

LASSEN COUNTY ASSESSMENT PRACTICES SURVEY

AUGUST 2021

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August 12, 2021

TO COUNTY ASSESSORS:

**LASSEN COUNTY
ASSESSMENT PRACTICES SURVEY**

No. 2021/035

A copy of the Lassen County Assessment Practices Survey Report is enclosed for your information. The State 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 specified counties 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 Nick Ceaglio, Lassen County Assessor, 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 March through April 2020. The report does not reflect changes implemented by the Assessor after the fieldwork was completed.

Mr. Ceaglio 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/ David Yeung

David Yeung
Deputy Director
Property Tax Department

DY: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 specified County Assessors' offices. 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 Nick Ceaglio, 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."¹ 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 by reviewing each specified county's property assessment practices and procedures, and publishing 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 Code² 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 results 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 2018-19 assessment roll. Since this survey did not include an assessment sample 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.

¹ Government Code section 15642.

² 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 document entitled *Scope of Assessment Practices Surveys*, which is available on the BOE's website at <http://www.boe.ca.gov/Assessors/pdf/Scopemaster.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>.

EXECUTIVE SUMMARY

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 practice 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.

We examined the assessment practices survey of the Lassen County Assessor's Office for the 2018-19 assessment roll and followed up on recommendations from our prior survey of this county. In our 2015 assessment practices survey report of the Lassen County Assessor's Office, we made four recommendations to address problems found in the Assessor's policies and procedures. Our review of these prior recommendations, responses, and current status are detailed in Appendix B.

During our current survey, 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, assessment appeals, disaster relief, and welfare exemptions. In the area of administration, the Assessor is effectively managing the workload, assessment appeals, disaster relief, and welfare exemption programs.

- 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, and certain properties subject to special assessment procedures, such as taxable possessory interests and mineral property. In the area of real property assessment, the Assessor has effective programs for change in ownership, new construction, and mineral property. However, we made recommendations for improvement in the taxable possessory interests program.

- Assessment of Personal Property and Fixtures

We reviewed the Assessor's program for assessing personal property and fixtures. Specific areas reviewed include processing business property statements and business equipment valuation. In the area of personal property and fixtures assessment, the Assessor has effective programs for processing business property statements and business equipment valuation.

Despite the recommendations noted in this report, we found that most properties and property types are assessed correctly, and 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, with the county encompassing a total area of 4,720.12 square miles, consisting of 4,541.18 square miles of land area and 178.94 square miles of water area. Created in 1864, Lassen County is bordered by Modoc County to the north, Shasta County to the west, Plumas and Sierra Counties to the south, and the state of Nevada to the east.

As of 2018, Lassen County had a population of 30,802. Susanville is the only incorporated city in Lassen County, which also serves as the county seat.

The Lassen County local assessment roll ranks 53rd in value of the 58 county assessment rolls in California.³



³ Statistics provided by the BOE's Table 7 – *Assessed Value of County-Assessed Property Subject to General Property Taxes*, for year 2018-19.

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 taxable possessory interests program by:
- (1) assessing all taxable possessory interests,
 - (2) periodically reviewing all taxable possessory interests with stated terms of possession for declines in value, and (3) properly identifying the specific government agency controlling the use of the property.8

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.⁴

In Lassen County, the chief appraiser is responsible for all taxable possessory interest assessments.

RECOMMENDATION 1: Improve the taxable possessory interests program by:
(1) assessing all taxable possessory interests,
(2) periodically reviewing all taxable possessory interests with stated terms of possession for declines in value, and (3) properly identifying the specific government agency controlling the use of the property.

Assess all taxable possessory interests.

We found that the Assessor is not assessing all taxable possessory interests located at the Lassen County Fairgrounds (Fairgrounds). While the Assessor sends the Fairgrounds a Form BOE-502-P, *Possessory Interests Annual Usage Report*, each year for the Fairgrounds to report all possessory interests located on their publicly-owned property, the Fairgrounds does not respond to this request and the Assessor does not follow up with the Fairgrounds to try and obtain this information. While the Assessor does have a low value ordinance (Resolution No. 00-061, dated October 10, 2000), which allows possessory interests with a value of \$50,000 or less that are located at a publicly-owned fairground or convention center to be exempt from property taxation, the Assessor must still obtain this information from the Fairgrounds and convention center each year in order to determine if any of the possessory interests are over this low value exemption threshold and are, therefore, taxable.

