

**Supplementary  
Information**

**City of Clearwater, Florida  
Continuing Disclosure – Gas System Revenue Bonds  
Series 1997B, 1998, 2004, and 2005  
Supplementary Information**

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**The System:**

**Rates, Fees and Charges**

The City Council has established a schedule of rates and charges by ordinance, which includes a purchased gas cost adjustment provision allowing the City to pass-through to customers any increase or decrease in the purchased price of gas. The City is not subject to regulation by any State agency in establishing or revising its rates. Where competitive fuel sources or transportation service are available to the customer, the City Council has authorized the City Manager to enter into contract gas service rates at special rates and/or conditions as required to obtain/retain the customer load. Such contract service must meet the normal construction feasibility formula to insure profitable payback to the City. As of September 30, 2006, contract rates applied to 760 customer accounts and impacted 32.69% of total revenues.

The rates charged by the System through September 30, 1996, were part of the Phase I Gas Rate Case implemented October 1, 1995, which was based on a comprehensive cost of service study performed by the Utility Advisory Services Group of the international accounting firm of Coopers & Lybrand, LLP (the "Rate Study"). This Phase I implementation resulted in an extensive overhaul of the Gas System customer rates, providing numerous classes of service and a modernized billing methodology.

The new rates, effective October 1, 1996, were designed to be industry-based and responsive to the competitive energy challenges. The goal of the Rate Study was to establish rates which would be fair to all classes of customers, provide funding to implement planned expansion in both existing northern Pinellas County services area and into the newly acquired southwestern Pasco service area, and provide an adequate growth potential in return to the City of Clearwater to further offset the ad valorem tax rates (current impact is about 0.5 mills).

As the result of experiences during the first seven months of the Phase I implementation, adjustments made to the Phase II rates were implemented October 1, 1996 and additional adjustments (Phase III) were implemented effective October 1, 1997. The total projected impact of both new phases of the rate case is \$1.05 million or less than 7.9% of total gas sales revenues.

The rate ordinance containing the Phase II and Phase III rate changes was approved by the City Council on June 6, 1996.

Gas rates for customer charges were increased effective April 1, 2005. The total estimated annual impact of this rate increase is \$373,352.

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**CLEARWATER GAS SYSTEM**  
**NATURAL GAS RATE BILLING FACTORS**  
**FOR AUGUST 1, 2006 - SEPTEMBER 30, 2006 BASED ON APPROVED GAS ADJUSTMENT FACTORS**

