

# LASSEN COUNTY ASSESSMENT PRACTICES SURVEY

**MAY 2015**

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## CALIFORNIA STATE BOARD OF EQUALIZATION

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May 27, 2015

TO COUNTY ASSESSORS:

No. 2015/027

**LASSEN COUNTY  
ASSESSMENT PRACTICES SURVEY**

A copy of the Lassen County Assessment Practices Survey Report is enclosed for your information. The Board of Equalization (BOE) completed this survey in fulfillment of the provisions of sections 15640-15646 of the Government Code. These code sections provide that the BOE shall make surveys in each county and city and county to determine that the practices and procedures used by the county assessor in the valuation of properties are in conformity with all provisions of law.

The Honorable Daniel Schlueter, Lassen County Assessor (newly elected), was provided a draft of this report and given an opportunity to file a written response to the findings and recommendations contained therein. The report, including the assessor's response, constitutes the final survey report, which is distributed to the Governor, the Attorney General, and the State Legislature; and to the Lassen County Board of Supervisors, Grand Jury, and Assessment Appeals Board.

Fieldwork for this survey was performed by the BOE's County-Assessed Properties Division from September through October 2013. The report does not reflect changes implemented by the assessor after the fieldwork was completed.

The former assessor, Mr. Kenneth Bunch, and his staff gave their complete cooperation during the survey. We gratefully acknowledge their patience and courtesy during the interruption of their normal work routine.

Sincerely,

/s/ Dean R. Kinnee

Dean R. Kinnee  
Deputy Director  
Property Tax Department

DRK:dcl  
Enclosure

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## **INTRODUCTION**

Although county government has the primary responsibility for local property tax assessment, the State has both a public policy interest and a financial interest in promoting fair and equitable assessments throughout California. The public policy interest arises from the impact of property taxes on taxpayers and the inherently subjective nature of the assessment process. The financial interest derives from state law that annually guarantees California schools a minimum amount of funding; to the extent that property tax revenues fall short of providing this minimum amount of funding, the State must make up the difference from the general fund.

The assessment practices survey program is one of the State's major efforts to address these interests and to promote uniformity, fairness, equity, and integrity in the property tax assessment process. Under this program, the State Board of Equalization (BOE) periodically reviews the practices and procedures (surveys) of every county assessor's office. This report reflects the BOE's findings in its current survey of the Lassen County Assessor's Office.

The assessor is required to file with the board of supervisors a response that states the manner in which the assessor has implemented, intends to implement, or the reasons for not implementing the recommendations contained in this report. Copies of the response are to be sent to the Governor, the Attorney General, the BOE, and the Senate and Assembly; and to the Lassen County Board of Supervisors, Grand Jury, and Assessment Appeals Board. That response is to be filed within one year of the date the report is issued and annually thereafter until all issues are resolved. The Honorable Daniel Schlueter, Lassen County Assessor, elected to file his initial response prior to the publication of our survey; it is included in this report following the Appendixes.

## OBJECTIVE

The survey shall "...show the extent to which assessment practices are consistent with or differ from state law and regulations."<sup>1</sup> The primary objective of a survey is to ensure the assessor's compliance with state law governing the administration of local property taxation. This objective serves the three-fold purpose of protecting the state's interest in the property tax dollar, promoting fair treatment of taxpayers, and maintaining the overall integrity and public confidence in the property tax system in California.

The objective of the survey program is to promote statewide uniformity and consistency in property tax assessment, review each county's property assessment practices and procedures once every five years, and publish an assessment practices survey report. Every assessor is required to identify and assess all properties located within the county – unless specifically exempt – and maintain a database or "roll" of the properties and their assessed values. If the assessor's roll meets state requirements, the county is allowed to recapture some administrative costs.

## SCOPE AND METHODOLOGY

Government Code sections 15640 and 15642 define the scope of an assessment practices survey. As directed by those statutes, our survey addresses the adequacy of the procedures and practices employed by the assessor in the valuation of property, the volume of assessing work as measured by property type, and the performance of other duties enjoined upon the assessor.

Pursuant to Revenue and Taxation Code<sup>2</sup> section 75.60, the BOE determines through the survey program whether a county assessment roll meets the standards for purposes of certifying the eligibility of the county to continue to recover costs associated with administering supplemental assessments. Such certification is obtained either by satisfactory statistical result from a sampling of the county's assessment roll, or by a determination by the survey team—based on objective standards defined in regulation—that there are no significant assessment problems in the county.

This survey examined the assessment practices of the Lassen County Assessor's Office for the 2013-14 assessment roll. Since this survey did not include an assessment sampling pursuant to Government Code section 15640(c), our review included an examination to determine whether "significant assessment problems" exist, as defined by Rule 371.

