WHY, WHEN & HOW of DESK AUDITS

WHY WOULD YOU NEED TO DO DESK AUDITS?

- When you get a rendition that has SAME AS LAST YEAR.
- You know there is insufficient information.
- You know the information that they did render is not correct when compared to other businesses of the same type.

WHEN DO YOU NEED TO DO DESK AUDITS?

- If you are going to replace a rendition this must be done before April 15th in order that a notice can be sent. The same protest rules that apply to real property also apply to personal.

- If you are checking all renditions to determine accuracy, you can work on these during the summer and if you have renditions in question be sure to put a reason in the note file in order that you can locate these accounts.

HOW DO YOU PERFORM A DESK AUDIT?

- Calculating values by hand
- Using the business type, building size, merchandise quality and density, the inventory value and furniture and fixture values can be calculated.

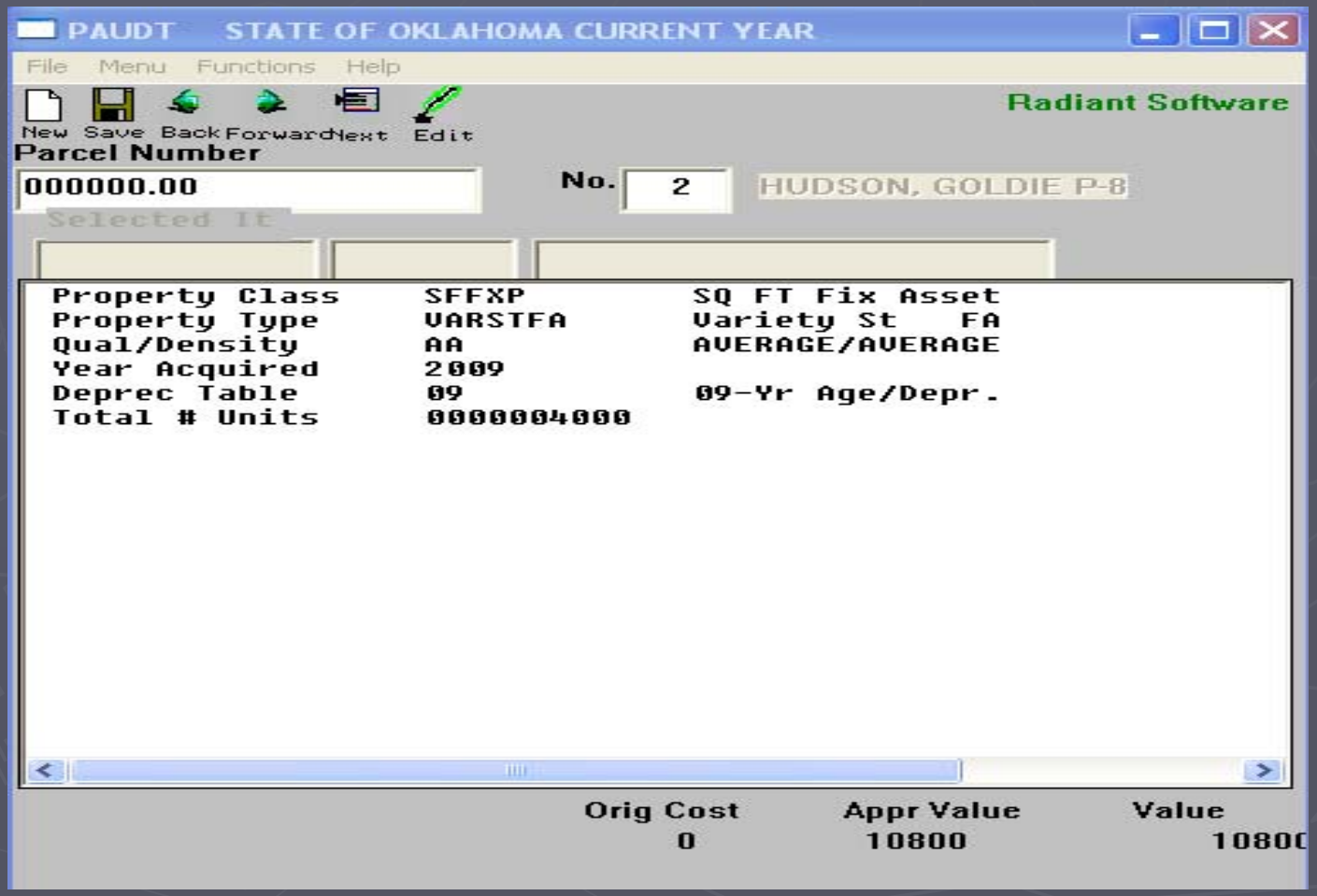
HOW DO YOU PERFORM A DESK AUDIT?

