MINUTES

PROPERTY VALUATION TRAINING AND PROCEDURES COMMISSION (PVC)

Country Inn & Suites ~ Charleston, West Virginia

November 14, 2012

Presiding: Jeff Amburgey
Director, Property Tax Division
Chairman, Property Valuation Training and Procedures Commission

Quorum Present:

Hon. Mickey Brown, Boone County Commissioner
Hon. Janice LaRue, Mineral County Commissioner
Hon. Cheryl Romano, Assessor of Harrison County
Mr. Kurt Donaldson, Citizen Member
Dr. Calvin Kent, Citizen Member

Members Absent:

Hon. Dana Lynch, Assessor of Webster County

Guests Present:

Amy Jacobs, Secretary, PVC / Office Manager, Property Tax Division
Faith Dangerfield, Appraiser Chief, Property Tax Division
Maria Gray, GIS Programmer Analyst 1, Property Tax Division
Tammy Stonestreet, Harrison County Assessor's Office
David McCain, Monongalia County Taxpayer/Citizen

Recognizing the presence of a quorum, Mr. Amburgey called the meeting to order at 10:08 a.m.

1. Minutes of June 27, 2012, Meeting of the Property Valuation Training and Procedures Commission

Dr. Cal Kent made a motion to approve the meeting minutes. Cheryl Romano seconded the motion. With no further discussion and all members voting in favor, the motion carried.

2. Monitoring Reports – Tax Year 2011

Jeff Amburgey introduced that Steve Judy and Faith Dangerfield of the Property Tax Division would be discussing the Monitoring Reports with Maria Gray, an employee of the Division's GIS Unit, also in attendance to discuss the mapping/drafting portion.

Mr. Judy started the discussion with an explanation of the materials provided in the book to the PVC members. The summary report indicated that:

- "Procedures" - 76% of the counties are deficient in this area, which encompasses land tables and cost modifiers. This seems to be the area that most counties are having the most difficulty with. The Division has workshops planned to assist counties in addressing this issue, which will be discussed by Faith Dangerfield later in this meeting.

- "Sales" - 20% of the counties are deficient in this area, which is the validation of the sales that the assessor has encoded on the IAS system.

- "Appraisal Uniformity" – 42% of the counties are deficient in this area, which is simply "sales-chasing".

- "On-Schedule" – 11% of the counties are deficient in this area, which is where the county is required, every 3 years, to file a plan for which they are to appraise their county, with the State Tax Department for approval.

- "Appraisal Evaluation" – 16% of the counties are deficient in this area, which is sales ratio. This category used to have the most failures, but the counties have improved.

Cal Kent questioned how "Procedures" could be unacceptable and "Appraisal Evaluation" be acceptable. It was discussed and agreed that this topic had been addressed at an earlier meeting, that if a county failed sales chasing they should also be instructed that their sales ratio was not acceptable, but no action had been taken by the PVC.

In response to Kurt Donaldson's question regarding how the counties were doing compared to past years, Mr. Judy indicated that the areas of concern have increased. Discussion ensued about why this would happen. Within "Procedures", the cost modifiers and land tables go hand-in-hand, but counties have questioned why the Department doesn't split that off into two areas. Mr. Judy stated that if the PVC wanted to entertain this action, it could be considered.

Dr. Kent asked if many counties generated their own modifiers. Cheryl Romano answered that they did. She further stated that the State used to allow the counties to use different county modifiers in different neighborhoods. When the outside appraisers came in, they instructed Harrison County to have only one county modifier.

Ms. Dangerfield stated that there are two different modifiers that should be considered. The cost indicator is to adjust the base cost to model that is in the system based on cost. A market indicator would be a separate modifier. That is where the separate neighborhood factors come into play depending on location. You are going to have one land table but adjust the areas by location. The cost modifier indicator, which is the base cost that is set up for the buildings or homes and is based on our 2001 valuation of cost. And then they are supposed to adjust that to current cost, based on the procedure that has been used for many years.

Mr. Judy noted that what Ms. Dangerfield stated is the State's standard procedure and is how the State trains the counties.

Mr. Judy went on with the monitoring results, picking back up with the "Appraisal Evaluation", or sales ratio, which reflected which counties were in or out of compliance. Most counties are in compliance with the exercise, but he felt that some have learned to manipulate the system. Mr. Judy stated that in the future he feels these situations may be remedied by bringing back the Mann-Whitney and PRD or Price Related Differential. These will be used as 'advisory only', but will back up what is done in the Appraisal Uniformity section of the monitoring.

