

2021 Year in Review



MICHAEL BAUMGARTNER
THE TREASURER OF SPOKANE COUNTY

The 2021 Year in Review



Serving as the Treasurer of Spokane County requires earning the ongoing trust of the public. This “Year in Review” report is an opportunity for the Treasurer’s Office to increase transparency and public knowledge of our role as the steward of your tax dollars.

Our primary responsibilities are to collect, safeguard, and invest Spokane County’s public funds. In addition to these core functions, our office also performs discretionary public financial services which saves taxpayer dollars.

The Treasurer’s Office is the regional hub of public finance serving over eighty government entities including school districts, fire districts, the Spokane Airport, amongst others. Each year we are responsible for collecting over \$700 million in property taxes, processing \$20 billion in cash-management services, and investing over \$1.4 billion of local government cash reserves.

My hope is that this report serves to better public understanding of what we do at the Treasurer’s Office. Specifically, our work to advocate for taxpayers and address the continuing impacts of the COVID-19 pandemic.

Government always works best when it listens directly to the people. Contact us anytime with your ideas for making government work better for you.

Michael J. Baumgartner
The Treasurer of Spokane County

Highlights

Treasurer Baumgartner was the only elected Treasurer in the state to use his emergency powers to give a property tax extension to homeowners and landlords.

The Spokane Public Investment Fund again beat its benchmark rate of return and distributed \$13.4 million in earnings to local schools and other public entities, bringing its 3-year total to over \$64 million.

Over 98% property tax collection rate.

9,483 eligible Seniors & Disabled persons utilized tax relief programs.

Treasurer Baumgartner and Chief Deputy Mike Volz successfully worked to change state law for tax penalties to create one of the most significant reductions in taxes for the most vulnerable in state history.

Collect

Serving Taxpayers with Fairness & Accountability



While the Treasurer's Office does not set your tax rates or put a determination of assessed value on your home, we are responsible for collecting your tax dollars fairly and with accountability.

In the face of continued challenges from COVID-related government shutdowns and regulations, the Spokane County Treasurer's Office was the only county office in Washington State to extend property tax deadlines and provide special assistance to landlords in 2021.

You should not pay more in taxes than you legally owe. Our office returned over \$5 million in excess payments and refunds in 2021.

We strive to do everything we can to help taxpayers avoid property tax foreclosure. While several hundred properties may begin the year foreclosure eligible, Treasurer's Office staff work with taxpayers to redeem properties from going to auction. **If you are a senior or disabled and meet certain income thresholds, you may qualify for a taxpayer exemption.** In 2021, 9,483 participated in Spokane County, an over 15% increase since 2019.

Taxes

Sources: Treasurer's & Assessor's Office

Year	Assessed Value	Regular Tax Levied	Collection Rate
2021	\$61.4b	\$713m	98.34%
2020	\$54.7b	\$658m	98.95%
2019	\$49.7b	\$579m	99.27%

