

Pierce County 2005 Budget In Brief

This document is a “brief” look at the adopted 2005 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. Our purpose is to deliver to the citizens of Pierce County the very highest quality of services as efficiently and economically as possible, making every dollar count. Thank you for the opportunity to serve you and to be able to make Pierce County government the best it can be.

County Executive
John Ladenburg

County Council (2004)
Shawn Bunney
Calvin Goings
Kevin Wimsett
Harold Moss
Barbara Gelman
Dick Muri
Terry Lee



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Pierce County

Washington

For the Fiscal Year Beginning

January 1, 2004

Handwritten signature of Edward Herring in cursive.

President

Handwritten signature of Jeffrey R. Enos in cursive.

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, 2004. 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 GFOA to determine its eligibility for another award.

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General Information

- ✎ Pierce County was established in 1852 and 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, and District Court Judges are also elected by the people.
- ✎ The 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). Altitudes in the County range from seal level in the Tacoma metropolitan area to 14,411 feet at the top of Mount Rainier.
- ✎ The average daily temperature in the winter is 40°F and in the summer it's 70°F. Average rainfall is 39.9 inches, 75% of which fall between October and March.
- ✎ Pierce County boasts of 10 hospitals, 15 public school districts, a large number of private schools, two vocational technical colleges, two community colleges, and six four-year colleges or universities.
- ✎ The third largest army post in the United States, Fort Lewis, is located in the County as are McChord Air Force Base, Madigan Army Medical Center, and Camp Murray National Guard post. Altogether these military installations contribute over 42,000 military and civilian jobs to the local economy.

Transportation

Pierce County is served by Sea-Tac Airport, 16 miles to the north, and the Tacoma Narrows Airport, between Gig Harbor and the City of Tacoma. There are also three general aviation airports. Interstates 5 and 705 run through the County as do numerous state highways. Pierce Transit provides excellent bus service extending from the state capital, Olympia, to the City of Seattle. Sound Transit, the regional transit authority, recently completed a light rail line that connects downtown Tacoma to a major transit hub near the Tacoma Dome. Two transcontinental railroad systems connect the County with the rest of the nation as do 30 interstate trucking companies.

Economic Conditions

Pierce County continues to benefit from the economic recovery that began in the third quarter of 2002. By most standards, even the recession of 2001 was mild and the County was in a good position to recover and experience future economic growth. Some of the advantages that aid the County are: (1) a major port with the potential for future expansion, (2) relatively low property costs in rural areas, (3) available and competitively-priced office and commercial space, and (4) its situation as the geographic anchor for the central Puget Sound. Some specific sectors are highlighted in the following paragraphs.

Manufacturing

Pierce County's manufactured products include chemicals, machinery, hardware, food products, electronics, and aerospace. Among the major manufacturers are Intel (1,500 jobs), Boeing (1,000), Milgard Glass (870), and Simpson Tacoma Kraft wood products (498). Renewed strength of computer sales nationwide bodes well for continued expansion at Intel and, as orders for the 777 jetliner increase, Boeing will add capacity at their Frederickson site.

Pierce County Facts

Port Facilities

In describing the Port of Tacoma, the Economic Development Board of Pierce County says, "The Port of Tacoma has become one of the fastest growing ports in the United States. It is strategically located ... and offers efficient connections to sea, rail, highway, and air transportation networks. It enjoys strong international ties with nations on the Pacific Rim and around the world." In 2004, the Port of Tacoma began its largest capital improvement program ever, investing \$194 million in projects to increase capacity and expedite the movement of cargo.

The Port is already the sixth busiest container port in North America, and one of the 25 busiest in the world, and it plays an important part in the local economy. This deep-water port covers 2,400 acres and offers a combination of facilities and services including 34 deepwater berths, two million square feet of warehouse and office space, and 131 acres of industrial yard. One economic impact study showed that more the 28,000 jobs in Pierce County are related to the Port activities.

Service/Government

One of the largest components of the service sector is health care. The largest employers include Multicare Medical Center (3,587 employees), the Franciscan Health System (2,769), and Good Samaritan Hospital (1,940). In addition, DaVita, the nation's second largest provider of dialysis services, employs 674 people.

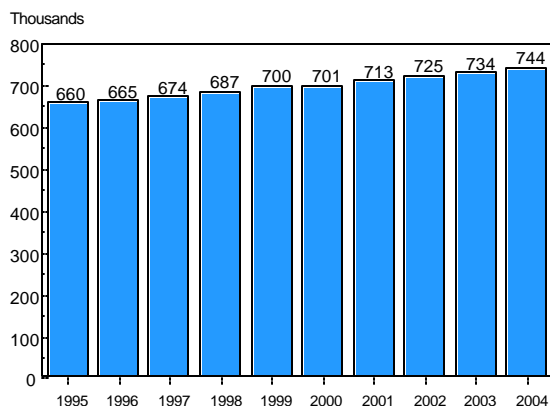
Fort Lewis Army Base and Madigan Army Medical Center occupy 86,000 acres in southwest Pierce County while the adjacent McChord Air Force Base sits on 5,000 acres. Together these facilities employ over 42,000 military and civilian personnel. Unlike many military installations across the country, Fort Lewis and McChord have expanded as people are transferred from closed facilities to the northwest. In addition, the war in Iraq has greatly increased activity at the bases.

Other government employment includes the local public school districts (13,010), the City of Tacoma, including Tacoma Public Utilities (3,172), Pierce County (3,154), and the Puyallup Tribe (1,795).

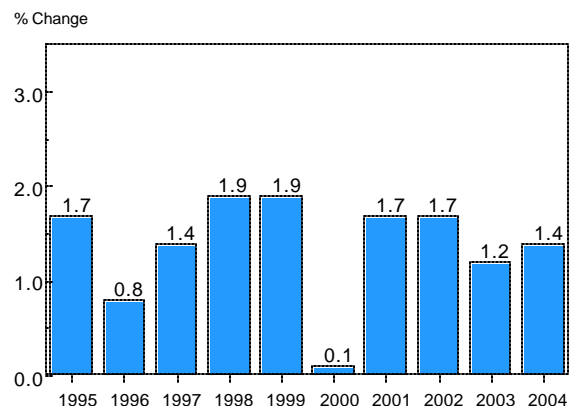
Population

Pierce County is home to an estimated 744,000 people, making it the second largest county in the state. Its five largest cities are Tacoma (196,800), Lakewood (59,010), Puyallup (35,690), University Place (30,800), and Bonney Lake (13,740). As shown in the charts below, population growth has been steady, averaging about 1.5% per year over the last 10 years. The only notable exception was 2000 when the U.S. Census figures were used to establish the new population base.

Pierce County Population History



Pierce County Population Percent Change

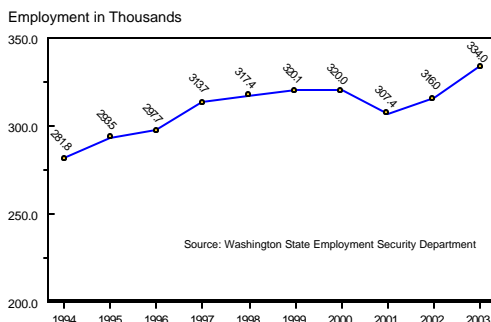


Economic Indicators

The following indicators are key elements in the evaluation of current economic conditions and are useful when developing projections or economic forecasts:

- ❖ **Inflation:** Inflation as measured by the Seattle-Tacoma-Everett Consumer Price Index for all urban consumers decreased from 1.9% in 2002 to 1.6% in 2003. During the same period, the U. S. average (CPI-U) went from 2.4% in 2002 to 1.9% in 2003.
- ❖ **Employment:** Total employment increased to 334,100, while the rate of unemployment increased to 6.9%. Pierce County unemployment is slightly higher than the statewide average of 6.8% but significantly higher than the U.S. average of 5.7%.

Pierce County Employment

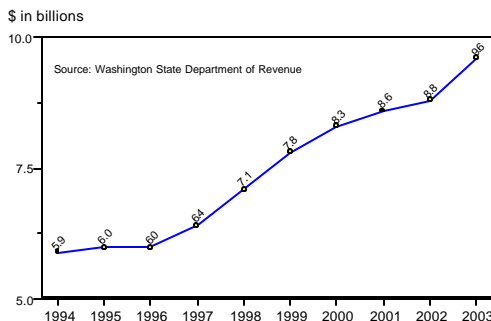


Pierce County Percent Unemployment

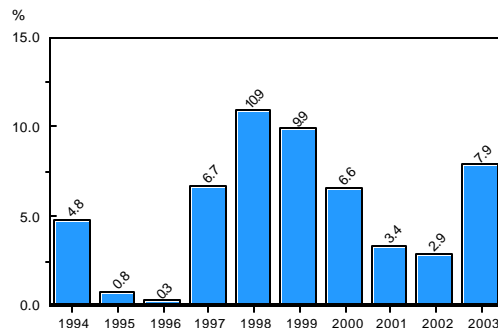


- ❖ **Taxable Retail Sales:** Taxable retail sales increased significantly in 2003 increasing by 7.9% over 2002. Based on current forecasts, we expect sales growth to continue in 2004 and 2005, albeit at a more moderate pace.

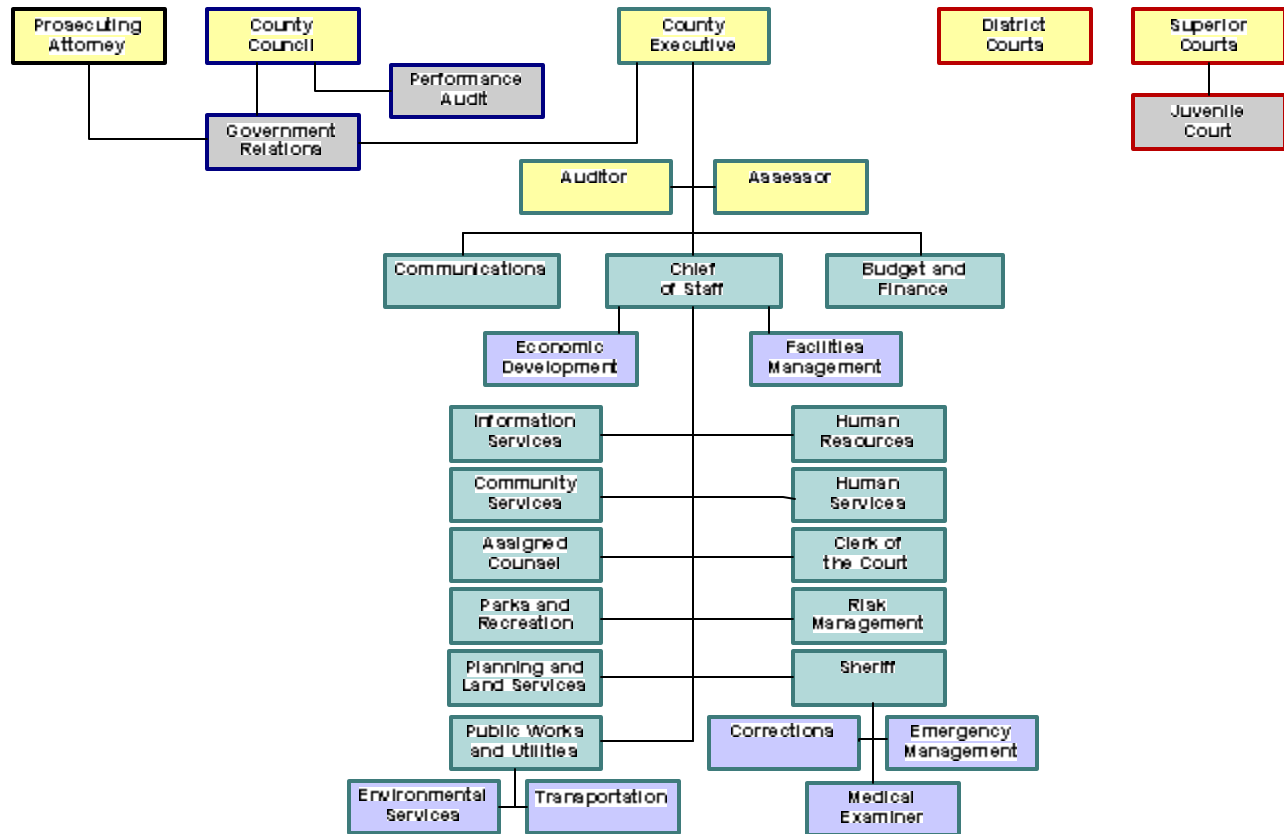
Pierce County Taxable Retail Sales



Percent Change Taxable Retail Sales



Organizational Overview



2005 COUNTY COUNCIL

Shawn Bunney	District 1
Calvin Goings	District 2
Roger Bush	District 3
Timothy Farrell	District 4
Barbara Gelman	District 5
Dick Muri	District 6
Terry Lee	District 7

2005 DISTRICT COURT JUDGES

James R. Heller.....	Presiding Judge
Karla E. Buttorff	
Franklin L. Dacca	
Judy Rae Jasprica	
David M. Kenworthy	
Pat O'Malley	
Jack F. Nevin	
Margaret Vail Ross	

2005 SUPERIOR COURT JUDGES

Stehanie Arend	Presiding Judge
Sergio Armijo	
Rosanne Buckner	Thomas P. Larkin
Bryan Chushcoff	Linda CJ Lee
Bruce W. Cohoe	John A. McCarthy
Ronald Culpepper	Kathryn J. Nelson
Frank E. Cuthbertson	James Orlando
Beverly G. Grant	D. Gary Steiner
Vicki L. Hogan	Katherine M. Stolz
Thomas J. Felnagle	Brian Tollefson
Frederick W. Fleming	Kitty-Ann van Doorninck
	Lisa Worswick

The Council is the policy setting body of the County and has all the powers of the County which are not otherwise reserved to the People, the Executive, and general law. The Council members are nominated and elected by the voters of seven districts in Pierce County. Legislative authority is exercised by the adoption and enactment of ordinances or resolutions.

The executive branch is comprised of the Executive and all executive departments established by the Charter or by ordinance. Executive departments include two elected positions (Assessor-Treasurer and Auditor) with the other department directors recommended by the Executive and approved by the Council.

