee collected from each City of Clearwater utility customer, and billed through the monthly utility billing system. These revenues are used to remove pollutants and treat stormwater before it is discharged into lakes, bays, rivers, etc., and to operate and maintain the stormwater drainage facilities. The rate is \$9.91 per each residential unit or ERU effective October 1, 2006. One ERU is equal to 1,830 sq. ft. of impervious area - hard surface that will not allow water to be absorbed into the ground such as roofs, driveways and parking lots.

Additional 6% rate increases have been approved to take effect 10/01/07, 10/01/08, 10/01/09, 10/1/10 and 10/1/11. These increases will provide funding to support capital projects while providing for necessary maintenance of the existing stormwater infrastructure. Some of the planned projects include Stevenson's Creek Estuary Restoration, coastal improvements, channel improvements, Coopers Point and Allen's Creek Drainage improvements.

The Stormwater Fund operations reside in the Public Works Administration Departments. Personnel Service costs are estimated at 21% of all fund expenditures, and represent forty-six full time equivalent employees funded by Stormwater revenues, the same number as in fiscal year 2005/06. Operating expenses include an additional \$40,000 over the previous year in outside contractual services to assist with the annual recertification of stormwater activities and the five-year update for the Community Rating System (CRS). Debt Service costs, which amount to 25% of expenditures, include \$2,874,960 of interest and principal payments on outstanding stormwater construction bonds and \$171,120 of payments on lease purchased equipment. Transfers, which comprise 20% of total expenditures, include \$1,813,060 for capital improvements to the stormwater system and \$566,610 as payment in lieu of taxes to the General Fund.

Anticipated revenues for Fiscal Year 2006/07 are approximately \$12,551,970, exceeding the estimated expenditures by \$427,520. These consist entirely of operating revenues and interest earnings anticipated under the adopted rate study. Fiscal year end 9/30/2005 financial statements reflect net income of approximately \$3,310,690 for the Stormwater Fund.

