



# PIERCE COUNTY, WASHINGTON

## 2014 BUDGET IN BRIEF

This document is a “brief” look at the adopted 2014 Pierce County budget. We hope it will enhance your understanding of how the County is organized, the services it provides, and the funding sources used to provide those services. The budget supports the Financial Stewardship Goal of the County which is to: Prioritize, align, and manage all of the County’s financial resources to achieve the County’s vision in an effective and sustainable manner.

### County Executive

Pat McCarthy

### County Council

Joyce McDonald

Rick Talbert

Stan Flemming

Connie Ladenburg

Jim McCune

Doug Richardson

Dan Roach



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Pierce County**

**Washington**

For the Fiscal Year Beginning

**January 1, 2013**

A handwritten signature in black ink, appearing to read 'Jeffrey R. Emswiler'.

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Pierce County, Washington for its annual budget for the fiscal year beginning January 1, 2013. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

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# Pierce County Profile

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The first settlers of the land that is now Pierce County were the ancestors of today's Nisqually, Puyallup, Squaxin, Steilacoom, and Muckleshoot Indians. These tribes settled the area many thousands of years ago, where the saltwater, lakes, and rivers made for an abundant selection of food. These same tribes were all in place when English sea captain George Vancouver sailed the inland waters as far south as what would one day be Seattle. He instructed his lieutenant, Peter Puget, to continue exploring southward in smaller boats. The inland waters were named Puget's Sound in the young naval officer's honor.

On December 22, 1852, the Territorial Legislature of Oregon determined that Thurston County, which stretched from Olympia to the Canadian border and from the Cascades to the Pacific Ocean, was far too large. In response, the Legislature portioned out of it King, Jefferson, and Pierce Counties. The Legislature also passed laws appointing the first county officers and located the county seat at Steilacoom, which was chosen largely because it was the only town in Washington with its own jail.

Pierce County became a Home Rule County by a vote of the people in 1981. The County is governed by an elected County Executive and seven elected Council members. The Prosecutor, Assessor/Treasurer, Auditor, Superior Court Judges, Sheriff, and District Court Judges are also elected by the people.

Pierce County is located on scenic Puget Sound and covers 1,794 square miles (1,676 square miles of land and 118 square miles of water). The County includes ten hospitals, seventeen public school districts, a large number of private schools, and nine colleges and universities.

Pierce County has a significant military population. Fort Lewis and McChord Air Force Base became Joint Base Lewis-McChord (JBLM)--one of 12 joint bases worldwide. JBLM has more than 25,000 soldiers and civilian workers. The post supports over 30,000 military retirees who live within 50 miles, and more than 29,000 family members living both on and off post. Fort Lewis proper contains 86,000 acres and the Yakima Training Center covers 324,000 acres

McChord Air Force Base is home to the 62nd Airlift Wing is the active duty host wing on McChord and is joined by its Reserve partner, the 446th Airlift Wing. Together, they fly 50 C-17 Globemaster III's to combat zones.

Adjacent to JBLM, Camp Murray is home to the Washington National Guard and the Washington Air National Guard. The two armories at Camp Murray can be used for graduations, receptions, tournaments, youth events, potlucks, seminars, and charity events.

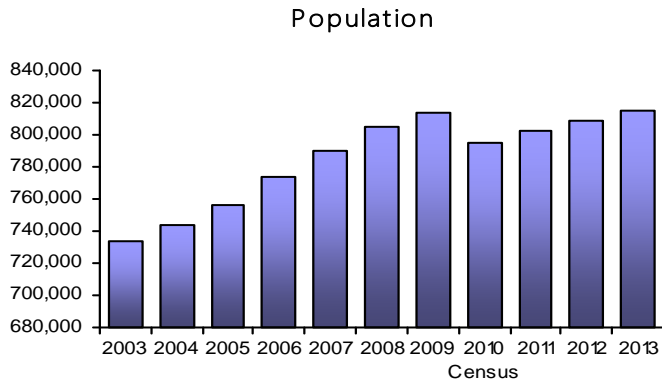
The County provides certain services on a countywide basis and other services only to unincorporated areas of the County. Within the appropriate jurisdictions, the County provides law enforcement, criminal detention, fire prevention, judicial administration, parks and recreation facilities, planning and zoning, road maintenance and construction, a sewage disposal system, human services, tax assessments and collections, community development, and general administrative services.



# Pierce County Profile

## Demographics

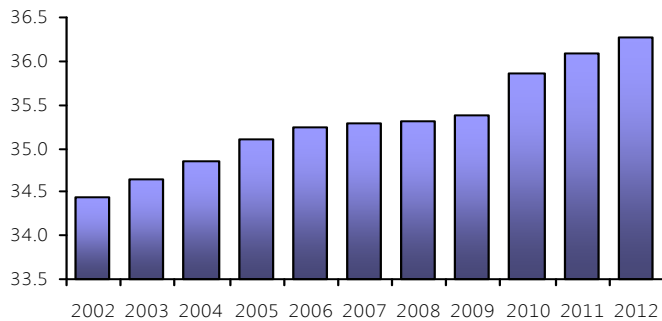
### Population



Source: Office of Financial Management

Pierce County is home to an estimated 814,500 people, the second largest county in Washington. Approximately 54% of Pierce County residents live in cities and towns. The four largest cities are Tacoma (200,400), Lakewood (58,310), Puyallup (37,980), and University Place (31,340). Joint Base Lewis-McChord (JBLM) was formally established as one of 12 joint bases worldwide in October 2010. The base supports more than 60,000 family members who live on and off base, as well as almost 30,000 military retirees who live within 50 miles.

### Median Age

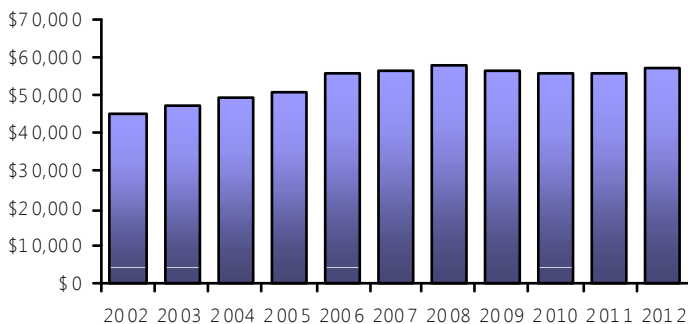


Source: Office of Financial Management

### Age

Pierce County is getting older. In the last decade the median age has increased 5%.

### Median Household Income



Source: Office of Financial Management

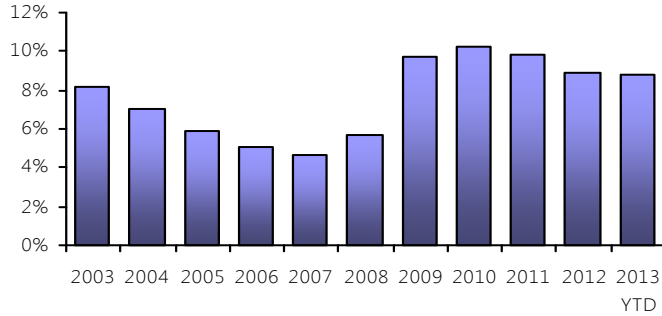
### Income

Reflecting the recession, median income for Pierce County residents peaked in 2008.

# Pierce County Profile

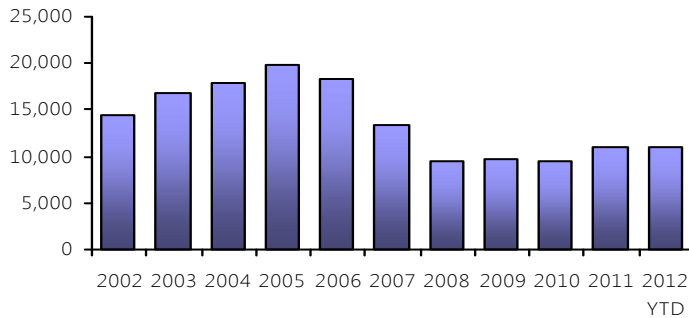
## Economic Conditions

### Unemployment Rate



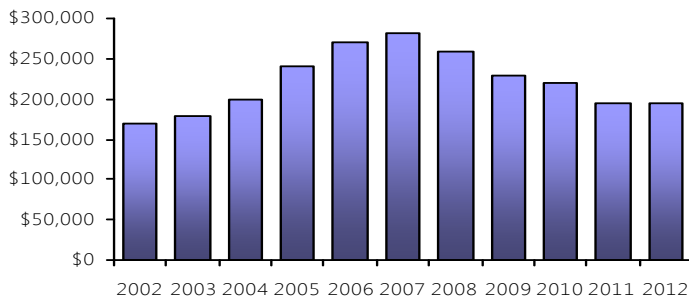
Source: Washington LMEA

### Annual Existing Home Sales



Source: Washington Center for Real Estate Research

### Annual Median Home Price



Source: Washington Center for Real Estate Research

## Overview

The Washington economy continues to expand at a moderate pace. Housing construction is recovering faster than expected. Housing starts have strengthened, boosted by low inventory. On the downside, the manufacturing sector, which had been a bright spot in the recovery, has lost momentum.

### Unemployment Rate

The 10-year unemployment rate in Pierce County ranged from a low of 4.7% in 2007 to a high of 10.2% in 2010. As of May 2013, the rate has declined from an average of 9.5% to 8.8% over the same period in 2012. Washington State's unemployment rate stood at 8.2% while King County was 7.0%.

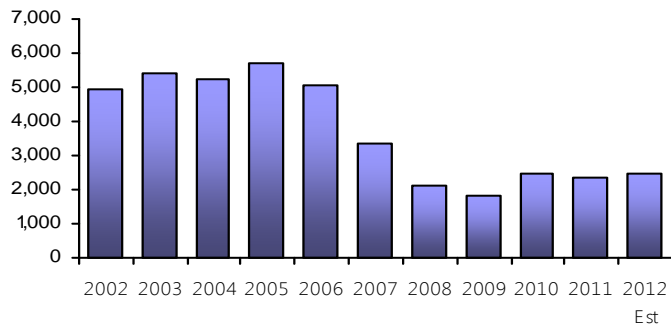
### Real Estate Activity

The seasonally adjusted existing home sales for the third quarter of 2012 were down 0.5% compared to the third quarter of 2011.

Pierce County, like the rest of the state and nation, experienced a "hot" housing market from 2005 through 2007. During 2008 through 2010 existing home sales were stable at about 9,500 per year. The median price increased 0.5% from 2011 to 2012. The Washington Center for Real Estate Research's housing affordability index for Pierce County as of the 4<sup>th</sup> quarter of 2012 is 204.2, which is better than the state average of 172.6.

# Pierce County Profile

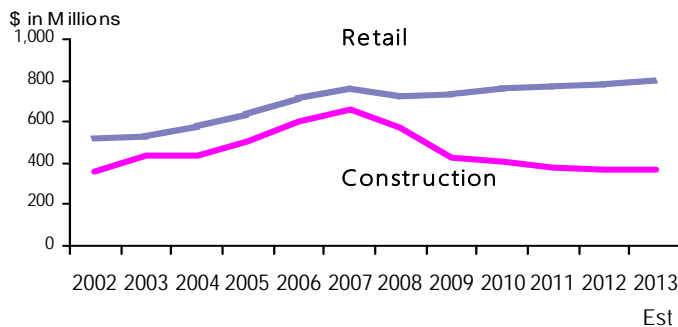
## Annual Residential Permits



Source: Pierce County Planning and Land Services

Residential permit activity may have hit bottom at 1,841 in 2009. There has been an uptick in recent residential permits.

## Retail and Construction Taxable Sales



Unincorporated Pierce County. Source: Department of Revenue.

NAICS Construction codes 23X and Retail codes 440-459.

## Taxable Sales

In 2012 retail trade and construction contributed about 61% of Pierce County's sales and use tax receipts. Except for a decline in 2008, retail sales have shown moderate growth for the last ten years. Construction-related sales have not recovered.

## Port Facilities

A major gateway to Asia and Alaska, the Port of Tacoma is a leading North American seaport, the seventh largest container port in North America. Located on Commencement Bay, a natural, deep-water harbor in south Puget Sound, the Port has 2,400 acres used primarily for shipping terminal activity, warehousing, distributing, and manufacturing. The Port of Tacoma is an independent municipal corporation created by Pierce County citizens in 1918 and authorized to operate under state-enabling legislation.

