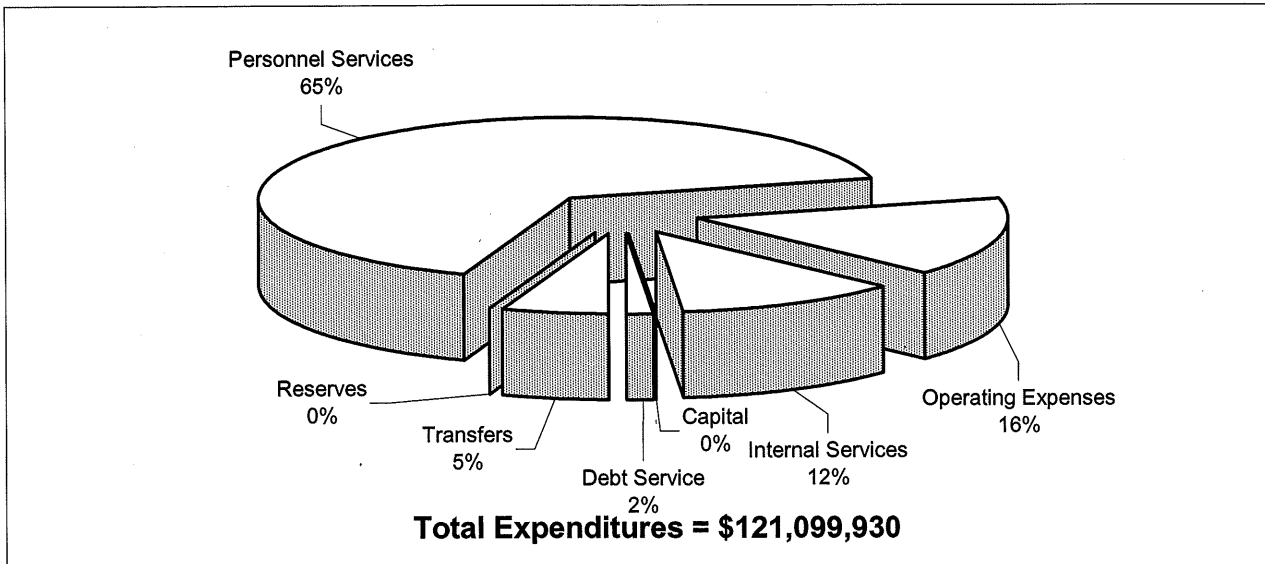


General Fund Expenditures by Type



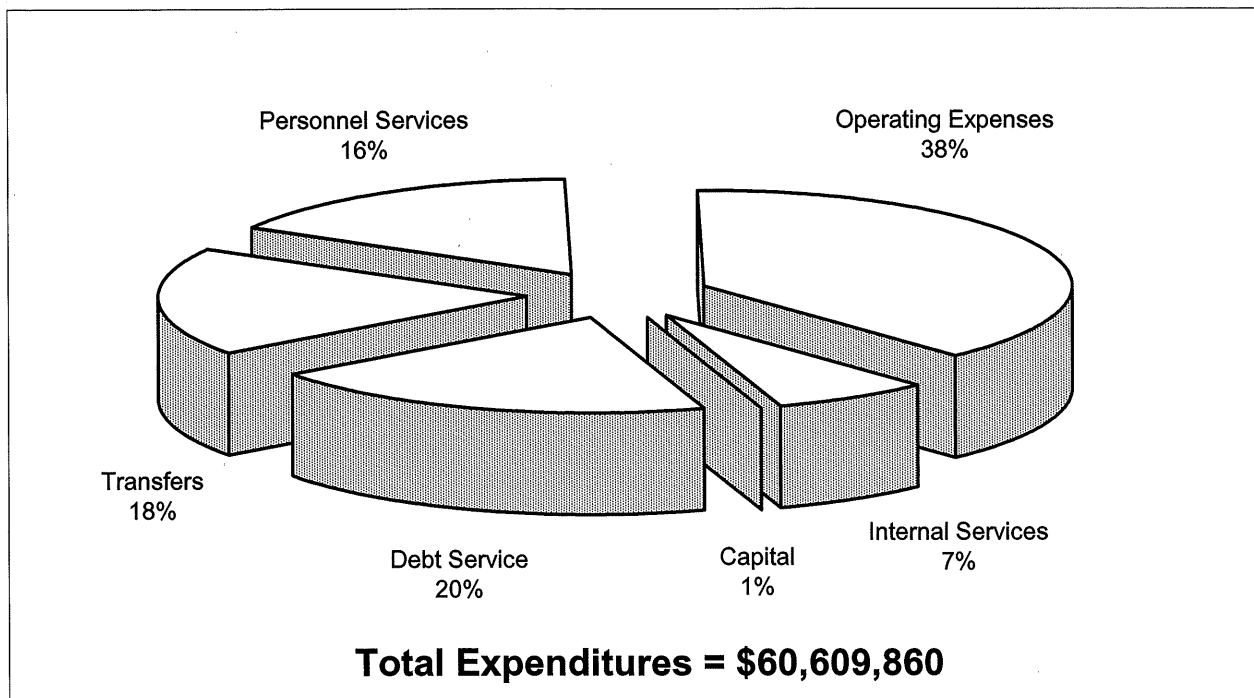
General Fund revenues are generated from many sources: property taxes, utility taxes, franchise fees, charges for services, revenue sharing and grants from other government units, sales taxes, licenses, fines, interfund administrative service and other service charges, interfund transfers from utilities (payments in lieu of taxes), and interest earnings. The largest share is provided by Property Taxes at 36%, down from 38% in fiscal 2007/08. The adopted 4.7254 millage rate has increased less than one tenth of a mill from last year. Franchise Fee and Utility Tax revenues provide another 18% of the General Fund revenues, and Sales/Communications Services Tax revenues provide 10% of the General Fund revenues.

