

SPOKANE COUNTY TREASURER'S OFFICE



**YEAR IN REVIEW
2022**

COLLECT SAFEGUARD INVEST



MICHAEL BAUMGARTNER
THE TREASURER OF SPOKANE COUNTY

YEAR IN REVIEW

It remains an honor and a privilege to serve as Spokane County Treasurer. I have the opportunity to work with a remarkable team of talented and dedicated public service professionals. We know that as stewards of your tax dollars, we must work diligently to gain and keep your trust.

I believe trust is built on pillars of performance and transparency. I am proud to present this *Year in Review* as a testament to our efforts to achieve this trust, explaining the work of the Treasurer's Office and highlighting our accomplishments over the past year.

The primary responsibilities of the Treasurer's Office are to Collect, Safeguard, and Invest the public funds of Spokane County.

Twice a year, our office performs its biggest task: collecting Spokane County's property taxes. Last year we collected over \$760 million in taxes, processing payments made in person, by mail, over the phone, and online. But we do so much more than collect taxes. We serve as the public financial hub of the region, dispersing those collected tax dollars back out to your local school districts, fire departments, libraries, and city and town governments.

Throughout the year, we provide banking services to these and other government entities within the county – nearly 80 different clients with hundreds of separate accounts. From our largest account holders, such as Spokane International Airport, down to our smallest cemetery district, we work hard to safeguard every dollar put under our responsibility.

Managing this large reserve of funds allows us the opportunity to produce additional revenue for the county through investment income. Last year our portfolio reached a value of over \$1.6 billion, invested in highly secure fixed-income instruments. Since 2019, our investment strategy has generated over \$82 million in returns. This investment income can be used to support public services without raising taxes or adding fees. Every dollar we earn is a dollar in savings to taxpayers.

I hope this report provides the public with greater insight into the operations of the Treasurer's Office. I am proud of our team, and I believe our community is well-served by our work. But we are always looking for ways to improve. I believe that government works best when it is responsive to its citizens. Please reach out to us with any questions, feedback, or ideas. We work for you.

Michael J. Baumgartner
The Treasurer of Spokane County



MICHAEL J. BAUMGARTNER

The Treasurer of Spokane County
2019-present

Washington State Senator
2011-2018



2022 HIGHLIGHTS



COLLECT

- Over \$760 million in property taxes collected
- 9,509 citizens assisted with senior and disabled exemptions
- Expanded collection service at Spokane Valley City Hall



SAFEGUARD

- Banking services for 80+ local government entities
- Processed over \$20 billion in transactions
- Daily accounting of nearly \$2 billion



INVEST

- Managed \$1.6 billion Spokane Public Investment Fund
- Over \$82 million in earnings since 2019
- Since 2019, outperformed the State's Local Government Investment Pool by approximately 22%



MIKE VOLZ
CHIEF DEPUTY TREASURER

TREASURER'S OFFICE MANAGEMENT TEAM



CHRISTA RICE
TREASURY OPERATIONS MANAGER



ARTHUR WHITTEN
INVESTMENT & BANKING
OFFICER



DAN BISBEE
INTERGOVERNMENTAL
AFFAIRS OFFICER



DEBBIE GEHRET
FINANCIAL SERVICES
SUPERVISOR



DEBBIE GRUBER
FINANCIAL SERVICES
SUPERVISOR



J.J. HERNANDEZ
SR. FINANCE MANAGER



COLLECT

SERVING TAXPAYERS WITH FAIRNESS AND ACCOUNTABILITY

The Treasurer's Office provides a range of tax and property-related services. While we do not set your tax rates or assess the value of your home, we are responsible for collecting your tax dollars fairly and with accountability.

| TAX YEAR | ASSESSED VALUE | TOTAL TAX LEVIED | COLLECTION RATE |
|----------|------------------|------------------|-----------------|
| 2022 | \$68,475,842,152 | \$769,475,294 | 98.45% |
| 2021 | \$61,404,479,662 | \$712,827,434 | 98.34% |
| 2020 | \$54,747,262,597 | \$658,026,134 | 98.95% |
| 2019 | \$49,737,060,837 | \$579,084,936 | 99.27% |

In 2022, we collected over \$760 million in taxes, processing payments made in person, by mail, over the phone, and online.

