

# June 2006



## Finance Department Second Quarterly Report

### General Fund Status

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The General Fund's cash balance at the end of this quarter is: \$1,686,362 whereas last year at this time the cash balance was: \$2,319,909. Total revenue collections this year at the end of June are: \$8,649,909; and last year at the same point in the year was:

\$8,579,455. The revenue collections increased by less than 1%, or \$70,454 whereas our expenses went from \$6,259,546 in 2005 to \$6,963,547 this year. Which is over an 11% increase or \$704,001.

This report will later highlight where the ups and downs of revenues and expenses individually add up to the overall effect as we have just acknowledged.

On the budget side; the budgeted revenue is only 48.86% collected and the costs are 47.4% expended.

### General Fund Departments Budget

DEPARTMENT	BUDGET 2005	BUDGET 2006	2005 Y-T-D	2006 Y-T-D	2005% USED	2006% USED
Legislative	\$118,662.	\$122,626.	\$66,104.	\$64,583.	55.7	57.9
Executive	216,761.	221,118.	105,087.	110,997.	48.5	50.2
Finance	1,535,273.	1,696,772.	881,381.	955,682.	57.4	56.8
General Services	265,414.	279,917.	125,534.	128,382.	47.3	45.9
Legal	218,471.	259,849.	110,279.	116,062.	50.5	45.6
Police	3,214,915.	3,545,596.	1,568,242.	1,736,383.	48.8	48.9
Fire	2,507,482.	2,825,954.	1,226,656.	1,310,127.	48.9	46.4
Parks & Recreation	861,644.	1,020,120.	371,494.	418,333.	43.1	41.1
Planning & Facilities	1,450,728.	1,491,930.	688,607.	692,820.	47.5	46.4
Development Services	1,115,497.	1,201,786.	500,828.	572,460.	44.9	47.6
Public Works:						
- Engineering	169,467.	176,124.	66,302.	65,858.	39.1	37.4
- Street	1,017,960.	1,190,165.	457,772.	523,735.	45.0	44.1
<b>TOTAL</b>	<b>12,692,274</b>	<b>14,031,957.</b>	<b>6,168,286</b>	<b>6,695,422</b>	<b>48.6</b>	<b>47.4</b>

**Special Point of Interest:**

- From the U.S. Bureau of Labor, the Pacific Cities CPI for May 2006 is 3.2%

The above table does not include; ending fund balance, contingency reserve, or operating transfers

## Property Tax Collections

Property tax collections are slightly ahead of last year at this time. We are right on target with the additional new construction that was added to our base this year.



<u>2006</u>	<u>2005</u>
\$1,757,626	\$1,629,418

The budget is showing overall collections just slightly ahead of the expected 50% collected at 53.8.

## Retail Sales & Use Tax

The city's portion of the Sales & Use Tax collections are down (\$68,950) from last year at \$1,854,737 for the first half of 2006 vs. \$1,923,687, for the first six months in 2005.

As we look more closely at the numbers, the sales tax base is stable the decreases are due to a "one-time" revenue from the construction industry. This stream is not sustainable because all that is being constructed does not

<u>Month</u>	<u>2005</u>	<u>2006</u>
Jan	302,177	290,634
Feb	376,883	371,825
Mar	296,010	292,220
April	292,347	269,265
May	367,917	322,329
June	288,353	308,464
Total	\$1,923,687	\$1,854,737

have a sales tax stream once completed.

## Local Business & Occupation Tax

The city's Business & Occupation tax is charged to all businesses that do business within the city, whether or not the business is actually located within the city.

The rate is 1/10 of 1% on the gross receipts and if you are engaged in the business of rendering any type of service the rate is 2/10 of 1%.

As you can see by the chart provided that we are down almost

<u>2005</u>	<u>2006</u>
\$740,090	720,658

\$20,000 of this revenue stream so far this year. Our budget is just over 42% collected, so our budget is short so far this year also. When we look at the details of the revenue, it appears that our "base" revenue is strong, the loss is from the construction industry. We believed this would be happening, but not to the degree that it is reflected here. We are hoping it will pick up in the 2nd half of the year, or we will end up being short on our budget projects.

