



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

CITY OF ANN ARBOR
CITY CLERK
REC'D

2013 JAN 34 AM 8:53

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

January 24, 2014

Steve Powers, City Administrator
City of Ann Arbor, Washtenaw County
301 N. Fifth, PO Box 8647
Ann Arbor, MI 48107

Dear Mr. Powers,

As you are aware, Tax Management and Associates recently conducted an Audit of Minimum Assessing Requirements (AMAR) for the State Tax Commission. The audit indicated that the City of Ann Arbor does not meet the minimum requirements in one or more of the following areas and will need to be corrected:

1. Policy regarding public inspection of records
2. Board of Review prepared minutes were not filed with the local unit clerk
3. Lack of documented Economic Condition Factor Determinations
4. Lack of Land Value Maps
5. Lack of documented Land Value Determinations

Please provide a corrective action plan no later than February 28, 2014 outlining the steps as well as the deadlines of when the City of Ann Arbor will be correcting the deficiencies.

For your review, enclosed is a copy of your 2013 AMAR. An electronic version of the form detailing the requirements is also available on the State Tax Commission's website.

If you have any questions, please do not hesitate to contact me at 517-335-3429.

Sincerely,

Kelli Sobel, Executive Director
State Tax Commission

Cc: City Clerk

Enclosure: 2013 AMAR Review

Michigan State Tax Commission
Audit of Minimum Assessing Requirements
AMAR Review Sheet

The State Tax Commission, per MCL 211.10f, has jurisdiction to determine substantial compliance with the requirements of the General Property Tax Act. The AMAR review reflects the minimum assessing requirements of a local unit of government based on statute and STC Rules, Policy, Bulletins and Publications. Local units of government that do not meet one or more of the minimum requirements must submit a corrective action plan detailing how and when the deficiencies will be resolved.

Failure to submit an acceptable corrective action plan, or failure to resolve the deficiencies as outlined within the corrective action plan that is approved by the State Tax Commission, will result in a determination of substantial non-compliance and may result in the State Tax Commission assuming jurisdiction of the assessment roll of the local unit of government. Failure to meet one or more of the minimum AMAR requirements does not automatically result in State Tax Commission assumption of jurisdiction of the assessment roll.

Local Unit Background Information:

Year of Audit: 2013
Name of Local Unit: CITY OF ANN ARBOR
Name of County: WASHTENAW
Name of Assessor: DAVID PETRAK
Assessor Certification Level: MMAO 4
Name of City Manager or Mayor: STEVE POWERS Title: CITY ADMINISTRATOR
JOHN HIEFTJE MAYOR
Mailing Address for City Manager or Mayor: 301 N Fifth, PO Box 8647, Ann Arbor, MI 48107

What is the required certification level for this local unit? MMAO 4

What date did the assessor certify the assessment roll? 3/28/13 signed warrant – does not fill out the L4037 Pre Board or after BOR certification

Does the local unit have a policy regarding public inspection of records? YES: NO: X
The office is open for regular business hours and all information is posted on the web site.

Did the March, July and December Boards of Review prepare minutes and file them with the local unit clerk in accordance with MCL 211.33 and State Tax Commission Board of Review Publications? YES: NO: X
Minutes are all held in the assessing office. Assessor did not file with the clerk.

If the Board of Review made any taxable valuation changes to parcels, was Form L-4035a, Taxable Value Calculations Worksheet, properly completed and made part of the Board of Review Record? YES: X NO:

Were forms L-4021, L-4022 and L-4025 timely delivered to County Equalization per MCL 211.34d and Rule 209.26(6b)? YES: X NO:
All filed 3/28/13

Assessment Roll Analysis:

1. Does the local unit have properly calculated and appropriately documented Economic Condition Factors that meet State Tax Commission requirements per MCL 211.10e and STC ECF Publications?

Requirement Met: YES: NO:

ECF study for RES and Comm. Utilizes appraisal study for the County Equalization for Industrial values.

2. Does the local unit have accurate Land Value Maps that meet the State Tax Commission requirements per MCL 211.10e and State Tax Commission Land Value Map Publications?

Requirement Met: YES: NO:

Unit has land tables and maps with market values listed. No vacant land sales posted. Has an older map with vacant land sales through 2010 but not kept up to date.

3. Does the local unit have Land Value Determinations that are appropriately documented, properly calculated and meet State Tax Commission requirements per MCL 211.10e and State Tax Commission Land Value Determination Publications?

Requirement Met: YES: NO:

Unit has 29,854 active real properties on the script. 1,474 parcels have a land adjustment. 333 parcels have no reason listed. 9 parcels have an inappropriate reason. Assessor indicated there are no vacant sales and is utilizing the allocation method to value vacant land.

