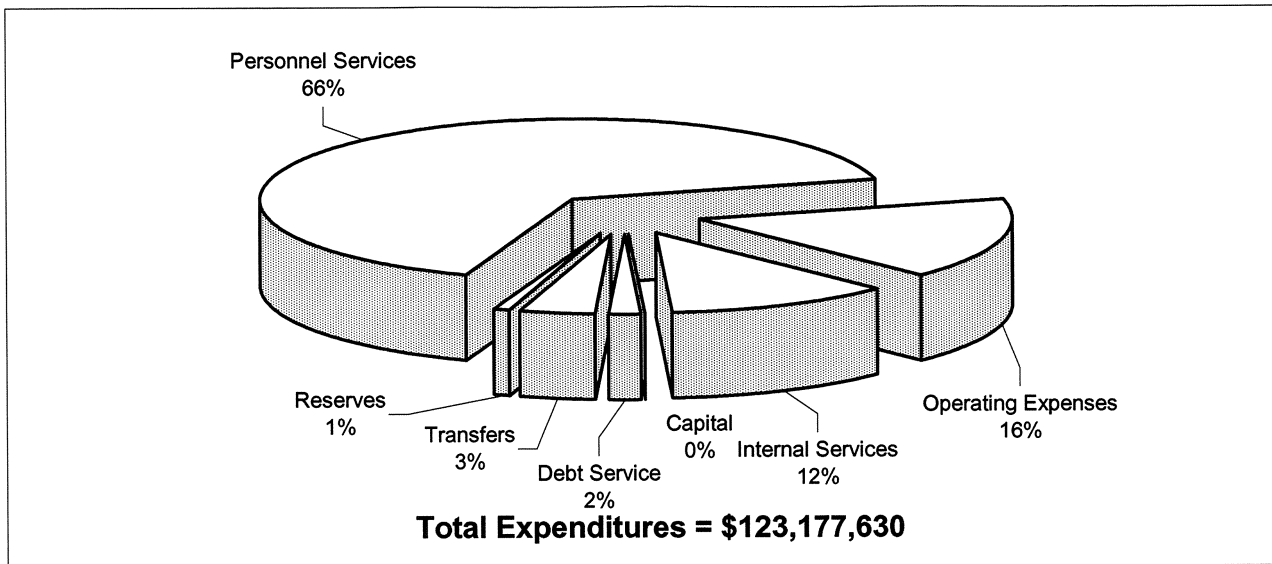


General Fund Expenditures by Type



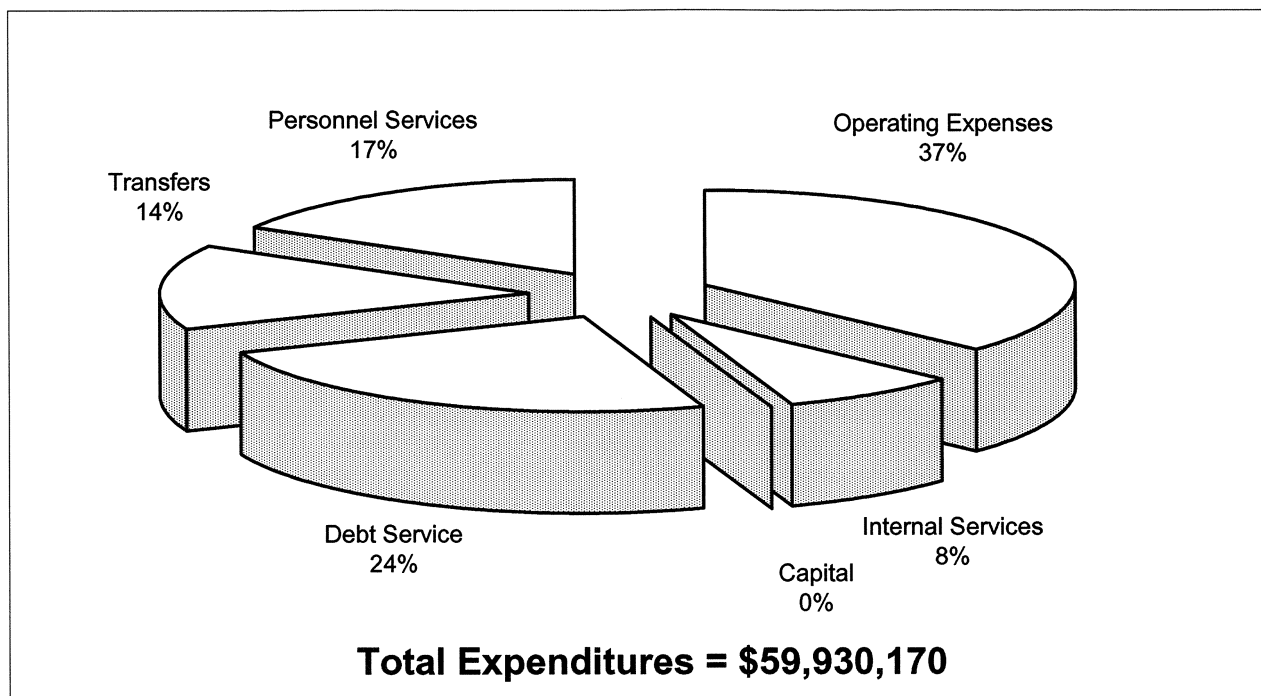
General Fund revenues are generated from many sources: property taxes, utility taxes, franchise fees, charges for services, revenue sharing and grants from other government units, sales taxes, licenses, fines, interfund administrative service and other service charges, interfund transfers from utilities (payments in lieu of taxes), and interest earnings. The largest share is provided by Property Taxes at 38%, down from 41% in fiscal 2006/07. The proposed 4.6777 millage rate has been reduced by more than five tenths of a mill from last year. Franchise Fee and Utility Tax revenues provide another 16% of the General Fund revenues, and Sales/Communications Services Tax revenues provides 11% of the General Fund revenues.