Foreclosure Auctions

Year	Parcels	Homes
2021	13	6
2020	6	3
2019	20	6

Taxpayer Exemptions

Year	# Participants
2021	9,483
2020	9,699
2019	8,233

Safeguard

Public Banking Services & Payment Processing

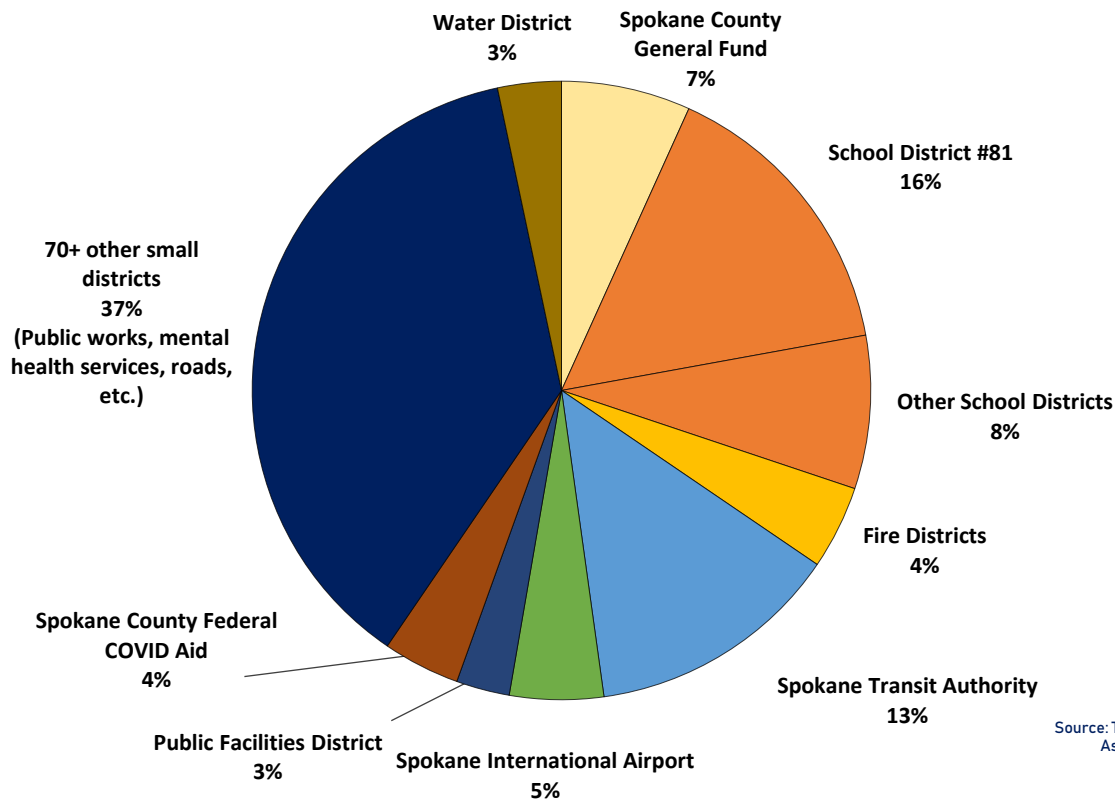


In 2021, the Treasurer's Office provided banking services and cash management of **approximately \$20 billion in transactions** for over 80 local public entities.

Our biggest 'clients' are local public schools - who make up almost 33% of our pool by value.

Additionally, **our office goes above and beyond** what is required by law - providing discretionary payment processing services for Spokane City Utilities & Spokane County Environmental Services, providing additional savings for taxpayers.

Public Banking Client Share of Pool



Source: Treasurer's Office
As of 12/31/21

Invest

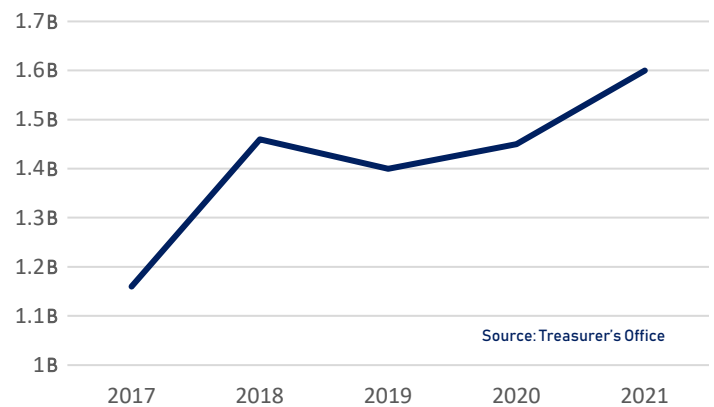
Managing the Spokane Public Investment Fund (SPIF)



The Treasurer's Office manages the Spokane Public Investment Fund (SPIF)* for the over 80 entities that bank with us. The funds are pooled and invested in fixed income debt instruments like US Treasuries and other bonds. (Equity investments are not allowed by state law). Investment income supports local public services without raising taxes or fees. **Every dollar we earn is a dollar in savings to taxpayers.**

*also referred to as the Spokane County Investment Pool

Peak Assets Under Management (billions)



Assets under management reached a new peak of **\$1.6 billion** as a result of a growing tax roll, federal stimulus, and public-school bond issuance.