4. Does the true cash value on the local unit record cards agree with the true cash value indicated on the assessment roll with less than 1% overrides and less than 1% flat land values – excluding DNR PILT Property (STC Policy)?

Requirement Met: YES: NO:

Unit has 0.00% (18 out of 29,990) flat values with no reason, excluding exempt parcels. 20 parcels have flat values. Unit has 0.5% (139 out of 29,900) overrides in the database. Out of the 116 commercial properties a spot check indicated some are apartments, offices, subsidized housing. Some parcels have MTT value settlements from the previous year. Out of 23 Residential class properties a spot check indicated MBOR reductions for overrides.

5. Do the local unit appraisal record cards meet a 90% or greater accuracy rating? (Based upon a review of 1% of the improved properties in a local unit up to a maximum of 500 parcels)

Requirement Met: YES: NO:

The local unit sample size was 239 parcels. TMA had to use six (6) different 11bs to accommodate all of the parcels. The local unit achieved 90% or better on each of the 6 11bs that are included with this report.

6. Based upon a review of a sample of properties, do the current year's assessments of the local unit include new construction from the prior year?

Requirement Met: YES: X NO: ___

Unit has 5,443 permits in the database for active parcels. Some are permits for the same parcel for plumbing/electrical/building. After discounting the duplicates 3,430 permits remain. Based upon a sample, unit is auditing parcels with permits and adding/deducting for new and demolitions. Unit is utilizing reason codes for changes and work description in database. Appropriate new/loss for class changes. Many remodel/reroof/mechanical permits have no new/addn value added.

7. Is the local unit in compliance with the requirement of uncapping the taxable value of property in the year following a transfer of ownership per MCL 211.27a within a less than 5% error rate?

Requirement Met: YES: X NO: ___

Unit has 0.00% (3 out of 3,111) questionable transfers input into the database. A total of 1,155 are not uncapped. 31 transfers have no reason coded into database but appear to be ok based upon a sample and further assessor notation. Based upon a sample, the local unit requested and documents exemptions for affiliated groups. Some exemption reasons are input incorrectly but have no adverse effect.

8. Based on a sampling of known "sale" properties, is the local unit assessing all properties uniformly at 50% of true cash value as outlined within STC Bulletin 19 of 1997?

Requirement Met: YES: X NO: ___

Unit had 1,496 sales in the 2012 database. Per a sample of 204 sales the adjustments are appropriate and within the range of similar adjustments within the same ECF code. There was 1 sale with a higher than average adjustment than the others in the same ECF code. A sample of New/Addn and Loss/losses are appropriate on sale and non-sale parcels.

Comments:

Unit has MBOR adjustments to value but does not input comments.

I hereby declare that the foregoing information submitted is a complete and true statement.

Alfonso A Consiglio

Signature

12/30/13

Date

By checking this box, I agree and confirm that the signature I have typed above is the electronic representation of my original, handwritten signature when used on this document and creates a legally-binding contract. I further understand that signing this document using my electronic signature will have the same legally-binding effect as signing my signature using pen and paper.