At 66%, 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 12% of total fund expenditures. Debt Service includes \$806,650 for principal and interest on lease purchased equipment as well as \$1,373,180 on outstanding bond issues and internal loans. This includes the debt for Beach Walk.

Transfers to other funds, includes \$2,778,620 to the Capital Improvement Program (CIP), and \$1,799,780 to other funds for a total of \$4,578,400. The capital projects funded include \$336,000 for fire equipment, \$706,290 for library materials, \$515,000 for city-wide air conditioner and roof repairs/replacements, painting and flooring for buildings, and lighting replacement and repair, \$772,500 for maintenance of recreational facilities, \$120,000 for docks, seawalls, Pier 60/Sailing Center and Beach Guard facility maintenance, \$223,830 for the Gas infill project, and \$105,000 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, and the annual funding of the City Manager's Flexibility Fund.

Anticipated revenues for fiscal year 2007/08 are estimated to be approximately \$123,177,630 with the proposed millage rate of 4.6777 mills. Anticipated revenues for fiscal 2007/08 equal the estimated expenditures, and include over \$1 million allocated to General Fund reserves.

Water & Sewer Fund Expenditures by Type

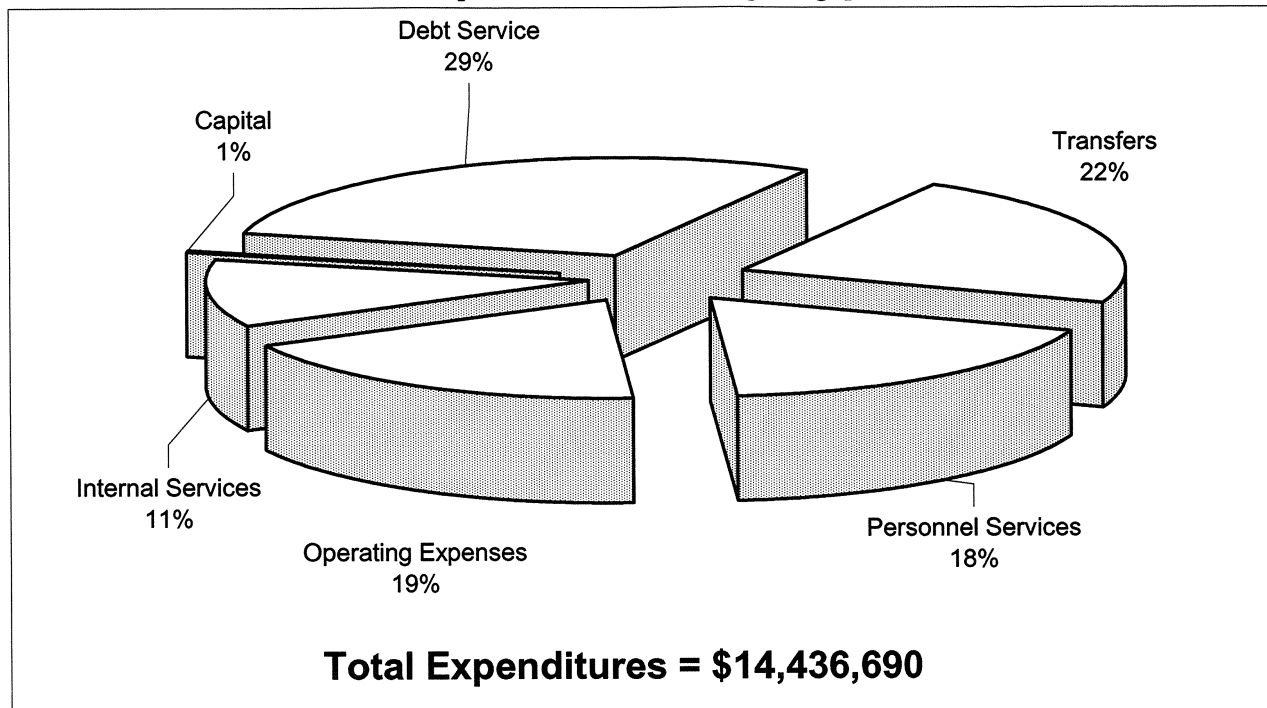


Water & Sewer revenues are generated primarily from user fees for sale of water and sewer service. Both water and sewer rates will increase 6% on October 1, 2007 and 2008. Reclaimed water rates increase 6% on October 1, 2007 and 2008. These increases are necessary to provide funding to maintain compliance 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 168 full time equivalent positions (FTE), a decrease of 7 positions from 2006/07. Electrician positions throughout the City are being consolidated in General Services department. Six positions will transfer from Water and Sewer programs into General Services and one position will be eliminated through the consolidation of the electricians into one program. Of the Water and Sewer positions, 62 are devoted to water operations, 100 FTE positions for Sewer operations and 6.0 FTE's for Public Utilities Administration. Only 17% of fund expenditures are personnel related. Operating expenses account for 37% of the fund expenditures, of which \$9,283,060 represents the estimated cost for purchase of water from Pinellas County. Debt Service expenditures of \$14,478,240 are for \$14,155,300 of interest and principal payments on water and sewer construction bonds, \$198,140 of payments on lease purchased equipment and \$124,800 of interest that must be paid on utility deposits.