FORECLOSURE AUCTIONS

| YEAR | PARCELS | HOMES |
|------|---------|-------|
| 2022 | 12 | 3 |
| 2021 | 13 | 6 |
| 2020 | 6 | 3 |
| 2019 | 20 | 6 |

SENIOR AND DISABLED PROPERTY TAX EXEMPTIONS

| YEAR | PROGRAM PARTICIPANTS |
|------|----------------------|
| 2022 | 9,509 |
| 2021 | 9,483 |
| 2020 | 9,699 |
| 2019 | 8,233 |

Property taxes are determined by local government budgets, property assessment values, and voter-approved ballot measures. **On average, 40% of your tax bill is self-imposed by voters** through bond and levy ballot measures.

NOTABLE TAX INCREASES FOR TAX YEAR 2022

| TAX DISTRICT | ACTION | AMOUNT TAX INCREASE |
|--------------------------------|---|---------------------|
| Spokane Public School District | Voter approved Enrichment Levy 2/9/2021 | \$19 million |
| Mead School District | Voter approved Enrichment Levy 2/2/2021 | \$6.55 million |
| Moran Fire District | Voter approved levies 2021 | \$2.24 million |
| City of Spokane | Majority of City Council vote to raise 1% levies | \$10.78 million |
| Spokane County | Majority of County Commission vote to shift Road levy to General levy | \$2.98 million |

Source: Spokane County Assessor

2022 PROPERTY TAX DISTRIBUTION BY TAXING DISTRICT TYPE

| | REGULAR | EXCESS | TOTAL TAX |
|----------------|---------------|---------------|---------------|
| SCHOOL | \$181,501,118 | \$264,631,558 | \$446,132,676 |
| CITY | \$103,460,579 | \$9,797,861 | \$113,258,440 |
| FIRE | \$51,223,307 | \$43,225,947 | \$94,449,254 |
| COUNTY | \$70,519,806 | | \$70,519,806 |
| COUNTY ROAD | \$28,229,747 | | \$28,229,747 |
| LIBRARY | \$16,616,707 | | \$16,616,707 |
| CEMETERY/OTHER | \$73,683 | \$194,981 | \$268,664 |
| TOTAL | \$451,624,947 | \$317,850,347 | \$769,475,294 |

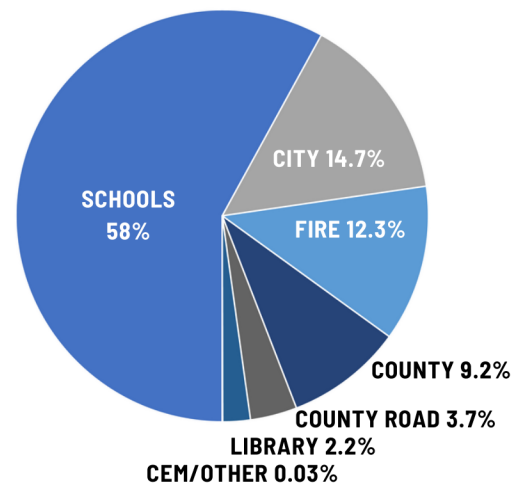
Source: Spokane County Assessor

The above chart shows the distribution of Spokane's property taxes by taxing district type for tax year 2022. Excess levy amounts generally reflect those taxes raised by voter-approved measures that took effect for the 2022 tax year.

Of the approx. \$769 million levied for 2022, over \$317 million consisted of excess levy taxes.

The chart to the right shows each of these distributions as a percentage of the total amount of taxes levied in 2022.

2022 PROPERTY TAX DISTRIBUTION BY PERCENT (APPROX)



EXPANDED TAX COLLECTION SERVICE IN SPOKANE VALLEY



Spokane Valley City Hall

We know that not everyone finds it convenient to travel downtown to visit our office at the County Courthouse, so we once again partnered with the City of Spokane Valley to set up a satellite collection point at the Spokane Valley City Hall during the Spring and Fall tax collection periods of 2022. We provided in-person tax collection services for over three hundred taxpayers at this additional convenient location.



SAFEGUARD

PUBLIC BANKING SERVICES FOR OUR COMMUNITY

The Treasurer's Office serves as a hub for public financial services in Spokane County, providing a range of services for local government entities. Altogether we serve as the primary banking partner for nearly 90 separate clients, accounting for over 500 individual accounts.

Among our clients are taxing entities such as school districts, fire districts, and city and town governments, as well as a number of independent authorities and agencies.



The Spokane County General Fund makes up approximately 10% of our client pool. Aside from the regular accounts we manage that support County government operations, we also serve as the primary depository for Spokane County's funds in unique circumstances, such as the \$101 million allocated to the county by the American Rescue Plan Act (ARPA) of 2021.