On the horizon is the preparedness

of the apportionment bill the State Legislature passed last year, that is to take affect in 2007. The Finance Director has been participating in the study on the impacts that were required by the Legislature. Department of Revenue was put in charge of the study. Of the businesses working within Tumwater that answered the survey the DOR was able to extract enough information that shows we will have a \$305,000 loss, based upon 2005 information of this revenue stream.

## Development Fees

Development Fees are collected at the time of development of any parcel of land within the city.

This includes a building permit, plan checking fees, all land use issues such as short-plats, sub-divisions, rezones, conditional-use permits, and the like. Also, plan check fees for utility plans and modifications to accommodate development .

This fee category does not include other development fees such as impact and SEPA mitigation fees.



At mid-point of the year we have collected \$125,194 less than last year at this time and only an average of 46% collected.

<u>TYPE</u>	<u>2005</u>	<u>2006</u>
Building Permits	\$234,076	\$187,095
Plan-Checks	151,347	161,703
Utility Plan Fees	71,300	47,976
Platting & Zoning	103,333	38,088
Total	\$560,056	\$434,862

## Utility Taxes

The City of Tumwater imposes a utility tax on telephone, telegraph, electrical energy, natural gas, brokered natural gas, solid waste, sanitary, sewerage, and storm drainage at the rate of six (6%) percent.

Council's policy direction is that one-half (1/2) or three (3%) percent is to be for the support of the general fund and the other half is for the capital improvement fund. This reporting is for the entire amount collected.

Because of the growth in the City we projected this revenue at a 3.89% increase from last year's collections. So even though our collections are ahead of last year's at this time by \$136,457 our budget

Type	2005	2006
Electrical	478,398	534,268
Natural Gas	215,530	266,048
Telephone	233,466	255,210
Solid Waste	62,319	54,922
Water	57,028	66,531
Sewer	98,168	103,660
Storm	23,155	23,882
<b>Total</b>	<b>\$1,168,064</b>	<b>\$1,304,521</b>

is just at 51.1% collected. The only caution we have here, is the industry is trying to eliminate telephone utility tax, on the national level along with cable fees.

## Hotel-Lodging Tax Status

This revenue is derived from the tax of renting a room in a hotel-motel within the city limits of Tumwater. A sales tax is charged, and out of the 6.5% State portion, 2% is rebated back to the city to be expended on the promotion of tourism. In 1998 authorization was made to add another 2% to the tax, on renting a room, and that portion is also to be expended in the promotion of tourism.

The revenues are ahead from last year at this time, at about 15%, this is very good news, and hopefully will continue.

But they are still not able to sustain the Council's policy direction, which is that the Historical program expenses should

be covered by the original 2% tax revenue and the interest income from the fund balance. As you can see the total of the original tax revenue plus the interest income and including the program donations to date is only: \$56,211 and the expenses are: \$73,695. But that is the smallest gap we

Type	2005	2006
Original	\$43,490	48,394
Additional	43,449	48,394
Interest	1,927	3,396
Sale of merchandise	687	1,131
Contributions/Donations	964	3,290
<b>Total</b>	<b>\$90,517</b>	<b>\$104,605</b>

have every had, the program is gaining and the additional news is the fund balance is gaining.

This is the best news we have had in a long time and the program is getting more and more sustainable. Congratulations to all, Administration, Staff and the Historical Commission have been doing a good job, staying on top.

Type	2005	2006
<b>Historical</b>	<b>54,080</b>	<b>73,695</b>
<b>Tourism</b>	<b>27,076</b>	<b>23,668</b>
<b>Total Expended</b>	<b>81,156</b>	<b>97,363</b>
<b>Fund Balance</b>	<b>\$155,992</b>	<b>174,570</b>



## General Fund Contingency Reserve Status

This year the Council contingency reserve started way below the Council's policy of \$100,000, at \$47,736. Because of funding issues at budget for several years we have not been able to fulfill the Council's policy direction.

All of the draws dropping the balance to \$3,011 were done and approved in the first quarter and reported then. Finance was authorized for an additional \$3,000 for the Public Defender, but have not taken it as yet, leaving the \$3,011 intact.

## R.E.E.T Collections

Other than utility tax real estate excise tax (R.E.E.T) is the other major funding source for the Capital Improvement Fund.