At 65%, 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 \$794,830 for principal and interest on lease purchased equipment as well as \$1,093,150 on outstanding bond issues and internal loans. This includes the debt for Beach Walk.

Transfers to other funds, includes \$4,839,980 to the Capital Improvement Program (CIP), and \$1,727,600 to other funds for a total of \$6,567,580. The capital projects funded include \$208,000 for fire equipment, \$694,480 for library materials, \$410,000 for city-wide air conditioner and roof repairs/replacements, painting and flooring for buildings, and lighting replacement and repair, \$3,097,500 for maintenance of recreational facilities (including \$2.1 million for the Long Center), \$125,000 for docks, seawalls, Pier 60/Sailing Center and Beach Guard facility maintenance, \$200,000 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 2008/09 are estimated to be approximately \$121,099,930 with the adopted millage rate of 4.7254 mills. Anticipated revenues for fiscal 2008/09 equal the estimated expenditures, and include \$2.3 million allocated from General Fund reserves to fund capital projects.

Water & Sewer Fund Expenditures by Type

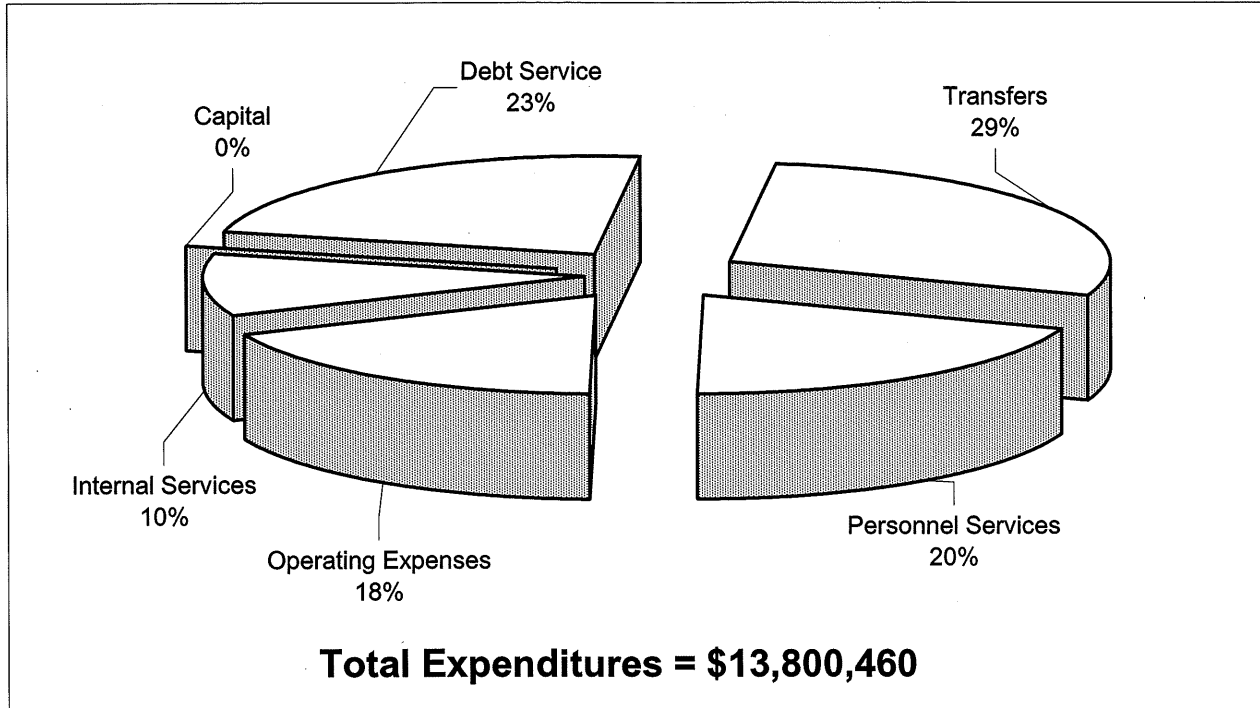


Water & Sewer revenues are generated primarily from user fees for sale of water and sewer service. Rates for water, sewer and reclaimed water will increase 7% on October 1, 2008, October 1, 2009 and October 1, 2010, and 6% for these same services on October 1, 2011, and October 1, 2012. These increases 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 169 full time equivalent positions (FTE), an increase of 1 position over 2007/08. One additional supervisor position has been added in the Reclaimed Water program. Of the Water and Sewer positions, 63 FTE positions are devoted to water operations, 100 FTE positions for Sewer operations and 6 FTE's for Public Utilities Administration. Only 16% of fund expenditures are personnel related. Operating expenses account for 38% of the fund expenditures, of which \$9,738,880 represents the estimated cost for purchase of water from Pinellas County. Debt Service expenditures of \$12,026,020 include \$11,855,040 of interest and principal payments on water and sewer construction bonds, and \$170,980 of payments on lease purchased equipment.