Our biggest clients are local public schools, which make up around a third of our client pool by dollar value. Just by itself, Spokane Public School District (#81) accounted for over 10% of the total value of our client pool in 2022.

CLIENT SCHOOL DISTRICTS

Spokane Public School District
Central Valley School District
Mead School District
Cheney Public School District
East Valley School District
West Valley School District
Deer Park School District
Medical Lake School District
Riverside School District
Nine Mile Falls School District
Newport School District
Freeman School District
Reardan-Edwall School District
Liberty School District
Tekoa School District
Rosalia School District
St. John Endicott School District
Orchard Prairie School District
Great Northern School District



Salk Middle School



Spokane International Airport

The Treasurer's Office manages over \$20 billion in transactions for our clients annually.

Our financial partnerships span a range of relationships, determined by both statutory requirements and voluntary associations we have built with our clients.

In many cases we are the *ex officio* Treasurer for these clients and provide a full range of services, while in other cases we merely fulfill a custodial role in holding an entity's public funds.

For the county's cities and towns, we collect taxes on their behalf and ensure the distribution of those funds to each community.

CLIENT INDEPENDENT AGENCIES AND AUTHORITIES

Spokane International Airport
 Spokane Transit Authority
 Spokane Regional Health District
 Spokane Regional Clean Air Agency
 Spokane County Public Libraries
 Spokane Regional Emergency Communications
 Spokane Health Sciences and Services Authority
 Spokane Conservation District
 Spokane Aquifer Joint Board
 Newman Lake Flood Control
 Spokane Noxious Weed Control Board
 NorthEast Washington Educational Service District 101
 Spokane Public Facilities District
 Spokane Regional Transportation Council
 Spokane Regional Health District
 Washington State University Spokane County Extension
 Aging and Long-Term Care of Eastern Washington
 Washington Counties Risk Pool
 Enduris (Washington Government Entity Risk Pool)
 Stevens County Public Utilities District
 Northeast Public Development Area
 West Plains Airport Area Public Development Authority
 University District Public Development Area

CLIENT CITIES AND TOWNS

The City of Airway Heights

The City of Cheney

The City of Deer Park

The Town of Fairfield

The Town of Latah

The City of Liberty Lake

The City of Medical Lake

The City of Millwood

The Town of Rockford

The Town of Spangle

The City of Spokane

The City of Spokane Valley

The Town of Waverly



INVEST

EARNING INCOME ON PUBLIC FUNDS

The Treasurer's Office manages the investment of pooled operating funds of our local government partners in the Spokane Public Investment Fund (SPIF). Invested in a diversified fixed income portfolio, income is distributed to support local public services without raising taxes or fees. Every dollar returned by our investments is a dollar saved by taxpayers. Since 2019, SPIF has earned over \$82 million for Spokane County's taxpayers.

OUR GUIDING INVESTMENT PRINCIPLES:

1) SAFETY

Our first investment priority is the preservation of our capital - your tax dollars

2) LIQUIDITY

We manage cash flows to ensure we are always ready to meet our clients' spending obligations

3) INVESTMENT INCOME

After safety and liquidity, we seek to return a market rate of investment income

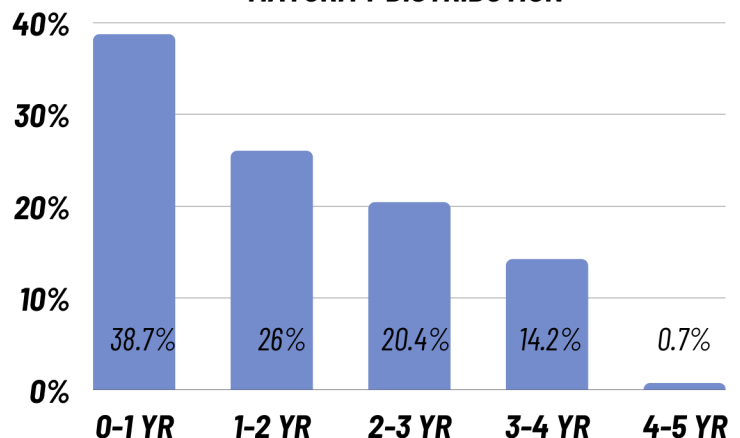


OUR INVESTMENT STRATEGY

Public funds are invested in a diversified fixed income portfolio including Treasury notes, Federal Agency debt, and Supranational and Corporate bonds.

