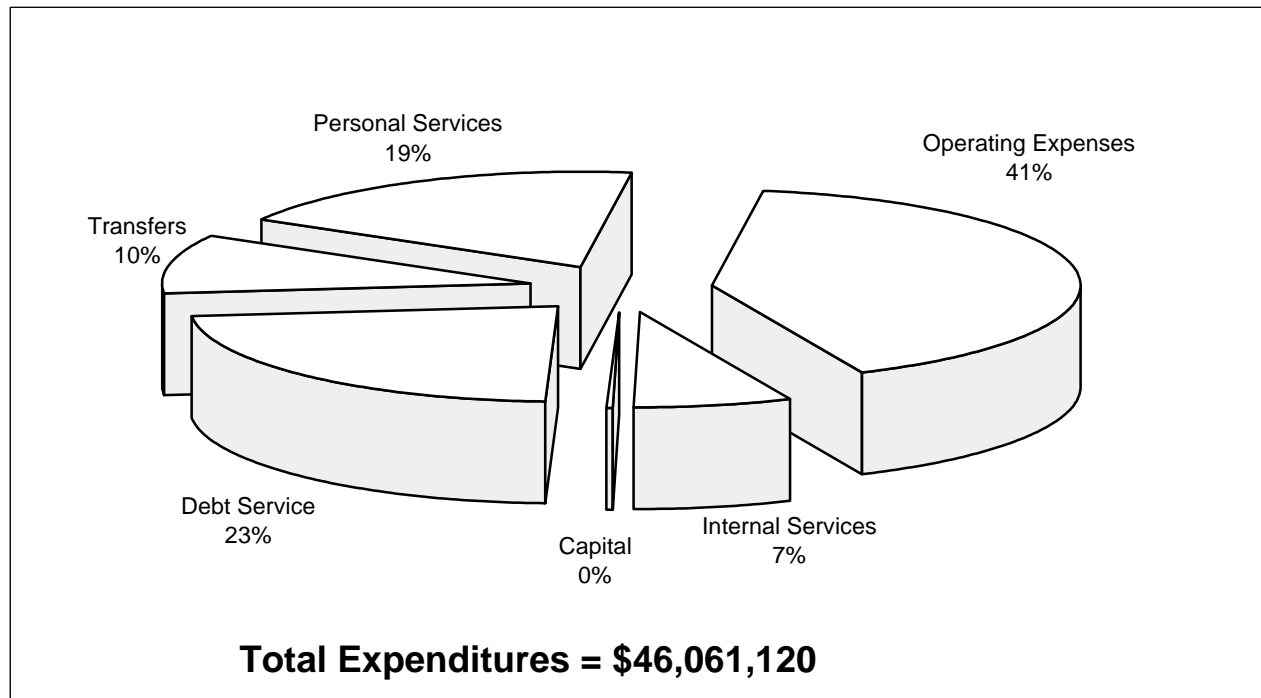


Water & Sewer Fund Expenditures by Type



Water & Sewer revenues are generated primarily from user fees for sale of water and sewer service.

Both water and sewer rates were increased 7% effective January 1, 2003 and October 1, 2003. An additional 7% increase is planned for October 1, 2004. These increases are necessary to provide funding to maintain compliance with debt service coverage requirements and to support over \$137 million of capital improvement projects to expand the reclaimed water system, and upgrade the water pollution control and wastewater collection systems. These projects are necessary due to a combination of aging facilities and regulatory requirements.

The Water & Sewer Fund supports 58 full time equivalent positions for water operations (the same as the 2002/03 budget), 111 FTE positions for Sewer operations (a decrease of 1.0 FTE representing a transfer to Public Utilities Administration) and 6.0 FTE's for Public Utilities Administration (an increase of 1.0 FTE recognizing the transfer from Sewer operations) in the Public Works Administration/Public Utilities Department. Only 19% of fund expenditures are personnel related. Operating expenses account for 41% of the fund expenditures, of which \$8,400,000 represents the estimate for purchase of water from Pinellas County is the greatest expense. Debt Service at \$9,974,630 accounts for interest and principal payments on outstanding water and sewer construction bonds, \$328,680 of payments on lease purchased equipment and \$109,280 of interest that must be paid on utility deposits.

Transfers are composed of \$939,820 to the Capital Improvement Program for additions and repairs and line relocations throughout the water, sewer, reclaimed water system; \$1,694,230 of payments in lieu of taxes to the General Fund (4.5% of the prior year's gross revenues); and \$2,013,280 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 2003/04 are approximately \$49,174,000, and exceed anticipated expenditures by approximately \$3,112,880. Fiscal year end 9/30/2002 financial statements reflect a net income of approximately \$4,162,014.