Transfers include \$5,463,370 to the Capital Improvement Program, an increase of 66%. These transfers fund additions and repairs and line relocations throughout the water, sewer, reclaimed water system. Other transfers reflect \$2,760,380 of payments in lieu of taxes to the General Fund. Also included is a transfer of \$2,914,590 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 2008/09, which include the use of \$2.1 million of retained earnings, are approximately \$60,609,860 and equal anticipated expenditures. Fiscal year end 9/30/2007 financial statements reflect a net income of approximately \$6,385,807.

Stormwater Fund Expenditures by Type



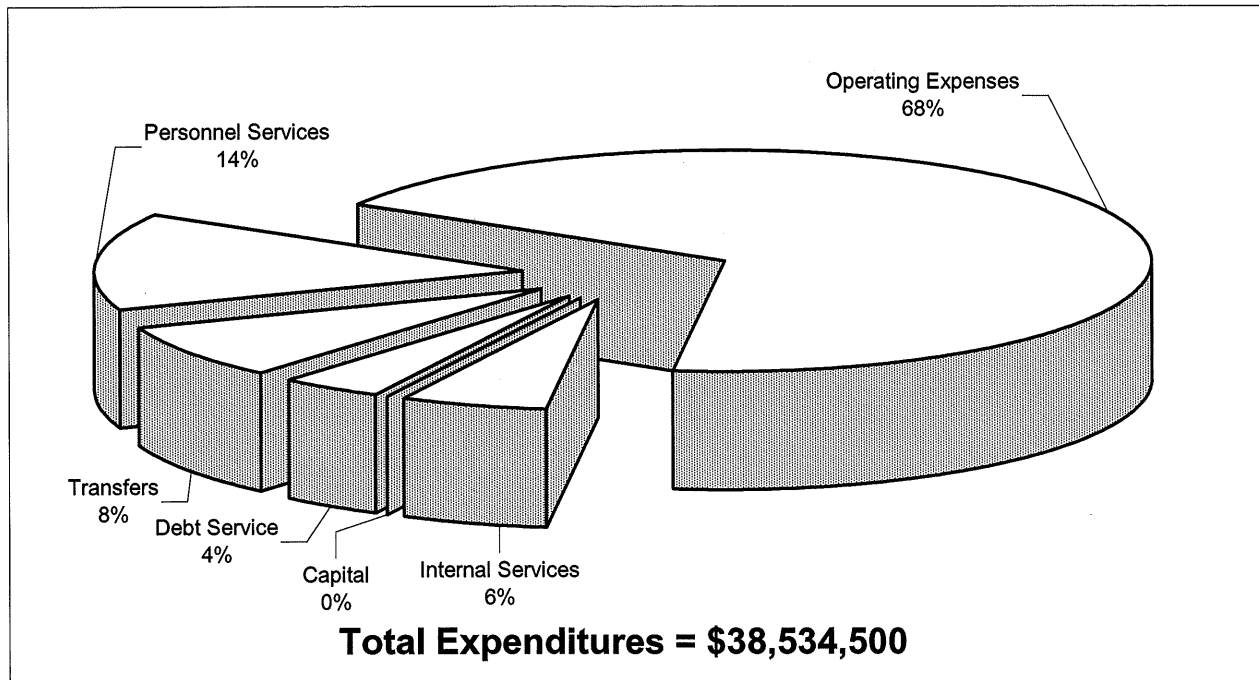
Stormwater revenues are provided by the stormwater utility fee collected from each City of Clearwater utility customer, and billed through the monthly utility billing system. These revenues are used to remove pollutants and treat stormwater before it is discharged into lakes, bays, rivers, etc., and to operate and maintain the stormwater drainage facilities. The rate is \$11.13 per each residential unit or ERU effective October 1, 2008. 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 10/01/09, and 10/01/10, and additional 4.25% rate increases have been approved to take effect 10/1/11 and 10/1/12. 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, and Allen's Watershed 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 20% of all fund expenditures, and represent forty-seven full time equivalent employees funded by Stormwater revenues, an increase of one position over the fiscal year 2007/08. Operating expenses include maintenance of ponds, lakes, and retention ponds located on city property and are 18% of total projected expenditures. Debt Service costs, which amount to 23% of expenditures, include \$3,114,960 of interest and principal payments on outstanding stormwater construction bonds and \$64,560 of payments on lease purchased equipment. Transfers, which comprise 29% of total expenditures, include \$3,284,980 for capital improvements to the stormwater system and \$651,740 as payment in lieu of taxes to the General Fund.

