

BOARD OF EQUALIZATION SUBCOMMITTEE MEETING
July 19,2023 10:00 AM
State Capitol Building, Room 100
Oklahoma City, OK

Auditor Cindy Byrd called the meeting to order.

Roll Call was taken, and a quorum was established.

Members present:

Blayne Arthur
Mathangi Shankar
Gary Snyder
Wade Patterson
Cindy Byrd, Chairman

Ms. Byrd - Have we followed all the requirements for this meeting?

Ms. Grantham - We have

Ms. Byrd - First up on the agenda, or I'm sorry, the approval of minutes from the November 17, 2022, meeting. Those minutes should have been given to all of you. And if there are no questions at this time, I'll accept a motion to approve.

Mr. Snyder - I move to approve.

Ms. Byrd - Do I hear a second?

Mr. Patterson - I was not here.

Ms. Sankar - I was not here either.

Ms. Byrd - Let's just postpone that agenda item and move on to the next agenda item. And we can come back to that later.

Ms. Byrd - So Joe, at this time I will turn it over to you for the next agenda item, performance audit.

Mr. Haggood - We've enjoyed our relationship and meetings with the working group that has been established to continue the process of reviewing the performance audit. I think our process has gone well, what we've been able to come up with and get to be something that we're ready to be able to conduct or supportive of. I would just say

that I think we're in a good place on the performance audit, I think we're ready to move forward for 2024 and beyond if that's the direction of the subcommittee and the board. I think Ad valorem was definitely ready to administer the new audit that was written in its latest iteration. As far as the audit for this year with the performance audit for 2023, of course that was the older existing performance audit, that we're actually conducting, have appreciated to work with all the counties. They're always so gracious and cooperative, but in spite of the fact that we're in there, disrupting their operations. So we're always grateful for that and appreciate the relationship with them. Things went smoothly through that entire audit process more or less. The some of the normal, minor things that typically will come up in a year, but we're in good shape and prepared to produce a report for this committee in November.

Ms. Byrd - Okay. Do you want to give us any kind of highlights of the changes to the performance audit?

Mr. Hapgood - Yes, certainly, we can mention those. And I think anybody from the working group that we're here to interject, if I'm not articulating everything in the proper way, feel free to do that. The test audit got us fairly close to where we want it to be but there were some additional investments that in working together, I think that we've come up with. I think one of the ones related to the ratio study that needs to be mentioned here, of course, is the ability to look back to the prior year on the sales or we don't have sufficient sales to actually calculate a really effective or good ratio for the counties. I know last year for the test audit, we were doing the one-year sales for the test performance, it required us to do the separate sales ratio printouts. And that was something that we were dealing with a separate database, the counties, were dealing with that separate review and print out on that. And so that that was troublesome. I think this will help. I think it's a good effort. And I think that the numbers will be better and more accurate, utilizing that approach going forward. So definitely, I think supportive of that. As far as some of the revisions, I think they're getting minor tweaks here and there, like on the question, pool question #1 on data collection, field inspection, I think that main adjustments, there were to random questions. We ran and pulled the samples randomly; I think is that and then as far as some of the parameters on the remaining questions like you had the change in that first question related to the number of the parcel range inspected 99% or more in compliance with 98 inspected parcels in compliance. With each of these questions or questions, there were some things that we looked at and decided to tweak it's a group related to pool question three on the VI data entry that was another one that received some further review and some recommended adjustments there. One of the things there related to that is just looking at..... to say only parent parcels will be counted and then the range on it. On question pool 15 proposed language related to that random system generated CAMA report on those data for analysis there. One thing that we are proposing I think, is that the question #20 which is related to the sold versus unsold properties. That one work, I think, an agreement on what we need to do report wise that the work to do that is still kind of in progress. So at this point, we're not ready to implement so would not be worth recommending and not be a part of the question pool for 2024 for the audit. In future years, we're hopeful that we get that worked out so we're able to reincorporate that into that pool of questions. I can say with some minor tweaks to amateurs on the questions, the adjustment on the ratio on being able to have the opportunity to look back, I think that will make things more fair, in many respects, in the way that we're looking at the assessment levels in the counties as part of their ratios. So that's just kind of a summary. We added one question to the pool regarding the excise board report. Related to that, that's an all or nothing question. They have to meet the requirements specified in getting that to signed and executed submitted

in the proper fashion to Nancy. And so that's an additional question which, you know, it's obviously important, so this stresses the importance of that by heavy use as part of the audit and so that's incorporated as well.

Ms. Arthur - So can I ask a question? Is this something that has been a challenge ?

Mr. Hapgood - Nancy could probably relate to this and the struggles in that area we faced.

Ms. Grantham - Yes, the 10 days was the problem of not getting the report prepared and signed. Not meeting the statutory requirement.

Mr. Hapgood - Yes, the timeliness, I think, was a statutory struggle, even though it's properly done and being a component of the audit, the thought is that it will be a direct reminder of that importance, and it will have some, at least some consequences associated with it.