	Firm Natural Gas Rate Schedules											Interr. NG Rate IS	Contract NG Rate CNS				
	RS	SME	MME	LME	SGS	MGS	LGS	RAC	GAC	LAC	SL			SL w/M&R Relight	NGV	NSS	
Applicable Annual Therm Range or Other Rate Determinant	NA (1 - 3 Units)	NA (4 + Units)	NA (4 + Units)	NA (4 + Units)	0 - 17,999 Units	18,000 - 99,999 Units	100,000 & up	NA (1 - 3 Units)	NA (0 - 149 tons)	NA (150 tons & +)	NA	NA	NA	100,000 & up	NA		
Monthly Customer Charge (For Central Pasco Territory)	\$8.00 (\$12.00)	\$30.00 (\$50.00)	\$75.00 (\$125.00)	\$20.00 (\$30.00)	\$20.00 (\$30.00)	\$30.00 (\$50.00)	\$75.00 (\$125.00)	\$8.00 (\$12.00)	\$20.00 (\$30.00)	\$30.00 (\$50.00)	\$20.00 (\$30.00)	\$20.00 (\$30.00)	\$8 Res/\$20 GS (\$12 Res/\$30 GS) if not prev billed	\$50.00 (\$75.00)	\$150.00 (\$250.00)	By Contract	
<b>Non-Fuel Energy Charge/Therm</b>																	
Non-Fuel Energy Charge	\$0.560	\$0.580	\$0.580	\$0.580	\$0.470	\$0.410	\$0.350	\$0.200	\$0.150	\$0.100	\$0.200	\$0.300	\$0.100	\$0.470	\$0.280	By Contract	
Energy Conservation Adj. (ECA)	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	NA	NA	
Environmental Imposition Adj. (EIA)	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	0.010	NA	NA	
Weather Normalization Adj. (WNA)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
<b>Total Non-Fuel Energy Charge</b>	\$0.790	\$0.790	\$0.790	\$0.790	\$0.680	\$0.620	\$0.560	\$0.410	\$0.360	\$0.310	\$0.410	\$0.510	\$0.310	\$0.660	\$0.280	Contract + \$0.000 Plus \$0.990	
Purchased Gas Adjustment (PGA)	1.070	1.070	1.070	1.070	1.070	1.070	1.070	1.070	1.070	1.070	1.070	1.070	1.070	1.070	0.990	0.990	
<b>Total Energy Charge/Therm</b>	\$1.860	\$1.860	\$1.860	\$1.860	\$1.750	\$1.690	\$1.630	\$1.480	\$1.430	\$1.380	\$1.480	\$1.580	\$1.380	\$1.750	\$1.270	\$0.990 + Non-Fuel Customer Charge + \$0.000	
Minimum Monthly Bill (For Central Pasco Territory)	\$8.00 (\$12.00)	\$30.00 (\$50.00)	\$75.00 (\$125.00)	\$20.00 (\$30.00)	\$20.00 (\$30.00)	\$30.00 (\$50.00)	\$75.00 (\$125.00)	\$8.00 (\$12.00)	\$20.00 (\$30.00)	\$30.00 (\$50.00)	\$20.00 (\$30.00)	\$20.00 (\$30.00)	\$8 Res/\$20 GS (\$12 Res/\$30 GS) @premise + FAC	\$50.00 (\$75.00) + FAC	\$150.00 (\$250.00) + Non-Fuel Therm Rate for Contract 250 therms X # of Therms	Customer Charge + \$0.000	
Compares to LP/Gallon Rate of with 6.0% Franchise	\$ 1.702 \$ 1.804	\$ 1.702 \$ 1.804	\$ 1.702 \$ 1.804	\$ 1.702 \$ 1.804	\$ 1.601 \$ 1.687	\$ 1.546 \$ 1.639	\$ 1.491 \$ 1.581	\$ 1.354 \$ 1.435	\$ 1.308 \$ 1.387	\$ 1.263 \$ 1.338	\$ 1.354 \$ 1.435	\$ 1.446 \$ 1.532	\$ 1.263 \$ 1.338	\$ 1.601 \$ 1.697	\$ 1.162 \$ 1.232		
Change from 10/04 Therm Rate % Change from 10/04 Therm Rate	\$0.150 8.8%	\$0.150 8.8%	\$0.150 9.8%	\$0.150 9.8%	\$0.150 10.6%	\$0.150 11.0%	\$0.150 11.5%	\$0.150 13.0%	\$0.150 13.6%	\$0.150 14.3%	\$0.150 13.0%	\$0.150 12.0%	\$0.150 14.3%	\$0.150 10.6%	\$0.030 2.4%	\$0.030 3.1%	
<b>Utility Tax Note:</b>																	
Fuel Rate per Therm 10/01/73	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.069	\$0.055	\$0.069	
Non-Utility Taxable Fuel/Therm	\$1.001	\$1.001	\$1.001	\$1.001	\$1.001	\$1.001	\$1.001	\$1.001	\$1.001	\$1.001	\$1.001	\$1.001	\$1.001	\$1.001	\$0.935	\$0.921	

**BTU FACTOR = THERMS/100 CUBIC FEET (CCF)**

	10/05	11/05	12/05	01/06	02/06	03/06	04/06	05/06	06/06	07/06	08/06	09/06	Annual Average
Firm Service Rates	1.058	1.066	1.074	1.066	1.067	1.057	1.057	1.055	1.053	1.055	1.057	1.056	1.060083
Interruptible Service Rates	1.037	1.045	1.053	1.045	1.046	1.037	1.036	1.035	1.032	1.034	1.036	1.035	1.039250

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**GAS SUPPLY**

On August 1, 1990, the Federal Energy Regulatory Commission (FERC) deregulated the natural gas pipeline industry. This allows other natural gas suppliers and local distribution companies, like the City of Clearwater, to transport gas over the Florida Gas Transmission (FGT) pipelines as opposed to purchasing natural gas supply from only FGT.

