

## APPENDIX B: FISCAL STRATEGIES

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### 5. Spokane County Line of Business Study (September 15, 2009)



SPOKANE COUNTY, CITY OF SPOKANE, CITY OF SPOKANE VALLEY,  
CITY OF LIBERTY LAKE, CITY OF AIRWAY HEIGHTS, CITY OF MILLWOOD

## Collaborative Planning for Spokane County's Metro Urban Growth Area

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# Spokane County Line of Business Allocation: Summary of Findings



| BERK & ASSOCIATES |

September 15, 2009

## INTRODUCTION

For roughly two years, Spokane County and the Metro-area cities have engaged in a collaborative planning process regarding Urban Growth Areas. The goal of this process has been to better position the jurisdictions for long-term success—to develop win-win solutions for the Metro-area cities and for Spokane County as a whole:

1. Cities will see increased coordination and certainty regarding land use, development, and planning in Urban Growth Areas.
2. The County will have broad-based support as it seeks a sustainable service-delivery/revenue structure.

As the collaborating jurisdictions have looked for ways to put Spokane County on more sustainable fiscal ground—as they have sought to define the County’s challenge, it has become clear that, really, Spokane County faces two intertwined challenges.

### The County’s Intertwined Challenges

Spokane County faces two difficult and fundamental challenges:

#### Challenge # 1 – An Unsustainable Regional Revenue/Service Structure

Spokane County’s main source of countywide tax revenues—by far—is its general property tax levy. With Washington State’s 1% property tax limits, Spokane County is between a rock and a hard place. The County’s main revenue source is only growing by a bit less than 3% per year (growth beyond 1% comes from the effects of new construction), while the fundamental costs of providing regional services grows at, perhaps, 5% per year. The compounding effect of this discrepancy translates to millions of dollars of shortfalls in only a handful of years.

In the short-term, the County may be able to forestall a fiscal meltdown by wringing efficiencies out of the system and/or drawing down its cash reserves. In the long-run, however, experience suggests that the continued erosion of the purchasing power of the County’s property tax revenues is unsupportable.

#### Challenge # 2 –Spokane County’s Shifting Role as a Local Service Provider

For many decades, Spokane County and the City of Spokane were the two major local service providers in Eastern Washington. In 2002, unincorporated Spokane County was home to more than 200,000 residents and large commercial centers. With Spokane Valley’s incorporation in 2003, the County’s unincorporated population (and its local service obligations) were cut nearly in half. In the modern day, no other county in Washington State has ever seen such a dramatic shift.

With the contemplated West Plains annexation, and with other potential large-scale annexations on the horizon, it is entirely possible that Spokane County could continue to see its role as a local service provider diminish.

## Spokane County Line-of-Business Analysis

For law enforcement in particular, the process of transitioning from being a large, urban agency to being a smaller, more rural-focused agency is exceedingly painful. Given the importance of logistics, and given the implications on things like response times and officer safety, such a shift reflects a process of weighing unpleasant trade-offs and making excruciating choices, year after year after year.

### Why do we say these two challenges are intertwined?

Not to put too fine a point on it, consider the perspective of a hypothetical councilmember for the City of \_\_\_\_, or of an informed voter who lives inside the limits of one of Spokane County's cities. These stakeholders might say something like the following:

1. I fully appreciate the importance of finding a sustainable solution for the County's regional services;
2. I want to support Spokane County in getting to that solution;
3. BUT...How can I have confidence that revenues I help secure will be used to re-enforce regional services, and not used to *subsidize* or *avoid making hard decisions* about local services for Spokane County's unincorporated areas?

When we consider this perspective, it becomes clear that the County's the two challenges are intertwined—the County's *local* service challenges complicate the process of solving its *regional* challenge.

### Clarifying the Issue

As the collaborating jurisdictions identified the challenges discussed above, the Spokane County Board of Commissioners stepped forward and committed resources to clarify the issue. The Board of Commissioners hired BERK—a fiscal, economic, and strategic planning consulting firm—to dissect the County's 2009 General Fund operating budget.

The goal of this analysis is to answer the following question:

*If one thinks of Spokane County as being in three separate "lines of business" (**regional** services, **local** services, and **contract services**), then how do those three lines of business stack up?*

1. How much regional (countywide) revenue does the County expect to collect in 2009, and how much does the County expect to spend to provide regional services?
2. How much local revenue does the County expect, and how much does the County expect to spend to provide local services to its unincorporated areas? and
3. How much contract revenue does the County collect from other jurisdictions or entities, and how much does it expect to spend to provide contracted services?

## Spokane County Line-of-Business Analysis

**Defining Terms: What, precisely, do we mean when we use the terms *regional*, *local*, and *contract services*?**

As a **regional service** provider, Spokane County provides a suite of services for the benefit of all constituents within Spokane County. In theory, every Spokane County constituent benefits from the County's region-wide services like Superior Court; regional, state, and federal elections; and juvenile detention. Likewise, every constituent within the county pays regional taxes and fees to support these services. These countywide taxes and fees are paid by all taxpayers in Spokane County, regardless of where they live, work, or shop.

In addition to this regional line of business, Spokane County also provides **local services** to, and collects local tax and fee revenues from, unincorporated areas within the county. Because it is local in nature, this is a line of business that *is* affected by changes in municipal boundaries.

Finally, as part of its third line of business, the County provides services for (or to) local jurisdictions in exchange for payments. We refer to this line as Spokane County's **contract services**.

Given the above landscape of services, the lines of distinction that Spokane County and the Metro cities have identified for discussions of regional, local, and contract services are straightforward:

- If a service obligation (or a revenue stream) is countywide and is not affected by changes in municipal boundaries, then it is a **regional service** or revenue.
- If an obligation or revenue stream is confined to unincorporated areas of Spokane County and *is* affected by changes in municipal boundaries, then it is **local**.
- If the County receives payments from local jurisdictions or other agencies for a provided service, then it is a **contract service** or revenue.

More than 99% of Spokane County's core revenues and services (i.e. those that fall under the General, Road, Building and Planning, and Geiger funds) can be ascribed to one of these three categories. A small portion of revenues and expenditures (a fraction of 1%) represent revenues or expenditures that are difficult to pigeonhole in any given category and are counted in a fourth category: "Other."

