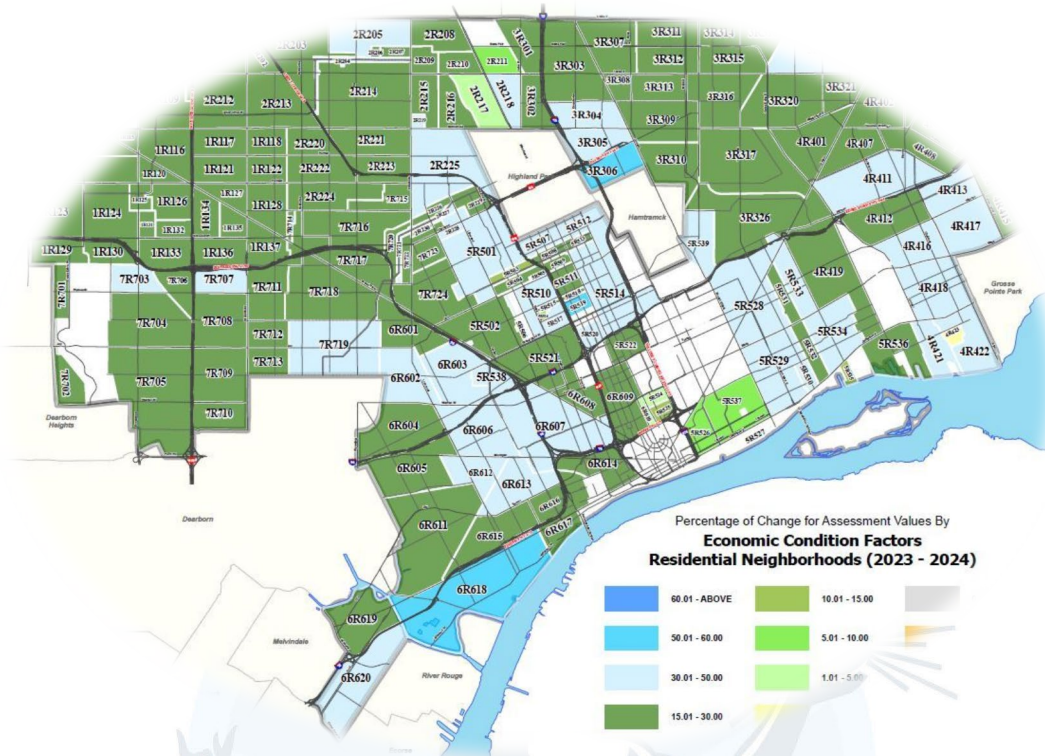




City of Detroit

OFFICE OF THE AUDITOR GENERAL



Forensic Audit of Citywide Residential Property Tax Assessments Third Interim Report

Property Transactions

OFFICE OF THE
AUDITOR GENERAL

January 2025



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MEMORANDUM

DATE : February 26, 2025

TO : Honorable City Council
Mayor Michael E. Duggan

FROM: Laura Goodspeed, CPA *LG*
Auditor General

RE : Forensic Audit Of Citywide Residential Property Tax Assessments Third Interim Report - Property Transactions (January 2025)

C : Alvin Horhn, Deputy Chief Financial Officer/Assessor, Office of the Chief Financial Officer, Office of the Assessor
Charles Ericson, Assessor, Office of the Chief Financial Officer, Office of the Assessor
Cynthia Burton, Deputy Assessor, Office of the Chief Financial Officer, Office of the Assessor
Tammy Daniels, Chief Executive Officer, Detroit Land Bank Authority
Colin Handzinski, Management Analyst, Office of the Chief Financial Officer
John Naglick, Chief Deputy Chief Financial Officer/Finance Director, Office of the Chief Financial Officer
Jay Rising, Chief Financial Officer, Office of the Chief Financial Officer
Raymond Roth III, Director, Stout Risius Ross, LLC

Attached for your review is our third interim report in conjunction with our Forensic Audit of Citywide Residential Property Tax Assessments. This report focuses on the Office of the Chief Financial Officer, Office of the Assessor operations relating to various property transactions. This report contains our audit purpose, scope, objectives, methodology, and conclusions; background; status of prior audit findings; our findings and recommendations; and the response from the Office of the Chief Financial Officer, Office of the Assessor.

We would like to thank the employees of the organization named above for their cooperation and assistance extended to us during this audit.

Copies of all the Office of the Auditor General reports can be found on the City's Website: <https://www.detroitmi.gov/government/auditor-general>.

OFFICE OF THE
AUDITOR GENERAL

**FORENSIC AUDIT OF CITYWIDE RESIDENTIAL PROPERTY TAX ASSESSMENTS
THIRD INTERIM REPORT – PROPERTY TRANSACTIONS
JANUARY 2025**

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BACKGROUND AND EXECUTIVE OVERVIEW

In February 2020, the Office of the Auditor General (OAG) was requested by the Detroit City Council to conduct an “Evaluation of Residential Property Tax Assessments in the City of Detroit.”