During our survey, we visited the Fairgrounds and were able to obtain lease information for one of the Fairground's possessory interests. Based on the information in the lease, it appears that this possessory interest may be over the \$50,000 low value exemption threshold, which would make it taxable. Since the Assessor is not collecting and/or receiving this information from the Fairgrounds regarding potential taxable possessory interests, he is unable to determine whether it, or other potential taxable possessory interests located at the fairgrounds, fall within the low value ordinance or not.

⁴ For a detailed description of the scope of our review of this topic, please refer to the document entitled *Taxable Possessory Interests*, which is available on the BOE's website at http://www.boe.ca.gov/Assessors/pdf/tpi_general.pdf.

By not following up with the Fairgrounds to obtain necessary information regarding all possessory interests located at the fairgrounds, the Assessor may be allowing taxable property to escape assessment.

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

The Assessor correctly values taxable possessory interests using an initial stated term of possession. However, when reviewing these taxable possessory interests each year for possible declines in value, we found that the Assessor utilizes the initial term of possession as the reasonably anticipated term of possession and annually factors the derived value rather than declining the term each year 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 that were identified by a generic name, and not by the specific name of the government agency controlling the parcel. We selected for review several parcels controlled by the United States Forest Service and found that all parcels reviewed were identified on the roll as "USA."

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

APPENDIX A: STATISTICAL DATA

Table 1: Assessment Roll

The following table displays pertinent information from the 2018-2019 assessment roll.⁵

	PROPERTY TYPE	ENROLLED VALUE
Secured Roll	Land	\$ 805,601,808
	Improvements	\$1,295,237,995
	Fixtures	\$ 11,800,312
	Personal Property	\$ 59,272,628
	Total Secured	\$2,171,912,743
Unsecured Roll	Land	\$ 17,127,602
	Improvements	\$ 34,964,810
	Fixtures	\$ 22,547,998
	Personal Property	\$ 43,800,835
	Total Unsecured	\$ 118,441,245
Exemptions⁶		(\$ 82,141,934)
	Total Assessment Roll	\$2,208,212,054

Table 2: Change in Assessed Values

The next table summarizes the change in assessed values over recent years:⁷

YEAR	TOTAL ROLL VALUE	CHANGE	STATEWIDE CHANGE
2018-19	\$2,208,212,000	2.9%	6.5%
2017-18	\$2,146,217,000	3.4%	6.3%
2016-17	\$2,076,005,000	3.0%	5.5%
2015-16	\$2,014,967,000	2.5%	6.0%
2014-15	\$1,965,929,000	0.5%	6.2%

⁵ Statistics provided by BOE-822, *Report of Assessed Values By City*, Lassen County, for year 2018.

⁶ The value of the Homeowners' Exemption is excluded from the exemptions total.

⁷ Statistics provided by the BOE's Table 7 – *Assessed Value of County-Assessed Property Subject to General Property Taxes*, for years 2014-15 through 2018-19.

Table 3: Gross Budget and Staffing

Although the Assessor's budget has fluctuated over the review period, with a high of \$838,142 in 2015-16 to a low of \$735,917 in 2017-18; in 2018-19, the budget saw an increase of 9.5 percent from the prior year.

As of the date of our survey, the Assessor had 9.64 budgeted permanent positions. These positions consist of the Assessor, 4.0 real property appraisers, 1.0 business property auditor-appraiser, 2.0 cadastral draftspersons, 1.0 computer programmer/analyst/technician, and 0.64 support staff.⁸

The following table identifies the Assessor's budget and staffing over recent years:⁹

BUDGET YEAR	GROSS BUDGET	PERCENT CHANGE	PERMANENT STAFF
2018-19	\$805,627	9.5%	9.64
2017-18	\$735,917	-11.3%	9.50
2016-17	\$830,017	-1.0%	10.50
2015-16	\$838,142	3.9%	9.50
2014-15	\$806,624	-0.7%	9.50

Table 4: Assessment Appeals

The following table shows the number of assessment appeals filed in recent years:¹⁰

YEAR	ASSESSMENT APPEALS FILED
2018-19	23
2017-18	4
2016-17	25
2015-16	5
2014-15	36

⁸ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for year 2018-19.

⁹ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for years 2014-15 through 2018-19.

¹⁰ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for years 2014-15 through 2018-19.