►A 4000 sf variety store built in 2006 has been determined to have average quality/, average density inventory. It also has average quality/density fixed assets.

►The calculation of inventory value is as follows:
4000sf X $10.85 per sf = $43,400 (inventory value)

►The calculation for the fixed asset value is as follows:
4000 sf X $2.70 per sf = $10,800 X 72%(see depreciation table) X 1.1284(see appreciation table) = $8,775
3 years depreciation and 3 years appreciation.

The PAUDT screen is a tool only and does not roll values into AA. You can use the PAUDT screen to determine the RCN of the fixed assets and/or the value of the inventory using the square foot method.

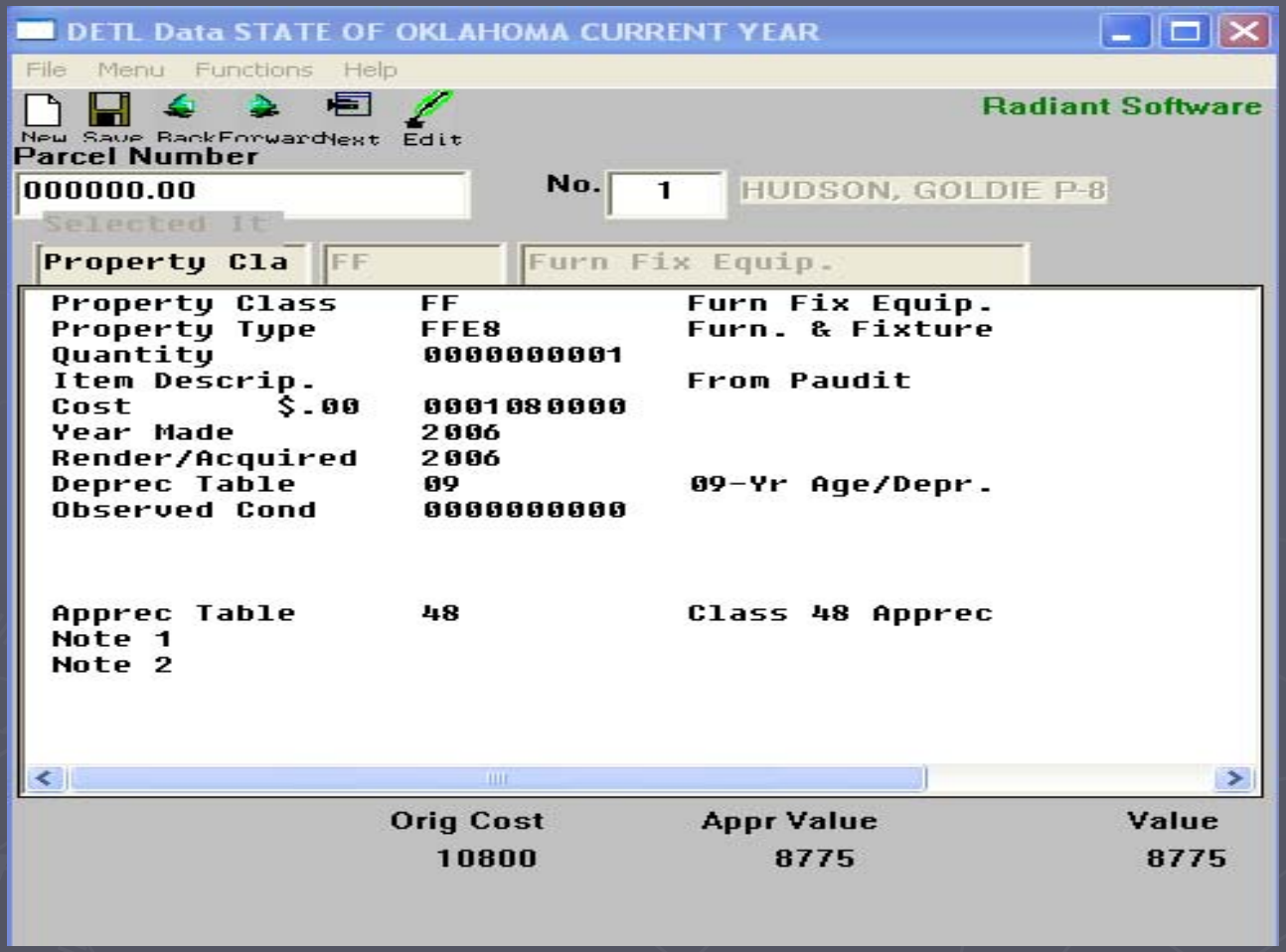


