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Washington Department of Revenue Property Tax Division

2022 Whitman 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 Whitman 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 2022 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: Albion, Colfax, Oakesdale, Pullman, and Rosalia
- Fire Districts: 2, 4, 6, 8, 12
- Hospital Districts: 2 and 4
- Cemetery Districts: 1, 2, 4, 7
- Port Districts: Port of Whitman County
- School Districts: Lacrosse, Clarkston, Tekoa, Colfax, Colton, and Spokane
- Parks and Recreation Districts: 1, 4, and Pullman 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 three 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 determine each taxing district's levy limit based on the district's highest lawful levy since 1985 for collection in 1986.
2. The Assessor is required to use the statutory maximum levy rate mandated by statute when calculating the statutory maximum dollar amount a taxing district may levy.
3. The Assessor is required to certify the completed tax roll to the Whitman County Treasurer (Treasurer) on or before January 15. The Assessor must obtain a receipt from the Treasurer and provide an abstract of the tax rolls to the Whitman County Auditor (Auditor) listing the total amount of collectible taxes for each taxing district.

Recommendations

1. The Department recommends the Assessor calculate the taxing districts highest lawful levy even when the district is not requesting to levy for their general levy.

Requirement – Highest lawful levy

Requirement

The Assessor is required to determine each taxing district's levy limit based on the district's highest lawful levy since 1985 for collection in 1986.

What the law says

The highest lawful levy since 1985 can be increased by the district's levy limit factor and additional funds for increases due to new construction, increases in assessed value due to construction of wind turbines, biomass, and geothermal facilities, increases in state assessed utility values, and improvements to property. (RCW 84.55.010 and 84.55.092)

What we found

The Assessor used the district's prior year's levy amount instead of the correct highest lawful levy since 1985 to calculate the levy limit for the taxing districts listed below:

Taxing District	Highest Lawful Levy Used by The Assessor	Highest Lawful Levy That Should Have Been Used
Town of Albion	\$54,876.66	\$57,631.62
Town of Colfax	\$469,634.97	\$458,899.46
Town of Oakdale	\$59,166.94	\$5,916,694
Town of Pullman	\$7,014,651.23	\$7,070,681.92
Town of Rosalia	\$56,353.11	\$57,592.42
Fire District No. 2	\$81,067.83	\$95,935.47
Fire District No. 4	\$37,295.62	\$48,140.45
Fire District No. 6	\$45,616.57	\$72,423.13
Fire District No. 8	\$58,028.27	\$121,981.87
Cemetery No. 4	\$3,890.84	\$8,628.70
Hospital District No. 2	\$61,158.97	\$95,277.86
Hospital District No. 4	\$49,770.00	\$52,864.04
Port of Whitman	\$1,111,051.46	\$1,463,576.95
Pullman Metro Park	\$614,864.64	\$899,910.71

No over or underlevy errors occurred due to using the incorrect highest lawful levy since 1985 as these district's levies were limited by another levy limit.

Action needed to meet requirement

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

- Use the correct highest lawful levy amounts for the 2022 levy for 2023 taxes as listed in the table below:

Taxing District	Highest Lawful Levy
Town of Albion	\$58,793.35
Town of Colfax	\$472,441.07
Town of Oaksdale	\$60,354.14
Town of Pullman	\$7,313,674.28
Town of Rosalia	\$59,384.82
Fire District No. 2	\$99,699.53
Fire District No. 4	\$48,976.15
Fire District No. 6	\$73,605.19
Fire District No. 8	\$124,329.51
Cemetery No. 4	\$8,733.63
Hospital District No. 2	\$97,912.49
Hospital District No. 4	\$53,860.28
Port of Whitman	\$1,504,944.93
Pullman Metro Park	\$924,011.40

Why it's important

The Assessor must determine the levy limit as required by statute to provide fair and equitable taxation for taxing districts and taxpayers.

Requirement – Statutory maximum levy limitation

Requirement

The Assessor is required to use the statutory maximum levy rate mandated by statute when calculating the statutory maximum dollar amount a taxing district may levy.

What the law says

To carry out the purposes for which port districts are created, the board of port commissioners of a district may levy each year an ad valorem tax on all taxable property located in the district not to exceed forty-five cents each per thousand dollars of assessed value (RCW's 53.36.020).

What we found

The Assessor did not use the correct statutory maximum levy rates for the following port district:

Taxing District	Statutory Maximum Rate Applied in the Levy Rate Calculation	Statutory Maximum Rate
Port of Whitman	\$0.50	\$0.45

The use of an incorrect statutory maximum rate for the port district did not cause an underlevy as the district's levies were not limited by this levy limitation.

Action needed to meet requirement

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

- Use the correct statutory maximum levy rate to calculate the statutory dollar amount limitation, for a taxing district. The *Property Tax Levies Operations Manual* available on the Department's website (dor.wa.gov) lists the statutory maximum rates for taxing districts and the corresponding RCW's.

Why it's important

To ensure the 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.

Requirement – Tax roll certification

Requirement

The Assessor is required to certify the completed tax roll to the Whitman County Treasurer (Treasurer) on or before January 15. The Assessor must obtain a receipt from the Treasurer and provide an abstract of the tax rolls to the Whitman County Auditor (Auditor) listing the total amount of collectible taxes 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. The assessor must also supply the county auditor with an abstract of the tax roll showing the total amount of tax collection for each taxing district. (RCW 84.52.080).

What we found

The Assessor was ready to finalize the completed tax roll on January 15 to the Treasurer. However, they were waiting on levy rates from another county assessor with joint districts. As a result, they were not able to certify the tax roll to the Treasurer until January 26, 2022, which is after the statutorily required date.

Action needed to meet requirement

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

- Certify the completed tax roll to the Treasurer on or before January 15, including an acknowledgement of receipt from the Treasurer.
- Retain a copy of the communication when the abstract of the tax roll is provided to the Auditor.

Why it's important

Statutory deadlines exist to provide a timely, orderly process for property taxation. Retaining copies of the certification process enhances the transparency of the levying of property taxes.

Recommendation – Calculate highest lawful for all taxing districts

Recommendation

The Department recommends the Assessor calculate the taxing districts highest lawful levy even when the district is not requesting to levy for their general levy.

What we found

Taxing districts such as Cemetery No. 1, only levied an excess levy for the 2022 tax year. The Assessor's levy limit worksheet did not reflect what their general levy could have been.

Action recommended

The Department recommends the Assessor:

- Calculate highest lawful levies for all taxing districts even if they don't levy for a particular year.

Why it's important

To maintain all records for the levy in case the district does request a general levy in the future.

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 2023. 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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