The two natural gas transmission companies that serve within the State of Florida are Florida Gas Transmission (FGT) and Gulfstream. Currently FGT is the sole provider of transportation service to the City. Citrus Corp, which is equally owned by Cross Country Energy Corp AND Southern Natural, an El Paso Corporation Affiliate, owns FGT. Cross Country Energy Corp is a newly formed holding company that holds Enron Corp interests and operates three major North American natural gas pipeline businesses.

The City joined Florida Gas Utility (FGU) in October 2000 by Resolution 00-35. FGU is responsible for the purchase & management of the City's natural gas supply. An updated All Requirements Gas Service Agreement, which was approved by Resolution 02-02 in January 2002, required the City to purchase 100% of its supply through FGU. FGU was formed through an Interlocal Agreement among its members. The Interlocal Agreement became effective on September 1, 1989 and consisted of five municipal utilities. Over the next several years, additional electric and gas distribution utilities joined FGU, bringing its current membership to 23 entities.

In addition, the City has entered into a Gas Supply & Transportation Agreement with Peoples Gas System (PGS), dated 12/2/04, to purchase natural gas in order to serve customers located in our Central Pasco territory, generally east of the Suncoast Parkway in Pasco County. The City has received a letter from FGU Council, dated 8/31/04, granting the City permission to utilize Teco Peoples Gas as a third party gas supplier since FGU is unable and unwilling to provide gas to the City within the meaning of the provisions of Section 3 (a)(i) and (ii) of the ALL Requirements Gas Service Agreement between the City and FGU.

The City has two Firm Transportation Service agreements (FTS-1 & FTS-2) with FGT in order to deliver natural gas to the City's four gate stations. FGU is currently managing our Phase II (FTS-1) and Phase III (FTS-2) transportation capacity on a daily basis. Table 1 shows the breakdown of our annual gas supply entitlements with FGT. The total annual entitlement is 3,212,226 decatherms of natural gas transportation.

**Table 1 Breakdown of Transportation Capacity**

Contract period	Phase II (FTS-1) MMBtu per day 10/1/93 - 1/31/07	Phase III (FTS-2) MMBtu per day 12/9/91 - 2/28/15	Total MMBtu per day
October	170,438	41,788	212,226
Nov-Mar	1,543,069	268,931	1,812,000
April	216,570	53,430	270,000
May-Sept	711,756	206,244	918,000
Total annual	2,641,833	570,393	3,212,226

**City of Clearwater, Florida**  
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**Service Area**

The Clearwater Gas System (CGS) is owned and operated as an enterprise utility by the City of Clearwater. CGS operates over 786 miles of underground gas main and handles the supply and distribution of both natural and propane (LP) gas throughout northern Pinellas County and western Pasco County. As a “full service” gas utility, CGS provides gas appliance sales, service and repair (both commercial and residential), installation of customer gas piping, construction and maintenance of underground gas mains and service lines, and 24 hour response to any gas emergency call within the service area. CGS is regulated for safety by the Florida Public Service Commission and the Federal Department of Transportation.

CGS has been serving customers in the Clearwater area for over 84 years (since 1923) when operations were begun with a manufactured gas plant operation from coal and coke. In 1959, when natural gas transmission lines were finally extended to the Florida peninsula, CGS discontinued manufacturing gas and began receiving piped natural gas from Florida Gas Transmission.

Clearwater Gas System serves over 19,035 customers in a 330 square mile service territory, which includes 17 municipalities as well as the unincorporated areas of northern Pinellas County and western Pasco County. The Pinellas County service territory is 181 square miles and extends generally from Ulmerton and Walsingham Roads on the South to the Pasco County line on the North and from the Gulf of Mexico on the West to the Hillsborough County line on the East. This includes all of the Pinellas beach communities south to Redington Beach. The Pasco County service territory is 117 square miles and extends from the Gulf of Mexico on the West inland about 10 miles to just West of State Road 41 and Land O’ Lakes (generally along the right-of-way of the Suncoast Parkway) and from the Pinellas and Hillsborough County lines on the South to generally State Road 52 on the North. The CGS service territory extends 42.3 miles from the southernmost to the northernmost points.