Using the PAUDT screen

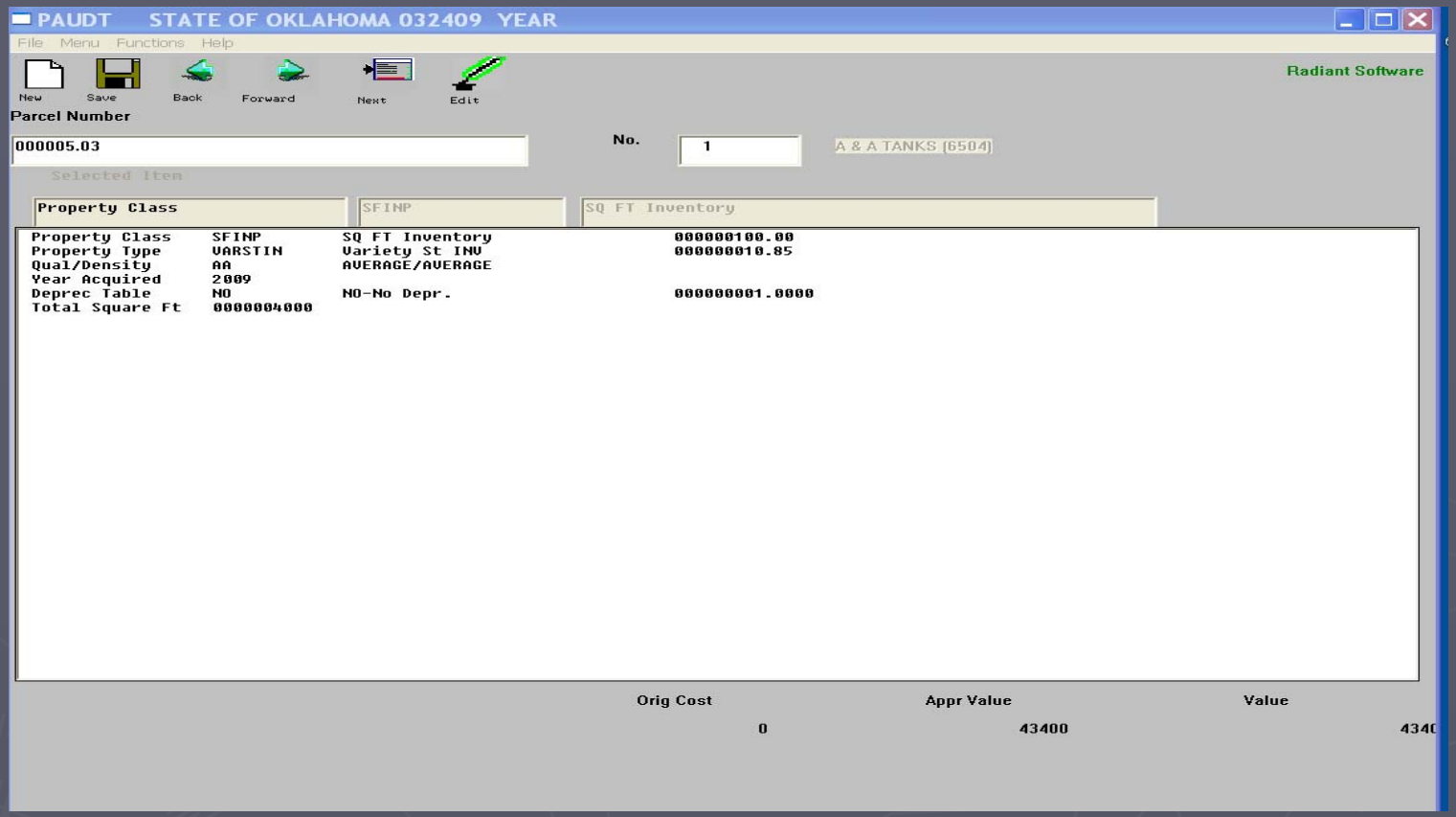
- Field 1 requires an entry of SFFXP for fixed assets (Furniture & Fixtures) or SFINP for inventory.
- Field 2 requires an entry of the code for a specific type of business and asset (FF or INV). <u>This entry generates the price per square foot.</u>
- Field 3 describes the quality of the store merchandise and how densely it is stored.
- Field 4 is the year the asset is being valued. ALWAYS the current year. The asset will be depreciated and appreciated on the DETL screen.
- Field 5 is the depreciation table to be used. This is filled in automatically.
- Field 6 is the size of the area being used. Usually this is the entire building, but may be more or less.

