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Washington Department of Revenue Property Tax Division

2024 Mason 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 Mason 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 2024 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% constitutional limits.

We do not review every taxing district's levy. We audited approximately 40% 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: City of Shelton and City of Shelton Emergency Medical Services (EMS).
- Fire Districts: Fire #4, Fire #5, and Fire #6.
- Library Districts: Timberland Regional Library.
- School Districts: School # 42, School #65, School #309, and School #402.
- Port Districts: Port of Allyn, Port of Hoodspout, and Port of Shelton.
- Parks/Recreations: Shelton Metro 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 directed toward improving the accuracy of the levy process.

We have listed a summary of this item in the Requirements section.

Requirements

1. The Assessor is required to use the highest lawful levy since 1985, when calculating the levy limit for merging districts and use the prior assessment years state assessed values as a component when calculating the levy limit.

Requirement 1 – Fire Districts #5 and #11 Merged

Requirement

The Assessor is required to use the highest lawful levy since 1985, when calculating the levy limit for merging districts, and use the prior assessment years state assessed values as a component when calculating the levy limit.

What the law says

The first levy for a taxing district created from consolidation of similar taxing districts, must use the highest lawful levy since 1985, plus other allowable increases (RCW [84.55.020](#) and [84.55.092](#)).

If an error has occurred in the levying of property taxes that has caused all taxpayers within a taxing district to pay an incorrect amount of property tax, the assessor shall correct the error by making an appropriate adjustment to the levy for that taxing district in the succeeding year.

A correction of an error in the levying of property taxes shall not be made for any period more than three years, preceding the year in which the error is discovered ([RCW 84.52.085](#)).

What we found

2023 tax year lid lift

The voters in Fire District #5 approved a levy lid lift for the 2023 tax year, with a rate of \$1.48 per one thousand dollars per assessed value, in the amount of \$5,625,384.83. The certified levy request for this levy included a refund levy in the amount of \$4,494.57. This resulted in a total levy of \$5,629,879.40 and a levy rate of \$1.4811824 per one thousand dollars of assessed value. The Assessor did not include the certified refund amount in their total levy, which resulted in an underlevy of \$4,494.57.

Also, Fire District #11 merged into Fire District #5, starting with tax year 2024. Fire District #5 levied a general levy and an EMS levy.

2024 tax year for fire district 5 general levy merged

We discovered the Assessor:

- Only considered the highest lawful levy for the last three years instead of since 1985 when calculating the merged levy limit. This did not result in a levy error.
- Carried forward the 2022 assessment year state assessed values, used in the 2024 tax year calculations instead of the 2023 assessment year, when calculating the additional revenue due to an increase in state assessed values.
- Used the 2023 tax year certified levy rate, which included a levy error instead of the rate as if the error had not occurred, when calculating additional revenue due to increases in new construction and state assessed values.

These errors resulted in an overlevy of \$106.69 for the 2024 tax year.

A total combined underlevy of \$4,387.88 for the 2023 and 2024 tax years.

2024 tax year for Fire District #5 EMS general levy merged

We discovered the Assessor:

- Only considered the highest lawful levy for the last three years instead of since 1985 when calculating the merged levy limit. This did not result in a levy error.
- Carried forward the 2022 assessment year state assessed values, used in the 2024 tax year calculations instead of the 2023 assessment year, when calculating the additional revenue due to an increase in state assessed values.

These errors resulted in an overlevy of \$92.68 for the 2024 tax year.

See Appendixes A, B, and C for complete levy calculations.

Actions needed to meet requirement

The Assessor is required to take the following actions:

- In future merges, recognize the highest lawful levy since 1985 instead of the past three years when calculating the levy limit.
- Notify Fire District #5 of the underlevy error. When there is an underlevy error, the Department interprets the statutes to give the taxing district the option of adjusting the following year's levy by the underlevy amount. If the correction in the succeeding year will cause a hardship for either the taxing district or taxpayers, the district may request to correct the error on a proportional basis over a period of no more than three years.

