



# MICHAEL BAUMGARTNER

THE TREASURER OF SPOKANE COUNTY



# 2020

## YEAR IN REVIEW

COLLECT • SAFEGUARD • INVEST



# The 2020 Year in Review



It is an honor to serve as your Treasurer of Spokane County. This “Year in Review” is part of my effort to increase the public outreach and understanding of what our office does.

As a steward of the public’s funds, I hold my responsibility to **collect, safeguard, and invest** your tax dollars in the highest regard. Our dedicated Treasurer’s Office team has worked diligently over the past year to provide outstanding service to the people of Spokane County.

In many ways, you can think of the Treasurer’s Office as the public’s bank for the people of our area. Our office processes nearly \$15 billion in cash-management services annually for the more than 80 public entities that we serve.

In the following pages I hope you will gain an increased understanding of the role of the Treasurer’s Office as well as learn about some highlights from how we worked to best serve the tax paying public in 2020. In particular, the steps we took to help with the impacts of the COVID pandemic, including granting tax extensions and helping purchase protective gear to help get kids back in school.

In my experience, government always works best when it listens directly to the people. Please call, email, or join us at our next ‘Taxpayer Town Hall’ to share your ideas on how local government can better work for you.

Michael J. Baumgartner  
The Treasurer of Spokane County

## Highlights

Treasurer Baumgartner used his emergency authority to grant the longest tax payment extension in the state.

The Spokane Public Investment Fund dispersed \$22.7 million in earnings for local schools and other public entities.

98.95% property tax collection rate.

9,824 eligible Seniors & Disabled utilized tax relief programs.

Treasurer’s LDI loan funded \$3m in protective gear to help return thousands of children to school.

# 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 response to economic hardship from the COVID-19 Governor-mandated economic shutdown, Treasurer Baumgartner used his emergency authority to give the public an extra 105 days to pay property taxes – the longest such extension granted in the state. The timing of the tax extension also saved struggling taxpayers from the highly punitive 11% late payment penalty mandated by the state.

You should not pay more in taxes than you legally owe. Our office returned \$3.3 million in excess payments and refunds in 2020.

We want to do everything we can to keep you in your home and avoid tax foreclosure. If you are a senior or disabled and meet certain income thresholds, you may qualify for a taxpayer exemption. In 2020, almost 10,000 participated in Spokane County. Also, due in part to 2017 legislation sponsored by then Senator Baumgartner, our office can accept partial payments if you are having trouble making your tax payments.

### Taxes

	Assessed Value	Regular Tax Levied	Collection Rate
2020	\$54.7b	\$658m	98.95%
2019	\$49.7b	\$579m	99.27%
2018	\$45.6b	\$618m	98.02%

### Foreclosure Auctions

	Parcels	Homes
2020*	6	3
2019	20	6
2018	20	8

\*The number of foreclosures likely dropped due to the Treasurer's COVID-19 related decision to extend deadlines and increased community support from groups like SNAP, who provide housing assistance.

# Safeguard

## Public Banking Services & Payment Processing



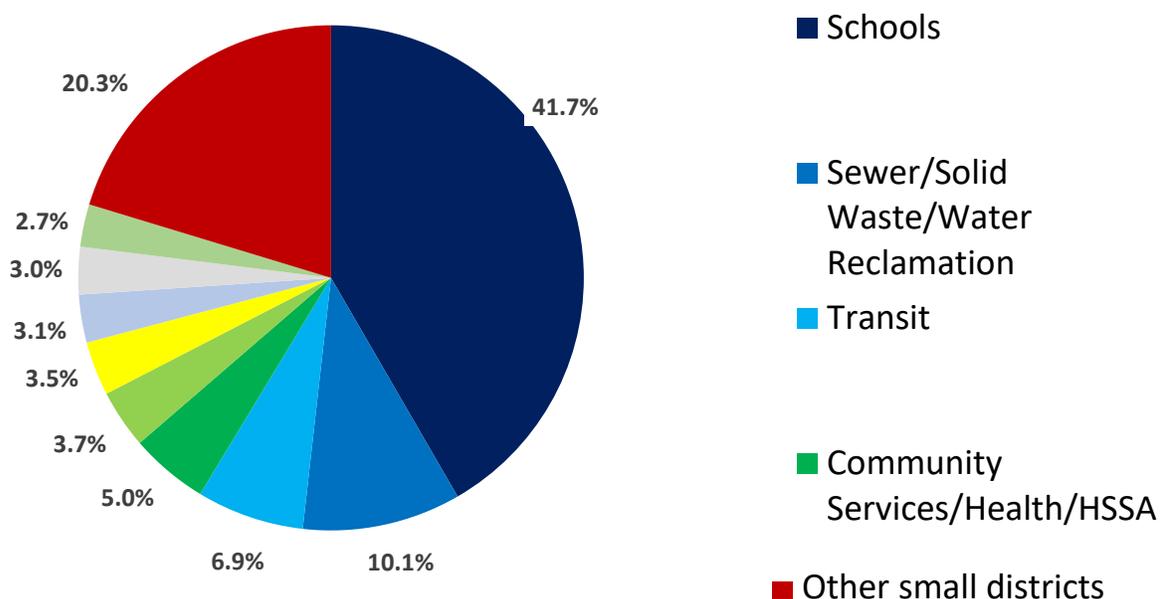
In 2020 The Treasurer's Office provided banking services and cash management of **approximately \$15 billion in transactions** for over 80 local public entities.