Our survey methodology of the Lassen County Assessor's Office included reviews of the assessor's records, interviews with the assessor and his staff, and contacts with officials in other public agencies in Lassen County who provided information relevant to the property tax assessment program.

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<sup>1</sup> Government Code section 15642.

<sup>2</sup> Unless otherwise stated, all statutory references are to the California Revenue and Taxation Code and all rule references are to sections of California Code of Regulations, Title 18, Public Revenues.

For a detailed description of the scope of our review of county assessment practices, please refer to the Assessment Practices Survey Program document, which is available on the BOE's website at <http://www.boe.ca.gov/Assessors/pdf/Scopemaster.pdf>.

We conducted reviews of the following areas:

- Administration

We reviewed the assessor's administrative policies and procedures that affect both the real property and business property assessment programs. Specific areas reviewed include the assessor's budget and staffing, workload, staff property and activities, assessment appeals, and exemptions.

- Assessment of Real Property

We reviewed the assessor's program for assessing real property. Specific areas reviewed include properties having experienced a change in ownership, new construction assessments, properties having experienced a decline in value, and certain properties subject to special assessment procedures, such as taxable possessory interests and mineral property.

- Assessment of Personal Property and Fixtures

We reviewed the assessor's program for assessing personal property and fixtures. Specific areas reviewed include conducting audits, processing business property statements, business equipment valuation, and manufactured home assessments.

## **EXECUTIVE SUMMARY**

We examined the assessment practices of the Lassen County Assessor's Office for the 2013-14 assessment roll. This report offers recommendations to help the assessor correct assessment problems identified by the survey team. The survey team makes recommendations when assessment practices in a given area are not in accordance with property tax law or generally accepted appraisal practices. An assessment practices survey is not a comprehensive audit of the assessor's entire operation. The survey team does not examine internal fiscal controls or the internal management of an assessor's office outside those areas related to assessment. In terms of current auditing practices, an assessment practices survey resembles a compliance audit – the survey team's primary objective is to determine whether assessments are being made in accordance with property tax law.

In the area of administration, the assessor is effectively managing staffing, workload, assessment appeals, and exemptions. However, we made a recommendation for improvement in the staff property and activities program.

In the area of real property assessment, the assessor has effective programs for change in ownership, new construction, declines in value, and mineral properties. However, we made recommendations for improvement in the taxable possessory interests program.

In the area of personal property and fixtures assessment, the assessor has effective programs for business equipment valuation and manufactured homes. However, we made recommendations for improvement in the audit and business property statement programs.

Despite the recommendations noted in this report, we found that most properties and property types are assessed correctly, and that the overall quality of the assessment roll meets state standards.

We found no significant assessment problems as defined in Rule 371. Since Lassen County was not selected for assessment sampling pursuant to Government Code section 15643(b), this report does not include the assessment ratios that are generated for surveys that include assessment sampling. Accordingly, pursuant to section 75.60, Lassen County continues to be eligible for recovery of costs associated with administering supplemental assessments.

## OVERVIEW OF LASSEN COUNTY

Lassen County is located in northern California, just west of the state of Nevada. The county encompasses a total area of 4,720 square miles, consisting of 4,541 square miles of land area and 179 square miles of water area. Created in 1864, Lassen County was formed from parts of Plumas and Shasta Counties. Lassen County is bordered by Modoc County to the north, Plumas and Sierra Counties to the south, Shasta County to the west, and the state of Nevada to the east.

As of 2013, Lassen County had a population of 32,163. The only incorporated city in Lassen County is Susanville, which is also the county seat. Half of the Lassen County population is located in the town of Susanville.

In Lassen County, the total gross production value of agricultural, livestock, and timber commodities in 2012 was over \$101 million. Field crops made up about half of that total at \$52 million.



## FINDINGS AND RECOMMENDATIONS

As noted previously, our review concluded that the Lassen County assessment roll meets the requirements for assessment quality established by section 75.60. This report does not provide a detailed description of all areas reviewed; it addresses only the deficiencies discovered.

Following is a list of the formal recommendations contained in this report.

