

State Auditor & Inspector Cindy Byrd

July-August 2021

Auditor's Corner – County Assessors, Education & the State Board of Equalization



As adults, most of what we do usually has some focus on preparing for a better future. We often hear “it’s for the children” and, in many cases, whatever is proposed will also align with our own intentions of leaving behind a better world than the one in which we entered.

Almost no one is a fan of taxes and most taxpayers want to know the money taken by government to provide services is spent properly.

We hear a lot about per pupil spending, teacher salaries, the cost of operating schools, and questions about where all the money for education goes. When it comes to your ad valorem taxes, about 81% goes to help fund schools and career technology education statewide.

While funding levels vary by county, a significant portion of property taxes goes to education whether you live in rural Oklahoma or a metropolitan area.

The county assessors have an important responsibility to properly assess the value of property in their respective county which determines the amount of funding available for educating local students.

More than a decade ago, the State Board of Equalization (BOE), the body that certifies the amount of money the legislature can appropriate each year, became aware that not all property in all counties was being adequately assessed. Personal and business property was underassessed which meant schools in a certain county along with other funded government services – like the county health department – were being underfunded.

The BOE created a subcommittee which worked with the Oklahoma Tax Commission and county assessors to devise a performance audit to help assessors bring up assessed property values. Caps on annual property tax increases subsequently approved by voters meant it would take some counties about 30 years to make up the difference lost to previously undervalued property tax rates.

As the State Auditor and a member of the BOE, I am designated to head up this subcommittee that oversees and reports the findings of the annual performance audit. The report has transitioned since its beginning in 2011.

I recently had the opportunity to speak with our 77 county assessors to let them know we are working on designing a new performance audit that measures additional levels when it comes to assessing property. The audit is a tool the assessors can use to improve the valuation process.

We're looking at a broader range of statutory responsibilities required of an assessor and we're going to be here to help them remain in compliance with statutory requirements and changes in auditing procedures.

I'm especially proud of the work our public servants continue to provide in the midst of this pandemic. Whether the infection rate is rising or falling, the women and men in county government, in every assessor's office, ensure the services expected and needed by local residents are delivered.

I really appreciate the opportunity to let our county assessors know my office is standing by, if needed, to help them navigate the federal requirements of using Fiscal Recovery Funds from the American Rescue Plan Act.

Assessors have an often-thankless job as the "taxing authority." It's also a critically important job for those of us who want every child and adult to have access to an education that helps them succeed in whatever dream they chase.

City of Piedmont Special Audit Report Released

Arguably, a significant number of complaints from municipal residents and school patrons received at the State Auditor's Office have to do with potential violations of the Open Meeting Act or the Open Records Act.

Understandably, taxpayers want transparency and accountability from elected officials. This is, perhaps, especially notable at the local level where governance is closest to the constituency.

The purchase of two vehicles in February 2020 by then Piedmont City Manager Jason Orr for the Piedmont Municipal Authority led

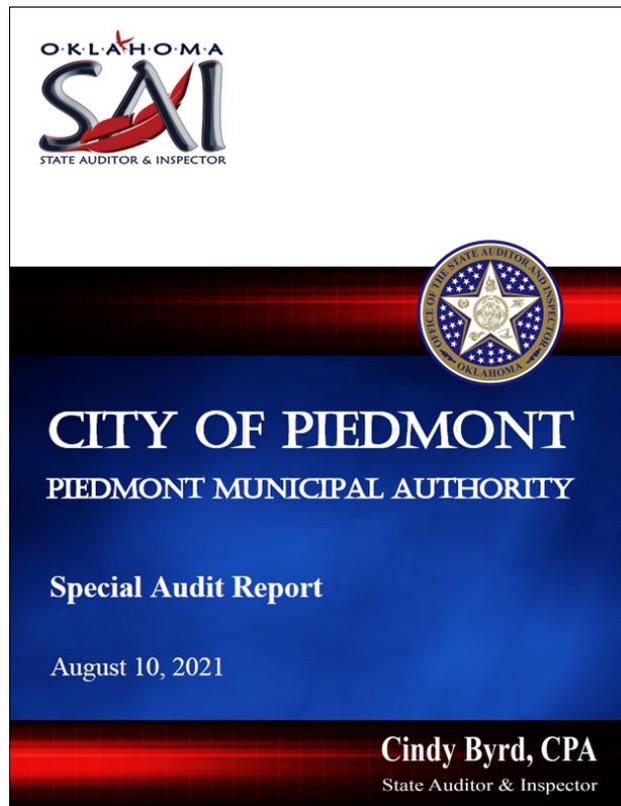
the Piedmont City Council to request a special audit. The council members wanted to know if the purchases complied with city ordinances for competitive bidding and whether the Open Meeting Act was violated.