Gas Fund Expenditures by Type

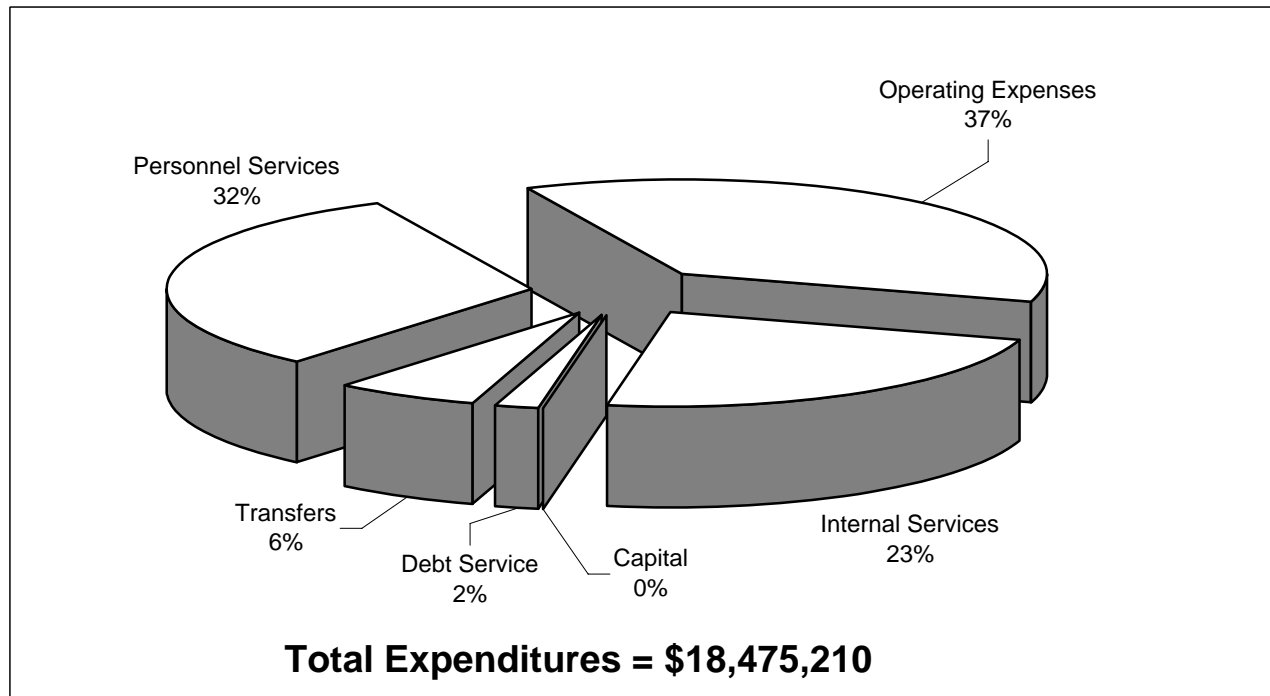


Gas revenues are generated primarily from gas and appliance sales, service charges and miscellaneous income from day-to-day operations. Effective April 1, 2005 new gas utility rates and service charges replaced the rates that were in effect since May 2002. The new rates increased the monthly customer charges that had not changed since October 1997. Propane gas service rates and other miscellaneous gas charges were changed to reflect increases in the cost of providing the services.

The Gas Fund contains four programs: Gas Administration & Supply, Gas System Marketing & Sales, South Area Gas Operations, and North Area Gas Operations. Ninety (90) positions are funded by these revenues, resulting in 12% of expenditures being personnel related. Operating expenses at 65% account for the greatest proportion of the fund expenditures, of which \$24.3 million is the cost of gas purchased for resale. This is a \$6.2 million increase over the budgeted cost in the previous fiscal year, due primarily to the higher fuel prices. Debt Service is composed of \$2,017,400 for outstanding gas bond issues, and \$30,000 of interest that must be paid on utility deposits. Transfers are composed of \$5,830,000 to the Capital Improvement Program for new gas lines, repairs to the gas system, relocation of gas mains and environmental remediation, and \$1,507,810 payment to the General Fund. This payment, along with the gas franchise fee revenue is an estimate of the revenues the City would receive if the utility were a private enterprise.

Anticipated revenues for Fiscal Year 2006/07 are approximately \$50,206,760, which is composed of \$47,884,800 of operating revenues, \$419,150 of service charges and interest earnings, \$395,000 of capitalized labor, and the use of \$1,507,810 of previous years' retained earnings for the Gas dividend payment to the General Fund. Anticipated Gas Fund revenues exceed anticipated expenditures by approximately \$1,593,570 in fiscal year 2007. Fiscal year end 9/30/2005 financial statements reflect a net income of approximately \$5,106,680.

