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# Washington Department of Revenue Property Tax Division

## 2020 Island County Levy Audit A Summary Report



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# Overview

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## Purpose

The primary purpose of this review by the Department of Revenue (Department) is to assist the Island 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: Langley
- Fire Districts: #1 Camano, #2 North Whidbey, #5 Central Whidbey
- Hospital Districts: Hospital General, Hospital EMS
- Cemetery Districts: Cemetery #2
- Library Districts: Sno-Isle General
- School Districts: South Whidbey #206, Coupeville #204, Oak Harbor #201
- Port Districts: Port of South Whidbey
- County General, County Roads, Parks & Rec South Whidbey

# Executive Summary

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## 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 2 requirements and 1 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

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### **Requirements**

- The Assessor is required to certify the completed tax roll to the Island County Treasurer (Treasurer) on or before January 15, take a receipt from the Treasurer, and provide the Island County Auditor (Auditor) with an abstract of the tax roll.
- The Assessor is required to certify both locally and state assessed values to the taxing districts.

### **Recommendations**

- The Department recommends the Assessor continue education efforts with the Island County Legislative Authority regarding the levy request certification required in RCW 84.52.070.

## Requirement – Tax roll certification

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### Requirement

The Assessor is required to certify the completed tax roll to the Island County Treasurer (Treasurer) on or before January 15, take a receipt from the Treasurer, and provide the Island 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 timely, on January 14, 2020 to the Auditor rather than the Treasurer. The certification document did not include a receipt from the Treasurer.

### Action needed to meet requirement

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

- Certify the roll to the Treasurer and obtain a receipt from the Treasurer when the roll is delivered to their office. This could be completed by simply date-stamping the Assessor's documentation indicating the Treasurer has received the certification.

### Why it's important

By taking a receipt from the Treasurer, it completes the tax roll process.

## Requirement – Certification of assessed values to taxing districts

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### Requirement

The Assessor is required to certify both locally and state assessed values to the taxing districts.

### What the law says

It is the duty of the assessor of each county, after receiving the certificate of assessed value for state assessed property from the Department, to apportion and apply that value to the county tax roll. When the tax roll is complete, it is the assessor's duty to certify the total assessed value of property in the county as shown by the completed tax rolls to the officers authorized by law to estimate expenditures and/or levy taxes for each taxing district in the county the total assessed value of the property in such taxing district (RCW 84.48.130).

The county legislative authority is required to certify the amount to be levied for each of the taxing districts, including the county, to the county assessor on or before November 30, of each year. If the certification is made after November 30 and the assessor has certified the assessed values to the taxing districts at least 12 business days before November 30, the assessor may not levy any more than the certified levy amount for the previous year for the taxing district (RCW 84.52.070).

### What we found

The Assessor did not certify the locally assessed values and state assessed utility values to the taxing districts timely, for the 2020 tax year. The assessed values were certified to the taxing districts on January 15, 2020.

### Action needed to meet requirement

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

- Certify the total assessed value, including both locally assessed values and state assessed utility values, to the taxing districts timely, at least 12 business days before November 30.
  - Provide the certification of assessed values to taxing districts immediately after receipt of the state assessed property values from the Department. Taxing districts use the certification of assessed value when planning their levy certification amount, due November 30.

### Why it's important

Timely certification of assessed values to the taxing districts will assist the taxing districts with their budget process and determine if there are any levy consequences if the county legislative authority certifies the levy requests to the Assessor after November 30. It will also enhance the transparency in the governmental process of levying property tax.

## **Recommendation – Certification of levies to assessor**

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### **Recommendation**

The Department recommends the Assessor continue education efforts with the Island County Legislative Authority regarding the levy request certification required in RCW 84.52.070.

### **What we found**

The Island County Legislative Authority certified levies to the Assessor on December 19, 2019. This should have occurred on or before November 30, 2019.

### **Action recommended**

The Department recommends the Assessor:

- Review this statutory requirement with the Island County Legislative Authority.

### **Why it's important**

If the certification does not meet the statutory requirements and the Assessor has completed their work timely, this means the Assessor may use no more than the certified levy amounts for the previous year for the taxing districts for which the levy was not certified.

## Next Steps

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### 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 2020. 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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