

**Franklin County Levy Audit Follow-up
 Status of Work Completed
 June 28, 2019**

NOTE: Refer to our original levy audit issued in March 2018 for a complete explanation of each requirement.

Requirement	Topic	Work Completed on Requirement	Completed / Pending Completion	Future Follow-up?
1		<p>The Franklin County Assessor (Assessor) informed Fire District No. 3 (FD3) of the underlevy error for the 2018 tax year. The district provided written instruction to the Assessor stating they did not wish to levy for the underlevy error amount.</p> <p>The Assessor did not use the correct prior year's levy rate to calculate the dollar amount FD3 could levy, for new construction and the increase in value for state assessed property, for the 2019 tax year. It appears that the rate the Assessor used did not include the non-voted bond levy. This resulted in an incorrect highest lawful levy amount, incorrect levy rate, and an underlevy of \$10,799.88, for the 2019 tax year. (See Appendix A for the correct calculation for the 2019 tax year.)</p> <p>The voters within FD3 approved a permanent lid lift to \$1.27, in the November 6, 2018, election, for collection in the 2020 tax year. RCW 84.55.050 requires a taxing district to hold their election not more than twelve months prior to when the levy is made. A levy is made when a taxing district certifies its levy amount to the county legislative authority. In this case, FD3 must authorize their levy certification by November 5, 2019, to ensure the levy is made for the voter approved lid lift during a 12 month period. The Assessor should make the district aware of this deadline.</p> <p>The 2020 tax year is the collection year for the voter approved lid lift to \$1.27. The Assessor will calculate the levy by multiplying the assessed value for FD3 by the voter approved</p>	Pending Completion	<p>To determine if the Assessor has met the requirement, the Department expects the Assessor to provide:</p> <ul style="list-style-type: none"> • A copy of the 2019 levy for 2020 tax year highest lawful levy worksheet, for FD3. • A copy of the FD3 levy certification, for the 2020 tax year. • Copies of correspondence with FD3 regarding the \$10,799.68 levy error.

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		<p>rate of \$1.27 per thousand dollars of assessed value. This dollar amount, plus the underlevy if levied, will be compared to the levy amount certified by the district, the levy will be the lesser of these two amounts.</p> <p>This means the incorrect highest lawful levy amount and incorrect levy rate, from the 2019 tax year, will not affect the levy calculations for the 2020 tax year.</p> <p>The Assessor is required to take the following actions:</p> <ol style="list-style-type: none"> 1. Notify the taxing district of the \$10,799.88 underlevy error. The Department interprets the law to give the taxing district the option to choose whether they wish to levy for the underlevy amount or not. 2. If the correction 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 one, two, or three years. 3. If the district chooses to levy the underlevy amount the levy may be made outside of the lid lift rate of \$1.27, as long as it remains within the \$1.50 statutory maximum rate. 		

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2	Highest Lawful Levies	<p>The Assessor used the correct highest lawful levy amounts to calculate the levy limits, for the 2019 tax year, for the following districts:</p> <ul style="list-style-type: none"> • City of Mesa • Town of Kahlotus (TK) • Fire District No. 3 • Hospital District No. 1 • Cemetery District No. 1 	Completed	No
3	Budget Certifications – Fire District No. 5	<p>The 2018 Franklin County Levy Audit determined there was an underlevy error of \$270 for Fire District No. 5 (FD5).</p> <p>The Assessor informed FD5 of the underlevy error and the required correction in a letter, dated February 11, 2019. The letter also states the Assessor will levy the underlevy amount for the district. It appears the Assessor intends to levy the underlevy amount without authorization from the district. The Assessor did not provide the Department with documentation from FD5 stating whether or not the district chose to levy for the underlevy.</p> <p>RCW 84.52.085 requires the Assessor make the correction in the levy calculations. However, the Department interprets the statute to say a taxing district may decide whether they wish to levy for the underlevy amount.</p> <p>The Assessor used an incorrect previous year’s levy rate in the calculation of the levy limit, for the 2019 tax year. He used a rate</p>	Pending Completion	<p>Yes</p> <p>To determine if the Assessor has met the requirement, the Department expects the Assessor to provide:</p> <ul style="list-style-type: none"> • A copy of the 2019 levy for 2020 tax year highest lawful levy worksheet for (FD5). • Copies of correspondence from FD5 stating whether the district chooses to levy for the underlevy amount, and if the correction will be over a period of one, two, or three years.

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		<p>that included the levy error from the 2018 tax year. The correct rate is \$.28095046. This is the levy rate as if the error had not occurred.</p> <p>The Assessor used an incorrect statutory maximum levy rate to calculate the statutory dollar amount, for the 2019 tax year. The correct statutory maximum rate is \$1.50. See Appendix B for the correct levy calculations.</p> <p>The Assessor must take the following actions:</p> <ul style="list-style-type: none"> • Use the highest lawful levy amount, provided in Appendix B, to calculate the levy limit for the 2020 tax year. • If FD5 does not have a benefit assessment, use a statutory maximum levy rate of 1.50 to calculate the statutory maximum dollar amount, for the 2020 tax year. If the fire district has a benefit assessment, the statutory maximum rate is \$1.00. (RCW 52.18.065) • Contact FD5 to determine if the district wishes to levy for the \$270 underlevy amount. 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 the Assessor make the correction on a proportional basis over a period of no more than three years. 		

