



**2010 – 2011
Madera County Grand Jury
Final Report
Madera County Assessor's Office**

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Introduction:

The County Assessor is responsible for determining the assessed value of all taxable real and personal property located within the county. The California Constitution and the Revenue and Taxation Code charge the Assessor with four primary duties: 1) locate all taxable property within the county; 2) identify the person who owns, claims, possesses, or controls property on the lien date; 3) establish the assessed value of all taxable property; and 4) publish annual and supplemental assessment rolls. The Assessor does not establish tax rates, issue tax bills, collect or refund taxes, nor determine special assessment or maintenance district fees. The Assessor is an elected official whose office operates under the guidance of the State Board of Equalization.

In its review of the operations of the Assessor's Office, the Grand Jury examined the department's budget, staffing levels, organization, and functions. Interviews were conducted with the County Assessor, two residential appraisers, two assessment technicians, supervising cadastral drafting technician, assessment office manager, and the County Administrative Officer. The Grand Jury also toured the Assessor's office and viewed demonstrations of the department's automated systems.

Findings:

The assessment roll for the county includes approximately 55,000 real property parcels and 6,000 personal property items. The assessed value of each property is determined annually as of the lien date which is January 1 of each year, the day the taxes are deemed to be owed. Current total value of property in the county, after exemptions, is about \$10,000,000,000.

Proposition 13, passed by voters in 1978, generally requires the reappraisal of property at the time of change of ownership or completion of new construction. The reappraisal establishes the base year value, which may be increased a maximum of 2% per year. Revenue and Taxation Code section 51 requires the Assessor to annually enroll the lesser of a property's Prop 13 base year value factored for inflation (up to 2% per year) or its market value as of the lien date.

Property value may decline as a result of changes in the real estate market, the neighborhood, or the property itself. Under Proposition 8, if the current market value of a property as of the January 1 lien date is lower than its Prop 13 factored base year value, the assessed value can be reduced to reflect the decline. Prop 8 reductions in value are temporary. Once a Prop 8 value has been enrolled, a property's value must be reviewed each following January 1 to determine whether its market value is less than its Prop 13 factored value. Prop 8 values can change from year to year as the market fluctuates up and down. Once the market value of a Prop 8 property exceeds its Prop 13 factored base year value, the Prop 13 value is reinstated as the upper limit of taxable value.

A reappraisal of property due to change in ownership or new construction prompts a Notice of Supplemental Assessment which advises the property owner of the new valuation. The reappraisal may result in issuance of a supplemental tax bill if there is an increase in value or issuance of a refund check if there is a decrease in value.

Property owners who believe the assessed value of their property is greater than its market value may file an application for reappraisal. The assessed value is reduced only after the Assessor's Office conducts a review and determines that the market value is lower. A property owner who disagrees with the Assessor's determination may file an appeal with the Clerk of the Board of Supervisors, which must be considered and a determination issued by the Assessment Appeals Board within two years. If the appeal is not timely resolved, the value asserted by the property owner becomes the assessed value.

The Grand Jury found that the county's assessment roll values increased 28 percent between 2003 and 2006. The Assessor began performing Prop 8 reassessments in 2009. The reassessments of properties purchased between 2003 and 2008 totaled 15,600 and resulted in a decline of \$1,000,000,000 in total property value. This reduced property tax revenue for the County by \$1,500,000. The Assessor expects Prop 8 reassessments to increase to 20,000 this year and to include properties purchased since 2000. A further decline of \$800,000,000 in total property value is expected.

The Grand Jury found that 21,078 transfers of ownership were processed from 2003 to 2005, which were peak years for sales activity and purchasing prices in the housing market. Some transfers are eligible for exclusion from reappraisal, such as those between parent and child or grandparent and grandchild. During this period, 806 such transfers occurred. Other transfers, such as in and out of trusts, do not prompt a reappraisal.

The Grand Jury found the Assessor's office to be spacious, with a substantial amount of room for future growth. Staff work areas are organized according to functions performed, and large storage rooms and shelving areas provide easy access to files and record books. The large public counter, two small private rooms, and two computer workstations permit the public to meet with staff and access records in privacy and comfort. Parcel map books and informational brochures on various topics are readily available to the public in the lobby area.

The Grand Jury found that the staff utilizes a variety of automated systems to accomplish their work. Some of the systems are not integrated with the others. Automated systems used in the office are as follows:

- The property tax program *Megabyte* is used to maintain ownership, description, valuation, and tax data for all property within the county. Scanned images of deeds are imported into *Megabyte* from the County Recorder's system. This enables staff to do side by side comparison of the deed information with that contained in *Megabyte*, verify that ownership and description data are accurate, and update *Megabyte* with the new deed information. *Megabyte* is shared with the Auditor and Tax Collector for issuance of tax bills and collection of taxes. Updates and modifications to *Megabyte* have occurred over the past four years at a cost of \$224,000 to the County. The software lease cost for fiscal

year 2011-2012 will be about \$200,000 – an increase of \$50,000. The Assessor has determined that the cost to change to a different system would exceed \$1,000,000. *Megabyte* is used by 22 other counties in the state.

- Staff accesses the County Resource Management Agency’s permit tracking system to obtain data for reappraisals when new construction occurs.
- The appraisers utilize two programs developed in-house, using *Excel* and *ACCESS*, to perform appraisals and to determine the appropriate adjustment levels for Prop 8 reassessments. Programs developed by Madera appraisers are being used by assessors in other counties.
- *AutoCAD* is used by the cadastral drafting section in the preparation and modification of the set of maps which shows each parcel of property within the county.
- The County’s *Geographic Information System* (GIS) is maintained by the cadastral drafting section and shared with other County departments. Copies of GIS layers are available for purchase, including the base map containing parcel configuration and assessor’s parcel numbers, ownership layer, tax rate area layer, use code layer, and situs layer which shows the physical address of all parcels.
- The department utilizes a spreadsheet for tracking assessment appeals filed with the Clerk of the Board of Supervisors. There is no automated interface with the Board Clerk’s Office.

