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# Washington Department of Revenue Property Tax Division

## 2021 Franklin County Levy Audit A Summary Report



# Table of Contents

|                                   |   |
|-----------------------------------|---|
| Overview.....                     | 3 |
| Executive Summary.....            | 4 |
| Requirement – Cemetery No. 2..... | 6 |
| Next Steps.....                   | 8 |

# Overview

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## Purpose

The primary purpose of this review by the Department of Revenue (Department) is to assist the (FILL-IN) County Assessor (Assessor) in their processes and procedures to ensure compliance with state statutes and regulations.

## Method of Calculation

The Department calculated the levy limitations and levy rate for several of the taxing districts for the (FILL-IN) tax year. To determine whether an error occurred, the Department compared the amount levied for the district with the lesser of the levy limit, the statutory rate limit, the amount authorized by each district's resolution, and the levy amount certified by the district.

## Information Reviewed

The Department used the following information during the review:

- Resolutions/Ordinances adopted by the districts
- Levy certification from the county legislative authority (RCW 84.52.070)
- Tax roll certification to the county treasurer and abstract of the tax roll to the county auditor
- Ballot measures
- Levy limit worksheets
- \$5.90 aggregate and 1 percent constitutional limits

We do not review every taxing district's levy. We audited approximately 40 percent of the taxing districts. The scope of the audit did not include the review of earmarked funds.

## Taxing Districts Selected

The Department reviewed the following taxing district levies:

- City/Towns: Mesa, Kahlotus
- Fire Districts: No. 1, No. 5
- Hospital Districts: No. 1
- Cemetery Districts: No. 2
- Library Districts: Mid-Columbia Regional
- School Districts: No. 1 (Pasco), No. 54 (Star Regional)

# Executive Summary

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## Introduction

The primary purpose of a levy audit by the Department is to assist the county assessor in successfully performing the duties associated with levying property taxes for the districts within the county.

An effective audit of levy calculations consists of gathering information from the assessor's office to determine the level of compliance with laws and rules, the accuracy of levy calculations, and the effectiveness of record keeping.

## Categories of Results

The Department has completed its review and grouped the results into two categories:

- The first category, *Requirements*, is of the greatest urgency for effective administration by the assessor. A change is required to adhere to the law.
- The second category, *Recommendations*, requires the attention of the assessor. The Department believes the assessor could improve their performance and service to the public by making voluntary changes in procedures.

The Department bases requirements and recommendations in our reports on our review of the administrative procedures employed, existing state statutes and regulations, and areas we saw opportunities to improve processes, procedures, and communication.

## Results

The Department identified one requirement and no recommendations directed toward improving the accuracy of the levy process.

We have listed a summary of these items in the Requirements and Recommendation sections.

## **Executive Summary,** continued

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### **Requirements**

- When determining the levy limit, one consideration should be the certified budget provided from the taxing district.

## Requirement – Cemetery No. 2

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### Requirement

The Assessor is required to use the certified levy request amount certified to his office from the Franklin County Legislative Authority.

### What the law says

County assessors must calculate the levy rates, for most taxing districts within the county, within the limitations provided by law. One of those limits include the certified levy request amount from the county legislative authority or individual taxing district if they have statutory authority to certify their request directly to the county assessor.

When the required certification to the county assessor is after the appropriate statutory deadlines, county assessors are restricted to levying no more than the prior year's certified levy amount. This limitation only applied when the county assessor has certified both local and state assessed values to the taxing districts no later than 12 working days before November 30. RCW 84.52.010 and RCW 84.52.070

### What we found

The Franklin County Legislative Authority certified a levy amount of \$24,080.00 on behalf of Cemetery No. 2 to the Assessor on January 5, 2021, which is after their deadline of November 30, 2020. The Assessor certified local and state assessed values to the taxing districts on December 29, 2020, after their deadline of November 9, 2020. Since the Assessor was late in certifying the assessed values, the late certification of levy request amounts from the Franklin County Legislative Authority does not activate the levy consequence limiting Cemetery No. 2 to their prior year's certified levy request amount.

The levy limit calculation worksheet provided by the Assessor for this district used a certified budget amount of \$338,450, instead of \$24,080.00, affecting the lower of the four limit calculations.

The Assessor levied \$24,272.52, which represent the amount authorized by the taxing district over the prior year's levy. The lesser of the four levy limitations is the certified levy request amount, \$24,080.00. This resulted in an overlevy amount of \$192.52.

### Action needed to meet requirement

The Assessor is required to take the following action(s):

- Notify Cemetery No. 2 district of the overlevy error as soon as possible.
- Due to the timing of the audit report, if the Assessor does not have time to coordinate the levy error correction with the taxing district for the 2021 levy calculations for the 2022 tax year, the correction may be implemented starting with the 2022 levy calculations for the 2023 tax year.

- If the district finds correcting the fully levy error in one year may cause a hardship for the district or taxpayers, the district may elect to have the correction implemented proportionately over a consecutive period of no more than three years.

### **Why it's important**

Implementing all the levy limitations ensures the correct amount of property tax is levied by the taxing districts.

## Next Steps

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### Follow-up

The Department is committed to the success of the Assessor by ensuring the levies comply with state statutes and regulations.

The Department will conduct a follow-up review in 2022. This will give the Assessor an opportunity to implement the required changes, recommended changes, and to provide information to the Department about any issues they encountered during the implementation process.

### Questions

General levy information is available in the Department's *Property Tax Levies Operating Manual*, available on our website.

For questions about specific requirements or recommendations in our report, please contact the Property Tax Division at (360) 534-1400.

For additional information contact:

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