Mr. Amburgey noted that relating to the ratio study, Legislation was passed that will take effect next July 1 that states if your ratio is not at 54%, out of 60, it will affect your school funding. Ms. Romano stated that she thought that the school boards are going to try to fight that Legislation, as they feel it isn't fair that they should lose that money because the assessor isn't doing their job. Mr. Amburgey stated the Legislation says that we will use the Tax Department's ratio study, which doesn't include the plus or minus 2 standard deviations.

Mr. Amburgey directed the members to the back of the monitoring to review the mapping and drafting reports and introduced Maria Gray, of the Property Tax Division's GIS Unit, to discuss the material.

Ms. Gray stated that for Tax Year 2011:

- Mapping: There was only one county that failed, which was Ohio County.
- Drafting: The counties that failed were Monongalia, Ohio, Randolph and Summers Counties.

This year the Department revisited Ohio County. Ms. Gray has been working with Kathy Hoffman, the Assessor of Ohio County, to monitor their progress. Ms. Hoffman reported that the funds have been secured to have the counties mapping redone. Ms. Gray has also contacted Monongalia County to monitor their progress from last year to this year. Monongalia County reported that they have hired some extra mappers but they are still behind on the drafting portion – back to 2009 and 2010. They are still using paper maps as their final work copy.

Kurt Donaldson asked, now that Monongalia County will have a new assessor taking office in January 2013, how will that incoming assessor be notified of these county issues. Ms. Gray stated that a letter was to be mailed to all county assessors stating that their maps need to be turned in during a certain time period. She further stated that these topics are addressed in the

BAT classes and all incoming assessors will be attending this training. Mr. Donaldson questioned how any new, incoming assessor would be made aware of any deficiency or problem that their county had been experiencing in the years before they took office.

Mr. Amburgey stated that after the upcoming BAT class, where these newly elected assessors would be in attendance, the Department plans to go over some of the PVC rules, such as hiring procedures. At that time we can also plan to discuss their monitoring and mapping deficiencies, if that pertains to their county. And even though they may be a new assessor, they may also be required to appear at the upcoming January PVC meeting to discuss any deficiencies in their county, which would in turn also educate them to their situation.

Cal Kent stated that the 2% money in some counties should be used to get the county into compliance with the mapping and drafting portion. Cheryl Romano said that the Summers County Assessor told her that he has saved $80,000 for GIS purposes and that if the PVC made the decision to cut budgets over 50%, he would never be able to save enough. Ms. Romano was also surprised that Randolph County had failed as that assessor is very good about attending classes and working on everything. Ms. Gray stated that Randolph was for drafting errors and that their mapper needs more training.

Kurt Donaldson stated that if the assessor has tried to save money to rectify their deficiencies that would be proper use of the 2% money, whether it's appraisal or mapping or any deficiency. Ms. Romano stated that she was impressed with all of the counties that did pass and Dr. Kent felt it was a big improvement.

Janice LaRue wants to take last year's budget justifications and compare those to what the county's request this year. Did they use their money as they indicated they would? Were there any changes at all. Discussion followed among all members about the ongoing issue of counties requesting money for certain projects, but the PVC has no way of monitoring how the funds are actually used.

Mr. Judy wanted to make the point that the decision made by the PVC regarding sales ratio, the plus or minus 2 standard deviation, has helped a lot of counties. However, if they do go to the 54%, that will not include the plus or minus 2 standard deviation points. Dr. Kent stated that he feels it would be worthwhile to see if the PVC could get that changed, because that is good statistical practice.

Mr. Amburgey stated what the PVC has done for the past few years and invited any type of discussion and motion that may follow.

- Counties with *no deficiencies* are generally sent an "Atta-boy" letter.
- Counties that have deficiencies which materially affect value for *three or more years* are called to appear before the PVC to explain their plans to correct their deficiencies at the next meeting.
- The 1st year deficiency letters are sent to the county assessor *only* asking for their plan to correct their deficiencies.

- The 2nd year deficiency letters are sent to the county assessor asking for their plan to correct their deficiencies. These letters are also copied to all of the levying bodies within the county.

Dr. Cal Kent made the motion to make it mandatory that any third, fourth, fifth, and seventh year deficient counties be asked to appear at the next PVC meeting to explain what they are going to do to take care of their problems. Also, to send a letter to those with first year deficiencies asking them to report their corrective plans. The second year deficiencies will get that letter sent to the assessor, as well as a copy to the county's levying bodies, requesting information on their corrective plans. The "Atta-boy" letters should be mailed first.

Cheryl Romano seconded the motion.