Anticipated revenues for Fiscal Year 2008/09 are approximately \$13,800,460, and equal the estimated expenditures of \$13,800,460. These consist entirely of operating revenues and interest earnings anticipated under the adopted rate study. Fiscal year end 9/30/2007 financial statements reflect net income of approximately \$4,187,669 for the Stormwater Fund.

Gas Fund Expenditures by Type

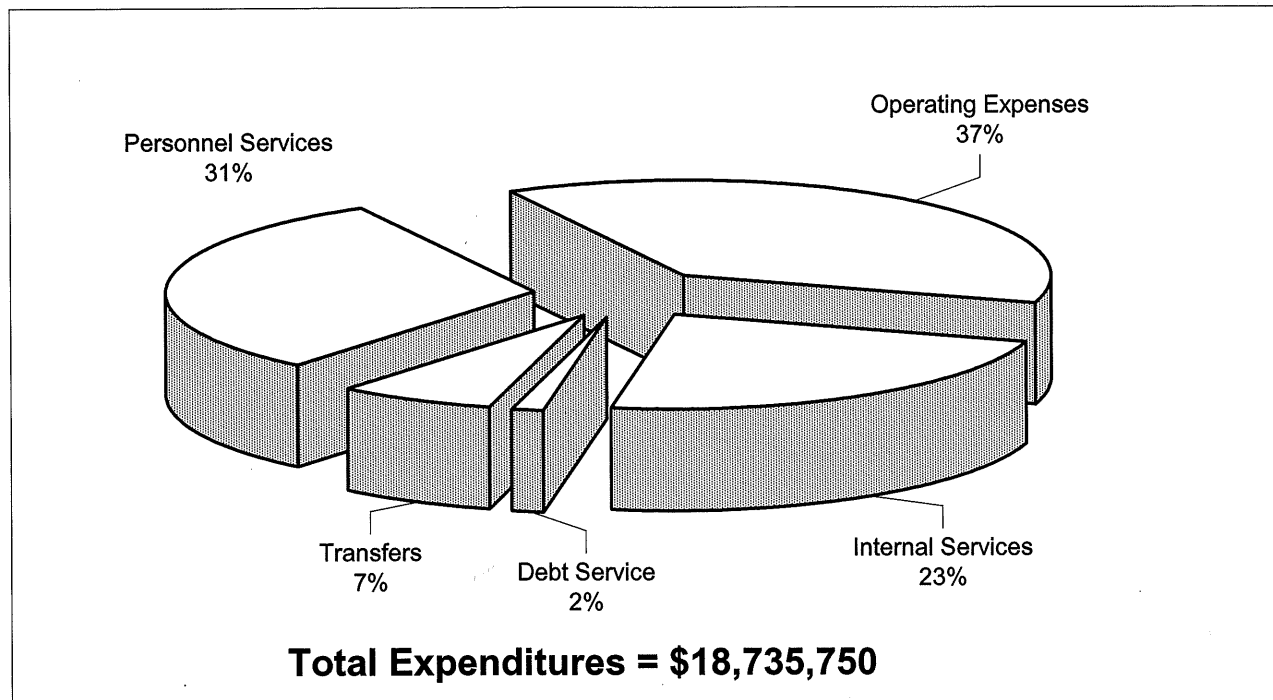


Gas revenues are generated primarily from gas and appliance sales, service charges and miscellaneous income from day-to-day operations. Effective April 1, 2005 new gas utility rates and service charges replaced the rates that were in effect since May 2002. The new rates increased the monthly customer 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, Pinellas Gas Operations, and Pasco Gas Operations. Eighty-four (84) positions are funded by these revenues, resulting in 14% of expenditures being personnel related. Operating expenses at 68% account for the greatest proportion of the fund expenditures, of which \$17.7 million is the cost of gas purchased for resale. This is a \$1.2 million decrease from the budgeted cost in the previous fiscal year, due primarily to lower fuel prices. Debt Service is composed of \$1,575,150 for outstanding gas bond issues, and \$75,000 of interest that must be paid on utility deposits. Transfers are composed of \$1,455,000 to the Capital Improvement Program for new gas lines, repairs to the gas system, relocation of gas mains and environmental remediation, and \$1,600,000 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 2008/09 are approximately \$45,228,140, which is composed of \$42,172,600 of operating revenues, \$1,005,540 of service charges and interest earnings, \$450,000 of capitalized labor, and the use of \$1,600,000 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 \$6,693,640 in fiscal year 2009. Fiscal year end 9/30/2007 financial statements reflect a net income of approximately \$6,525,287.