Clearwater Gas System prides itself in being a competitive and public service-minded utility, providing safe, economical and environmentally-friendly gas, which is made in America, available in our communities for all of the homes and businesses in our service area, with special focus on the residential customers who make up over 88.30% of our customer base.

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As of September 30, 2006 the System's active natural gas customers were located as shown in the following table:

<u>Location</u>	<u>Meters</u>	<u>Percentage</u>
Belleair	380	2.25%
Belleair Beach	122	0.72%
Belleair Bluffs	21	0.12%
Belleair Shores	18	0.11%
Clearwater	6,658	39.38%
Dunedin	1,027	6.07%
Indian Rocks Beach	75	0.44%
Indian Shores	55	0.33%
Largo	990	5.86%
New Port Richey	333	1.97%
North Redington Beach	11	0.07%
Oldsmar	67	0.40%
Port Richey	15	0.09%
Redington Beach	21	0.12%
Redington Shores	9	0.05%
Safety Harbor	587	3.47%
Tarpon Springs	1,377	8.14%
Unincorporated Areas Pasco	2,309	13.66%
Central Pasco	103	0.61%
Unincorporated Areas Pinellas	2,730	16.15%
Total	<u>16,908</u>	<u>100.00%</u>

The following table shows the five largest interruptible customers by peak monthly consumption and the percent of the System's revenues derived from such customers during the 12 months ending September 30, 2006:

<u>Customer Name</u>	<u>Peak Monthly Therms</u>	<u>% of Gross Revenues</u>
Morton Plant Hospital	100,366	3.14%
Mease Hospital	91,412	2.89%
Angelica Textile Service	88,788	2.04%
Metal Industries	76,432	1.59%
Firmenich Citrus Center	24,788	1.10%

The following table shows the breakdown of the System's customers by category as well as the volume of gas sold and the sales revenues generated by each category for the year ended September 30, 2006

	<u>Average No. Customers</u>	<u>Gas Volume</u>	<u>Gas Sales</u>
Interruptible	13	23.90%	14.32%
Residential	14,767	15.11%	22.66%
Commercial	2,128	60.99%	63.02%
		<u>Therms</u>	<u>Revenues</u>
Interruptible		5,118,873	\$ 5,242,260
Residential		3,235,612	8,290,911
Commercial		13,063,617	23,062,894
Totals		<u>21,418,102</u>	<u>\$ 36,596,065</u>

**City of Clearwater, Florida**  
**Continuing Disclosure – Water and Sewer Refunding Revenue Bonds**  
**Series 1998 and 2003; and Revenue Bonds Series 2002 and 2006**  
**Supplementary Information**

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**Historical Financial Information**

**Water System:**

**Source and Volume of Water Pumped**  
(in million gallons per day, averaged over the Fiscal Year)

<u>FY</u>	<u>City Wells</u>	<u>County</u>	<u>Total</u>
2001	3.067	11.260	14.327
2002	2.258	11.739	13.997
2003	3.927	8.916	12.843
2004	3.601	9.544	13.145
2005	3.550	10.630	14.180
2006	4.093	9.999	14.092

**Historical Growth in Number of Water Customers**  
(all figures are as of September of the year indicated)

<u>Year</u>	<u>Water Customers</u>
2001	40,167
2002	40,340
2003	40,227
2004	40,235
2005	40,178
2006	40,467

**Ten Largest Water Customers**  
**Fiscal Year Ending September 30, 2006**

<u>Name of User</u>	<u>Water Used</u> <u>(in 100 Cubic Feet)</u>	<u>Revenues</u> <u>Produced</u>
1. Church of Scientology FSO Inc.	114,814	\$ 408,738
2. Morton Plant Hospital	71,826	302,000
3. Pinellas County Schools	45,422	231,581
4. City of Clearwater	33,831	226,701
5. Clearwater Housing Authority	48,626	177,997
6. United Dominion Realty Trust	41,381	134,341
7. Sheraton Sand Key	38,922	134,309
8. IMT-LB Central FL Portfolio LLC	35,290	126,317
9. AGH Leasing L/P	38,104	116,114
10. Ultimar Condo Association	<u>26,391</u>	<u>104,482</u>
Total	<u>494,607</u>	<u>\$ 1,962,580</u>