This tax is levied on the all sales of real estate at the rate one-half percent.

We have collected \$404,858 for the year versus \$496,533 for the same time last year.

Last year seems to have been out peak, this is showing a decrease in real estate sales. We suspected that happening and are therefore still on target with our budget projections.



# Tumwater Valley Golf Course

We are happy to report that our revenues are consistent and with just a slight decrease over this time last year. Considering our weather the first half of the year compared to last year, we should all be very pleased with those numbers.

One of the basic concerns has been the operations expenses being covered by the

Type	2005	2006
Green Fees	\$267,127	\$235,353
Pro Shop	85,913	84,377
Cart Rental	56,137	47,143
Driving Range	39,403	33,416
Restaurant	20,087	20,000
Lease		
Golf Lessons	7,504	11,289
<b>Total Revenues</b>	<b>\$476,171</b>	<b>\$431,578</b>
Operations	280,888	277,730
Maintenance	162,863	214,452
Debt	368,952	471,373
<b>Total Expenses</b>	<b>\$812,703</b>	<b>\$963,555</b>

course's revenues. We are achieving that.

Additional good news is on the line-of-credit, last year at this time the amount outstanding was \$562,282, whereas this year that amount is \$408,865. A \$153,417 decrease. Two years ago, that number was nearly \$900,000.



## Cultural & Recreational Fees

The last few years the City has focused its goals on programs for the youth. In addition, the Department provides a wide array of activities, classes, trips, tours, and special events that are enriching and affordable for all our citizens.

Contributions are down slightly from last year at this time, these monies are from users and community groups in support of our Recreation programs. Most of the money is tied to the "teen" programs, that continue to be a very successful program provision of the Department.



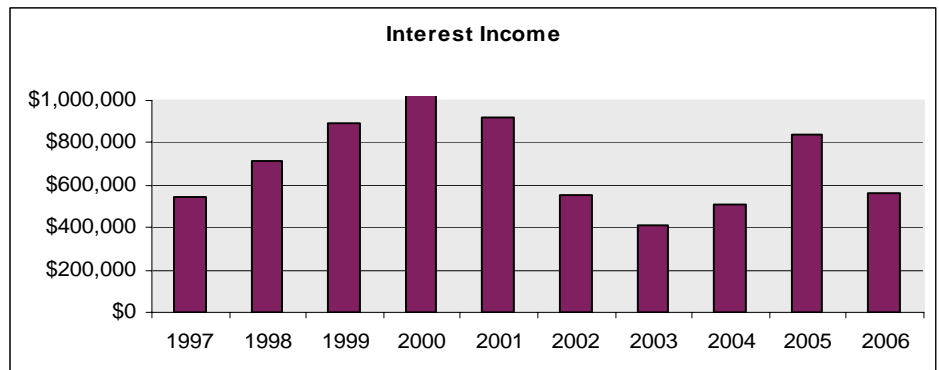
Revenues	2005		% of Budget
Recreation Fees	50,261	62,625	51.33
Rentals	28,020	25,017	56.47
<b>Total</b>	<b>\$78,281</b>	<b>\$87,642</b>	<b>53.9</b>



Contributions	
2005 YTD	\$22,311
2006 YTD	\$18,032

## City-Wide Interest Income

The FED continues to raise rates as speculation mounts as to when the increases will end. During this phase of the market cycle, the short duration of the LGIP (local government investment pool) and variable rate bonds will allow them to keep pace with increasing rates. Interest revenue through the second quarter of 2006 is 78% of our budget projections.