County: Washtenaw

Unit: City of Ann Arbor

ACD Recap Analysis Of Assessment Records Sampled

Record #	Property Class	Parcel Code	House Class As % of "C"			Observed % Good			Scoring % Calculation By		
			ACD Field Staff	Local Unit	Variance	ACD Field Staff	Local Unit	Variance	Agreement	Actual Accuracy	Weighted Accuracy
1	401	09-08-24-102-004	100%	100%		62.0%	62.0%		88.2%	95.0%	95.0%
2	401	09-08-24-200-021	100%	100%		64.0%	64.0%		82.4%	91.8%	97.1%
3	401	09-08-24-308-004	100%	100%		60.0%	60.0%		100.0%	100.0%	100.0%
4	401	09-08-24-401-008	100%	100%		60.0%	60.0%		94.1%	94.1%	98.0%
5	401	09-08-24-4056-013	100%	100%		64.0%	64.0%		100.0%	100.0%	100.0%
6	401	09-08-24-414-004	100%	100%		62.0%	62.0%		94.1%	100.0%	100.0%
7	401	09-08-24-415-013	100%	100%		61.0%	61.0%		82.4%	95.3%	95.0%
8	401	09-08-24-420-007	110%	110%		79.0%	79.0%		88.2%	94.5%	95.3%
9	401	09-08-24-420-017	100%	100%		62.0%	62.0%		100.0%	100.0%	100.0%
10	401	09-08-24-421-005	90%	90%		71.0%	71.0%		82.4%	100.0%	99.9%
11	401	09-08-25-200-015	95%	95%		58.0%	58.0%		88.2%	89.1%	94.0%
12	401	09-08-25-20-028	90%	90%		92.0%	92.0%		100.0%	100.0%	100.0%
13	401	09-08-25-202-004	110%	115%	5%	61.0%	61.0%		76.5%	88.1%	94.3%
14	401	09-08-25-209-012	95%	95%		61.0%	61.0%		76.5%	80.8%	86.5%
15	401	09-08-25-211-014	105%	105%		63.0%	63.0%		100.0%	100.0%	100.0%
16	401	09-08-25-213-013	90%	90%		60.0%	60.0%		70.6%	77.8%	86.0%
17	401	09-08-25-216-010	110%	110%		88.0%	88.0%		94.1%	94.1%	98.0%
18	401	09-08-25-219-003	95%	95%		61.0%	61.0%		94.1%	94.1%	99.0%
19	401	09-08-25-401-010	90%	90%		89.0%	89.0%		100.0%	100.0%	100.0%
20											
21											
22	401	09-08-25-409-003	110%	115%	5%	88.0%	88.0%		94.1%	99.7%	100.0%
23	401	09-08-36-400-011	105%	105%		81.0%	81.0%		94.1%	99.6%	99.7%
24	401	09-08-36-400-041	105%	105%		82.0%	82.0%		94.1%	99.9%	99.9%
25	401	09-09-10-300-072	110%	110%		83.0%	83.0%		100.0%	100.0%	100.0%
26	401	09-09-10-301-021	110%	110%		84.0%	84.0%		88.2%	97.0%	95.3%
27	401	09-09-11-302-042	110%	110%		88.0%	88.0%		100.0%	100.0%	100.0%
28	401	09-09-11-305-018	110%	110%		88.0%	88.0%		94.1%	99.4%	96.0%
29	401	09-09-14-204-026	105%	105%		63.0%	63.0%		94.1%	99.6%	99.7%
30	401	09-09-14-300-050	105%	105%		62.0%	62.0%		94.1%	99.6%	99.7%
31	401	09-09-14-301-022	105%	105%		68.0%	68.0%		94.1%	100.0%	100.0%
32	401	09-09-14-302-037	105%	105%		64.0%	64.0%		94.1%	98.4%	96.0%
33	401	09-08-24-418-009	105%	105%		81.0%	81.0%		94.1%	96.8%	96.0%
34	401	09-08-25-212-019	105%	105%		63.0%	63.0%		82.4%	86.0%	94.0%
35	401	09-08-25-404-042	121%	121%		77.0%	77.0%		100.0%	100.0%	100.0%
36	401	09-08-25-404-055	110%	115%	5%	77.0%	77.0%		94.1%	99.7%	100.0%
37	401	09-08-25-407-007	110%	115%	5%	77.0%	77.0%		94.1%	99.7%	100.0%
38	401	09-09-09-400-013	110%	110%		94.0%	94.0%		82.4%	100.0%	100.0%
39	401	09-09-09-400-039	110%	110%		93.0%	93.0%		94.1%	95.7%	96.0%
40	401	09-09-09-401-003	110%	115%	5%	88.0%	88.0%		76.5%	93.8%	98.8%
41	401	09-09-10-300-066	110%	110%		88.0%	88.0%		94.1%	94.1%	99.0%

Record #	Property Class	Parcel Code	House Class As % of "C"			Observed % Good			Scoring % Calculation By		
			ACD Field Staff	Local Unit	Variance	ACD Field Staff	Local Unit	Variance	Agreement	Actual Accuracy	Weighted Accuracy
42	401	09-09-10-300-076	110%	110%		84.0%	84.0%		82.4%	99.0%	79.6%
43	401	09-09-10-302-011	110%	110%		86.0%	86.0%		76.5%	98.9%	98.4%
44	401	09-09-10-303-003	110%	110%		86.0%	86.0%		100.0%	100.0%	100.0%
45	401	09-09-10-303-015	110%	110%		85.0%	85.0%		100.0%	100.0%	100.0%
46	401	09-09-10-303-057	110%	110%		87.0%	87.0%		100.0%	100.0%	100.0%
47	401	09-09-11-302-037	110%	110%		88.0%	88.0%		82.4%	93.8%	98.2%
48	401	09-09-11-305-025	110%	110%		88.0%	88.0%		82.4%	93.8%	98.2%
49	401	09-09-11-306-002	110%	110%		85.0%	85.0%		100.0%	100.0%	100.0%
50	401	09-09-14-201-022	105%	105%		65.0%	65.0%		88.2%	100.0%	100.0%
		Mean	105%	105%	1%	75%	75%		91%	97%	98%
		Median	105%	105%		78%	78%		94%	100%	100%
		Mode	110%	110%		88%	88%		94%	100%	100%

Category Range Of Percentage Calculations For Individual Parcels

By Item % Of Agreement	71%	to	100%
By Item % Of Accuracy	78%	to	100%
By Weighted % Of Accuracy	80%	to	100%