Kurt Donaldson questioned whether having the assessor's appear at the meeting to present their intentions was making a difference. Mr. Amburgey stated that he does believe that some counties, while perhaps not all, are genuinely working toward that end. Ms. Romano noted that some counties have changed and do not appear on the list at this time.

With no further discussion and all members voting in favor, the motion carried.

3. Monitoring Workshops

Mr. Amburgey stated that at the June 27, 2012 PVC meeting it was decided that the State Tax Department would conduct some training classes with the counties that failed their monitoring. The counties were to send either their assessor or someone knowledgeable from their office to attend a hands-on workshop for guidance and training.

Faith Dangerfield stated that the workshops will consist of 2-day, hands-on training sessions. While the workshop will not allow adequate time to teach the entire valuation course that normally takes one week, it will allow time to review each procedure and things they can do to return to compliance in their deficient areas.

Ms. Dangerfield further stated that there were a couple of counties that failed and were required, by the PVC, to attend the workshops that had not registered. She questioned how the PVC wanted the Department to handle this issue. Kurt Donaldson suggested that if they failed to comply, their 2% money would be questioned.

Kurt Donaldson made a motion that if the county does not attend the training (barring extenuating circumstances) that their 2% funding should be withheld. Cheryl Romano questioned how that would be handled in the situation of an assessor who was required to attend or send someone but is leaving office? They may not have an interest in complying but the new assessor will suffer for that, which would not be fair.

Kurt Donaldson made a motion that counties that are required to attend the PVC mandated training - current elected assessors - be required that if they do not attend the training they can lose their valuation funding.

Cal Kent stated that a better way to propose the motion would be to say, “May be subject to reductions in valuation funding”.

Cheryl Romano stated that she would like to address the extra duty pay being reduced instead of the 2% funding. Mr. Amburgey stated that the extra duty pay has already been dispersed for this year.

The motion was restated by Cal Kent to state that the extra duty pay may be subject to reduction for failure to attend mandated courses. Mr. Amburgey felt that the Commission should concentrate on the Valuation Fund as the extra duty pay is a list of items in Code and as long as the assessor performed those steps, they get the extra duty pay. He is not sure that the PVC can supersede the Code on that issue, but the Commission does have the authority to reduce the percentage on the Valuation Fund.

After further discussion, Mr. Amburgey suggested that as there are only six counties that have not registered for the required workshops, the Department will notify those counties of the requirement that they attend.

Kurt Donaldson restated the motion that if a county is required to attend the PVC workshop and they fail to send someone, they may be subject to a reduction of their 2% valuation funding. Cal Kent seconded the motion. With no further discussion and all members voting in favor, the motion carried.

4. <u>Budget Document for FY2013-2014</u>

Jeff Amburgey addressed the proposed budget document for the upcoming fiscal year that would be mailed to assessors for their completion in the near future. He reminded the members that at past meetings there were various discussions about poor justifications being submitted by assessors and asked the members if they would like for the Department to reiterate that fact in the letter that is annually mailed to all assessors. Cal Kent agreed that it should be noted that the PVC has made the decision that it could be subject to a cut if an adequate explanation is not provided.

Mr. Amburgey stated that the Department would add something to the letter indicating the action taken by the PVC.

Kurt Donaldson stated that he would like to see a year-to-year comparison, along with the justifications to monitor the progress they have made.

Mr. Amburgey wanted to clarify that on Page 8 of the budget document, the Justification Page, was to have #3 deleted. Ms. Romano and Dr. Kent said this was what the PVC desired, as this information is in the actual budget document.

Discussion ensued regarding the fact that the counties have been adequately informed that better justifications are required in the budgets. The budgets have to be reviewed after January 15th but prior to February 1st. Meetings are generally scheduled as close to January 15th as possible in the event that a second meeting needs to be called prior to February 1st. Mr. Amburgey suggested the PVC members look at the budgets prior to the first meeting to determine if a county needs to appear at that meeting to alleviate the need for a second meeting in January.

Mr. Amburgey suggested that as the new budget documents for FY13-14 are received and reviewed that if a carryover is over 50%, the Department would send a copy of that budget to the members before the meeting to determine if the county needs to be called to appear at the first scheduled January meeting.

Janice LaRue made the motion that just as Hiring Approvals are handled, it would only take one member objecting to an issue to call a county to appear before the Commission. Cal Kent seconded the motion. With no further discussion and all members voting in favor, the motion carried.

Discussion followed regarding planning the dates for the January 2013 meeting. All members decided that January 16th and 17th, in Flatwoods, would tentatively fit into their plans.