CITY OF TULWATER  
MONTHLY FINANCIAL SUMMARY  
REPORT FOR THE MONTH OF June 2006

Fund	Revenue			Total Revenue	Expenditures			Total Expenditure	Month-End Fund Cash Balance	Remaining Budgeted Expenditures	% of Budget Expended Year to Date
	2006 Budget	2005 Carryover	Previous Balance		Current Month Revenue	2006 Budget	Previously Expended				
Legislative	\$122,626			\$122,626	\$57,358	\$7,225	\$64,583	\$110,121	\$58,043	52.67%	
Administration	\$221,118			\$221,118	\$92,563	\$18,435	\$110,997	\$955,682	\$110,121	50.20%	
Finance	\$1,681,772			\$1,681,772	\$845,383	\$110,300	\$955,682	\$1,681,772	\$1,681,772	56.83%	
General Services	\$279,917			\$279,917	\$107,585	\$20,787	\$128,372	\$1,151,535	\$1,151,535	48.39%	
Legal	\$239,849			\$239,849	\$95,882	\$20,180	\$116,062	\$418,333	\$601,787	48.97%	
Parks & Recreation	\$3,020,120			\$3,020,120	\$343,125	\$248,363	\$594,488	\$1,736,213	\$1,809,213	48.97%	
Police	\$3,545,596			\$3,545,596	\$1,488,020	\$214,793	\$1,702,813	\$1,190,165	\$1,190,165	46.36%	
Fire	\$2,825,954			\$2,825,954	\$56,000	\$9,658	\$65,658	\$1,487,990	\$1,487,990	46.56%	
Engineering	\$1,487,990			\$1,487,990	\$467,252	\$105,207	\$572,459	\$1,190,165	\$1,190,165	44.01%	
Planning & Facilities	\$1,201,786			\$1,201,786	\$435,281	\$88,454	\$523,735	\$1,892,883	\$1,892,883	14.16%	
Development Services	\$1,190,165			\$1,190,165	\$56,590	\$211,534	\$268,124	\$15,885,900	\$15,885,900		
Street	\$1,892,883			\$1,892,883	\$5,697,935	\$1,285,612	\$6,983,547	\$408,778	\$408,778		
Fund Equity	\$1,892,883			\$1,892,883	\$0	\$0	\$0	\$16,686,362	\$16,686,362		
GENERAL FUND	\$15,885,900	\$1,736,077	\$7,382,344	\$24,999,321	\$15,885,900	\$5,697,935	\$21,583,835	\$408,778	\$408,778		
Cumulative Reserve Fund	\$408,778	\$388,278	\$408,571	\$1,205,627	\$408,778	\$0	\$408,778	\$16,294,678	\$16,294,678		
TOTAL GENERAL FUND	\$16,294,678	\$3,124,355	\$7,790,915	\$27,219,982	\$16,294,678	\$5,697,935	\$22,002,613	\$17,705,456	\$17,705,456		
E-Link & Fiber	\$53,124	\$5,124	\$19,734	\$78,082	\$2,815	\$645	\$3,460	\$16,333	\$16,333		
Domestic Violence Advocacy/Prevention	\$4,997	\$502	\$1,241	\$6,740	\$0	\$0	\$0	\$4,997	\$4,997		
Drug Monies	\$31,195	\$35,495	\$39,470	\$106,160	\$39,470	\$0	\$39,470	\$31,195	\$31,195		
K-9 Fund	\$0	\$0	\$14,882	\$14,882	\$0	\$0	\$0	\$0	\$0		
Lodging Tax	\$373,828	\$167,328	\$253,189	\$794,345	\$86,553	\$10,810	\$97,363	\$174,570	\$174,570		
Recreation Youth Programs	\$87,048	\$60,048	\$78,080	\$225,176	\$9,026	\$8,093	\$17,119	\$80,961	\$80,961		
Park Board	\$26,397	\$1,397	\$26,397	\$28,794	\$432	\$0	\$432	\$26,397	\$26,397		
Historical Commission	\$38,741	\$28,741	\$38,741	\$77,482	\$7,947	\$1,016	\$8,963	\$38,741	\$38,741		
Development & Special Fees	\$9,923,218	\$7,800,218	\$8,083,904	\$25,527,340	\$17,314	\$4,706	\$22,020	\$9,923,218	\$9,923,218		