**RECOMMENDATION 1:** Improve the staff property and activities program by expanding the written procedures for conflicts of interest and the assessment of staff-owned property. ....7

**RECOMMENDATION 2:** Improve the taxable possessory interests program by: (1) obtaining copies of all current lease agreements or permits for taxable possessory interests, (2) periodically reviewing all taxable possessory interests with stated terms of possession for declines in value, (3) properly identifying the specific government agency controlling the use of the property, and (4) properly calculating supplemental assessments for taxable possessory interests. ....9

**RECOMMENDATION 3:** Improve the audit program by: (1) using a comprehensive audit checklist as a standard component of all audits, and by (2) consistently informing taxpayers of their right to appeal the results of an audit as required by Rule 305.3. ....13

**RECOMMENDATION 4:** Annually send a business property statement to non-profit organizations. ....14

## ADMINISTRATION

### **Staff Property and Activities**

The BOE's assessment practices survey includes a review of the assessor's internal controls and safeguards as they apply to staff-owned properties and conflicts of interest. This review is done to ensure there are adequate and effective controls in place to prevent the assessor's staff from being involved in the assessment of property in which they have an ownership interest and to prevent conflicts of interest.<sup>3</sup>

We reviewed the assessor's procedures and policies involving staff-owned property, and we reviewed several staff-owned property record files. We found an area in the assessor's staff property and activities program in need of improvement.

**RECOMMENDATION 1:** Improve the staff property and activities program by expanding the written procedures for conflicts of interest and the assessment of staff-owned property.

The assessor has limited written procedures and informal policies addressing conflicts of interest and the assessment of staff-owned property. While we did not find any problems with the assessor's handling of staff-owned properties, the assessor should expand the written procedures to fully address the assessment of real and personal property in which staff in the assessor's office holds an interest. In addition, the assessor's written procedures for conflicts of interest do not address outside employment activities. For example, employees are not required to report or receive prior approval for participating in outside employment activities. The assessor does not track and document outside employment activities.

Conversion of informal policies and expanding existing written procedures is good business practice. Written procedures are preferred because they are more easily tracked and can be referenced when questions arise; their existence commonly results in a greater degree of compliance. Letter To Assessors (LTA) No. 2008/058 was issued as a guide to assist assessors in establishing procedures relative to the assessment of staff-owned property. Written procedures addressing the assessment of not only staff-owned property, but also property owned by a spouse, a family member, or a dependent child, is considered sound management and is recommended.

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<sup>3</sup> For a detailed description of the scope of our review of this topic, please refer to the document entitled *Staff Property and Activities*, available on the BOE's website at [http://www.boe.ca.gov/Assessors/pdf/staffproperty\\_general.pdf](http://www.boe.ca.gov/Assessors/pdf/staffproperty_general.pdf). Additionally, detailed descriptions of assessment practices survey topics, authoritative citations, and related information can be found at <http://www.boe.ca.gov/proptaxes/apscont.htm>.

The procedures for the assessment of staff-owned property need not be lengthy or complicated, but should be formalized in a written format and provided to all staff. The procedures adopted by the assessor should:

- Clearly define the assessor's policies and procedures,
- Establish staff's responsibilities,
- Create a file or listing of all staff-owned property in the county,
- Contain well-defined review procedures, and
- Accurately track and document all events with potential assessment implications.

Expansion of the written procedures for assessment of staff-owned property to include the above bulleted practices is recommended. In addition, expanding or amending the assessor's existing written procedures addressing conflicts of interest related to outside employment activities by staff is also recommended. The written procedures should provide staff with clearly established procedures and might include requiring prior approval for participating in outside employment, tracking outside employment activities by staff, and documenting outside employment. Such written policies will help ensure that staff is aware of and follows office policy.

## ASSESSMENT OF REAL PROPERTY

### ***Taxable Possessory Interests***

A taxable possessory interest results from the possession, a right to possession, or a claim to a right to possession of publicly-owned real property, in which the possession provides a private benefit to the possessor and is independent, durable, and exclusive of rights held by others. The assessment of a taxable possessory interest in tax-exempt publicly owned property is based on the value of the rights held by the possessor; the value of the rights retained by the public owner is almost always tax exempt.<sup>4</sup>

In Lassen County, the assessor enrolled 287 taxable possessory interests for the 2013-14 roll year, with a total value of \$20,049,073. The majority of taxable possessory interests being assessed in Lassen County are grazing permits. Other types of taxable possessory interests in Lassen County include cable television franchises, employee housing, mining claims, hangars, and agricultural leases.

We reviewed the property record files of several taxable possessory interests. Overall, we found the assessor's taxable possessory interests program to be effective. However, we found areas in need of improvement.

**RECOMMENDATION 2:** Improve the taxable possessory interests program by: (1) obtaining copies of all current lease agreements or permits for taxable possessory interests, (2) periodically reviewing all taxable possessory interests with stated terms of possession for declines in value, (3) properly identifying the specific government agency controlling the use of the property, and (4) properly calculating supplemental assessments for taxable possessory interests.

### **Obtain copies of all current lease agreements or permits for taxable possessory interests.**

The assessor does not consistently obtain copies of current leases or permits for taxable possessory interests. The assessor primarily relies on tenant lists, historical information, or information obtained from the public agencies.