Transfers include \$3,288,900 to the Capital Improvement Program, a decrease of 1%. These transfers fund additions and repairs and line relocations throughout the water, sewer, reclaimed water system. Other transfers reflect \$2,696,150 of payments in lieu of taxes to the General Fund. Also included is a transfer of \$2,706,060 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 2007/08, which include the use of \$140,510 of accumulated impact fees and \$2.6 million of retained earnings, are approximately \$59,930,170 and equal anticipated expenditures. Fiscal year end 9/30/2006 financial statements reflect a net income of approximately \$5,881,553.

Stormwater Fund Expenditures by Type



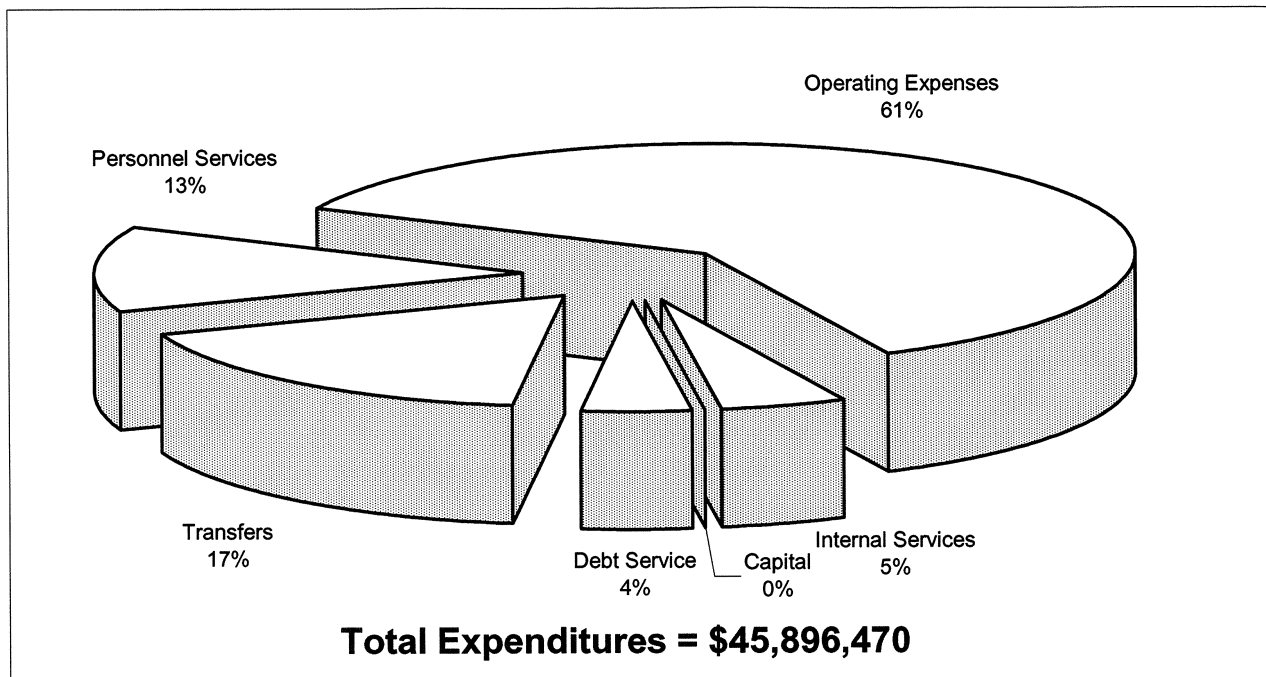
Stormwater revenues are provided by the stormwater utility fee collected from each City of Clearwater utility customer, and billed through the monthly utility billing system. These revenues are used to remove pollutants and treat stormwater before it is discharged into lakes, bays, rivers, etc., and to operate and maintain the stormwater drainage facilities. The rate is \$10.50 per each residential unit or ERU effective October 1, 2007. 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 10/01/08, 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 consist of two programs, Stormwater Management and Stormwater Maintenance. The Stormwater Management program is a part of the Engineering Department and the Stormwater Maintenance program is under Public Services. Stormwater Personnel Service costs are estimated at 18% of all fund expenditures, and represent forty-six full time equivalent employees funded by Stormwater revenues, the same number as in fiscal year 2006/07. Operating expenses include maintenance of ponds, lakes, and retention ponds located on city property and are 19% of total projected expenditures. Debt Service costs, which amount to 29% of expenditures, include \$4,146,090 of interest and principal payments on outstanding stormwater construction bonds and \$99,370 of payments on lease purchased equipment. Transfers, which comprise 22% of total expenditures, include \$2,609,570 for capital improvements to the stormwater system and \$611,790 as payment in lieu of taxes to the General Fund.