We match our maturity distribution to forecasted cash flows to ensure adequate liquidity to meet our clients' liabilities.

MATURITY DISTRIBUTION

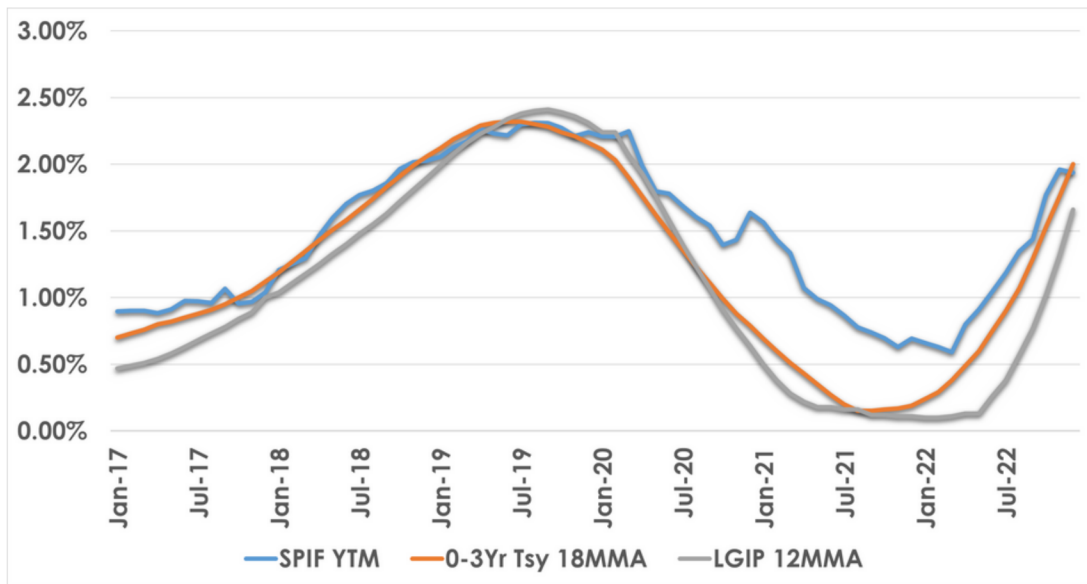


Our Investment Policy for SPIF
has been certified by the
**Government Investment
Officers Association**
[GIOA]

2022 EOY Portfolio Metrics:

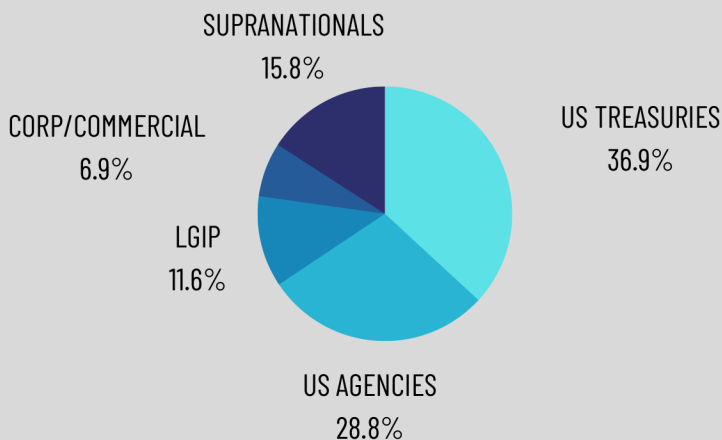
- \$17.7m investment income earned
- Annualized Yield: 1.10%
- Weighted Avg. Maturity: 1.57yr
- Effective Duration: 1.49yr

SPIF OUTPERFORMED BOTH BENCHMARK AND STATE LGIP



Since 2019, our investments in the SPIF generated **approximately 22% more in returns** than had they been invested solely in the State's Local Government Investment Pool (LGIP) over the same time span.

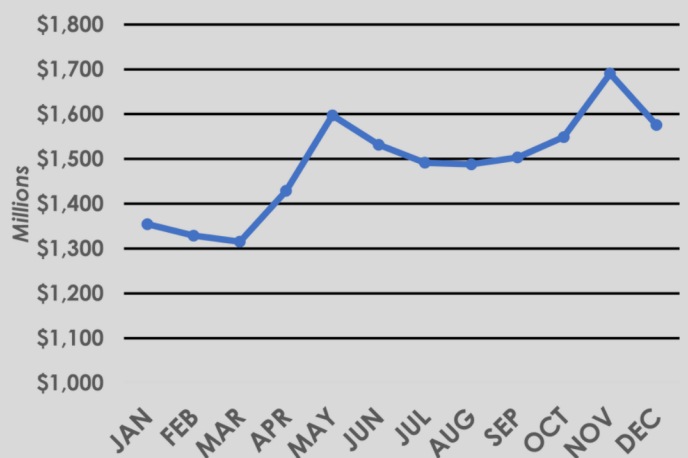
SPIF PORTFOLIO ALLOCATION (as of 12.31.2022)



The SPIF Average Daily Balance is highest after Fall property tax collection, but then drops as our school districts and other large clients make bond payments.