**Analytic Approach**

While an analysis of Spokane County's "lines of business" sounds like it would be a relatively straightforward task, in practice, such an analysis is complex and requires a good deal of unraveling of departmental budgets. The Spokane County Jail, for example, provides component services that fall under all three lines of business:

1. As a regional service, the jail handles pre-trial felony detainees for the entire county and it also bears the responsibility to house any detainees who were arrested within the county by Washington State Patrol;

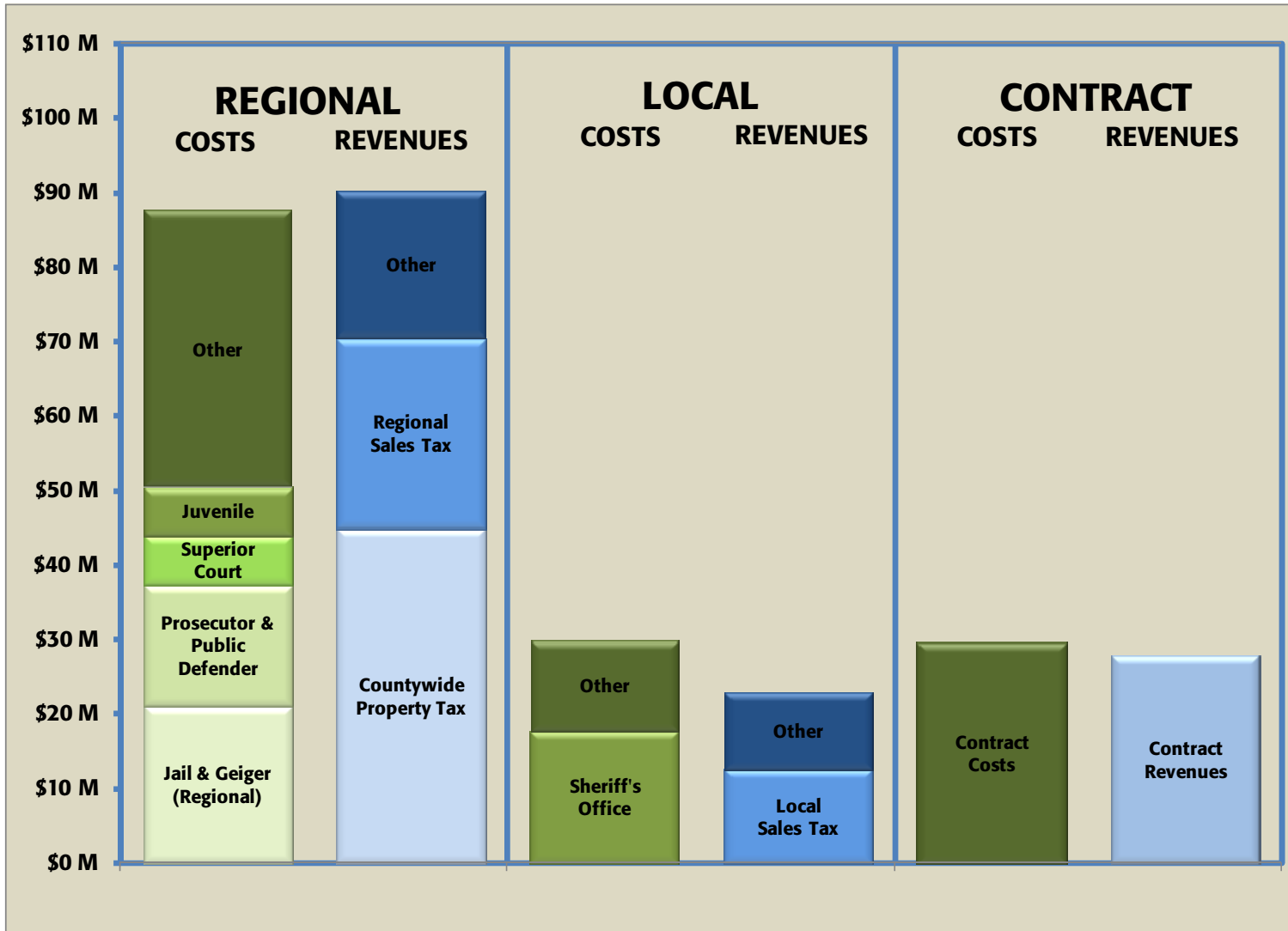
**Spokane County Line-of-Business Analysis**

2. As a local service, the jail handles misdemeanor detainees who are arrested in unincorporated parts of the county. (Detention of those arrested on misdemeanor charges are the responsibility of the local government, which in the case of unincorporated Spokane County, is the County.); and
3. As a contract service, the jail handles misdemeanor detainees who are arrested within the city limits of any of Spokane County's cities. (For these services, the jail charges the city in question—the local governments who bear the responsibility for detention of misdemeanor arrests within their city limits.)

To provide an accurate assessment of how Spokane County's three lines of business stack up, it is necessary to unravel the county's jail costs (and revenues) to ensure that the appropriate shares of costs are allocated to the appropriate line of business. To do this, BERK staff analyzed documentation of Spokane County's budgets and historical activity and we consulted with County staff both within the County Budget Office and within each of the departments in question.

For a detailed breakdown of analytic findings, readers should look to the Technical Appendix accompanying this Summary of Findings for a line-by-line breakdown of how revenues and costs are allocated to the regional, local, or contract line of business.

**Exhibit 1: Budgeted General Fund Costs and Revenues for Regional, Local, and Contract Services  
(from Spokane County 2009 Adopted Budget [as of March 17<sup>th</sup>, 2009])**



Source: BERK

## FINDINGS

Exhibit 1 on the preceding page provides a graphic summary of how Spokane County's three lines of business stack up. These findings point to a handful of big-picture conclusions:

- Conclusion #1. Comparing yearly inflows and outflows, Spokane County's overall General Fund budget for 2009 is out of balance. Outflows for the year exceeding inflows by nearly \$6 million.** Within the budget, this shortfall was made up by drawing down some of the accumulated cash (reserves) that Spokane County had built up in previous years and by taking advantage of a one-time windfall.
- Conclusion #2. Regional Services is Spokane County's biggest line of business, by far.** Out of nearly \$148 million of General Fund expenditures that were allocated, roughly \$87.5 million in expenditures fell in the County's regional line of business (compared with roughly \$30 million in expenditures each for local and contract services).
- Conclusion #3. The County's regional and contract lines of business were, to a large degree, in alignment.** In the grand scheme of things, the County's regional revenues and expenditures came very close to matching, as did the County's revenues and expenditures for contract services. Regional revenues exceeded regional costs by \$2.8 million (roughly 3% of the \$87.5 million of regional costs). Contract revenues fell short of contract service costs by roughly \$1.7 million (roughly 6% of the \$29.6 million budgeted costs).
- Conclusion #4. The County's local line of business (the costs of providing local governmental services to unincorporated parts of the county) was more significantly out of alignment.** Costs for local services exceeded revenues by nearly \$7 million, which means that local revenues (as defined for this analysis) would need to increase by 30% to fully cover the \$30 million cost of providing local services.

