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Washington Department of Revenue Property Tax Division

2023 Grays Harbor 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 Grays Harbor 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.

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:

- Cities/towns: City of Aberdeen, City of Hoquiam, City of Elma, and City of Ocean Shore.
- Fire districts: Fire District No. 7, Fire District No. 17, East Grays Harbor Fire and Rescue, and South Beach RFA.
- Hospital districts: Hospital 2.
- Cemetery districts: Cemetery 1.
- School districts: North Beach 64, McCleary 65, Taholah 77, Mary M Knight 79, Quinault 97, Cosmopolis 99, Satsop 104, and Wishkah 117.

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 two requirements and one recommendation 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

Requirements

1. The Assessor is required to levy the lesser of the voter approved levy rate, for the first year of the lid lift, or the certified levy request amount for the taxing district.
2. The Assessor is required to certify the completed tax roll to the Treasurer on or before January 15. The Assessor is also required to provide the county auditor with an abstract of the tax rolls showing the total amount of taxes collectible for each taxing district.

Recommendation

1. The Department recommends the Assessor provide education to the Grays Harbor County Legislative Authority regarding the certification of levy amounts for each taxing district within the county wishing to levy property tax.

Requirement – Fire District No. 17 lid lift

Requirement

The Assessor is required to levy the lesser of the voter approved levy rate, for the first year of the lid lift, or the certified levy request amount for the taxing district.

What the law says

The Revised Code of Washington (RCW) provides the following property tax levy limitations:

- Property tax must be levied or voted in specific amounts. (RCW 84.52.010)
- Growth limit. (RCW 84.55.010 and RCW 84.55.120)
- Statutory maximum rate limit. (RCW 84.52.043 and others)
- \$5.90 aggregate limit. (RCW 84.52.043)
- Constitutional one percent limit. (RCW 84.52.010)

What we found

The voters in Grays Harbor Fire District No. 17 approved a single-year, permanent lid lift that was on the October 21, 2022, ballot. The ballot title states:

“Grays Harbor County Fire Protection District No. 17 Levy for Maintenance and Operations. The Board of Commissioners of Grays Harbor County Fire Protection District No. 17 adopted Resolution No. 2022-3 concerning a proposition to increase its regular property tax levy for maintenance and operations. This proposition would authorize the District to increase its levy from \$.66 cents to \$1.50 per \$1,000 of assessed value to be assessed in 2022 for collection in 2023. The maximum allowable levy in 2022 would serve as the base for computing levy limits under chapter 84.55 RCW.”

The Grays Harbor County Legislative Authority (CLA) certified a levy request of \$97,000 and a refund levy of \$258.80 to the Assessor. The levy amount generated using the voter approved rate of \$1.50 per \$1,000 assessed value generates revenue in the amount of \$110,741.

The lesser of the two levy limits for the 2023 tax year is the district’s certified budget request of \$97,000 compared to the voter approved levy rate of \$1.50 per \$1,000 assessed value amount of \$110,741. The Assessor levied \$110,741. This results in an overlevy of \$13,741.

Following the certification of the tax roll to the Grays Harbor County Treasurer (Treasurer), the Assessor discovered the overlevy error and has already addressed it with Fire District No. 17.

See Appendix A for a detailed description of the levy limit calculations for the 2023 tax year, which includes the levy rate and highest lawful levy to be carried forward to the 2024 tax year levy calculations.

Actions needed to meet requirement

The Assessor is required to take the following actions:

- Continue to work with the taxing district while correcting the overlevy. If the correction of the error in the succeeding year will cause a hardship for either the taxing district or taxpayers, the district may request the correction be made on a proportional basis over a period of no more than three years.
- Start the levy error correction process with the 2023 levy year for the 2024 tax year.
- Calculate the levy rate for the 2023 tax year as if the levy error had not occurred during the 2023 tax year and carry the levy rate forward based on the levy amount without the levy error. If the district requests the correction be completed over a two or three year period, continue this practice of carrying forward the levy rate without the levy error correction amount.

Why it's important

The Assessor must determine all of the applicable levy limitations, and not levy in excess or less than the lesser limitation, to ensure the correct amount of property tax is levied for the taxing district.

