



Office of the Washington State Auditor
Pat McCarthy

December 3, 2024

Board of Commissioners and County Auditor

Pend Oreille County

PO Box 5015

Newport, WA 99156

Dear Board of Commissioners and County Auditor:

The State Auditor's Office received a concern from a citizen via the Citizen Hotline regarding Pend Oreille County. We recently examined the citizen's concerns as part of our audit of the County, and we would like to share the results with you. In the citizen's referral, they expressed the following concerns:

- 1) Concern:** The citizen said that they were concerned about a conflict of interest between Pend Oreille County Commissioner John Gentle and Port of Pend Oreille Commissioner Kimberly Gentle.

We reviewed state law to determine what constitutes a conflict of interest per the RCW, both generally and specifically between spouses of different local governments/jurisdictions. We also reviewed official minutes for the Board of County Commissioner meetings during the audit period and inquired with County officials about this concern.

RCW 42.23.030 states that "No municipal officer shall be beneficially interested, directly or indirectly, in any contract which may be made by, through, or under the supervision of such officer, in whole or in part, or which may be made for the benefit of his office, or accept, directly or indirectly, any compensation, gratuity or reward in connection with such contract from any other person beneficially interested therein..." However, RCW 42.23.040 permits a municipal officer to have a "remote" interest in municipal contracts under certain circumstances. This includes the interest of "a non-salaried officer." As both Commissioners are non-salaried officers of their respective jurisdictions, we determined that this situation qualifies as a "remote interest" per the RCW.

Additionally, per AGO 1978 No. 22, there is no conflict when both spouses serve as officers, since officers receive their compensation by reason of their office and not by a contract. As the compensation for both the Commissioner of the County and the Commissioner of the Port of Pend Oreille are not dependent upon a contract between the two jurisdictions, we found that there is not a conflict of interest between Pend Oreille County Commissioner John Gentle and Port of Pend Oreille Commissioner Kimberly Gentle in regard to the contract between the County and the Port for the Associate Development Organization (ADO).

During our review, our audit found no conflict of interest between Commissioners of the County and the Port. However, our audit did find that in the case where an official with voting power has a “remote interest” in a contract, RCW 42.23.040 requires that remote interests be clearly documented in official meeting minutes. Based on our review, we determined that all three commissioners had a remote interest in the potential contracts for a new ADO and only one of the remote interests was clearly documented in official minutes before awarding the contract.

We recommended that the County ensure that future possible remote interests of officials are clearly documented in official minutes before voting or ratifying any contracts to ensure that no perceived conflict of interest occurs.

We also received an email from the same citizen dated September 4, 2024, that included additional concerns regarding Pend Oreille County. We examined these additional concerns detailed in the citizen’s email to our Office as part of our audit of the County. In the citizen’s email, they expressed the following concerns:

- 2) **Concern:** The citizen said that they were concerned that the Pend Oreille County Assessor’s Office was unfairly and unequally appraising properties and requested a review of the County Assessor’s administrative policies and procedures regarding the fair evaluation of properties.

It is important to note that the Washington State Department of Revenue (DOR) also conducts regular audits of all assessor’s offices in the state of Washington, which are available on its website.

We completed a full review of the Assessor’s Office as part of our fiscal year 2022 accountability audit of the County. During our audit, we reviewed the Assessor’s Office’s written policies and procedures, inquired with County officials and staff, and performed a detailed review of the processes for property valuation and real property revaluation.

During our audit, we completed a detailed review of the County’s overall assessment ratio for property taxes. The area of property valuation requires specialized technical knowledge, and the DOR re-performs a sample of property assessments and conducts extensive statistical analysis of county assessments. The DOR performs ratio studies each year that measure the accuracy of appraised property values as compared to true market values, or sale prices. The International Association of Assessing Officers (IAAO) states that property tax ratios within 0.90 and 1.10 indicate that the appraised values are within a reasonable range of the true market value. The Assessor’s Office combined real and personal property ratio was 0.93 in 2021 and 0.87 in 2022.

Additionally, during our audit we also reviewed a selection of appraisals in the County's system to determine if the Assessor's Office followed its own policies regarding independent appraisal of personal property.

Based on our testing, review of documented policies and inquiries with County staff, we determined that the Assessor's Office uses the most current edition of the DOR's *County Assessor's Manual*, which the DOR updates annually. We also determined that the Assessor's Office's processes and controls were sufficient to meet the requirements of an independent party review of appraisals.

Our audit found no indication of issues of independence or conflicts of interest of assessments or valuations of real or personal properties. However, because the ratios of appraisal values were slightly outside the IAAO standards, we did recommend that the Assessor's Office continue its efforts to implement controls and processes to perform accurate and timely property assessments.

If there are any questions, please contact me at (509) 919-0240.

Sincerely,

A handwritten signature in black ink that reads "Brad White". The signature is written in a cursive style with a large, stylized initial "B".

Brad White, CPA, Audit Manager

Team Spokane

H-24-240