Rule 21 describes the various approaches to value and how to determine the term of possession for the valuation of taxable possessory interests. Rule 21(d)(1) explains that the stated term of possession for the valuation of taxable possessory interests is deemed to be the reasonably

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<sup>4</sup> For a detailed description of the scope of our review of this topic, please refer to the document entitled *Taxable Possessory Interests*, available on the BOE's website at [http://www.boe.ca.gov/Assessors/pdf/tpi\\_general.pdf](http://www.boe.ca.gov/Assessors/pdf/tpi_general.pdf). Additionally, detailed descriptions of assessment practices survey topics, authoritative citations, and related information can be found at <http://www.boe.ca.gov/proptaxes/apscont.htm>.

anticipated term of possession except in limited situations. Rule 21(e)(3)(C) explains how to determine the net operating income for capitalization purposes.

These steps in the valuation process cannot be properly completed if the contract conveying the taxable possessory interest is not reviewed. For example, the assessor may have some information relating to the initial lease term, but may not know of any renewal options contained in the lease or the allocation of operating expenses between the public owner and possessor. A review of the lease is necessary in order to determine the proper valuation variables.

By not obtaining copies of current leases or permits, the assessor may lack the proper information to accurately value taxable possessory interests.

**Periodically review all taxable possessory interests with stated terms of possession for declines in value.**

The assessor correctly values taxable possessory interests for grazing permits using an initial stated term of possession of ten years as the reasonably anticipated term of possession. However, when reviewing these taxable possessory interests each year for possible declines in value, the assessor uses the grazing permit's initial term of possession of ten years as the reasonably anticipated term of possession rather than declining the term and using the remaining stated term of possession in the valuation process.

Rule 21(d)(1) states, in part, "The stated term of possession shall be deemed the reasonably anticipated term of possession unless it is demonstrated by clear and convincing evidence that the public owner and the private possessor have reached a mutual understanding or agreement, whether or not in writing, such that the reasonably anticipated term of possession is shorter or longer than the stated term of possession. If so demonstrated, the term of possession shall be the stated term of possession as modified by the terms of the mutual understanding or agreement."

Rule 21(a)(6) defines the stated term of possession for a taxable possessory interest as of a specific date as "...the remaining period of possession as of that date as specified in the lease, agreement, deed, conveyance, permit, or other authorization or instrument that created, extended, or renewed the taxable possessory interest, including any option or options to renew or extend the specified period of possession if it is reasonable to assume that the option or options will be exercised." Therefore, the stated term of possession declines each year. This may or may not have a material effect on the market value of the possessory interest. Thus, absent clear and convincing evidence of a mutual understanding or agreement as to a shorter or longer term of possession, the assessor must estimate the current market value of the taxable possessory interest on lien date based on the remaining stated term of possession, compare this value to the factored base year value, and enroll the lower of the two values.

Although the assessor is not required to reappraise all properties each year, the assessor should develop a program to periodically review assessments of taxable possessory interests with stated terms of possession to ensure declines in value are consistently recognized. Failure to periodically review taxable possessory interests for possible declines in value may cause the assessor to overstate the taxable value of a taxable possessory interest.

**Properly identify the specific government agency controlling the use of the property.**

We found parcels owned by government agencies were identified in a general way, but the specific government agency controlling the parcel was not identified. We selected for review, several parcels controlled by the United States Forest Service and found all parcels were identified on the roll as being controlled by the "USA."

To identify private uses of such property that may warrant assessment as taxable possessory interests, the assessor must contact the specific federal, state, or county agency controlling the property. Therefore, it is important to identify the specific governmental agency controlling each parcel and its designated uses.

**Properly calculate supplemental assessments for taxable possessory interests.**

We discovered several taxable possessory interests where the assessor improperly calculated the supplemental assessment by offsetting the fair market value against the prior value on the regular roll. When the tenant remains the same before and after a renewal or change in ownership, the assessor estimates the supplemental assessment based on the roll value previously assessed to the tenant. This method improperly offsets the new taxable possessory interest.

Section 61(b) provides that the creation, renewal, extension, or assignment of a taxable possessory interest is a change in ownership. Section 75.11 provides that there shall be a supplemental assessment following a change in ownership or completion of new construction. According to Assessors' Handbook Section 510, *Assessment of Taxable Possessory Interests* (AH 510), when a supplemental assessment is issued due to a change in ownership, the supplemental assessment amount for the newly created taxable possessory interest should be based on its fair market value without offset for a prior value on the regular assessment roll when one taxable possessory interest is terminated during an assessment year and a second (but distinct) taxable possessory interest is created involving the same land and improvements during the same assessment year.

