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Washington Department of Revenue Property Tax Division

2023 Tax Year Clallam County Levy Audit A Summary Report



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Overview

Purpose

The primary purpose of this review by the Department of Revenue (Department) is to assist the Clallam 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 2023 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.

The Department did not review every taxing district's levy. The Department 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: Sequim and Forks.
- Fire Districts: No. 2 and No. 5.
- Hospital District: No. 1.
- School Districts: #313 Crescent and #401 Cape Flattery.
- Port Districts: Port Angeles.
- Other: William Shore Metropolitan Park.

Executive Summary

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 this item in the Requirement section:

1. The Assessor is required to review the \$5.90 aggregate limitation. When this limit is exceeded, the rates must be reduced or eliminated until the limitation is no longer exceeded.

Requirement – \$5.90 Aggregate Limitation

Requirement

The Assessor is required to review the \$5.90 aggregate limitation. When this limit is exceeded, the rates must be reduced or eliminated until the limitation is no longer exceeded.

What the law says

When levies imposed by taxing districts exceed the \$5.90 aggregate rate limit, levy rates must be reduced or eliminated until the limitation is no longer exceeded. The following regular levies are not subject to this limitation: State School, Port, PUD, EMS, Affordable Housing, Conservation Futures, County Ferry, Criminal Justice, Regional Transit Authority, Transit, and Park and Recreation levies under RCW 84.52.010(3)(a)(vii). (RCW 84.52.010)

What we found

The Assessor provided the Department a copy of their Levy Certification Aggregate Limit Calculations report dated February 9, 2023. The report contains abbreviated taxing district descriptions, the total original levy, the levy reduction rate, and total final levy rate for each tax code area. The report indicates no tax code areas exceeded the \$5.90 limitation.

The Department selected at random tax code areas 010, 176, and 506 to verify the correct levies were included in the limitation check. The Department found the Assessor incorrectly included the levy rate for the Clallam County Conservation Futures levy as part of this limitation.

The inclusion of this levy did not result in any tax code areas exceeding the \$5.90 aggregate levy limit.

Action needed to meet requirement

The Assessor is required to take the following actions:

- Only include the regular levies subject to the \$5.90 limitation when reviewing the 2024 tax year and thereafter levy limit. A list of regular levies not subject to this limitation can be found on the Departments \$5.90 levy limit worksheet (form [REV 64 0097](#)) or in the [Levy Operating Manual](#).

Why it's important

Documentation of the levy limitations provides a clear and transparent record of the levy calculation process.

Next Steps

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 2024. 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 us at:

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