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Washington Department of Revenue Property Tax Division

2020 Tax Year Spokane 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 Spokane 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 2020 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:

- City/Towns: Fairfield, Cheney, Spangle, Spokane, Liberty Lake, Rockford, and Spokane Valley
- Fire Districts: No. 1, No. 3, No. 5, No. 8, No. 9, and No. 13
- Cemetery District: No. 1 and No. 2
- Library Districts: Spokane Rural Library
- School Districts: Mead No. 354, Cheney No. 360, West Valley No. 363, St. John No. 401, and Freeman No. 358,
- Other Districts: Spokane County Road and Park and Rec. No. 5

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 eight requirements and one recommendations 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 whether there are any wholly unimproved parcels within a fire district's boundaries and remove those parcels from the district's taxable value for their general fund levy limit calculations.
2. The Assessor is required to include 100 percent timber assessed value (TAV) in the tax base of all excess levies, with the exception of school district enrichment levies. The greater of one-half TAV or 80 percent of the 1983 timber roll is included in the tax base for school district enrichment levies.
3. The Assessor is required to apply the correct limit factor to the highest lawful levy following the initial year of a voter approved levy lid lift under RCW 84.55.050. The result of this limitation must be compared to the other levy limitations and the Assessor must levy the lesser of the limitations on behalf of the district.
4. The Assessor is required to review the multiple levy limitations for each levy and levy the lesser of all of the limitations. An exception to this requirement is the first levy imposed following the voter approval of an Emergency Medical Service (EMS) levy is not subject to the levy limitation in RCW 84.55.010.
5. The Assessor is required to apply the dollar increase and percentage increase authorized by a taxing district to the actual prior year's levy amount when determining this levy limitation.
6. The Assessor is required to determine a city or town's statutory maximum rate limit by deducting a fire district, regional fire protection district, or library's actual levy rate when one of these districts are annexed to the city or town.
7. The Assessor is required to review the \$5.90 aggregate rate limit and Constitutional 1 percent rate limit for each tax code area in his county giving certain levies more seniority within these limitations.
8. The Assessor is required to certify the completed tax roll to the Spokane County Treasurer (Treasurer) on or before January 15, take a receipt from the Treasurer, and provide the Spokane County Auditor (Auditor) with an abstract of the tax roll.

Recommendations

1. The Department recommends the Assessor continue their education efforts with the taxing districts regarding their resolution or ordinance authorizing an increase over the district's prior year's levy.

Requirement – Wholly unimproved parcels

Requirement

The Assessor is required to determine whether there are any wholly unimproved parcels within a fire district's boundaries and remove those parcels from the district's taxable value for their general fund levy limit calculations.

What the law says

Physical inspection of all property in the county must be accomplished on a proportional basis in cycle. The assessor must determine any changes in the physical characteristics that affect value, at least once within a six-year-time period. (WAC 458-07-015)

Wholly unimproved parcels are subject to forest protection assessment but not to fire protection district levies. (RCW 52.16.170(1))

Unimproved land is defined as land that will support grass, brush and tree growth, or other flammable material when such lands are not cleared or cultivated and, in the opinion of the department of natural resources, are a fire menace to life and property. (RCW 76.04.005(23))

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 not 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)

What we found

The Assessor used the same taxable value for Fire District No. 8's general levy and EMS levy, and the same taxable value for Fire District 13's general levy and EMS levy. Both of these taxing districts are included in the Spokane County 2020 Timber Tax Distribution worksheets indicating these districts have parcels participating in the Designated Forest Land program, which may indicate there are wholly unimproved parcels and are exempt from paying the fire district's general levy.

Other than Fire District No. 3, the inclusion of wholly unimproved parcels, in the fire districts audited, would not have generated more property taxes than the district could have levied, thus no levy error occurred. However, the inclusion of any wholly unimproved property resulted in a lower levy rate than would have been calculated, resulting in all the taxpayers within the district paying an incorrect amount of property tax to the district. The inclusion of additional taxable value in the tax base for Fire District No. 3 would generate in an overlevy for the district as they are levying at their statutory maximum rate limit.