Anticipated revenues for Fiscal Year 2007/08 are approximately \$14,436,690, and equal the estimated expenditures of \$14,436,690. These consist entirely of operating revenues and interest earnings anticipated under the adopted rate study. Fiscal year end 9/30/2006 financial statements reflect net income of approximately \$3,812,534 for the Stormwater Fund.

Gas Fund Expenditures by Type

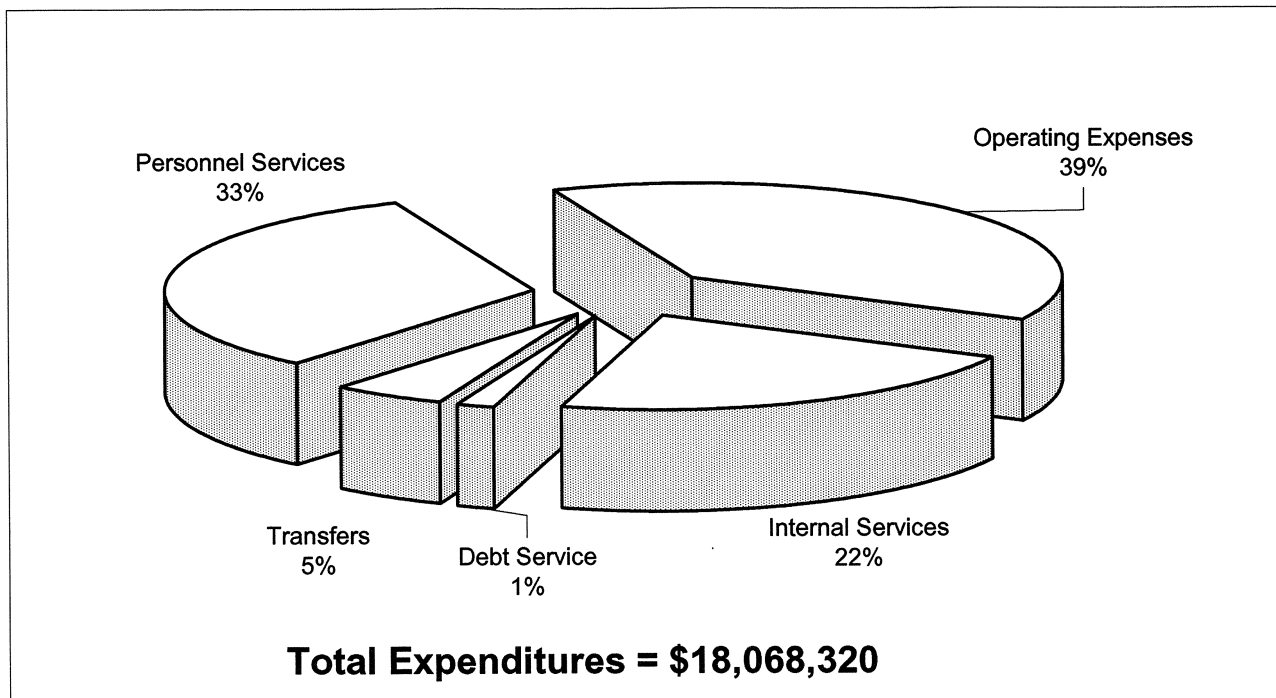


Gas revenues are generated primarily from gas and appliance sales, service charges and miscellaneous income from day-to-day operations. Effective April 1, 2005 new gas utility rates and service charges replaced the rates that were in effect since May 2002. The new rates increased the monthly customer 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 13% of expenditures being personnel related. Operating expenses at 61% account for the greatest proportion of the fund expenditures, of which \$20.3 million is the cost of gas purchased for resale. This is a \$4.0 million decrease from the budgeted cost in the previous fiscal year, due primarily to lower fuel prices. Debt Service is composed of \$1,915,050 for outstanding gas bond issues, and \$75,000 of interest that must be paid on utility deposits. Transfers are composed of \$5,945,000 to the Capital Improvement Program for new gas lines, repairs to the gas system, relocation of gas mains and environmental remediation, and \$2,047,420 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 2007/08 are approximately \$50,656,650, which is composed of \$47,316,180 of operating revenues, \$843,050 of service charges and interest earnings, \$450,000 of capitalized labor, and the use of \$2,047,420 of previous years' retained earnings for the Gas dividend payment to the General Fund and for the Gas infill project. Anticipated Gas Fund revenues exceed anticipated expenditures by approximately \$4,760,180 in fiscal year 2008. Fiscal year end 9/30/2006 financial statements reflect a net income of approximately \$7,160,178.

Solid Waste Fund Expenditures by Type

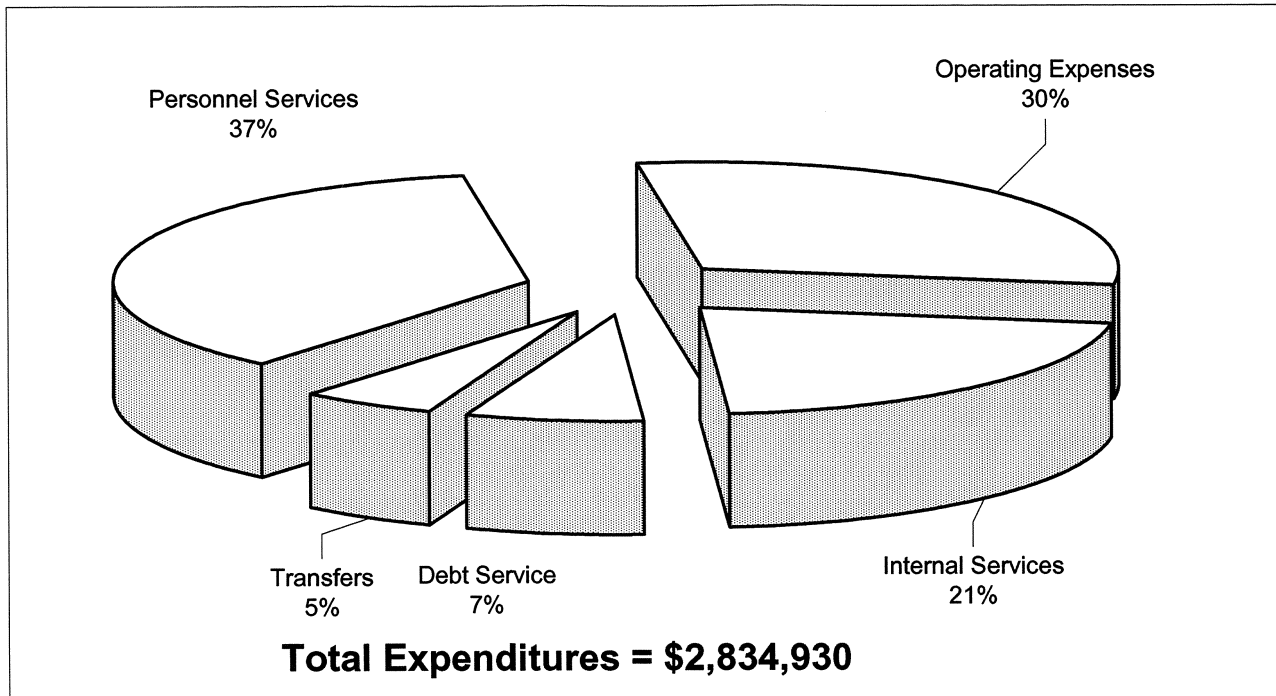


Solid Waste revenues are generated primarily through user fees for collection of solid waste. Other revenues which include such sources as interest earnings and contractor fees produce only 7% of total revenues. A proposal to increase monthly residential and commercial fees was approved by the City Council at first reading of an ordinance on June 20, 2007. If the ordinance is approved at second reading rates will increase 4% effective October 1, 2007 and 5% effective each October 1st of the following four years. This budget incorporates the 4% increase. 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 2006/07, resulting in 33% of expenditures being personnel related. Operating expenses account for 39% of the fund expenditures, of which \$5,504,500 for dumping fees are the primary expense. Internal services make up 22% of total expenditures in fiscal year 2007/08. This is primarily composed of garage charges to operate collection vehicles. Transfers account for 5% of expenditures, down from 6% last year. The Transfer for payment in lieu of taxes to the General Fund of \$914,210 is 2% higher than last year and is based on increased revenues, but is more than offset by a \$270,000 decrease in the need to transfer funds to Capital Improvement projects.