According to the charter, all executive departments are subject to the personnel, budgeting, expenditure and any other policies of general application established by the Executive. Control of County finances is under the authority of the Executive and is delegated to the Department of Budget and Finance.

Mission, Goals and Performance Measures

In 1993, the County began a process to redefine or clarify the mission and goals for Pierce County government. Based on input from department directors and employee focus groups, the Mission Statement and Goals were developed. Subsequent development resulted in a hierarchical pyramid which contains the elements noted below. For the 2005 budget we are continuing the department Performance Measures initiative, and have placed increased emphasis on the specificity of each Measure. These Measures focus on the most vital aspects of each department operation.

I. ***The Mission Statement***

"Pierce County government, in partnership with the citizens, will enhance the livability of our community through responsive services which address our current and future needs."

II. **Executive Goals**, shown below, guide the County in the development of appropriate policies and procedures, and form the basis of each year's Budget and Performance Measures.

III. **Performance Measures** are developed for each departmental budget. These measures are specific and quantifiable statements of what major items will be accomplished in this fiscal year.



Executive Goals

- A – Plan and Implement necessary transportation system improvements to meet existing and future requirements.
- B – Promote economic development and diversification.
- C – Enhance public safety through crime prevention, apprehension, and prosecution programs.
- D – Strengthen community programs that provide recreational, health, and social services.
- E – Work cooperatively with other governmental units in the County to address issues of mutual concern.
- F – Enhance the effectiveness of the development review process and related code enforcement efforts.
- G – Encourage a more positive public image for Pierce County Government and improve customer service through an enhanced communications program.
- H – Improve the cost efficiency of County services.
- I – Promote a balanced response to environmental matters dealing with site clean-up issues, water concerns, and endangered species act requirements.
- J – Build an effective work force through an emphasis on diversity; and the promotion of programs which stress training, incentives, recognition, and innovation.
- K – Implement infrastructure improvements in county buildings which will address employee safety, workspace and environmental issues; and thus enhance employee morale.

Budget Highlights

The Pierce County 2005 budget reflects the revenue limitations confronting county government (especially our General Fund), and the need to make priority decisions in order to preserve our most vital services. Even with our fiscal limitations, the County remains committed to effectively addressing the challenges and opportunities before us. These include public safety staffing, the operation of the New Jail, judicial system workload, growth management, effective land use planning and regulation, new habitat preservation responsibilities, our transportation network, flooding concerns, and intergovernmental cooperation. It is our responsibility to exhibit leadership in addressing these issues, and to provide cost-effective public services.

This is the fourth budget year that the County's General Fund has been impacted by the crippling effects of I-747 (1% property tax growth limitation). This has caused great difficulty for local entities in the State of Washington. This initiative, and the cutbacks in State funding resulting from their budget problems, have combined to create a severe budget crunch for local governments. The resultant revenue limitations have made it impossible for us to meet all the budget requests from our department directors, or to fully meet our public service obligations.

With these limitations in mind, we have gone to the voters twice in the last 12 months seeking additional taxing authority to augment our public safety and judicial system staff and services. Both measures failed to receive a favorable majority vote. Without these additional revenues, we have allocated whatever resources were available to enhance a few priority public safety and justice service programs, while simply maintaining other existing programs and services.

Budget History

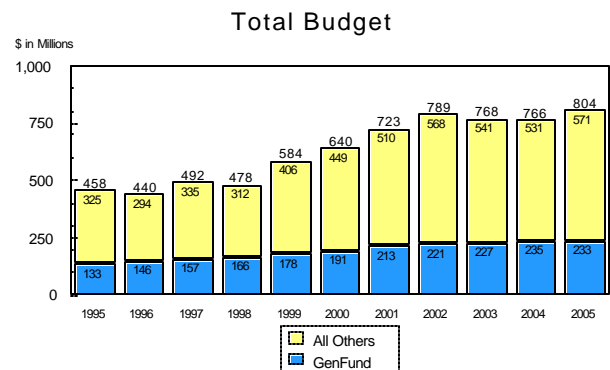
The proposed 2005 Pierce County Budget totals \$804,215,234, which is an increase of 5% over 2004. Most of the growth is due to an increased construction program in non-General Fund departments. The General Fund budget will actually reflect a 1.1% reduction, which is the only such decrease in at least 20 years.

Pierce County's budget history over the past ten years for both the General Fund and the Total County are shown in the accompanying table. While the General Fund pattern shows a gradual upward trend, the Total Budget varies considerably from year to year, usually due to major construction activity.

In terms of overall approach to the budget, the following assumptions, considerations, and priorities guided our deliberations and recommendations:

- ◇ First, existing challenges involving criminal activity, domestic violence, meth labs and other drug activity will continue to place great pressure on public safety and justice services. We have one of the lowest ratios of law enforcement officers to population, and conversely one of the highest crime rates in the state.
- ◇ Second, we will continue to emphasize **pro-active prevention programs**. This budget funds many alternative to incarceration programs including: Breaking the Cycle, Drug Court, Alternative to Detention programs for juveniles, and new county contributions for a Youth Assessment Center and a Family Justice Center. These programs decrease criminal activity and reduce future jail costs.
- ◇ Third, we are working through the staff and budget implications resulting from the termination of the **Sheriff's Lakewood contract**. It is our intention to provide one-time transition funding in 2005 for those "Lakewood related positions" which are not absorbed by transfers to Lakewood, Sheriff Department vacancies, or new contracts.

Fourth, we will enhance our **Land Use Regulatory** programs, provide solid **Road Maintenance and Road Construction** programs; and fund **substantial Parks and Recreation capital improvements** utilizing recently approved parks sales tax, real estate excise tax, and parks impact fees.

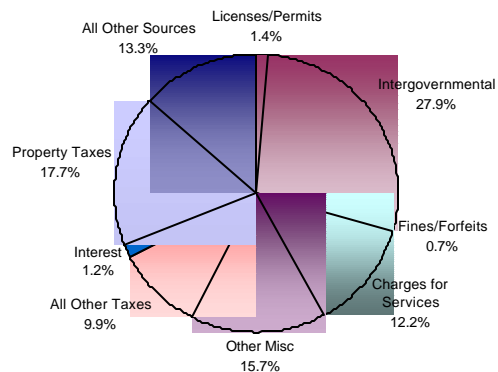


Total Pierce County Revenue & Expenditure Overview

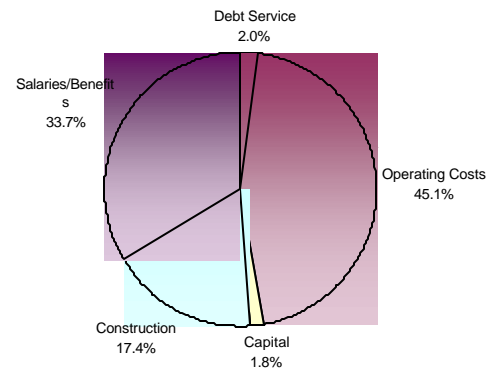
A summary of the major classifications of revenue and expense is shown in the following pie charts. In total, the County's budget will be 5.0% above the 2004 level.

Almost 28% of the County's funding comes from Intergovernmental Revenues. Property and Other Taxes equals almost 28% of the total revenues. Service Charges, Licenses/Permits, and Fines/Forfeits provide another 14%. The 13% All Other Sources category is primarily made up of the use of prior fund balance. The almost 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 just over than 1%. The revenues for Internal Service Funds have been excluded from the totals used to calculate the percentages shown on the pie chart.

2005 Total County Revenues Summarized by Source

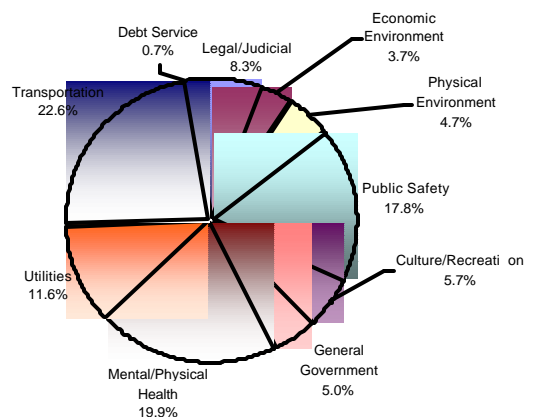


2005 Total County Expenditures Summarized by Object Classification



Almost 34% of the County's total budget line-item is allocated to personnel costs. All other operating costs consume approximately 45%. The remaining 21% is for capital, construction, and debt service.

2005 Total County Expenditures Summarized by Function



The Public Safety and Legal/Judicial Services combined accounts for just over 26% of the total County expenditures, with the Mental and Physical Health system absorbing almost 20%. Almost 39% of the total expenditures is invested in the support of Transportation, Utilities, and the Physical Environment and almost 6% is related to Culture and Recreation. Just under 4% is expended for Economic Environment activity and 5% 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.

General Fund

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. Most of the budget deliberations center around this fund since it provides the most flexibility in terms of resource allocation alternatives.

Revenues

A summary of the 2005 revenues, with a comparison to the current year, is shown in the table below:

GENERAL FUND REVENUE SUMMARY				
	2005 Budget	2004 Budget	Absolute Change	Percent Change
Property Taxes	\$ 96,934,280	\$ 93,199,360	\$ 3,734,920	4.0 %
Sales Taxes	47,000,000	44,256,500	2,743,500	6.2
Other Taxes	2,189,070	2,175,050	14,020	0.6
Licenses and Permits	7,242,430	6,586,840	655,590	10.0
Intergovernmental Revenue	26,672,550	38,745,961	(12,073,411)	(31.2)
Charges for Services	32,077,120	31,575,709	501,411	1.6
Fines and Forfeitures	5,235,000	5,549,810	(314,810)	(5.7)
Interest Revenue	7,650,070	7,042,000	608,070	8.6
Other Miscellaneous Revenue	3,915,120	3,711,518	203,602	5.5
Subtotal Revenues	\$ 228,915,640	\$ 232,842,748	\$ (3,927,108)	(1.7) %
Fund Balance	4,408,500	3,164,395	1,244,105	39.3
Total Available Resources	\$ 233,324,140	\$ 236,007,143	\$ (2,683,003)	(1.1) %

Our revenue projections are based largely upon the following assumptions:

- ◇ The local economy will grow at a moderate pace in 2005. The level of economic growth will be sharply less than that experienced in the 1995-2001 fiscal years, and more in line with recent experience.
- ◇ Inflation will be approximately 2-3% next year, thus giving a modest boost to Sales Taxes, Intergovernmental Revenues, and Charges for Services
- ◇ Interest rates will rise slightly from their current very low levels, which will result in a small increase in investment revenues.
- ◇ We will continue to receive city contract revenues for several major services (principally police services, jail, roads maintenance, and court services), with the exception of the Sheriff Lakewood contract.
- ◇ Fee increases are proposed for the Clerk's Office, P.A.L.S., Assessor-Treasurer and the Parks and Recreation departments.

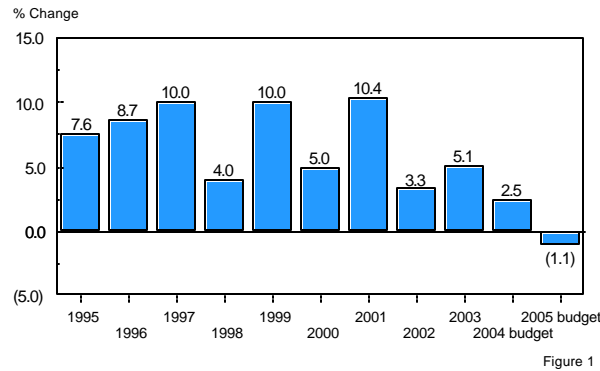
Based upon the above assumptions, an in-depth review of our revenue patterns, and the impact of the Sheriff's Lakewood contract, we are projecting a decline in General Fund revenues of 2.1% in 2005. The 2004 budget also included an allocation of \$3,164,000 in Prior Fund Balance. Since the recommended use of Prior Fund Balance in 2005 is higher at \$4,408,000, the resulting increase in **Available Resources** to finance next year's budget is a **negative** 1.1%. It should be noted that the increase in 2005 Revenues would have been 3.8% if the Lakewood contract were factored out of the 2004 base. This percent is in line with recent revenue increases.

Comparative changes in revenue for the last decade are shown in Figure 1 on the following page. The projected decrease of 1.1% in 2005 is the only decline in the last eleven years, and is due to four factors:

- ◇ The end of the Sheriff's Lakewood contract (\$12,000,000) by itself equates to a 5.1% drop in General Fund revenues.
- ◇ Initiative 747 continues to erode our real financial base. The negative impact grows exponentially each year.

- ◇ In several of the preceding years there was a major new revenue source (e.g., state criminal justice funds, criminal justice sales tax, jail/juvenile sales tax, and the law levy transfer to the General Fund). No major new revenue source is included in the 2005 budget.
- ◇ During most years there are mid-year events which give rise to revenue increases, but which almost always are accompanied by at least a corresponding increase in related expenses (e.g., new specific grants, storm reimbursements, special elections). This could well happen again as fiscal 2005 unfolds, thus pushing the final percent increase above the originally budgeted 1.1% decline.

Percent Change in General Fund Revenues



As you can gather from our earlier comments, I-747 casts a major shadow over our finances. This initiative limits the growth in taxes from existing property to only 1% per year (in place of the previously available 6%). Such a limitation, which is well below the level of inflation, imposes severe fiscal constraints on the County. The inevitable result is that service cutbacks and staff reductions become unavoidable, and will grow in future years. The annual revenue loss for the first four years affected by this initiative is in the next table, along with an estimate for 2006. The exact revenue loss over the next several years is difficult to precisely determine (it depends upon inflationary increases in existing property values), but will likely reflect the same progression (close to \$4 million per year increase in the loss level).

General Fund I-747 Annual Loss		
2002	\$	3,482,800
2003		7,325,500
2004		10,903,900
2005		14,801,800
2006		18,901,000 est.
Total	\$	55,415,000

These are very significant revenue losses, and the annual amount in just fiscal 2005 is equal to 6.4% of our General Fund budget. By 2006, it could grow to over 8%. The cumulative 5 year loss is equal to the construction costs of the New Jail. The Road fund levy is also affected by I-747, with the 2005 loss estimated at \$4,000,000.