Requirement – Tax roll certification

Requirement

The Assessor is required to certify the completed tax roll to the Treasurer on or before January 15. The Assessor is also required to provide the Grays Harbor County Auditor (Auditor) with an abstract of the tax rolls showing the total amount of taxes collectible for each taxing district.

What the law says

The county assessor must deliver the tax rolls to the county treasurer, on or before the fifteenth day of January, taking a receipt from the treasurer and provide an abstract of the roll to the county auditor. (RCW 84.52.080)

What we found

The Assessor certified the tax roll timely on January 17, 2023, but did not obtain a receipt from the Treasurer. The Assessor also did not provide an abstract of the tax roll that included the total amount for each taxing district to the Auditor.

Actions needed to meet requirement

The Assessor is required to take the following actions:

- Continue certifying the completed tax roll to the Treasurer timely, on or before January 15, and retain a copy with the receipt from the Treasurer in the file.
- After certifying the completed tax roll to the Treasurer, the Assessor must provide the Auditor with an abstract of the tax roll including the total amount of tax for each taxing district.

Why it's important

State law directs the county assessor to formally certify the tax roll to the county treasurer and provide an abstract of the tax roll to the county auditor. This process enhances the transparency of levying property tax.

Recommendation – Certification of levy request amounts

Recommendation

The Department recommends the Assessor provide education to the Grays Harbor County Legislative Authority regarding the certification of levy amounts for each taxing district within the county wishing to levy property tax.

What we found

The CLA certified the levy requests to the Assessor after the November 30, 2022 deadline.

It is unclear to the Department why the county legislative authority did not certify the levy amounts for the taxing districts to the Assessor timely. The Assessor provided the Department with timely levy certifications to the CLA by the taxing districts. (RCW 84.52.020)

Action recommended

The Department recommends the Assessor:

- Provide education to the CLA regarding the certification of levies process. Starting with the 2024 tax year levy process, the certification dates have changed to December 15 for taxes levied on property for county purposes and the first Monday in December for taxes levied on property for taxing district within or coextensive with the county, for district purposes.

Why it's important

Statutory deadlines exist to provide a timely and orderly process for property taxation. When the levy requests are not certified to the county assessor timely, it could result in a taxing district being limited to the levy amount certified on their behalf from the prior levy year. This limitation may cause a loss of funds for the taxing districts. It also puts the Assessor at risk of not meeting their statutory deadline to certify the tax roll to the county treasurer on or before January 15. When the January 15 deadline is missed, it results in a delay of receipt of property taxes from the taxpayers and distribution of taxes to the taxing districts.

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 the Property Tax Division at:

Washington State Department of Revenue
Property Tax Division
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Appendix A

The following table contains regular levy calculations for the districts with errors in this audit.

Levy Limit Calculation for District: Fire 17 Lid Lift											
Assmt Taxes Year Due	Highest Lawful Levy Since 1985*	Limit Factor	Highest Lawful plus Increase	State Assd New Const	Tax Added for State Assd New Const	Annexed Value	Tax Added for Annex.	Levy Limit	Assd Value	Stat Rate Max.	<input type="checkbox"/> Annexed to Library? <input type="checkbox"/> Annexed to Fire? <input type="checkbox"/> Firemen's Pension? <input checked="" type="checkbox"/> Lid Lift?
2022 2023									73,827,541	1.500000000000	
Actual Levy:							Summary of Levy Limits:				
Assmt Taxes Year Due	Previous Year's Levy	Lesser of Resolution's \$ or % Increase	Previous Yr's Levy plus Increase	Tax Added for State Assd New Const	Tax Added for Annex.	Authorized Levy by Res.	Refund	Certified Budget	Limit Per Stat. Rate Maximum	Levy Limit Plus Refund	Authorized Levy By Res. Plus Refund
2022 2023							258.30	97,000.00	110,741.31		
Assmt Taxes Year Due	Current Year's Max Levy	Actual Amount Levied	Actual Levy Rate	Correct Levy Rate	Over/Under Levy	New Highest Lawful Levy Since Error or Levy Error 1985		Levy Rate Without Levy Error or Levy Error Correction			
2021 2022 2022 2023	97,000.00	110,741.00	1.500000000000	1.313872826944	13,741.00	110,471.31		1.313872826944			