Our Guiding Investment Principles

1. Safety

Preserving the capital of our public clients (your tax dollars) is our first investment priority.

2. Liquidity

As an operating pool, we manage cash flows to provide liquidity to meet government's obligations.

3. Return

Investment income is returned to our public participants, supporting their services without raising taxes or fees.

2021 Investment Team Highlights

Continuing education and increasing staff capabilities remains a priority of the Treasurer's Office. In 2021, our entire investment team earned accreditations as Certified Government Investment Professionals (CGIP). We were also pleased that the Treasurer's Spokane County Investment Policy was certified by the Government Investment Officers Association (GIOA)

Treasurer's Local Direct Investments (LDI)

Putting Your Money to Work Here at Home



We believe that there is no better way to strengthen our community than investing right here in Spokane County. While not required by law to do so, we open 10% of our investment fund to offer low-cost loans to the public entities that bank with us. These Local Direct Investments (LDI's) are a "secure win-win" typically earning a higher rate of return than other SPIF investments by charging less than the open market and with no fees.

Total LDIs in the past 3 years:
\$19.02 million

Weighted Average Return on
LDIs 2021: **2.36%**

2021 Highlight: Financing to Support Firefighters



In 2021, we issued a \$300,000 loan to Newman Lake Fire & Rescue to support the construction of a new training tower and burn building.

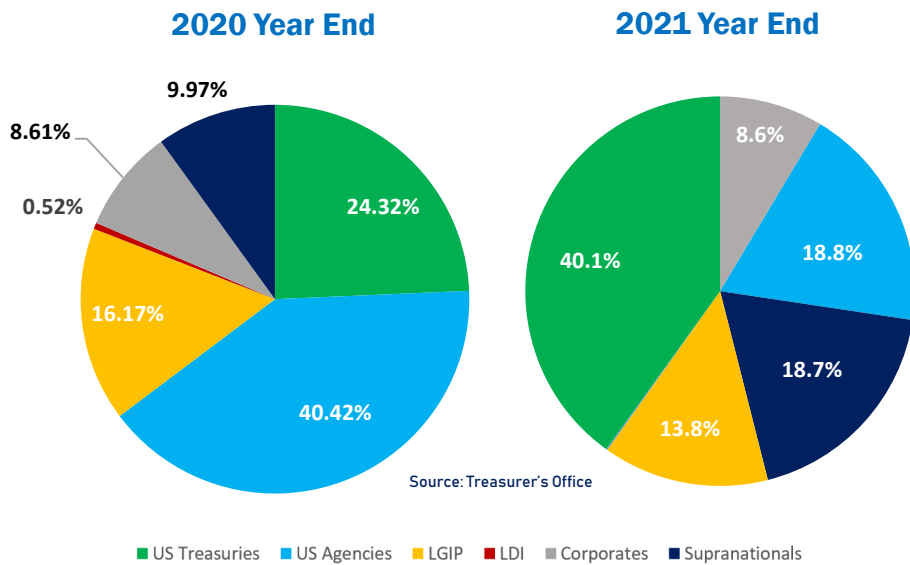
These new training facilities have provided grounds for EMS and live fire training as well as additional space for equipment storage.

Newman Lake Fire recruits utilizing the new burn building for training.

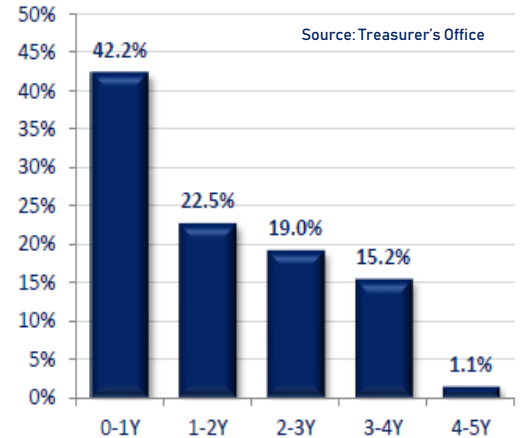


Asset Allocation

In 2021, we continued our strategy of diversifying investments and increasing portfolio duration by matching maturities to future cash-flows. Given declining interest rates, tight spreads, and limited inventory available the proportion of the portfolio held in US Treasuries grew substantially in 2021. The investment team also met their goal of lengthening the average duration of the portfolio in order to increase future earnings.



