



Pierce County

Office of the County Executive

930 Tacoma Avenue South, Room 737
Tacoma, Washington 98402-2100
(253) 798-7477 • FAX (253) 798-6628
www.piercecountywa.org

BRUCE F. DAMMEIER
Executive
(253) 798-7477
Bruce.Dammeier@co.pierce.wa.us

May 14, 2018

To: Pierce County Council

From: Bruce Dammeier
Pierce County Executive

A handwritten signature in blue ink, appearing to read "BDammeier".

Subject: First Quarter Financial Report – 2018

The First Quarter Financial Report for 2018 presents the combined financial status of the County's major operating funds – General Fund, Special Revenue Funds, and Proprietary Funds.

GENERAL FUND

Revenues

The attached First Quarter Table A summarizes our General Fund revenues. The revenues through first quarter total \$54,000,504 or 17 percent of the total budget. This amount is \$5,508,394 higher, or 11.4 percent above the first quarter of 2017 primarily because of the growth of collections for sales tax and investment interest as assumed in the adopted 2018 budget.

The total 2018 budget assumed total tax collections would be 5.5 percent greater than the 2017 budget. The 2018 budget assumes that property tax revenue will increase by one percent, plus the value of new construction over 2017. Comparing property tax collections to 2017, collections decreased \$148,660 or 1.6 percent in the first quarter. Property tax collections are primarily collected in the second and fourth quarter of the year.

First quarter sales tax collections comprise 38.5 percent of total general fund revenue receipts. Sales tax has continued expanding with the consumer outlook remaining positive, low unemployment, and continued economic expansion.

The major factors likely to influence revenues for the remainder of 2018 are:

- The general level of taxable sales activity in the County.
- Changes in commodity pricing.

- Slowing of growth in foreign markets.
- Collection of delinquent property taxes.
- High cost of housing in neighboring King County.

Expenditures

As shown on the attached First Quarter Table B, we have expended \$68,291,960 from the General Fund through the first quarter of 2018, which is 20.9 percent of the annual budget. Actual expenditures increased by \$2,759,419, or 4.2 percent compared to expenditures through the first quarter of 2017. This growth is primarily the result of ongoing costs associated with the carry forward of new investments and compensation, health care, and retirement increases.

Cash Balances

The March 31st General Fund cash balance for 2018 is \$6.1 million greater than the first quarter of 2017. This change is primarily the result of increased revenue and lower expenditures that occurred in the third and fourth quarter of 2017.

SPECIAL REVENUE FUNDS

The first quarter revenues and expenditures for the Special Revenue Funds are shown in the attached First Quarter Table C.

Special revenue fund levels vary throughout the year because:

- Several funds rely upon grant reimbursement revenues, which are billed and received after the expenditures have been incurred.
- Prior year surpluses are used to balance several of these budgets, which results in some planned deficits during the current year.
- Property taxes support several of these budgets and the major collections only occur in second and fourth quarter.

No significant budget issues have developed in these funds.

PROPRIETARY FUNDS

The first quarter results for the Proprietary Funds are shown in the attached First Quarter Table D. These funds are subdivided into those which provide direct services to the public (Enterprise Funds) and those that provide services to other County Departments (Internal Service Funds).

The Chambers Creek Regional Park revenue increased in the first quarter in 2018 over 2017 by \$187,782. Expenditures have decreased \$68,217 over the same period.

The Ferry Fund received a contribution from the Federal Transit Administration (FTA) for 2017. In the first quarter of 2017 the amount received was \$1,889,408. FTA funds were not received in the first quarter of 2018. Without the FTA contribution, the Ferry Fund revenue increase by \$60,629 or 10.4 percent.

CONCLUSION

Based upon the revenue collection pattern of the first quarter, projections for the remainder of the year, and the positive economic activity, sales tax and interest earnings are expected to be slightly higher than the level assumed in the adopted budget. These factors will continue to be monitored through the remainder of the year.

Based upon the expenditure pattern of the first quarter and projections for the remainder of the year, all funds are trending at or below their adopted budget. Expenditures will be monitored for the remainder of the year.