Anticipated revenues for Fiscal Year 2007/08 are approximately \$18,153,900, and exceed anticipated expenditures by \$85,580. Fiscal year end 9/30/2006 financial statements reflect a net income of approximately \$443,380.

Recycling Fund Expenditures by Type

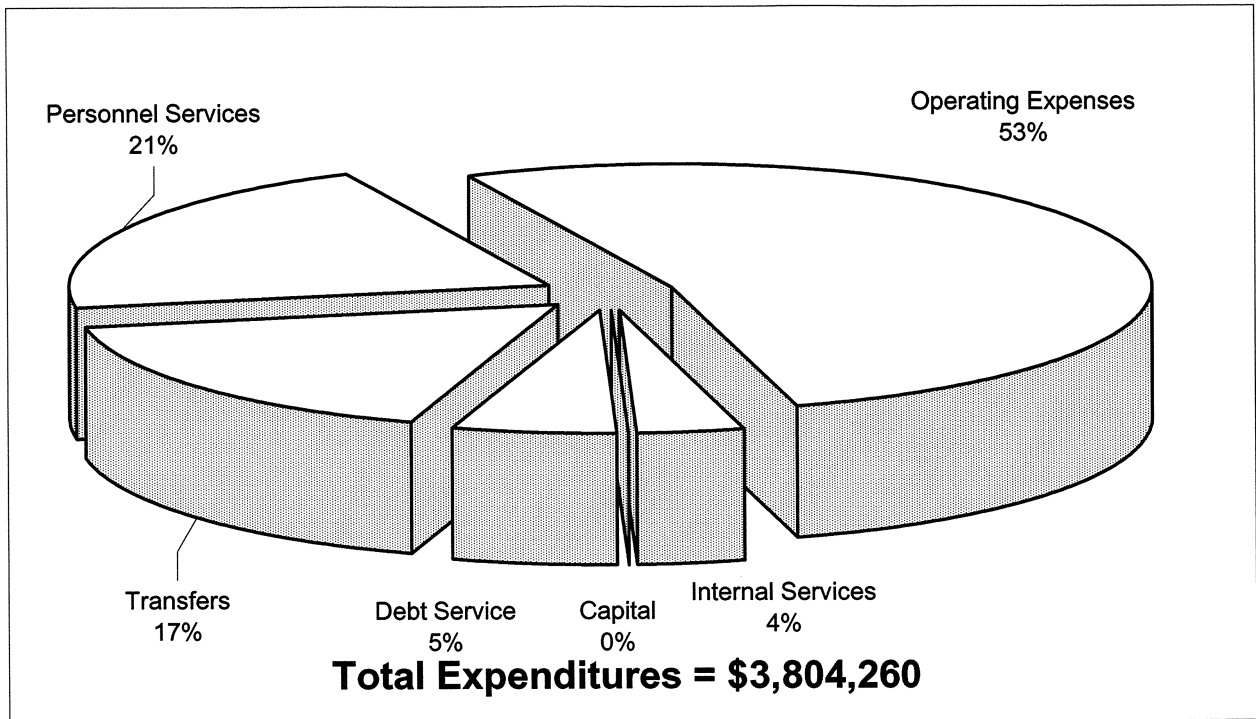


Recycling revenues are generated primarily from user fees for collection of recyclables (53%) and from the sale of recyclables (42%). The remaining 5% of total revenues comes from such items as interest earnings, late payment fees and sale of containers. A proposal to increase monthly rates was approved by the City Council at first reading of an ordinance on June 20, 2007. If the ordinance is approved at second reading, rates will increase 3% each October 1st through fiscal year 2010 and 11% effective October 1, 2011. This budget incorporates the 3% increase. The last increase in Recycling rates was in April 1999.

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, the same as the 2006/07 budget. Personnel related expenditures continue to account for 37% of fund expenditures. Operating costs account for 30% of fund expenditures. The largest operating cost is for the purchase of recyclable materials from surrounding municipalities. This cost is recouped when the materials are resold. Internal Service costs account for 21% of Recycling expenditures, of which the primary costs are for maintenance of vehicles by Fleet Maintenance, and billing services provided by Clearwater Customer Service. Debt on the purchase of recycling equipment increases from 6% of fund costs last year to 7% this year. Transfers of \$150,700 represent payment in lieu of taxes to the General Fund, a decrease of 2% from the 2006/07 amount. Transfers to the Capital Improvement program decreased \$50,000 from last year and, subsequently, transfers drop from 8% to 5% of fund expenditures.

