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CITIZENS SUMMARY

Findings in the audit of the Jackson County Assessment Department and Reassessment Process

Background

In 2023, the Missouri State Auditor's Office (SAO) Whistleblower Hotline received numerous taxpayer concerns regarding the Jackson County reassessment process. The SAO sent a letter to former County Executive Frank White, Jr. on August 4, 2023, to initiate an investigation under Section 29.221, RSMo, in response to the concerns. In Resolution No. 21380, dated August 21, 2023, the Jackson County Legislature requested the SAO conduct a comprehensive audit of the county's reassessment process due to concerns regarding the 2023 biennial reassessment process. Despite the audit being requested by the Jackson County Legislature, auditors met resistance from the Jackson County Assessment Department (AD), the Board of Equalization (BOE), and other county officials, who acted to prevent the audit from being conducted. These actions included providing limited information and only providing access to necessary AD and BOE records after serving multiple subpoenas. As a result, delays occurred in completing the audit. During the audit, the Jackson County Counselor's office was made the audit liaison to aid in the process; however, delays continued. Additionally, the county reassessment process was subject to multiple lawsuits, which the county claimed caused further delays in its responses.

Reassessment Process Was Ineffective From the Beginning

The 2023 reassessment process was flawed from the outset and a failure to address issues early and pursue incremental increases to residential real property reassessments placed a significant burden on taxpayers. AD leadership did not appropriately consider statutory requirements for percentage changes in assessed valuation, may have unnecessarily increased 2023 assessed valuation, and did not actively participate in contract implementation meetings. The 2023 reassessment process was not designed to comply with the additional notice and inspection requirements in Sections 137.115 10 through 12, RSMo, enacted in August 2020, or address prior audit recommendations for improvement. Delays in issuing contracts for and implementing the Computer-Assisted Mass Appraisal (CAMA) system reduced the time the AD and Tyler had to complete the 2023 reassessment process. The parcel-by-parcel review process was significantly delayed and would have required considerable resources to complete by the original contract deadline of December 2022. The AD did not sufficiently monitor the progress of the CAMA implementation or ensure required contract monitoring was performed.

Taxpayer Notices Were Insufficient and Untimely

As noted in the preliminary review issued in 2023, the AD failed to provide clear written notification to taxpayers of their rights regarding physical inspections, and what notification was given was inaccurate and often untimely. As a result, residential real property assessed valuation increases over 15% were invalid. Initial and impact notices were not sufficient to notify taxpayers of their rights regarding interior inspections and were not sent to all required taxpayers in time for them to make informed decisions. The AD was aware as early as April 2023 that it likely did not have the time needed to provide notices to taxpayers of increases over 15%. The use of doorhangers was ineffective in notifying taxpayers of visits and/or gathering information for reassessment purposes. The doorhangers left during parcel-by-parcel review visits were not always provided as required and did not include

necessary information to inform the taxpayers of their rights, and the AD did not process the doorhangers filled out by the taxpayers and submitted to the AD.

Parcel-By-Parcel Reviews Were Insufficient to Support Valuations

As noted in the preliminary review and confirmed by the State Tax Commission, the AD's data collection process, known as its parcel-by-parcel review, did not qualify as an inspection that would allow the county to increase assessed valuations of residential properties in excess of 15%, as AD officials claimed. Additionally, the exterior inspections were often completed in short time frames and away from the property, did not include a review of the property as required by statute, and did not include a notation of condition. There is no evidence interior inspections were always conducted when requested or parcel information was updated based on the interior inspection. Finally, the Director did not notify law enforcement as required when conducting the inspections.

Assessment Review and System Controls Were Inadequate

Significant deficiencies exist in the county's controls over the reassessment process resulting in inadequate oversight during parcel-by-parcel reviews and the risk of unsupported system changes. The AD did not ensure required quality control reviews were conducted, did not ensure the MA system records of data collector activity and parcel-by-parcel reviews were used to monitor the data collection process, and did not ensure the photographs always represented contemporaneous inspection information. The AD has not restricted edit access within the CAMA system, allowing users to modify assessment data without oversight or documented review. This allowed an erroneous mass edit to assessed valuations in 2023. In addition, users share MA login credentials preventing direct accountability for changes to data.

In the areas audited, the overall performance of this entity was **Poor**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

Excellent: The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.

Good: The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.

Fair: The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.

Poor: The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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RECOMMENDATION SUMMARY

Recommendations in the audit of Jackson County Assessment Department and Reassessment Process

Reassessment Process Was Ineffective From the Beginning

The Assessment Department, County Executive, and County Legislature:

1.1. Ensure Assessment Department leadership is appropriately aware of statutory requirements and is committed to a reassessment process that provides fair and legally assessed valuations while meeting State Tax Commission guidelines. In addition, the Assessment Department, County Executive, and County Legislature should ensure key stakeholders actively participate in status meetings for any future system implementation.

1.2 Develop a process for future reassessments that meets all statutory requirements and address prior recommendations to ensure an effective reassessment process. In addition, the Assessment Department, County Executive, and County Legislature should implement a mechanism to document new construction and improvements in the Computer-Assisted Mass Appraisal (CAMA).

The Assessment Department:

1.3 Develop and monitor milestone events when implementing new processes and determine the effect of delays throughout the implementation process on the ability to meet the deadlines established by law or contract.

1.4 Develop procedures to monitor contractor performance and provide effective oversight of functions required by contract, acknowledging stages of completion with the contractor, and maintaining documentation of project change requests submitted.

Taxpayer Notices Were Insufficient and Untimely

The Assessment Department:

2.1 Notify taxpayers of their rights to inspection in accordance with statute and county code, including accurate descriptions of the right to interior inspections, if applicable, and ensure notices are timely to allow taxpayers sufficient time to make informed decisions about inspections and appeals.

2.2 Notify taxpayers of site visits in accordance with county code and ensure the information collected is used for the purpose intended.

Parcel-By-Parcel Reviews Were Insufficient to Support Valuations

The Assessment Department:

3.1 Ensure physical inspections are performed in accordance with state law prior to increasing an assessed valuation by more than 15%.

3.2 Ensure any future parcel reviews are conducted in accordance with contractual requirements, county code, and statute and ensure sufficient evidence is maintained to support an on-site physical inspection was performed.

3.3 Conduct interior inspections as requested, sufficiently document if a request is withdrawn, and document interior inspection results in the CAMA.

3.4 Ensure law enforcement is notified of assessment activity in an area, as required.

Assessment Review and System Controls Were Inadequate

The Assessment Department:

4.1 Ensure quality control reviews are performed as required and future review processes use all available system capabilities, such as GPS data, to monitor data collector activity.

4.2 Establish adequate user access controls, including unique user IDs and limiting edit access to only those who need it.