The assessor's failure to properly calculate supplemental assessments is contrary to Board guidance and results in a loss of revenue.

## ASSESSMENT OF PERSONAL PROPERTY AND FIXTURES

### **Audit Program**

County assessors are required to annually conduct a significant number of audits as specified in section 469. The significant number of audits required is at least 75 percent of the fiscal year average of the total number of mandatory audits the assessor was required to have conducted during the 2002-03 fiscal year to the 2005-06 fiscal year, with at least 50 percent of those to be selected from a pool of those taxpayers with the largest assessments.<sup>5</sup>

Rule 192 prescribes the computation establishing minimum required audit production and provides the basis for the audit selection process. According to Letter To Assessors (LTA) No. 2009/049, the statute requires the assessor to complete a minimum of 5 significant audits per year, of which 2 (3) audits are to be from the pool of taxpayers with the largest assessments and 3 (2) audits are to be from the pool of all other taxpayers. The assessor completed 5 total audits for the 2010-11 fiscal year, 6 total audits for the 2011-12 fiscal year, and 5 total audits for the 2012-13 fiscal year. Of those total audits, the number of audits completed from the pool of taxpayers with the largest assessments was 3 audits for the 2010-11 fiscal year, 3 audits for the 2011-12 fiscal year, and 2 audits for the 2012-13 fiscal year. Given recent and current audit production levels, the assessor has met the minimum number of significant audits required, as defined by section 469.

The assessor requests signed waivers of the statute of limitations from taxpayers when he anticipates an audit will not be completed in a timely manner. Due to the assessor's timeliness in completing his audit workload, the use of waivers has not been required during recent years.

### **Audit Quality**

An audit should follow a standard format so that the auditor-appraiser may easily determine whether the property owner has correctly reported all taxable property.

We found that the assessor performs change in control (ownership) reviews, verifies leased equipment, accounts for supplies, and properly classifies equipment during the audit process. We sampled several recently completed audits and found that in most cases the audits were accurate, well documented, and supported by a comprehensive audit checklist defining the areas of investigation. The audit quality is further enhanced by a standardized review process where every completed audit is reviewed by the assessor. We also found that the assessor correctly processes roll corrections to enroll escape assessments and separately enrolls roll corrections for each year of the audit period in which there was a changed assessment due to escaped property pursuant to section 531. However, we found areas in need of improvement.

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<sup>5</sup> For a detailed description of the scope of our review of this topic, please refer to the document entitled *Audit Program*, available on the BOE's website at [http://www.boe.ca.gov/Assessors/pdf/auditprogram\\_general.pdf](http://www.boe.ca.gov/Assessors/pdf/auditprogram_general.pdf). Additionally, detailed descriptions of assessment practices survey topics, authoritative citations, and related information can be found at <http://www.boe.ca.gov/proptaxes/apscont.htm>.

**RECOMMENDATION 3:** Improve the audit program by: (1) using a comprehensive audit checklist as a standard component of all audits, and by (2) consistently informing taxpayers of their right to appeal the results of an audit as required by Rule 305.3.

**Use a comprehensive audit checklist as a standard component of all audits.**

The assessor's audit program does not consistently use a comprehensive audit checklist indicating the areas of investigation for audits of taxpayers other than those with the largest assessments. We noted that in audits of taxpayers with the largest assessments, the audit checklist is complete and the area of investigation is easily identified. However, for other sampled audits, we could not determine the scope of the assessor's audit investigations because an audit checklist was either not properly filled out or it was blank.

According to Assessors' Handbook Section 504, *Assessment of Personal Property and Fixtures*, an audit checklist is vital for an audit to be thorough and complete. Audits require certain basic information in the workpapers that support and summarize the audit. An audit should include the following: (1) a table of contents, (2) a summary of findings, (3) an audit checklist, (4) a written narrative summarizing the events and audit process, and (5) other workpapers. An audit checklist can serve to remind auditor-appraisers of the various issues to research and procedures to follow during an audit. It may also provide an outline of topics and pertinent issues covered in the audit. Furthermore, it serves as a useful research tool when preparing for subsequent audits of the same entity. Most importantly, without a comprehensive audit checklist, it is difficult for a reviewer to know what topics were covered during the course of the audit and whether the findings are sufficiently supported.

**Consistently inform taxpayers of their right to appeal the results of an audit as required by Rule 305.3.**

We found the assessor does not notify taxpayers of their appeal rights in cases where the audit discloses there was an overassessment or no value change, even though the audit may have disclosed escape assessments for individual items for the year under audit. Upon completion of an audit, the assessor properly informs taxpayers of their audit results in a letter, but the letter does not include an explanation of the taxpayer's right to appeal the audit results. Only in the case of an audit resulting in an escape assessment is the taxpayer informed of appeal rights by the mailing of the *Notice of Enrollment of Escape Assessment*.