This initiative is causing an inexorable erosion in our financial foundation and will lead to significant long term reductions in public safety, the justice system, road maintenance, health services, and other vital county programs.

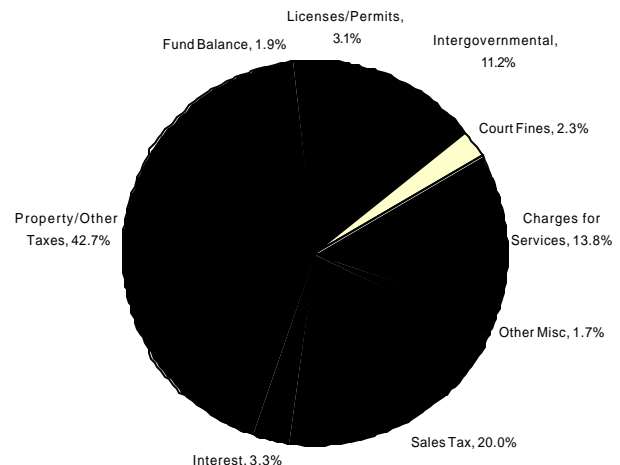
General Fund

Revenue Sources

Following is a detailed discussion regarding the changes in each major category of revenue:

- ◇ **Property Tax** revenue collections are projected to increase by 4.0% in 2005. This increase is based upon two factors. The first is the 1% available under I-747. The second, and most important factor, is the tax growth related to new construction and improvements.
- ◇ **Sales Tax** revenues are projected to increase by 6.2% in 2005. This is based upon the actual revenue patterns for 2004 Y-T-D, coupled with projections for moderate growth in the next 12-16 months.
- ◇ **Other Taxes** (gambling taxes, leasehold excise, etc.) are essentially unchanged from 2004.
- ◇ **Licenses and Permits** are projected to grow by 10% in 2005. This assumes that the current high level of construction activity will continue into next year, and also reflects actual cable franchise fee levels which are running above the 2004 budget.
- ◇ **Intergovernmental Revenues** reflect a sharp decline. With the exception of federal and state grants, most revenue items in this category are projected to show at least a moderate increase. However, the loss of the Lakewood contract (\$12,000,000) will result in an overall revenue loss of 31.2% in this category.
- ◇ **Charges for Services** are estimated to be above the 2005 budget by 1.6%. This bottom-line change is composed of many increases or decreases in specific revenue sources, the most significant being:
 - Planning fees will exhibit a dramatic increase due to the implementation of the Directions Package, with associated new fees and increases in existing fees.
 - Election expense reimbursements will be significantly below 2004 because the state reimbursed us last year for the unusual costs associated with the September primary.
- ◇ **Fines and Forfeits** are projected to be below the 2004 Budget by 5.7%, based mostly upon the actual revenue pattern in the current year (filings are down).
- ◇ **Interest Revenues** are projected to show an increase in 2005, due to projected moderate interest rate hikes over the next 12 to 18 months.
- ◇ **Miscellaneous Revenues** will increase by 5.5% in 2005, which largely reflects traffic enforcement and state forest revenues.
- ◇ **Prior Fund Balance** use was budgeted at \$3,164,395 in 2004 for one-time building purchase or remodel expenses. For next year we are recommending that we allocate \$4,408,500 for one-time activities including Building Improvement expenses (\$2,869,000), Lakewood Transition (\$1,280,000) and the “Jobs Studies” (\$100,000).

2005 General Fund Revenues



General Fund

Expenditures

Even though we are projecting a decline in Available Resources of 1.1%, the remaining revenues will be sufficient to continue most programs and staff at the 2004 level (excluding the Sheriff Lakewood staff), with a few additions in vital areas as discussed below.

The following table summarizes the 2005 General Fund Expenditure Budget, and compares it with the 2004 budget.

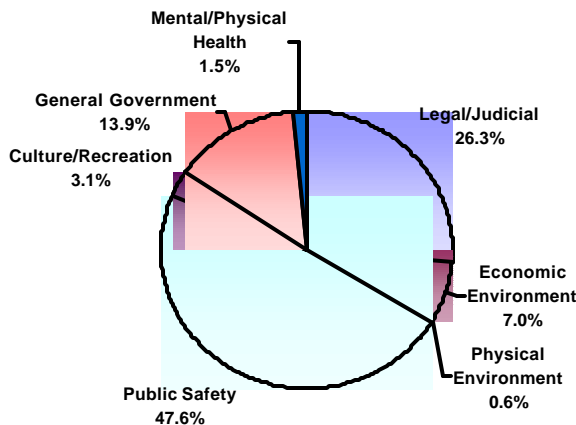
GENERAL FUND EXPENDITURES BY FUNCTION				
	2005 Budget	2004 Budget	Absolute Change	Percent Change
General Government	\$ 32,324,440	\$ 33,744,970	\$ (1,420,530)	(4.2) %
Public Safety	110,862,540	117,110,891	(6,248,351)	(5.3)
Physical Environment	1,382,770	1,855,090	(472,320)	(25.5)
Legal & Judicial	61,464,400	57,458,680	4,005,720	7.0
Economic Environment	16,379,802	14,616,267	1,763,535	12.1
Mental/Physical Health	3,531,210	3,469,090	62,120	1.8
Cultural & Recreation	7,278,978	7,652,155	(373,177)	(4.9)
Transportation	100,000	100,000	—	—
Total General Fund	\$ 233,324,140	\$ 236,007,143	\$ (2,683,003)	(1.1) %

As indicated by the functions table, the impact of the Sheriff's Lakewood contract termination is readily apparent. For the first time in at least 20 years, the gross amount allocated for Public Safety has decreased. However, since the Lakewood contract equaled \$12,000,000 and the decrease in Public Safety is only \$6.3 million, we really have increased Public Safety expenses in the county by a considerable margin. The increase largely reflects a) full funding for the Sheriff's 24/7 patrol request, b) justice service enhancements listed later, and c) inflationary increases for existing staff and services.

Even with the large decrease in Public Safety expenses caused by the Lakewood contract termination, the combined total percentage allocated to Public Safety and Legal/Judicial Services is equal to 74.2% of the budget. This percentage (net of Lakewood) continues to grow by approximately 1% of the total each year, and is higher than other large Washington counties. This emphasis on public safety and justice services continues the pattern established over the last decade. Approximately 96% of all the staff added in the General Fund in the last decade have been in the Public Safety and Justice Services departments.

As shown in below Figure 2, the 1.1% budget decrease for expenditures is considerably less than all previous years in the last decade (and the only negative figure).

2005 General Fund Expenditures



Percent Change in General Fund Expenditures

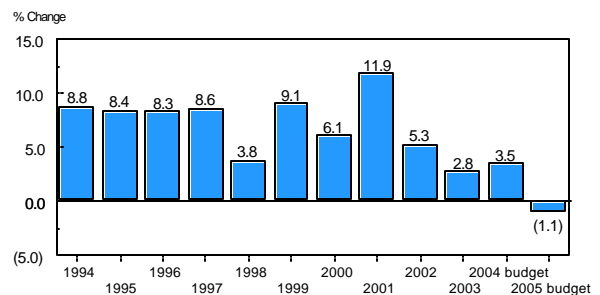


Figure 2

General Fund

2005 Service & Program Changes

As indicated earlier there are only a few major changes in the 2005 General Fund budget:

Sheriff

- ◇ The budget includes funding for the full "24/7" patrol coverage (18 positions)
- ◇ The budget also reflects the impact of the Lakewood contract termination (103 positions)

Prosecutor

- ◇ Funding for 2 new positions (1 attorney and 1 legal assistant) in the criminal division

Superior Court

- ◇ Includes a new criminal case manager position
- ◇ Judicial Assistant positions are increased to a 7½ hour day

Human Resources

- ◇ Funding for a new office assistant position for general clerical support

Assigned Counsel

- ◇ Reflects the addition of 4 staff positions (2 attorneys and 2 legal assistants) to address caseload responsibilities
- ◇ Includes a mitigation investigator position to replace extra hire and outside services

Budget & Finance

- ◇ Those staff still on a 7½ hour day are moved to an 8 hour day

Miscellaneous Current Expense

- ◇ A \$127,000 allocation for the General Fund's share of the proposed Family Justice Center. The county's Community Development fund will also allocate \$200,000 for this project; and the county's total \$327,000 contribution will be matched by the City of Tacoma. Other funding will also be provided by the Puyallup Tribe and the City of Lakewood. The Center will provide a coordinated response to victims of domestic violence and their children from a single location near the court system. It is a collaborative effort involving the community and the various criminal justice agencies.
- ◇ A \$110,000 potential contribution for the Youth Assessment Center in the Parkland-Spanaway area. This Center, which will be funded from several sources, will provide reception, assessment, crisis intervention, case management, referral and follow-up services for up to 1,000 youth and families throughout the county. A similar center is also envisioned in the City of Tacoma if state funding and Tacoma budget allocations are secured.

New Jail Reserve

- ◇ Since the New Jail and the Remodeled Main Jail projects are completed and staffing is included in the Corrections budget, this account is being discontinued.

Sheriff Transition

- ◇ With the termination of the Sheriff's Lakewood contract, we will be eliminating related positions from the Sheriff's budget. The majority of these employees have been a) hired by the City of Lakewood, b) slated for the 24/7 coverage, c) transferred to existing vacancies in the department, or d) been funded by new contracts or grants. However, there are approximately 15 employees who have not been covered by the above, and it is our recommendation that we provide one-time funding in 2005 for these individuals (from prior fund balance). Hopefully we can transition these employees into new vacancies/grants/contracts which develop in 2005.

Planning & Land Services

- ◇ Funding for the new “Directions Package” (13 staff beginning March 1) funded through both fee increases and the implementation of fees already approved.
- ◇ Five new positions in the building division (4) and development engineering (1) to address backlog and timeline issues.

Auditor

- ◇ A new clerical position in the Recording division.
- ◇ The County is providing match monies for the County’s potential share of Help America Vote Act responsibilities (\$100,000)

As a cautionary note, the percentage change in a particular budget may not always be a valid indication of the extent to which a department’s real inflation adjusted resources are growing (or decreasing) from the prior year. This is often the case because:

- Many departments had grants or service contracts in 2004 which are not renewed in 2005, or vice versa.
- Several departments have other unique items in 2004 which are not present in 2005 (special election costs, capital equipment purchases, one time projects, etc.).

It is necessary to review each department’s situation in some detail to determine what is happening in 2005. I would refer the reader to the “Budget Highlights” section in each departmental budget for a fuller explanation of any budgetary changes.

General Fund

Use of Prior Fund Balance

The tables below present the actual financial results for the General Fund during the 1994-2003 period, and the budgeted amounts for 2004-2005. As indicated in the table, the trend during the last decade has been largely positive. Both a strong economy and prudent fiscal policies have produced favorable financial results. However, the actual results for 2002, and the budgeted deficits for 2004 and 2005, reflect a changed fiscal environment. In fiscal 2004 we have budgeted a \$3.2 million deficit, most which is for one-time expenses. The proposed 2004 budget also reflects a deficit (\$4.4 million); again for one-time expenses.

If the 2004 actual results match the budget, the General Fund balance will be approximately \$22.1 million at the end of 2004 (see Figure 4). It is the County's policy to maintain a fund balance for emergency and working capital purposes which is between 5% and 8% of the budget. We will still be slightly above that range at the end of fiscal 2004, and slightly below the top of the range at the end of 2005 (as shown in Figure 5).

**General Fund Summary
Difference Between Revenues &
Expenditures**

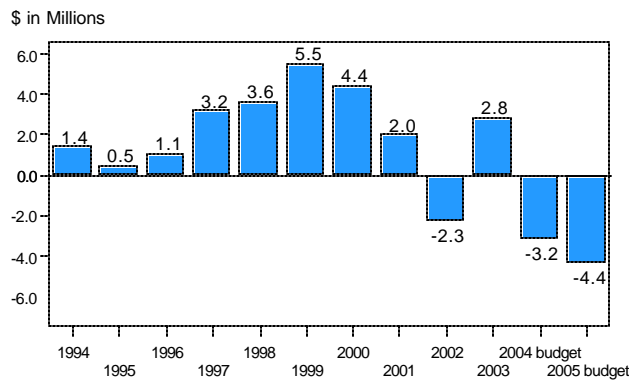


Figure 3

It should be noted that these charts for 2004-2005 represent the budgeted figures. It is our hope that fiscal 2004 actual results will be slightly more positive than budgeted. However, the net fiscal impacts of the 2004 Lakewood police transition make projections somewhat uncertain.

Unreserved General Fund Balance

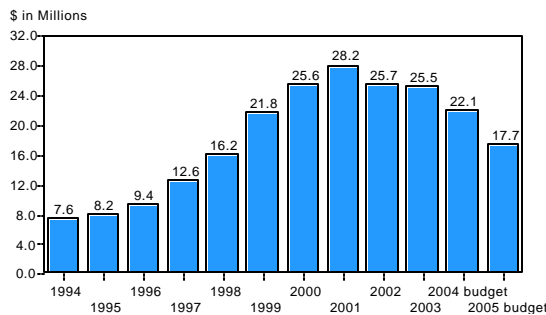


Figure 4

**Unreserved General Fund Balance as a
Percent of the General Fund Budget**

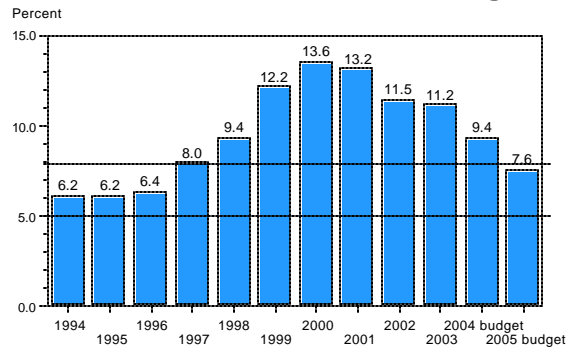


Figure 5

Other County Funds

A great many of the County’s programs are financed from sources outside of the General Fund. In total, 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 later in the document in the Total Expenditures/Expenses table.