## Port of Tacoma's year-to-date (YTD) cargo statistics through July 2013:

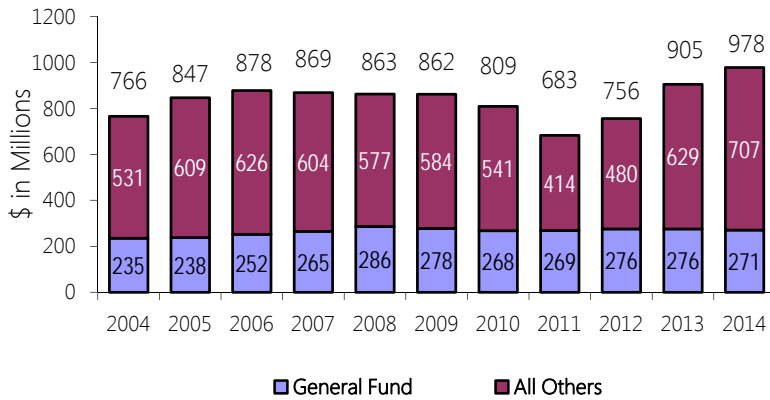
	2012	2013	% Change
Foreign containers	607,184	818,285	34.8%
Domestic containers	258,522	260,904	-0.9
<b>Total containers (TEUs)*</b>	<b>1,076,807</b>	<b>868,088</b>	<b>24%</b>

\* TEUs = 20-foot equivalent units



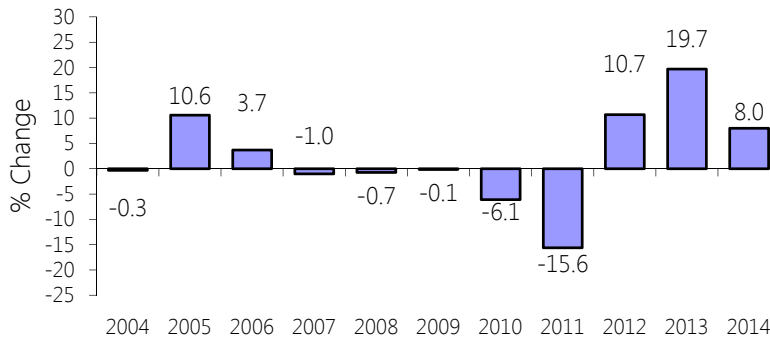
# Pierce County Profile

### Total Budget

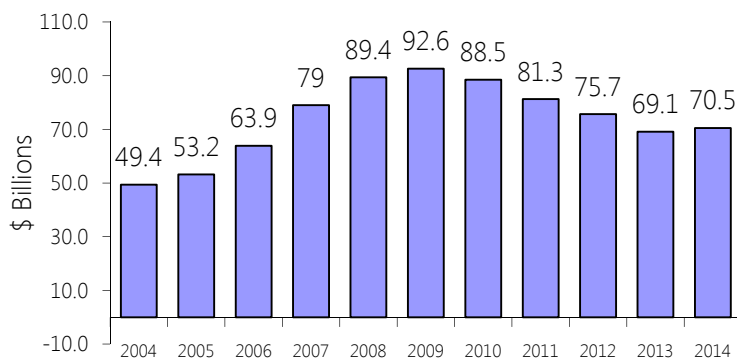


Pierce County's budget history over the last 10 years for both the General Fund and the Total County are shown in the table to the left. While the General Fund pattern shows a gradual upward trend, the Total Budget varies considerably from year-to-year, usually due to the level of major construction activity, the assurances of bonds (or bond refinancing), and the initiation of major new service responsibilities. More detail on budget changes is presented later in this document.

### Total Budget Percent Change



### Total Assessed Valuation



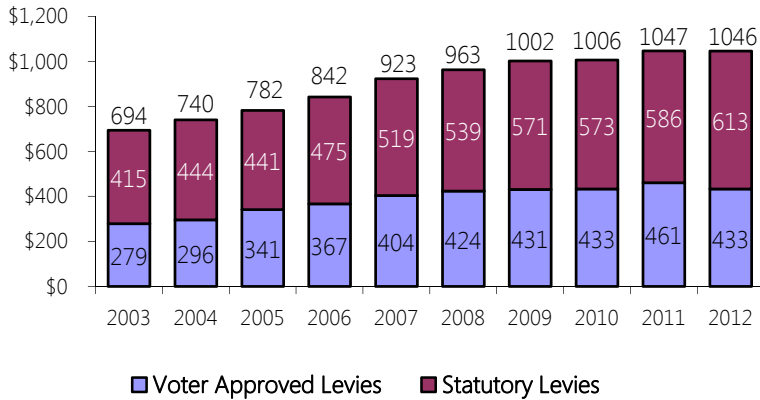
## Property Taxes

Property tax is the largest source of revenue in the General Fund and is a major source of revenue for the Road Fund. The Assessor-Treasurer values and provides information on approximately 1,080,000 acres of land in Pierce County. Of this total, 51% is taxable acreage, the remaining being exempt under state law.

# Pierce County Profile

## Budget and Tax History

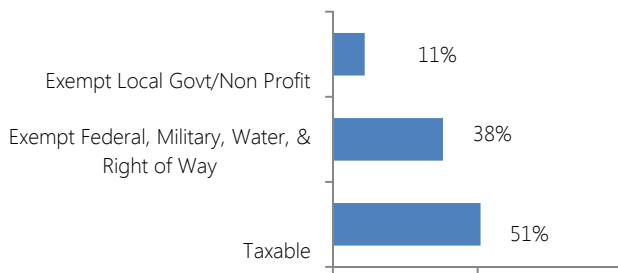
Voter Approved and Statutory Property Taxes



In addition to the statutory levies implemented through state legislation, local levies are imposed through a vote of the people. These are typically for school and fire districts. On average 42% of the total taxes levied over the last nine years have been voter approved.

The growth in Property Tax revenue is dependent upon both the assessed valuation and the tax rate. The County's assessed valuation total will increase next year, from \$69.1 billion to \$70.5 billion. This results in an assessed value increase of \$1.4 billion for existing property, with \$900 million in growth due to new construction.

Pierce County Acreage Exemption Status



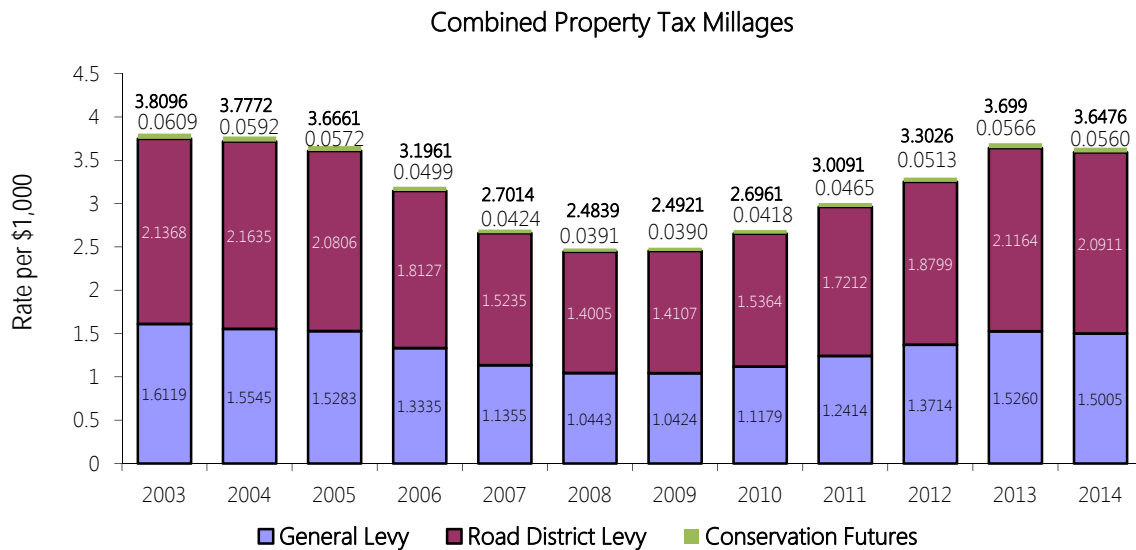
Of the total Pierce County acreage 49% is tax exempt. Federal and military lands, major lakes, and local Right-of-Way make up 38% of the exempted properties. Eleven percent is local government and non-profits (mostly schools and churches).

# Pierce County Profile

## Budget and Tax History

### Levy Rates

Levy rates determine the amount of tax that a property owner pays per \$1,000 of assessed value. State law limits the maximum growth in property tax revenues from existing property to the lesser of 1% or the percentage increase in the Implicit Price Deflator (IPD). This limitation on property tax revenue growth coupled with an inflationary increase in existing property revaluations had resulted in a major decline in rates since the law was enacted. The recent decrease in the valuation of existing property has now resulted in tax rate increases for 2009 – 2014. The Combined Property Tax Millages chart presents historical and comparative detailed rate information.



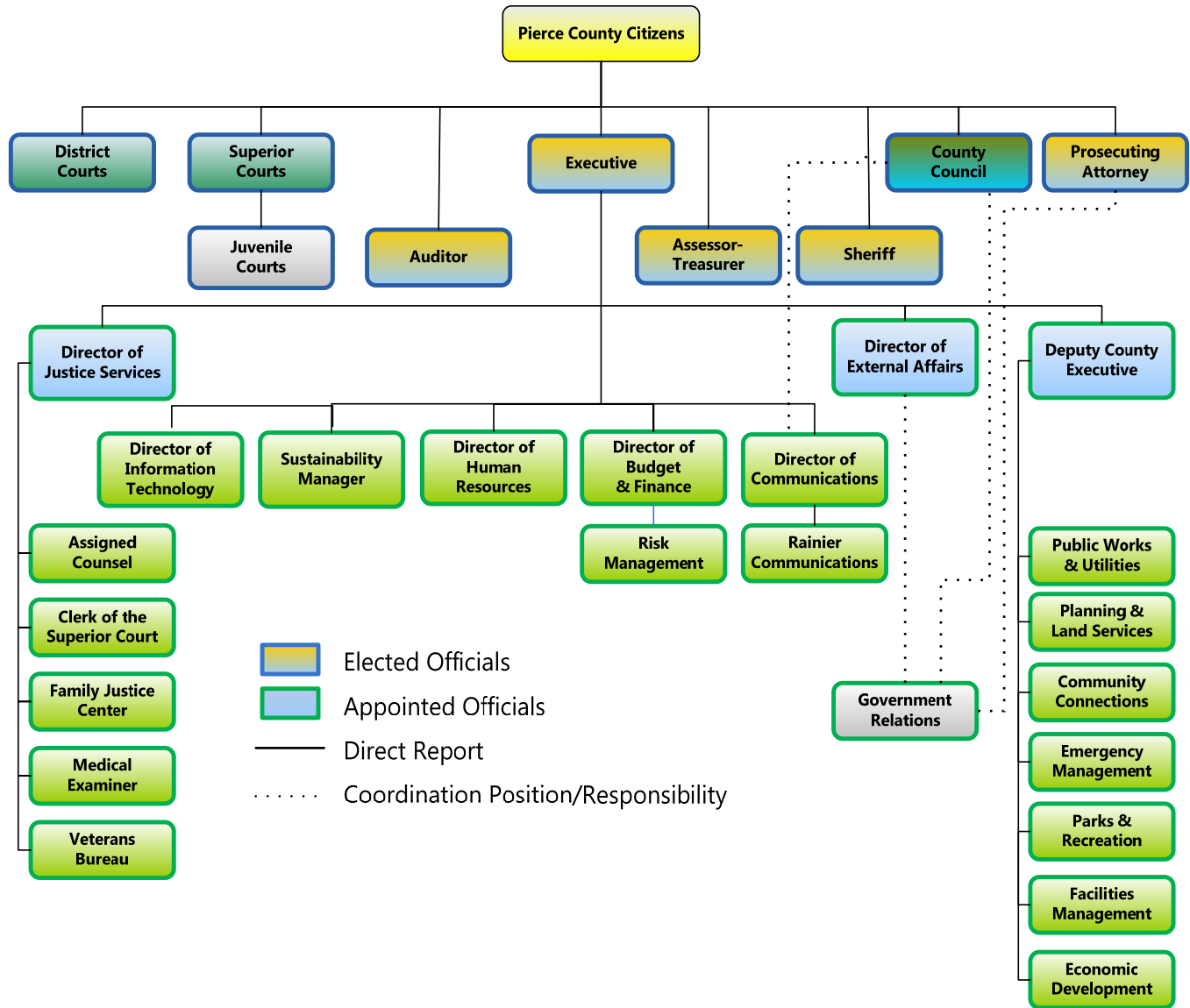
<b>PROPERTY TAX LEVIES</b>				
	<b>2013</b>		<b>2014</b>	
	Tax Rate <sup>1</sup>	Revenue	Tax Rate <sup>1</sup>	Revenue
	Assessed Value: \$69,124,565,890		Assessed Value: \$70,507,057,208	
<b>A. County Levy (\$1.80 maximum)</b>				
General Fund	\$ 1.4808	\$ 102,357,269	\$ 1.4665	\$ 104,873,780
Administrative Refund RCW 84.69	0.0148	1,028,144	0.0038	270,000
Sub Total General Fund	1.4956	103,385,412	1.4703	105,143,780
Veterans' Relief	0.0094	652,881	0.0094	668,930
Social Services	0.0210	1,450,847	0.0208	1,486,520
<b>Total County Levy</b>	<b>1.5260</b>	<b>105,489,141</b>	<b>1.5005</b>	<b>107,299,230</b>
<b>B. Conservation Futures (\$.0625 Maximum)</b>	<b>0.0566</b>	<b>3,909,687</b>	<b>0.0560</b>	<b>3,966,750</b>
	Assessed Value: \$29,508,693,991		Assessed Value: \$30,098,867,870	
<b>C. Road District Levy (\$2.25 Maximum)</b>				
Allocated to Road Fund	1.6954	50,028,527	1.6790	51,124,510
Law Enforcement Levy	0.4128	12,180,534	0.4088	12,447,380
Administrative Refund RCW 84.69	0.0082	241,245	0.0033	100,000
<b>Total Road District Levy</b>	<b>2.1163</b>	<b>62,450,307</b>	<b>2.0911</b>	<b>63,671,890</b>
<b>TOTAL COUNTY TAX LEVIES</b>	<b>\$ 3.6990</b>	<b>\$ 171,849,135</b>	<b>\$ 3.6476</b>	<b>\$ 174,937,870</b>

<sup>1</sup>Tax rates are applied to each \$1,000 of assessed value.