Auditors with the agency's Forensic Audit Division determined Mr. Orr did not obtain council approval or solicit competitive bids in violation of the City Charter and its Code of Ordinances.

Additionally, we determined that Mr. Orr polled council members individually to obtain majority approval to purchase the two trucks and only brought it before the council to formally approve the actions after they had occurred. In both instances, the council was placed in a position of possibly violating the Open Meeting Act.

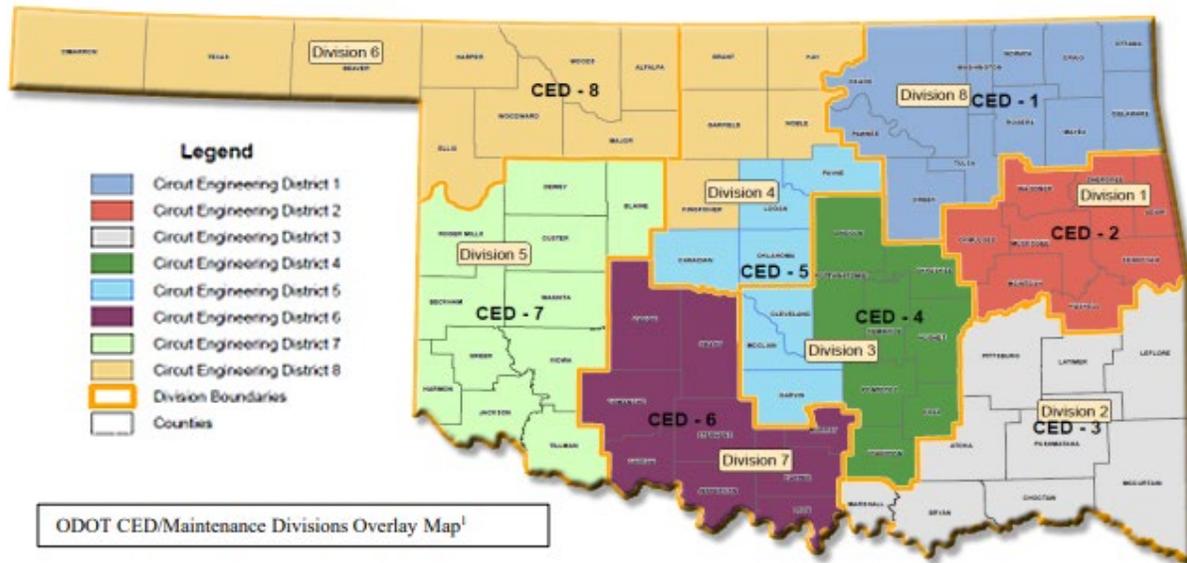
We found no indication that Mr. Orr benefitted personally or financially from the purchase of the vehicles.

Following the publication of the special audit report, the Piedmont City Council decided to terminate Mr. Orr as its city manager in a 4-1 vote.



Circuit Engineering District Audits Published

As we noted back in January of this year, State Auditor Cindy Byrd created a new unit utilizing auditors from the County Audit and Performance Audit Divisions to comply with a new statutory requirement that Oklahoma's eight Circuit Engineering Districts (CEDs) undergo an annual operational audit.



The state's 77 counties are divided into CEDs in a cooperative effort to obtain civil engineering services and program management services for road projects. Assistance is also provided by the Oklahoma Department of Transportation.

The audits focused on an examination of each CED's financial records, determined if expenditures were supported by adequate documentation, and determined if each district had a process to evaluate proposed projects when using *County Improvements for Roads and Bridges* funds.