In light of the above conclusions, one point in particular is worth bearing out. Although the analysis suggests that the County's regional line of service is in the black for 2009, the structural challenge presented by Washington's 1% property tax limit means that this line of business is heading for trouble. If there exists a 2% gap between the rate of inflation and the growth in property taxes, that means that the purchasing power of the County's property tax decreases by nearly \$1 million per year.<sup>1</sup> With regional property tax revenues eroding at that rate, the regional line of business is unlikely to stay in balance without positive action by residents of Spokane County.

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<sup>1</sup> If property taxes on a typical property can only go up by 1% per year but costs of providing the same levels of service to that property increase with inflation at a rate of 3% per year, that would translate to a gap of 2%. Alternatively, from a countywide perspective, if overall property tax revenues increase by 3% per year (with anything over the 1% limit coming from growth) and costs of providing regional services increase by 5% per year (again, recognizing the overall growth in the population served), then that too would translate to a gap of 2%.

**STEPPING BACK: So what do these findings mean in the broader context of solving Spokane County’s fiscal challenges?**

Through their process of collaboration, the County and the metro-area cities have worked to identify the two major challenges that Spokane County faces. In light of these challenges, the collaborating jurisdictions acknowledged that a first step towards overcoming Spokane County’s fiscal obstacles was to develop a baseline understanding of where the County stands today.

As a leading partner in the collaboration, the Board of County Commissioners committed County resources to developing the information presented in this *Summary of Findings*. With this foundational data in hand, the County and the collaborating cities are now in a position to map out a consensus on how best to address Spokane County’s challenges and put the County in a position of long-term sustainability.

A reality that has been acknowledged through the collaborative planning process is that Spokane County (as a governing entity and provider of foundational governmental services for the county as a whole) will be in a much better position to succeed if it can pursue sustainability with the support of cities. Whether the solution includes seeking legislative relief from Olympia, seeking voted relief from the 1% property tax limit, or seeking to reduce costs by regionalizing services, the County will be in a much stronger position if it can pursue those solutions with the full support of the county’s cities.



## DRAFT - TECHNICAL APPENDIX

### SPOKANE COUNTY GENERAL FUND - LINES OF BUSINESS ALLOCATION

#### Key to Detailed Allocation Table

#### INTRODUCTION

This technical appendix document provides a line-by-line description of the approach used and assumptions made for allocations of revenues and costs to Spokane County's regional, local, and contract "lines of business". This description is intended to accompany the detailed allocation table entitled *Detailed Allocation of Spokane County 2009 Adopted Budget*. In the table that follows, the row number specified in the table corresponds to the row number in the *Detailed Allocation Table* for the revenue or cost in question.

#### FRAMEWORK

As a **regional service** provider, Spokane County provides a suite of services for the benefit of all constituents within Spokane County. In theory, every Spokane County constituent benefits from the County's region-wide services like Superior Court; regional, state, and federal elections; and juvenile detention. Likewise, every constituent within the county pays regional taxes and fees to support these services. These countywide taxes and fees are paid by all taxpayers in Spokane County, regardless of where they live, work, or shop.

In addition to this regional line of business, Spokane County also provides **local services** to, and collects local tax and fee revenues from, unincorporated areas within the county. Because it is local in nature, this is a line of business that *is* affected by changes in municipal boundaries.

Finally, as part of its third line of business, the County provides services for (or to) local jurisdictions in exchange for payments. We refer to this line as Spokane County's **contract services**.

Given the above landscape of services, the lines of distinction that Spokane County and the Metro cities have identified for discussions of regional, local, and contract services are straightforward:

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- If an obligation or revenue stream is affected by changes in municipal boundaries, then it is local.

- If the County receives payments from local jurisdictions or other agencies for a provided service, then it is a contract service.

More than 99% of Spokane County's core revenues and services (i.e. those that fall under the General, Road, Building and Planning, and Geiger funds) can be ascribed to one of these three categories. A small portion of revenues and expenditures (a fraction of 1%) represent revenues or expenditures that are difficult to pigeonhole in any given category and are counted in a fourth category: "Other."

The following pages provide a brief, line-by-line discussion of the rationale and mechanisms BERK used for allocating costs and revenues to one of Spokane County's three lines of business. These rationales and allocation mechanisms are based on coordinated analyses and detailed discussions with County budget staff and with many County departments.

<b>REVENUES</b>			
<b>Row #</b>	<b>Source</b>	<b>Results</b>	<b>Rationale</b>
1.	Property Tax	100% Regional	Would not be affected by changes in municipal boundaries.
2.	Sales Tax	70% Regional; 30% Local	<p>Regional revenues include:</p> <ul style="list-style-type: none"> <li>• All juvenile jail and public safety sales taxes that flow to Spokane County (shares that accrue to County and are unaffected by changes in municipal boundaries);</li> <li>• The County's 15% share of the 1.0% local retail sales taxes (a share that is collected countywide); and</li> <li>• The County's 10% share of City criminal justice sales taxes that flow to Spokane County before the remaining 90% of criminal justice sales taxes are distributed to the County and cities on a per-resident basis.</li> </ul> <p>Local components include:</p> <ul style="list-style-type: none"> <li>• The County's 85% share of the 1.0% local sales taxes collected in the unincorporated area of the county; and</li> <li>• Spokane County's share of the criminal justice sales taxes that are distributed based on counts of unincorporated residents.</li> </ul>