There will normally be two screens for each type of business in a building, one for fixed assets and one for inventory.

The next step is to enter this value in the detail screen. The PAUDT screen has established the value but will not transfer it to the AA system.



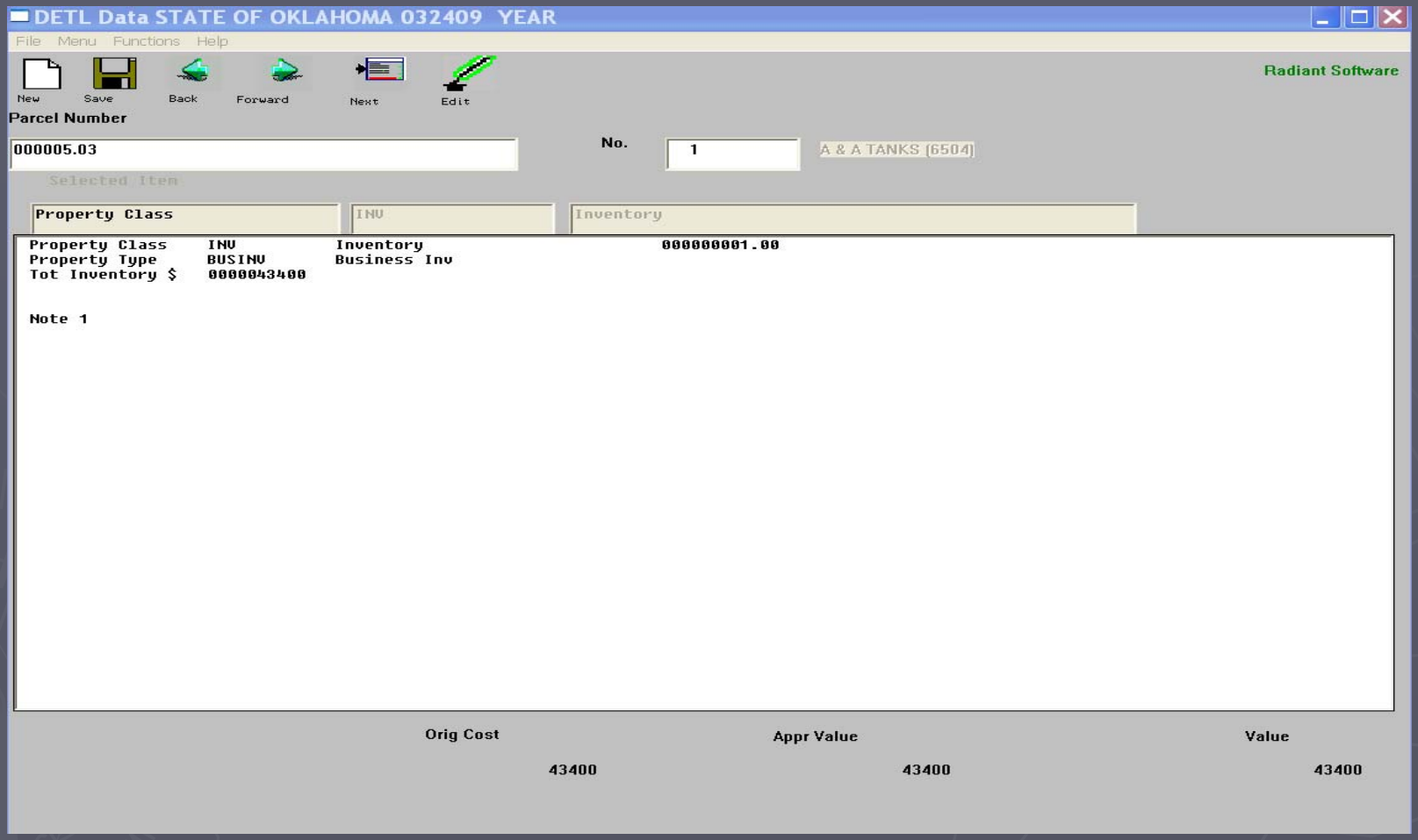
Enter the DETL screen as you normally would, using the value from the PAUDT screen as the item cost. Remember this is entered in dollars and cents. Then apply the appropriate depreciation and appreciation tables.