The Finance Department has been implementing the provision of the 2018 budget to hold vacancy savings in reserve unless a program has a demonstrated a need to use the funds for service delivery. At the end of March, the total amount of vacancy savings for the General Fund was \$2.2 million and departments have received approval of the Finance Department to allocate \$170,970 of these savings to service delivery activities. For Other Funds, the total vacancy savings for the end of March was \$2.5 million and departments have received approval of the Finance Department to allocate \$261,925 of these savings to service delivery activities. We will continue to monitor revenue and expenditures for all departments for the remainder of the year and reinforce that departments are to manage expenditures as authorized in the 2018 budget. Vacancy savings that are held in reserve will be available to offset the use of Fund Balance or any unanticipated changes in revenue collections or program expenditures.

Attachments

N:\BNFFiles\Budget Division\Quarterly Reports\2018\Q1

**FIRST QUARTER 2018
TABLE A
GENERAL FUND REVENUES**

REVENUE CATEGORY	2018 BUDGET	ACTUAL REVENUES 03/31/18	PERCENT OF BUDGET	ESTIMATED FINAL TOTAL REVENUES	ESTIMATED VARIANCE
PROPERTY TAXES	\$ 139,079,000	\$ 9,006,635	6%	\$ 139,079,000	\$ —
SALES TAXES	82,510,000	20,780,175	25%	82,510,000	—
OTHER TAXES/DELINQUENT PENALTIES	989,340	196,097	20%	989,340	—
LICENSES & PERMITS	5,632,720	1,455,481	26%	5,632,720	—
INTERGOVERNMENTAL REVENUES	21,408,630	4,652,584	22%	21,408,630	—
CHARGES FOR SERVICES	53,345,720	13,340,398	25%	53,345,720	—
FINES REVENUE	4,328,170	1,319,195	30%	4,328,170	—
INTEREST AND OTHER REVENUE	18,097,236	3,249,940	18%	18,097,236	—
TOTAL REVENUES	\$ 325,390,816	\$ 54,000,504	17%	\$ 325,390,816	\$ —
FUND BALANCE INCREASE	<u>1,175,610</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
TOTAL REVENUE BUDGET	\$ 326,566,426	\$ 54,000,504	17%	\$ 325,390,816	\$ —

**FIRST QUARTER 2018
TABLE B
GENERAL FUND EXPENDITURE BUDGET**

DEPARTMENT	2018 BUDGET	ACTUAL EXPENDITURES 03/31/18	PERCENT OF BUDGET	ESTIMATED FINAL TOTAL EXPENDITURES
Assessor/Treasurer	11,299,840	3,201,638	28.3%	11,299,840
Assigned Counsel	19,616,580	3,639,761	18.6%	19,616,580
Auditor	10,788,140	2,542,322	23.6%	10,788,140
Bond Debt Service	380,640	51,359	13.5%	380,640
Budget and Finance	6,089,700	1,170,095	19.2%	6,089,700
Capital Improvement Projects	100,000	0	0.0%	100,000
Clerk	6,808,720	1,532,922	22.5%	6,808,720
Communications	792,500	190,325	24.0%	792,500
County Council	5,199,150	1,100,643	21.2%	5,199,150
County Executive	2,169,950	445,043	20.5%	2,169,950
District Court	14,660,660	3,411,756	23.3%	14,660,660
Economic Development	1,448,880	272,750	18.8%	1,448,880
Emergency Management	3,671,420	388,745	10.6%	3,671,420
Health Services	2,537,670	253,085	10.0%	2,537,670
Human Resources	4,411,140	844,150	19.1%	4,411,140
Juvenile	21,222,630	4,641,372	21.9%	21,222,630
Medical Examiner	3,477,260	753,841	21.7%	3,477,260
Miscellaneous Current Expense	17,276,020	655,577	3.8%	17,276,020
Parks	7,920,370	1,602,877	20.2%	7,920,370
Planning and Land Services	4,944,960	1,075,041	21.7%	4,944,960
Prosecuting Attorney	32,508,660	7,274,931	22.4%	32,508,660
Sheriff's Corrections	54,079,510	11,763,181	21.8%	54,079,510
Sheriff's Law Enforcement	73,018,770	16,777,579	23.0%	73,018,770
Special Projects	1,751,280	277,464	15.8%	1,751,280
State Auditor	167,540	19,257	11.5%	167,540
Superior Court	18,028,800	4,161,488	23.1%	18,028,800
Violence Prevention	1,826,546	208,899	11.4%	1,826,546
WSU PC Extension	369,090	35,591	9.6%	369,090
TOTALS	\$ 326,566,426	\$ 68,291,690	20.9%	\$ 326,566,426

