

P.O. Box 47471
Olympia, WA 98504-7471

Washington Department of Revenue Property Tax Division

2024 Yakima County Levy Audit A Summary Report



Table of Contents

Overview 3

Executive Summary 4

 Requirement 1 – Fire district No. 3 6

 Recommendation 1 – Levy limitations worksheet 8

Next Steps..... 9

Appendix A 10

Overview

Purpose

The primary purpose of this review by the Department of Revenue (Department) is to assist the Yakima 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 Grandview, City of Mabton, City of Selah, City of Tieton, City of Union Gap, City of Yakima, and Town of Harrah.
- Fire Districts: No. 2, No. 3, No. 4, No. 6, No. 7, and No. 9.
- Library Districts: Yakima Valley Regional Library.
- School Districts: Bickleton No. 203, Granger No. 204, Mount Adams No. 209, Naches No. 3, and Selah No. 119.
- Port Districts: Sunnyside Port No. 1 and Grandview Port No. 2.

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 one recommendation directed toward improving the accuracy of the levy process.

We have listed a summary of these items in the Requirement and Recommendation sections.

Executive Summary, continued

Requirement

1. The Assessor is required to include the total certified levy request amount when calculating the levy limitations.

Recommendation

2. The Department recommends the Assessor use the Department's most current version of the levy limitations worksheet.

Requirement 1 – Fire district No. 3

Requirement

The Assessor is required to include the total certified levy request amount when calculating the levy limitations.

What the law says

Voters in a taxing district may approve either a single-year or multiple-year lid lift exceeding the 1% growth limit. The ballot proposition must state the maximum dollar rate to be levied in the first year of the lid lift, the limit factor to be used in subsequent years of a multi-year lid lift, and any conditions that apply to the lid lift (RCW 84.55.050(2)).

Taxing districts, other than the state, may levy property tax for the purpose of funding refunds made to taxpayers within the prior 12 months and reimbursing the taxing district for taxes abated or canceled, and offset any supplemental taxes collected under Title 84, other than taxes collected due to a highly valued disputed property decision (RCW 84.69.180).

When a levy error has occurred, the assessor must correct the amount of the error by making appropriate adjustments to the levy for the taxing district in the succeeding year. If the error correction will cause hardship for either the district or taxpayers, the district may choose to make the adjustment on a proportional basis over a period of no more than three consecutive years. The correction of an error cannot be made for any period more than three years preceding the year in which the error is discovered (RCW 84.52.085).

As stated in *State v. Wiley*, supra, at p. 647:

“The duties of respondent in relation to the matters in question are ministerial, and, if the facts upon which he is to act were properly certified to him from a tribunal with jurisdiction in the premises, that order constitutes his warrant and he is bound to proceed under it. His only concern is to know whether ‘his warrant proceeds from competent authority,’ and, if so, fulfill it as he is commanded.”

What we found

The voters of Fire District No. 3 approved a multi-year, permanent lid lift starting with the 2024 tax year. The proposition states a maximum levy rate of \$0.90 per \$1,000 assessed value will be levied for the first year of the lid lift and a limit factor of 115% for the subsequent four years (2025 through 2028 tax years).

The Yakima County Legislative Authority certified a total levy request of \$266,295.49, which includes a \$1,295.49 refund levy to the Assessor on November 6, 2023. The Assessor used a total levy request of \$280,000 when comparing the three levy limitations, amount generated using the voter approved levy rate plus the refund levy, statutory maximum rate limit, and certified levy request amount. This resulted in an overlevy of \$5,461.42. See Appendix A for detailed levy limit calculations.

Actions needed to meet requirement

The Assessor is required to take the following actions:

- Notify the taxing district of the overlevy error. 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 no more than three years.
- Begin the levy error correction with the 2024 levy limit calculations for the 2025 tax year. When calculating the district's levy capacity due to new construction, etc., use the levy rate that would have been certified if the error had not occurred in the prior year: \$0.886137269047 per \$1,000 assessed value.
- Use the actual amount levied from the 2024 tax year of \$271,756.91 in the levy calculations for the 2025 tax year when calculating the taxing district's authorized increase over the prior year's levy. This amount includes the levy error.
- Use the levy's highest lawful levy of \$270,461.42 when calculating the 2025 tax year levy limit.

Why it's important

By calculating the levy limitations as required by law and levying the lesser of those limitations, it will ensure the Assessor does not levy more or less than statutes allow on behalf of the taxing district and taxpayers pay the correct amount of property taxes.

Recommendation 1 – Levy limitations worksheet

Recommendation

The Department recommends the Assessor use the Department’s most current version of the levy limitations worksheet, or update their custom form, to allow for a limit factor other than 101%.

What we found

The Assessor used their own customized levy limitation worksheet to calculate the levy limitations for the 2024 tax year. Their worksheet does not display the correct limit factor, when the limit factor is something other than 101%, and provides an incomplete picture of the levy limitations.

Action recommended

The Department recommends the Assessor:

- Calculate the levy limitations for each taxing district using the most current version of the Department’s levy limitations worksheet (REV 64 0007), available on our website (dor.wa.gov). The current version automatically calculates the levy limitations included on the form, reducing the chance of arithmetic errors and provides a complete picture on how each levy limitation was calculated.

Why it’s important

Using the Department’s current version of the levy limitations worksheet helps to decrease errors in the calculation of the levy limitations.

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 change, recommended change, 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:

Washington State Department of Revenue
Property Tax Division
P.O. Box 47471
Olympia, WA 98504-7471
(360) 534-1400
dor.wa.gov

Appendix A

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

Levy Limit Calculation for District: Fire #3 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?	
2023 2024							\$0.900000000000	300,512,685	1.500000000000		
Actual Levy:							Refund	Summary of Levy Limits:			
Assmt Taxes Year Due							Certified Budget	Limit Per Stat. Rate Maximum	Voter Approved Levy Amount Plus Refund		
2023 2024							1,295.49	266,295.49	450,769.03	271,756.91	
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	266,295.49	0.00	266,295.49	271,756.91	.904310944478	886137269047	5,461.42	270,461.42	0.886137269047		