**City of Clearwater, Florida**  
**Continuing Disclosure – Water and Sewer Refunding Revenue Bonds**  
**Series 1998 and 2003; and Revenue Bonds Series 2002 and 2006**  
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**Sewer System:**

<b>Average Sewage Flow</b>		<b>Historical Growth in Number of Sewer Customers</b> (as of September of the year indicated)	
<u>Fiscal Year</u>	<u>Annual Ave. Daily Flow In MGD</u>	<u>Fiscal Year</u>	<u>Sewer Customers</u>
2001	14.4	2001	32,933
2002	14.3	2002	33,215
2003	16.2	2003	33,215
2004	15.0	2004	33,234
2005	14.7	2005	33,305
2006	13.8	2006	33,279

**Ten Largest Sewer Customers**  
**Fiscal Year Ending September 30, 2006**

<u>Name of User</u>	<u>Sewer Used (in 100 Cubic Feet)</u>	<u>Revenues Produced</u>
1. Church of Scientology	93,546	\$ 373,693
2. Morton Plant Hospital	69,606	339,694
3. Pinellas County Schools	40,510	273,311
4. United Dominion Realty Trust	41,381	171,369
5. Clearwater Housing Authority	41,291	160,282
6. AGH Leasing L/P	38,104	147,818
7. IMT-LB Central FL Portfolio LLC	35,290	136,489
8. Sheraton Sand Key	31,531	126,157
9. City of Clearwater	11,833	115,979
10. Japanese Gardens	<u>21,228</u>	<u>83,086</u>
Total	<u>424,320</u>	<u>\$1,927,878</u>

**Rates, Fees And Charges**

The City uses a three-tiered rate structure for water and sewer usage. The base rate includes a minimum usage for residential and nonresidential water rates. Any usage over the minimum is billed at one rate per 100 cubic feet up to a designated level and at a second rate for usage over that level. For irrigation, there is a base rate, with no minimum, and a charge per 100 cubic feet of water usage up to a designated level and a higher charge for usage over that amount. The sewer base rate includes a minimum usage and a fixed charge per 100 cubic feet of water usage over the basic allowance. The minimum usage and second tier usage level vary with the size of the meters. For fiscal year 2006 there were no changes to the three-tiered rate structure for water or sewer usage. Effective October 1, 2000 the basis for billing was converted from cubic feet to gallons.

**City of Clearwater, Florida**  
**Continuing Disclosure – Water and Sewer Refunding Revenue Bonds**  
**Series 1998 and 2003; and Revenue Bonds Series 2002 and 2006**  
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<b><u>Residential and Nonresidential Water Rates</u></b>		October 1, <u>2002</u>	October 1, <u>2003</u>	October 1, <u>2004</u>	October 1, <u>2005</u>	October 1, <u>2006</u>
<u>Size of Meter</u>		<u>Gallons</u>				
Minimum-	Under 1 inch	8.64	9.90	10.59	11.34	12.03
	1 inch	20.16	23.10	24.71	26.46	28.07
	1.5 inch	288.00	330.00	353.00	378.00	401.00
	2 inch	671.04	768.90	822.49	880.74	934.33
	3 or 2 inch manifold	1,033.92	1,184.70	1,267.27	1,357.02	1,439.59
	4 inch	1,990.08	2,280.30	2,439.23	2,611.98	2,770.91
	6 inch	5,112.00	5,857.50	6,265.75	6,709.50	7,117.75
	8 inch	8,640.00	9,900.00	10,590.00	11,340.00	12,030.00

Additional charges are assessed for cubic feet of usage in excess of designated minimums.