Why it's important

Calculating the correct levy limit ensures taxing districts do not levy more or less than their maximum levy amount allowed by law and taxpayers pay the correct amount of property tax.

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 2025. This will give the Assessor an opportunity to implement the required 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, contact us at:

Washington State Department of Revenue
Property Tax Division
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Appendix A

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

Levy Limit Calculation for District: Fire 5 lid lift										
Assmt Taxes Year Due							Voter Approved Levy Rate	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							\$1.480000000000	3,800,935,699	1.500000000000	
Actual Levy:							Summary of Levy Limits:			
Assmt Taxes Year Due					Refund	Certified Budget	Limit Per Stat. Rate Maximum	Voter Approved Levy Amount Plus Refund		
2022 2023					4,494.57	7,000,000.00	5,701,403.55	5,629,879.40		
Assmt Taxes Year Due	Current Year's Max Levy	Levy Correction	Total Levy w/ Correction	Actual Amount Levied	Actual Levy Rate	Correct Levy Rate	Over/Under Levy	New Highest Lawful Levy Since 1985	Levy Rate Without Levy Error or Levy Error Correction	
2021 2022	0									
2022 2023	5,629,879.40	0.00	5,629,879.40	5,625,384.83	1.479999998811	1.481182490406	(4,494.57)	5,625,384.83	1.481182490406	

Appendix B

The following worksheets contain regular levy calculations for the districts with errors in this audit.

LEVY LIMITATIONS WORKSHEET

TAXING DISTRICT **Fire 5 before merge** 2023 Levy for 2024 Taxes

Instructions for electronic version of form - Fill in highlighted cells all other self populate.

A. Highest regular tax which could have been lawfully levied beginning with the 1985 levy (refund levy not included).							
Year	2023	\$5,625,384.83	×	101.000%	=	\$5,681,638.68	
		<small>Highest Lawful Levy Since 1985</small>		<small>Limit Factor/Max Increase 101%</small>			
B. Current year's assessed value of new construction, improvements, and wind turbines, solar, biomass, and geothermal facilities in original districts before annexation occurred times last year's levy rate (if an error occurred or an error correction was made in the previous year, use the rate that would have been levied had no error occurred).							
	\$49,680,571	×	1.481182490406	÷	\$1,000	=	\$73,585.99
	<small>A.V.</small>		<small>Last Year's Levy Rate</small>				
C. Tax increment finance area increment AV increase (RCW 84.55.010(1)(e)) (value included in B & D cannot be included in C)							
		×	1.481182490406	÷	\$1,000	=	\$0.00
	<small>A.V.</small>		<small>Last Year's Levy Rate</small>				
D. Current year's state assessed property value less last year's state assessed property value. The remainder is to be multiplied by last year's regular levy rate (or the rate that should have been levied).							
	\$15,138,531	-	\$15,256,249	=	\$	(117,718.00)	
	<small>Current Year's A.V.</small>		<small>Previous Year's A.V.</small>			<small>Remainder</small>	
	0	×	1.481182490406	÷	\$1,000	=	0
	<small>Remainder from Line D</small>		<small>Last Year's Levy Rate</small>				
E. Regular property tax limit:					A+B+C+D	=	\$5,755,224.67

LEVY LIMITATIONS WORKSHEET

TAXING DISTRICT Fire 11 before merge **2023** Levy for 2024 Taxes

Instructions for electronic version of form - Fill in highlighted cells all other self populate.