Section 469 generally provides that the assessor shall provide the taxpayer with the results of an audit in writing. In implementing section 469, Rule 305.3(d)(2) provides that the taxpayer must be informed of their appeal rights, regardless of whether or not an escape is actually enrolled, if the audit discloses property subject to an escape assessment. In instances where taxpayers are not advised of their appeal rights in relation to a net overassessment or a "no change" audit finding, they have no knowledge of their entitlement to equalization on the entire property for the year of such escape, regardless of whether or not the assessor actually enrolls an escape assessment.

### **Business Property Statement Program**

Section 441 requires that each person owning taxable personal property (other than a manufactured home) having an aggregate cost of \$100,000 or more annually file a business property statement (BPS) with the assessor; other persons must file a BPS if requested by the assessor. Property statements form the backbone of the business property assessment program.<sup>6</sup>

We reviewed all major aspects of the assessor's BPS program, including processing procedures, use of Board-prescribed forms, application of penalties, coordination with the real property division, and record storage and retention. In addition, we reviewed several recently processed BPSs. We found that in all cases observed, BPSs accepted by the assessor evidenced the proper usage of Board-prescribed forms, were completed in sufficient detail, and were properly signed. Overall, the assessor's BPS program is well administered. However, we found an area in need of improvement.

**RECOMMENDATION 4:** Annually send a business property statement to non-profit organizations.

We found the assessor does not annually send BPSs to non-profit organizations owning business property with an aggregate cost of \$100,000 or more.

Section 441(a) requires each person owning taxable personal property, other than a manufactured home, having an aggregate cost of \$100,000 or more for any assessment year to file a signed BPS with the assessor. This provision also applies to non-profit organizations.

In order to ensure these non-profit organizations file appropriate BPSs, the assessor should annually send a BPS to them. This will serve as a reminder to these non-profit organizations of the section 441 requirement to file a BPS and will give the assessor the opportunity to apply section 463 penalties for any failures by the non-profit organizations to file a BPS.

BPSs from non-profit organizations are also important because without an annual accounting for what assets a non-profit organization has, the assessor may not be identifying the property exempt value on the roll in accordance with Rule 252(a)(8).

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<sup>6</sup> For a detailed description of the scope of our review of this topic, please refer to the document entitled *Business Property Statement Program*, available on the BOE's website at [http://www.boe.ca.gov/Assessors/pdf/businesspropstatement\\_general.pdf](http://www.boe.ca.gov/Assessors/pdf/businesspropstatement_general.pdf). Additionally, detailed descriptions of assessment practices survey topics, authoritative citations, and related information can be found at <http://www.boe.ca.gov/proptaxes/apscont.htm>.

## APPENDIX A: STATISTICAL DATA

**Table 1: Assessment Roll**

The following table displays information pertinent to the 2013-14 assessment roll:<sup>7</sup>

	PROPERTY TYPE	ENROLLED VALUE
<b>Secured Roll</b>	Land	\$726,463,001
	Improvements	\$1,120,551,110
	Fixtures	\$11,759,633
	Personal Property	\$59,991,376
	Total Secured	\$1,918,765,120
<b>Unsecured Roll</b>	Land	\$16,732,796
	Improvements	\$35,378,398
	Fixtures	\$21,291,051
	Personal Property	\$34,709,174
	Total Unsecured	\$108,111,419
<b>Exemptions<sup>8</sup></b>		(\$71,524,230)
	<b>Total Assessment Roll</b>	\$1,955,352,309

**Table 2: Change in Assessed Values**

The next table summarizes the change in assessed values over recent years:<sup>9</sup>

ROLL YEAR	TOTAL ROLL VALUE	CHANGE	STATEWIDE CHANGE
2013-14	\$1,955,352,000	-2.6%	4.3%
2012-13	\$2,007,037,000	-2.0%	1.4%
2011-12	\$2,048,822,000	-2.9%	0.1%
2010-11	\$2,109,807,000	-3.3%	-1.9%
2009-10	\$2,182,638,000	3.3%	-2.4%

<sup>7</sup> Statistics provided by BOE-822, *Report of Assessed Values By City*, 18 Lassen County for year 2013.

<sup>8</sup> The value of the Homeowners' Exemption is excluded from the exemptions total.

<sup>9</sup> State Board of Equalization Annual Report, Table 7.

**Table 3: Gross Budget and Staffing**

The assessor's budget has increased from \$796,391 in 2008-09 to \$812,439 in 2013-14.