Field 1 requires an entry of SFINP for inventory.
Field 2 requires an entry code for a specific type of business.
Field 3 describes the quality of the store merchandise and how densely it is stored.
Field 4 is the year the asset is being valued. ALWAYS use the current year.
Field 5 is the depreciation table to be used. Inventory is NOT depreciated and is NOT appreciated.
The computer will automatically insert a NO in this field.
Field 6 is the size of the area being used.

The PAUDT screen is a tool only and does not roll values into AA.
You can use the PAUDT screen to determine the RCN for the value of the inventory using the square foot method

The next step is to enter this value in the detail screen. The PAUDT screen has established the value but will not transfer to the AA system.



Enter the DETL screen as you normally would, using the value from the PAUDT screen.

- The square foot method does not work in all types of businesses. Motels and hotels are best valued per room, and hospitals and nursing homes per bed.

- Another audit procedure is the comparison of the valuation of like businesses. This can be done by gathering information of similar businesses in your county or surrounding counties.

The following is a comparison of *Kentucky Fried Chicken* Restaurants in and outside the county, followed by a few other Fast Food businesses.

OTC VALUATION GUIDE:

Fair Quality: Locally owned and most drive-ins
Average Quality: Better quality local and most franchised, inside seating

Inventory Density	Quality Fair	**Quality Average**	Quality Good
Average	1.95	**3.10**	7.45

Fixed Assets	Quality Fair	**Quality Average**	Quality Good
Average	15.25	**47.20**	85.95