The Grand Jury found that staffing for the department includes the Assessor, a Chief Appraiser, 3 Auditor-Appraisers, 12 Appraisers, 2 Cadastral Drafting Technicians, 12 Assessment Technicians, and an Assessment Office Manager. Additional allocated positions which are unfunded due to budget cuts are 3 Appraisers, 1 Cadastral Drafting Technician, and 2 Office Assistants. Five of the Assessment Technician positions are budgeted and filled at the Office Assistant level. The appraisal staff is divided among four major areas: business property, agricultural, residential, and commercial/industrial. Each group has a position designated as supervisor, as has the drafting section.

The Grand Jury found that some of the current staff members are new to the department. Thirteen long-term, experienced staff, including the Assessment Office Manager, retired in April 2010 when the County offered retirement incentives. The Assessor was allowed to rehire retirees as temporary extra help to provide 400 hours of training for the remaining staff. The department has been allocated \$28,000 this year to employ temporary extra help to backfill vacancies during critical times when establishing the assessment roll.

The Grand Jury found the Assessor, appraisal staff, and cadastral drafting staff to be very knowledgeable about their assigned functions and the operation of the department. Current staff members in these sections have been able to manage their on-going workload. With temporary assistance in the residential appraisal section, the staff have been able to manage the increased workload in reassessing and reviewing Prop 8 properties from March to June.

The Grand Jury found that the Assessment Technicians are learning new tasks which were previously performed by the retirees and are simultaneously assisting and training the new Office Assistants. They have not been able to keep their workload current. In preparation for establishment of the 2011 assessment roll, the clerical staff focused on processing deeds which were several months backlogged. Deed processing for 2010 has been completed, and property ownership records are current. Other tasks, such as exemption application processing, were delayed pending completion of the deeds.

The Grand Jury found that the new Assessment Office Manager, hired in June 2010, has not been trained on and is not knowledgeable about *Megabyte*. She has requested a copy of the system manual from *Megabyte* and is seeking other training sources. She is experienced in and knowledgeable of the clerical functions of property assessment.

The Grand Jury found that available staff work time has been reduced by 2 days each month due to required furlough days. The furlough days do not follow a consistent schedule, causing the public to unexpectedly find offices closed when they attempt to access services.

The Grand Jury found that the State Board of Equalization conducts an audit of the Assessor's assessment practices every five years. Such audit was completed in February 2011, and a report of findings and recommendations will be issued within two years.

Conclusions:

The Grand Jury concludes that the Assessor's office is well organized and has more than adequate work and storage space.

The Grand Jury concludes that the appraisal and cadastral drafting staffing levels are adequate to handle the normal, on-going workload. An additional residential appraiser is needed annually to assist with the short-term increase in workload for reviewing and reassessing Prop 8 properties. The budget provides adequate funding for this temporary position.

The Grand Jury concludes that the Assessor, appraisal staff, and cadastral drafting staff are knowledgeable, proficient, and effective.

The Grand Jury concludes that the appraisal staff has shown initiative and progressive thinking through the in-house development of computer programs.

The Grand Jury concludes that the Assessor has been diligent in reassessing properties under Prop 8.

The Grand Jury concludes that the simultaneous retirement of several long-term clerical employees and the Assessment Office Manager substantially impacted the efficiency and effectiveness of the remaining clerical workforce. The Assessment Technicians were not prepared to assume the duties previously performed by the retirees, and newly hired Office Assistants require a great deal of training. The workload is expected to be accomplished by fewer staff and in less time due to furlough days.

The Grand Jury concludes that the new Assessment Office Manager needs to receive training in the *Megabyte* system.

The Grand Jury concludes that while maintenance costs for *Megabyte* continue to increase, it is the most cost-effective property tax program for the Assessor's Office at the present time.

The Grand Jury concludes that an automated system which interfaces with the Board Clerk's Office for tracking assessment appeals is needed.

The Grand Jury concludes that the public is adversely affected by the inconsistent scheduling of furlough days by the County.

Recommendations:

The Grand Jury recommends that the Assessor utilize a portion of the budget allocation for extra help to hire a temporary experienced residential appraiser to assist with Prop 8 reviews and reassessments.

The Grand Jury recommends that the Assessor and appraisers be recognized and commended for their initiative and proficiency in developing in-house computer programs which are sought after by other counties.

The Grand Jury recommends that, to the extent funding is available, the Assessor employ willing retirees to train current clerical staff.

The Grand Jury recommends that the Assessor make *Megabyte* training an immediate priority for the Assessment Office Manager.

The Grand Jury recommends that the County retain *Megabyte* as its property tax program so long as it is cost effective and meets the County's needs.

The Grand Jury recommends that the Assessor and the Board Clerk work together to obtain a cost effective and efficient automated system for tracking assessment appeals.

The Grand Jury recommends that the County consider the staggering of furlough days for employees, as is done in the County Recorder's Office and Information Technology Department, so that offices are consistently open and accessible to the public.

Respondent: Written response required pursuant to PC 933 (c)

Madera County Board of Supervisors
200 West Fourth Street
Madera, CA 93637

Respondents: Response optional

Madera County Assessor
200 West Fourth Street
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County Administrative Officer
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