Solid Waste Fund Expenditures by Type

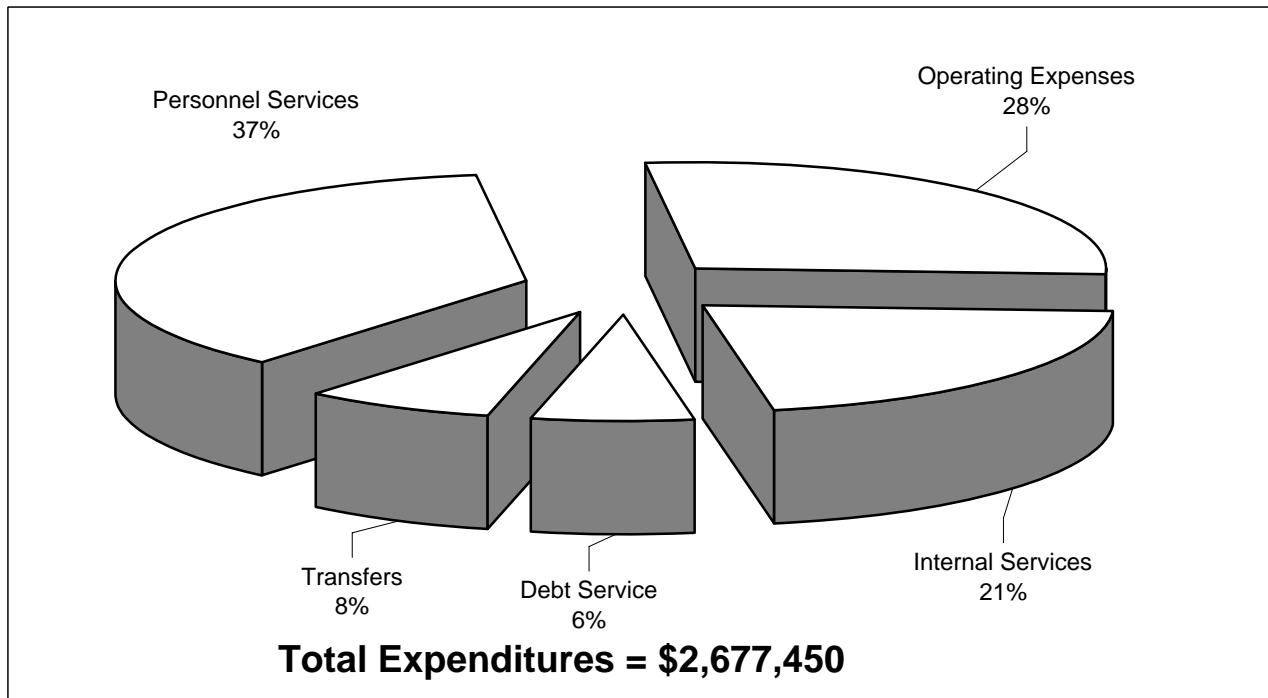


Solid Waste revenues are generated primarily through user fees for collection of solid waste. Other revenues which include such sources as interest earnings and contractor fees produce only 2.9% of total revenues. There are no rate changes included in this budget. The last increase in Solid Waste rates was in January 2001.

The Solid Waste Fund contains four programs: Solid Waste Administration, Solid Waste Collection, Solid Waste Transfer, and Container Maintenance. One hundred twelve (112) positions are funded by these revenues, the same as 2005/06, resulting in 32% of expenditures being personnel related. Operating expenses account for 37% of the fund expenditures, of which \$5,378,150 for dumping fees are the primary expense. Internal services make up 23% of total expenditures in fiscal year 2006/07, up from 19% in 2005/06. This is primarily due to the high cost of fuel and parts. Transfers are composed of \$270,000 to the Capital Improvement Program for additional and replacement collection containers and vehicles, and \$900,130 of payments in lieu of taxes to the General Fund.

Anticipated revenues for Fiscal Year 2006/07 are approximately \$18,475,210, and equal anticipated expenditures. Fiscal year end 9/30/2005 financial statements reflect a net income of approximately \$905,260.