<b>REVENUES</b>			
<b>Row #</b>	<b>Source</b>	<b>Results</b>	<b>Rationale</b>
3.	Sheriff	3% Regional; 10% Local; 85% Contract; 2% Other	<p>Includes contracts with Spokane Valley, Deputies for Deer Park, and dispatch services to the Small Cities.</p> <p>Local includes Diverted County Road Taxes and traffic school fees.</p> <p>Regional and other include State and Federal Grant monies that support programs such as the Gang Enforcement Team. Other also includes State and Federal ISU/DEA seizure revenues. Civil revenues are included as regional.</p>
4.	Intergovernmental	27% Regional; 52% Local; 21% Contract	<p>Regional includes a pro-rata share of indirect charges to other County funds. Leaseholder's excise taxes and treasury collection fees are also included as regional revenues.</p> <p>Local includes many of the per-capita distributions from State for liquor excise, etc.</p> <p>Contract revenues include overhead revenues for General Fund's contracted services to outside cities and entities.</p>
5.	District Court	46% Regional; 31% Local; 24% Contract	<p>Fines and forfeitures for misdemeanors, felonies, civil, and small claims.</p> <p>Regional revenues include felony, civil, and small claims fines as well as an operating transfer to offset Mental Health Court support.</p> <p>Infraction allocations were based on the Court's 2008 caseload by jurisdiction. Regional infractions include all of felony and probable cause cases. Local includes misdemeanor infractions associated with the unincorporated areas.</p> <p>Also includes contract revenues from the City of Spokane, City of Liberty Lake, and the City of Spokane Valley.</p>

<b>REVENUES</b>			
<b>Row #</b>	<b>Source</b>	<b>Results</b>	<b>Rationale</b>
6.	Jail	4% Regional; 1% Local; 95% Contract	Room and Board revenues allocated base on billed detention hours for City of Spokane, City of Spokane Valley, Small Cities (Medical Lake, Airway Heights, Deer Park, and Cheney), State Department of Corrections, U.S. Marshalls, and U.S. Bureau of Prisons.
7.	Auditor	80% Regional; 20% Contract	Contract includes election revenues. Regional includes recording and licensing fees.
8.	Superior Court Clerk	100% Regional	Would not be affected by changes in municipal boundaries.
9.	Prosecutor	83% Regional; 3% Local; 14% Contract	Regional includes grants for Family Law and would not be affected by changes in municipal boundaries. Local includes payments for interfund legal services. Contract revenue from City of Spokane Valley, City of Spokane, and Small Cities.
10.	Treasurer	100% Regional	Would not be affected by changes in municipal boundaries.
11.	SCRAPS	38% Local; 62% Contract	Contracts with City of Spokane Valley and Small Cities. Allocation of all other revenues based on Jul 07 - June 08 Time Study of SCRAP services.
12.	Public Defender	34% Regional; 66% Contract	Regional includes reimbursements from the Superior and Mental Health Courts. Contracts with City of Spokane Valley and Small Cities.

<b>REVENUES</b>			
<b>Row #</b>	<b>Source</b>	<b>Results</b>	<b>Rationale</b>
13.	Parks	70% Regional; 30% Local;	<p>Regional includes activity fees and concessions for the two aquatic facilities.</p> <p>Local includes activity revenues for local parks.</p> <p>Fees for recreation programs flow into the County's Recreation enterprise fund, where they are used to defray the costs of running the County recreation programs. Because these revenues flow into an enterprise fund, they are not reflected in this allocation of costs and revenues.</p>
14.	Purchasing	79% Regional; 14% Local; 7% Contract	<p>Based on 2008 mail center billings.</p> <p>Contracts include postage charges for elections.</p>
15.	Medical Examiner	100% Regional	Would not be affected by changes in municipal boundaries.
16.	Communications	8% Regional; 20% Local; 72% Contract	<p>Provides regional, local, and contract communication services. Revenues are allocated based on estimated revenue billings for 2009.</p> <p>Regional revenues include estimated billings to the 911 Fund.</p> <p>Local revenues include billings to the Utility and Road Funds as well as local service departments in the General Fund.</p> <p>Contract revenues include billings to City of Spokane Valley and Small Cities.</p>
17.	Emergency Management	29% Local; 71% Contract	Emergency services and interlocal operations are allocated based on OFM's 2008 population estimates for the County.
18.	Juvenile	100% Regional	Would not be affected by changes in municipal boundaries.

<b>REVENUES</b>			
<b>Row #</b>	<b>Source</b>	<b>Results</b>	<b>Rationale</b>
19.	Hearing Examiner	84% Local; 16% Contract	Contracts with the City of Spokane Valley. All other revenues (local) are the result of transfers from the Building and Planning Fund.
20.	Other Misc	57% Regional; 7% Local; 35% Contract	Majority of revenues are facility maintenance charges to Health District; which would not be affected by changes in municipal boundaries. Contract includes facility maintenance work outside of district
21.	Cooperative Extension	100% Regional	User Fees; Would not be affected by changes in municipal boundaries.
22.	Ballpark	100% Regional	User Fees; Would not be affected by changes in municipal boundaries.
23.	Pre-Trial Services	100% Contract	Department provides regional, local, and contract services. The only revenues received are contract revenues from cities of Spokane Valley and Liberty Lake.

<b>EXPENDITURES</b>				
<b>Row #</b>	<b>Department</b>	<b>Description of Services</b>	<b>Results</b>	<b>Rationale</b>
1.	Assessor	Property assessments and revaluations for entire County	100% Regional	Services would not be affected by changes in municipal boundaries.
2.	Auditor	Responsible for the administration of County Recording, Financial Services, Auto License, and Elections	78% Regional; 22% Contract	Regional services include County Recording, Financial Services, and Auto License. These services would not be affected by changes in municipal boundaries.  Elections includes regional; contract; and in theory, local components (e.g. a vote for a levy lid lift for Spokane County's Road Levy [which applies only to unincorporated areas of the county] would qualify as a local election cost). Estimated contract costs reflect costs of elections for local jurisdictions. Estimated contract revenues are basis for allocation. It is assumed that 100% of the departmental pro-rata share of election costs is charged to the contracting jurisdictions.
3.	Ballpark	Costs related to a professional quality baseball stadium for both spectators and players of amateur and professional baseball	100% Regional	Services would not be affected by changes in municipal boundaries.
4.	Board of Equalization (BOE)	Independent of the Assessor's office the BOE is responsible for assuring that all valuations entered on the County's assessment roll is at "fair value"	100% Regional	Services would not be affected by changes in municipal boundaries.

<b>EXPENDITURES</b>				
<b>Row #</b>	<b>Department</b>	<b>Description of Services</b>	<b>Results</b>	<b>Rationale</b>
5.	Boundary Review Board (BRB)	The BRB provides information and assistance to the County, cities and special districts for annexations, incorporations, and related proposals.	100% Regional	Services would not be affected by changes in municipal boundaries.
6.	Cooperative Extension	A public education agency funded by the County, Washington State University and the United States Department of Agriculture	100% Regional	Services would not be affected by changes in municipal boundaries.
7.	Courthouse Security	Provides security services for the County's campus and Courts	100% Regional	Services would not be affected by changes in municipal boundaries.