# Pierce County Profile

## Organization Chart

Pierce County's home rule charter was approved by the voters in November 1980 and became effective on May 1, 1981. The charter separated executive and legislative responsibilities by establishing the position of Executive to serve as the chief executive officer and a seven-member County Council to serve as the legislative branch.



# Mission, Goals and Performance Measures

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In 2011, the County began a process to redefine or clarify the values, mission, and goals for Pierce County government. Based on input from department directors and employee focus groups, the Value Statement, Mission Statement, and Goals were developed. Additionally, working with the State Auditor's Office the Executive established a workgroup to begin implementation of the Balanced Scorecard performance management system, which reflects validated management practices against which an organization can measure itself.

- Vision:** Improving lives through innovative and passionate public service.
- Mission:** As stewards of public resources the Pierce County Executive Branch manages and delivers customer-focused, essential government services to enhance livability in our County.
- Values:**
- Integrity** – Open, ethical, honest, and fair in all we do and words and deeds match up.
  - Teamwork** – Cooperative effort by a group or team.
  - Respect** – Show regard or consideration for someone's rights or opinion, a variety of cultures/lifestyles.
  - Innovation** – Thinking outside the box – trying better ways to accomplish a goal.
  - Public Service** – Focus on providing the customer service and action as good stewards of public resources.
  - Financial Stewardship** – Prioritize, align, and manage all of the County's financial resources to achieve the County's vision in an effective and sustainable manner.
- Executive Goals:**

## **Objectives**

- Optimize total cost of ownership/life-cycle costs.
- Engage customer in strategic planning.
- Benchmark against best practices.

## **Initiatives**

- Develop asset management systems for all significant County assets.
  - Engage Law and Justice Programs to identify efficiency and effectiveness improvements, particularly with a reconfiguration of County-City Building tenants and other facility re-configurations.
  - Develop performance measures to guide annual budget investment decisions. Include a review of current workload service indicators, budget ratios, performance targets, and report County progress.
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# Mission, Goals and Performance Measures

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## Executive Goals

**Talent Management** – Attract, deploy, develop, and retain a diverse and talented workforce to continually deliver innovative and responsive services.

### **Objectives**

- Develop a learning organization culture.
- Provide employee development plans for all employees.
- Make employee safety and wellness a priority.

### **Initiatives**

- Ensure staff is current with all mandatory Human Resources training.
- Formulate a professional growth assessment for all employees that improves technical proficiency and increases employee effectiveness and satisfaction.
- Provide leadership training to existing and future leaders.
- Develop and implement an incentive-based employee safety and wellness program.

**Service Delivery System** – Identify and optimize processes, tools, and teams to deliver high quality and efficient services.

### **Objectives**

- Leverage tools to increase productivity (i.e., technology, equipment).
- Use formal cross-functional process improvement teams.
- Continuously assess, identify, and implement improved service delivery models.

### **Initiatives**

- Deliver County services efficiently in a new County General Government Facility.
  - Implement a new financial system.
  - Implement a new Data Center Model.
  - Evaluate the effectiveness of the Information Technology Investment Board.
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# Mission, Goals and Performance Management

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## Executive Goals

**Public Service** – Understand our customers’ and stakeholders’ needs and expectations and enthusiastically deliver essential County services.

### **Objectives**

- Survey customers and stakeholders to identify needs, expectations, and satisfaction.
- Communicate our prioritized essential service levels to the public and involve customers in decision making.

### **Initiatives**

- Conduct a satisfaction survey of key County customers to identify needs and develop action plans to meet those needs.
- Reformat Local Update of Census Addresses to provide more public service opportunities and higher levels of civic engagement.
- Implement recommendations from the Council's Performance Audit Study for Information Technology in the areas of governance, service delivery, and cost allocation.

**Livable Community** – Through innovative leadership and services, continuously improve the sustainability and quality of life in Pierce County.

### **Objectives**

- Create opportunities for citizens to engage in their government.
- Be prepared.
- Offer recreation, entertainment, and employment choices.
- Improve community health and buy local.
- Care for vulnerable community members.
- Partner with community groups.

### **Initiatives**

- Coordinate with Public Works and Utilities, Economic Development, and Parks and Recreation Departments to identify comprehensive alternatives for the County's update of the Growth Management Program.
  - Promote elected official, department head, and other stakeholder participation in the development of the Comprehensive Emergency Recovery Plan and Long Term Recovery Task Force.
  - Support the USGA and the community in conducting a successful U.S. Open Championship at Chambers Bay.
  - Develop a comprehensive strategy to address mental health issues in Pierce County.
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## Mission, Goals and Performance Measures

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### Executive Goals

- Provide support for Pierce County Farmers and Community Gardens.
- Support agri-tourism by facilitating farm business development and permitting.

### Performance Measures

Develop performance measures for each department or fund budget as appropriate. These measures are specific and quantifiable statements of what major items will be accomplished in this fiscal year and are listed in each departments section in the 2014 budget document.

### Balance Scorecard

In 2013, the County began developing an online reporting tool to report department performance measures, including how these measures reflect the Executive's Goals. The online reporting system is currently being used internally by County departments.

The online system will provide users information about how a department is performing in relation to the Executives' Goals and measure progress towards achieving a department's performance targets.

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# 2014 Budget Summary Highlights

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## County Executive Message

One of our most important tasks is to develop, adopt, and implement a fiscally sustainable plan for accomplishing goals for the upcoming year. The vision of Pierce County's Executive Branch is "to improve lives through innovative and passionate public service," and the 2014 budget aims to achieve this vision by providing resources to deliver essential customer-focused services that enhance our community.

The budget must maintain a responsive local government, high service levels, and a strong financial position within the resources provided by the citizens we serve. I am confident that the recommendations contained in this spending plan strike the best balance among those objectives.

The 2014 budget builds upon the efficiencies the County implemented during these recent recessionary years. The resizing of County government has resulted in more streamlined operations. The 2014 budget continues this new norm by investing in key services that foster economic growth. For example, dedicated resources are provided to ensure that building permits are issued in a timely manner and that utility services are ready to meet the demands of a County that is once again growing. Additional support is provided to respond to the rising volume of license applications and property valuations. This budget also continues to support the growth of our aerospace and agricultural sectors, both of which create jobs and strengthen community ties.

All of these investments foster an expanding economy that provides the revenue to support the highest priority of the County – public safety. The 2014 budget allocates a record 80.0% of the General Fund budget to public safety and legal and judicial services. This includes opening the long-awaited Sheriff's Precinct in the Parkland/Spanaway area, which is eagerly anticipating the benefits of a more visible law enforcement presence with shorter response times.

The General Fund budget for 2014 totals \$271.1 million. This is \$5.2 million lower than the 2013 level for two primary reasons: it places revenue from building permit fees into a new account dedicated to support these services, and the decision of some jurisdictions to place their inmates at other municipal jails is resulting in a significant drop in revenue from jail fees. The total County budget for 2014 is \$978.1 million, which is \$72.8 million higher than 2013 primarily because of the planned multi-year expansion of the sewer treatment plant, which provides capacity for future growth in key areas, as well as improved environmental protection.

The budget provides additional resources designated to support a Family Court Technician who will improve the Superior Court's efficiency by assisting self-represented parties with mediation and the navigation of the Court system. Funds are also provided for the Courts to update and expand the video arraignment recording system. The budget enhances security at both the Superior and Juvenile Courts. Three more Prosecuting Attorney positions are funded to address criminal and civil workloads. Funds are provided for a performance management system so the County can improve the delivery of public safety and law and justice services.

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# 2014 Budget Summary Highlights

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The budget supports the continued modernization of the County's legacy computer systems, focusing on the replacement of the financial systems in 2014. Additional resources are included to address an increase in human resource transactions and community engagement.

Given the positive economic outlook for 2014, the budget does not include targeted reductions across County government for the first time in years. However, the budget for the Corrections Bureau has been lowered to reflect the reduction in jail services provided through contracts with other jurisdictions. A reduction has also been made in food service expenditures at the juvenile detention facility to reflect lower costs associated with contracted services.

For the past few years the budget has not been able to support any cost of living adjustments for County employees. Thanks to the more positive economic outlook, the 2014 budget includes a 1.25% salary increase for County employees on January 1<sup>st</sup> and a second 1.25% increase on June 23<sup>rd</sup> - for a net annual increase of 1.8%.

In order to continue streamlining County government, the 2014 budget assumes that plans for a new administration building are completed so that general, non-public safety County services can be provided at a one-stop consolidated location that would open in 2016. This will enable the County to eliminate its portfolio of leases spread throughout the Tacoma area, which will reduce overall costs for the operation of County facilities. Resources are also included to plan for the consolidation of law and justice services at the County-owned space that will become available with the move of administrative staff to a new facility.

## General Fund - Overview

As the name implies, this is the fund that receives undesignated revenues which can be budgeted for any appropriate County purpose. This fund finances the majority of the traditional services associated with County government.

Based upon the following key factors, the 2014 General Fund budget is 1.9%, or \$5.2 million, lower than the 2013 budget:

### Revenue

- ❖ Overall reduction in General Fund revenues.
  - ❖ Limited growth in property tax revenue.
  - ❖ Increase in total sales tax revenue, primarily because of increases in retail and construction related collections.
  - ❖ Decline in revenue expected from the direct purchase of services provided by the County, primarily jail services for local governments and the state. Reductions also reflect moving PALS to a special revenue fund.
  - ❖ Decline in interest revenue because of continued low investment rates.
  - ❖ Decline in intergovernmental revenue from lower grant allocations.
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# 2014 Budget Summary Highlights

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## Expenditures

- ❖ Overall reduction in General Fund expenditures to balance with available revenue and inflationary cost increases for staff and operations.
- ❖ Resources provided to maintain more than a 10% unassigned General Fund balance, along with adequate balances for internal services funds.

## General Fund - Major Changes

### Corrections Bureau

The Corrections Bureau operates the County's Regional Jail which houses both felony and misdemeanor inmates. As a regional jail, the County must house felony inmates from both unincorporated and incorporated locations. The costs of these inmates are borne by the County. Under state law, the County can charge incorporated jurisdictions for misdemeanor inmates. In 2013, the County's two largest cities chose not to house most of their misdemeanor inmates at the County Jail. The result was a revenue reduction of approximately \$5 million in 2013. In response, the Corrections Bureau is reducing costs to address the loss of revenues. In addition, another \$2 million in General Fund resources are being provided to the Bureau. In 2014, this reduction of contracted services is expected to continue for an annualized reduction in revenue of \$7.2 million. For 2014, the budget includes an additional \$2 million in General Fund support for the Bureau and an annualized expenditure reduction of \$5.2 million.

### Planning and Land Services (PALS)

PALS is responsible for land use and permitting. Most of the activity is supported by revenues directly associated with permitting. As a result, a Special Revenue Fund is established for 2014, transferring most of PALS activity out of the General Fund, which results in a commensurate reduction in revenues and expenditures.

### Staffing

After several years of reductions, the 2014 budget targets some additional positions to meet growing service demands. Between 2008 and 2014, staffing reductions in the General Fund now total 347 (16.2%). Overall the County has seen a reduction of 479 (13.7%) Full Time Equivalent staff during this time period. In addition, the 2014 budget includes resources for a cost of living adjustment and increases in some benefit costs.

### Other

1. Many departments had grants or service contracts in 2013 which are not renewed in 2014, or vice versa.
  2. Several departments had other items in 2013 which are not present in 2014, such as capital equipment purchases or one-time projects.
  3. Annual "fixed costs," such as insurance, information technology, or space rental change in 2014.
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# 2014 Budget Summary Highlights

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## General Fund - Revenue and Expenditure Summary

The General Fund is a governmental-type fund used mainly to account for the County's general purpose or "unrestricted" revenues. Like most governmental entities, Pierce County has one General Fund. The table below shows revenues and expenditures by major category.