Recycling Fund Expenditures by Type

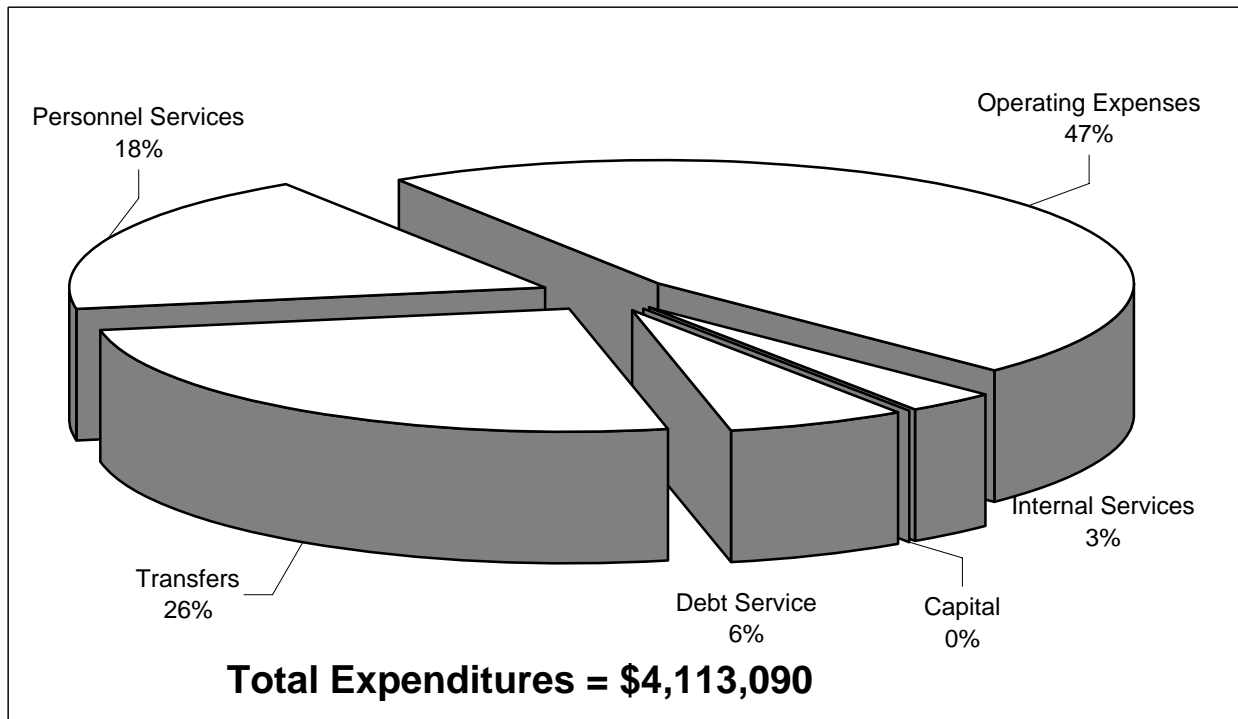


Recycling revenues are generated primarily from user fees for collection of recyclables (54%) and from the sale of recyclables (40%). The remaining 6% of total revenues comes from such items as interest earnings, late payment fees and sale of containers.

The Recycling Fund contains three programs: Recycling - Residential, Recycling - Multi-Family and Recycling - Commercial. Twenty-two and a half (22.5) positions are funded by these revenues, a decrease of 0.5 position from the 2005/06 budget. The result is a decrease from 38% to 37% for personnel related expenditures. The primary Internal Service expenditures are for maintenance of vehicles by the City Garage and billing service by Clearwater Customer Service. Due to the high cost of fuel and parts, internal services reflect an increase of \$40,530 over the previous year budget. Transfers are composed of \$50,000 to the Capital Improvement Program for drainage upgrades as well as container acquisition, and \$153,100 for payments in lieu of taxes to the General Fund, an increase of \$7,390 over the 2005/06 amount.

Anticipated revenues for Fiscal Year 2006/07 are approximately \$2,685,700, and exceed anticipated expenditures by approximately \$8,250. Fiscal year end 9/30/2005 financial statements reflect a net income of approximately \$339,480.

Parking Fund Expenditures by Type



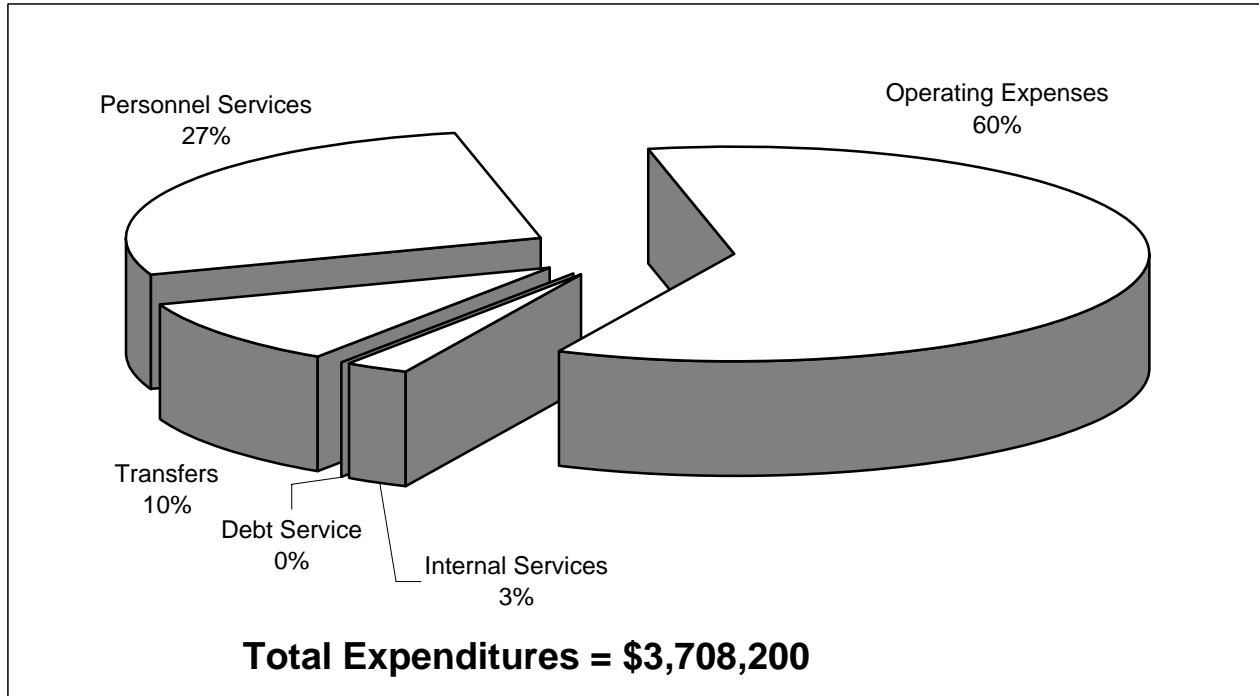
Parking operating revenues are generated through parking receipts, fines, rentals, and miscellaneous income derived from day-to-day operations. These revenues are used for the general operations of the Parking System, the Parking Enforcement program, and for improvements and repairs to parking facilities. The latest rate increase was for downtown parking (meters, garage & permits) on December 1, 2002.