Solid Waste Fund Expenditures by Type

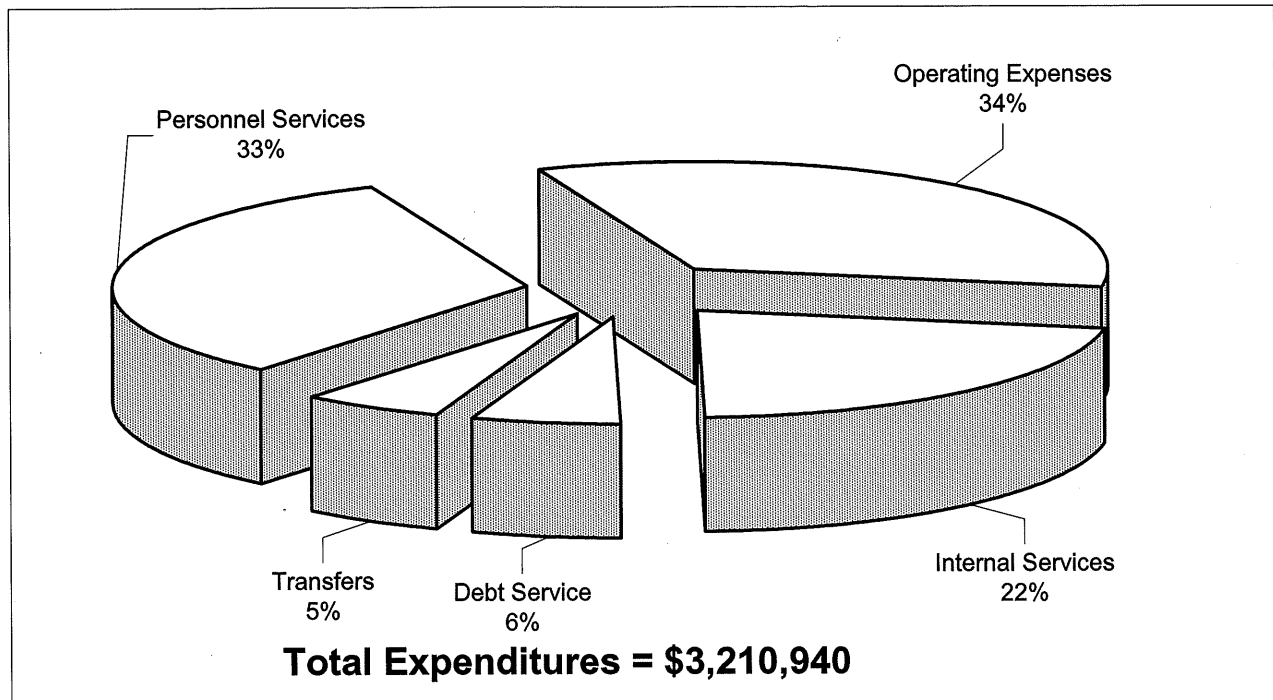


Solid Waste revenues are generated primarily through user fees for collection of solid waste. Other revenues which include such sources as interest earnings and contractor fees produce only 7% of total revenues. A rate increase for monthly residential and commercial fees, as well as roll-off fees, was approved by the City Council in July 2007. Effective October 1, 2008 and for the following three years, residential and commercial rates will increase 5% each year and roll-off fees will increase 4.5% for the same time period. This budget incorporates those rate increases. Prior to October 1, 2007, 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 2007/08, resulting in 31% of expenditures being personnel related. Operating expenses account for 37% of the fund expenditures, of which \$5,615,000 for dumping fees are the primary expense. Internal services make up 23% of total expenditures in fiscal year 2008/09. This is primarily composed of garage charges to operate collection vehicles. Transfers account for 7% of expenditures, up from 5% last year. The transfer for payment in lieu of taxes to the General Fund of \$904,420 is 3% higher than last year and is based on increased revenues. The transfer to fund Capital Improvement projects is \$350,000 for the 2008/09 year.

Anticipated revenues for Fiscal Year 2008/09 are approximately \$18,751,250, and exceed anticipated expenditures by \$15,500. Fiscal year end 9/30/2007 financial statements reflect a net income of approximately \$831,654.