Action needed to meet requirement

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

- Review the property characteristics for the fire districts included in this audit to determine if there are any wholly unimproved parcels, and remove their assessed value from the tax base for the fire district's regular levy.
- If any parcels are found to be wholly unimproved, their assessed value must be removed for the fire district's general levy's tax base for the 2021 and subsequent tax years.
- If any parcels in Fire District No. 3 are found to be wholly unimproved for the 2019 assessment year/2020 tax year, a overlevy error has occurred since the district is levying at their statutory maximum rate limit. The levy error amount will be the difference between what the voter approved \$1.50 per \$1,000 rate would have generated without the wholly unimproved property and \$3,916,232.01.
- If an overlevy occurred for Fire District No. 3:
 - Notify the taxing district of the levy error as soon as possible.
 - Start the levy error correction process with the 2021 tax year.
 - If the district finds correcting the full levy error in one year may cause a hardship for the district or the taxpayers, the district may elect to have the correction implemented proportionately over a consecutive period of no more than three years.
- If it is discovered that wholly unimproved property exist within the fire districts for the 2020 tax year, the property taxes paid in error for the district's regular levy must be refunded to the taxpayer.

Why it's important

All taxpayers within a taxing district will pay an incorrect tax amount if the taxable assessed value is not accurate. If the taxing district is levying their full statutory maximum rate and wholly unimproved parcels are included in their general levy tax base, the district is levying more revenue than the statutes allow.

Requirement – Fire district excess levy tax base

Requirement

The Assessor is required to include 100 percent timber assessed value (TAV) in the tax base of all excess levies, with the exception of school district enrichment levies. The greater of one-half TAV or 80 percent of the 1983 timber roll is included in the tax base for school district enrichment levies.

What the law says

Voters within a fire district may approve a two-year through four-year maintenance and operation levy. (RCW 84.52.052)

When calculating the levy rate for excess levies, the county assessor must include the district's TAV in the taxable value base. However, for school district enrichment levies, only one-half of the district's TAV or 80 percent of the 1983 timber roll is added to the district's taxable value base. (RCW 84.52.080)

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 not 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)

What we found

Fire District No. 8:

The voters approved a four-year maintenance and operation levy starting with the 2020 tax year.

When calculating the levy rate necessary to levy Fire District No. 8's certified levy amount the Assessor included one-half of the district's TAV in the taxable value base instead of 100 percent TAV. This resulted in an incorrect levy rate, \$0.475642726051 per \$1,000 assessed value, applied to the real and personal property within the district and an incorrect distribution of timber excess tax for the district. The correct levy rate is \$0.475466450281 per \$1,000 assessed value.

The incorrect levy rate results in a \$604.53 over levy from real and personal property taxable value. It also results in an incorrect amount of timber excise tax distribution to the fire district, which is outside of the scope of this audit.

Fire District No. 9:

The voters approved a four-year maintenance and operation levy starting with the 2019 tax year.

When calculating the levy rate necessary to levy Fire District No. 9's certified levy amount the Assessor included one-half of the district's TAV in the taxable value base instead of 100 percent TAV. This resulted in an incorrect

levy rate, \$1.65456745 per \$1,000 assessed value, applied to the real and personal property within the district and an incorrect distribution of timber excess tax for the district. The correct levy rate is \$1.654290729849 per \$1,000 assessed value.

The incorrect levy rate results in a \$1,463.16 over levy from real and personal property taxable value. It also results in an incorrect amount of timber excise tax distribution to the fire district, which is outside of the scope of this audit.

Fire District No. 1:

The voters approved a four-year maintenance and operation levy starting with the 2020 tax year.

When calculating the levy rate necessary to levy Fire District No. 1's certified levy amount the Assessor included one-half of the district's TAV in the taxable value base instead of 100 percent TAV. This resulted in an incorrect levy rate, \$1.836588507 per \$1,000 assessed value, applied to the real and personal property within the district and an incorrect distribution of timber excess tax for the district. The correct levy rate is \$1.83657024896 per \$1,000 assessed value.

The incorrect levy rate results in a \$260.34 over levy from real and personal property taxable value. It also results in an incorrect amount of timber excise tax distribution to the fire district, which is outside of the scope of this audit.