The General Fund is the County's largest single fund, and serves as the primary operating fund. Revenues that the County is not required to account for in a separate fund are deposited in the General Fund.

Broadly speaking, the General Fund accounts for the County's unrestricted resources. General Fund revenues, with a few exceptions, can be used for any appropriate public purpose and, as a result, requests for General Fund resources typically exceed the amount available. The County's financial stability, and its ability to maintain service levels, depends heavily on a quality forecast of General Fund revenues.

<b>4 Year Revenue and Expenditure Summary (Millions)</b>				
	<b>2011 Actuals</b>	<b>2012 Actuals</b>	<b>2013 Budget</b>	<b>2014 Budget</b>
<b>Revenue Source</b>				
Property Tax	110.5	114.5	116.4	118.4
Sales Tax	51.9	52.2	51.2	57.8
Other Taxes	13.1	13.6	12.7	12.9
Charges for Service	31.5	32.2	35.0	30.5
Fines & Forfeitures	6.1	5.4	5.5	5.6
Licenses & Permits	7.5	8.5	9.0	4.9
Intergovernmental	40.9	39.9	38.3	32.0
Other External Rev.	8.9	9.7	8.2	9.0
<b>Total Revenue</b>	<b>270.4</b>	<b>276.0</b>	<b>276.3</b>	<b>271.1</b>
<b>Exp. Category</b>				
Salaries	142.7	143.2	143.0	142.4
Benefits	48.5	50.6	55.5	57.6
Supplies & Services	64.2	65.9	63.4	57.5
Debt Service	2.3	2.4	3.2	3.4
Capital Expenditures	0.1	0.6	0.2	0.4
Intergovernmental	11.5	11.7	11.1	9.8
<b>Total Expenditures</b>	<b>269.4</b>	<b>274.4</b>	<b>276.3</b>	<b>271.1</b>
<b>Reserves</b>	<b>1.0</b>	<b>1.6</b>	<b>0.0</b>	<b>0.0</b>

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# 2014 Budget Summary Highlights

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## General Fund - Outlook for Fiscal 2014

The outlook for 2014 shows a regional economy that should continue to experience growth throughout the year. Revenues associated with retail sales and construction will reflect growth in purchasing activities. However, short-term interest rates are also expected to remain at historically low levels. These conditions impact the resources available for program operations and capital projects.

Actions yet to be taken by other governments may impact the County budget. Many local governments who purchase services from the County are preparing budgets and may change prior practices. In addition, the federal government may change grant allocations.

Overall, the General Fund budget for 2014 is balanced with adequate reserves.

Revenues that support the public works and utilities functions of the County are projected to be at levels sufficient to continue the service levels provided in 2013.

Similar to prior years, some budget issues may arise during 2014 that will need to be addressed at the time they occur. The County will continue to monitor interest rates and property values to determine if any significant variations will have an impact upon economic activity and tax collections. In addition, the County will track any changes in the use of contracted jail services to ensure that expenditures are aligned with available revenue.

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## 2014 Budget Summary Highlights

### GENERAL FUND EXPENDITURES BY FUNCTION

	2013 Budget	2014 Budget	Absolute Change	Percent Change
General Government	\$ 34,792,737	\$ 35,859,650	\$ 1,066,913	3.1 %
Public Safety	142,118,450	139,775,360	(2,343,090)	(1.6)
Physical Environment	1,800,290	1,775,830	(24,460)	(1.4)
Legal & Judicial	73,688,725	77,038,230	3,349,505	4.5
Economic Environment	13,312,470	6,355,670	(6,956,800)	(52.3)
Mental/Physical Health	3,032,170	3,137,170	105,000	3.5
Cultural & Recreation	6,840,350	7,043,930	203,580	3.0
Public Works & Utilities	110,000	110,000	—	—
Reserve For Fund Balance	556,739	—	(556,739)	(100.0)
<b>Total General Fund</b>	<b>\$ 276,251,931</b>	<b>\$ 271,095,840</b>	<b>\$ (5,156,091)</b>	<b>(1.9) %</b>

### GENERAL FUND EXPENDITURES BY DEPARTMENT

	2013 Budget	2014 Budget	Absolute Change	Percent Change
Assessor/Treasurer	\$ 9,640,640	\$ 9,974,440	\$ 333,800	3.5 %
Assigned Counsel	16,162,370	16,588,700	426,330	2.6
Auditor	9,194,736	9,293,670	98,934	1.1
Bond Debt Service	420,490	420,490	—	—
Budget & Finance	5,086,420	5,076,670	(9,750)	(0.2)
Capital Improvement Projects	50,000	50,000	—	—
Clerk	5,091,730	5,366,770	275,040	5.4
Communications	581,320	585,790	4,470	0.8
Corrections Bureau	52,555,630	48,319,490	(4,236,140)	(8.1)
County Council	4,051,510	4,140,320	88,810	2.2
County Executive	1,394,230	1,420,600	26,370	1.9
District Court	12,187,750	12,509,510	321,760	2.6
Economic Development	1,139,150	1,225,450	86,300	7.6
Emergency Management	3,303,750	3,562,750	259,000	7.8
Health Services	2,537,670	2,537,670	—	—
Human Resources	3,467,710	3,107,120	(360,590)	(10.4)
Juvenile	18,378,940	19,335,020	956,080	5.2
Medical Examiner	2,491,240	2,989,180	497,940	20.0
Miscellaneous Current Expense	2,900,911	3,769,600	868,689	29.9
Parks and Recreation Services	6,476,810	6,683,890	207,080	3.2
Planning and Land Services	11,781,740	4,743,230	(7,038,510)	(59.7)
Prevention Services & Programs	1,461,530	1,627,760	166,230	11.4
Prosecuting Attorney	27,118,515	28,434,390	1,315,875	4.9
Reserve For Fund Balance	556,739	—	(556,739)	(100.0)
Sheriff	61,991,170	62,500,950	509,780	0.8
Special Projects	1,685,730	1,804,530	118,800	7.0
State Auditor	182,860	173,210	(9,650)	(5.3)
Superior Court	14,007,190	14,509,600	502,410	3.6
WSU PC Extension	353,450	345,040	(8,410)	(2.4)
<b>Total General Fund</b>	<b>\$ 276,251,931</b>	<b>\$ 271,095,840</b>	<b>\$ (5,156,091)</b>	<b>(1.9) %</b>

# 2014 Budget Summary Highlights

## Fund Balance

Figures 1 and 2 present the actual financial results for the General Fund during the 2003-2014 period, and the budgeted amounts for 2013-2014. As indicated in Figure 1, the trend through most of the decade has been mixed. A strong economy produced favorable financial results through 2007. However, the actual results for 2008, 2009, and 2010 reflect a much different environment, with deficits in those years. The 2011 budget reflects \$788,000 use of fund balance (\$400,000 was assigned fund balance) and the 2012 budget included \$321,000 use of assigned fund balance. The 2013 budget included \$180,000 use of assigned fund balance. However, the 2014 budget does not include the use of fund balance.

Based upon estimated revenues and expenditures, the 2013 unassigned General Fund balance will be approximately \$35.2 million (see Figure 2). It is the County's policy to maintain a fund balance for emergency and working capital purposes which is 10% of the budget (with a long-term goal of 15%). We have been able to maintain this 10% level in recent years and expect to again be above the 10% threshold in 2014 (see Figure 3).

## General Fund Summary

Difference Between Revenue & Expenditures

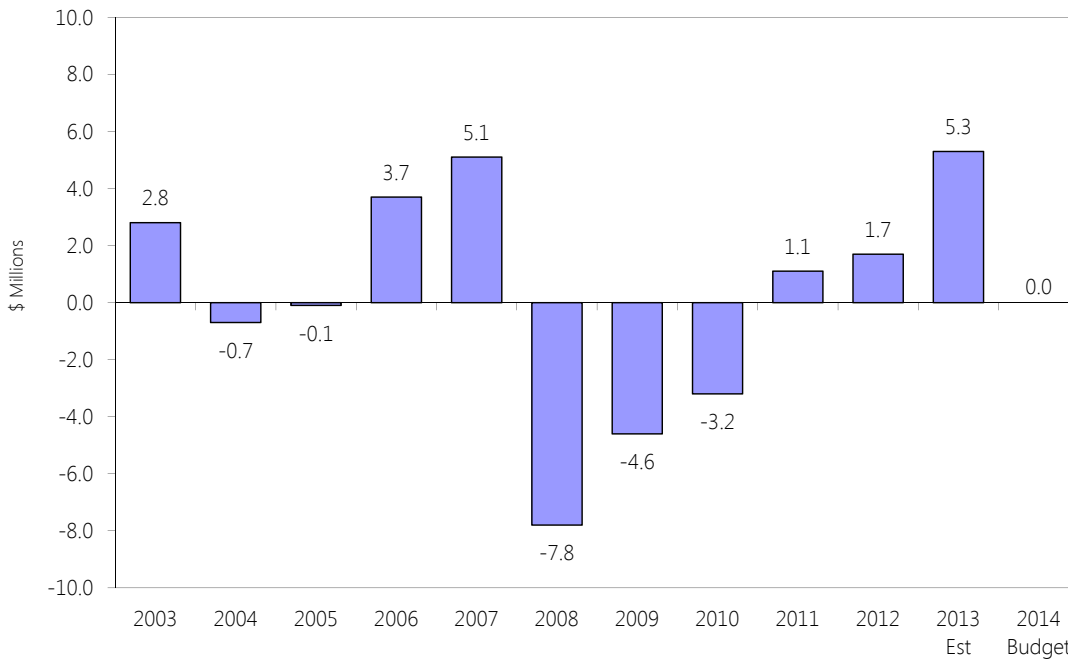


Figure 1

# 2014 Budget Summary Highlights

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## Unassigned General Fund Balance

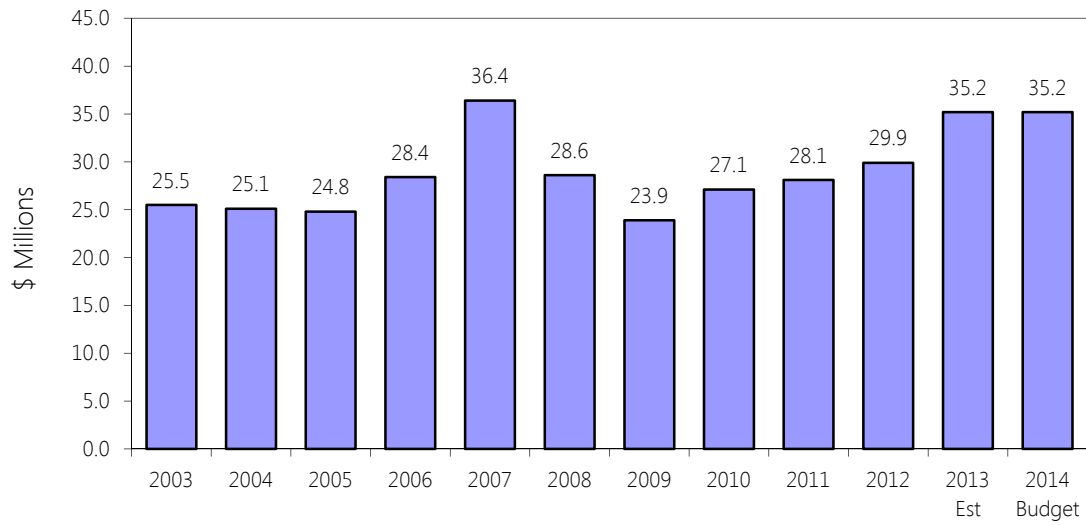


Figure 2

## Unassigned General Fund Balance as a Percent of the General Fund Budget

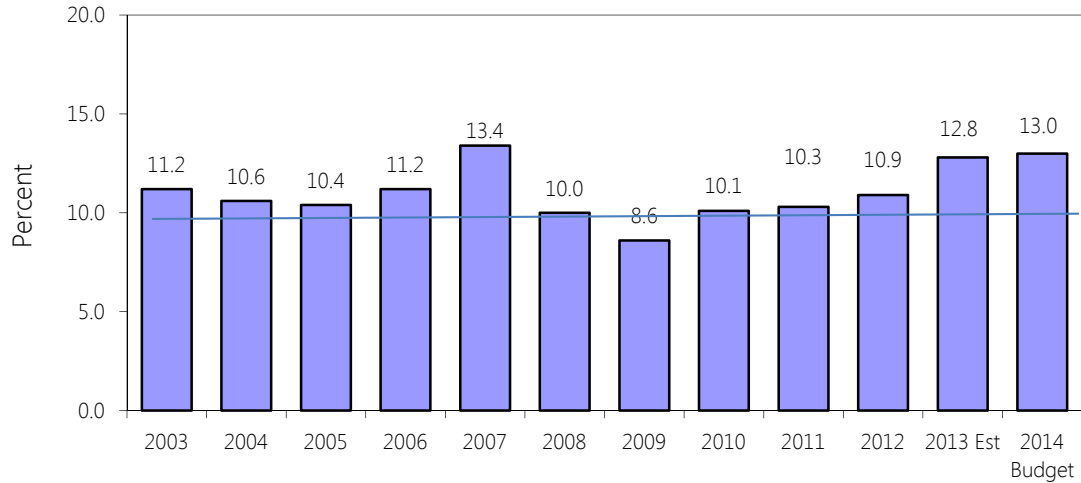


Figure 3

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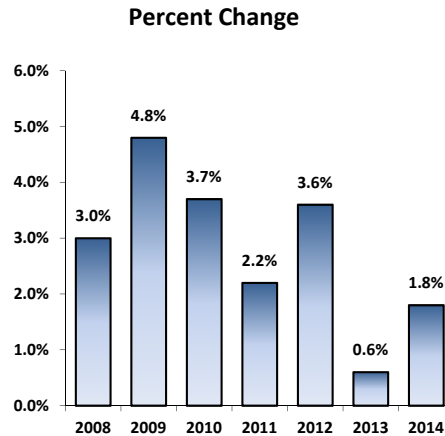
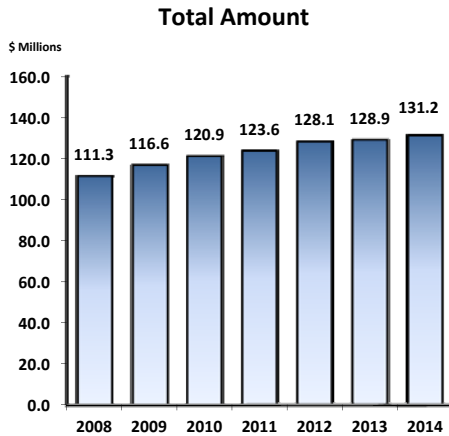