Ms. Grantham - On a side note, I wanted the pool question to be 50 points, but I guess it's only going to be 10.

Mr. Hapgood - I think that's really all I have recorded, I think, a good year from the perspective of us conducting the audit. And we'd like to say enjoyed working with the group, kind of reviewing what may need to be adjusted on their audit going forward.

Ms. Byrd - Joe, thank you for your work on this and thanks to Sarah on the progress you have made with the working group, what did was much appreciated.

Mr. Snyder - Committee members, to have a little history, this document that has the green highlights from the changes was distributed at the four district meetings back in May. So anybody that attended a required district meeting should have received a copy of this and be aware of the changes.

Ms. Arthur - And can I ask some discussion on that?

Mr. Snyder - I didn't have any questions directed to me. Sarah may have had some.

Ms. Batterton - I had a few clarification style questions.

Ms. Byrd - Okay, at this time, I'll entertain a motion to

Mr. Patterson - I move approval of the 2024 performance audit, as presented with the addition of question 22 and the suspension of question 20.

Ms. Sankar - I will second that motion.

Ms. Grantham - Mr. Patterson, Mr. Snyder, Ms. Arthur, Ms. Shankar, Ms. Byrd all members responded with "aye"

Ms. Byrd - I did want to note that I missed something on the agenda earlier, and that was the comments from county assessors. I do apologize for that, that would have been ideal to have gone before that, I kind of came in a rush. At this time, I'd like to move back up to that agenda item. And if any assessor would like to come to the podium, talk about anything that's facing you as an assessor and your performance of your job, or any other comments that you'd like to make, please feel free to do so. I just wanted to let you know your voices are always important. You're always welcome to reach out to us and thank you for being here this morning. Okay, with that we'll proceed on to agenda item number two. Gary, you're recognized. Give us an update on the CAMA.

Mr. Snyder - Madam Chair and members I would ask your permission to defer to Kevin House for CAMA Manager for that report.

Mr. House - Good morning. Thanks for letting come today and give a CAMA report. Currently OSU/CLGT CAMA has a staff of 17 homebased employees and visits Counties primarily on the landmark system. Year four of the conversion has begun and that means that most counties will be reading over their entire database so that the cleanup process for those people are nearly complete. A handful of assessors will finish up the process and will complete in the next docket. The assessors requested and we have agreed to update and deliver cost tables to counties in June. CAMA staff are currently traveling to counties and working virtually to assist with this and the recalculation process. However, unfortunately, there are a few counties that do wish to review the updates. And I'd like to note that it's impossible to find a current fair cash value annually without updating the cost manual and recalculating. So basically, if these counties are to value these properly and they're not updated annually, they're merely depreciating properties. Also, CAMA staff was preparing to present eight courses at OTC Fall conference. Also forces at the day of training prior to the annual assessor conference in October. We do anticipate some training in December, we haven't nailed that down yet. Also know that CAMA staff along with Kara Skidmore, delivered a regional training to the four areas of Oklahoma, the training was focused on mobile homes, and Oklahoma form 936. The classes were well reviewed by the assessor, and we were really pleased with the regional training aspects and plan to continue these forms of training. Overall, we're really happy with the progress we made this year and look forward to more challenges. One thing that I did have on my statement is that assessors are getting their public service information, so all of our people are going around helping them with getting their excise board reports ready. Getting their public service entered and making sure that they balanced so they can get into Nancy. Do you have any questions about CAMA?

Mr. Patterson - Kevin, you mentioned that some of the assessors are refusing the cost tables. And those of us that were around whenever we implemented the first CAMA system in the 90s. I know we went like 11 years without updating the tables and it was a nightmare, you know. Are the assessors not wanting the updates because there were problems with the tables working? Or are you finding they're not wanting them because they're afraid that the costs will rise?

Mr. House - I did state that because I just talked with him personally, I fear that is the case.

Mr. Patterson - Which one?

Mr. House - The latter one. Taxpayer relations, is what I would term it as

Mr. Patterson - Can I see if Sarah has heard any hubbub about that?

Ms. Batterton – Roger Mills County Assessor – President of the Oklahoma Assessors Association

I think that it's not a taxpayer issue. It's more of just confusion. And as the timeliness in the past that cost tables have been implemented. And it's a change as to that timeline and just adjusting and scared of what could come from this cost table.

Ms. Snyder - Noble County Assessor - I think it sounds like it's being addressed by changing the date. Just for clarification, I think at the time as in the past, when the cost tables were implemented, notices had already gone out. And so then your system had a different value than what you had just announced. So it sounds like they're addressing that. And maybe after those assessors that are not wanting to do that, see that it's working better, maybe they'll come back on board.

Mr. Patterson - I would say for any CAMA system to work effectively, you have to start with good base statements, of course got to have good data. Well, I think that's just an assumption. We all know that those tables, that's something I know round the world that we've seen, just in my travels last year, if you're not putting in good cost tables every year, or at least every two years, especially with our climate, the way things are changing right now and 30-40% increases in building materials. We're not even come close to estimating fair cash value. And then of course, you can always adjust back to your market as it exists in your community. That's one thing I know we ran into that problem for years. When counties wouldn't let us update the course I was counting at that point. We did if we didn't update the tables, when you finally did update the tables, it was tripling of values so that we want to avoid that as well.