Recycling Fund Expenditures by Type

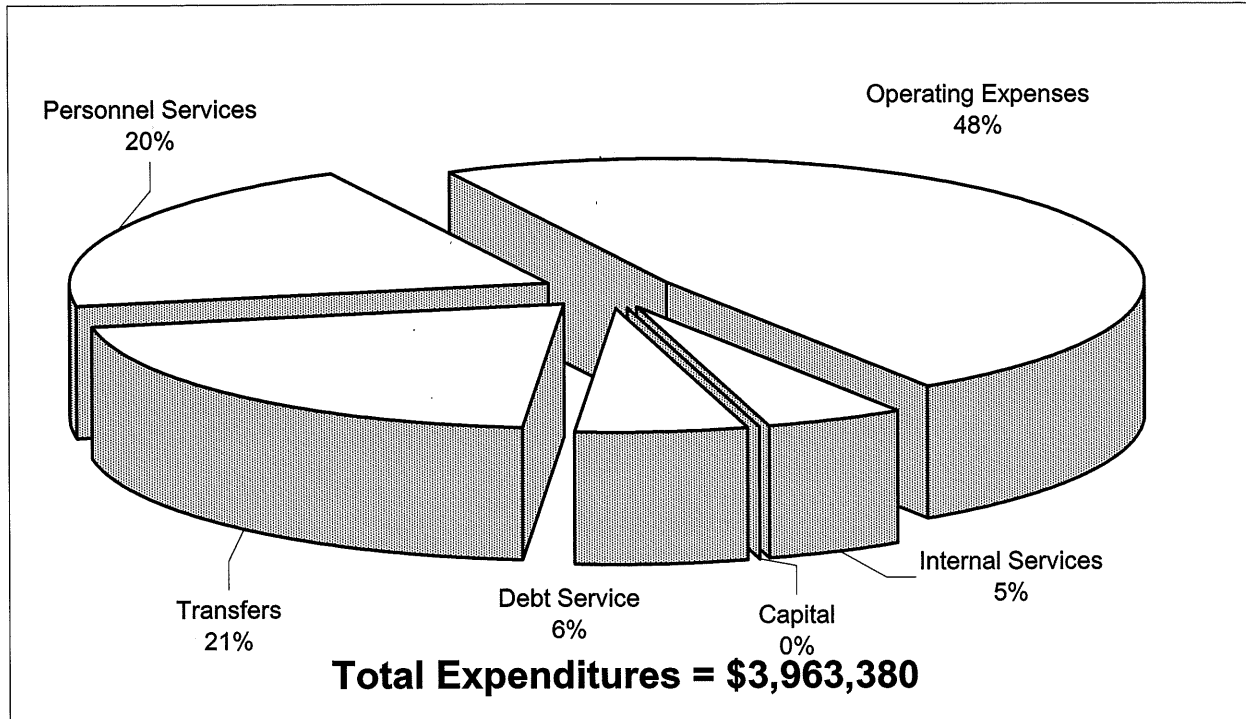


Recycling revenues are generated primarily from user fees for collection of recyclables (46%) and from the sale of recyclables (48%). The remaining 6% of total revenues comes from such items as interest earnings, late payment fees and sale of containers. A rate increase for monthly rates was approved by the City Council in July 2007. Effective October 1, 2008 and for the following two years, monthly rates will increase 3% each October 1st and on October 1, 2011 rates will increase 12%. This budget incorporates those rate increases. Prior to October 1, 2007, 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 three tenths (22.3) positions are funded by these revenues, a decrease of 0.2 FTE from the 2008/09 budget. Personnel related expenditures account for 33% of fund expenditures. Operating costs account for 34% 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 22% 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 decreases to 6%, down from 7% last year. Transfers of \$176,190 represent payment in lieu of taxes to the General Fund, an increase of 17% from the 2007/08 amount. There are no transfers to the Capital Improvement Program.

Anticipated revenues for Fiscal Year 2008/09 are approximately \$3,210,950, and anticipated expenditures equal \$3,210,940. Fiscal year end 9/30/2007 financial statements reflect a net income of approximately \$544,753.

Parking Fund Expenditures by Type



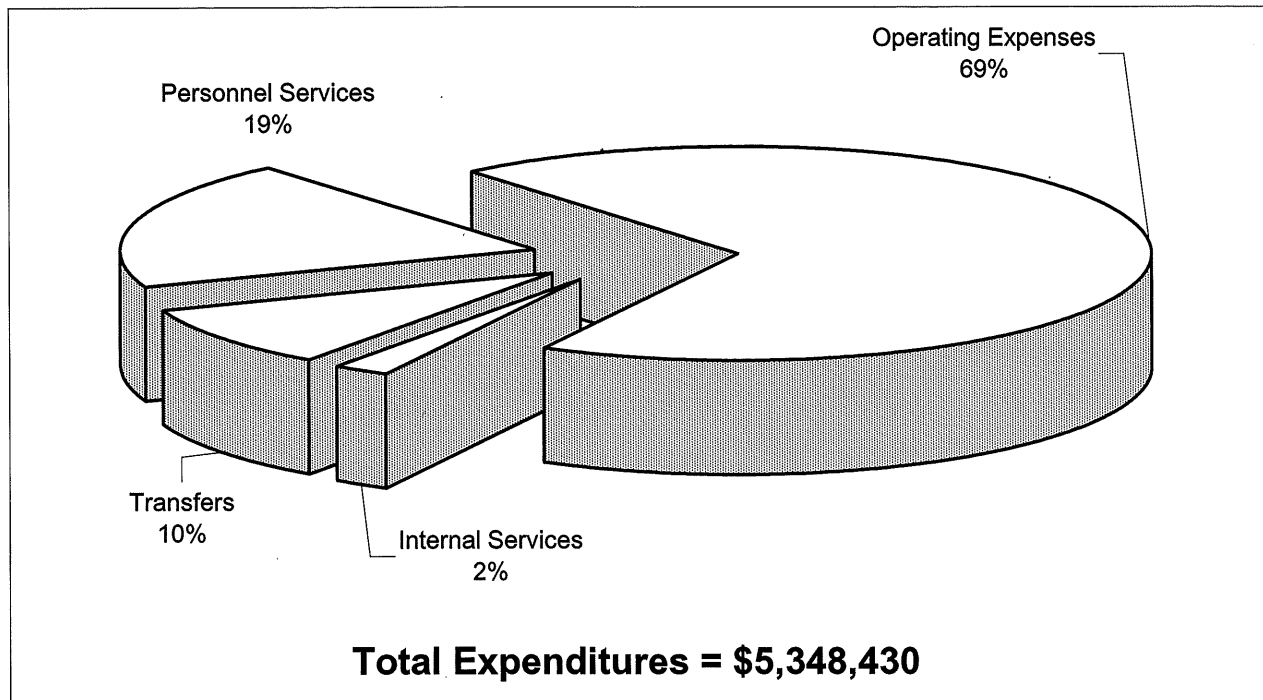
Parking operating revenues are generated through parking receipts, fines, rentals, and miscellaneous income derived from day-to-day operations. These revenues are used for the general operations of the Parking System, the Parking Enforcement program, and for improvements and repairs to parking