Major Community & Human Services Funds

The County is a major provider of community and human services through programs funded primarily from state and federal grants. Due to the vagaries of the grant funding process, these budgets often vary significantly from year to year. The major 2004 changes are as follows:

- ◇ The decrease in **Community Action** is primarily due to reductions in the energy services and employment and training programs.
- ◇ The 2005 budget for **Community Development** reflects a reduction in the federal CDBG allocation.
- ◇ The 2005 budget for the **Housing Repair Program** is 10% less than 2004 due to decreases in the supporting housing programs.
- ◇ The 2005 budget for the **Low Income Housing Fee Fund** reflects the anticipated carryover of 2004 revenues to be made available during the funding rounds occurring semi-annually.
- ◇ **Human Services** shows a slight decrease in overall funding, which is composed of budget increases for the Mental Health and Chemical Dependency programs, and decreases for Building Projects, Aging and Long Term Care and Developmental Disabilities.
- ◇ The **Puget Sound Behavioral Health** fund reflects an overall increase in direct services projected for next year.

It is our belief that the funding from state and federal sources is simply inadequate to finance the service levels which ought to be provided. We are working with state and federal agencies to increase the funding levels, and it is possible that additional grant monies will be secured in 2005. However, even these potential new grants will probably be insufficient to cope with many of the human service needs in Pierce County. Even though most of the funding for these human and community service programs comes from state and federal grants, the General Fund and other locally generated revenues still provide a sizeable contribution, as indicated in the table. In addition, many of the General Fund dollars allocated to the Health Department will in turn be budgeted for social and human services.

Community Services & Human Services			
Fund	2005 Budget	2004 Budget	% Change
Community Action	\$ 5,881,770	\$ 6,547,261	(10.2)%
Community Development	5,195,020	5,599,460	(7.2)%
Housing Repair Program	6,094,170	6,736,257	(9.5)%
Low Income Housing Fund	4,100,000	3,500,000	17.1%
Human Services	93,270,270	93,504,940	(0.3)%
Puget Sound Behavioral Hlth	13,678,880	12,001,570	14.0 %
Total	\$ 128,220,110	\$ 127,889,488	0.3 %

General Fund Contributions	
AIDS Foundation	\$18,300
Alliance Against Domestic Violence	37,000
Alliance for Youth	20,000
Breast Cancer Awareness Center.....	20,800
Centro Latino.....	41,590
Community Action Grant Match	50,000
Day Care Referral Program	19,010
Domestic Violence Commission.....	64,250
D.V. Safe Home Project	10,000
D.U.I. Program	8,290
Emergency Food Network	11,650
Family Counseling Services	3,130
Farm to Market Vouchers	10,000
Involuntary Commitment Program	98,000
Lindquist Dental Clinic.....	10,000
Mental Health Services in the Corrections operations	669,980
Pierce County Alliance – CRESTOS	7,490
Senior Centers	192,230
Sexual Assault – Allenmore	9,150
Social Service Programs (earmarked property taxes)	1,124,750
Social Service (substance abuse Program from liquor taxes)	31,080
TACID.....	23,560
Community Action Beyond the Borders	25,000
Domestic Violence Hotline.....	28,050
YWCA Domestic Violence Shelter.....	56,950
Youth Assessment Center	110,000
Family Justice Center.....	127,000
	\$2,817,260

Other County Funds

Transportation Services Funds

The county has major transportation responsibilities, and accounts for these responsibilities and service costs in six major funds:

- ◇ **County Roads** – roadway and traffic maintenance services, and allocations for construction projects.
- ◇ **Roads Construction Fund** – new construction and major roadway repair projects.
- ◇ **Pierce County Ferry Services** – operating and capital expenses related to Island ferry services.
- ◇ **Airport** – capital, operating and maintenance expenses at the Pierce County Airport.
- ◇ **Roads Second REET** – major specific capital projects.
- ◇ **Transportation Facilities** – major facility projects.

The 2005 budgets, with comparisons to 2004, are shown in the table. The major items of note for next year are:

- ◇ **County Roads Fund** – two new staff positions, and significant allocations for roadway construction projects and ongoing maintenance responsibilities.
- ◇ **Roads Construction Fund** – a substantially enhanced capital construction program.
- ◇ **PC Ferry Services Fund** – major allocations are provided for a new ferry boat, and repairs to the Anderson Island landing.
- ◇ **Roads Second REET** – reflects an increase in the capital improvement program in 2005.
- ◇ **Transportation Facilities** – construction of the Combined Roads Maintenance Facility, design for a possible Transportation Services Building, and construction of the Rhodes Lake Maintenance Facility.

Road Funds			
Fund	2005 Budget	2004 Budget	% Change
County Roads Fund	\$62,991,550	\$66,830,370	(5.7)%
Road Construction Fund	53,313,000	38,266,000	39.3 %
PC Ferry Services Fund	13,947,330	7,211,370	93.4%
Airport Fund	535,830	585,610	(8.5)%
Roads Second REET	10,736,680	11,044,060	(2.8)%
Transportation Facilities	26,600,000	5,304,000	401.5 %

Parks and Recreation Funding

Although the County's General Fund provides a direct allocation for parks and recreation services (\$5.9 million in 2005), there are several other county funds which provide parks and recreation services or which construct, repair, or enhance parks and recreation facilities. The 2005 budgets for these funds are shown in the table. Although this \$30.3 million total includes some double counting (transfer between funds for project accounting purposes), the above allocations still represent an enormous commitment by the County and its citizens to greatly enhanced parks and recreation programs – for new facility construction as well as annual programs and services.

Parks Funds	
Conservation Futures	\$3,077,970
Parks Impact Fees	1,755,750
Parks Sales Tax	1,850,000
Peninsular Recreation Programs	320,000
Parks Second REET	3,003,260
Paths and Trails	2,743,120
Parks Bond Construction Fund	13,708,890
Parks Construction Fund	2,712,270
Golf Courses	1,104,200
Total	\$30,275,460

Environmental Services Funds

The county Public Works and Utilities Department has five funds which deal with environmental issues. These funds and budgets are listed in the table. The major aspects of each fund can be summarized as follows:

- ◇ **Sewer Utility** – the budget includes 9 new positions – 3 engineers in development engineering to speed-up the permit review turnaround times, 2 staff for capital and environment projects and documents, 2 treatment plant operators, and 1 information technology and 1 records specialist position

Other County Funds

(both shared with the solid waste and surface water management funds). The budget also reflects a rate increase (average 3%).

- ◇ **Surface Water Management** – the budget reflects 2 additional positions for inspections and basin plan implementation.
- ◇ **Solid Waste** – reflects a new supervisor position for the Pierce County Responds program.
- ◇ **Water Utility** – reflects an increased allocation for consulting services relative to the County’s Water General Plan.
- ◇ **REET River** – the 2005 budget reflects flood plain land acquisitions, and the Old Soldiers Home Setback Levee project (whose status is currently uncertain).

Environmental Services Funds			
Fund	2005 Budget	2004 Budget	% Change
Sewer Utility	\$81,363,770	\$81,890,090	(0.6)%
Surface Water Management	20,252,880	18,642,220	8.6 %
Solid Waste	4,765,630	4,902,140	(2.8)%
Water Utility	198,750	162,830	22.1 %
River - REET	2,664,520	1,779,800	49.7 %

Internal Service Funds

Internal Service Funds provide services, supplies, and equipment to other County departments, which pay for these services through various billing systems. In essence, these funds operate under the enterprise fund business model, except that their customers are other County departments. The long-range goal is to establish rates which will pay all operating and capital costs, and to insure that the General Fund does not need to subsidize these activities. The following summarizes **significant** changes in the 2005 budgets:

- ◇ **Equipment Services Fund** – the increase results from both scheduled vehicle replacements, and requests for new additions to the fleet.
- ◇ **Information Services** – reflects 2 additional positions added for systems development and support functions.

Internal Service Funds			
Fund	2005 Budget	2004 Budget	% Change
Equipment Services	\$12,706,240	\$10,240,150	24.1 %
Information Services	16,056,770	15,497,760	3.6%
Facilities Management	10,171,810	9,918,760	2.6 %
Radio Communications	1,933,330	2,003,125	(3.5)%
Fleet Rental	3,521,020	3,724,720	(5.5)%
General Services	2,900,800	2,821,480	2.8 %
Self Insurance	8,323,870	8,221,350	1.2 %
Workers Compensation	2,902,510	2,785,060	4.2 %

Many of these internal service funds will rely upon prior fund balance in order to support their 2005 budgets. This results from both the scheduled replacement of capital assets using depreciation reserves, and our desire to keep charges to other funds (especially the General Fund) to a minimum.

Special Revenue & Other Funds

The remaining County Funds have been established by state law or county ordinance to separately record the revenues and expenditures associated with specific programs. The most important 2005 budget highlights are:

- ◇ **The Imaging System Fund** – contains major allocations to preserve the oldest records in the Auditor’s Office, image the “property cards” and other documents in the Assessor’s office, and assist in the preservation of official county records in the Public Works department.
- ◇ **911 System Fund** – major technology improvement allocations & partial funding for the new E.O.C.
- ◇ **REET Capital Improvement Fund** –substantial construction and repair items in several county facilities.
- ◇ **Chambers Creek Golf Course Fund** – provides for the design costs for both the course and clubhouse, and the 2005 course construction expenses.
- ◇ **Emergency Management Grants Fund** – reflects the continued increase in the number and dollars from federal emergency management grants (mostly related to homeland security). The proposed budget for next year is now up to \$4.9 million.

Summation

Unresolved Issues

Most issues are resolved during the budget preparation and adoption process. However, there are usually several issues which will “play-out” later once the new year is underway, and as developments unfold or new information becomes available. This budget is not unusual in that respect. We have several issues that are still in their formative stages, and which will need a resolution, and perhaps additional funding, in 2005.

- ◇ Pension Rates – the State Department of Retirement is recommending that **extremely** large increases in Pension rates be enacted on July 1, 2005. The proposed increases are shown in the table.

	Current Rate	Proposed Rate	% Increase
PERS	1.40%	5.21%	272%
LEOFF	3.26%	4.72%	45%

Further dramatic increases are proposed for 2007 and 2009. If these increases are approved by the State Legislature as proposed, the additional **unbudgeted** costs in 2005 (we budgeted 12% as of July 1, 2005) would be \$3.3 million (\$2 million General Fund). Since this is a mid-year increase, the full cost impact in 2006 would be double the above figures. We will diligently follow this issue in early 2005 as the State addresses retirement system rates through its 2005-2007 budget process. If rate increases which approach the levels referenced above are approved, we may be forced to modify our 2005 budget in mid-year. That modification would likely result in a reduction in service and staffing levels.

- ◇ Office Space/Courtrooms– we are renting at least 200,000 sq. ft. of office and storage space, at an estimated cost in excess of \$2,000,000. This problem becomes more acute each year, and needs to be addressed in the near future. A more immediate space problem concerns the Superior Court, which needs additional courtrooms, judges’ chambers, and space for support staff. We are hopeful that the remodeling of the Corporate Express Building, the City’s vacating the County-City Building, the move of Community Services to the P.S.B.H. facility, and the potential purchase of the “Hess Building” will provide the needed county-owned space.
- ◇ Habitat Preservation– the County's responsibilities under the Endangered Species Act are still unfolding, and subject to a future series of federal and state guidelines, plan approvals, modified practices, and Council adopted regulations. We have already budgeted significant monies to fund our participation in this process, to assist in the generation of the necessary regulations and plans, and to finance several capital improvements. It is uncertain whether additional allocations may be required to fully comply with all that will be eventually mandated by this Act.
- ◇ New Jail Operation– we originally planned to house an average daily population of 1,412 when the New Jail first opened in 2003. However, the jail population levels have consistently remained below 1,300, and thus we reduced our staffing levels accordingly in 2004. Compliance releases still occur, but are not at a level thus far which would cost-justify opening a new 84 bed pod. This could change in the future due to any number of factors, and we need to be prepared to respond as circumstances require.
- ◇ Emergency Operations Center– both the Executive and Council feel that the current location of the emergency operation center in the basement of the County-City Building is inappropriate. It is our current plan to partner with the City of Tacoma (and perhaps other jurisdictions) to co-locate a permanent joint facility at the Corporate Express Building. We are in the early stages of design and cost estimation, and have not yet finalized the financial plan for the project.
- ◇ New Jail Construction Costs–we have completed and opened the New Jail, and completed the remodeling of the Main Jail. Due to several construction and system cost issues which have yet to be resolved, we do not have a final total cost figure for the New Jail project. It is our belief that monies in the Jail Construction fund (e.g. interest earnings) will be sufficient to pay for any additional expenses without the need for a General Fund allocation.

Overview

The 2005 budget is being submitted to the County Council at a time of unusual fiscal stress. Issues surrounding the general state of the economy, Homeland Security responsibilities, the crippling affects of I-747, and the impact of the State's fiscal difficulties argue for a cautious approach to next year's budget. We are also advising caution with regard to the use of any fund balance reserves. It is my view that the use of reserves should only be for one-time activities or projects (e.g. new facilities, building remodeling, transition expenses), or for emergencies. They should not be allocated for ongoing staff and programs.

Despite these pressures and uncertainties, this budget moves us forward in many vital arenas:

- ◇ Funding for Sheriff's Department full 24/7 patrol coverage
- ◇ Major new parks and recreation facilities and improvements
- ◇ A significant transportation improvement program
- ◇ Major improvements in the staffing levels at P.A.L.S. and the Sewer Utility to deal with permit backlog issues and the implementation of the Directions Package.