A. Highest regular tax which could have been lawfully levied beginning with the 1985 levy (refund levy not included).						
Year	<u>2023</u>	<u>\$282,426.19</u>	×	<u>101.000%</u>	=	<u>\$285,250.45</u>
		Highest Lawful Levy Since 1985		Limit Factor/Max Increase 101%		
B. Current year's assessed value of new construction, improvements, and wind turbines, solar, biomass, and geothermal facilities in original districts before annexation occurred times last year's levy rate (if an error occurred or an error correction was made in the previous year, use the rate that would have been levied had no error occurred).						
	<u>\$2,945,309</u>	×	<u>0.895704700000</u>	÷	<u>\$1,000</u>	= <u>\$2,638.13</u>
	A.V.		Last Year's Levy Rate			
C. Tax increment finance area increment AV increase (RCW 84.55.010(1)(e)) (value included in B & D cannot be included in C)						
		×	<u>0.895704700000</u>	÷	<u>\$1,000</u>	= <u>\$0.00</u>
	A.V.		Last Year's Levy Rate			
D. Current year's state assessed property value less last year's state assessed property value. The remainder is to be multiplied by last year's regular levy rate (or the rate that should have been levied).						
	<u>\$1,170,174</u>	-	<u>\$1,084,414</u>	=	<u>\$ 85,760.00</u>	
	Current Year's A.V.		Previous Year's A.V.		Remainder	
	<u>\$85,760</u>	×	<u>0.895704700000</u>	÷	<u>\$1,000</u>	= <u>\$76.82</u>
	Remainder from Line D		Last Year's Levy Rate			
E. Regular property tax limit:					=	<u>\$287,965.40</u>
				A+B+C+D		

Appendix C

The following worksheets contain regular levy calculations for the districts with errors in this audit.

Levy Limit Calculation for District: Fire 5 Merged											
Assmt Taxes Year Due	Highest Lawful Levy Since 1985*	Limit Factor	Highest Lawful plus Increase	State Assd, NC & Increment Value	Tax Added for State Assd., NC, & Increment Value	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 type="checkbox"/> Lid Lift?
2023 2024								6,043,190.07	4,707,399.920	1.500000000000	
Actual Levy:							Summary of Levy Limits:				
Assmt Taxes Year Due	Previous Year's Levy	Lesser of Resolution's \$ or %	Previous Yr's Levy plus Increase	Tax Added for State Assd., NC, & Increment	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
2023 2024						6,045,199.35	5,686.57	7,000,000.00	7,061,099.88	6,048,876.64	6,050,885.92
Assmt Taxes Year Due	Current Year's Max Levy	Levy Correction	Total Levy w/ Correction	Actual Amount Levied	Actual Levy Rate	Correct Levy Rate	Over/Under Levy	New Highest Lawful Levy Since 1985	Levy Rate Without Levy Error or Levy Error Correction		
2022 2023 2023 2024	6,048,876.64	0.00	6,048,876.64	6,048,983.33	1.481182490406 1.284994691932	1.284971904405	106.69	6,043,190.07	1.284971904405		

LEVY LIMITATIONS WORKSHEET

TAXING DISTRICT Fire 5 EMS before merge **2023** Levy for 2024 Taxes

Instructions for electronic version of form - Fill in highlighted cells all other self populate.

A. Highest regular tax which could have been lawfully levied beginning with the 1985 levy (refund levy not included).

Year	<u>2023</u>		<u>\$1,816,258.67</u>	×	<u>101.000%</u>	=	<u>\$1,834,421.26</u>
		Highest Lawful Levy Since 1985			Limit Factor/Max Increase 101%		

B. Current year's assessed value of new construction, improvements, and wind turbines, solar, biomass, and geothermal facilities in original districts before annexation occurred times last year's levy rate (if an error occurred or an error correction was made in the previous year, use the rate that would have been levied had no error occurred).

	<u>\$49,680,571</u>	×	<u>0.468357174747</u>	÷	<u>\$1,000</u>	=	<u>\$23,268.25</u>
	A.V.		Last Year's Levy Rate				

C. Tax increment finance area increment AV increase (RCW 84.55.010(1)(e)) (value included in B & D cannot be included in C)

	<u>0</u>	×	<u>0.468357174747</u>	÷	<u>\$1,000</u>	=	<u>\$0.00</u>
	A.V.		Last Year's Levy Rate				

D. Current year's state assessed property value less last year's state assessed property value. The remainder is to be multiplied by last year's regular levy rate (or the rate that should have been levied).