The Parking Fund contains two operations: Parking Operations and Parking Enforcement, both of which are contained in the Public Works Administration/Engineering Department. Twenty and seven-tenths (20.7) full-time equivalent positions are funded by these revenues, resulting in 18% of expenditures being personnel related. The Parking Enforcement Program was established in June of 2003 to provide a dedicated enforcement of parking both downtown and at the beach. Fifty-three percent of all fund expenditures are related to operating expenses, and include \$510,000 for a contractual service to operate the attendant parking lots at the beach.

Transfers, representing 26% of the total budget, include the \$300,000 transferred to the Capital Improvement Program to fund parking lot resurfacing and improvements, repairs to City owned parking garages, \$300,000 representing parking fine revenue net of the cost of enforcement and collection transferred to the General Fund, and \$452,310 to the General Fund to fund a portion of the Beach Guard Operations Program. The Beach Guard program was funded entirely in the Parking Fund through the 2005/06 budget but has had a portion moved to the General Fund in this 2006/07 budget and will have the remainder of the funding moved in 2007/08.

Anticipated revenues for Fiscal Year 2006/07 are approximately \$4,891,660 and exceed anticipated expenditures by approximately \$778,570. Fiscal year end 9/30/2005 financial statements reflect a net income of approximately \$1,143,630.