Prognosis for Fiscal 2006

In this uncertain time it is difficult to confidently project ahead to fiscal 2006. Based upon our best "crystal ball" judgments, this is what we see:

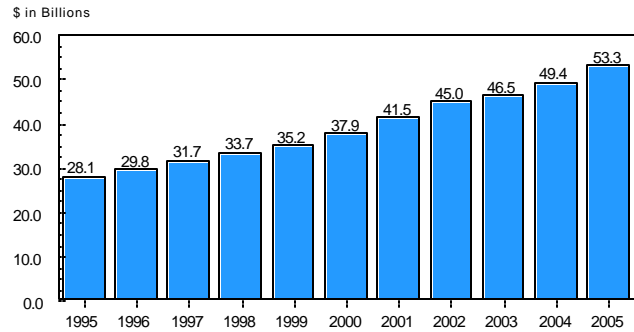
- ◇ The state and local economies should enjoy a period of moderate growth over the next 24 months.
- ◇ It is likely that fiscal 2006, without the approval of any new tax increase measure, will be worse than fiscal 2005 for the following reasons:
 - the impact of I-747 becomes progressively worse with each passing year
 - State budget problems will likely result in more reductions in grants and allocations to local units of government
 - the impact of the New Jail (with the possible need for an additional pod) will add to our Corrections Department expenses
 - salary increases will be above the 1% property tax limitation, and health benefit increases will be significantly above the level of general inflation.
 - State pension projections reflect a dramatic increase for PERS and LEOFF rates, starting in mid 2005.
 - another significant property tax reduction initiative may be placed on the fall 2005 ballot.

Other Financial Information

Property Taxes and Assessed Valuation

Property tax is the largest source of revenue in the General Fund and is a major source of revenue for the Road Fund. The growth in this revenue is dependent upon both the actual growth in assessed valuation and the tax rate. The growth in assessed valuation from 2004 to 2005 is approximately \$3.9 billion (8%). Approximately 36% of the growth is due to new construction, and 64% is due to the revaluation of existing properties. Please keep in mind that the County's General Fund share of the total property tax is only 11% of the total. Most of the property tax paid by our citizens is allocated to the State of Washington, cities, and local schools.

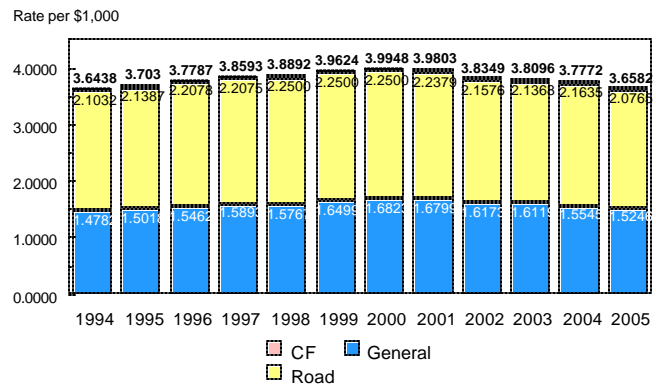
Total Assessed Valuation



Property Tax Levy Rates

Levy rates determine the amount of tax that a property owner pays per thousand dollars of assessed value. The November 2001 passage of Initiative 747 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), which is 2.39% in 2005. This limitation on the growth in property tax revenues coupled with an inflationary increase in existing property revaluations has resulted in a 2% reduction in the 2005 County Levy rate from 2004; and over 9% since the initiative was enacted. The Road Levy tax rate has decreased by 4% from the 2004 rate and the Conservation Futures tax is down 3% from 2004.

Combined Property Tax Millages



Note: The Conservation Futures rate was reduced to .0247 in 1996 due to levy lid limits, and .0600 in 2002, .0609 in 2003, .0592 in 2004, and .0571 in 2005 due to the impact of I-747 and the 1% limit.

Property Tax Levies					
	2004		2005		
	Tax Rate ¹	Revenue	Tax Rate ¹	Revenue	
A. County Levy (\$1.80 maximum)		Assessed Value: \$49,371,343,053		Assessed Value: \$53,305,805,336	
General Fund	\$ 1.5209	\$ 75,088,885	\$ 1.4917	\$ 79,516,700	
Administrative Refund RCW 84.69	0.0024	121,942	0.0023	120,510	
Sub Total General Fund	1.5233	75,210,827	1.4940	79,637,210	
Veteren's Relief	0.0097	478,466	0.0095	507,180	
Social Services	0.0215	1,060,178	0.0211	1,124,750	
Total County Levy	1.5545	76,749,471	1.5246	81,269,140	
B. Conservation Futures (\$.0625 Maximum)	0.0592	2,922,288	0.0571	3,041,970	
		Assessed Value: \$21,101,448,654		Assessed Value: \$22,989,836,113	
C. Road District Levy (\$2.25 Maximum)					
Allocated to Road Fund	1.7377	36,668,620	1.6699	38,390,790	
Law Enforcement Levy	0.4231	8,927,774	0.4066	9,347,070	
Administrative Refund RCW 84.69	0.0027	56,791	-	-	
Total Road District Levy	2.1635	45,653,185	2.0765	47,737,860	
TOTAL COUNTY TAX LEVIES	\$ 3.7772	\$ 125,324,944	\$ 3.6582	\$ 132,048,970	

¹Tax rates are applied to each \$1,000 of assessed value.

Other Financial Information

Debt Capacity

Under Washington State Law, a county may issue general obligation debt for general county purposes in an amount not to exceed 2½% 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 in an amount up to 1½% of the actual valuation within the County without a vote of the people. No combination of limited or unlimited tax debt may exceed 2½% 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 in the following table, we have a significant debt issuance capacity for both limited and unlimited debt. The County currently has no voter approved debt outstanding.

Debt Capacity as of September 30, 2004

2004 Assessed Valuation for 2004 Tax Collections		\$ 53,305,805,336
 A. Inside Levy (issued without vote of the people)		
Legal Limit (1.5% of property value)		\$ 799,587,080
<i>Amount of Debt Applicable to Debt Limit:</i>		
Net Limited General Obligation Bonds	\$ 51,652,330	
Estimated Compensated Absences (12/31/2003)	16,443,000	
Installment Contracts - Ferry	2,893,471	
Total Limited Tax General Obligation Debt		70,988,801
Limited Tax General Obligation Debt Margin Available		\$ 728,598,279
 B. Outside Levy (issued with vote of the people)		
Legal Limit (2.5% of property value)		\$ 1,332,645,133
<i>Amount of Debt Applicable to Debt Limit:</i>		
Net Limited General Obligation Debt		\$ 70,988,801
Total General Obligation Debt Margin Available		\$ 1,261,656,332

Pierce County Bonded Debt Ratios Estimated at September 30, 2004

General Obligation Bonded Debt per Capita (excluding Proprietary GO/Debt, Compensated Absences, & Installment Contract)	\$ 69.43
Assessed Valuation per Capita	\$ 71,648
Ratio of direct G.O. Bonded Debt to Assessed Value (including Proprietary GO/Debt)	0.0010

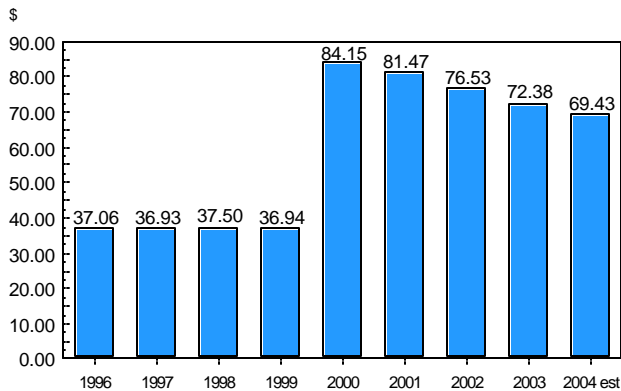
Pierce County Bond Ratings

	General Obligation	Sewer Revenue (Uninsured)
Moody's	Aa3	A-1
Standard and Poor's	AA-	A+

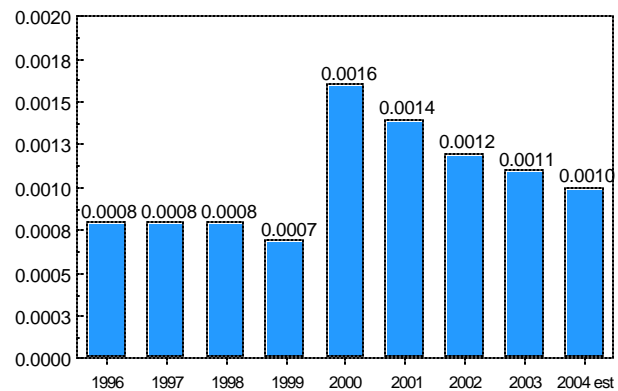
Other Financial Information

Pierce County has historically maintained consistently low bonded debt obligations, as shown in the tables below. The Net Bonded Debt per Capita and Ratio of Net Bonded Debt to Assessed Valuation have not changed appreciably in the last five years and are well below national averages. We consequently have both a large legal margin available if needed, and an existing debt structure which does not have a major negative impact upon the annual budget. The sale of \$37 million debt for the new Detention Center (in late 2000) significantly affected the ratios, although we still remain well below national averages.

Net Bonded Debt per Capita (G.O. Bonds Only)



Ratio of Net Bonded Debt to Assessed Value (G.O. Bonds Only)



The table below presents the Debt Service schedule for the bonds payable from general County revenues (excluding proprietary fund debt). As the table indicates, we will retire 30% of the outstanding principal by the end of 2008, and 55% by the end of 2013.

GOB DEBT SERVICE SCHEDULE as of 12/31/2003 (amounts in thousands)

Year	Principal	Interest	Total Debt Service
2004	2,714	2,717	5,431
2005	2,766	2,574	5,340
2006	2,908	2,436	5,344
2007	2,388	2,290	4,678
2008	2,207	2,188	4,395
2009-2013	12,554	9,317	21,871
2014-2018	11,005	6,322	17,327
2019-2023	11,525	3,367	14,892
2024-2028	5,465	445	5,910
Total	\$ 53,532	\$ 31,656	\$ 85,188

Capital Improvement Program Summary

On November 29, 1994 the Pierce County Council adopted the Pierce County Comprehensive Plan to comply with the provisions of the Growth Management Act (ESHB 2929). The plan includes a six-year Capital Facilities Plan (CFP) for financing capital improvements that supports the County's current and future population and economy. This plan is amended annually. The plan amendment to reflect projects for 2005 through 2010 was adopted by the County Council in November of 2004. State legislation requires the County's Capital Facilities Plan to include certain public facilities which are not governed, owned, financed or constructed by Pierce County, such as school districts, water districts, fire districts, library districts, and public transportation systems.

One of the principal criteria for identifying needed capital improvements is standards for level of service (LOS). The CFP specifies the LOS standards for each public facility and requires that new development be served by adequate facilities. The document also includes the designation of facilities required to be concurrent which means "...that adequate public facilities are available when the impacts of development occur". Objectives, principles, and standards that guide and implement the provision of adequate public facilities are contained in the CFP.

For each category of public facility, the Plan includes a current facilities inventory, LOS capacity analysis and projected facility requirements, proposed projects, and related financing plans and operating impacts. The overall purpose of the CFP is to use sound fiscal policies to provide adequate public facilities consistent with the Land Use Element of the Comprehensive Plan on a schedule concurrent with, or prior to, the impacts of development. This will allow the County to achieve and maintain adopted standards for LOS, and to exceed the adopted standards when possible.

In many instances, the CFP reflects other long-range or master plans which have been adopted by the County Council for certain types of facilities, such as the Transportation Improvement Plan, 14-year Ferry Plan, Comprehensive Solid Waste Plan, Comprehensive Flood Control Management Plan, Surface Water Management Plan, and the Parks and Recreation Master Plan. The Capital Facilities Plan does not authorize the expenditure of funds over the six-year time frame of the plan. Rather, the funds for capital projects are appropriated annually in the County's Budget.

Definition of Capital Improvement

In order to be considered a "capital improvement", the expenditure must be for the acquisition of a physical asset which has a useful life in excess of one year and which has a value/cost of at least \$50,000. Excluded from the definition are such items as vehicles, office and data processing equipment, other equipment items (unless they are an integral part of the larger physical improvement), and normal repairs and maintenance. Capital projects and expenditures reflected in the CFP include the cost of design/engineering, land acquisition, construction and acquisition of related equipment, debt service on bond issues, etc.

Impact on the 2005 Operating Budget

The 2005 budget includes capital improvement projects related to roads, the ferry system, utilities, parks, general government buildings, and river and surface water systems as shown in the following summary. When completed, these capital projects will impact 2005 operating budgets to varying degrees, and those impacts have been included in the appropriate budgets.

Minimal maintenance and operating costs are anticipated due to the land acquisitions in Conservation Futures. Several of the regional park projects are through partnerships with other entities who will participate in future maintenance costs. Continued flood plain purchases with REET-River funds is expected to reduce future maintenance costs associated with river control.

Existing County maintenance programs will absorb costs resulting from the completion of the Foothills Trail, capital improvements to the airport, county-owned facilities, and additional infrastructure projects (road/transportation, storm drainage, and sewer utility).