CITY	COUNTY	SQ FT	AVG INV	INV PER SQ FT	FF&E	FF&E PER SQ FT	ORIGINAL YEAR	RENDITION SIGNED BY
BRISTOW	Creek	3152	1980	**0.63**	25410	$8.06	1979&1995	DOYLE HOOVER
SAPULPA	Creek	2564	1744	**0.68**	48298	$18.84	1972	DOYLE HOOVER
JENKS	Tulsa	2432	968	**0.40**	87583	$36.01	1987	DOYLE HOOVER
BROKEN ARROW	Tulsa	2871	1813	**0.63**	261989	$91.25	2004	JEANIE FRANKLIN
OWASSO	Tulsa	3133	1838	**0.59**	256006	$81.71	2005	JEANIE FRANKLIN
TULSA -6155 S GARNET Tulsa		2760	1931	**0.70**	301149	$109.11	2003	JEANIE FRANKLIN
McALESTER	Pittsburg	3875	1700	**0.44**	83175	$21.46	1999	JEANIE FRANKLIN
OKMULGEE	Okmulgee	2720	1900	**.70**	125962	$46.31	2003	JEANIE FRANKLIN
HENRYETTA	Okmulgee	3968	2014	**.51**	96146	$24.23	2000	JEANIE FRANKLIN
CLAREMORE	Rogers	2920	1218	**0.42**	136790	$46.85		SW PROP TAX, TX
BIXBY - 1464	Tulsa		250		37155		2004	
BIXBY - 2095	Tulsa	2277	6501	**2.86**	155498	$68.29	2003	
SAND SPRINGS	Tulsa	3498	8682	**2.48**	117778	$33.67	2003	
TULSA - 4997 S UNION		2139	8654	**4.05**	100389	$46.93	2003	
TULSA - 7180 S MEMORIAL		2894	11878	**4.10**	170467	$58.90	2005	
TULSA - 11104 E 21ST		2724	11587	**4.25**	107088	$39.31	2003	
TULSA - 4235 S PEORIA		2568	12374	**4.82**	83240	$32.41	2003	
TULSA - 7304 E ADMIRAL		1614	9957	**6.17**	93644	$58.02	2004	

OTHER COMPARISONS – CREEK COUNTY
OTC VALUATION GUIDE:

Fair Quality: Locally owned and most drive-ins
Average Quality: Better quality local and most franchised, inside seating

Inventory Density	Quality Fair	**Quality Average**	Quality Good
Average	1.95	**3.10**	7.45

Fixed Assets	Quality Fair	**Quality Average**	Quality Good
Average	15.25	**47.20**	85.95

CITY	COUNTY	SQ FT	AVG INV	INV PER SQ FT	FF&E	FF&E PER SQ FT	ORIGINAL YEAR	RENDITION SIGNED BY
CHURCH'S CK	SAPULPA	2193	2876	**1.31**	251155	$114.53	2009	
TACO BELL	SAPULPA	2866	6080	**2.12**	182256	$63.59	1995	
TACO BUENO	SAPULPA	2366	5114	**2.16**	113508	$47.97	2001	
SONIC	SAPULPA	1176	9024	**7.67**	177208	$150.69	2001	
SONIC	DRUMRIGHT	1100	5505	**5.00**	240872	$218.97	2001	
MCDONALDS	SAPULPA	4267	10355	**2.43**	304599	$71.38	1999	
MCDONALDS	BRISTOW	4545	6749	**1.48**	167322	$36.81	1988	
KEN'S PIZZA	SAPULPA	3070	7000	**2.28**	147350	$48.00	1982	
MAZZIO'S	SAPULPA	3112	10258	**3.30**	50000	$16.07	2008	

New Business Letter

Business Name
Location

Date

Dear Taxpayer:

The Oklahoma Tax Commission has notified the XXXX County Assessor's Office that you may have started a new business in XXXX County. (68 OS§ 2839)

If for any reason this business did not exist as of January 1, or is assessed under another name or place on the tax roll in error, please make the corrections and return this form as soon as possible. We will need a contact name and telephone number so we may contact you if necessary.

Business Name/ Entity Name
As it will appear on the tax rolls:

Account Number: 4564556

Business Name
Location

Please make corrections here:
_____
_____
_____

_____	_____	_____
Signature	Phone Number	Date

If the business was sold, please furnish us with the buyer's name, address, and telephone number.

If this information is correct, you do not need to respond.

Please call the XXXX County Assessor's Office at **999-999-9999** if you have any questions.

Respectfully,

Joe Smith, Deputy
XXXX County Assessor

First Request

Name
Address

Date

Personal Property Account: 7778754
Dear Taxpayer:

Business Personal Property assets are to be rendered to this office each year by March 15th as required by **State Statute Title 68.** In reviewing our files, we find that the information on your business has either not been received or in inadequate.

We are making a **Formal Written Request** for further information on the Business Personal Property account shown above.