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 20% 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. Forty-eight percent of all fund expenditures are related to operating expenses, and include \$566,350 for land rental, to rent additional, temporary parking lots on the beach.

Transfers total \$824,710 and represent 21% of the total budget. Transfers include \$225,000 to the Capital Improvement Program to fund parking lot resurfacing and improvements, and repairs to City owned parking garages, and \$599,710 transferred to the General Fund representing parking fine revenue net of the cost of enforcement and collection. Transfers increase from 17% of Parking Fund expenditures to 21% in 2008/09.

Anticipated revenues for Fiscal Year 2008/09 are approximately \$4,823,470 and exceed anticipated expenditures by approximately \$860,090. Fiscal year end 9/30/2007 financial statements reflect a net income of approximately \$867,709.

Marine Fund Expenditures by Type

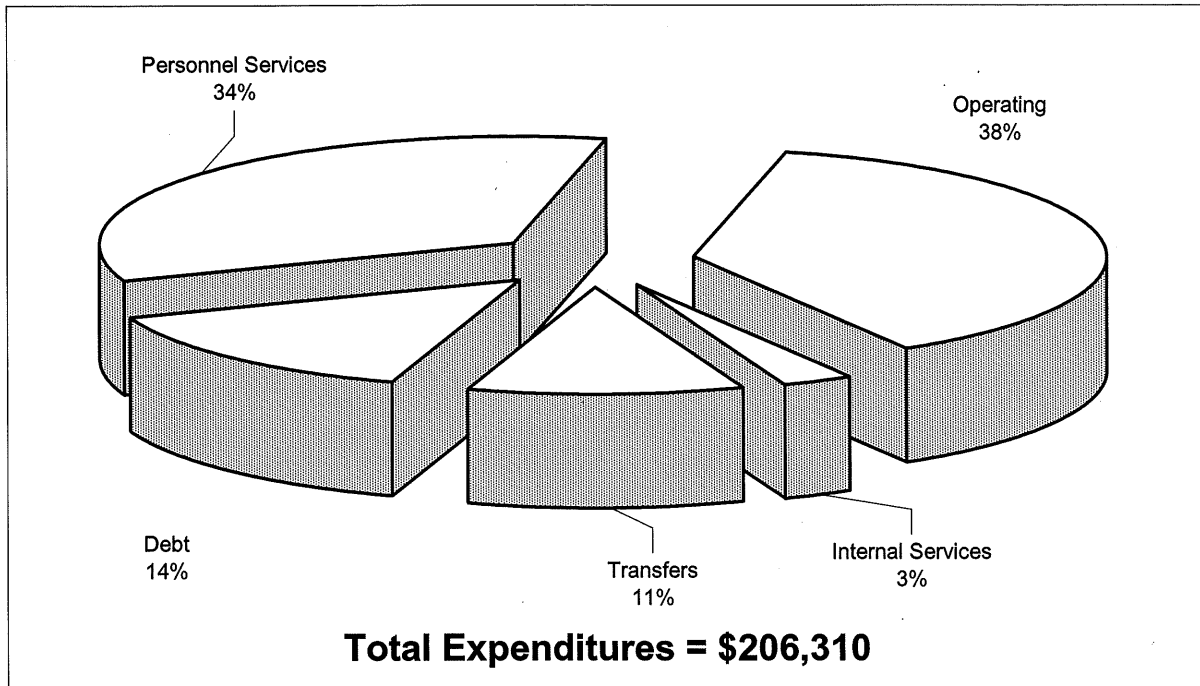


Marine revenues are generated primarily through user fees for slip rentals, building and land rentals, resale of gas, oil and electricity, and miscellaneous income from day-to-day operations. The Marine and Airpark operations were in one fund, the Marine & Aviation Fund, prior to fiscal year 2007/08. Since that time, the Airpark operation has been accounted for in a separate fund.

Eighteen and eight-tenths (18.8) full time equivalent positions are funded by these revenues, an increase of two-tenths over the 2007/08 budget. Personnel related expenditures account for 19% of fund costs. Operating expenses account for 69%, the same level as 2007/08, of fund expenditures in 2008/09. The primary expenditure in the Marine Fund is the cost of items purchased for resale. This is primarily fuel, which in the amount of \$3,000,000 is a \$475,000 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 \$280,000 to the Capital Improvement Program for repairs to marina facilities, docks, fuel tank maintenance, dredging and future possible renovations to the marina and boat slips, and \$230,110 for payments in lieu of taxes to the General Fund (5.5% of the prior year's gross revenues).