**FIRST QUARTER 2018
TABLE C
BUDGET SUMMARY - SPECIAL REVENUE FUNDS**

FUND	REVENUE	03/31/18 REVENUE	PERCENT	EXPENDITURE	03/31/18 EXPENDITURE	PERCENT	REVENUES
	BUDGET		REVENUE BUDGET	BUDGET		EXPENDITURE BUDGET	EXPENDITURE BUDGET
Veterans Relief Fund	1,200,390	78,560	6.5%	1,200,390	220,871	18.4%	(142,311)
Drug Enforcement Fund	300,000	557,472	185.8%	300,000	18,416	6.1%	539,056
Auditor's Maintenance and Operations Fund	945,140	98,171	10.4%	945,140	218,337	23.1%	(120,166)
Criminal Justice Fund	680,710	156,445	23.0%	680,710	47,695	7.0%	108,750
Conservation Futures Fund	5,886,260	288,689	4.9%	5,886,260	423,958	7.2%	(135,269)
Dispute Resolution Center Fund	112,310	28,295	25.2%	112,310	22,300	19.9%	5,995
Pierce County Fair Fund	234,020	5,432	2.3%	234,020	18,016	7.7%	(12,584)
Community Connections (hs)	33,042,200	4,794,771	14.5%	33,042,200	6,262,937	19.0%	(1,468,166)
Rainier Communication Commission Fund	1,019,310	203,846	20.0%	1,019,310	226,057	22.2%	(22,210)
Rainier Cable Commission - Restricted Capital	532,300	78,985	14.8%	532,300	38,334	7.2%	40,651
Marine Services Fund	231,650	—	0.0%	231,650	4,434	1.9%	(4,434)
Detention Center Commissary Fund	1,384,140	299,824	21.7%	1,384,140	217,886	15.7%	81,938
Drug Investigation Fund	634,720	186,281	29.3%	634,720	155,490	24.5%	30,791
911 System Fund	10,420,290	734,854	7.1%	10,420,290	595,396	5.7%	139,458
Mental Health Fund	34,080	36	0.1%	34,080	683	2.0%	(647)
Tourism Promotion Area Fund	1,724,750	285,153	16.5%	1,874,750	257,248	13.7%	27,905
Housing Repair Programs Fund	11,746,240	1,375,858	11.7%	11,746,240	1,847,949	15.7%	(472,091)
Community Development Fund	3,862,150	124,566	3.2%	3,862,150	559,783	14.5%	(435,217)
Low Income Housing Fee Fund	1,416,330	210,182	14.8%	1,416,330	40,625	2.9%	169,557
Homeless Housing Program Fund	6,367,350	1,084,083	17.0%	6,367,350	515,380	8.1%	568,703
Emergency Management Grants Fund	3,254,700	240,105	7.4%	3,254,700	445,314	13.7%	(205,209)
Parks Impact Fee Fund	3,807,600	617,638	16.2%	3,807,600	2,748	0.1%	614,890
Parks Sales Tax Fund	4,372,290	901,606	20.6%	4,372,290	510,609	11.7%	390,997
Second REET Parks Fund	3,159,300	598,575	18.9%	3,159,300	38,906	1.2%	559,669
Second REET Roads Fund	7,543,000	1,795,726	23.8%	7,543,000	757,038	10.0%	1,038,688
County Road Fund	93,236,710	7,734,475	8.3%	93,236,710	11,159,771	12.0%	(3,425,296)
Traffic Impact Fee Fund [151.000]	4,385,780	—	0.0%	359,000	—	0.0%	—
Traffic Impact Fee Tsa1 Fund [151.001]	50,300	19,261	38.3%	—	—	0.0%	19,261
Traffic Impact Fee Tsa2 Fund [151.002]	135,300	36,186	26.7%	—	—	0.0%	36,186
Traffic Impact Fee Tsa3 Fund [151.003]	427,000	116,049	27.2%	—	560,000	0.0%	(443,951)
Traffic Impact Fee Tsa4 Fund [151.004]	4,454,000	907,482	20.4%	1,539,000	4,019,000	261.1%	(3,111,518)
Traffic Impact Fee Tsa5 Fund [151.005]	122,000	33,183	27.2%	—	—	0.0%	33,183
Traffic Impact Fee Tsa6 Fund [151.006]	20,200	6,208	30.7%	—	—	0.0%	6,208
Traffic Impact Fee Tsa9 Fund [151.009]	20,600	7,557	36.7%	—	—	0.0%	7,557
Traffic Impact Fee Tsa10 Fund [151.010]	10,200	2,371	23.2%	—	—	0.0%	2,371
Traffic Impact Fee Administration Fund [151.100]	120,000	31,804	26.5%	7,847,380	77,483	1.0%	(45,679)
Paths And Trails Fund	660,760	92,459	14.0%	660,760	97,398	14.7%	(4,939)
Surface Water Management Fund	25,405,410	1,901,222	7.5%	25,405,410	3,889,757	15.3%	(1,988,535)