# 2014 Budget Summary Highlights

## General Fund – Historical Review of Revenues

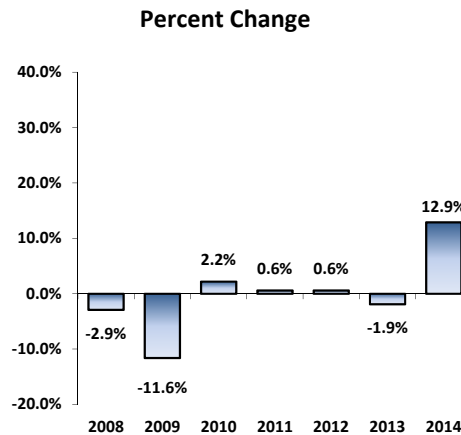
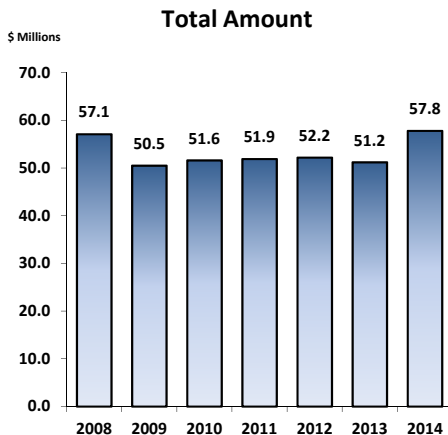
### Property and Other Taxes

Property and Other Taxes is a major revenue source for the General Fund. Beginning in 2002, this revenue was impacted by the state law limit of a 1.0% increase for existing property. Revenue growth in excess of 1.0% is due to property taxes from new construction, or the settlement of large tax appeal cases.



### Sales Taxes

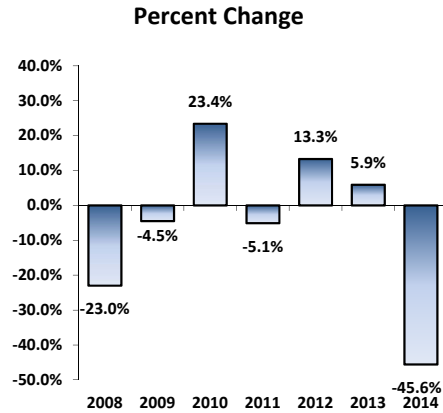
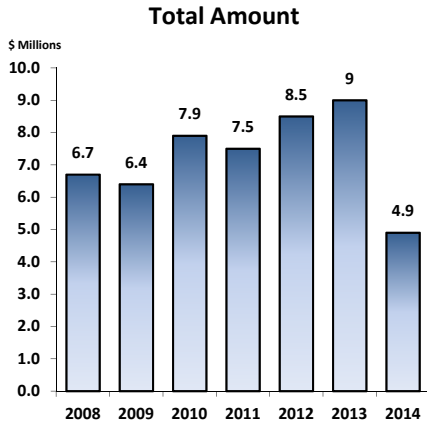
Sales Taxes often show large variances from year to year. Most “normal” years simply grow with inflation, population increases, and the strength of the economy. The 2014 budget for Sales Tax reflects improving collections that occurred in 2013.



# 2014 Budget Summary Highlights

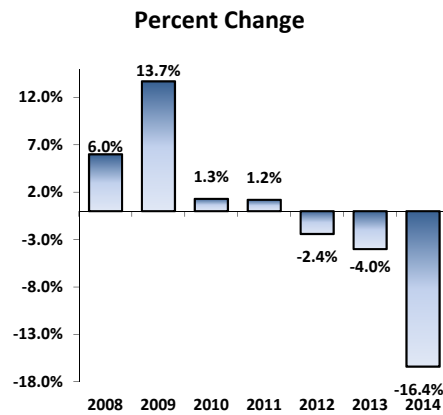
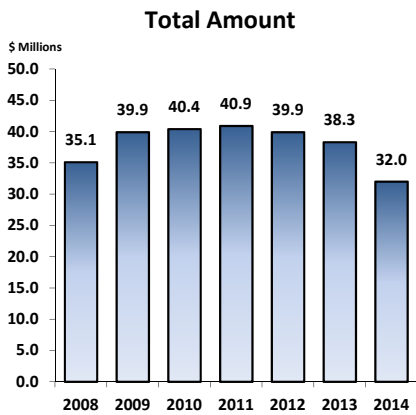
## Licenses and Permits

Licenses and Permits have also shown sharp changes in revenue from year-to-year because of changes in development activity levels. The decrease in 2014 is largely due to establishment of a special revenue fund for building permit functions.



## Intergovernmental

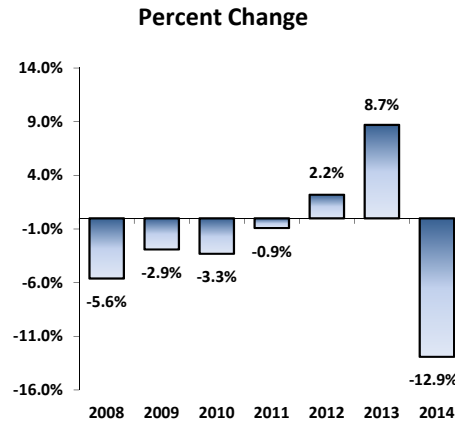
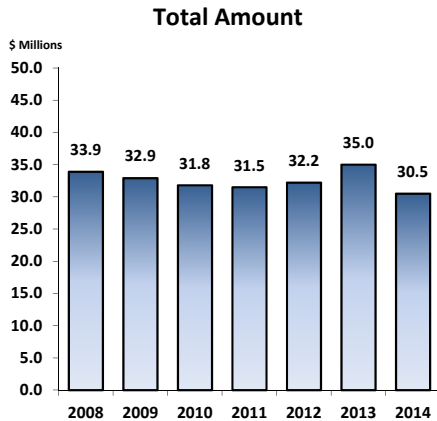
Intergovernmental revenues consist primarily of grants and city contracts for services. Fluctuation in grant funding is most often the primary cause for change in this revenue source. The increase in 2007 is related to state grants. Federal American Recovery and Reinvestment Act (ARRA) grants account for the increase in 2009, and a reduction in jail services drives the 2013 and 2014 change.



# 2014 Budget Summary Highlights

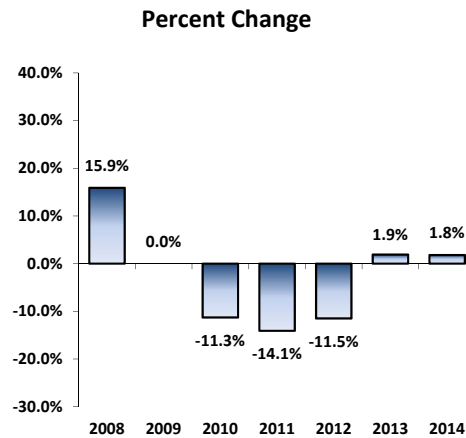
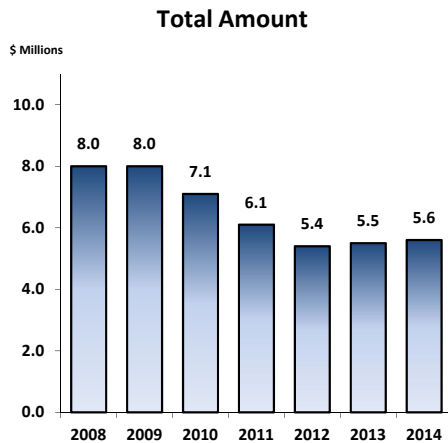
## Charges for Service

Charges for Services have changed dramatically in the last several years due to a variety of reasons including growth in the local economy, the move of building and development fees to its own special revenue fund, and changes in recording fees, indirect cost charges, and elections cost reimbursements.



## Fines and Forfeitures

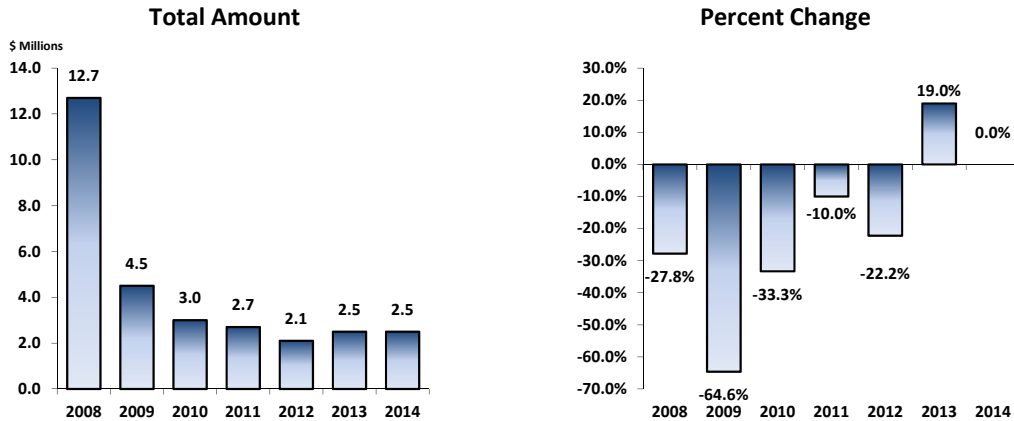
Fines and Forfeitures increase or decrease based upon the number of officers assigned to traffic policing, changes in state fine amounts, the use of collection agencies for delinquent accounts, and Narrows Bridge toll infractions. The 2010 and 2011 reductions reflect the state assuming the Narrows Bridge toll infraction process.



# 2014 Budget Summary Highlights

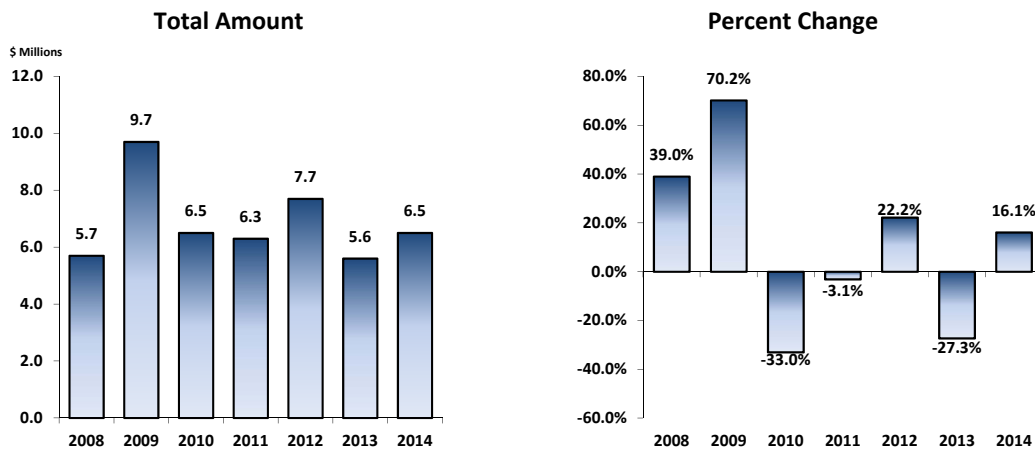
## Interest Revenue

Interest revenue will vary depending upon interest rates and available cash balances. Available cash balances have decreased during the last few years, while interest rates have also decreased during this period.