<b>EXPENDITURES</b>				
<b>Row #</b>	<b>Department</b>	<b>Description of Services</b>	<b>Results</b>	<b>Rationale</b>
8.	District Court	The Court processes criminal felony, civil, small claims, probable cause, and various misdemeanors cases. The Court also processes cases for the mental health therapeutic court and early case resolution programs	50% Regional; 24% Local; 26% Contract	<p>Mental health therapeutic court and early case resolution are 100% regional programs and would not be affected by changes in municipal boundaries.</p> <p>Judicial Offices, Operations, and Court Clerk costs are allocated to regional, local, and contract lines of business based on the Court's 2008 distribution of caseload by jurisdiction.</p> <p>The County contracts with the City of Liberty Lake and the City of Spokane Valley for processing misdemeanors, and it contracted with the City of Spokane for municipal court services for a portion of 2009 before Spokane created its own municipal court.</p> <p>Local costs are based on misdemeanor cases related to the unincorporated areas of the County.</p> <p>Regional costs include all felony, civil, small claims, and probable cause cases. Also included in the regional costs are misdemeanor and probable cause cases processed for State agencies such as the Washington State Patrol—court responsibilities that lie with Spokane County regardless of where in the county the case originated.</p>

<b>EXPENDITURES</b>				
<b>Row #</b>	<b>Department</b>	<b>Description of Services</b>	<b>Results</b>	<b>Rationale</b>
9.	Emergency Management	Coordinate and facilitate resources to minimize the impacts of major emergencies and disasters on people, property and the environment	29% Local; 71% Contract, <1% Other	<p>Spokane County fulfills its coordination obligations jointly with the City of Spokane. Costs of operating this office are allocated to Spokane cities and the county on pro-rata basis, based on OFM's estimated Population of Cities, Towns, and Counties. Local share of costs is based on population in unincorporated areas.</p> <p>Contracts include all incorporated cities in the County except for Fairfield, Latah, Rockford, Spangle, and Waverly. Because Spokane County has chosen not to press for contributions from these towns, the (small) share of costs that is associated with these uncollected contributions have been classified as "Other".</p>
10.	Health District	Accounts for Spokane County's contribution to the Spokane County Health District	100% Regional	Services would not be affected by changes in municipal boundaries.
11.	Hearing Examiner	To hear and decide land use applications and other quasi-judicial hearing matters in a fair, legal and expedient manner.	84% Local; 16% Contract	<p>Contracts with the City of Spokane Valley.</p> <p>It is assumed that 100% of the departmental pro-rata share of examiner costs is charged to the contracting jurisdiction.</p> <p>The remainder of Department costs are allocated to local expenditures and are funded by a transfer from the Building and Planning Fund.</p>

<b>EXPENDITURES</b>				
<b>Row #</b>	<b>Department</b>	<b>Description of Services</b>	<b>Results</b>	<b>Rationale</b>
12.	Jail	To provide staff, inmates, the community, and the Criminal Justice System a safe and secure environment for the incarceration of suspected and convicted offenders.	65% Regional; 6% Local; 29% Contract	<p>Regional includes the cost of incarcerating and managing all pre-trial felonies, the housing of in-transit inmates for other counties, State Agencies, and the Washington State Patrol.</p> <p>Local component includes all misdemeanors within the unincorporated area of the County, excluding misdemeanors originating from the Washington State Patrol (which reflect a regional obligation).</p> <p>Regional, local, and contract allocations are based on 2008 detention hours for felonies and misdemeanors.</p> <p>The County contracts with City of Spokane, City of Spokane Valley, Small Cities (Medical Lake, Airway Heights, Deer Park, and Cheney), State Department of Corrections, U.S. Marshalls, and U.S. Bureau of Prisons.</p>
13.	Geiger Confinement	Represents the County's General Fund share of the Geiger fund expenditures.	80% Regional; 20% Local	<p>Spokane County's Geiger facility houses and manages inmates for work-release. Geiger also monitors almost 10% of its inmates through a GPS electronic monitoring system. The facility also operates a federal work-release and electronic monitoring program for the Bureau of Prisons.</p> <p>A portion of Geiger's costs are born by contracting jurisdictions and outside agencies that utilize its services. The remaining portion of Geiger costs are billed to the County's General Fund. These allocated costs—the costs that are reflected here—are for a combination of local costs (housing and management of misdemeanor cases from unincorporated Spokane County), and the remainder are for felony or other cases that reflect the County's regional responsibility.</p> <p>Regional and local are based on 2008 billed days for Geiger Confinement.</p>

<b>EXPENDITURES</b>				
<b>Row #</b>	<b>Department</b>	<b>Description of Services</b>	<b>Results</b>	<b>Rationale</b>
14.	Juvenile	Public safety, accountability and positive change for delinquent, dependent, at-risk children, and their families.	100% Regional	Services would not be affected by changes in municipal boundaries.
15.	Martin Hall	Multiple counties, entered into an interlocal agreement to renovate and operate Martin Hall as a detention and rehabilitation center of juvenile law offenders.	100% Regional	Costs reflect Spokane County's ongoing costs of leasing beds in the Martin Hall facility. Services would not be affected by changes in municipal boundaries.
16.	Medical Examiner	A regional forensic medicine center striving for continued excellence in providing scientific, compassionate, and professional services in the investigation of unexpected death.	100% Regional	Services would not be affected by changes in municipal boundaries.

<b>EXPENDITURES</b>				
<b>Row #</b>	<b>Department</b>	<b>Description of Services</b>	<b>Results</b>	<b>Rationale</b>
17.	Parks	Providing high quality parks, recreation, open space and cultural opportunities.	85% Regional; 15% Local	<p>As a matter of policy, Spokane County provides both regional and local parks facilities. In concept, regional park department facilities include those facilities that serve large portions of Spokane County constituents. Regional parks include facilities like the Northside and Southside aquatic facilities and the Motorsports Park.</p> <p>Parks administration and maintenance costs are allocated based on Parks Department estimate of parks acres that are local and those that are regional.</p> <p>Costs for recreation programs are reflected in an enterprise fund, where they are supported by recreation fees, and are not reflected in this allocation of costs and revenues.</p>
18.	Civil Service	Conducts recruitment, testing, and hiring for the Sheriff's Office	58% Local; 42% Contract	<p>Regional and local are based on 2009 commissioned Sheriff officers.</p> <p>Contract with City of Spokane Valley.</p>
19.	Court Clerk	Responsible for processing and managing all Superior Court records and financial transactions, including Juvenile Court and Civil Commitment matters	100% Regional	Services would not be affected by changes in municipal boundaries.
20.	General Obligation Debt	Bond payments for general obligation debt.	100% Regional	Services would not be affected by changes in municipal boundaries.