	<u>\$15,138,531</u>	-	<u>\$15,256,249</u>	=	<u>\$ (117,718.00)</u>		
	Current Year's A.V.		Previous Year's A.V.		Remainder		
	<u>0</u>	×	<u>0.468357174747</u>	÷	<u>\$1,000</u>	=	<u>0</u>
	Remainder from Line D		Last Year's Levy Rate				

E. Regular property tax limit: A+B+C+D = \$1,857,689.51

LEVY LIMITATIONS WORKSHEET

TAXING DISTRICT Fire 11 EMS before merge **2023** Levy for 2024 Taxes

Instructions for electronic version of form - Fill in highlighted cells all other self populate.

A. Highest regular tax which could have been lawfully levied beginning with the 1985 levy (refund levy not included).

Year	<u>2023</u>	<u>\$159,504.97</u>	×	<u>101.000%</u>	=	<u>\$161,100.02</u>
		Highest Lawful Levy Since 1985		Limit Factor/Max Increase 101%		

B. Current year's assessed value of new construction, improvements, and wind turbines, solar, biomass, and geothermal facilities in original districts before annexation occurred times last year's levy rate (if an error occurred or an error correction was made in the previous year, use the rate that would have been levied had no error occurred).

<u>\$2,945,309</u>	×	<u>0.500000000000</u>	÷	<u>\$1,000</u>	=	<u>\$1,472.65</u>
A.V.		Last Year's Levy Rate				

C. Tax increment finance area increment AV increase (RCW 84.55.010(1)(e)) (value included in B & D cannot be included in C)

<u> </u>	×	<u>0.500000000000</u>	÷	<u>\$1,000</u>	=	<u>\$0.00</u>
A.V.		Last Year's Levy Rate				

D. Current year's state assessed property value less last year's state assessed property value. The remainder is to be multiplied by last year's regular levy rate (or the rate that should have been levied).

<u>\$1,170,174</u>	-	<u>\$1,084,414</u>	=	<u>\$ 85,760.00</u>		
Current Year's A.V.		Previous Year's A.V.		Remainder		
<u>\$85,760</u>	×	<u>0.500000000000</u>	÷	<u>\$1,000</u>	=	<u>\$42.88</u>
Remainder from Line D		Last Year's Levy Rate				

E. Regular property tax limit: A+B+C+D = \$162,615.55

2024 Mason County Levy Audit

Levy Limit Calculation for District: Fire 5 EMS Merged											
Assmt Taxes Year Due	Highest Lawful Levy Since 1985*	Limit Factor	Highest Lawful plus Increase	State Assd, NC & Increment Value	Tax Added for State Assd., NC, & Increment Value	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 type="checkbox"/> Lid Lift?
2023 2024								2,020,305.06	4,797,771,492	0.500000000000	
Actual Levy:							Summary of Levy Limits:				
Assmt Taxes Year Due	Previous Year's Levy	Lesser of Resolution's \$ or %	Previous Yr's Levy plus Increase	Tax Added for State Assd., NC, & Increment	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
2023 2024						2,020,852.07	1,560.62	2,500,000.00	2,398,885.75	2,021,865.68	2,022,412.69
Assmt Taxes Year Due	Current Year's Max Levy	Levy Correction	Total Levy w/ Correction	Actual Amount Levied	Actual Levy Rate	Correct Levy Rate	Over/Under Levy	New Highest Lawful Levy Since 1985	Levy Rate Without Levy Error or Levy Error Correction		
2022 2023 2023 2024	2,021,865.68	0.00	2,021,865.68	2,021,958.36	.468357174747 .3906087	.4214176	92.68	2,020,305.06	0.421417600000		