Anticipated revenues for Fiscal Year 2007/08 are approximately \$2,834,930, and equal anticipated expenditures. Fiscal year end 9/30/2006 financial statements reflect a net income of approximately \$280,611.

Parking Fund Expenditures by Type



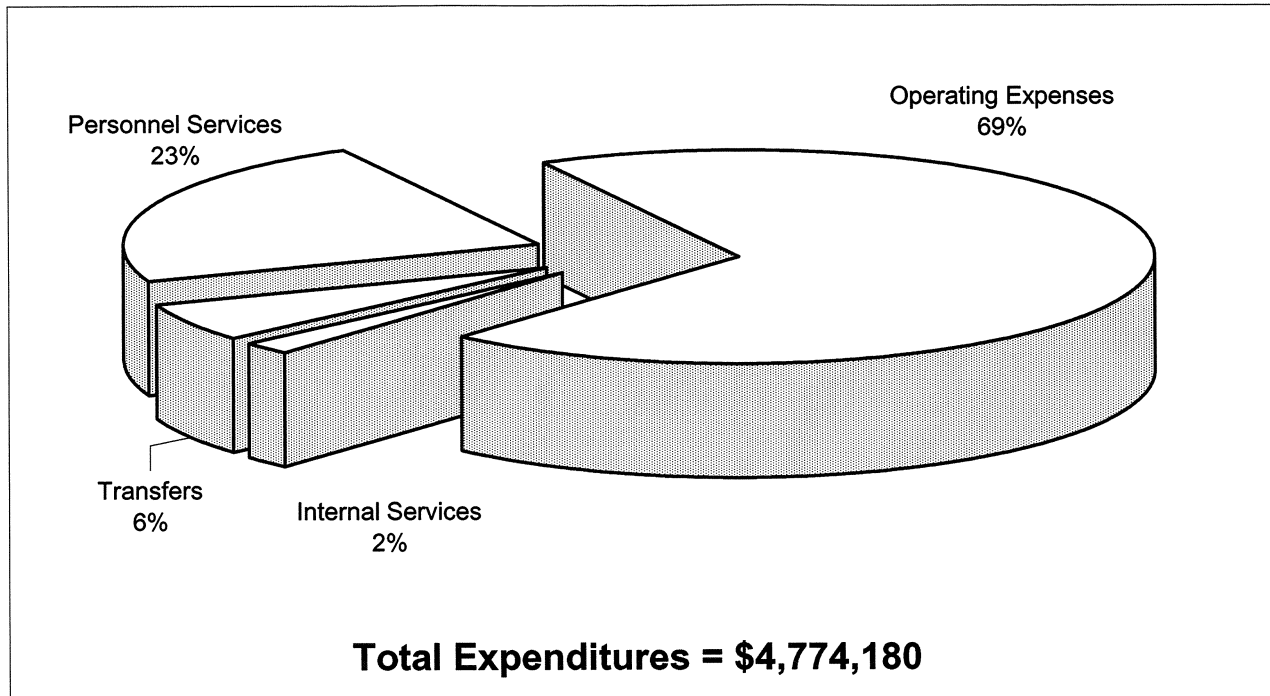
Parking operating revenues are generated through parking receipts, fines, rentals, and miscellaneous income derived from day-to-day operations. These revenues are used for the general operations of the Parking System, the Parking Enforcement program, and for improvements and repairs to parking facilities. 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 Engineering Department. Twenty and seven-tenths (20.7) full-time equivalent positions are funded by these revenues, resulting in 21% 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 \$516,000 for a contractual service to operate the attendant parking lots at the beach.

Transfers total \$653,570 and represent 17% of the total budget. Transfers include \$303,000 to the Capital Improvement Program to fund parking lot resurfacing and improvements, and repairs to City owned parking garages, and \$350,570 transferred to the General Fund representing parking fine revenue net of the cost of enforcement and collection. The Beach Guard program was funded entirely in the Parking Fund through the 2005/06 budget and partially funded in 2006/07. In FY 2007/08 the General Fund assumes complete funding of the Beach Guard program and subsequently, Transfers drop from 26% of Parking Fund expenditures to 17% in 2007/08.

Anticipated revenues for Fiscal Year 2007/08 are approximately \$4,102,130 and exceed anticipated expenditures by approximately \$297,870. Fiscal year end 9/30/2006 financial statements reflect a net income of approximately \$1,525,311.