<b>EXPENDITURES</b>				
<b>Row #</b>	<b>Department</b>	<b>Description of Services</b>	<b>Results</b>	<b>Rationale</b>
21a.	Transfer to Building & Planning Fund	To support Long-Range Planning	50% Regional; 50% Local	Estimate of long-range planning issues.
21b.	Transfer to Campus Capital Improvements		100% Local	Would be affected by changes in municipal boundaries.
21c.	Transfer to County Road Fund		100% Local	Would be affected by changes in municipal boundaries.
22.	Treasurer	Maintains public funds.	100% Regional	Services would not be affected by changes in municipal boundaries.
23.	Counsel for Defense	Representation include adult felony crimes as well as juvenile crimes whether felony or misdemeanor.	100% Regional	Services would not be affected by changes in municipal boundaries.
24.	Pre-Trial Services	Assists the Superior and District Courts by determining a person's eligibility for Public Defender.	63% Regional; 25% Local; 12% Contract	Allocations based on 2007 Pre-trial workload.  Contracts with cities of Spokane Valley and Liberty Lake. Contracts are assumed to cover 100% of the departmental pro-rata share of Pre-trial costs.
25.	Probation	This department accounts for the General Fund contribution to the Probation Fund which provides supportive services to the Court.	100% Local	Would be affected by changes in municipal boundaries.

<b>EXPENDITURES</b>				
<b>Row #</b>	<b>Department</b>	<b>Description of Services</b>	<b>Results</b>	<b>Rationale</b>
26.	Prosecutor	The office of the prosecuting attorney is dedicated to assuring justice in the administration of civil and criminal cases. Also early case resolution, and unified drug court.	89% Regional; 7% Local; 4% Contract	<p>Costs for prosecuting felonies, misdemeanors, infractions, and domestic violence cases are allocated to regional, local, and contract allocations based on FY 2008 Prosecutor caseload. Other regional services include unified drug court, community relicensing, early case resolution, family law, and civil commitment.</p> <p>Regional costs include County-wide felonies, civil commitment, early case resolution, and unified drug court services.</p> <p>Local and contract includes misdemeanor, infraction, and domestic violence cases.</p> <p>Contracts include City of Spokane Valley, City of Spokane, and Small Cities. Contracts are assumed to cover 100% of the departmental pro-rata share of Prosecutor costs.</p>
27.	Public Defender	Includes basic Public Defender services as well as civil commitment, early case resolution, and unified drug court.	83% Regional; 11% Local; 6% Contract	<p>Regional, local, and contract allocations are based on 2007 Public Defender caseload.</p> <p>Regional includes civil commitment, early case resolution, and unified drug court services would not be affected by changes in municipal boundaries.</p> <p>Contracts with City of Spokane Valley and Small Cities. Contracts are assumed to cover 100% of the departmental pro-rata share of Public Defender costs.</p>
28.	SCOPE/SIRT M&O	Community Oriented Policing & Sheriff Incident Response Team	75% Local; 25% Contract	Based on Sheriff contract with City of Spokane Valley.

<b>EXPENDITURES</b>				
<b>Row #</b>	<b>Department</b>	<b>Description of Services</b>	<b>Results</b>	<b>Rationale</b>
29.	SCRAPS	County's animal control	48% Local; 52% Contract	Allocation based on Jul 07 - June 08 Time Study of SCRAP services.  Contracts with City of Spokane Valley and Small Cities.
30.	Sheriff	Provides law enforcement services. Much of the Sherriff's Office provides local service. Another large component is contracted through Spokane Valley. A few distinct services are regional and certain services are provided regardless of jurisdictional boundaries and have been classified as "Other". "Other" also includes programs that are jointly served in conjunction with the Spokane Police Department.	2% Regional; 54% Local; 41% Contract; 2% Other	<p>Under state law, the Sheriff has the authority (and ultimate responsibility) to provide law enforcement services in all areas of the county. In most instances, cities choose to take primary responsibility for provision of law enforcement within city boundaries, but if a city chose not to provide those services, the final responsibility would fall to the Spokane County Sheriff.</p> <p>Notwithstanding the Sheriff's statutory responsibilities, in practice, the configuration of law enforcement in Spokane County is such that the Sheriff's Office principally provides law enforcement services in unincorporated areas and via contract with cities. This means that most of the services the Sheriff's Office provides <i>would</i> be affected by changes in municipal boundaries. Therefore, most of what the Sheriff's Office does falls within the "local" and "contract" lines of business.</p> <p><b>Regional Services:</b> Most regional services are provided through the Civil Division, which provides services to the courts including serving subpoenas, court orders, as well as evictions and protection orders.</p> <p><b>Strictly Local Services:</b> Law enforcement services that were allocated 100% Local include:</p> <ul style="list-style-type: none"> <li>• Marine Unit – Enforcement of boating and marine restrictions in the unincorporated areas.</li> <li>• Reservists – Department volunteers</li> <li>• Explorers mentoring program</li> <li>• Traffic School – Traffic safety classes offered as an alternative to</li> </ul>

<b>EXPENDITURES</b>				
<b>Row #</b>	<b>Department</b>	<b>Description of Services</b>	<b>Results</b>	<b>Rationale</b>
				<p>paying fines for motorists who receive minor traffic violations within the unincorporated area.</p> <p><b>Services Split Between Local and Contract:</b> The cities of Spokane Valley, Deer Park, Medical Lake, and Millwood contract with the Spokane County Sheriff's Office for provision of law enforcement services. A portion of services include personnel that are explicitly assigned to Spokane Valley. Spokane Valley pays the salaries and benefits of these personnel through explicit line items in their contract. These include:</p> <ul style="list-style-type: none"> <li>• Patrol;</li> <li>• Detectives;</li> <li>• Traffic;</li> <li>• K-9;</li> <li>• ISU; and</li> <li>• School Resource Officers – Four officers are assigned to serve unincorporated Spokane County schools and four are assigned to serve Spokane Valley schools.</li> </ul> <p>In a parallel structure, the Sheriff's Office also has dedicated Patrol, Detectives, Traffic, K-9, and ISU resources that are principally occupied with providing law enforcement in unincorporated areas of the county. The cities of Deer Park, Medical Lake, and Millwood also pay a portion of these salaries and benefits.</p> <p>Patrol services are also provided by the Sheriff's Office to the small cities of Fairfield, Latah, Rockford, Spangle, and Waverly. These cities pay a pro-rata share of patrol labor and non-labor costs based on population.</p> <p>The County also contracts with the City of Deer Park for Deputy services.</p> <p>Beyond these front-line staff, there are a number of support/command</p>