See Appendix A for detailed levy limit calculations.

Action needed to meet requirement

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

- Notify the taxing districts of the levy error as soon as possible.
- Start the levy error correction process with the 2021 tax year.
- If the district(s) finds correcting the full levy error in one year may cause a hardship for the district or the taxpayers, the district may elect to have the correction implemented proportionately over a consecutive period of no more than three years.
- Notify the Spokane County Treasurer of the errors to see if there is a process in which they can correct the timber excise tax distribution.

Why it's important

Type information

Using the correct taxable value base when determining the levy rate ensures the individual taxpayers pay the correct amount of property tax and the correct amount of timber excise tax is distributed to the taxing district.

Requirement – City of Cheney regular levy

Requirement

The Assessor is required to apply the correct limit factor to the highest lawful levy following the initial year of a voter approved levy lid lift under RCW 84.55.050. The result of this limitation must be compared to the other levy limitations and the Assessor must levy the lesser of the limitations on behalf of the district.

What the law says

With majority voter approval, voters may approve a ballot measure that exceeds the one percent growth limit in chapter 84.55 RCW. They may approve a one-time growth in excess of the one-percent growth limit (aka single-year lid lift) or approve a multiple year growth ,maximum of six consecutive years, in excess of the one-percent growth limit (aka multi-year lid lift). In both scenario's the ballot measure must state the levy rate to be levied for the first year the growth limit is exceeded. When the voters are asked to approve a multi-year lid lift, the ballot measure must state the limit factor(s) that will be applied to the levy's highest lawful levy for years two through six of the increased levy.

In addition to stating the levy rate for the first year of the increase, the ballot proposition must state any limiting condition, if any. Those conditions may include:

- Make the increased levy capacity a permanent increase.
- Limit the period of the increase.
- Limit the purpose in which the increased revenue can be used for.
- Set levy rate at a rate less than the statutory maximum rate limit for the district.
- Provide that the exemption authorized by RCW 84.36.381 will apply to the increased levy capacity approved by the voters.

Elections for a single-year lid lift cannot be held more than 12 months prior to the levy being made during a general or special election. Elections for a multi-year lid lift must be during a primary or general election. (RCW 84.55.050)

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 not 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)

What we found

In 2015 the voters approved a ballot proposition authorizing a levy in excess of the one percent growth for public safety and other governmental services. The ballot proposition states this would increase the city's regular levy to \$3.10 per \$1,000 assessed value for the 2016 tax year "and annually thereafter". It does not reference a limit factor or index to determine the limit factor for any future years.

As stated in [Attorney General Opinion 2008 No. 3](#), RCW 84.55.050(1) requires the voters to approve the proposition no more than 12 months before the date the proposed levy is to be made, thus levies made under this subsection are limited to one year at a time. RCW 84.55.050(2) permits a taxing district to exceed the limit factor up to six times. When exceeding the limit factor for multiple years, the ballot proposition must state the dollar rate proposed only for the first year of the consecutive years and the limit factor for each year or set a specified index to determine the limit factor for the subsequent five years.

Since the voter approved ballot proposition does not reference a limit factor or specified index to determine the limit factor for the years following the 2016 tax year, the voters have approved a single year lid lift under RCW 84.55.010(1). This means the 2017 tax year and subsequent years are subject to the one percent growth limit in chapter 84.55 RCW.

The Assessor completed a modified version of the Department's levy limit worksheet where he calculated the levy limit (one percent growth), but noted that this limitation was "not applicable as the voters approved to raise the highest lawful limit to the statutory rate of \$3.10 per \$1,000 starting 2016 and annually thereafter." RCW 84.55.050 or the Attorney General Opinion 2008 No. 3 does not support this statement.

The scope of this audit assumes that the prior year's levy calculations are correct. Under that assumption, the one percent growth is the district's limiting factor, \$2,056,976.72, not the district's certified levy request, \$2,182,900 that the Assessor levied. The use of the incorrect limitation results in an overlevy of \$125,923.28 for the 2020 tax year.

See Appendix B for detailed levy limit calculations.