Maturity Distribution



The SPIF investment strategy includes maintaining a diversified portfolio with laddered maturities that extend duration while matching cash flow obligations.

Year End Performance

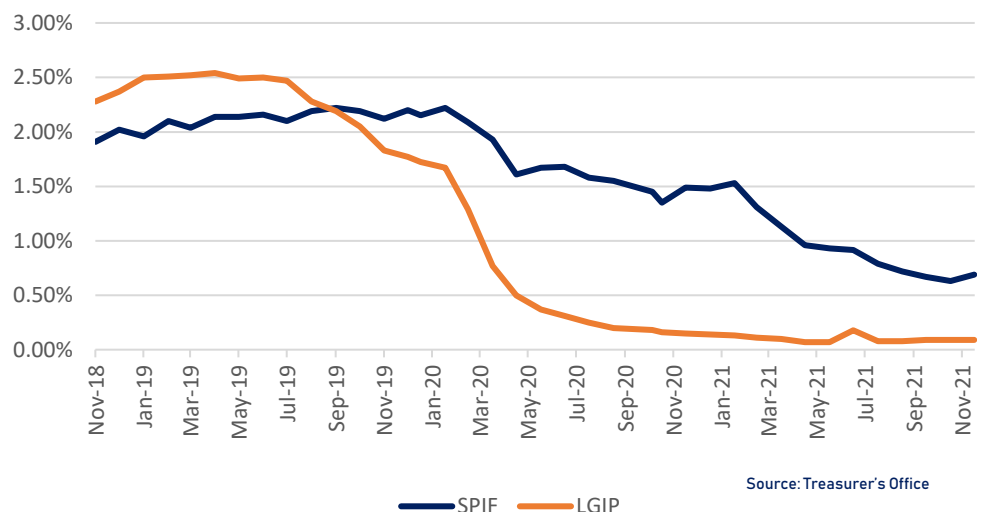
In 2021, the Treasurer run Spokane Public Investment Fund (SPIF) earned over \$13m, significantly outperforming the state-run Local Government Investment Pool (LGIP) by over \$11 million for the year. The SPIF averaged a 0.98% yield, while the LGIP averaged 0.10%.

Earnings:
\$13.4 million

Effective Rate of Return: 1.00%

Effective Duration:
1.49 years

SPIF vs LGIP Yield



Public Outreach

Government that Works for You



Friday, November 5, 2021 CapitalPress.com Volume 94, Number 45 \$2.00

E. Washington county treasurer 'kicks tires' on Farm Credit investments



Spokane County Treasurer Michael Baumgartner, left, talks with Valleyford, Wash., farmer Jeff Emtman about the benefits of Farm Credit during a visit to Emtman's operation Oct. 26.

VALLEYFORD, Wash. — Spokane County Treasurer Michael Baumgartner invests in a major agricultural lender as a way to support farmers and benefit the county.

ily they might just look at the bottom line.

Jeff Emtman said his grain and cattle farm uses Farm Credit to finance real estate purchases and participate in education programs to keep abreast

her was a professor of forestry and natural resource sciences at Washington State University.

As county treasurer, Baumgartner is the public banker for roughly 80 public entities, including

Investment Community Impact

Other than US Treasuries, the purchasing of Farm Credit bonds are one of the single biggest investments our office makes. We love when we can earn a significant rate of return that saves taxpayer dollars while also supporting jobs and the vibrant agriculture industry of our area.

Taxpayer Advocacy – Reducing tax penalties for the entire state

Treasurer Baumgartner worked closely with Chief Deputy Treasurer and State Representative Mike Volz to successfully change state law to reduce the outrageously high 23% property tax penalty rate to 12%, which is one of the most significant tax reductions for the most vulnerable in our state's history.



Chief Deputy Treasurer and State Representative Mike Volz

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