Our biggest 'clients' are local public schools - who make up almost **42%** cash management services by value. In contrast, the Spokane County General Fund accounts for less than **3%**.

Additionally, our office goes above and beyond what is required by law--providing discretionary payment processing services for Spokane City Utilities & Environmental Services which save taxpayers an additional **\$350,000**.

The Treasurer's Office also launched a new cash management system, modernizing how we process our clients' cash receipts.

### Public Banking Clients by Financial Size



# Invest

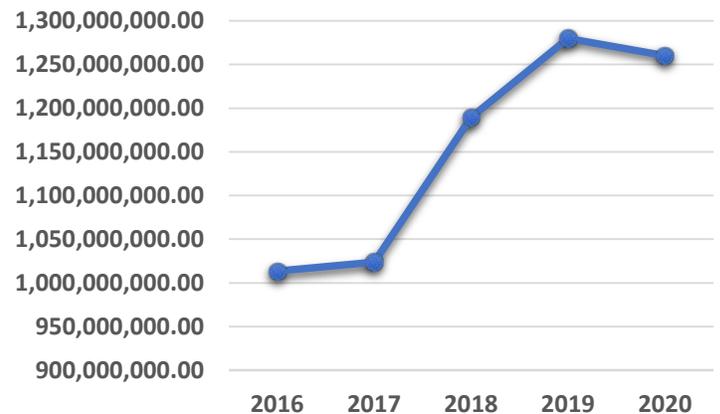
## Managing the Spokane Public Investment Fund (SPIF)



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 (state law does not permit equity investments). 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 SCIP

SPIF Annual Average Daily Balance



The average daily balance of the portfolio declined slightly as the pandemic caused a decrease in public revenues and clients drew down reserve funds.

## Our Core Investment Values

### 1. Safety

Preserving the capital of our public clients is always the first priority of our investment decisions.

### 2. Liquidity

Making sure that money is ready and available to our clients is a crucial part of fulfilling our community's needs.

### 3. Return

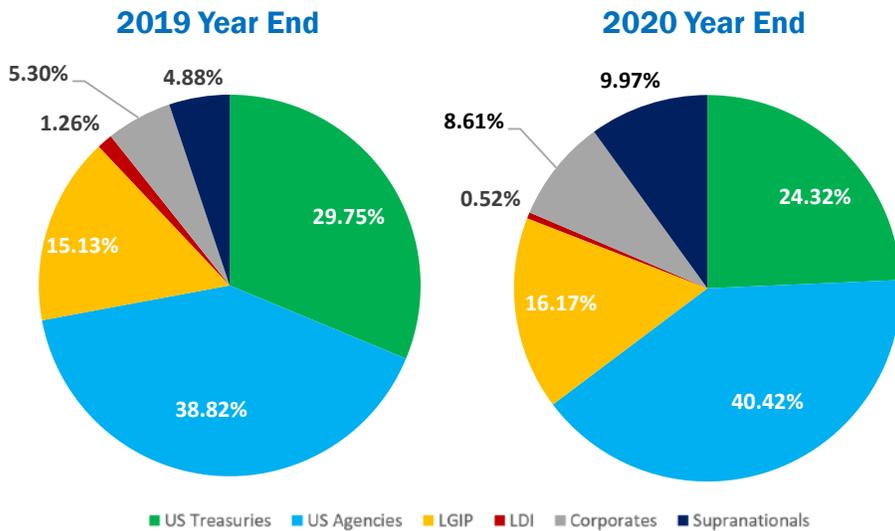
We work closely with our independent financial advisor to make smart and profitable investments, saving taxpayers millions in the process.