**FIRST QUARTER 2018
TABLE C
BUDGET SUMMARY - SPECIAL REVENUE FUNDS**

FUND	REVENUE	03/31/18	PERCENT	EXPENDITURE	03/31/18	PERCENT	REVENUES
	BUDGET	REVENUE	REVENUE BUDGET	BUDGET	EXPENDITURE	EXPENDITURE BUDGET	MINUS EXPENDITURES
Flood Control Zone District	—	474,993	0.0%	—	2,043,523	0.0%	(1,568,530)
Emergency Communication Sales Tax SS911 Fund	16,536,710	4,358,682	26.4%	16,536,710	4,357,552	26.4%	1,131
Treasurer's Operations & Maintenance Fund	—	17,585	0.0%	—	72,119	0.0%	(54,534)
Community Action Fund	7,506,510	873,545	11.6%	7,506,510	1,528,850	20.4%	(655,305)
Tourism Promotion and Capital Facilities Fund	2,589,910	446,161	17.2%	2,439,910	200,269	8.2%	245,892
Judson Family Justice Center Fund	1,476,534	207,972	14.1%	1,476,534	334,975	22.7%	(127,003)
REET Electronic Technology Fund	192,350	29,659	15.4%	192,350	41,730	21.7%	(12,071)
Elections Equipment Replacement Fund	1,400,740	—	0.0%	1,400,740	418	0.0%	(418)
Pals Bldg & Development Fund	17,493,330	3,362,216	19.2%	17,493,330	3,260,017	18.6%	102,199
PALS Transfer of Development Rights	—	—	0.0%	—	(124)	0.0%	124
In-Lieu Fee Wetlands Mitgtion Fund [177.000]	19,600	—	0.0%	19,600	182	0.9%	(182)
In-Lieu Fee Wetlands Mitgtion Admi	20,000	—	0.0%	20,000	—	0.0%	—
In-Lieu Fee Wetlands Mitgtion Chambers/Clove	—	74	0.0%	—	—	0.0%	74
Blighted Property Maintenance Fund	201,220	1,677	0.8%	201,220	3,970	2.0%	(2,292)
PC Law Library Fund	698,980	151,452	21.7%	698,980	134,395	19.2%	17,057
Combined Communications Network	3,971,410	1,061,589	26.7%	3,971,410	675,967	17.0%	385,623
Behavioral Health Partnership Fund	3,845,785	503,172	13.1%	3,845,785	193,277	5.0%	309,894
Real Estate Excise Tax Fund	8,200,560	1,466,994	17.9%	8,200,560	1,466,994	17.9%	—
Total	297,113,129	38,589,178	13.0%	297,113,129	47,563,932	16.0%	(8,974,754)