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		<ul style="list-style-type: none"> If the district chooses to levy for the underlevy, calculate the levy rate including the correction. This is the rate that will be levied for the 2020 tax year. Then calculate the levy rate without the levy error correction amount. This is the levy rate that will be used for calculating the dollar amount for new construction and state assessed property, for the 2021 tax year. 		
4	Certification of Assessed Valuations to Taxing Districts	The Assessor certified assessed values to the taxing districts on December 4, 2018.	Completed	No
5	Statutory Maximum Levy Rate for Cities Annexed to a Fire/Library District	<p>The Town of Kahlotus (TK) is annexed to the Mid-Columbia Library District (MCL). The Assessor subtracted the (MCL) levy rate from \$3.60 to calculate the statutory maximum rate for TK, using only six digits of the eight digit rate certified by the library district. It is unclear to the Department why the Assessor did not use the eight digit levy rate.</p> <p>The Assessor must use the levy rate certified to him by the library district when calculating the statutory maximum levy rate for TK. Use of the incorrect levy rate did not result in a levy error.</p>	Pending Completion	<p>Yes</p> <p>To determine if the Assessor has met the requirement, the Department expects the Assessor to provide:</p> <ul style="list-style-type: none"> A copy of the 2019 levy for 2020 tax year highest lawful levy worksheet for the TK. A copy of the certification of levy rate the MCL provided to the Assessor, for the 2020 tax year.

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Appendix A

Levy Limit Calculation for District: Fire District No. 3												
Assmt Taxes	Highest	Limit	Highest	State Assd	Tax Added	Annexed	Tax Added	Levy	Assd	Stat	<input type="checkbox"/> Annexed to Library?	
Year Due	Lawful Levy	Factor	Lawful plus	New Const	for	Value	for	Limit	Value	Rate	<input type="checkbox"/> Annexed to Fire?	
	Since 1985*		Increase		State Assd		Annex.			Max.	<input type="checkbox"/> Firemen's Pension?	
					New Const						<input checked="" type="checkbox"/> Lid Lift?	
2018 2019	1,716,002.00	5.00%	1,801,802.10	69,243,852	95,074.78	0	0.00	1,896,876.88	1,372,668,110	1.500000000000		
Actual Levy:							Summary of Levy Limits:					
Assmt Taxes	Previous	% Increase	Previous Yr's	Tax Added	Tax Added	Authorized	Refund	Certified	Limit Per	Levy Limit	Authorized	
Year Due	Year's	Authorized	Levy plus	for	for	Levy by Res.		Budget	Stat. Rate	Plus Refund	Levy By Res.	
	Levy		Increase	State Assd	Annex.				Maximum		Plus Refund	
				New Const								
2018 2019	0.00	0.00%	0.00	95,074.78	0.00	95,074.78	0.00	1,900,000.00	2,077,498.32	1,896,876.88	95,074.78	
Assmt Taxes	Current Year's	Actual	Actual Levy	Correct	Over/Under			New Highest	Levy Rate			
Year Due	Max Levy	Amount	Rate	Levy Rate	Levy			Lawful Levy Since	Without Levy	Error or Levy Error		
		Levied						1985	Correction			
2017 2018			1.37304300									
2018 2019	1,896,876.88	1,886,077.00	1.37402274	1.368415794296	(10,799.88)			1,896,876.88	1.368415794296			
Assmt Taxes	Statutory Maximum Rate --Non Voted Bond Debt Rate Calculation:					Correct Levy Rate Break Down:						
Year Due			AV	Max. Levy Rate	Statutory Amount			Levy Amount	Levy Rate			
	AV Prior to Annexation		1,773,941,188	.046093692707	81,767.50			Bond Amount	81,767.50	.046093692707		
	AV Current District		1,372,668,110	1.453906307293	1,995,730.82			Regular Levy in Existing Dist	1,815,109.38	1.322322101589		
2018 2019	Total Rate			1.50000000	2,077,498.32			Current Year's Max Levy	1,896,876.88	1.368415794296		

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Appendix B

Levy Limit Calculation for District: Fire District No. 5											
Assmt Taxes	Highest	Limit	Highest	State Assd	Tax Added	Annexed	Tax Added	Levy	Assd	Stat	<input type="checkbox"/> Annexed to Library? <input type="checkbox"/> Annexed to Fire? <input type="checkbox"/> Firemen's Pension? <input type="checkbox"/> Lid Lift?
Year Due	Lawful Levy	Factor	Lawful plus	New Const	for	Value	for	Limit	Value	Rate	
	Since 1985*		Increase		State Assd		Annex.			Max.	
					New Const						
2018 2019	118,043.42	101.00000%	119,223.85	7,379,455	2,073.26	0	0.00	121,297.11	432,704,893	1.500000000000	
Actual Levy:							Summary of Levy Limits:				
Assmt Taxes	Previous	Lesser of	Previous Yr's	Tax Added	Tax Added	Authorized	Refund	Certified	Limit Per	Levy Limit	Authorized
Year Due	Year's	Resolution's \$ or %	Levy plus	for	for	Levy by Res.		Budget	Stat. Rate	Plus Refund	Levy By Res.
	Levy		Increase	State Assd	Annex.				Maximum		Plus Refund
				New Const							
2018 2019	115,368.00	\$1,153.68	116,521.68	2,073.26	0.00	118,594.94	0.00	118,590.00	649,057.34	121,297.11	118,594.94
Assmt Taxes	Current Year's	Levy Correction	Total Levy	Actual	Actual Levy	Correct	Over/Under	New Highest	Levy Rate		
Year Due	Max Levy		w/ Correction	Amount	Rate	Levy Rate	Levy	Lawful Levy Since	Without Levy		
				Levied				1985	Error or Levy		
									Error Correction		
2017 2018					.28095046						
2018 2019	118,590.00	0.00	118,590.00	118,590.00	.2740667	.2740667	0.00	121,297.11	0.27406670		