<b>EXPENDITURES</b>				
<b>Row #</b>	<b>Department</b>	<b>Description of Services</b>	<b>Results</b>	<b>Rationale</b>
				<p>functions whose costs are shared between the County and the cities of Spokane Valley, Deer Park, Medical Lake, and Millwood. These services include:</p> <ul style="list-style-type: none"> <li>• Forensic Unit;</li> <li>• Garage;</li> <li>• Sherriff Office’s Budget, Accounting, and Admin/Clerical Support;</li> <li>• 2 Undersheriffs;</li> <li>• Investigations and Crime Analysis;</li> <li>• Office of Professional Standards;</li> <li>• Radio (allocated based on dispatch activity);</li> <li>• Gang Enforcement;</li> <li>• Spokane Incident Response Team (S.I.R.T); and</li> <li>• Sheriff Community Oriented Policing Effort (S.C.O.P.E.)</li> </ul> <p>Yet another category of Sheriff’s Office costs that are shared between the Sheriff’s Office and Spokane Valley are the maintenance and operation (M&amp;O) costs for:</p> <ul style="list-style-type: none"> <li>• Budget, Accounting, and Admin/Clerical Support;</li> <li>• Detectives, Patrol, K-9, ISU, and Traffic Investigation;</li> <li>• Training;</li> <li>• Fleet Lease;</li> <li>• Crime Check;</li> <li>• Radio</li> </ul> <p><b>Other Services:</b> The Sheriff’s Office provides certain services that are difficult to fit into a single “bucket” (i.e. they are difficult to characterize as regional, local, <i>or</i> contract). These services tend to have some combination of four defining characteristics:</p>

<b>EXPENDITURES</b>				
<b>Row #</b>	<b>Department</b>	<b>Description of Services</b>	<b>Results</b>	<b>Rationale</b>
				<ul style="list-style-type: none"> <li>• They are services in support of local law enforcement;</li> <li>• They may be partially grant-supported;</li> <li>• They may be provided through a multi-jurisdictional partnership; and/or</li> <li>• They might be candidates for contracted services (e.g. when a team responds to a small city or outside of the county) but costs of such responses are currently not recouped.</li> </ul> <p>These "Other" services include:</p> <ul style="list-style-type: none"> <li>• 2009 Meth Initiative;</li> <li>• Federal Drug Enforcement (DEA);</li> <li>• State Drug Enforcement (State-ISU);</li> <li>• State grant-funded Washington Auto Theft Prevention Authority</li> <li>• Helicopter costs; and</li> <li>• Community Services.</li> </ul> <p>Drug Enforcement within the County falls into three tiers. Local enforcement; State Enforcement (State ISU; Seizures); and Federal (Drug Enforcement Agency; DEA). Since much of the State and Federal services span beyond jurisdictional boundaries and we allocated these costs to "Other".</p>

<b>EXPENDITURES</b>				
<b>Row #</b>	<b>Department</b>	<b>Description of Services</b>	<b>Results</b>	<b>Rationale</b>
31.	Superior Court	Hears felony criminal cases, domestic/family law, juvenile and civil matters.	100% Regional	Services would not be affected by changes in municipal boundaries.
32.	Communications	Provides reliable communications, security, microwaves, and county-wide paging systems.	4% Regional; 59% Local; 37% Contract	Allocated to regional and contract based on 2009 estimated billing revenues to the 911 Fund (regional), City of Spokane Valley (contract), and Small Cities (contract).  Local includes support of General Fund local services. Local is also based on estimated billing revenues to the Utility and County Road funds.
33-40.	Support Services		60% Regional; 22% Local; 17% Contract; 1% Other	Allocations for Admin Services, Human Resources, and Commissioners reflect that these departments support other funds beyond the General Fund. The level of support is based on General Fund and Non-General Fund FTEs.  Information Systems allocations were based on departmental billings for 2008.  Non-mail center Purchasing allocations were based on departmental FTEs within the General Fund and the services that these departments provide. Purchasing expenditures associated with the mail-center were allocated based on departmental mail-center billings for 2008.  All other support services (Facilities, State Examiners, and Liability Insurance) were allocated based on FTEs within the General Fund and the services that these departments provide.

**OTHER FUNDS WITH GENERAL FUND EXPOSURE**

<b>Row #</b>	<b>Fund</b>	<b>Results</b>	<b>Rationale</b>
1 & 4.	Building & Planning Fund	9% Regional; 91% Local	<p>Long-Range planning costs are deemed to encompass both local and regional components, although precise lines of distinction are difficult to identify. Lacking concrete lines of distinction, revenues (like long-range planning costs) are allocated 50% regional and 50% local.</p> <p>All other services are local.</p> <p>Revenues include General Fund transfer of \$500,000 for Long-Range planning.</p>
2 & 5.	Geiger Fund	44% Regional; 11% Local; 45% Contract	<p>Regional &amp; local represent General Fund's share of Geiger's expenditures.</p> <p>Contracts with City of Spokane, City of Spokane Valley, Small Cities (Medical Lake, Airway Heights, and Cheney), State Department of Corrections, and U.S. Bureau of Prisons.</p>
3 & 6.	County Road Fund	100% Local	Would be affected by changes in municipal boundaries.