**“WHEN MANAGING THE PUBLIC’S MONEY, RETURN OF CAPITAL IS MORE IMPORTANT THAN RETURN ON CAPITAL.”**

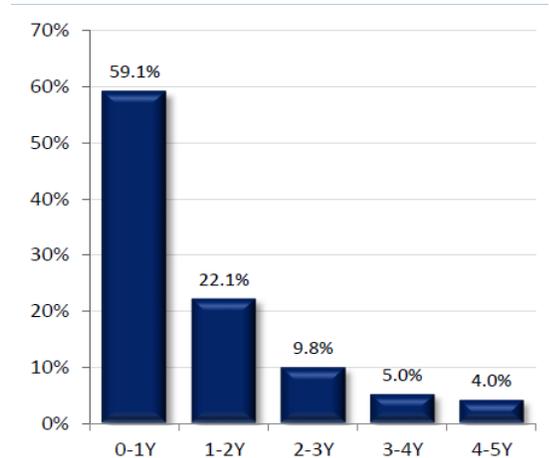


# Asset Allocation

In 2020, we continued our strategy of diversifying investments and increasing portfolio duration by matching maturities to future cash-flows. The majority of the portfolio continues to be held in US Government backed assets. In order to maintain diversity, the pool continued to invest in investment-grade corporate bonds as well as the World Bank and other supranational institutions.



Maturity Distribution



In response to market uncertainty faced by the COVID-19 pandemic, SPIF shortened the average maturity of the portfolio to increase liquidity and support clients.

# Year End Performance

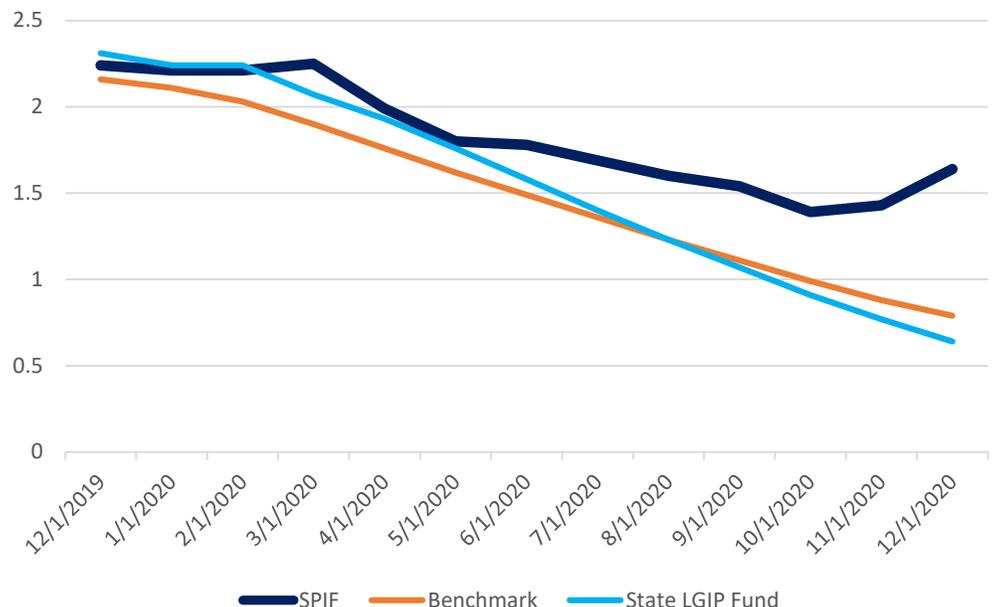
As a result of Federal Reserve intervention, interest rates fell dramatically in 2020. Despite this, the SPIF adhered to its investment strategy and earned over \$22.7 million for local schools and other public entities, while also substantially outperforming its benchmark index.

**Earnings:**  
**\$22.7 million**

**Effective Rate of Return: 1.80%**

**Effective Duration: 1.07**

SPIF Book Yield vs Benchmark



\*18-Month Moving Avg of ICE BAML 0-3 Yr Treasury Index and 12-Month Moving Avg of LGIP

# 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 5% 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 but charging less than the open market and with no fees.

**Total Local Direct Investments 2020:**  
**\$10.2 million**

**Loans Outstanding:**  
**\$6.6 million**

**Weighted Average Return on LDIs 2020: 2.687%**

## 2020 Highlight: Financing to get Kids Back in School



**In August**, our office announced a **\$3 million** direct loan to the Northeastern Washington Educational Service District (ESD 101), used to purchase PPE to support the re-opening of school districts around the state.





# Public Outreach

Government that Works  
for You



Unfortunately, due to the pandemic, we had to cancel both our Spring and Fall “Taxpayer Town Halls” in 2020. We plan on holding multiple outreach events in 2021 where the public can learn and share their ideas.

## 2020 Highlights

### Taxpayer Advocacy

Treasurer Baumgartner testified in Olympia on behalf of taxpayers in support of reducing usury penalty and interest on delinquent property taxes.

### Tax Relief

The Spokane Board of County Commissioners acted on Treasurer Baumgartner’s recommendation to eliminate its outdated gambling tax providing relief to some local businesses facing COVID-19 related hardship.

### Support for Small Business

Treasurer’s Office staffer Jarred Mac led the “Pledge 1200” initiative to encourage the spending of federal stimulus checks at local small businesses, accumulating over \$1.2 million in pledges from 45 states.



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