Other Financial Information

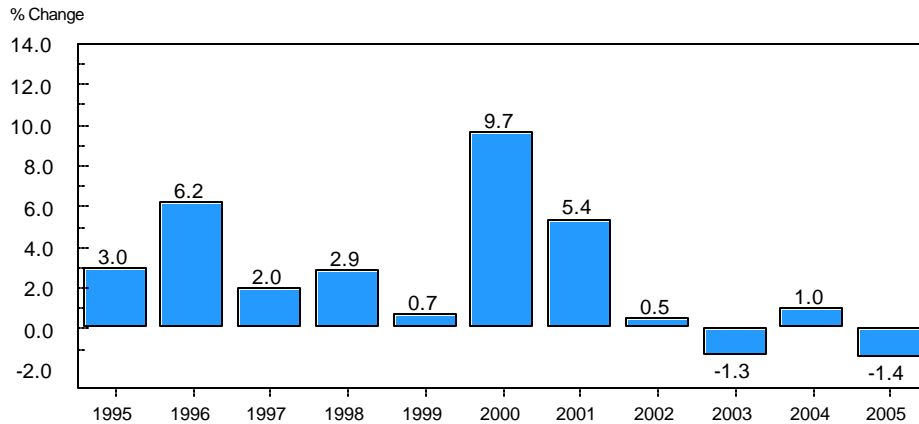
The following summary presents the projects in the Capital Facilities Plan which have been appropriated for in the 2005 Budget. Project details, including funding sources, can be found in the individual budget sections of the 2005 Budget Document, and in the Capital Facilities Plan which is part of the Pierce County Comprehensive Plan

Airport - improvement projects	\$ 62,500
Adult Detention Facilities	197,000
General Administration Buildings- improvement projects and major repairs	3,561,800
Human Services Buildings- improvement projects and major repairs	929,200
Law Enforcement - Sheriff Facilities	3,717,500
Parks and Recreation - regional parks/paths and trails	26,871,500
Superior Court – miscellaneous courtroom projects	50,000
River Improvement- various projects	2,664,500
County Roads- Ferry System – new 54 car ferry and other improvements	11,690,600
County Roads - Transportation Improvement Plan projects	53,313,000
County Roads – facility improvements	26,775,000
Sewer Utilities - system capital improvements	18,069,000
Solid Waste Management – safety improvements	65,000
Surface Water Management - stormwater systems	9,314,500
Total Capital Project Appropriation–2005	\$ 157,731,100

Staffing Information

As the population of Pierce County has increased, the demand for county services has risen correspondingly. General Fund staffing (authorized positions) has increased by 384 FTEs (24%) since 1995 while staffing in all other funds (special revenue, enterprise, and internal services) has increased by 301 FTEs (33%). Overall, 685 FTEs have been added since 1995, an increase of 27%.

Percent Change in County-wide Staffing



A significant upsurge in new staffing occurred in 1996 from the impact of the state criminal justice revenue, the local option .1% sales tax, and additional Road Fund revenues. The growth in 1997 through 2000 was due to a) staffing requirements for the new Jail Annex and expanded juvenile detention facility, b) additional staff to address court system caseload issues, primarily in the Prosecutor's Office, c) public safety staff enhancements (especially Sheriff's Department), and d) an increase in Human Services staff.

In August of 2000, the County took over Inpatient Services at Puget Sound Behavioral Health (PSBH), eventually adding 239 new staff positions to the County in fiscal 2000 and 2001. The PSBH FTE count subsequently dropped to 170 in 2002 as service centers were restructured, and the chemical dependency outpatient, detoxification center, and associated services were eliminated. This is a major cause for the small 2002 percentage changes. The other cause is Initiative 747 (1% property tax limitation).

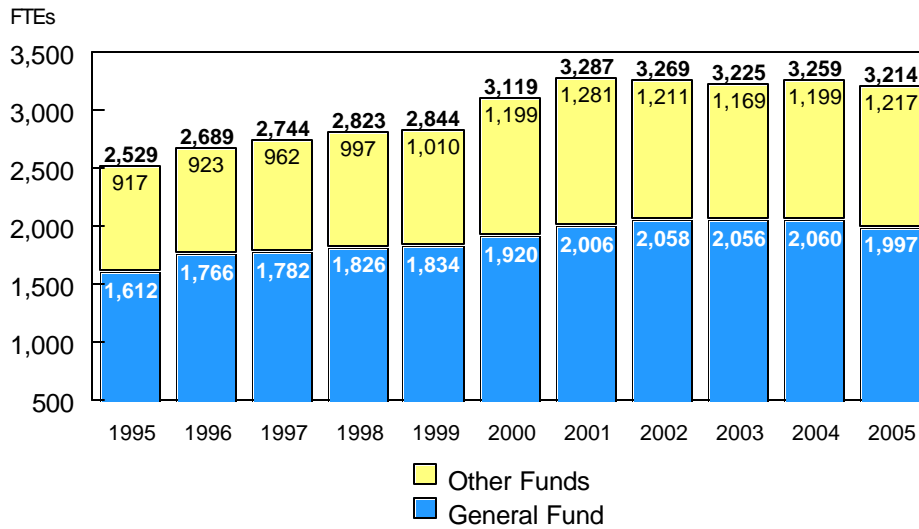
Several major initiatives impacted the 2003 staffing levels including a new Computerized Appraisal Tax System (reduction of 14 FTE's), the consolidation of the District Courts (reduction of 4 FTE's), and a revision in the Corrections phasing plan for staffing of the new jail (8 FTE's). A reduced level of Involuntary Treatment Program state funding caused a scale back, eliminating 4.3 FTE's. Net reduction of 44 more FTE's in 2003 in the PSBH Fund (18 staff moved to the Human Services Fund) completed the final adjustments to the inpatient program. Conversely, 22 new positions were added in the General Fund in 2003, mostly in the Sheriff Department to address services levels and in PALS for fee-supported activities.

The 2002-2005 staffing levels also reflect the continuing impact of I-747 on resources. This 4-year period is the only such time in the last twenty years that staff levels have actually declined. Although the 2004 total staffing level increased by 1.0%, the small increase of staff in the General Fund was grant or contract related. The 2004 General Fund staffing level actually supported by county monies decreased by 15 positions due to the closure of "C" wing at Remann Hall and institution of a new Alternative Detention Services program in that portion of the building.

In 2004 the loss of the Lakewood Sheriff contract eliminated 103 positions, 18 of which were budgeted to enable 24/7 coverage. The Directions Package will result in 13 new positions in PALS in 2005. Several positions have been added in Justice Services, Transportation and Environmental Services to enhance service levels. However, as the following charts indicate, the net bottom line impact upon staff levels will be negative in 2005.

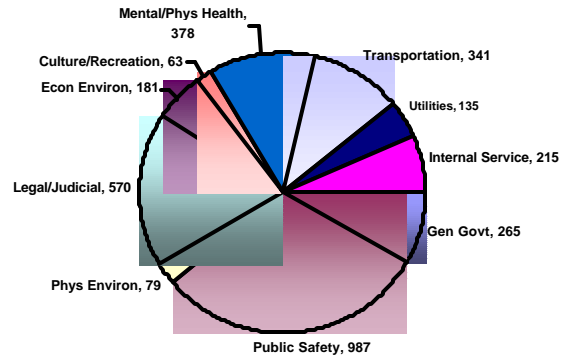
Other Financial Information

County-wide Staffing Summary



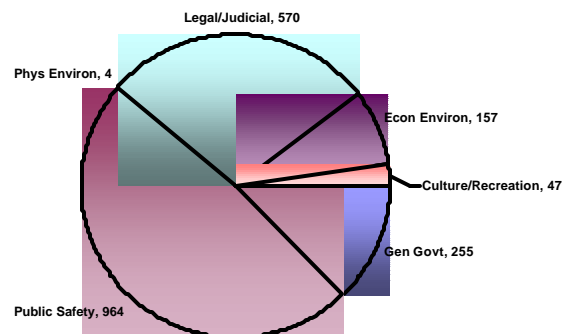
2005 Total County Staffing Summarized by Function

The Public Safety and Justice Services systems, combined, account for 50% of the total County staff, with the Mental and Physical Health system at 13%. Sixteen percent of the total staff support Transportation, Utilities, and the Physical Environment. Two percent of the total staff are related to Culture and Recreation. Almost five percent are involved in Economic Environment activity and 14% of staff provide general government functions (including internal service funds).



2005 General Fund Staffing Summarized by Function

The Public Safety and Justice Services systems combined accounts for just over 78% of all General Fund staff. Twelve percent provide General Governmental services. Almost 7% of the General Fund staff support Economic Environment activities and almost 3% are involved in Culture and Recreation, and Physical Environment activities.



Other Financial Information

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

Other Financial Information

STAFFING SUMMARY

	1995 FTE	1998 FTE	2000 FTE	2001 FTE	2002 FTE	2003 FTE	2004 FTE	2005 FTE	Change from 1995
General Fund:									
Assessor/Treasurer	96.50	97.80	98.80	100.30	98.30	90.30	90.10	90.10	(6.40)
Assigned Counsel	75.67	92.70	89.50	85.90	83.20	85.00	85.60	90.60	14.93
Auditor	40.00	41.00	41.00	42.00	43.00	43.00	43.00	44.00	4.00
Budget & Finance	42.15	42.85	43.95	43.95	43.45	43.20	44.20	44.15	2.00
Clerk of the Superior Court	45.00	50.00	52.50	54.50	53.50	57.00	58.00	57.00	12.00
Communications	-	-	-	5.00	5.00	5.00	5.00	5.00	5.00
Corrections	246.10	341.30	347.80	349.80	393.80	377.70	377.80	377.70	131.60
County Council	31.00	32.00	31.00	29.50	29.50	29.00	29.00	29.00	(2.00)
County Executive	8.75	6.75	6.75	8.75	8.00	8.00	8.00	8.00	(0.75)
District Court	69.10	68.20	65.50	64.50	64.50	70.00	74.00	74.00	4.90
District Court 2 - Gig Harbor	6.00	6.77	6.00	6.00	6.00	-	-	-	(6.00)
District Court 3 - Eatonville	3.75	3.75	3.75	3.75	2.25	-	-	-	(3.75)
District Court 4 - Buckley	1.10	1.25	1.30	1.30	1.30	-	-	-	(1.10)
District Court Probation	19.00	29.00	35.00	37.00	37.00	36.00	36.00	35.50	16.50
Economic Development	2.10	3.58	3.80	5.80	4.80	6.15	7.15	7.00	4.90
Emergency Management	23.30	21.30	21.40	22.40	22.12	22.07	23.03	26.00	2.70
Facilities Management Fund	4.18	-	-	-	-	-	-	-	(4.18)
Human Resources	20.00	22.00	24.00	24.60	24.60	24.60	26.60	27.60	7.60
Juvenile	142.70	173.22	174.52	178.82	179.12	186.62	176.12	177.12	34.42
Medical Examiner	12.00	12.00	13.00	13.00	14.00	14.00	14.50	14.50	2.50
Parks & Recreation Services	46.60	47.95	49.68	50.68	50.63	50.65	49.52	43.05	(3.55)
Planning & Land Services	133.25	121.50	127.75	125.50	124.50	131.50	131.62	149.62	16.37
Prevention Services & Pgms	-	-	.80	.73	.41	.64	1.22	-	-
Prosecuting Attorney	183.50	215.60	219.07	221.57	231.72	232.22	227.22	228.22	44.72
River Improvement	11.77	-	-	-	-	-	-	-	(11.77)
Sheriff	264.00	293.50	357.00	428.00	434.00	440.00	449.00	364.00	100.00
Special Projects	6.75	14.63	14.99	9.89	10.60	10.49	10.92	11.00	4.25
Superior Court	74.40	83.38	87.38	88.88	88.88	88.88	88.88	89.88	15.48
WSU PC Extension	3.60	3.60	3.60	3.60	3.60	3.62	3.62	3.60	-
Total General Fund	1,612.27	1,825.63	1,919.84	2,005.72	2,057.78	2,055.64	2,060.10	1,996.64	384.37
Special Revenue Funds:									
Anti-profiteering Revolv. Fd	1.00	-	-	-	-	-	-	-	(1.00)
Arts & Cultural Services	3.10	3.10	1.79	1.79	1.64	1.51	1.66	1.59	(1.51)
Auditor Maint. & Operations	1.00	1.00	2.00	.50	.50	.50	.50	.50	(0.50)
Community Action	43.28	47.88	59.31	59.56	52.21	49.30	50.77	49.55	6.27
Community Development	11.80	13.32	9.96	12.00	10.22	9.92	8.66	12.01	.21
Conservation Futures Fund	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
County Road Fund	330.50	329.20	326.35	328.70	327.03	330.28	335.70	337.79	7.29
Criminal Justive Fund	-	1.00	-	1.00	1.00	2.00	2.00	2.00	2.00
Detention Center Commissary	-	-	-	-	2.40	3.00	3.90	3.00	3.00
Drug Investigation Fund	2.00	-	-	-	-	-	2.00	2.00	-
Emergency Mgmt Grant Fd	-	-	-	-	3.88	8.88	10.87	9.88	9.88
Endangered Species Act	-	-	-	-	.62	.62	-	-	-
Geographical Info.System	16.00	18.00	19.00	19.00	18.00	17.00	17.00	17.00	1.00
Housing Repair Program	10.00	10.00	12.00	12.00	11.50	12.26	12.66	12.30	2.30
Human Services	102.01	134.12	143.74	185.23	202.11	220.20	220.37	220.37	118.36