The items checked below indicate the information that is being requested:

_____ Leasehold improvements -Detail by cost and acquisition year, **not** book value.

_____ Furniture and Fixtures - Detail by cost and acquisition year, **not** book value.

_____ Electronic Equipment - Detail by cost and acquisition year, **not** book value.

_____ Computer Equipment - Detail by cost and acquisition year, **not** book value.

_____ Machinery and Equipment - Detail by cost and acquisition year, **not** book value.

_____ Leased Assets – Should be itemized indicating what the asset is, name and address of lessor or lessee, the length of the lease and cost of the asset or monthly payment.

_____ Inventory – Raw materials, work-in-process, and finished goods.

_____ Completed Business Personal Property Rendition (901) and Asset List

_____ Other

If you have any questions or need assistance, pleas contact Joe at 888-999-7777.

Respectfully,

Joe Smith, Deputy
XXXX County Assessor

Zero Balance (can also be used for Same as Last Year)

Date

Personal Property Account: 8974641

Dear Taxpayer:

We received you Business Personal Property Rendition Form 901 for the 2009 tax year. The information on the form is not adequate for it to be processed.

We are unable to accept an account with a zero balance unless specific information is received that substantiates this balance. The substantiating documents should include a complete asset listing and should indicate if the assets have been moved, sold, or are now filed under a different account.

Please submit the necessary documentation (including the asset listing) to our office no later than March 15, 2009. If you are unable to provide the required information by this date, we will need to schedule an audit appointment.

If an audit appointment is not possible, our office will establish values for this account based on the values of comparable businesses.

If you have any questions or need assistance, please contact Joe Smith at 984-874-7456.

Respectfully,

Joe Smith, Deputy
XXXX County Assessor

Final Request Letter

Business Name
Address

Date

Personal Property Account Number: 989878

Dear Taxpayer:

According to our records, our previous request concerning a business you may or may not own, has gone unanswered.

Please consider this a **Final Request**.

If we do not hear from you within ten (10) business days, arbitrary values will be place on the Business Personal Property account shown above. (68 OS § 2843)

If you are currently filing under another business name, please notify this office. Each business location must be filed separately.

A blank rendition form has been enclosed for you convenience. Please complete, sign and return the form within the time specified above.

If you need assistance in completing the form, please call 999-999-9999.

Respectfully,

Joe Smith, Deputy
XXXX County Assessor

Change in Value Letter

Name
Address

Date

RE: Business Personal Property Account Number: 8888888

Dear Taxpayer:

We have determined that the total fair market value of the above Personal Property should be changed from _____ to _____. We will make such changes in our records after presentation to the Equalization Board.

If you approve of the adjustment, no further action need be taken. However, if you disagree with this value, you have **ten working days** from the date of this notice to file a formal protest with the XXXX County Equalization Board as follows:

XXXX County Equalization Board
C/O XXXX County Clerk
9999 South 9th
XXXX, Oklahoma 99999

Board goes out of session (enter date)

If our office can be of any further assistance, please call Joe at 999-999-9999.

Respectfully,

Joe Smith, Deputy
XXXX County Assessor

Informal Protest

Name
Address

Date

RE: Protest Number Account Number: 123456789

Thank you for bringing your information to our attention. After reviewing evidence you have submitted and further analysis of other pertinent information, we feel that our data indicates that the fair market value of the protested Personal Property incorrect and therefore should remain on the tax rolls at the current value.

If you disagree with our decision or have additional evidence to the contrary, you have ten working days from the date of this notice to file a formal protest with the XXXX County Equalization Board as follows:

XXXX County Equalization Board
C/O XXXX County Clerk
9999 South 9th
XXXX, Oklahoma 99999

Board goes out of session (enter date)

If our office can be of any further assistance to you, please call Joe at 999-999-9999.