Action needed to meet requirement

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

- Notify the taxing district of the levy error as soon as possible.
- Start the levy error correction process with the 2021 tax year.
- If the district finds correcting the full levy error in one year may cause a hardship for the district or the taxpayers, the district may elect to have the correction implemented proportionately over a consecutive period of no more than three years.
- If the Assessor applied the same logic to prior year's levy calculations, there may be an over levy for the 2017, 2018, and 2019 tax years too that would affect the 2020 tax year levy amount. These levy calculations are outside of the scope of this audit. We recommend that the Assessor review the 2017, 2018, and 2019 tax year calculations and include the one percent growth limit as one of the levy limitations when determining how much the district should have levied in those years.

Why it's important

Implementing all of the levy limitations, as directed by the Legislators, ensure the correct amount of property tax is levied by the taxing districts.

Requirement - City of Cheney EMS levy

Requirement

The Assessor is required to review the multiple levy limitations for each levy and levy the lesser of all of the limitations. An exception to this requirement is the first levy imposed following the voter approval of an Emergency Medical Service (EMS) levy is not subject to the levy limitation in RCW 84.55.010.

What the law says

Voters may approve a six-year, ten-year, or permanent EMS levy, setting the maximum levy rate at \$0.50 per \$1,000 assessed value or less. The levy limitation in RCW 84.55.010 does not apply to the first levy imposed in either the six-year, ten-year, or permanent EMS levy. (RCW [84.52.069](#))

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 not 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)

What we found

The voters renewed a six-year EMS levy with a maximum levy rate of \$0.50 per \$1,000 assessed value for the City of Cheney in 2018. The first year of the levy started with the 2019 tax year.

The Assessor completed a modified version of the Department's levy limitation worksheet calculating all of the 2020 tax year levy limitation, the second year of the EMS levy. The calculation where a refund levy, when requested, is added to one percent growth limit was over written noting that this limitation is not applicable. RCW 84.52.069(9) states only the first year of the voter approved EMS levy is not subject to the one percent growth limit in RCW 84.55.010.

The Assessor levied \$352,100, the district's certified levy request, rather than the levy limit of \$332,809.62, the lesser of all of the levy limitations for the 2020 tax year. This resulted in a \$19,290.38 overlevy.

See Appendix C for detailed levy limit calculations.

Action needed to meet requirement

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

- Notify the taxing district of the levy error as soon as possible.
- Start the levy error correction process with the 2021 tax year.
- If the district finds correcting the full levy error in one year may cause a hardship for the district or the taxpayers, the district may elect to have the correction implemented proportionately over a consecutive period of no more than three years.

- The 2021 tax year levy limit calculations must include a highest lawful levy since 1985 of \$332,809.62 and a prior year's levy rate applied to the levy increase for new construction, utility value increase, etc., is \$0.4725567903.

Why it's important

The Assessor must levy the lesser of all of the levy limitations to ensure the taxing district does not levy more or less than the law allows.

Requirement – Adoption of tax increase by ordinance or resolution

Requirement

The Assessor is required to apply the dollar increase and percentage increase authorized by a taxing district to the actual prior year's levy amount when determining this levy limitation.

What the law says

A taxing district, other than the state, desiring to increase their current expense budget greater than the prior year's budget must adopt a separate resolution or ordinance authorizing the increase. The resolution or ordinance must state both the dollar increase and percentage increase of the increase. Revenue increases resulting from new construction, increases in assessed value due to constructions of wind turbine, solar, biomass, and geothermal facilities, improvements to property, and any increase in value of state-assessed property is exempt from the increase stated in the resolution or ordinance. (RCW 84.55.120)

What we found

The taxing districts included in the audit completed the necessary resolution or ordinance authorizing an increase in their current expense budgets. These increase amounts were not always determined using their prior year's levy amount. When determining this levy limitation, the Assessor applied the authorized increases to the levy amount within the district's resolution or ordinance rather than the actual prior year's levy amount for the following districts:

- City of Fairfield
- City of Spokane EMS levy
- City of Spokane Valley
- Fire District No. 1

No over or under levy errors occurred due to miscalculating this levy limitation as this limit was not the limiting limitation for these districts.

Action needed to meet requirement

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

- Apply the dollar and percentage of increase to the levy's actual prior year's levy amount when determining this levy limitation.