## Other Miscellaneous

Miscellaneous and Other Revenues can show a wide fluctuation from year-to-year since many of the items are unique, one-time, or very unpredictable. The major causes for wide swings during this period are sales of fixed asset, and timber, and other fund transfers to support General Fund programs and special contributions.



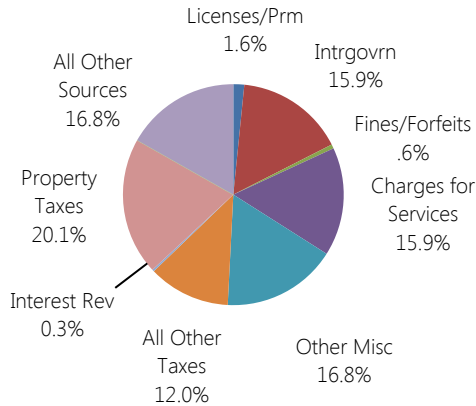
# 2014 Budget Summary Highlights

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## 2014 Total County

Total revenues and expenditures projected for all 2014 Pierce County operations are summarized and compared to prior years on the following pages and are also discussed throughout the Executive Message. In total, the County's budget is \$73 million more than the 2013 level.

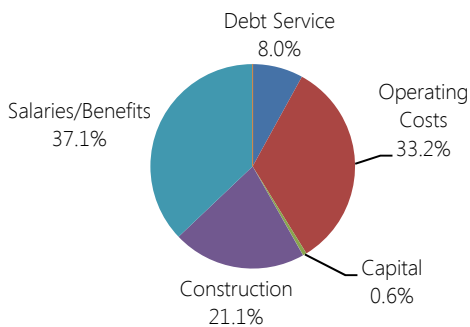
### Revenues



### Revenues

Nearly 16% of the County's funding comes from Intergovernmental Revenues. Property and Other Taxes equals roughly 32% of the total revenues. Service Charges, Licenses/Permits, and Fines/Forfeits provide approximately 18%. Just under 17% in the All Other Sources category is primarily made up of the use of prior fund balance. Around 16% for Other Miscellaneous includes the sale of fixed assets and transfers from operating funds to construction and debt service funds for those purposes. Interest revenues are slightly below 1%. The revenues for Internal Service Funds have been excluded from the totals used to calculate the percentages shown on the pie chart on the left.

### Expenditures



### Expenditures

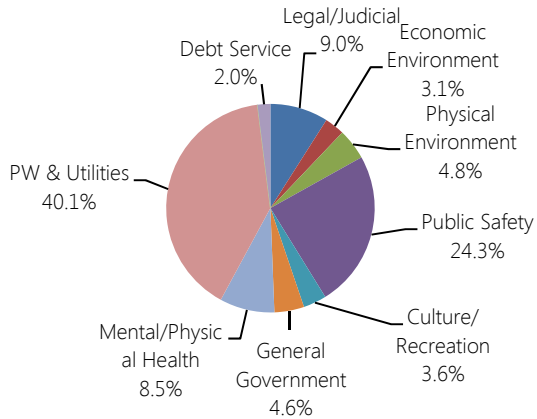
Approximately 37% of the County's total budget is allocated to personnel costs. All other operating costs consume roughly 33%. The remaining 30% is for capital purchases, construction, and debt service.

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# 2014 Budget Summary Highlights

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## Expenditures by Functions



## Expenditures by Function

The Public Safety and Legal/Judicial Services combined accounts for roughly 33% of the total County expenditures, with the Mental and Physical Health system absorbing around 8%. Just under 45% of the total expenditures are invested in the support of Public Works and Utilities, and the Physical Environment. Nearly 4% is related to Culture and Recreation. Roughly 3% is expended for Economic Environment activity and nearly 7% supports General Government functions and debt service. The revenues for Internal Service Funds have been excluded from the totals used to calculate the percentages shown on the pie chart.

# 2014 Budget Summary Highlights

## Other County Funds

A great many of the County's programs are financed from sources outside of the General Fund. These funds have combined expenditures well in excess of the General Fund budget. However, the nature of the revenue sources mandate that these monies can only be used for specific activities. Hence, they are budgeted and accounted for in separate funds. Summary figures for each fund can be found in the Total Expenditures/Expenses table of the General Overview section.

### A. Community Connections

Community Connections is the County's major provider of community and human services programs funded primarily from state and federal grants, and in recent years the new recording fees for housing programs. Due to changes in state and federal grant funding levels, these budgets often vary significantly from year to year. The following summarizes the major funds and the significant changes from the 2013 budgets:

COMMUNITY CONNECTIONS			
Fund	2013 Budget	2014 Budget	Percent Change
Community Action	\$ 9,698,330	\$ 8,075,260	(16.7) %
Community Connections (HS)	32,764,450	30,586,990	(6.6)
Community Development	5,411,290	3,858,380	(28.7)
Homeless Housing Program	7,001,250	4,992,180	(28.7)
Housing Repair Program	9,820,060	10,523,240	7.2
Low Income Housing Fee	873,720	1,171,230	34.1

1. Resources for the Community Connections Fund are anticipated to be lower in 2014.
2. Community Action and Community Development reflect decreases in state and federal funding.
3. The changes in the Homeless Housing, Housing Repair, and Low Income Housing programs reflect grant fluctuations and multi-year project expenditures.

Recent funding from state and federal sources has not been sufficient to support prior service levels. As the economy improves we hope that state and federal agencies will have resources to restore reductions that were made in prior years. However, ongoing budget challenges could result in further adjustments.

### B. Transportation Services

The Public Works and Utilities Department has major transportation responsibilities which are supported by seven major funds.

The 2014 budgets, with comparisons to 2013, are shown in the table to the right.

The major items of note for 2014 are:

TRANSPORTATION SERVICES FUNDS			
Fund	2013 Budget	2014 Budget	Percent Change
County Roads Fund	\$ 67,654,590	\$ 69,877,830	3.3 %
PW Construction Fund	27,668,050	21,057,000	(23.9)
Ferry Service Fund	6,077,630	5,474,245	(9.9)
Airport Fund	6,680,790	4,643,783	(30.5)
Roads Second REET	3,829,090	3,822,570	(0.2)
Traffic Impact Fee Fund	5,386,040	7,151,700	32.8
Transportation Facilities	1,110,000	2,491,100	124.4

1. The County Road Fund continues 2013 programs and services into 2014.
2. The Public Works Construction Fund budget reflects anticipated project expenses.
3. The Ferry Services Fund reflects continued support for operations and repairs.
4. Roads Second REET reflects allocations from current revenues.
5. Transportation Facilities includes an increase in resources available for construction and design activities.

## 2014 Budget Summary Highlights

### C. Parks and Receptions Funds

Although the County's General Fund provides a direct allocation for parks and recreation services, \$6.7 million in 2014, there are also several other County funds which provide parks and recreation services or which construct, repair, or enhance parks and recreation facilities. The 2014 budgets for these funds are shown to the right.

As the figures indicate most of these funds are increasing from the 2013 level. The large increase in Conservation Futures and Parks Construction will result in increased land purchases and improvement projects.

PARKS FUND			
Fund	2013 Budget	2014 Budget	Percent Change
Conservation Futures	\$ 4,094,000	\$ 5,319,823	29.9 %
Conservation Futures Const	1,740,390	2,902,883	66.8
Parks Impact Fees	449,330	750,070	66.9
Parks Sales Tax	2,817,010	2,799,600	(0.6)
Parks Second REET	699,210	1,078,480	54.2
Paths & Trails	459,110	328,070	(28.5)
Paths & Trails Const	1,566,790	687,510	(56.1)
Parks Construction Fund	1,262,210	1,720,180	36.3
Golf Courses	1,900,360	1,931,260	1.6
Chambers Crk Regionl Pk	8,909,830	9,803,440	10.0

### D. Environmental Services

The County Public Works and Utilities Department has five funds which address environmental issues. These funds and budgets are listed below:

1. Surface Water Management includes allocations for capital expenditures and operations.
2. The Sewer Utility budget reflects large capital project allocations, including the Wastewater Treatment Plant project.
3. River REET shows a reduction associated with reallocation to a specific funding source within Surface Water Management.
4. The Solid Waste budget includes monies for post-closure expenses, the Pierce County Responds program, and continued emphasis on public information programs for recycling and yard waste/composting activities.

ENVIRONMENTAL SERVICES FUNDS			
Fund	2013 Budget	2014 Budget	Percent Change
Surface Water Mgmt	\$ 21,392,550	\$ 21,812,940	2.0 %
Surface Water Mgmt Const	10,289,620	12,928,821	25.6
Sewer Utility	185,178,610	228,661,010	23.5
Solid Waste	5,848,690	6,140,370	5.0
River - REET	930,950	—	(100.0)

### E. Internal Service Funds

Internal Service Funds provide services, supplies, and equipment to other County departments, which pay for these services through various billing systems. These funds operate under the enterprise fund business model, except that its customers are other County departments. The long-range goal is to establish rates which will pay all operating and capital costs and to ensure that the General Fund does not subsidize these activities.

INTERNAL SERVICE FUNDS			
Fund	2013 Budget	2014 Budget	Percent Change
Equipment Services	\$16,440,720	\$17,310,780	5.3 %
Information Technology	25,724,630	28,352,120	10.2
Facilities Management	13,539,630	14,279,720	5.5
Radio Communications	7,272,530	5,576,390	(23.3)
Fleet Rental	4,726,670	4,444,600	(6.0)
General Services	2,945,010	2,894,380	(1.7)
Self Insurance	9,285,110	9,709,780	4.6
Workers Comp	5,876,730	6,285,210	7.0
Medical Self Insurance	14,407,270	15,629,930	8.5



## 2014 Budget Summary Highlights

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Some of these internal service funds will rely upon prior fund balance in order to support their 2014 budgets. The decrease in Radio Communications is associated with improvements made in 2013 to emergency communication systems that will not carry forward into 2014.

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# 2014 Budget Summary Highlights

## All Funds Comparisons

The table below presents a comprehensive view of resources and services provided by fund type. The Executive Message, in the front of this document, includes significant discussion of the highlights of the various budgets within each of these fund types. The individual budget sections, found later in this document, provide additional detail as well. Refer to the Total Expenditures/Expenses summary table in the back of this section for a detailed list of the funds by fund type.

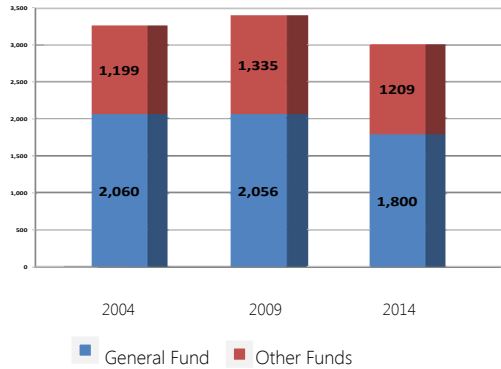
Internal Services are those services provided to County departments, such as information technology, telecommunications, self insurance, vehicle and equipment pools, facilities maintenance, routing, and mail processing. The revenues to these Internal Service Funds are expenditures for the other funds receiving their services. Therefore, to obtain a net total budget for the County as a whole, we must remove the budget for the Internal Services (less fund balance and any revenues from non-County sources). The "netted" 2014 budget for Pierce County is \$879,886,931 (total budget of \$978,147,971 less Internal Service Funds of \$104,482,910 plus \$100 in Intergovernmental Revenue from non-County sources and \$6,221,770 in Internal Service Funds use of fund balance).