At the heart of these audits is whether the CEDs are operating efficiently, complying with various statutes in the receipt and expenditure of county road funds, and if each is properly safeguarding public assets.

Seven of the eight CED Fiscal Year 2020 operational audits have been published. The audit for CED #3 is undergoing its quality assurance review and should be published in the near future.

To view the CED audit for your county's district, click on one of the links below.

[CED #1](#) [CED #2](#) [CED #4](#) [CED #5](#) [CED #6](#) [CED #7](#) [CED #8](#)

Utilizing ARPA Funds Remains Priority of County Officials

The Association of County Commissioners Summer Conference provided an opportunity for State Auditor Cindy Byrd and county audit managers to present crucial information to county officials on the permitted use and required documentation associated with expending American Rescue Plan Act (ARPA) funds.

“There are specific permitted uses for ARPA Fiscal Recovery Funds and we’re working directly with ACCO and county officials to ensure every expenditure meets federal treasury guidelines,” Byrd said. “Most counties have certain



reporting requirement deadlines that include an interim report and a project and expenditure report. Oklahoma, Tulsa, and Cleveland counties have additional reporting requirements due to both population size and the total amount of funds available to spend.”

In all, \$767.4 million in Fiscal Recovery Funds are available for Oklahoma Counties to expend on COVID-related categories that include Public Health, the negative impacts caused by the pandemic, services to disproportionately impacted communities, and premium pay for qualifying essential workers.

The funds may also be used to invest in water, sewer, and broadband infrastructure, to replace lost revenue of the County, and for certain administrative costs.

Byrd provided an overview of the dos and don'ts during her presentation to the conference's general assembly. The agency's five county audit managers participated in a round table discussion moderated by County Management Services Manager Cheryl Wilson and answered questions of the attendees.

The State Auditor's Office plans to expend the time necessary to assist county officials navigate the complex reporting requirements associated with ARPA funds. A *User's Guide* is still forthcoming from the U.S. Department of the Treasury.

The agency has established a page on its [website](#) detailing allowable and unallowable costs, internal controls to safeguard these funds, and the reporting requirements.

County Officials may also complete and submit an [ARPA – 2 FRF Inquiry Form](#) for guidance on specific ARPR-related issues or concerns.



Included in the use of these funds is the opportunity to partner with other ARPA recipients. For example, city and county officials have the opportunity to collaborate to best address the needs of communities and residents in accordance with federal guidelines.

This opportunity is admittedly greater in counties where larger metropolitan areas are located. The ability for more rural counties in the state to partner with other ARPA recipients is likely more limited.

Despite COVID, Tourism Revenue Shows Healthy Increase



In June 2020, Governor Kevin Stitt announced that Oklahoma was reopening even as the COVID-19 pandemic continued to impact normalcy and a vaccine was still months away.

Fiscal Year 2021 would start on July 1, 2020 and by the end of June 2021, it looks like Oklahomans were ready to exchange cabin fever for a cabin in the woods, by a river, or at the lake.

The Oklahoma Department of Tourism and Recreation's FY21 revenue budget of \$70.55 million was easily surpassed by revenues collected throughout the year including direct revenue from equipment rentals to campsite fees, to lodge or cabin reservations at more than 30 state parks.

Tourism is reporting a 57% percent increase in total revenues compared with FY2020 and \$16.33 million more than its overall FY21 budget.

Use of recreational equipment and facilities, lodge/cabin, and other housing rent totaled \$26.1 million in FY20 or a little more than 30% of all reported revenue by the agency.



As summer winds down and we head into fall, there's plenty to do in Oklahoma's wide-open spaces, scenic rivers, lakes, and forests.

[Travel Oklahoma](#) has an impressive list of attractions and activities for a daytrip, family vacation or a spice-up-your-relationship getaway weekend. From festivals, to county fairs, rodeos, hiking, and more – there's bound to be something within your budget and within range.

You can download the 2021 Travel Guide [here](#).

Byrd's Eye View is a digital newsletter publication of the Office of the State Auditor & Inspector. If you have an inquiry about how your tax dollars are spent, safeguarded, or distributed, please contact Trey Davis, tdavis@sai.ok.gov and suggest a topic you'd like to read more about.

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