Why it's important

When the authorized increase over the prior year's levy is applied to something other than the prior year's levy amount the district may not be allowed to levy the correct amount of property and the taxpayers may not be paying the correct amount of property tax.

Requirement - City of Spokane Valley

Requirement

The Assessor is required to determine a city or town's statutory maximum rate limit by deducting a fire district, regional fire protection district, or library's actual levy rate when one of these districts are annexed to the city or town.

What the law says

All taxes shall be uniform upon the same class of property within the taxing district. (Washington State Constitution Article VII Section 2)

The annual property taxes of a fire district, regional fire protection service authority and or library district must be made within the boundaries of the individual taxing district, including any city or town annexed to the fire, regional fire protection service authority and or library district. When a city or town is annexed to one or more of these districts, the city or town is entitled to levy up to \$3.60 per \$1,000 assessed value less any regular levy made by the fire district, regional fire protection service authority, or library district. (RCW 52.04.081, 52.01.081, 27.12.390)

What we found

Fire District No. 1, Fire District No. 8, and a library district provides services to property located in the City of Spokane Valley. Fire District No. 1 provides services within tax code areas 140, 144, 146, and 148. Fire District No. 8 provides services within in tax code areas 141 and 145.

Fire District No. 1's certified regular levy rate is \$1.2303881042 ,Fire District No. 8's certified regular levy rate is \$1.23304612621, and the library district's certified levy rate is \$0.50 for the 2020 tax year.

The Assessor deducted the rate for Fire District No. 1, the smaller levy rate of the two fire districts, and the library district from the base rate of \$3.60 per \$1,000 assessed value calculating the City of Spokane Valley statutory maximum levy rate at \$1.869611895796.

The Assessor should have deducted the larger of the two fire district levy rates and the library rate from the base amount of \$3.60 per \$1,000 assessed value to determine the City of Spokane Valley's statutory maximum levy rate at \$1.86695387379.

This error did not result in an over or underlevy error as the statutory maximum rate limit was not the limiting limitation. If the statutory maximum rate limit would have been the lesser of the limitations, using the levy rate from Fire District 1 would have resulted in the taxpayers located with the city limits and Fire District No. 8 to pay more property tax than the law allows.

Action needed to meet requirement

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

- When multiple fire districts and regional fire protection district, or multiple library district provides services to a city or town, deduct the largest certified levy rate for the combination of fire districts and regional fire protection districts and library districts from the city or town's base rate of \$3.60 per \$1,000 assessed value.

Why it's important

By deducting the greater of the two fire taxing district levy rates from the base rate of \$3.60 per \$1,000 assessed value, it ensures the city has a uniform levy rate throughout the taxing district and no taxpayer is subject to a greater statutory maximum levy rate than the law allows.

Requirement – Aggregate rate limits

Requirement

The Assessor is required to review the \$5.90 aggregate rate limit and Constitutional 1 percent rate limit for each tax code area in his county giving certain levies more seniority within these limitations.

What the law says

Most taxing districts levy a specific levy rate each year without voter approval. All together, certain local regular levies cannot exceed \$5.90 per \$1,000 assessed value within each tax code area. When this limitation is exceeded, the rates must be reduced amongst the districts, according to a statutory mechanism for reducing junior district rates.

All regular levies, with the exception of levies by a port or public utility district, are subject to the Constitutional 1 percent levy limitation. This limitation is based on true and fair market value of the property rather than the assessed value of the property. This limit equates to a regular levy rate of \$10.00 per \$1,000 of true and fair market value. When this limitation is exceeded, the rates must be reduced amongst the districts, according to a statutory mechanism for reducing senior and junior district rates. (RCW 84.52.010)

What we found

The Assessor verified these limitations for all tax code areas within Spokane County. No tax code areas in Spokane County exceeded the \$5.90 or Constitutional 1 percent rate limits.

The Assessor is using out of date versions of the Department's \$5.90 and Constitutional 1 percent worksheets when verifying these two limitations.