Marine & Aviation Fund Expenditures by Type

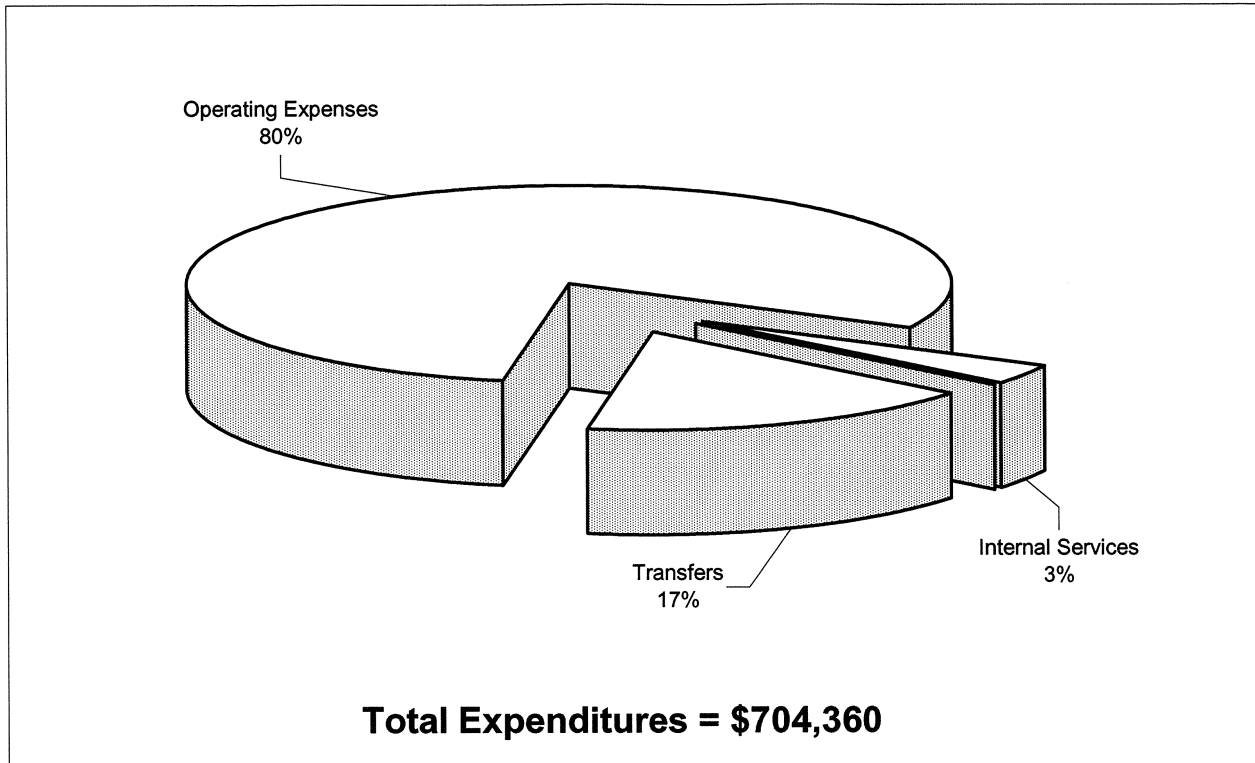


Marine & Aviation revenues are generated primarily through user fees for slip rentals, building and land rentals, hangar rentals, resale of gas, oil and electricity, and miscellaneous income from day-to-day operations. An Airpark master plan that includes new T-hangars, corporate hangars and a fixed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

Twenty and a half (20.5) full time equivalent positions are funded by these revenues, an increase of a half position over the 2006/07 budget. Personnel related expenditures account for 23% of fund costs. Operating expenses account for 69%, up from 60%, of fund expenditures in 2006/07. The primary expenditure in the Marine and Aviation Fund is the cost of items purchased for resale. This is primarily fuel, which in the amount of \$2,525,000 is a \$925,000 increase over the previous year due to higher fuel prices. This is offset, however, by a similar increase in Fuel Sales revenues. Transfers are composed of \$50,000 to the Capital Improvement Program for repairs to marina facilities, docks, fuel tank maintenance, dredging and Airpark improvements, and \$228,480 for payments in lieu of taxes to the General Fund (5.5% of the prior year's gross revenues).

Anticipated revenues for Fiscal Year 2007/08 are approximately \$4,823,730. Anticipated revenues exceed anticipated expenditures by approximately \$49,550 for fiscal year 2007/08. Fiscal year end 9/30/2006 financial statements reflect a net loss of \$495,837. However, when capital grants and transfers are factored in, the fund reflects an increase of \$1,595,136 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 \$448,200.

Anticipated revenues for Fiscal Year 2007/08 are approximately \$704,360, of which \$362,120 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 9/30/2006 financial statements reflect a net loss of approximately \$758,165. However, when all transfers are factored in, the fund reflects a decrease of \$434,395 in net assets.