SPECIAL REVENUE FUNDS	\$10,538,548	\$8,098,853	\$8,555,639	\$26,733,040	\$163,558	\$25,270	\$188,828	\$10,538,548	\$10,538,548		
Utility Construction in Progress	\$5,830,000	\$0	\$768,474	\$6,598,474	\$768,474	\$540,023	\$1,308,497	\$5,830,000	\$5,830,000		
Capital Improvement-General Gov't	\$2,894,592	\$1,628,102	\$2,068,805	\$6,590,599	\$479,465	\$68,336	\$547,801	\$2,894,592	\$2,894,592		
Capital Improvement-Street Const.	\$1,129,910	\$3,147,610	\$3,905,384	\$8,282,510	\$793,166	\$268,927	\$1,062,093	\$1,129,910	\$1,129,910		
CONSTRUCTION FUNDS	\$20,024,202	\$4,775,712	\$6,742,663	\$31,546,577	\$2,041,106	\$877,287	\$2,918,393	\$20,024,202	\$20,024,202		
Utility Bond Debt Service	\$472,456	\$0	\$0	\$472,456	\$0	\$53,728	\$53,728	\$472,456	\$472,456		
Utility Bond Debt Reserve	\$478,006	\$478,006	\$478,006	\$956,012	\$478,006	\$0	\$478,006	\$478,006	\$478,006		
G.O. Debt Service	\$2,523,352	\$1,123,045	\$1,480,008	\$3,646,405	\$1,666,054	\$513,389	\$2,179,443	\$2,523,352	\$2,523,352		
DEBT SERVICE FUNDS	\$3,473,814	\$1,601,051	\$1,968,014	\$5,042,879	\$1,666,054	\$567,117	\$2,233,171	\$3,473,814	\$3,473,814		
Water Fund	\$10,523,696	\$6,633,401	\$7,880,907	\$24,038,004	\$1,074,101	\$438,623	\$1,512,724	\$10,523,696	\$10,523,696		
Sewer Fund	\$11,997,731	\$6,124,066	\$8,095,626	\$26,217,423	\$1,973,085	\$924,912	\$2,897,997	\$11,997,731	\$11,997,731		
Storm Drain Fund	\$2,960,094	\$2,087,436	\$2,486,230	\$7,533,760	\$365,986	\$86,890	\$452,876	\$2,960,094	\$2,960,094		
Barnes Lake Management District	\$0	\$0	\$15,785	\$15,785	\$1,220	\$0	\$1,220	\$0	\$0		
Golf Course Operations	\$1,689,942	\$1,000	\$824,110	\$3,514,052	\$823,110	\$140,446	\$963,556	\$1,689,942	\$1,689,942		
ENTERPRISE FUNDS	\$27,171,463	\$14,845,903	\$19,302,659	\$61,320,025	\$4,237,501	\$1,580,872	\$5,828,374	\$27,171,463	\$27,171,463		
Fleet & Equipment	\$3,746,784	\$2,030,258	\$2,666,799	\$8,443,841	\$759,625	\$187,367	\$946,992	\$3,746,784	\$3,746,784		
INTERNAL SERVICE FUNDS	\$3,746,784	\$2,030,258	\$2,666,799	\$8,443,841	\$759,625	\$187,367	\$946,992	\$3,746,784	\$3,746,784		
Intergovernmental Deposits	\$0	\$342,504	\$813,127	\$1,155,631	\$475,840	\$145,439	\$621,278	\$0	\$0		
Police Reserves	\$1,923	\$1,923	\$1,954	\$3,846	\$0	\$0	\$0	\$1,923	\$1,923		
Christmas Program	\$18,957	\$14,057	\$14,939	\$47,953	\$26,024	\$3,005	\$29,029	\$18,957	\$18,957		
Employee Flexible Benefits	\$88,432	\$18,432	\$35,852	\$142,716	\$501,864	\$148,444	\$650,308	\$88,432	\$88,432		
TRUST & AGENCY FUNDS	\$111,962	\$376,916	\$665,872	\$1,154,750	\$501,864	\$148,444	\$650,308	\$111,962	\$111,962		
GRAND TOTAL	\$81,361,451	\$33,853,047	\$47,890,560	\$163,105,058	\$13,567,644	\$4,661,969	\$18,229,613	\$81,361,451	\$81,361,451		