As of the date of our survey, the assessor had 9.5 budgeted permanent positions. This included the assessor, 1 chief appraiser, 3 appraisers, 1 auditor appraiser, 1 cadastral drafter, and 2.5 support staff.<sup>10</sup>

The following table identifies the assessor's budget and staffing over recent years:<sup>11</sup>

<b>BUDGET YEAR</b>	<b>GROSS BUDGET</b>	<b>PERCENT CHANGE</b>	<b>PERMANENT STAFF</b>
2013-14	\$812,439	4.8%	9.5
2012-13	\$775,410	3.1%	9.5
2011-12	\$751,949	1.0%	9.0
2010-11	\$744,176	-1.1%	9.0
2009-10	\$752,733	-5.5%	9.3

**Table 4: Assessment Appeals**

The following table shows the number of assessment appeals filed in recent years:<sup>12</sup>

<b>YEAR</b>	<b>ASSESSMENT APPEALS FILED</b>
2013-14	10
2012-13	47
2011-12	57
2010-11	39
2009-10	65

<sup>10</sup> Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for year 2013-14. In addition, see the Lassen County Assessor's Organizational Chart.

<sup>11</sup> Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for years 2009-10 through 2013-14.

<sup>12</sup> Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for years 2009-10 through 2013-14.

**Table 5: Exemptions – Welfare**

The following table shows welfare exemption data for recent years:<sup>13</sup>

<b>YEAR</b>	<b>WELFARE EXEMPTIONS</b>	<b>EXEMPTED VALUE</b>
2013-14	45	\$51,851,956
2012-13	41	\$47,271,905
2011-12	38	\$44,382,136
2010-11	39	\$44,289,184
2009-10	40	\$37,909,387

**Table 6: Change in Ownership**

The following table shows the total number of reappraisable transfers due to changes in ownership processed in recent years:<sup>14</sup>

<b>YEAR</b>	<b>REAPPRAISABLE TRANSFERS</b>
2013-14	872
2012-13	901
2011-12	896
2010-11	705
2009-10	655

<sup>13</sup> Statistics provided by BOE-802, *Report on Exemptions*, for years 2009 through 2013.

<sup>14</sup> Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for years 2009-10 through 2013-14.

**Table 7: New Construction**

The following table shows the total number of new construction assessments processed in recent years:<sup>15</sup>

<b>YEAR</b>	<b>NEW CONSTRUCTION ASSESSMENTS</b>
2013-14	179
2012-13	188
2011-12	217
2010-11	286
2009-10	356

**Table 8: Declines In Value**

The following table shows the total number of decline-in-value assessments in recent years:<sup>16</sup>

<b>YEAR</b>	<b>DECLINE-IN-VALUE ASSESSMENTS</b>
2013-14	4,202
2012-13	4,143
2011-12	3,037
2010-11	2,689
2009-10	2,038

<sup>15</sup> Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for years 2009-10 through 2013-14.

<sup>16</sup> Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for years 2009-10 through 2013-14.

**Table 9: Business Property Statements**

The following table displays the assessor's workload of secured and unsecured business property statements (BPS) and assessments for the 2013-14 roll year:<sup>17</sup>

<b>TYPE OF PROPERTY STATEMENTS</b>	<b>TOTAL</b>	<b>SECURED VALUE</b>	<b>UNSECURED VALUE</b>	<b>TOTAL ASSESSED VALUE</b>
General Business	589	\$21,996,649	\$37,422,126	\$59,418,775
Agricultural	257	\$25,042,602	\$2,287,534	\$27,330,136
Apartments	14	\$294,131	\$0	\$294,131
Financial	4	\$486,046	\$0	\$486,046
Aircraft	48	\$0	\$3,610,168	\$3,610,168
Other	16	\$203,454	\$0	\$203,454
<b>Totals</b>	928	\$48,022,882	\$43,319,828	\$91,342,710

<sup>17</sup> Statistics provided by Steve Libke, Auditor-Appraiser, Lassen County Assessor's Office.