Spokane County 2009 Adopted Budget (as of 03/17/2009)

General Fund Summary		Regional	Local	Contract	Other	Total
<b>General Fund Revenues for Allocation</b>						
2009 Revenues	90,382,863	23,133,827	27,931,830	473,594	141,922,114	
2009 Expenditures	87,566,283	30,074,936	29,619,563	636,329	147,897,111	
<b>Net Surplus/(Deficit)</b>	<b>2,816,580</b>	<b>(6,941,109)</b>	<b>(1,687,733)</b>	<b>(162,735)</b>	<b>(5,974,997)</b>	
General Fund Detail		Regional	Local	Contract	Other	Total
<b>General Fund Revenues for Allocation</b>						
1. Property Tax	44,984,692	-	-	-	44,984,692	
2. Sales Tax	25,459,660	12,583,521	-	-	38,043,181	
3. Sheriff	453,402	2,016,993	15,271,471	470,435	18,212,301	
4. Intergovernmental	2,814,973	5,490,569	2,252,450	2,190	10,560,183	
5. District Court	2,515,041	1,681,774	1,303,373	-	5,500,188	
6. Jail	154,476	137,878	5,111,979	-	5,404,334	
7. Auditor	3,849,832	-	1,629,127	-	5,478,959	
8. Superior Court Clerk	3,714,402	-	-	-	3,714,402	
9. Prosecutor	2,855,589	115,550	479,603	-	3,450,742	
10. Treasurer	1,552,500	-	-	-	1,552,500	
11. SCRAPS	-	554,631	835,139	-	1,389,770	
12. Public Defender	233,999	-	453,095	-	687,094	
13. Parks	417,782	176,117	-	-	593,899	
14. Purchasing	382,524	65,065	36,786	-	484,375	
15. Medical Examiner	368,400	-	-	-	368,400	
16. Communications	24,383	63,059	233,738	-	321,180	
17. Emergency Management	-	74,202	183,328	956	258,486	
18. Juvenile	257,647	-	-	-	257,647	
19. Hearing Examiner	-	163,442	31,125	-	194,567	
20. Other Misc	86,469	11,027	52,975	12	150,482	
21. Cooperative Extension	130,551	-	-	-	130,551	
22. Ballpark	126,540	-	-	-	126,540	
23. Pre-Trial Services	-	-	57,641	-	57,641	
<b>General Fund Expenditures for Allocation</b>						
1. Assessor	3,862,680	-	-	-	3,862,680	
2. Auditor	3,253,216	-	1,629,127	-	4,882,343	
3. Ballpark	127,489	-	-	-	127,489	
4. Board of Equalization	199,796	-	-	-	199,796	
5. Boundary Review Board	247,251	-	-	-	247,251	
6. Cooperative Extension	527,903	-	-	-	527,903	
7. Courthouse Security	774,509	-	-	-	774,509	
8. District Court	2,496,812	1,238,780	1,303,373	-	5,038,965	
9. Emergency Management	-	108,969	269,225	1,404	379,598	
10. Health District	2,984,255	-	-	-	2,984,255	
11. Hearing Examiner	-	163,442	31,125	-	194,567	
12. Jail	13,940,266	466,892	5,841,137	-	20,248,295	
13. Geiger Confinement	7,193,844	1,821,993	-	-	9,015,837	
14. Juvenile	6,495,564	-	-	-	6,495,564	
15. Martin Hall	246,375	-	-	-	246,375	
16. Medical Examiner	1,407,228	-	-	-	1,407,228	
17. Parks	1,821,640	322,143	75,193	-	2,178,783	
18. Civil Service	-	103,614	-	-	178,807	
19. Court Clerk	2,679,830	-	-	-	2,679,830	
20. General Obligation Debt	1,084,552	-	-	-	1,084,552	
21a. Transfer to Building & Planning Fund for Long Range Planning	250,000	250,000	-	-	500,000	
21b. Transfer to Campus Capital Improvements Fund	-	517,000	-	-	517,000	
21c. Transfer to County Road Fund	-	143,000	-	-	143,000	
22. Treasurer	1,993,442	-	-	-	1,993,442	
23. Counsel for Defense	1,066,519	-	-	-	1,066,519	
24. Pre-Trial Services	296,263	116,753	57,641	-	470,657	
25. Probation	-	331,369	-	-	331,369	
26. Prosecutor	10,307,155	838,646	479,603	-	11,625,404	
27. Public Defender	5,927,355	756,583	453,095	-	7,137,033	
28. SCOPE/SIRT M&O	-	188,908	63,872	-	252,780	
29. SCRAPS	-	735,133	835,139	-	1,570,272	
30. Sheriff	698,581	17,821,641	14,936,460	573,728	34,030,410	
31. Superior Court	6,714,195	-	-	-	6,714,195	
32. Communications	24,383	366,419	233,738	-	624,540	
<b>Support Services</b>						
33. Administrative Services	1,482,178	1,028,861	508,783	8,021	3,027,843	
34. Commissioners	385,911	267,882	132,471	2,088	788,352	
35. State Examiners	179,573	51,441	60,803	1,184	293,000	
36. Information Systems	3,213,039	679,116	884,369	15,752	4,792,276	
37. Facilities	3,209,729	919,469	1,086,802	21,157	5,237,156	
38. Human Resources	431,388	299,450	148,081	2,335	881,254	
39. Liability Insurance	1,243,754	356,290	421,130	8,198	2,029,372	
40. Purchasing	799,611	181,141	168,396	2,462	1,151,610	
<b>Net Surplus/(Deficit)</b>	<b>2,816,580</b>	<b>(6,941,109)</b>	<b>(1,687,733)</b>	<b>(162,735)</b>	<b>(5,974,997)</b>	
<b>General Fund Expenditures &amp; Revenues Not Allocated</b>						
<b>Expenditures Not Allocated</b>						
1. Grants	-	-	-	-	468,066	
2. Estimated Ending Fund Balance	-	-	-	-	14,644,564	
<b>Total General Fund Expenditures</b>	<b>163,009,741</b>				<b>163,009,741</b>	
<b>Revenues Not Allocated</b>						
3. Premium Holiday Benefits	-	-	-	-	1,922,398	
4. Grants	-	-	-	-	468,066	
5. Beginning Fund Balance	-	-	-	-	18,697,163	
<b>Total General Fund Revenues</b>	<b>163,009,741</b>				<b>163,009,741</b>	
<b>Other Funds with General Fund Exposure (Incl. Non General Fund Components)</b>						
<b>Expenditures</b>		<b>Regional</b>	<b>Local</b>	<b>Contract</b>	<b>Other</b>	<b>Total</b>
1. Building & Planning Fund	7,601,842	57,949,251	7,353,172	0	72,904,265	
2. Geiger Fund	407,998	4,020,860	-	-	4,428,858	
3. County Road Fund	7,193,844	1,821,993	7,353,172	-	16,369,009	
<b>Revenues</b>	<b>7,443,844</b>	<b>52,624,411</b>	<b>7,425,111</b>	<b>0</b>	<b>67,493,366</b>	
4. Building & Planning Fund	250,000	3,554,032	-	-	3,804,032	
5. Geiger Fund	7,193,844	1,821,993	7,425,111	-	16,440,948	
6. County Road Fund	-	47,248,386	-	-	47,248,386	