The Assessor is incorrectly including the Spokane County's Conservation Future levy rate with the Spokane County General levy rate when verifying the Constitution 1 percent rate limit. The conservation future levy rate should be included at Level 7 in the Department's current version of the worksheet. The Assessor included this levy rate at Level 16 in the Department's current version of the worksheet giving it more protection than statutorily allowed.

Action needed to meet requirement

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

- Use the most current version of the aggregate worksheets located on the Department's website.
- Do not combine the county's general levy rate and conservation future levy rate into one rate when verifying the Constitutional 1 percent levy limit.

Why it's important

When the levy rates are accounted for in the correct level of protection for the aggregate rate limits, it ensures each levy is protected as authorized by statute.

Requirement – Tax roll certification

Requirement

The Assessor is required to certify the completed tax roll to the Spokane County Treasurer (Treasurer) on or before January 15, take a receipt from the Treasurer, and provide the Spokane County Auditor (Auditor) with an abstract of the tax roll.

What the law says

The assessor must deliver the tax rolls to the treasurer, on or before the fifteenth day of January, taking a receipt from the treasurer. The assessor must also supply the auditor with an abstract of the tax roll showing the total amount of the tax collection for each taxing district. (RCW 84.52.080)

What we found

The Assessor certified the tax roll to the Treasurer, timely, on January 14, 2020. The certification document did not include a receipt from the Treasurer. The Assessor did not provide documentation demonstrating they provided the Auditor with an abstract of the tax roll.

The Assessor stated that he personally delivered the tax roll to Mike, the Treasurer, and no formal notice of delivery was taken.

Action needed to meet requirement

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

- Obtain a receipt from the Treasurer when the roll is delivered to his office. This could be completed by simply date stamping the Assessor's documentation indicating the Treasurer has received the certification.
- Provide the Auditor with an abstract of the tax roll showing the total amount of taxes collectible for each taxing district.

Why it's important

By taking a receipt from the Treasurer and providing the Auditor with an abstract of the tax roll it completes the tax roll process.

Recommendation – Resolution or ordinance authorizing a levy increase

Recommendation

The Department recommends the Assessor continue their education efforts with the taxing districts regarding their resolution or ordinance authorizing an increase over the district's prior year's levy.

What we found

Fire District No. 8's Resolution No. 19-07 and 19-08 included "Be It Resolved" statements regarding their authorized levy increase for the 2020 tax year and their certified levy request.

RCW 84.55.120(3)(a) requires taxing districts to adopt a *separate* ordinance or resolution authoring their levy increase in terms of both dollars and percentage.

Action recommended

The Department recommends the Assessor:

- Review this statutory requirement with Fire District No. 8's commissioners and or secretary.
- Suggest that the district use the Department's form REV 64 0101 titled "Ordinance/Resolution No. RCW 84.55.120" that can be found on DOR's website.

Why it's important

When the documents levying property taxes are completed as directed by statute, it reduces the chance of a taxpayer challenging the levy for the taxing district.

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 March 2021. 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:

Washington State Department of Revenue
Property Tax Division
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Appendix A

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

| Levy Limit Calculation for District: Fire District No. 8 | | | | | | | | | | | | | |
|--|---------------------------------------|-----------------------------------|--|---|----------------------------|------------------------------------|----------------------------|--|--|-------------------------------|--|--|--|
| Assmt Taxes Year Due | Highest Lawful Levy Since 1985* | Limit Factor | Highest Lawful plus Increase | State Assd New Const | Tax Added for Value | Annexed State Assd New Const | Tax Added for Annex. | Levy Limit | Assd Value | Stat Rate | <input type="checkbox"/> Annexed to Library? <input type="checkbox"/> Annexed to Fire? <input type="checkbox"/> Firemen's Pension? <input type="checkbox"/> Lid Lift? | | |
| 2019 2020 | 4,074,346.49 | 101.00000% | 4,115,089.95 | 104,464,225 | 137,466.90 | 0 | 0.00 | 4,252,556.85 | 3,451,291,691 | 1.500000000000 | | | |
| Actual Levy: | | | | | | | | | | | | | |
| Assmt Taxes Year Due | Previous Year's Levy | Lesser of Resolution's \$ or % | 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 | | |
| 2019 2020 | 4,082,497.49 | 5.830% | 4,320,507.09 | 137,466.90 | 0.00 | 4,457,973.99 | 3,045.00 | 4,260,865.00 | 5,176,937.54 | 4,255,601.85 | 4,461,018.99 | | |
| 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 | | | | |
| 2018 2019 | | | | | 1.31592321698 | | | | | | | | |
| 2019 2020 | 4,255,601.85 | 0.00 | 4,255,601.85 | 4,255,601.85 | 1.23304612621 | 1.23304612621 | (0.00) | 4,252,556.85 | 1.233046126210 | | | | |
| Excess Levy Calculation: | | | | | | | | | | | | | |
| Type & Yr | Budget | Refund | Total Levy | Real & Personal Taxable Value | TAV | Total Value | DOR Levy Rate | Real & PP TV x DOR Rate | County Levy Rate | Real & PP TV x County Rate | Over/Under Levy | | |
| M&O 10/20 | 1,631,459.00 | 337.00 | 1,631,796.00 | 3,429,445,956 | 2,543,828 | 3,431,989,784 | .475466450281 | 1,630,586.50 | 0.475642726051 | 1,631,191.02 | 604.53 | | |
| | | | | | | | | | | | | | |