### ALL FUNDS COMPARISON OF 2014 REVENUES AND EXPENDITURES

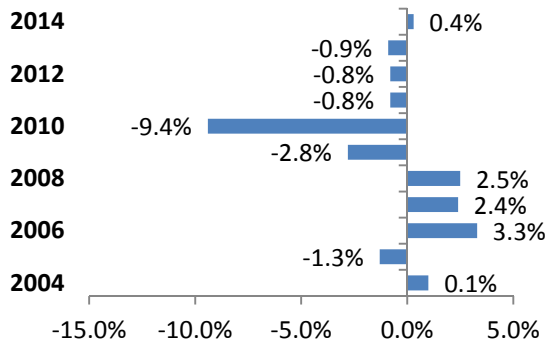
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Enterprise Funds	Internal Service Funds	Tacoma/ Pierce County Health Dept	Total All Fund Types
<b>Revenues/Other Financing Sources:</b>								
Charges For Services	\$ 30,496,980	\$ 36,246,630	\$ —	\$ 82,000	\$ 68,213,135	\$ 37,233,200	\$ 4,117,975	\$ 176,389,920
Contributed Capital	—	—	—	—	2,007,000	—	—	2,007,000
Fines and Forfeitures	5,640,790	10,000	—	—	—	—	—	5,650,790
Intergovernmental Rev	32,029,310	68,621,390	—	14,097,580	3,707,120	100	20,269,394	138,724,894
Licenses and Permits	4,888,890	4,592,210	—	—	—	—	4,440,249	13,921,349
Other Financing Sources	—	—	—	1,001,010	1,858,860	—	—	2,859,870
Other Miscellaneous Rev	8,990,720	6,843,790	17,874,110	25,047,223	87,948,740	61,027,840	1,047,791	208,780,214
Other Taxes	12,851,650	13,819,020	—	3,951,207	253,043	—	—	30,874,920
Property Taxes	118,354,000	56,593,553	—	—	—	—	—	174,947,553
Sales Taxes	57,843,500	15,952,180	—	—	—	—	—	73,795,680
Use of Fund Balance	—	16,604,350	—	33,680,820	92,666,210	6,221,770	1,022,631	150,195,781
<b>Total Revenues</b>	<b>\$ 271,095,840</b>	<b>\$ 219,283,123</b>	<b>\$ 17,874,110</b>	<b>\$ 77,859,840</b>	<b>\$ 256,654,108</b>	<b>\$ 104,482,910</b>	<b>\$ 30,898,040</b>	<b>\$ 978,147,971</b>
<b>Expenditures/Expenses:</b>								
Cultural & Recreation	\$ 7,043,930	\$ 7,416,660	\$ —	\$ 5,540,573	\$ 11,734,700	\$ —	\$ —	\$ 31,735,863
Debt Service	—	—	17,874,110	—	—	—	—	17,874,110
Economic Environment	6,355,670	30,635,590	—	—	—	—	—	36,991,260
General Government	35,859,650	2,285,680	—	2,773,110	—	—	—	40,918,440
Internal Service	—	—	—	—	—	104,482,910	—	104,482,910
Legal & Judicial	77,038,230	1,616,930	—	—	—	—	—	78,655,160
Mental/Physical Health	3,137,170	39,570,970	—	947,886	—	—	30,898,040	74,554,066
Physical Environment	1,775,830	27,180,923	—	12,928,821	—	—	—	41,885,574
Public Safety	139,775,360	29,724,270	—	32,121,350	—	—	—	201,620,980
Public Works & Utilities	110,000	80,852,100	—	23,548,100	244,919,408	—	—	349,429,608
<b>Total Expenditures</b>	<b>\$ 271,095,840</b>	<b>\$ 219,283,123</b>	<b>\$ 17,874,110</b>	<b>\$ 77,859,840</b>	<b>\$ 256,654,108</b>	<b>\$ 104,482,910</b>	<b>\$ 30,898,040</b>	<b>\$ 978,147,971</b>

# 2014 Budget Summary Highlights

## Staffing



### Percent Change



## Countywide Staffing

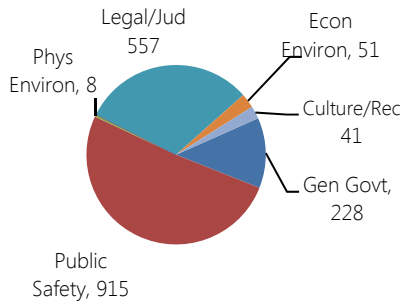
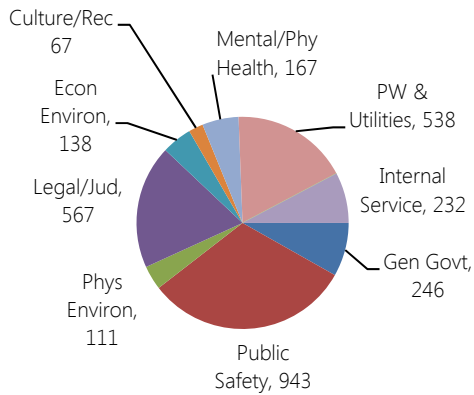
Reflecting the recent recession, General Fund staffing (authorized positions) has decreased by 260 FTEs (12.6%) since 2004 while staffing in all other funds (special revenue, enterprise, and internal services) has increased by 9 FTEs (0.8%). Overall, 251 FTEs have been reduced since 2004, a decrease of 7.7%. More recently however, General Fund positions have decreased by 256 FTEs (12.4%) since 2009 and overall the County has seen a reduction of 382 FTEs or 11.3% in the last six years.

The percentage change in 2005 includes the decline of positions in the Sheriff's Department that resulted from the decision of the City of Lakewood to no longer contract with the County for police services.

- The Sheriff's contract with the City of Lakewood for police services was terminated at the end of 2004, which resulted in a loss of 103 positions in the Sheriff's Department in 2005.
- The 2006-2008 staffing levels grew as positions were added to respond to changes in service levels across the County.
- In response to the significant decline in revenues caused by the recession, staffing reductions continued through 2013. The 2010 staffing level includes a reduction of 154 FTEs associated with the termination of the state contract with the County for mental health services.

# 2014 Budget Summary Highlights

## Staffing



### Total Staffing by Function

The Public Safety and Legal/Judicial systems combined account for just over 50% of the total County staff, with the Mental and Physical Health system at around 6%. Roughly 21% of the total staff provide Public Works and Utilities and Physical Environment services. Just over 2% of the total staff are related to Culture and Recreation. Nearly 5% are involved in Economic Environment activity and roughly 16% of the staff provide general government functions (including internal service funds).

The Public Safety and Legal/Judicial systems combined account for roughly 82% of all General Fund staff. Nearly 13% provide General Governmental services. Roughly 2% of General Fund staff support Economic Environment activities and roughly 3% are involved in Culture and Recreation, and Physical Environment activities.

The table on the following two pages contains detailed staffing information.

### 2014 Changes

Overall, the County added 11.47 FTEs in 2014. The General Fund decreased by 40 FTEs, but most of this change was the result of creating a special revenue fund to separately account for permitting activities associated with the Planning and Land Services Department.

In the General Fund, the County added 8.75 new FTEs in 2014 in the Auditor, Assessor-Treasurer, Communications, Human Resources, Parks and Recreation, Planning and Land Services, and Prosecuting Attorney Departments.

## 2014 Budget Summary Highlights

STAFFING SUMMARY									
	2004	2008	2009	2010	2011	2012	2013	2014	Change
	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	from
									2013
<b>General Fund</b>									
Assessor-Treasurer	90.10	90.60	86.35	76.70	76.70	76.70	76.70	77.70	1.00
Assigned Counsel	85.60	101.10	99.10	92.50	92.30	92.30	94.30	94.30	—
Auditor	43.00	53.30	50.30	50.05	42.55	43.80	44.05	45.30	1.25
Budget & Finance	44.20	45.00	41.00	38.17	38.37	37.52	36.62	36.62	—
Clerk of the Superior Court	58.00	56.50	53.50	49.50	50.00	48.00	48.00	48.00	—
Communications	5.00	4.00	3.00	2.65	2.58	3.00	2.88	3.88	1.00
Corrections Bureau	377.80	400.10	393.00	373.40	380.90	373.90	364.90	364.90	—
County Council	29.00	31.00	28.00	28.00	27.91	28.60	28.60	28.60	—
County Executive	8.00	8.00	10.00	8.60	9.08	8.89	8.45	8.55	0.10
District Court	110.00	113.50	109.00	105.50	104.50	102.00	99.50	99.50	—
Economic Development	7.15	8.00	7.00	7.00	7.00	7.00	8.00	7.50	(0.50)
Emergency Management	23.03	32.00	31.00	31.00	29.00	29.00	28.00	28.00	—
Human Resources	26.60	31.10	24.17	20.75	20.80	21.30	21.30	22.80	1.50
Juvenile	176.12	195.82	191.82	181.57	170.82	157.76	148.92	147.02	(1.90)
Medical Examiner	14.50	15.50	15.00	15.00	15.50	16.00	17.00	17.00	—
Parks & Recreation Services	49.52	41.05	38.90	35.28	35.60	37.70	38.05	41.10	3.05
Planning & Land Services	131.62	173.20	134.80	89.60	82.60	76.25	84.25	43.08	(41.17)
Prevention Services & Programs	1.22	—	—	—	0.18	0.64	1.05	0.82	(0.23)
Prosecuting Attorney	227.22	233.20	234.70	221.70	217.70	218.70	216.70	217.20	0.50
Public Defense Conflict Office	—	5.00	5.60	—	—	—	—	—	—
Sheriff	449.00	394.00	389.00	361.00	372.50	373.00	362.00	362.00	—
Special Projects	10.92	14.30	11.80	9.95	7.99	7.35	7.91	7.81	(0.10)
Superior Court	88.88	96.38	95.38	96.38	96.38	97.38	98.38	98.38	—
WSU PC Extension	3.62	4.60	3.57	—	—	—	—	—	—
<b>Total General Fund</b>	<b>2,060.10</b>	<b>2,147.25</b>	<b>2,055.99</b>	<b>1,894.30</b>	<b>1,880.96</b>	<b>1,856.79</b>	<b>1,835.56</b>	<b>1,800.06</b>	<b>(35.50)</b>
<b>Special Revenue Funds</b>									
Arts & Cultural Services	1.66	0.69	0.30	0.50	0.05	—	—	—	—
Auditor's Maint & Operation	0.50	5.70	7.20	7.20	5.70	5.52	5.27	5.02	(0.25)
Community Action	50.77	48.32	51.89	50.13	50.65	50.54	49.49	47.77	(1.72)
Community Development	8.66	11.06	11.45	10.80	9.60	5.76	6.07	7.98	1.91
Community Connections	220.37	149.99	145.49	142.65	140.59	131.27	115.32	115.44	0.12
Conservation Futures	1.00	3.00	3.15	4.15	4.15	4.50	4.80	4.80	—
County Road	335.70	370.44	371.90	345.44	336.05	334.61	341.76	341.80	0.04
Criminal Justice	2.00	4.00	3.00	5.00	2.00	6.50	5.90	5.00	(0.90)
Detention Ctr Commissary	3.90	1.00	1.00	2.00	3.00	3.00	3.00	3.00	—
Drug Investigation	2.00	7.00	6.00	2.00	—	—	1.00	1.00	—
Emergency Mgmt Grants	10.87	14.50	15.00	16.00	16.00	17.00	17.00	17.00	—
Judson Family Justice Ctr	—	8.70	9.70	8.40	9.40	8.50	8.33	7.40	(0.93)
Geographical Info Services	17.00	23.00	23.00	20.00	20.00	—	—	—	—
Homeless Housing	—	4.25	4.25	5.00	6.97	6.04	2.29	2.81	0.52
Housing Repair Program	12.66	11.00	10.86	10.01	10.41	12.17	16.22	15.76	(0.46)
Low Income Housing Fee	—	—	—	—	—	0.73	1.04	1.04	—

(Table continued on the following page)