## **APPENDIX B: COUNTY-ASSESSED PROPERTIES DIVISION SURVEY GROUP**

### ***Lassen County***

***Acting Chief***

Benjamin Tang

***Survey Program Director:***

Mike Harris

Manager, Property Tax

***Survey Team Supervisor:***

Sally Boeck

Supervisor, Property Tax

***Survey Team Leader:***

Andrew Austin

Senior Specialist Property Appraiser

***Survey Team:***

James McCarthy

Senior Petroleum and Mining Appraisal Engineer

Gary Coates

Associate Property Appraiser

Jay Price

Associate Property Appraiser

Brian Salmon

Associate Property Appraiser

Paula Montez

Associate Property Auditor-Appraiser

Nancy Le

Tax Auditor

## APPENDIX C: RELEVANT STATUTES AND REGULATIONS

Reference	
<i>Government Code</i>	
§15640	<b>Survey by board of county assessment procedures.</b>
§15641	<b>Audit of records; appraisal data not public.</b>
§15642	<b>Research by board employees.</b>
§15643	<b>When surveys to be made.</b>
§15644	<b>Recommendations by board.</b>
§15645	<b>Survey report; final survey report; assessor's report.</b>
§15646	<b>Copies of final survey reports to be filed with local officials.</b>
<i>Revenue and Taxation Code</i>	
§75.60	<b>Allocation for administration.</b>
<i>Title 18, California Code of Regulations</i>	
Rule 370	<b>Random selection of counties for representative sampling.</b>
Rule 371	<b>Significant assessment problems.</b>

## **ASSESSOR'S RESPONSE TO BOE'S FINDINGS**

Section 15645 of the Government Code provides that the assessor may file with the Board a response to the findings and recommendations in the survey report. The survey report, the assessor's response, and the BOE's comments on the assessor's response, if any, constitute the final survey report.

The Lassen County Assessor's response begins on the next page. The BOE has no comments on the response.

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APR 23 2015

County of Lassen



Office of Assessor

County Assessed Properties Division  
State Board of Equalization

DAN SCHLUETER, *Assessor*  
Lassen County Courthouse  
220 South Lassen Street, Suite 4  
Susanville, CA 96130

(530) 251-8241  
FAX (530) 251-8245

March 23, 2015

Mr. Benjamin Tang, Acting Chief  
State Board of Equalization  
County Assessed Properties Division Property Tax Division  
P.O. Box 942879  
Sacramento, CA 94279-0064

Dear Mr. Tang,

Pursuant to Section 15645 of the California Government Code, enclosed is the Lassen County Assessor's response to the recommendations contained in the Assessment Practices Survey of the 2013-2014 assessment roll conducted by the State Board of Equalization. Please incorporate my responses into your final Assessment Practices Survey Report.

I would like to personally thank the survey team for their constructive suggestions, positive comments, and professional demeanor during their time in my office. The report found the Lassen County Assessor's Office assessment program to be effective, comprehensive, well-managed, and in compliance with statutory requirements.

In my response to the survey report, you will see that, though I have a few minor disagreements with the recommendations, I do concur with and have implemented all of the State Board of Equalization's recommendations.

I would also like to express my gratitude for the employees of the Assessor's Office. Without their hard work, expertise, and dedication, this report would not be so complimentary.

Sincerely,

A handwritten signature in blue ink that reads "Dan Schlueter".

Dan Schlueter  
Lassen County Assessor

Enclosure

cc: Mr. Mike Harris  
Mr. Ronald Louie

LASSEN COUNTY  
STATE BOARD OF EQUALIZATION  
ASSESSMENT PRACTICES SURVEY RESPONSES-March 2015

**RECOMMENDATION 1-** Improve the staff property and activities program by expanding the written procedures for conflicts of interest and the assessment of staff-owned property.

**Response:** In addition to the required annual FPPC Form 700 filings and the annual disclosure of financial interest as required by section 672, we have implemented written policy for all employees of the Assessor's Office.

**RECOMMENDATION 2-** (1) Improve the taxable possessory interests program by: (1) obtaining copies of all current lease agreements or permits for taxable possessory interests, (2) periodically reviewing all taxable possessory interests with stated terms of possession for declines in value, (3) properly identifying the specific government agency controlling the use of the property, and (4) properly calculation supplemental assessments for taxable possessory interests.

**Response:** (1) A large majority of our Possessory Interest properties have "common" leases from the BLM and the US Forest Service. We request and keep lease information on unique properties as warranted. (2) We agree with this recommendation and will attempt to regularly review stated term PI's as staffing and workload constraints allow. (3) We send out letters to Government Agencies each year and will continue to improve our program as staffing and workload constraints allow. (4) We review each situation independently and create supplemental assessments form zero as recommended by the BOE in circumstances in which a supplemental would not create a double assessment.

**RECOMMENDATION 3-** Improve the audit program by: (1) using a comprehensive audit checklist as a standard component of all audits, and by (2) consistently informing taxpayers of their right to appeal the results of an audit as required by Rule 305.3.

**Response:** (1) An Audit checklist is included in every report but every effort will be made to ensure the form is filled out in its entirety. (2) We concur and future audits will inform taxpayers of their right to appeal the results of an audit as required by Rule 305.3.

**RECOMMENDATIONS 4-** Annually send a business property statement to non-profit organizations

**Response:** We send property statements to Hospitals and select large-scale religious organizations but do not believe every non-profit, religious or charity organization should be subject to filling out a property statement.