The majority of the SPIF is held in securities with the the explicit or implicit backing of the federal government. Our well-diversified portfolio mitigates the risks associated with over-allocation to certain investments.

SPIF AVERAGE DAILY BALANCE 2022



LOCAL DIRECT INVESTMENT

SUPPORTING LOCAL SERVICES

The Treasurer's Office invests in area public projects through the Local Direct Investment (LDI) program. We reserve up to 10% of our investments for low-cost loans to the public entities that bank with us.

Issued as promissory notes, LDI investments have competitive rates and no fees. A "win-win" for our community, our LDI program supports local public projects at a cost savings to taxpayers.

Since 2019, the Treasurer's Office has loaned over \$19 million in LDI to support public safety, road construction, airport operations, school safety, and other local projects.

| SPOKANE COUNTY TREASURER SUPPORTED LDI PROJECTS (2019-2022) | YEAR | AMOUNT |
|--|------|---------------|
| Moab Irrigation District well construction | 2022 | \$500,000 |
| FD #10 (West Plains) Firefighting vehicle financing | 2022 | \$114,000 |
| FD #13 (Newman Lake) Firefighter training facility | 2021 | \$300,000 |
| Washington ESD 101 supply of PPE for statewide schools | 2020 | \$3 million |
| Spokane International Airport cash flow loan | 2020 | \$7.2 million |
| FD #2 (Fairfield) ambulance gurney | 2019 | \$45,000 |
| Spokane County bridge loan for Bigelow Gulch road construction | 2019 | \$4 million |
| Spokane Regional Emergency Communications cash flow loan | 2019 | \$2.5 million |
| Spokane County loan for Etter Ranch conservation project | 2019 | \$2 million |

Source: Spokane County Treasurer's Office



Photo courtesy of FD 10

Supporting firefighters in West Plains

Spokane County Fire District #10, representing parts of the West Plains, received \$114,300 in LDI financing in 2022 towards the purchase of a new fire apparatus. Designed to respond to both urban and rural fires, the vehicle will support the District's emergency preparedness and will replace an aging fleet vehicle.

PUBLIC OUTREACH AND POLICY

GOVERNMENT THAT WORKS FOR YOU

Treasurer Baumgartner, a former State Senator, and Chief Deputy Mike Volz, a current State Representative, support an active role for the Treasurer's Office in discussions about, and advocacy for, sound taxation policy for the citizens of Spokane County. Over the past few years, our office has achieved a number of important objectives:

PROTECTING TAXPAYERS

Championed the passage of legislation to reduce onerous penalties and interest charges imposed on delinquent taxes. *[House Bill 1410, passed by Legislature 2021]*

TAX RELIEF FOR SMALL BUSINESS OWNERS

Supported the elimination of an out-of-date gambling tax to help restaurants and bars in unincorporated areas of the county survive the pandemic. *[County Commission Ordinance, 2020]*

BETTER BANKING FOR LOCAL GOVERNMENT

Advocacy for a change in state law expanding options for local governments to utilize credit unions as public depositories. *[Senate Bill 5106, passed by Legislature 2021]*

FLEXIBILITY FOR TAXPAYERS

As State Senator, Treasurer Baumgartner sponsored legislation to allow for partial property tax payments. Today as Treasurer, he continues that policy allowing taxpayers to make incremental payments to keep up with their tax bills. *[RCW 84.56.020 (iiA), passed by Legislature 2015]*



TAXPAYER TOWN HALLS ARE BACK!

Treasurer Baumgartner held two Town Hall meetings this year to talk about the work of our office and listen to taxpayer concerns. In April and again in November, we invited the public to the Northwest Museum of Arts and Culture auditorium to ask questions and offer ideas in an open forum.

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We work for you. Please be in contact with your questions and ideas.



MICHAEL BAUMGARTNER
THE TREASURER OF SPOKANE COUNTY

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