**FIRST QUARTER 2018
TABLE D
PROPRIETARY FUNDS**

NAME	REVENUE BUDGET	03/31/18 REVENUE	PERCENT REVENUE BUDGET	EXPENDITURE BUDGET	03/31/18 EXPENDITURE	PERCENT EXPENDITURE BUDGET	REVENUES MINUS EXPENDITURES
I. ENTERPRISE FUNDS:							
Airports	\$ 3,870,550	\$ 492,213	12.7%	\$ 3,870,550	\$ 333,843	8.6%	\$ 158,370
Chambers Creek Regional Park	12,614,840	1,452,408	11.5%	12,614,840	1,876,124	14.9%	(423,716)
Ferry Services	7,600,910	642,946	8.5%	7,600,910	796,882	10.5%	(153,936)
Golf Courses	2,198,810	234,587	10.7%	2,198,810	399,289	18.2%	(164,702)
Sewer Bond	22,287,320	436,783	2.0%	22,287,320	2,925,811	13.1%	(2,489,028)
Sewer Capital Preservation Res	5,666,000	—	0.0%	5,666,000	—	0.0%	—
Sewer Facil Restrict Reserve	9,716,400	1,243,150	12.8%	9,716,400	—	0.0%	1,243,150
Sewer Utility	66,323,180	15,641,032	23.6%	66,323,180	7,196,668	10.9%	8,444,363
Sewer Utility Const	15,887,400	—	0.0%	15,887,400	2,258,037	14.2%	(2,258,037)
Solid Waste Mgmt	6,331,520	1,696,155	26.8%	6,331,520	730,239	11.5%	965,916
II. INTERNAL SERVICES FUNDS:							
Equipment Services Division Fund	\$ 16,440,960	\$ 618,891	3.8%	\$ 16,440,960	\$ 1,878,337	11.4%	\$ (1,259,447)
Information Technology Fund	38,645,870	7,172,010	18.6%	38,645,870	8,801,906	22.8%	(1,629,896)
Facilities Management Fund	16,977,790	3,457,645	20.4%	16,977,790	2,655,427	15.6%	802,218
Radio Communications Fund	8,389,270	481,893	5.7%	8,389,270	434,282	5.2%	47,611
Fleet Rental Fund	5,133,600	933,599	18.2%	5,133,600	1,155,011	22.5%	(221,412)
General Services Fund	3,022,630	633,456	21.0%	3,022,630	587,474	19.4%	45,982
Self Insurance Fund	11,406,050	2,316,338	20.3%	11,406,050	(80,243)	-0.7%	2,396,582
Workers Compensation Fund	6,284,280	456,458	7.3%	6,284,280	2,112,062	33.6%	(1,655,604)
Medical Self Insurance Fund	16,268,010	4,525,255	27.8%	16,268,010	3,576,558	22.0%	948,697

Emergency Purchases

Quarter 1 - 2018

Prepared by Finance Department – Procurement & Contract Services Division

Contract/Purchase Order	Vendor	Department	Date	Amount	Description
No emergency purchases in 1st quarter 2018					

Professional Service Contracts Amended over 50% of Original Value

Quarter 1 - 2018

PSA Contracts Amended to a Value in Excess of 50% of Original Value

Prepared by Finance Department – Procurement & Contract Services Division

Supplier Contract	Supplier	Department	Original Contract Amount	Total Amendments	Percent Increase
SC-100630: Towing Services	Gene's Towing	Sheriff	20,000	13,050	65%
SC-101799: Inspection and Testing of Fire Protection Systems and Equipment	Smith Fire Systems	Planning & Public Works	125,000	118,762	95%
SC-103467: Martial Arts Instruction at Frontier Park	South Sound Heuk Choo Kwan-Ji Do Kwan LLC	Parks	10,000	10,000	100%
SC-103879: Sewer Utility Engineering Services	Landau Associates, Inc.	Planning & Public Works	100,000	200,000	100%
SC-103940: Lifemap Life and Disability Insurance	Lifemap Assurance Company	Risk	75,000	196,000	161%

Pierce County Grant Report – First Quarter 2018

Fund/Department	Description	2018 Amount
Prosecuting Attorney	Enhances Training and Services to End Abuse Later in Life Program US Department of Justice 10/01/2015 – 9/30/2018	Grant Amount \$370,985 \$ 165,585

Total General Fund: \$165,585

Total Other Funds: \$0