2020 Tax Year Spokane County Levy Audit

| Levy Limit Calculation for District: Fire District No. 9 | | | | | | | | | | | | | |
|--|---------------------------------------|-----------------------------------|--|---|---|----------------------------|----------------------------|--|--|-------------------------------|--|--|--|
| 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 | <input type="checkbox"/> Annexed to Library? | | |
| 2019 2020 | 5,113,383.90 | 101.00000% | 5,164,517.74 | 94,319,780 | 99,130.03 | 0 | 0.00 | 5,263,647.77 | 5,342,798,524 | 1.500000000000 | <input type="checkbox"/> Annexed to Fire? | | |
| Actual Levy: | | | | | | | | | | | | | |
| Assmt Taxes Year Due | Previous Year's Levy | Lesser of Resolution's \$ or % | 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 | | |
| 2019 2020 | 5,143,383.90 | \$51,134.00 | 5,194,517.90 | 99,130.03 | 0.00 | 5,293,647.93 | 14,637.00 | 5,289,637.00 | 8,014,197.79 | 5,278,284.77 | 5,308,284.93 | | |
| 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 | | | | |
| 2018 2019 | | | | | 1.050999397841 | | | | | | | | |
| 2019 2020 | 5,278,284.77 | 0.00 | 5,278,284.77 | 5,278,284.77 | .987925100729 | .987925100729 | 0.00 | | 5,263,647.77 | 0.987925100729 | | | |
| Excess Levy Calculation: | | | | | | | | | | | | | |
| Type & Yr | Budget | Refund | Total Levy | Real & Personal Taxable Value | TAV | Total Value | DOR Levy Rate | Real & PP TV * DOR Rate | County Levy Rate | Real & PP TV * County Rate | Over/Under Levy | | |
| M&O 19/20 | 8,750,000.00 | 0.00 | 8,750,000.00 | 5,287,506,626 | 1,769,220 | 5,289,275,846 | 1.654290729849 | 8,747,073.20 | 1.654567450000 | 8,748,536.36 | 1,463.16 | | |