Anticipated revenues for Fiscal Year 2008/09 are approximately \$5,351,090. Anticipated revenues exceed anticipated expenditures by approximately \$2,660 for fiscal year 2008/09. Fiscal year end 9/30/2007 financial statements reflect a net loss of \$231,632. However, when capital grants and transfers are factored in, the fund reflects an even greater loss of \$372,142 in net assets.

Airpark Fund Expenditures by Type

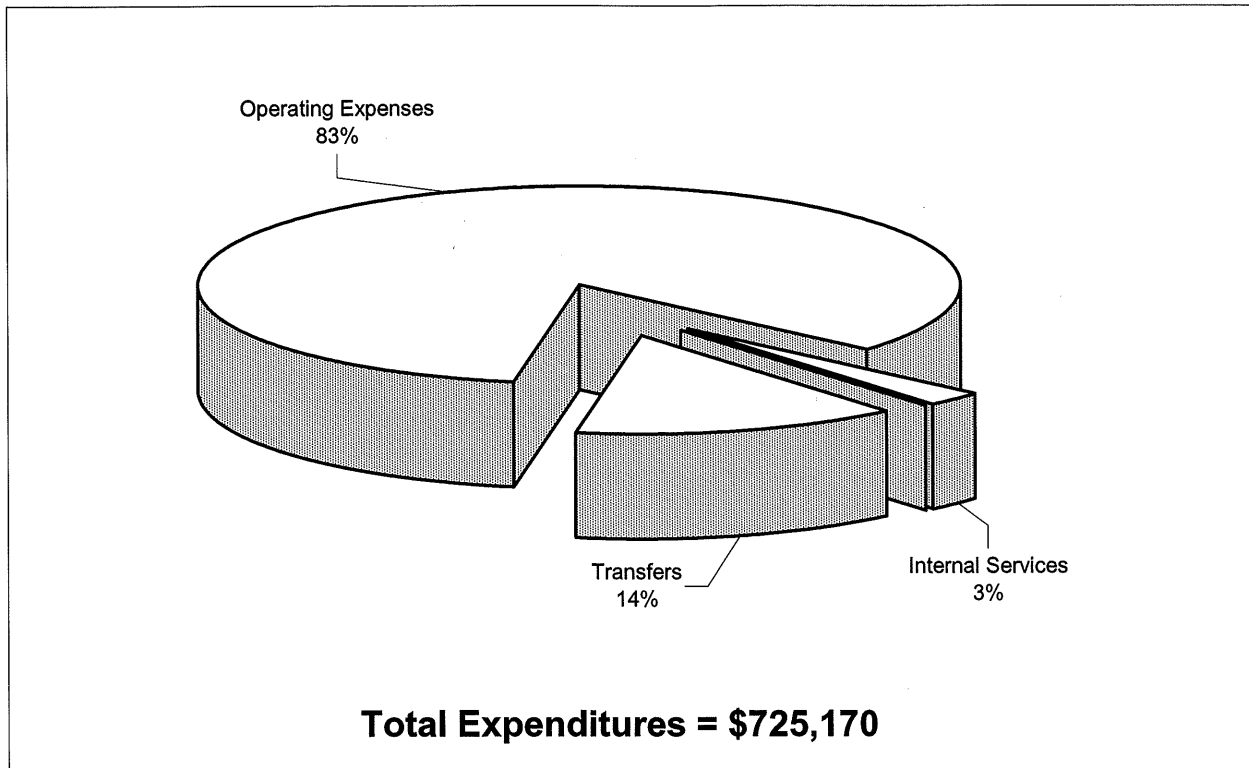


The Airpark Fund is a new fund that was set up during FY 2007/08. Prior to that, the marine and airpark operations were in one fund, the Marine & Aviation Fund. Airpark revenues are generated primarily through user fees for building and land rentals, hangar rentals, resale of fuel, and miscellaneous income. An Airpark master plan that included new T-hangars, corporate hangars and a fixed base operator building has been implemented. Recently, a new contract for the construction of multi-plane hangars has been approved by the City Council. These changes have enabled the Airpark to become economically self-sufficient.

One and seven-tenths (1.7) full time equivalent positions are funded by these revenues. Personnel related expenditures account for 34% of fund costs. Operating expenses account for 38%, with the primary expenditure the cost of property and liability insurance for the facility. Transfers are composed of \$10,000 to the Capital Improvement Program for maintenance and repairs to the Airpark facilities, and \$12,310 for payments in lieu of taxes to the General Fund (5.5% of the prior

Anticipated revenues for Fiscal Year 2008/09 are approximately \$242,000. Anticipated revenues exceed anticipated expenditures by approximately \$35,690 for fiscal year 2008/09.

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, which expires in 2009. 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 2008/09 are approximately \$725,170, of which \$385,000 comes from operations and the balance of \$340,170 from a contribution from the General Fund to subsidize the anticipated cash deficit. Fiscal year end 9/30/2007 financial statements reflect a net loss of approximately \$788,545. However, when all transfers are factored in, the fund reflects a decrease of \$446,305 in net assets.