## 2014 Budget Summary Highlights

### STAFFING SUMMARY

	2004	2008	2009	2010	2011	2012	2013	2014	Change
	FTE	FTE	FTE	FTE	FTE	FTE	FTE	FTE	from
									2013
Mental Health	—	161.91	153.61	—	—	—	—	—	—
PALS Building and Dev	—	—	—	—	—	—	—	59.33	59.33
Park Impact Fees	—	.05	.05	.05	.05	.05	0.05	0.05	—
Parks Sales Tax	.64	6.31	5.85	6.25	6.85	7.25	7.10	7.10	—
Paths and Trails	2.02	2.41	2.87	2.64	1.95	2.15	1.45	1.45	—
Peninsula Recreation Prgm	2.00	—	—	—	—	—	—	—	—
Puget Sound Behavioral Hlth	106.04	—	—	—	—	—	—	—	—
Rainier Communications Comm	6.00	8.00	7.00	7.35	7.44	7.00	7.12	7.12	—
REET River	1.71	1.51	1.51	1.51	1.11	1.11	—	—	—
Second REET Parks	.89	1.20	1.20	1.75	.95	.95	1.00	1.00	—
Surface Water Mgmt	52.06	73.50	67.70	94.45	100.68	100.31	93.96	85.86	(8.10)
Tourism, Promotion & Cap Fac	.42	—	—	—	.08	—	—	—	—
Veterans' Relief	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	—
911 System	4.96	4.46	4.46	4.46	4.46	4.46	4.46	4.46	—
<b>Total Special Rev Funds</b>	<b>846.83</b>	<b>925.00</b>	<b>911.44</b>	<b>750.74</b>	<b>741.14</b>	<b>712.42</b>	<b>696.63</b>	<b>746.19</b>	<b>49.56</b>
<b>Capital Projects</b>									
Permanent Jail Construction	.89	1.05	2.95	2.70	.79	—	—	—	—
REET Capital Improvement	3.47	5.35	3.95	5.10	7.81	6.70	5.90	5.90	—
1% for Arts Construction	.10	.50	.50	.50	.50	—	—	—	—
2501 Corp Express Bldg	—	1.15	—	—	—	—	—	—	—
Surface Water Mgmt Const	—	—	—	—	—	—	12.86	12.04	(0.82)
<b>Total Capital Projects</b>	<b>4.46</b>	<b>8.05</b>	<b>7.40</b>	<b>8.30</b>	<b>9.10</b>	<b>6.70</b>	<b>18.76</b>	<b>17.94</b>	<b>(0.82)</b>
<b>Enterprise Funds</b>									
Airport	1.60	2.77	4.77	6.27	6.39	5.74	6.38	3.02	(3.36)
Chambers Crk Regional Park	—	.20	.50	.61	.52	7.40	7.75	8.75	1.00
Golf Courses	8.78	9.53	9.03	9.03	7.90	7.80	7.55	7.50	(0.05)
PC Ferry Services	1.61	2.62	2.92	4.13	3.38	2.34	1.80	3.76	1.96
Sewer Utility	111.76	144.39	149.09	160.98	164.72	165.03	171.18	171.14	(0.04)
Solid Waste Mgmt	14.44	18.68	18.72	22.62	22.16	22.34	18.58	18.60	0.02
Water Utility	.31	.10	1.10	1.10	1.10	1.10	—	—	—
<b>Total Enterprise Funds</b>	<b>138.50</b>	<b>178.29</b>	<b>186.13</b>	<b>204.74</b>	<b>206.17</b>	<b>211.75</b>	<b>213.24</b>	<b>212.77</b>	<b>(0.47)</b>
<b>Internal Service</b>									
Equipmnt Rentl & Revolvng	24.47	26.30	27.30	27.30	26.32	26.28	27.28	27.28	—
Facilities Management	45.99	53.75	56.30	48.25	47.45	48.84	45.64	45.64	—
Fleet Rental	3.40	3.40	3.40	3.40	3.40	3.40	3.40	3.40	—
General Services	8.20	8.80	8.80	7.80	6.80	7.80	7.80	7.80	—
Information Technology	110.00	118.50	115.50	107.50	106.25	126.68	126.48	125.48	(1.00)
Radio Communication	8.17	9.54	9.54	9.54	9.54	11.54	11.54	11.54	—
Self Insurance	6.30	6.30	6.38	7.00	7.15	7.75	8.15	6.20	(1.95)
Workers Compensation	2.70	2.70	2.75	2.75	2.55	2.55	2.15	2.60	0.45
Medical Self Insurance	—	—	—	—	—	.40	0.40	1.60	1.20
<b>Total Internal Serv Fnds</b>	<b>209.23</b>	<b>229.29</b>	<b>229.97</b>	<b>213.54</b>	<b>209.46</b>	<b>235.24</b>	<b>232.84</b>	<b>231.54</b>	<b>(1.30)</b>
<b>TOTAL FUNDS</b>	<b>3,259.12</b>	<b>3,487.88</b>	<b>3,390.93</b>	<b>3,071.62</b>	<b>3,046.83</b>	<b>3,022.90</b>	<b>2,997.03</b>	<b>3,008.50</b>	<b>11.47</b>

# 2014 Budget Summary Highlights

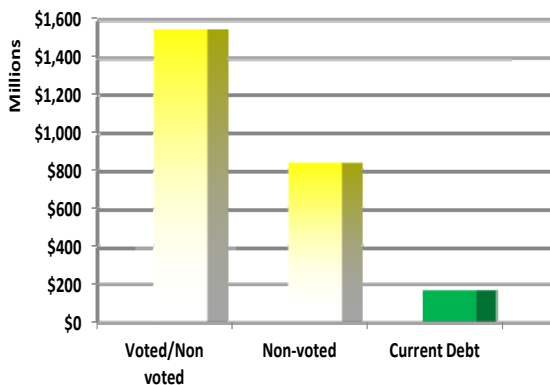
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The County's outstanding debt includes General Obligation (GO) bonds, Revenue Bonds, and Public Works Trust Fund Loans.

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## Debt Limit & Carrying Capacity

Under Washington State Law, a county may issue general obligation debt for general county purposes in an amount not to exceed 2.5% of all actual value of all taxable property. Unlimited tax debt requires an approving vote of the people, and any election to validate General Obligation Debt must have a voter turnout of at least 40% of those who voted in the last state general election, and 60% of those voting must be in the affirmative. The County Council may, by ordinance, authorize the issuance of Limited Tax General Obligation Debt (LTGO) in an amount up to 1.5% of the actual valuation within the County without a vote of the people. No combination of limited or unlimited tax debt may exceed 2.5% of the actual valuation. The debt service on unlimited tax debt is secured by excess tax levies, whereas the debt service on limited tax debt is secured by taxes collected within the \$1.80 per \$1,000 of assessed value County operating levy.

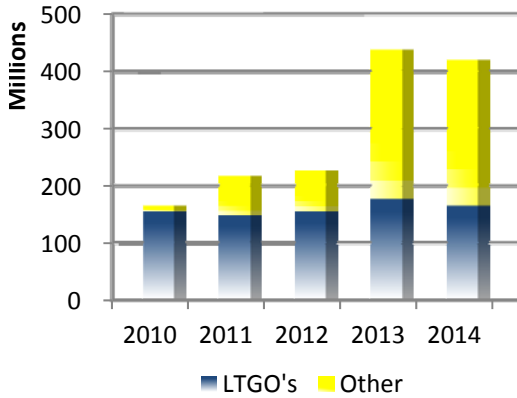


As indicated by the chart at the left, the County has a significant debt issuance capacity for both limited and unlimited debt. The County's non-voted capacity is \$840 million while the voted/non-voted capacity is \$1.5 billion. The County currently has no voter approved debt outstanding.

Pierce County has historically maintained consistently low bonded debt obligations. The Net Bonded Debt per Capita decreased in 2011 due to the retirement of \$6.7 million in debt. The Ratio of Bonded Debt to Assessed Valuation is still well below national averages. Consequently, the County has both a large legal margin available, and an existing debt structure that does not have a major negative impact upon the annual budget.

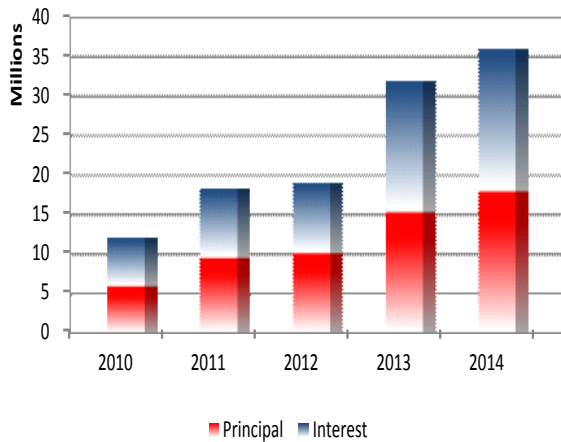
# 2014 Budget Summary Highlights

## Debt History



Historically, Pierce County has maintained a low outstanding principal balance. The County's outstanding principal history since 2010 is displayed in the graph to the left. In 2010, total outstanding debt was \$164.3 million. Of that, \$154.7 million was general obligation debt. In 2011, \$60 million in revenue bonds were issued for the expansion of the Sewer Treatment Plant, and an additional \$196 million in revenue bonds were issued in 2013. In 2013, the County also issued \$31 million in LTGOs for expansion of the South Sound 911 System and for remodeling of the Sheriff's Parkland Precinct. Other debt includes Public Works Trust Fund (PWTF) loans for road improvements, Ferry Services improvements, and for the County's Chambers Bay Golf Course.

## Debt Payments



The amount of debt payments scheduled for 2014 is \$36 million. The County's total annual debt payments (excluding refunding) since 2010 are displayed in the graph to the left. Principal and interest payments increased in 2013 and 2014 from debt issued for the Sewer Treatment Plant, South Sound 911, and Parkland Precinct.

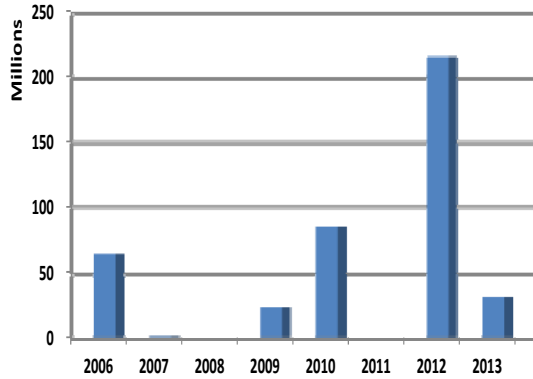
## Future Debt Plans

The Sewer Treatment Plant may need to issue additional debt to complete major improvements to meet demands on the system.



# 2014 Budget Summary Highlights

**Debt Issued**



In 2006, the County issued debt for Open Space and for Road improvements. Debt issued in 2010 was for Road improvements and for Sewer Treatment Plant expansion.

In 2012, the County issued debt for Sewer Plant expansion, Emergency Communication equipment, and Road improvements.

## 2014 Outstanding Debt Obligations

The table below shows the amount of debt outstanding at the beginning of the year, anticipated debt retirement and new planned debt, and the projected debt position of the County on December 31, 2014.

Outstanding Debt, 1/1/14 to 12/31/14 (thousands)				
	Jan-14 Balance	Retired Debt	New Debt	Dec-14 Balance
<b>General Obligation Debt</b>				
Facilities major renovations	940	940	-	-
City County Building renovations	26,985	1,895	-	25,090
Con. Futures Open Space	23,010	1,375	-	21,635
Road improvements	61,825	3,235	-	58,590
Emergency Comm. Systems	14,135	1,310	-	12,825
South Sound 911	28,880	2,025	-	26,855
Parkland Precinct	2,150	160	-	1,990
Chambers Bay Golf Course	18,090	525	-	17,565
<b>Total GO Bonds</b>	<b>176,015</b>	<b>11,465</b>	<b>-</b>	<b>164,550</b>
<b>Revenue Bonds</b>				
Sewer Improvements	249,710	5,630	-	244,080
<b>Public Works Trust Fund Loans</b>				
Road Improvements	5,802	374	-	5,428
Sewer Improvements	1,251	126	-	1,125
Ferry System	4,532	378	-	4,154
<b>Total PWTF</b>	<b>11,585</b>	<b>878</b>	<b>-</b>	<b>10,707</b>
<b>Total County Debt</b>	<b>437,310</b>	<b>17,973</b>	<b>-</b>	<b>419,337</b>

As shown in the table, General Obligation principal will be reduced by \$11.4 million, Revenue Bonds by \$5.6 million, and Public Works Trust Fund Loans by \$900,000. Public Works Trust Fund Loans are issued by the State of Washington at very favorable interest rates.

Most of the debt obligations are paid by dedicated revenue streams. The General Fund pays debt service for the County City Building renovations and Parkland Precinct.

## Other Financial Information

### Revenue and Expenditure Totaling

#### Budget in Brief

##### Revenues By Source (millions)

	2011 Actuals	2012 Actuals	2013 Budget	2014 Budget
Property Tax	175.0	180.9	183.0	186.2
Sales Tax	55.0	56.2	55.9	73.8
Other Taxes	16.7	17.5	15.9	19.6
Charges for Service	146.9	160.2	176.0	176.4
Fines & Forfeitures	6.1	5.4	5.6	5.7
Licenses & Permits	11.6	12.4	13.0	13.9
Intergovernmental	117.8	150.5	161.5	138.7
Other Revenue	112.1	171.0	155.8	213.7
Use of Fund Balance	74.8	4.8	136.3	148.2
<b>Total Revenue</b>	<b>716.0</b>	<b>758.9</b>	<b>905.4</b>	<b>978.1</b>

##### Expenditures by Object Code (millions)

	2011 Actuals	2012 Actuals	2013 Budget	2014 Budget
Salaries & Benefits	322.8	330.9	343.8	351.8
Supplies & Services	279.0	317.6	371.9	335.7
Debt Service	32.2	36.0	60.4	70.3
Capital Expenditures	65.6	59.0	115.9	198.3
Intergovernmental	16.4	15.4	13.4	22.0
<b>Total Expenditures</b>	<b>716.0</b>	<b>758.9</b>	<b>905.4</b>	<b>978.1</b>

##### Expenditures by Function (millions)

	2011 Actuals	2012 Actuals	2013 Budget	2014 Budget
General Government	37.6	39.1	40.0	40.9
Public Safety	156.4	169.3	168.1	201.6
Physical Environment	33.3	36.1	50.4	41.9
Legal & Judicial	77.2	74.9	75.4	78.6
Economic Environment	28.4	28.5	36.4	37.0
Mental/Physical Health	78.8	76.7	81.4	74.6
Cultural & Recreation	26.7	32.4	29.0	31.7
Debt Service	12.7	12.7	14.2	17.9
Public Works & Utilities	186.0	197.8	309.5	349.4
Internal Service	78.9	91.4	100.2	104.5
Reserve for Fund Balance	0.0	0.0	0.6	0.0
<b>Total Expenditures</b>	<b>716.0</b>	<b>758.9</b>	<b>905.4</b>	<b>978.1</b>