2020 Tax Year Spokane County Levy Audit

| Levy Limit Calculation for District: Fire District No. 1 | | | | | | | | | | | | | | |
|--|---------------------------------------|-----------------------------------|--|---|---|----------------------------|----------------------------|--|---|---------------------------|--|---------------|--|-----------|
| 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 type="checkbox"/> Lid Lift? | | | |
| 2019 | 2020 | 17,136,013.74 | 101.00000% | 17,307,373.88 | 290,906,282 | 383,512.76 | 0 | 0.00 | 17,690,886.64 | 14,405,675,282 | 1.500000000000 | | | |
| Actual Levy: | | | | | | | | | | | | | | |
| Assmt Taxes Year Due | Previous Year's Levy | Lesser of Resolution's \$ or % | 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 | | | |
| 2019 | 2020 | 17,340,872.74 | \$171,360.00 | 17,512,232.74 | 383,512.76 | 0.00 | 17,895,745.50 | 33,685.00 | 17,733,685.00 | 21,608,512.92 | 17,724,571.64 | 17,929,430.50 | | |
| 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 | Without Levy Error or Levy Error Correction | | | | | Levy Rate |
| 2018 | 2019 | | | | 1.31833783022 | | | | | | | | | |
| 2019 | 2020 | 17,724,571.64 | 0.00 | 17,724,571.64 | 17,724,571.50 | 1.2303881042 | 1.23038811392 | (0.14) | 17,690,886.64 | 1.230388113920 | | | | |
| Excess Levy Calculation: | | | | | | | | | | | | | | |
| Type & Yr | Budget | Refund | Total Levy | Real & Personal Taxable Value | TAV | Total Value | DOR Levy Rate | Real & PP TV * DOR Rate | County Levy Rate | Real & PP TV * Levy | Over/Under Levy | | | |
| M&O | 2020 | 26,187,732.00 | 37,732.00 | 26,187,732.00 | 14,258,758,324 | 283,504 | 14,259,041,828 | 1.83657024896 | 26,187,211.32 | 1.836588507000 | 26,187,471.66 | 260.34 | | |

Appendix B

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

| Levy Limit Calculation for District: City of Cheney | | | | | | | | | | | | | |
|---|---------------------------------------|-----------------------------------|--|---|---|----------------------------|----------------------------|--|--|---------------------------|---|--|--|
| 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 checked="" type="checkbox"/> Annexed to Library? <input type="checkbox"/> Annexed to Fire? <input type="checkbox"/> Firemen's Pension? <input type="checkbox"/> Lid Lift? | | |
| 2019 2020 | 2,013,735.61 | 101.00000% | 2,033,872.97 | 7,452,823 | 23,103.75 | 0 | 0.00 | 2,056,976.72 | 704,274,338 | 3.10000000000 | | | |
| 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 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 | | |
| 2019 2020 | 2,013,735.61 | 8.400% | 2,182,889.40 | 23,103.75 | 0.00 | 2,205,993.15 | 0.00 | 2,182,900.00 | 2,183,250.45 | 2,056,976.72 | 2,205,993.15 | | |
| 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 | | | | |
| 2018 2019 | | | | | 3.1 | | | | | | | | |
| 2019 2020 | 2,056,976.72 | 0.00 | 2,056,976.72 | 2,182,900.00 | 3.099502398737 | 2.920703772824 | 125,923.28 | 2,056,976.72 | 2.920703772824 | | | | |

Appendix C

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

| Levy Limit Calculation for District: City of Cheney EMS | | | | | | | | | | | | | | |
|---|---------------------------------------|-----------------------------------|--|---|---|----------------------------|----------------------------|--|--|---------------------------|---|--|--|--|
| 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 type="checkbox"/> Lid Lift? | | |
| 2019 2020 | 324,796.07 | 101.00000% | 328,044.03 | 9,531,173 | 4,765.59 | 0 | 0.00 | 332,809.62 | 704,274,338 | 0.500000000000 | | | | |
| Actual Levy: | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| Assmt Taxes Year Due | Previous Year's Levy | Lesser of Resolution's \$ or % | 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 | | | |
| 2019 2020 | 324,796.07 | \$27,300.00 | 352,096.07 | 4,765.59 | 0.00 | 356,861.66 | 0.00 | 352,100.00 | 352,137.17 | 332,809.62 | 356,861.66 | | | |
| 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 | | | | | |
| 2018 2019 2019 2020 | 332,809.62 | 0.00 | 332,809.62 | 352,100.00 | .5 .499947223691 | .472556790362 | 19,290.38 | 332,809.62 | 0.472556790362 | | | | | |
| Excess Levy Calculation: | | | | | | | | | | | | | | |
| Type & Yr | Budget | Refund | Total Levy | Real & Personal Taxable Value | TAV | Total Value | DOR Levy Rate | Total County AV x DOR Rate | County Levy Rate | County Levy | Over/Under Levy | | | |
| 0 0 | 0.00 | 0.00 | 0.00 | 700,757,578 | 0 | 700,757,578 | 0 | 0.00 | 0.000000000000 | 0.00 | 0.00 | | | |