Mr. Hapgood - For those looking obviously at adjusting those costs based on the sales that you've got any particular market areas that you've established so that by getting those replacement costs in proper depreciation supplies, you're going to have less extreme adjustment factors improve your coefficients that dispersion, improve the uniformity, I think, in those various mark areas in the county. So yes, it's a long process, the replacement cost is critical. Obviously, the data collection, and the quality of the data is critical in that process. And then, of course, the proper application and adjustment for market activities in various areas. So those three things together.....

Ms. Byrd - I have a question and I may be stepping back a little, a little farther here. We suspended the applying the results of the performance audit to counties for the year because of several factors. COVID, Assessor's dealing with COVID, was not being able to get out and look at things. It was the CAMA conversion that maybe we're going through, that was also a little bit of a problem. But then we also had the craftsman cost tables. And from what I remember, and we don't have these meetings often enough for me to speak in detail about this, that the Craftsman cost tables were so different than what they had used previously, that it was going to take a lot of manpower to take all of the elements from the previous cost tables and enter them in individually to craftsmen. Does this sound somebody nod your head if I'm on the right track here? Okay, so that was the problem? Can you tell me where we are with that? And where assessors are with catching up with the obstacles that were thrown at them during COVID.

Mr. House - So most of the counties should be finishing cleaning up the entire county at this point. I guess I'll add one more reval cycle.

Ms. Fields – Pittsburg County Assessor - My last year of clean up and then I converted in 19, I'll probably have to clean up that year again.

Ms. Arthur - Question, Kevin on the CAMA. Now we've talked a lot about landmark. And I feel like there's been and I apologize to I don't exist in this world as I should. So if you're telling me something for the fifth time and you may be, I felt like there were a couple of counties last time who did not choose to go that direction because the system did not work for them. Is that still the case? How many counties currently do we have? How many do we have with other software vendors? I don't know if you can read that up off the top of your head.

Mr. House - We still have seventy counties on LandMark.

Ms. Arthur - And is there a statutory mandate I mean, do the other seven have to move do they get to choose, they can still stay on other software?

Ms. McCormick – Dewey County Assessor - I was just going to say I'm the county that I have asked for our software updates to not occur until I requested that they be made, just so that I know what changes and when they are being made because of some of those valuation issues with the table, numbers changed. And so recently, in June, when the new tables came out, I did request that we process that update but I wanted to have advance information before changes or update for me to my software. So in my case, it's not that I'm refusing to update anything I'm requesting that I have..... that I approve an update before it's made.

Mr. House - So our staff also does the cost table update and recalculate a lot of reports and analysis and show them exactly what changes what accounts were affected. So possibly if there was something that helped their appraiser sell something, and the new cost table really affected that adversely, we'd be able to go in and make adjustments for that.

Ms. Arthur - Question on this is going to be your opinion and this might be a sensitive subject. I have no idea. So the 17 employees you mentioned, would you feel like the counties feel like they are partners or is it an adversarial relationship?

Mr. House - I would hope that it's a partnership. I hope that everybody knows and understands that everything that we do is with the county in mind. So every time we go to a training or anything else, it is 100% for the counties you know me personally I'm on the road a lot but doesn't bother me is bad because I realized that I'm doing it for the counties and the one of the reasons why I stayed in..... I started working in a county like a lot of other people did and heck I was gonna go off and be a professional trainer or something. But what I enjoyed about it was the public service aspect. And that's why I stayed in it. So I think that's, to me, that's what we want, so I'll just hope the Assessor's realize that everything we do is with their best interest. Thank you.

Ms. Byrd - Any other questions?

Ms. Byrd - So we do want to go back up to the approval of the minutes from the November 17, 2022, meeting. We had a motion to approve. Is there a second?

Ms. Arthur - I will second and I apologize again for my delay, got held up with our Wheat Improvement Team at the Wheat Commission. So I apologize for my delay, Nancy.

Ms. Byrd - Oh, we're glad you're here. Okay. Nancy, would you please call the roll?

Ms. Grantham - Mr. Snyder, Ms. Arthur, Ms. Shankar, Ms. Byrd all responded with "aye", Mr. Patterson abstained.

Ms. Grantham - Four "ayes" one abstention.

Ms. Byrd - Now back on track to Agenda Item number three, is there any new business that needs to be brought before the committee?

Mr. Snyder - Just have a question. So you will, make a proposal to the state board to accept the changes to the audit and implement for 2024?

Ms. Byrd - Yes, at the December 1 meeting.

Ms. Byrd - Okay, will there being no business?

Ms. Byrd - Is there a motion to adjourn?

Mr. Snyder - Motion to adjourn.

Mr. Patterson - Second.

Ms. Byrd -Okay, all-in favor, say "aye", any "nays"? All members stating "aye". Meeting adjourned. Thank you.