Table 5: Exemptions – Welfare

The following table shows welfare exemption data for recent years:¹¹

YEAR	WELFARE EXEMPTIONS	EXEMPTED VALUE
2018-19	121	\$57,630,220
2017-18	54	\$57,723,681
2016-17	48	\$56,207,494
2015-16	46	\$55,529,585
2014-15	46	\$55,086,536

Table 6: Change in Ownership

The following table shows the total number of transfer documents received and the total number of reappraisable transfers due to changes in ownership processed in recent years:¹²

YEAR	TOTAL TRANSFER DOCUMENTS RECEIVED	REAPPRAISABLE TRANSFERS
2018-19	1,779	954
2017-18	2,606	890
2016-17	1,864	1,075
2015-16	2,468	1,040
2014-15	1,768	872

¹¹ Statistics provided by BOE-802, *Report on Exemptions*, for years 2014 through 2018.

¹² Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for years 2014-15 through 2018-19.

Table 7: New Construction

The following table shows the total number of building permits received and the total number of new construction assessments processed in recent years:¹³

YEAR	TOTAL BUILDING PERMITS RECEIVED	NEW CONSTRUCTION ASSESSMENTS
2018-19	1,036	175
2017-18	791	179
2016-17	1,014	185
2015-16	809	176
2014-15	715	179

Table 8: Declines In Value

The following table shows the total number of decline-in-value assessments in recent years:¹⁴

YEAR	DECLINE-IN-VALUE ASSESSMENTS
2018-19	3,264
2017-18	3,481
2016-17	3,938
2015-16	4,148
2014-15	4,202

¹³ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for years 2014-15 through 2018-19.

¹⁴ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for years 2014-15 through 2018-19.

Table 9: Audits

The following table shows the minimum number of audits required to be conducted and the total number of audits completed in recent years.¹⁵

MINIMUM NUMBER OF AUDITS REQUIRED¹⁶	2018-19	2017-18	2016-17	2015-16	2014-15
Largest Assessments	2	3	2	3	2
All Other Taxpayers	3	2	3	2	3
Total Required	5	5	5	5	5
NUMBER OF AUDITS COMPLETED					
Total Audits Completed	0	9	6	5	4
Largest Assessments	0	2	3	3	2
Over/(Under) Required	(2)	(1)	1	0	0
All Other Taxpayers	0	7	3	2	2
Over/(Under) Required	(3)	5	0	0	(1)
CCCASE AUDITS					
Prepared for other county Assessors	0	0	0	0	0

¹⁵ Statistics provided by *A Report on Budgets, Workloads, and Assessment Appeals Activities in California Assessors' Offices* for years 2014-15 through 2018-19.

¹⁶ See Letter To Assessors No. 2009/049, *Significant Number of Business Property Audit*, for the minimum number of annual audits required pursuant to the provisions of section 469.

APPENDIX B: PRIOR SURVEY RECOMMENDATIONS, RESPONSES, AND CURRENT STATUS

Following are the recommendations included in our May 2015 Assessment Practices Survey Report and the Assessor's response to each recommendation. After each recommendation, we report the current status of the Assessor's effort to implement the recommendation, as noted during our survey fieldwork.

Staff Property and Activities

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.

Original Findings:

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.

Original Assessor's 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.

Current Status:

The Assessor has implemented this recommendation. The written procedures for the valuation of staff-owned property have been expanded to include a procedure for a second level review of the processing, valuation, and enrollment of staff-owned property, which includes an additional review procedure for property transactions involving management. The expanded policies and procedures also provide for specific consequences for non-compliance of the policies set forth. In addition, the Assessor has implemented a procedure that all employees seeking outside employment must first receive approval by submitting an *Outside Employment/Corporate Affiliation Statement* with their department head.

Taxable Possessory Interests

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.

(1) Obtain copies of all current lease agreements or permits for taxable possessory interests.

Original Findings:

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.

Original Assessor's Response:

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.

Current Status:

The Assessor has implemented this portion of the recommendation. The Assessor sends out BOE-502-P, *Possessory Interests Annual Usage Report*, to all public agencies in the county and requests current information on agreements and on new or changed tenancies and rents.

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

Original Findings:

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.

Original Assessor's Response:

We agree with this recommendation and will attempt to regularly review stated term PI's as staffing and workload constraints allow.

Current Status:

The Assessor has not implemented this portion of the recommendation. Refer to the Taxable Possessory Interests topic for the current recommendation.

(3) Properly identify the specific government agency controlling the use of the property.

Original Findings:

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."

Original Assessor's Response:

We send out letters to Government Agencies each year and will continue to improve our program as staffing and workload constraints allow.

Current Status:

The Assessor has not implemented this portion of the recommendation. Refer to the Taxable Possessory Interests topic for the current recommendation.

(4) Properly calculate supplemental assessments for taxable possessory interests.

Original Findings:

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.

Original Assessor's Response:

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.

