



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

July 15, 2019

Howard Lazarus, City Administrator
City of Ann Arbor, Washtenaw County
301 E. Huron Street
Ann Arbor, MI 48104

Dear Howard Lazarus, City Administrator:

As you are aware, Tax Management and Associates recently conducted an Audit of Minimum Assessing Requirements (AMAR) on behalf of the State Tax Commission. The audit indicated that the City of Ann Arbor met all of the requirements of the AMAR. We wish to congratulate the City on receiving a perfect score on the review and thank you for your cooperation throughout this process.

Sincerely,

A handwritten signature in black ink that reads "Kelli Sobel".

Kelli Sobel
Michigan Department of Treasury

Enc: AMAR Review

Cc: Local Unit Clerk
Local Unit Assessor
Equalization Director

2019 JUL 22 AM 8:47

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: 2019
Name of Local Unit: CITY OF ANN ARBOR
Name of County: WASHTENAW
Name of Assessor: MARK PERRY
Assessor Certification Level: MMAO 4
Name of Supervisor, City Manager or Mayor: HOWARD LAZARUS Title: CITY ADMINISTRATOR
Mailing Address for Supervisor: 301 E. Huron St., Ann Arbor, MI 48104

What date did the assessor certify the assessment roll? L-4037 signed and dated 3-5-19.

What is the Residential Coefficient of Dispersion (COD) for the local unit? Assessor had 2,988 valid sales to calculate a Residential COD of 16.86.

What is the Residential Price Related Differential (PRD) for the local unit? Assessor had 2,988 valid sales to calculate a Residential PRD of 1.04.

Does the L-4022 in possession of the local unit match the L-4022 in possession of the County Equalization Director and the information uploaded on the L-4023 on the E-File Site?

YES: NO:

The local unit's L-4022 signed and dated 4-4-19 matches the L-4022 in possession of the County Equalization Director and the information uploaded on the L-4023 on the E-File Site. 30,807 total real parcels with a total assessed value of \$7,953,042,450.

MCL 211.7cc requires interest at a rate of 1.25% per month or fraction of a month to be charged to the owner of property that has been issued a PRE denial notice. Upon collecting the interest, MCL 211.7cc also details the required distribution of the interest depending on the governmental unit that issued the denial notice. Was Form 4142 completed and submitted to the Michigan Department of Treasury by a County, City or Township when the State's portion of PRE denial interest is remitted? YES: NO:

Unit had 24 PRE denial notices issued for 2019 and 15 include prior years. A computerized spreadsheet was prepared by the County Treasurer, showing the interest and submitted to the State. This spreadsheet has the same information as Form 4142.

Does the local unit have written procedures, including audit procedures, for determining how to grant real property exemptions or remove real property exemptions when the property no longer qualifies for the exemption? YES: NO:

Unit has Real and Tangible Personal Property Claim for Exemption Guidelines with an application and list of documents for determining real property exemptions. Assessor is to grant or deny.

Does the local unit have accurate Land Value Maps that meet the State Tax Commission Land Value Map Publications?

Requirement Met: YES: NO:

Notes:

Assessor had a large map color coded by land tables with a matching legend and land value rates listed. Sales and detailed information were listed on another map.

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:

Notes:

Assessor had properly calculated and appropriately documented ECF studies for the commercial, industrial and residential classes. There are no agricultural parcels.

2. 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 and less than 1% land adjustments without reason?

Requirement Met: YES: NO:

Notes:

Unit has 0.05% (14 out of 30,807) of parcels with a land adjustment and no reason. 1,610 total adjustments, 894 needing further explanation (size, shape, condo, unit, floor, multi or lot size). Land value analysis was performed and was reviewed during the interview. It was appropriate with documented sales and analysis of front foot rates, site values or acreage rates for all property classes in the unit.

3. 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:

Notes:

Unit has 0.19% (59 out of 30,807) of parcels on override. Unit has 0.10% (31 out of 30,807) flat land values with no reason. 27 of these parcels have a -0- flat land value, classed 401 or 402 and based upon a sample are not exempt. 12 have an inappropriate reason (sloan plaza, 57 parking spaces, exempt church daycare, oasis land value or \$30,000 per unit).

4. Personal Property Review:

a) Does the local unit conduct an annual personal property canvass?

YES: NO:

Unit has Personal Property Canvass Procedures with a list of items to conduct an annual personal property canvass.

b) Did the local unit grant any exemptions under MCL 211.9o (Small Business Taxpayer Exemption)?

YES: NO:

Unit has 7,253 personal property parcels. 2,108 have the Form 5076 Accepted, granting an exemption.

c) If the answer to item 5b is yes, does a sampling indicate the local unit properly processed the exemptions received? This includes: Form 5076 filled out completely, timely received and received annually. If Form 5076 is not received the exemption is removed, parcel number created for any business that was granted an exemption, ensuring that a parcel with the exemption is not retired, all locations within the local unit are considered when granting the exemption.

Requirement Met: YES: NO:

Notes:

Based upon a sample, Form 5076 was filled out, timely received (date stamp was on or before Feb 20 or envelope was attached) and received annually.

5. Review of Exemptions Granted under MCL 211.7u (poverty exemptions)

a) Did the local unit grant any exemptions under MCL 211.7u (Poverty Exemption)?

YES: NO:

Unit had 28 partial Poverty Exemptions granted by the MBOR for 2019.

b) Does the local unit have poverty exemption guidelines?

YES: NO:

Unit adopted poverty exemption guidelines on 2-4-19 with Federal income guidelines increased (2 X for 1 person and 1.1 X for each additional person), a calculation sheet to assist with the BOR and an application.

c) Does the local unit poverty exemption guidelines include an asset level test?

YES: NO:

The asset level test is not to exceed \$25,000. To qualify for an exemption, the SEV has to be less than 150% of the average SEV for the city.

d) Does a sampling of the exemptions granted under MCL 211.7u indicate that the statutory requirements were met and that the local unit policy was followed?

Requirement Met: YES: X NO:

Notes:

Unit had 28 partial Poverty and 24 Veteran Exemptions granted by the MBOR for 2019. Local unit policy was followed when granting an exemption.

6. Does a sample of the July and December Board of Review actions indicate the Board met the requirements of MCL 211.53b and considered only those items over which they have statutory authority?

Requirement Met: YES: X NO:

Notes:

JBOR and DBOR actions indicate the Board met the requirements on those items which they have statutory authority. JBOR & DBOR each granted prior year(s) PRE requests, qualified errors, poverty, veteran exemptions, reversal of an uncapped parcel and current year PRE requests for untimely filed Affidavits.

7. Does the local unit follow the requirements under MCL 211.27b to levy the interest and penalty for failure to file a Property Transfer Affidavit? If waived did the local unit waive the interest and penalty by resolution and is that resolution kept on file?

Requirement Met: YES: X NO:

Notes:

Unit adopted Resolution R-19-271 on 6-17-19 to Waive Penalty and Interest Fees for Failure to File a Property Transfer Affidavit. Resolution is kept on file. Unit had 2,784 transfers, 127 did not have a PTA and 140 had the PTA filed after 45 days. There was no penalty billed.

Comments:

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

Alfonso A Consiglio

Signature

7/1/19

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.