Cash In Checking \$23,480  
Invested Funds \$33,381,918  
\$33,405,398



## *Public Works*

	Inflows		Outflows		Year-to-date Fund Balance
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	
WATER	\$1,753,871	\$1,524,010	\$1,285,506	\$1,512,724	\$6,645,144
SEWER	2,674,766	2,456,281	2,239,690	2,897,997	5,682,492
STORM	441,810	475,162	329,253	452,876	2,109,864
<b>TOTAL</b>	<b>\$4,870,447</b>	<b>\$4,455,453</b>	<b>\$3,854,449</b>	<b>\$4,863,597</b>	<b>\$14,437,500</b>

## *Utility Funds*

### **WATER**

The Water Fund, has connection fees to date collected of \$236,164, whereas last year at this time that amount was \$580,688. We estimated the budget to have \$900,000 in this category, therefore we have collected only 26% of our projected budget.

The water sales are ahead of last year's by nearly \$100,000 at \$1,032,481 and we are at 40.7% of the budget projection. At this point we have no reason to believe budget will not be met.

On the expenditure side we are within budget (45%) at \$841,428 this covers the administration and the operations and maintenance of the company.

The capital portion of the budget had \$1,290,000 in a variety of projects. We have expended \$385,000 primarily on the , reservoir improvements

### **SEWER**

The city's portion of the sewer service collections for this fund are within an expected range at \$563,281 whereas, last year's collections were \$526,339. That is 52% of the budget.

The connection fees this year though are at \$136,231, which is only 24% of the budget, and significantly less than the \$286,214 this time last year. On the expenditure side we are within budget at 42% spent or \$1,960,237 this covers the administration and operations and maintenance of the company.

In the capital portion of the budget \$3,790,000 was allocated , and \$852,842 on the annual rehabilitation of the system and the pump station on 88th Street was expended.

### **STORM**

Collections in the storm drain fund for monthly fees have a very small variable from year to year. This year to date collections are: \$393,369 whereas last year's to date number was \$376,741.

There are no connection fees in this utility unless a project is within the Tumwater North Hill drainage basin and we have no had connections in that area so far this year.

On the expense side for the operation and maintenance of the fund, which includes the administration, \$368,293 has been spent, which is 51% of the budget.

The capital program for this fund is budgeted at \$685,000 of which expenditures to date are \$69,100 and primarily for the rejuvenation of the Crites pond

## Municipal Court

Under the direction of the Municipal Court Judge Tumwater Municipal Court hears misdemeanor and gross misdemeanor criminal cases including criminal traffic, all non-criminal traffic infractions, and parking tickets for violations occurring within the City limits.

This quarters activities are:

Infractions: 2,413

DUI's: 41

Criminal Traffic: 277

Criminal Non-Traffic: 210

Court proceedings: 2,748

Warrants: 241

FTA's: 703

Parking: 35

Even though we send accounts to collections, we still have over \$750,000 in outstanding fines.

Year	Collections
2002	\$49,213
2003	61,608
2004	78,503
2005	\$85,088
2006	\$114,405

## Special Development Fees

This category includes; mitigation fees; fee-in-lieu of (FILO); and impact fees. Impact fees include: fire, transportation, and park fees. The beginning fund balance was \$7,800,218 compared to last year's beginning fund balance of \$6,714,405. So far this year the collections have been in total: \$423,543 versus last year's at \$537,828. This shows the same slowing as all of

the other revenues related to construction.

The finance's role in this is keeping track of over 1,300 separate accounts that get their share of the interest income every month. This has to be done, incase of a necessary refund. We track every payment separately for income and when the actual expense is made.



### Congratulations!

The City achieved the Government Finance Officer's Association "Distinguished Budget Presentation Award" for the 2006 Budget. This is an award that highlights our budget being an excellent policy document; an operations guide; a financial plan and serves as a communications device.

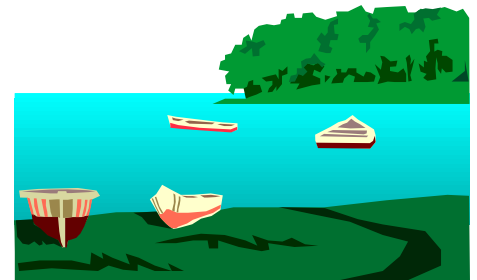
This city has attained this award for the past thirteen years in a row. Great thanks to everyone, as this award is only achieved with excellent team work.

## Barnes Lake Management District

This was the first year of the Lake Management District assessment billings. All 109 parcels were billed in January giving the property owners 30 days to pay their assessments.