<b><u>Rates for Irrigation (Lawn) Meters</u></b>		October 1, <u>2002</u>	October 1, <u>2003</u>	October 1, <u>2004</u>	October 1, <u>2005</u>	October 1, <u>2006</u>
<u>Size of Meter</u>		<u>Gallons</u>				
Minimum-	Under 1 inch	3.08	3.53	3.78	4.04	4.28
	1 inch	9.24	10.59	11.34	12.13	12.86
	1.5 inch	46.20	52.95	56.70	60.67	64.31
	2 inch	129.36	148.26	158.76	169.87	180.06
	3 or 2 inch manifold	255.64	292.99	313.74	335.70	355.84
	4 inch	492.80	564.80	604.80	647.14	685.97
	6 inch	1,487.64	1,704.99	1,825.74	1,953.54	2,070.75

<b><u>Sewer Rates</u></b>		October 1, <u>2002</u>	October 1, <u>2003</u>	October 1, <u>2004</u>	October 1, <u>2005</u>	October 1, <u>2006</u>
<u>Size of Meter</u>		<u>Gallons</u>				
Minimum-	Under 1 inch	11.88	13.62	14.58	15.60	16.53
	1 inch	27.72	31.78	34.02	36.40	38.57
	1.5 inch	396.00	454.00	486.00	520.00	551.00
	2 inch	922.68	1,057.82	1,132.38	1,211.60	1,283.83
	3 or 2 inch manifold	1,421.64	1,629.86	1,744.74	1,866.80	1,978.09
	4 inch	2,736.36	3,137.14	3,358.26	3,593.20	3,807.41
	6 inch	7,029.00	8,058.50	8,626.50	9,230.00	9,780.00
	8 inch	11,880.00	13,620.00	14,580.00	15,600.00	16,530.00
Per 100 cubic feet of water used over that allowed in minimum		3.96	4.54	4.86	5.20	5.51

**Additional Indebtedness**

Additional indebtedness incurred totaled \$26,430,000 for capital improvements to the Water and Sewer systems and \$82,091 for the lease purchase of capital equipment.

**City of Clearwater, Florida**  
**Continuing Disclosure – Stormwater System Revenue Bonds**  
**Series 1999, 2002, 2004, and 2005**  
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**Rates, Fees, and Charges**

The City uses a measurement of one equivalent residential unit or ERU as the basis for the stormwater management utility fee. The rate per ERU was unchanged from the inception of the utility on January 1, 1991 until 1998 when annual increases were adopted for five fiscal years beginning October 1, 1998. In November 2001, additional increases were adopted including a change to the increase previously adopted, to be effective October 1, 2002. Effective August 5, 2004, additional increases were adopted. On July 20, 2006, rate increases were adopted for the five-year period beginning October 1, 2007. The monthly rates are as follows:

<u>Effective Date</u>	<u>Rate Per ERU</u>
January 1, 1991	\$3.00
October 1, 1998	\$4.00
October 1, 1999	\$4.17
October 1, 2000	\$4.35
October 1, 2001	\$4.54
January 1, 2002	\$6.13
October 1, 2002	\$7.16
October 1, 2003	\$8.01
October 1, 2004	\$8.65
October 1, 2005	\$9.35
October 1, 2006	\$9.71
October 1, 2007	\$10.51
October 1, 2008	\$11.14
October 1, 2009	\$11.80
October 1, 2010	\$12.51

Single-family homes, multifamily units, condominium units, apartments and mobile homes are rated as one ERU per dwelling unit. Nonresidential property is charged at the rate of 1,830 square feet of impervious area per ERU.