Other Financial Information

STAFFING SUMMARY

	1995 FTE	1998 FTE	2000 FTE	2001 FTE	2002 FTE	2003 FTE	2004 FTE	2005 FTE	Change from 1995
Law Enforcement Fund	93.30	72.00	47.00	-	-	-	-	-	(93.30)
Park Impack Fees			-	-	-	-	-	.05	.05
Parks Sales Tax			-	-	-	-	.64	1.00	1.00
Paths and Trails	1.25	2.05	1.47	1.47	1.52	2.11	2.02	1.02	(0.23)
Peninsula Recreation Program	-	-	-	-	1.00	2.00	2.00	2.00	2.00
Puget Sound Behavioral Health	-	-	183.29	238.59	170.05	108.40	106.04	106.04	106.04
Rainier Communications Comm	-	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00
Real Est Exc Tax Rvr	4.03	3.91	2.02	1.72	1.79	1.95	1.71	1.57	(2.46)
Safe Streets Fund	.50	-	-	-	-	-	-	-	(0.50)
Second REET Fund - Park			-	-	-	.25	.89	1.15	1.15
Surface Water Mgmt. Fd.	22.40	35.05	43.15	43.50	46.11	46.15	52.06	55.31	32.91
Tourism, Promo., Cap. Fac.	-	-	.13	.16	.10	.43	.42	-	-
Veterans Relief Fund	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	-
Wellness Program	1.00	1.00	1.00	-	-	-	-	-	(1.00)
911 System	3.70	4.35	4.50	4.50	4.78	4.88	4.96	4.00	.30
Total Spc Rev Funds	650.87	684.98	865.71	919.72	866.46	831.64	846.83	850.13	199.26
Capital Projects:									
Admin Bldg & Fac. Fund	.21	.13	.17	.16	.16	.16	-	-	(0.21)
Parking Facility Fund	-	.64	.56	-	-	-	-	-	-
Permanent Jail Const.	-	1.43	8.51	35.10	4.90	4.92	.89	.50	.50
REET-Capital Projects	1.67	1.07	1.07	1.69	2.69	2.74	3.47	2.85	1.18
Remann Hall Improv. Fund	1.17	-	-	-	-	-	-	-	(1.17)
1% for Arts Construction		-	-	-	.15	.25	.10	.10	.10
2501 Bldg-Corperate Express			-	-	-	-	-	1.29	1.29
Total Capital Proj	3.05	3.27	10.31	36.95	7.90	8.07	4.46	4.74	1.69
Enterprise Funds:									
Airport	1.00	2.02	1.50	1.60	1.60	1.60	1.60	1.60	.60
Chambers Creek Golf Course			-	-	-	-	-	.80	.80
Golf Courses	8.65	8.45	8.45	8.45	8.45	8.84	8.78	8.78	.13
P.C. Ferry Services	-	-	.67	1.32	1.32	1.07	1.61	1.65	1.65
Sewer Utilities Fund	84.75	98.65	103.26	102.11	104.66	104.66	111.76	118.43	33.68
Sewer Utility Construction	1.00	1.10	-	-	-	-	-	-	(1.00)
Solid Waste Mgmt. Fund	13.05	12.61	11.11	11.21	13.71	13.71	14.44	16.06	3.01
Water Utility Fund	-	-	.90	1.00	.30	.30	.31	.09	.09
Total Enterp Funds	108.45	122.83	125.89	125.69	130.04	130.18	138.50	147.41	38.96
Internal Srv Funds:									
Equipment Rental & Rev.	24.00	24.12	24.10	24.10	24.43	24.43	24.47	24.47	.47
Facilities Management	20.77	36.45	41.86	42.82	44.62	44.75	45.99	51.01	30.24
Fleet Rental	3.15	3.15	3.15	3.15	3.15	3.40	3.40	3.45	.30
General Services	6.70	7.20	8.20	8.20	8.20	8.20	8.20	8.20	1.50
Information Services Fund	87.54	99.64	104.00	105.00	108.00	102.00	110.00	112.00	24.46
Radio Communic. Fund	4.50	6.35	7.10	7.10	9.10	8.05	8.02	7.00	2.50
Self Insurance Fund	6.10	6.30	6.30	6.30	6.30	6.30	6.30	6.30	.20
Workers Compensation	1.90	2.70	2.70	2.70	2.70	2.70	2.70	2.70	.80
Total Int Serv Fnds	154.66	185.91	197.41	199.37	206.50	199.83	209.08	215.13	60.47
TOTAL FUNDS	2,529.30	2,822.62	3,119.16	3,287.45	3,268.68	3,225.36	3,258.97	3,214.05	684.75

Other Financial Information

Revenue and Expenditure Summaries

The following revenue and expenditure summaries present a variety of views of the funding sources available to the County, and the services and activities provided with these resources. A brief description of each of the tables is given below.

All Funds Comparison of 2005 Revenues and Expenditures.....31

The most comprehensive presentation of the functional expenditures and their related funding sources can be found in the All Funds Comparison of 2005 Revenues and Expenditures which displays this information by fund type.

Total Expenditures/Expenses.....32

The total 2005 budget for each Fund, or each department in the General Fund, can be found in the Total Expenditures/Expenses table

Departmental Expenditures/Expenses By Function.....34

The Departmental Expenditures/Expenses By Function table organizes the various Fund budgets and department budgets of the General Fund by functional category. The functional categories presented comply with the Budgeting, Accounting and Reporting System maintained by the State Auditor's Office.

Other Financial Information

ALL FUNDS COMPARISON OF 2005 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
Revenues/Other Financing Sources:								
Charges For Services	\$ 32,077,120	\$ 19,054,820	\$ —	\$ 1,797,000	\$ 32,790,440	\$ 23,044,670	\$ 5,124,181	\$ 113,888,231
Contributed Capital	—	—	—	—	4,015,000	—	—	4,015,000
Fines and Forfeitures	5,235,000	—	—	—	—	—	—	5,235,000
Intergovernmental Rev	26,672,550	141,602,640	—	14,724,150	4,863,240	54,020	19,876,019	207,792,619
Licenses and Permits	7,242,430	73,100	—	—	—	—	3,449,486	10,765,016
Other Financing Sources	—	—	—	1,400,000	13,095,150	—	—	14,495,150
Other Miscellaneous Rev	11,565,190	7,084,610	5,086,570	73,431,400	24,317,260	29,401,850	606,350	151,493,230
Other Taxes	2,189,070	10,892,650	—	3,600,000	150,000	—	—	16,831,720
Property Taxes	96,934,280	43,064,690	—	—	—	—	—	139,998,970
Sales Taxes	47,000,000	2,320,000	—	—	—	—	—	49,320,000
Use of Fund Balance	4,408,500	33,579,480	—	15,558,380	29,014,420	6,015,810	1,803,708	90,380,298
Total Revenues	\$ 233,324,140	\$ 257,671,990	\$ 5,086,570	\$ 110,510,930	\$ 108,245,510	\$ 58,516,350	\$ 30,859,744	\$ 804,215,234
Expenditures/Expenses:								
Cultural & Recreation	\$ 7,278,978	\$ 11,200,990	\$ —	\$ 16,637,170	\$ 7,454,200	\$ —	\$ —	\$ 42,571,338
Debt Service	—	—	5,086,570	—	—	—	—	5,086,570
Economic Environment	16,379,802	11,289,190	—	—	—	—	—	27,668,992
General Government	32,324,440	2,115,040	—	2,615,310	—	—	—	37,054,790
Internal Service	—	—	—	—	—	58,516,350	—	58,516,350
Legal & Judicial	61,464,400	188,130	—	542,670	—	—	—	62,195,200
Mental/Physical Health	3,531,210	113,360,710	—	929,740	—	—	30,859,744	148,681,404
Physical Environment	1,382,770	33,568,320	—	—	—	—	—	34,951,090
Public Safety	110,862,540	12,221,380	—	9,873,040	—	—	—	132,956,960
Transportation	100,000	73,728,230	—	79,913,000	14,483,160	—	—	168,224,390
Utilities	—	—	—	—	86,308,150	—	—	86,308,150
Total Expenditures	\$ 233,324,140	\$ 257,671,990	\$ 5,086,570	\$ 110,510,930	\$ 108,245,510	\$ 58,516,350	\$ 30,859,744	\$ 804,215,234

This table presents a comprehensive view of resources and services provided by fund type.

Internal Services are those services provided to ourselves, such as information services, 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 truer 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” 2005 Budget for Pierce County is \$751,768,714 (total budget of \$804,215,234 less Internal Service Funds of \$58,516,350 plus \$54,020 in Intergovernmental Revenue from non-county sources and \$6,015,810 in Internal Service Funds use of fund balance).

Other Financial Information

TOTAL EXPENDITURES/EXPENSES

	2003 Actual	2004 Budget	2004 Estimate	2005 Budget	Absolute Change	Percent Change
General Fund						
Assessor/Treasurer	\$ 10,069,671	\$ 9,621,630	\$ 9,600,630	\$ 10,545,580	\$ 923,950	9.6 %
Assigned Counsel	10,267,610	10,839,080	11,071,190	11,475,360	636,280	5.9
Auditor	5,835,606	7,277,170	7,215,730	6,043,520	(1,233,650)	(17.0)
Bond Debt Service	2,070,640	1,377,290	1,377,290	1,126,540	(250,750)	(18.2)
Budget & Finance	4,271,422	4,351,970	4,350,920	4,567,260	215,290	4.9
Building Remodel Projects	1,953,100	2,000,000	2,000,000	2,869,000	869,000	43.5
Clerk of the Superior Court	3,773,247	4,075,120	4,034,570	4,277,110	201,990	5.0
Communications	552,575	595,130	553,255	638,040	42,910	7.2
Corrections	36,110,923	37,336,860	37,936,860	38,411,600	1,074,740	2.9
County Council	3,152,860	3,222,140	3,222,640	3,389,440	167,300	5.2
County Executive	944,861	969,010	969,010	995,900	26,890	2.8
District Court	6,608,822	6,956,930	6,956,930	7,213,590	256,660	3.7
District Court Probation	2,273,257	2,526,020	2,476,570	2,638,210	112,190	4.4
Economic Development	753,838	1,154,070	964,470	930,220	(223,850)	(19.4)
Emergency Management	2,643,789	2,586,020	2,586,020	2,694,890	108,870	4.2
Health Services	3,080,340	2,995,310	2,995,310	3,082,700	87,390	2.9
Human Resources	2,455,768	2,785,850	2,785,850	2,924,900	139,050	5.0
Juvenile	15,705,082	16,605,981	16,605,950	16,889,110	283,129	1.7
Medical Examiner	1,688,911	1,716,210	1,700,210	1,762,650	46,440	2.7
Miscellaneous Current Expense	7,054,489	5,230,545	5,230,545	5,273,470	42,925	0.8
New Jail Reserve	2,000,000	2,000,000	2,000,000	—	(2,000,000)	(100.0)
Parks and Recreation Services	6,142,196	6,266,390	6,266,390	5,936,840	(329,550)	(5.3)
Planning and Land Services	12,673,267	13,085,457	12,935,244	14,925,810	1,840,353	14.1
Prevention Services & Programs	1,139,962	1,237,500	1,237,570	1,350,000	112,500	9.1
Prosecuting Attorney	19,880,048	21,060,200	20,972,784	21,651,650	591,450	2.8
Sheriff	51,247,385	54,094,370	52,758,757	46,428,720	(7,665,650)	(14.2)
Sheriff Transition	—	—	—	1,280,000	1,280,000	—
Special Projects	1,756,120	2,365,770	2,360,735	1,959,080	(406,690)	(17.2)
State Auditor	121,799	194,410	191,910	162,710	(31,700)	(16.3)
Superior Court	10,595,422	10,873,660	10,873,660	11,251,470	377,810	3.5
WSU PC Extension	554,742	607,050	607,050	628,770	21,720	3.6
Total General Fund	227,377,752	236,007,143	234,838,050	233,324,140	(2,683,003)	(1.1)
Special Revenue Funds						
Antiprofitteering Revolving Fnd	40	—	—	—	—	—
Arts and Cultural Services	230,451	289,420	270,590	264,750	(24,670)	(8.5)
Auditor's Maint & Operation	345,283	921,270	613,870	939,270	18,000	2.0
Community Action	5,454,840	6,547,261	6,547,261	5,881,770	(665,491)	(10.2)
Community Development Fund	5,245,266	5,599,460	3,896,230	5,195,020	(404,440)	(7.2)
Conservation Futures Fund	10,023,914	3,012,180	1,397,140	3,077,970	65,790	2.2
County Road Fund	47,888,064	66,830,370	55,824,180	62,991,550	(3,838,820)	(5.7)
Criminal Justice Fund	388,577	606,341	579,341	679,910	73,569	12.1
Detention Center Commissary	602,366	715,510	715,510	673,630	(41,880)	(5.9)
Dispute Resolution Center Fund	123,737	146,000	146,000	132,020	(13,980)	(9.6)
Drug Investigation Fund	176,449	225,490	226,595	275,850	50,360	22.3
Emergency Managment Grants Fund	1,533,369	3,412,400	3,386,020	4,907,130	1,494,730	43.8
Employee Assistance Program	56,958	58,000	55,000	64,890	6,890	11.9
Endangered Species Act	192,768	244,630	155,070	202,170	(42,460)	(17.4)
Federal Forest Services	108,976	162,890	161,440	214,790	51,900	31.9
Geographic Information System Fund	2,435,736	2,705,540	2,485,670	3,055,990	350,450	13.0
Housing Repair Program	4,566,492	6,736,257	6,736,257	6,094,170	(642,087)	(9.5)
Human Services Fund	82,661,526	93,504,940	93,552,650	93,270,270	(234,670)	(0.3)
Law Enforcement Fund	254,999	188,580	188,398	—	(188,580)	(100.0)
Low Income Housing Fee Fund	172,320	3,500,000	596,720	4,100,000	600,000	17.1
Marine Services Fund	279,356	221,780	221,780	235,480	13,700	6.2
Parks Impact Fee Fund	1,928,792	1,232,440	846,060	1,755,750	523,310	42.5
Parks Sales Tax Fund	431,472	4,231,160	1,666,540	1,850,000	(2,381,160)	(56.3)
Paths and Trails Fund	663,970	3,272,040	2,364,700	2,743,120	(528,920)	(16.2)
Peninsula Recreation Program	211,785	344,220	295,010	320,000	(24,220)	(7.0)
Pierce County Fair	157,231	182,040	178,840	182,110	70	—
Puget Sound Behavioral Health	12,953,642	12,001,570	12,001,570	13,678,880	1,677,310	14.0
Rainier Communications Commission	896,594	970,150	964,660	1,110,880	140,730	14.5
Real Estate Excise Tax - River	1,438,597	1,779,800	1,281,780	2,664,520	884,720	49.7
Second Reet Fund - Parks	483,240	3,072,250	1,552,380	3,003,260	(68,990)	(2.2)
Second Reet Fund - Roads	650	11,044,060	3,303,680	10,736,680	(307,380)	(2.8)
Surface Water Management Fund	15,021,867	18,642,220	16,452,520	20,252,880	1,610,660	8.6
Tourism, Promotion & Capital Facilities Fd	273,176	544,000	404,050	1,082,000	538,000	98.9
Vehicle License Fee Fund	322,784	—	—	—	—	—
Veterans Relief Fund	483,122	510,530	505,810	529,790	19,260	3.8
911 System	4,075,729	5,024,910	3,696,334	5,505,490	480,580	9.6
Total Special Revenue Funds	\$ 202,084,138	\$ 258,479,709	\$ 223,269,656	\$ 257,671,990	\$ (807,719)	(0.3) %