5. Budget Revisions

Mr. Amburgey started the discussion stating that there were three budget revisions for FY2011 – 2012 to be reviewed. The majority of the revisions for FY2012 – 2013 were as a result of the information obtained from the Chief Inspector Division. Specifically, we are provided with the county clerk's annual financial statement of the ending balance in the valuation fund. The assessor is then required to prepare a budget revision for the 'over or under' amount to make the projected ending balance match what the actual ending balance was. Some counties submit their revisions without being prompted by the Department. All counties, with the exception of Berkeley, have provided their budget revisions.

There was much discussion among the members regarding the budget revisions and carryovers.

Cal Kent made the motion to approve the budget revisions for both fiscal years. Kurt Donaldson seconded the motion. With no further discussion and all members voting in favor, the motion carried.

6. Other Business

Budget Revision Form

Jeff Amburgey proposed adding wording to the form to remind assessors that Contingencies cannot exceed 3% of the Expenditures. Cheryl Romano stated the she felt it should also be added that in order to use anything under that 3% that you must do a budget revision and place it in a line item before you can use it. You cannot spend money out of that Contingency line item. Cal Kent noted that you do have to transfer it to something specific before you can spend it. They agreed that the County Commissions are the same way – the money must be transferred to spend it.

Cheryl Romano made a motion that counties should be reminded that in order to use Account 699, Contingencies, they have to do a budget revision to the PVC in order to transfer it to a line item where they are going to spend it.

Cal Kent stated that was standard government accounting and seconded the motion. With no further discussion and all members voting in favor, the motion carried.

New Assessors for 2013

Jeff Amburgey stated that a listing of the 10 newly elected assessors for 2013 was contained in the PVC member's book.

Property Tax Division Website Update

Jeff Amburgey showed the members an insert in the PVC meeting book reflecting an update that had recently been made to the Property Tax Division website. There is now a section designated for the PVC, which will contain the meeting minutes, the PVC regulations, the PVC by-laws, and any other pertinent PVC information.

Kurt Donaldson noted that the Tax Map Sales is a Legislative Rule. He was pleased with the efforts of the website and felt it was good that the Commission would be transparent.

Cheryl Romano also wanted to discuss the matter of a salary being listed with the hiring approval advertisements in the newspaper. She stated that she prefers to start an individual at one rate and then in three and/or six months increase them, if they perform the duties. Janice LaRue did not think that the salary was currently included in what had to be in the newspaper ad. Jeff Amburgey stated that he would recheck the motion to see how it read.

Janice LaRue asked Cheryl Romano to explain what happens to the 2% money when the assessor does not get it. If a county is allowed to receive 2%, but if the Commission decides they are only going to receive 1%, what happens to the other 1% of the money?

Cheryl responded that the money would be figured differently. The money just isn't dispersed from the levying bodies. The Commission would have to lower the way they do their levy rates. The levy rates would have to be reduced to compensate for the lower percent. The county clerk or the county administrator, when preparing the budget, they get a worksheet from the Auditor's Office. They figure 103%. If it reduced to 1%, they would only use 102%. So it lowers the rate of levy.

Further discussion followed between Cheryl and Janice regarding the 2% funding. Jeff Amburgey suggested asking these questions of Ora Ash of the Auditor's Office for further clarification. He stated that he could email Ora with the question to perhaps get an answer in writing for Ms. LaRue.

Pleasants County Hiring Approval

Jeff Amburgey stated the final business was an email from the Pleasants County Assessor regarding the need to advertise a vacant position. They had an employee leave that was paid out of the Val Fund and she would like to transfer an employee that is currently paid out of the General Fund into this position. Cal Kent stated that the PVC has always required this in the past. Cheryl Romano and Janice LaRue felt that you could transfer a position without the approval of the PVC. Mr. Amburgey clarified that this county had an individual that was paid out of the General Fund and another employee paid out of the Val Fund. If the Val Fund employee left and she thinks the General Fund employee is qualified for the vacancy, she wanted to move the employee without advertising the position. Cal Kent stated that as it is an open position, she would be required to advertise the vacancy. Ms. Romano agreed that situation was different.

Mr. Amburgey voiced a concern that he had about if a county pays someone out of the General Fund so the position is not advertised. Then if you decide to transfer them to the Val Fund, transfers are normally approved. This could be a way around the system.

Mr. Amburgey stated that he would relay the information to the Pleasants County Assessor that the position must be advertised.

With no additional Other Business to be discussed, Cal Kent made a motion to adjourn the meeting. Kurt Donaldson seconded the motion. With no further discussion and all members voting in favor, the motion carried and the meeting adjourned at 12:45 p.m.