**HISTORICAL NET REVENUES**

	<u>Fiscal Years Ended September 30,</u>				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Net Operating Revenues (Excluding Depreciation)	\$2,793,204	\$3,726,983	\$3,566,465	\$4,548,421	\$5,103,551
Interest Income and other Non-Operating Revenues (Expenses)	95,305	206,202	190,579	220,570	465,203
<b>Total Net Revenues</b>	<b>\$2,888,509</b>	<b>\$3,933,185</b>	<b>\$3,757,044</b>	<b>\$4,768,991</b>	<b>\$5,568,754</b>
Maximum Annual Debt Service Coverage	2,052,538	2,052,538	2,913,506	2,889,994	2,889,994
	1.41	1.92	1.29	1.65	1.93

**City of Clearwater, Florida**  
**Continuing Disclosure – Infrastructure Sales Tax**  
**Revenue Bonds, Series 2001**  
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**Historical Debt Service Coverage**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Sales tax revenues (1)	\$ 8,339,694	\$ 8,457,553	\$ 8,661,615	\$ 9,119,913	\$ 9,977,529	\$ 10,704,390
Maximum annual debt service	\$ 7,083,688	\$ 7,083,688	\$ 7,049,688	\$ 7,028,888	\$ 6,955,888	\$ 6,887,888
Debt service coverage	1.18	1.19	1.23	1.30	1.43	1.55

(1) The Infrastructure Sales Tax Revenue Bonds, Series 2001, were issued June 1, 2001 in the amount of \$46,445,000. They are secured by a lien upon and a pledge of the City's share of the proceeds derived by Pinellas County, Florida from the levy and collection of the one-cent discretionary infrastructure sales tax pursuant to Section 212.055(2), Florida Statutes, as amended (sales tax revenues).

**City of Clearwater, Florida**  
**Continuing Disclosure – Improvement Revenue**  
**Refunding Bonds, Series 2001**  
**Supplementary Information**

**Historical Debt Service Coverage**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Pledged Revenues (1)	\$ 15,486,388	\$ 18,272,521	\$ 17,381,418	\$ 17,026,827	\$ 17,493,450	\$ 18,117,728
Maximum annual debt service	\$ 866,760	\$ 866,760	\$ 865,310	\$ 865,310	\$ 864,060	\$ 861,000
Debt service coverage	17.87	21.08	20.09	19.68	20.25	21.04

(1) The Improvement Revenue Refunding Bonds, Series 2001, were issued October 15, 2001 in the amount of \$11,470,000. They were secured by a lien upon and a pledge of the Public Service Tax pursuant to Section 166.231, Florida Statutes as amended. Effective October 1, 2001, the Florida Legislature repealed the public service tax on telecommunications created per Section 166.231(9), Florida Statutes, and created a simplified tax structure for communications services pursuant to Chapter 2000-260, Laws of Florida. To the extent that the Public Service Tax receipts derived by the City pursuant to Section 166.231(9), Florida Statutes, is eliminated as a result of this new tax, all of the revenues received by the City pursuant to the new Communications Services Tax shall be deemed to replace the Public Service Tax receipts so eliminated. Consequently the pledged revenues include both public service taxes and communications services taxes effective October 1, 2001.

**City of Clearwater, Florida  
Fire Services Program  
Supplementary Information**

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Pursuant to agreements between the City of Clearwater, the Pinellas County Fire Authority and the Pinellas County Emergency Medical Services Authority, the City has provided fire and emergency medical services to the respective authorities. With respect to fire services, the services are provided for the benefit of properties located outside the corporate limits of the City, but within a designated service area. Emergency medical services are provided for the benefit of persons residing both inside and outside the corporate limits of the City, based on the Authority's nearest unit dispatch policy.

With respect to the Fire Services Program, a budget was prepared by Fire Department personnel covering proposed expenditures for fiscal year ending September 30, 2006, for the Fire Department as a whole. Since the funding for the Emergency Medical Services Program is based on the level fixed in prior years, the Fire Services Program budget is essentially the residual obtained by deducting the approved level of funding for the Emergency Medical Services Program from the budgeted amounts included in the total Fire Department budget. This budget was submitted to, and duly approved by, the relevant Authority prior to the commencement of the fiscal year. Income received from Pinellas County Fire Protection Authority and valid program expenditures for the Fire Services Program for the fiscal year ended September 30, 2006 are summarized below.

Total Revenue Received from Pinellas County Fire Protection Authority	<u>\$ 2,307,068</u>
Total Fire Service Expenditures for Fiscal Year Ended September 30, 2006	<u>\$ 16,886,990</u>

The Fire Services Program does not currently utilize an equipment reserve.