Other Financial Information

TOTAL EXPENDITURES/EXPENSES						
	2003 Actual	2004 Budget	2004 Estimate	2005 Budget	Absolute Change	Percent Change
Debt Service Fund						
Debt Service Fund	14,316,868	5,430,640	5,430,640	5,086,570	(344,070)	(6.3)
Road Improve Guarantee Fund	—	320,670	320,670	—	(320,670)	(100.0)
Total Debt Service Fund	14,316,868	5,751,310	5,751,310	5,086,570	(664,740)	(11.6)
Capital Projects Fund						
Administration Building Fund	856,013	—	—	—	—	—
Human Services Construction Fund	198,418	1,001,400	1,001,400	929,740	(71,660)	(7.2)
Parks Bond Construction Fund	427,088	15,071,680	4,226,220	13,708,890	(1,362,790)	(9.0)
Parks Construction Fund	2,246,513	6,722,000	3,418,270	2,712,270	(4,009,730)	(59.7)
Permanent Jail Construction	6,131,721	4,453,500	4,580,830	4,160,460	(293,040)	(6.6)
Public Works Construction Fund	23,193,154	38,266,000	32,406,510	53,313,000	15,047,000	39.3
Real Estate Excise Tax - Capital Improvmt	3,344,822	6,722,680	6,460,740	4,075,940	(2,646,740)	(39.4)
RID Construction Fund	45,798	30,000	27,890	—	(30,000)	(100.0)
Transportation Facilities	—	5,304,000	5,304,000	26,600,000	21,296,000	401.5
1% For Arts Construction	35,378	326,000	104,620	216,010	(109,990)	(33.7)
2501 Corporate Express Building	2,888,468	1,494,620	1,473,100	4,794,620	3,300,000	220.8
Total Capital Projects Fund	\$ 39,367,373	\$ 79,391,880	\$ 59,003,580	\$ 110,510,930	\$ 31,119,050	39.2
Enterprise Funds						
Airport Fund	440,454	585,610	588,725	535,830	(49,780)	(8.5)
Chambers Creek Golf Course	—	1,326,600	821,640	6,350,000	5,023,400	378.7
Golf Courses	972,928	1,077,020	1,047,700	1,104,200	27,180	2.5
Pierce County Ferry Services	2,108,619	7,211,370	3,521,550	13,947,330	6,735,960	93.4
Sewer Bond Funds	4,059,791	12,841,180	12,841,180	8,308,000	(4,533,180)	(35.3)
Sewer Facil Restricted Reserve	19,573,264	6,245,830	5,258,830	6,590,980	345,150	5.5
Sewer Utility Fund	34,772,524	44,658,080	38,790,580	48,375,790	3,717,710	8.3
Sewer Utility Construction	18,210,570	18,145,000	11,399,310	18,069,000	(76,000)	(0.4)
Solid Waste Management Fund	3,318,498	4,902,140	4,043,580	4,765,630	(136,510)	(2.8)
Water Utility Fund	39,800	162,830	126,950	198,750	35,920	22.1
Total Enterprise Funds	\$ 83,496,448	\$ 97,155,660	\$ 78,440,045	\$ 108,245,510	\$ 11,089,850	11.4
Intragovernmental Service Fund						
Equipment Rental & Revolving	10,513,719	10,240,150	9,977,150	12,706,240	2,466,090	24.1
Facilities Management Fund	8,404,218	9,918,760	9,608,714	10,171,810	253,050	2.6
Fleet Rental	3,515,807	3,724,720	3,377,125	3,521,020	(203,700)	(5.5)
General Services	2,704,504	2,821,480	2,782,764	2,900,800	79,320	2.8
Information Services Fund	15,067,510	15,497,760	15,403,550	16,056,770	559,010	3.6
Radio Communications Fund	1,366,904	2,003,125	2,003,125	1,933,330	(69,795)	(3.5)
Self Insurance Fund	5,531,555	8,221,350	7,830,310	8,323,870	102,520	1.2
Workers Compensation	1,938,063	2,785,060	3,450,950	2,902,510	117,450	4.2
Total Intragovernmental Service Fund	\$ 49,042,280	\$ 55,212,405	\$ 54,433,688	\$ 58,516,350	\$ 3,303,945	6.0
Health Department	33,135,749	34,033,255	34,033,255	30,859,744	(3,173,511)	(9.3)
Grand Total	\$ 648,820,608	\$ 766,031,362	\$ 689,769,584	\$ 804,215,234	\$ 38,183,872	5.0 %

Other Financial Information

DEPARTMENTAL EXPENDITURES/EXPENSES BY FUNCTION

	2005 Budget	2004 Budget	Absolute Change	Percent Change
General Government				
Assessor/Treasurer	\$ 10,545,580	\$ 9,621,630	\$ 923,950	9.6 %
Auditor	6,043,520	7,277,170	(1,233,650)	(17.0)
Auditor'S Maint & Operation	939,270	921,270	18,000	2.0
Bond Debt Service	461,190	713,090	(251,900)	(35.3)
Budget & Finance	4,567,260	4,351,970	215,290	4.9
Building Remodel Projects	—	1,039,180	(1,039,180)	(100.0)
Communications	638,040	595,130	42,910	7.2
County Council	3,389,440	3,222,140	167,300	5.2
County Executive	995,900	969,010	26,890	2.8
Employee Assistance Program Fund	64,890	58,000	6,890	11.9
Human Resources	2,924,900	2,785,850	139,050	5.0
Miscellaneous Current Expense	1,500,200	1,483,630	16,570	1.1
Rainier Communications Commission	1,110,880	970,150	140,730	14.5
Real Estate Excise Tax - Capital Improvement	2,615,310	4,464,700	(1,849,390)	(41.4)
Special Projects	1,095,700	1,491,760	(396,060)	(26.5)
State Auditor	162,710	194,410	(31,700)	(16.3)
Total General Government	37,054,790	40,159,090	(3,104,300)	(7.7)
Public Safety				
Bond Debt Service	465,750	464,940	810	0.2
Building Remodel Projects	—	60,000	(60,000)	(100.0)
Corrections	38,411,600	37,336,860	1,074,740	2.9
Criminal Justice Fund	623,800	329,440	294,360	89.4
Detention Center Commissary	673,630	715,510	(41,880)	(5.9)
District Court Probation	2,638,210	2,526,020	112,190	4.4
Drug Investigation Fund	275,850	225,490	50,360	22.3
Emergency Management	2,694,890	2,586,020	108,870	4.2
Emergency Managemt Grants Fund	4,907,130	3,412,400	1,494,730	43.8
Juvenile	14,694,490	14,451,371	243,119	1.7
Law Enforcement Fund	—	188,580	(188,580)	(100.0)
Marine Services Fund	235,480	221,780	13,700	6.2
Medical Examiner	1,762,650	1,716,210	46,440	2.7
Miscellaneous Current Expense	1,008,230	529,100	479,130	90.6
New Jail Reserve	—	2,000,000	(2,000,000)	(100.0)
Parks And Recreation Services	40,000	20,000	20,000	100.0
Permanent Jail Construction	4,160,460	4,453,500	(293,040)	(6.6)
Prevention Services & Programs	1,350,000	1,237,500	112,500	9.1
Real Estate Excise Tax - Capital Improvement	917,960	1,844,830	(926,870)	(50.2)
Sheriff	46,428,720	54,094,370	(7,665,650)	(14.2)
Sheriff Transition	1,280,000	—	1,280,000	—
Special Projects	88,000	88,500	(500)	(0.6)
2501 Corporate Express Building	4,794,620	1,494,620	3,300,000	220.8
911 System	5,505,490	5,024,910	480,580	9.6
Total Public Safety	132,956,960	135,021,951	(2,064,991)	(1.5)
Physical Environment				
Conservation Futures Fund	3,077,970	3,012,180	65,790	2.2
Endangered Species Act	202,170	244,630	(42,460)	(17.4)
Federal Forest Services Fund	214,790	162,890	51,900	31.9
Geographical Information System Fund	3,055,990	2,705,540	350,450	13.0
Low Income Housing Fee Fund	4,100,000	3,500,000	600,000	17.1
Miscellaneous Current Expense	849,680	1,308,960	(459,280)	(35.1)
Real Estate Excise Tax - River	2,664,520	1,779,800	884,720	49.7
Special Projects	533,090	546,130	(13,040)	(2.4)
Surface Water Management Fund	20,252,880	18,642,220	1,610,660	8.6
Total Physical Environment	34,951,090	31,902,350	3,048,740	9.6
Legal & Judicial				
Assigned Counsel	11,475,360	10,839,080	636,280	5.5
Bond Debt Service	199,600	199,260	340	0.2
Building Remodel Projects	2,869,000	900,820	1,968,180	218.5
Clerk of the Superior Court	4,277,110	4,075,120	201,990	5.0
Criminal Justice Fund	56,110	276,901	(220,791)	(79.7)
Dispute Resolution Center Fund	132,020	146,000	(13,980)	(9.6)
District Court	7,213,590	6,956,930	256,660	3.7
Juvenile	2,194,620	2,154,610	40,010	1.9
Miscellaneous Current Expense	332,000	399,000	(67,000)	(16.8)
Prosecuting Attorney	21,651,650	21,060,200	591,450	2.8
Real Estate Excise Tax - Capital Improvement	542,670	413,150	129,520	31.3
Superior Court	11,251,470	10,873,660	377,810	3.5
Total Legal & Judicial	\$ 62,195,200	\$ 58,294,731	\$ 3,900,469	6.7 %

Other Financial Information

DEPARTMENTAL EXPENDITURES/EXPENSES BY FUNCTION

	2005 Budget	2004 Budget	Absolute Change	Percent Change
Economic Environment				
Community Development Fund	5,195,020	5,599,460	(404,440)	(7.2)
Economic Development	930,220	1,154,070	(223,850)	(19.4)
Housing Repair Program	6,094,170	6,736,257	(642,087)	(9.5)
Miscellaneous Current Expense	281,482	137,360	144,122	104.9
Planning And Land Services	14,925,810	13,085,457	1,840,353	14.1
Special Projects	242,290	239,380	2,910	1.2
Total Economic Environment	27,668,992	26,951,984	717,008	2.7
Mental/Physical Health				
Community Action	5,881,770	6,547,261	(665,491)	(10.2)
Health Department	30,859,744	34,033,255	(3,173,511)	(9.3)
Health Services	3,082,700	2,995,310	87,390	2.9
Human Services Fund	93,270,270	93,504,940	(234,670)	(0.3)
Human Services Construction Fund	929,740	1,001,400	(71,660)	(7.2)
Miscellaneous Current Expense	448,510	473,780	(25,270)	(5.3)
Puget Sound Behavioral Health	13,678,880	12,001,570	1,677,310	14.0
Veterans Relief Fund	529,790	510,530	19,260	3.8
Total Mental/Physical Health	148,681,404	151,068,046	(2,386,642)	(1.6)
Cultural & Recreation				
Arts And Cultural Services	264,750	289,420	(24,670)	(8.5)
Chambers Creek Golf Course	6,350,000	1,326,600	5,023,400	378.7
Golf Courses	1,104,200	1,077,020	27,180	2.5
Miscellaneous Current Expense	753,368	798,715	(45,347)	(5.7)
Parks and Recreation Services	5,896,840	6,246,390	(349,550)	(5.6)
Parks Bond Construction Fund	13,708,890	15,071,680	(1,362,790)	(9.0)
Parks Construction Fund	2,712,270	6,722,000	(4,009,730)	(59.7)
Parks Impact Fee Fund	1,755,750	1,232,440	523,310	42.5
Parks Sales Tax	1,850,000	4,231,160	(2,381,160)	(56.3)
Paths and Trails	2,743,120	3,272,040	(528,920)	(16.2)
Peninsula Recreation Program	320,000	344,220	(24,220)	(7.0)
Pierce County Fair	182,110	182,040	70	—
Second REET Fund - Parks	3,003,260	3,072,250	(68,990)	(2.2)
Tourism, Promotion & Capital Facilities Fund	1,082,000	544,000	538,000	98.9
WSU PC Extension	628,770	607,050	21,720	3.6
1% For Arts Construction	216,010	326,000	(109,990)	(33.7)
Total Cultural & Recreation	42,571,338	45,343,025	(2,771,687)	(6.1)
Debt Service				
Debt Service Fund	5,086,570	5,430,640	(344,070)	(6.3)
Road Improve Guarantee Fund	—	320,670	(320,670)	(100.0)
Total Debt Service	5,086,570	5,751,310	(664,740)	(11.6)
Transportation				
Airport Fund	535,830	585,610	(49,780)	(8.5)
County Road Fund	62,991,550	66,830,370	(3,838,820)	(5.7)
Miscellaneous Current Expense	100,000	100,000	—	—
Pierce County Ferry Services	13,947,330	7,211,370	6,735,960	93.4
Public Works Construction Fund	53,313,000	38,266,000	15,047,000	39.3
RID Construction Fund	—	30,000	(30,000)	(100.0)
Second REET Fund - Roads	10,736,680	11,044,060	(307,380)	(2.8)
Transportation Facilities	26,600,000	5,304,000	21,296,000	401.5
Total Transportation	168,224,390	129,371,410	38,852,980	30.0
Utilities				
Sewer Bond Funds	8,308,000	12,841,180	(4,533,180)	(35.3)
Sewer Facil Restricted Reserve	6,590,980	6,245,830	345,150	5.5
Sewer Utility Fund	48,375,790	44,658,080	3,717,710	8.3
Sewer Utility Construction	18,069,000	18,145,000	(76,000)	(0.4)
Solid Waste Management Fund	4,765,630	4,902,140	(136,510)	(2.8)
Water Utility Fund	198,750	162,830	35,920	22.1
Total Utilities	86,308,150	86,955,060	(646,910)	(0.7)
Internal Service				
Equipment Rental & Revolving	12,706,240	10,240,150	2,466,090	24.1
Facilities Management Fund	10,171,810	9,918,760	253,050	2.6
Fleet Rental	3,521,020	3,724,720	(203,700)	(5.5)
General Services	2,900,800	2,821,480	79,320	2.8
Information Services Fund	16,056,770	15,497,760	559,010	3.6
Radio Communications Fund	1,933,330	2,003,125	(69,795)	(3.5)
Self Insurance Fund	8,323,870	8,221,350	102,520	1.2
Workers Compensation	2,902,510	2,785,060	117,450	4.2
Total Internal Service	58,516,350	55,212,405	3,303,945	6.0
County Fund Total	\$ 804,215,234	\$ 766,031,362	\$ 38,183,872	5.0 %