Respectfully,

Joe Smith, Deputy
XXXX County Assessor

Square Foot Inventory Help Table

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

CODE	DESCRIPTION
APPDIN	Appl Dlr IN
AUTOIN	Auto Agency IN
AUTOPTIN	Auto Parts IN
AUTORPIN	Auto Repair IN
BARIN	Bar & NightC IN
BBRIN	Barber/BeautyIN
BOOKIN	Book/Rec SaleIN
BOWLIN	Bowling AlleyIN
CFTRAIN	Cafeteria IN
CLTFAMIN	Cloth Fam IN
CLTKIDIN	Cloth Kids IN
CLTSMBIN	Cloth Men/BoyIN
CLTSWMIN	Cloth WomenIN
CONVIN	Convenience IN
CRAFTIN	Craft Supply IN
DAYCARIN	Daycare Cen IN
DEPTIN	Deptment St IN
DRUGIN	Drug St IN
DSCNTIN	Discount St.IN
ECIN	Elec/Computr IN
FABRICIN	Fabric/Drap. IN
FARMIPIN	Farm Impl. INV
FARMSPIN	Farm Supply INV
FFIN	Fast Food ResIN
FLOORIN	Floor Cvring IN
FLRGFTIN	Florist Shop IN
FUNERLIN	Funeral Home IN
FURNIN	Furniture St IN
HOBBYIN	Hobby,Toy IN
HRDWREIN	Hardware IN
JEWELIN	Jewelry St IN
LIQIN	Liquor Str. INV
MOTOCYIN	Motorcycle INV
NEWSIN	Newspaper IN
NRSHMIN	Nursing Home IN
OFFSPLIN	Office SupplyIN
PIZZAIN	Pizza Parlor IN
RESTIN	Restauant IN
SHOESTIN	Shoe St IN
SMIN	Supermarket IN
SPORTIN	Sporting GoodIN
SRVSTAIN	Service Sta. IN
TIREIN	Tire St IN
TOYIN	TOY & GAMES ST IN
VARSTIN	Variety St INV

Square Foot Fixed Asset Help Table

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

CODE	DESCRIPTION
APPDFA	Appl Dlr FA
APTFA	Apartment FA
AUTOFA	Auto Agency FA
AUTOPTFA	Auto Par FA
AUTORPFA	Auto Repair FA
BARFA	Bar & NightC FA
BBRFA	Barber/BeautyFA
BOOKFA	Book/Rec SaleFA
BOWLFA	Bowling AlleyFA
CFTRAFA	Cafeteria FA
CLTFAMFA	Cloth Fam FA
CLTKIDFA	Cloth Kids FA
CL MBFA	Cloth Men/BoyFA
CL WMFA	Cloth WomenFA
CMOFFFA	Comm Office FA
CONVFA	Convenience FA
CRAFTFA	Craft Supply FA
DAYCARFA	Daycare Cen FA
DDRYFA	Dry Clns Landry
DEPTFA	Deptment St FA
DRUGFA	Drug St FA
DSCNTFA	Discount St.FA
ECFA	Elec/Computr FA
FABRICFA	Fabric/Drap. FA
FARMIPFA	Farm Impl. FA
FARMSPFA	Farm Supply FA
FFFA	Fast Food ResFA
FIFA	Financial Inst.
FLOORFA	Floor Cvring FA
FLRGFTFA	Florist Shop FA
JEWELFA	Jewelry St FA
LANDROFA	Laundromat FA
LIQFA	Liquor St FA
MEDOFFFA	Med Office FA
MOTELFA	Motel/Hotel FA
MOTOCYFA	Motorcycle FA
NEWSFA	Newspaper FA
NRSHMFA	Nursing Home FA
OFFSPLFA	Office SupplyFA
PIZZAFA	Pizza Parlor FA
RECHALFA	Rec Hall FA
RESTFA	Restauant FA
SHOESTFA	Shoe St FA
SMFA	Supermarket FA
SPORTFA	Sporting GoodFA
SRVSTAFA	Service Sta. FA
TIREFA	Tire St FA
TOYFA	Toy & Games FA
VARSTFA	Variety St FA
VIDEOFA	Video St FA

REFERENCES:

68 O.S. § 2876 increase in valuation-notice

68 O.S. § 2818 taxpayers return not conclusive of value

68 O.S. § 2839 statements of necessary information- neglect, failure or refusal to furnish information

68 O.S. § 2843 unlisted personal property-discovery and assessment

68 O.S. § 2846 undervalued and under assessed property

Property Appraisal and Assessment Administration -IAAO