The Annual assessments ranged from as low as \$77.00 to as high as \$240. The total assessment for the entire district was: \$17,305, the total paid as of the end of June, although, was \$15,545.

Out of the 109 parcels, we still have 13 parcels, or landowners, not paid. Those that have not paid, did get the one-time "free" reminder letter, but now the late-fees are being assessed. As much as \$15.00 the past two months as been added to their original assessments. We have only heard from one property owner that is very angry about the assessment and therefore the late fees.



## Traffic School Fees

The Court also provides traffic diversion classes, for those qualifying defendants that will attend a 4-hour traffic class and have the infraction dismissed by the Court. For a defendant to qualify for the traffic diversion class you must not have had a deferral in the State of Washington over the past seven years, and you



2005	2006
\$21,775	\$17,000

have to appear before our Judge to plead your case and his permission

for the deferral.

Our Tumwater Police Department teaches the class. So far this year we have had 229 apply for deferrals.

# Departmental Issues

The **Financial Services** division of the Finance Department is looking to the next major project of the conversion of our financial packet that includes our revenue and expense reporting; accounts payable; payroll; cash receipting; financial GASB reporting model; fix assets; job costing; utility billing; and budget modules from the old version that is pre "DOS" to a window's based version. This is a huge undertaking and we are in the middle of the conversion. We have just completed the gen-

eral ledger; payroll & human services; and budget and position budgeting. We are working on fixed assets and project accounting modules now. Our next step is the automated time-sheet module; cashiering and utility billing. In the mean time we have to double our workload through the rest of this year and possibly through most of 2007. As each module is converted we have to perform the original process and then complete the process all over again in the new module to make certain there are no

mistakes. That is being done for each module. We have put this off as long as we can. We are still relying heavily on our vendor to guide us through as they have been through it several times. The important component is the staff's ability to weather the stress and the heightened work load. I have a lot of faith in them. Because of this our annual report has not been completed, we are hoping to have that done by the end of August. The State Auditor's have been informed and they are supportive.

Our **Information Technology** division continues to be whirling with activity. We are either repairing, replacing, or acquisitioning computers, printers, telephones, etc. And every day we have new, old and unique issues. One of the issues that has become a nightmare to keep up with is the new "spam" maintenance. We have placed in the system some new software, but the challenges continue and it is very time consuming to stay on top of. We realize how much of a iterant , and loss of efficiency for the users it is so we keep trying to stay with it. This seems to be the year of huge conversions; we have one in police; fire department; parks department, our own and in development services. Each one has unique issues from additional servers; updating the systems overall and adding new functions. Because of the complexity of these systems we are providing much more desktop support than we ever have. It keeps staff hoping all the time.

The **Risk Management** portion of the Department has had the average amount of activity this past quarter. The City is a member of the Washington Cities Insurance Authority (WCIA) and the Finance Director serves as the City Risk Manager. The Compact provisions have requirements for a variety of issues including minimum risk management training, claims and incident reporting and procedures for assignment of defense counsel. The City has continued to meet those requirements and therefore, has never had any sanctions. We already had our annual audit and came through with a gold star - no mandatory findings.

Type	2005	2006
Incidents	33	29
Claims Filed	6	9
Lawsuits	1	0
<b>Total Paid</b>	<b>\$15,000</b>	<b>\$1,432</b>

The **City Clerk's Office** continues to provide excellent service in the maintenance of the city's television reader board and more importantly serving as the city's web page master. The web page is used more and more. More of our citizens, on a daily basis, look to it for their information. Therefore, the page must be kept current. We have very good cooperation amongst all Departments to keep us updated on their goings on, so we can keep the web page and reader board timely. Also, this division of the department continues to provide service to the Administration for the city council agenda preparation and dissemination. Lastly, but most importantly, the major project of records management that includes the city-wide imaging continues.

The **2007 Budget** session is off and running. Traditionally, the summer is a busy time to get all the numbers together and present the Mayor with a preliminary budget from which he works to get all the mission, objectives, and goals of the Council prioritized. This year we have developed, in-house, a new system for departments to enter their budget enhancement requests. In past years, each department filled out a form and the Finance Director, re-entered them by hand into a database system for reporting and manipulating the information. Now we are going to have each department do their own entry into the database, relieving the duplication of efforts.