Marine & Aviation Fund Expenditures by Type

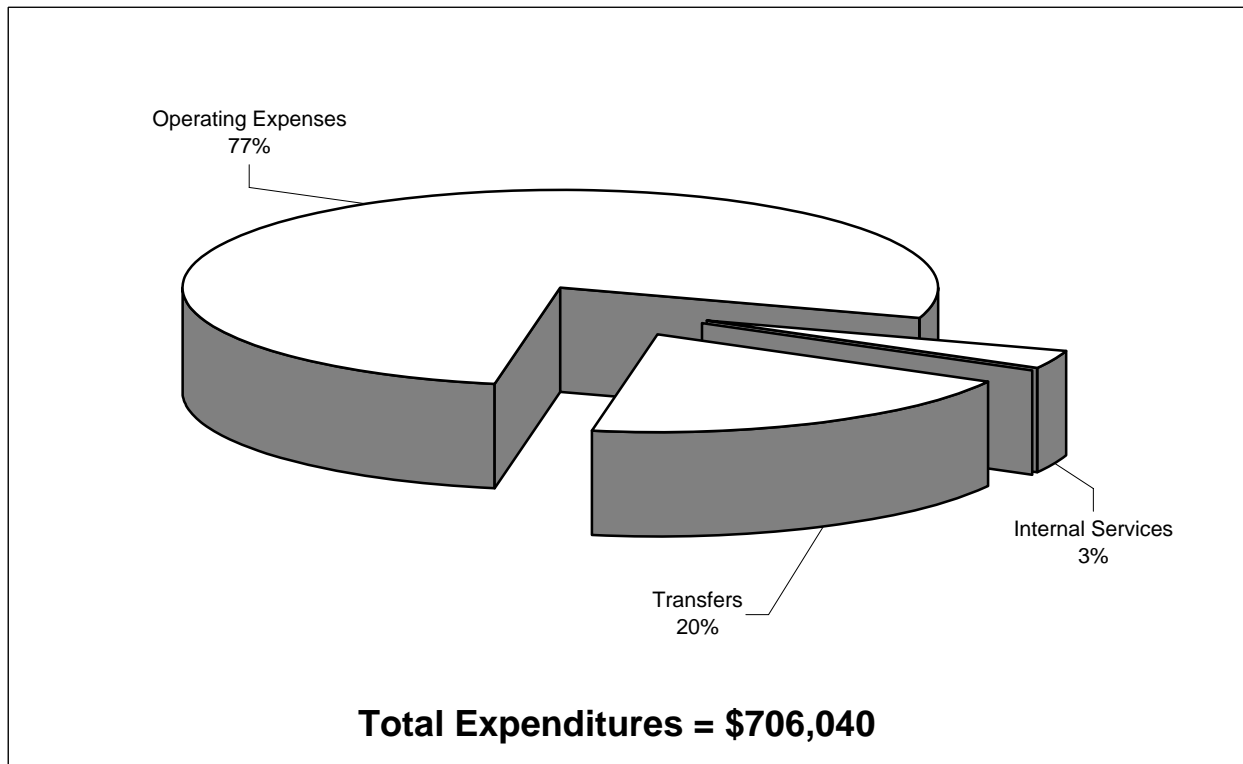


Marine & Aviation revenues are generated primarily through user fees for slip rentals, building and land rentals, hangar rentals, resale of gas, oil and electricity, and miscellaneous income from day-to-day operations. An Airpark master plan that includes new T-hangars, corporate hangars and a fixed base operator building is in the process has been implemented. These changes will enable the Airpark to become economically self-sufficient within the next several years.

Twenty (20.0) full time equivalent positions are funded by these revenues, the same as 2005/06 budget. Personal services accounts for 27% of expenditures and Operating expenses account for 60%, the greatest proportion of the fund expenditures, of which \$1,600,000 is the cost of items purchased for resale. This is primarily fuel, and has increased \$100,000 over the previous year due to high fuel costs. Transfers are composed of \$160,000 to the Capital Improvement Program for repairs to marina facilities, docks, fuel tank maintenance, dredging and Airpark improvements, and \$208,350 for payments in lieu of taxes to the General Fund (5.5% of the prior year's gross revenues).

Anticipated revenues for Fiscal Year 2006/07 are approximately \$3,945,720. Anticipated revenues exceed anticipated expenditures by approximately \$237,520 for fiscal year 2006/07. Fiscal year end 9/30/2005 financial statements reflect a net loss of approximately \$240,940. However, when capital grants and all transfers are factored in, the fund reflects a decrease of \$329,110 in net assets.

Harborview Center Fund Expenditures by Type



The Harborview Center opened in January 1996 as an exhibition, conference, retail and banquet facility. It generates revenues through user charges for leases and rentals from meeting rooms, catering, a retail store, a banquet hall and a restaurant.

Conference Center operations are managed by Global Spectrum under a contract with the City, therefore there are no City employee positions funded by these revenues. In 2005 the City agreed to a new facility management agreement. The terms of the contract call for Global Spectrum to manage the day-to-day operations, including the collection of most of the facility revenues and be responsible for most of the expenses. Operating expenses account for most of the fund expenditures. The most significant operating expenditure is for contractual services for operating and maintaining the facility at \$447,000.

Anticipated revenues for Fiscal Year 2006/07 are approximately \$706,040, of which \$363,800 comes from operations and the balance of \$342,240 from a contribution from the General Fund to subsidize the anticipated cash deficit. Fiscal year end 9/30/2005 financial statements reflect a net loss of approximately \$895,150. However, when all transfers are factored in, the fund reflects a decrease of \$577,930 in net assets.