Current Status:

The Assessor has implemented this portion of the recommendation. We found the Assessor properly calculates the supplemental assessment. When the tenant remains the same before and after a renewal or change in ownership, the Assessor estimates and enrolls the new fair market value without offset from the prior value assessed to the previous tenant.

Audit Program

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.

(1) Use a comprehensive audit checklist as a standard component of all audits.

Original Findings:

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.

Original Assessor's Response:

An Audit checklist is included in every report but every effort will be made to ensure the form is filled out in its entirety.

Current Status:

The Assessor has not implemented this portion of the recommendation. The Assessor's audit program does not consistently use a comprehensive audit checklist indicating the areas of investigation when conducting audits of taxpayers other than those with the largest assessments.

According to Assessors' Handbook Section 504, *Assessment of Personal Property and Fixtures*, an audit checklist is a vital component to ensure an audit is 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 supporting 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 to be

covered in the audit, thereby defining the scope. Furthermore, it serves as a useful research tool when preparing for subsequent audits of the same entity.

Without a comprehensive audit checklist, it is difficult for a reviewer to know which topics were covered during the audit, and whether the findings are sufficiently supported.

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

Original Findings:

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*.

Original Assessor's Response:

We concur and future audits will inform taxpayers of their right to appeal the results of an audit as required by Rule 305.3.

Current Status:

The Assessor has not implemented this portion of the recommendation. The Assessor does not consistently notify taxpayers of their right to appeal audit findings when the audit results in an overassessment or no value change to a previously enrolled assessment, even though the audit discloses property subject to 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. When 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

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

Original Findings:

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.

Original Assessor's 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.

Current Status:

The Assessor has implemented this recommendation. The Assessor now annually sends business property statements (BPS) to non-profit organizations owning business property with an aggregate cost of \$100,000 or more.

APPENDIX C: COUNTY-ASSESSED PROPERTIES DIVISION SURVEY GROUP

Lassen County

Chief

Patricia Lumsden

Survey Program Director:

Diane Yasui Manager, Property Tax Department

Survey Team Supervisor:

Andrew Austin Supervisor, Property Tax Department

Survey Team Leader:

Gary Coates Senior Specialist Property Appraiser

Survey Team:

James McCarthy Senior Petroleum and Mining Appraisal Engineer

Holly Cooper Supervisor, Property Tax Department

Christine Bradley Associate Property Appraiser

Amanda Lopez Associate Property Appraiser

Alex Fries Associate Property Auditor-Appraiser

Nicole Grady Assistant Property Appraiser

Dany Lunetta Associate Governmental Program Analyst

APPENDIX D: RELEVANT STATUTES AND REGULATIONS

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

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 regarding 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 regarding the response.

Office of Assessor

County of Lassen



NICK CEAGLIO, Assessor
107 S. Roop Street
Susanville, CA 96130
(530) 251-8241
FAX (530) 251-8245

June 28, 2021

Mr. David Yeung, Chief
County-Assessed Properties Division
Property Tax Department
State Board of Equalization
PO Box 942879
Sacramento, CA 94279-0064

Subject: Lassen County Supplemental Assessment Practices Survey Report

Dear Mr. Yeung,

Pursuant to Section 15645 of the California Government Code, I am pleased to respond to the State Board of Equalization's 2021 Supplemental Assessment Practices Survey Report of Lassen County (2018-2019 assessment roll). Please incorporate my response into your final Assessment Practices Survey Report.

We have reviewed your draft and agree with your findings. We have either already implemented the recommendations or are in the process. Please see the attached response.

I would like to personally thank the survey team for their professionalism, constructive recommendations, and proactive exchange of information throughout the survey process.

I would also like to acknowledge the hard work, expertise, and dedication of the staff of the Lassen County Assessor's Office. Through their efforts, our office continues to improve the quality of work and the customer service our taxpayers deserve.

Sincerely,

A handwritten signature in blue ink that reads "Nick Ceaglio".

Nick Ceaglio
Lassen County Assessor

LASSEN COUNTY
STATE BOARD OF EQUILIZATION
ASSESSMENT PRACTICES SURVEY RESPONSE- JUNE 2021

RECOMMENDATION 1: Improve the taxable possessory interests program by: (1) assessing all taxable possessory interests, (2) periodically reviewing all taxable possessory interests with stated terms of possession for declines in value, and (3) properly identifying the specific government agency controlling the use of the property.

RESPONSE: (1) We agree with the recommendation and have implemented the recommendation since the time of the Audit. (2) We agree with this recommendation and will continue to improve Taxable Possessory interests reviews for decline in value. (3) We agree with this recommendation and will be implementing as staffing and workload constraints allow.