A key component of an internal audit is not only to meet specific objectives as requested by the governing body, but also to determine if the operations are effective and efficient. According to the Government Accountability Office (GAO), “the concept of accountability for use of public resources and government authority is key to our nation’s governing processes.¹” Generally Accepted Government Auditing Standards (GAGAS) state that²:

Government auditing is essential in providing accountability to legislators, oversight bodies, those charged with governance, and the public. GAGAS engagements provide an independent, objective, nonpartisan assessment of the stewardship, performance, or cost of government policies, programs, or operations, depending upon the type and scope of the engagement

The mission of the Office of the Assessor is to discover, list, and value - at current market conditions, all real and tangible personal property in the City of Detroit for the purposes of levying the tax lawfully imposed and to warrant said levy to the Treasurer of the City of Detroit for collection.

To date, we have published two reports in conjunction with this audit:

1. In June 2022, we published the “City Of Detroit Limited Scope Forensic Audit Of Residential Property Assessment Interim Report Of Raymond A. Roth III, CPA, CFE”, the first report relating to the audit and conducted by our auditing partner, Stout Risius Ross, LLC (Stout).³ Stout was hired to perform an independent, comprehensive, and forensic analysis of residential property assessments, as well as a review of internal controls, for the period from January 1, 2010 to December 31, 2016. Stout’s analysis included the review of available parcel documentation, residential parcels, and internal controls. The initial scope is referred to as the “Pre-Appraisal Period.” The scope of Stout’s analysis was subsequently expanded to January 1, 2017, through December 31, 2020, and is referred to as the “Post-Appraisal Period.”
2. In April 2024, we published our second audit report which focused on the Office of the Chief Financial Officer, Office of the Assessor’s Operations during the Post-Appraisal period relating to assessing activities.⁴

¹ GAO, GAGAS Performance Audits: Discussion of Concepts to Consider When Auditing Public Functions and Services (gao.gov); GAGAS Paragraph 1.02.

² GAO, Government Auditing Standards: 2018 Revision, GAO-18-568G, Chapter 1: Foundation and Principles for the Use and Application of Government Auditing Standards 1.05

³ Stout Risius Ross, LLC’s full report “City Of Detroit Limited Scope Forensic Audit Of Residential Property Assessments Of Raymond A. Roth III, CPA, CFE,” <https://www.detroitmi.gov/government/auditor-general>.

⁴ OAG’s full report “Forensic Audit Of Citywide Residential Property Tax Assessments, Second Interim Report - Office Of The Assessor Operations.” <https://detroitmi.gov/government/office-auditor-general>.

The report also included a follow-up on prior relevant audit findings from the “Office Of The Auditor General Performance Audit Of Finance Department Assessments Division (July 2008 – June 2011.)” The Second Interim Report was the result of work performed primarily by the Office of the Auditor General staff, along with specialized work performed by Stout.

This is our Third Interim Report which focuses on the Office of the Assessor operations relating to specific property transactions:

- Sales, other transfers of property, and verification of ownership transfers.
- Uncapping of property values.
- Notification to property owners of required filings.
- Assessment of penalties.

This report also includes a follow-up on prior relevant audit findings and is the result of work performed primarily by the Office of the Auditor General staff, along with specialized work performed by Stout.

Uncapping of Property Values

A current finding and unresolved prior audit finding relate to property ownership transfers. Both OAG and our audit partner Stout, found that property transfers (i.e. sales and other transfers) are not being updated timely, accurately, and in some cases, the property transfer was not reflected at all in the City’s property records. For the properties in our sample, we found an average of 694 days, almost two years, between the sale date reflected in the transfer of deeds file from Wayne County and the date the sale was input into the City’s property database.

This delay can have implications to the taxable value of properties as Michigan’s General Property Tax Act, as amended, limits the amount of appreciation of taxable value in an annual period for a property owner. When taxable properties are transferred, property tax “uncapping” occurs where the taxable value is reset to the market or assessed value. Thus, when the housing market is experiencing a period of appreciation, i.e. rising house prices, the failure to timely uncap properties after a transfer can result in a lower taxable value than prescribed under Michigan Law. Through data analytics, Stout estimated that the failure to uncap the properties timely resulted in a potential loss in property valuations of nearly \$17.7 million for properties transferred between 2010 and 2020.⁵

Notification To Property Owners Of Required Filings

Under Michigan’s General Property Tax Act, as amended, new property owners are required to report the transfer to the local assessor within 45 days following the transaction by filing a Property Transfer Affidavit (PTA).

⁵ Stout was unable to determine the amount of lost tax revenue from these properties as it did not have the property tax rates.

However, we were informed by the Office of the Assessor that many new property owners are not aware of this requirement and never file a PTA.

The Michigan State Tax Commission's Guide To Basic Assessing also requires the assessor to "immediately" send out a PTA form to the new owner if they believe or have evidence that a property ownership transfer has occurred. We found that City residents were assessed penalties years after they took legal possession to a property through a new process implemented in 2022 by the Office of the Assessor designed to capture, levy, and add PTA penalties to new property owners' winter tax bills. Conversely, we found other property owners who filed PTAs late but were never assessed penalties.

The Office of the Assessor's practices surrounding the assessment of PTAs and other property tax penalties are spotlighted with the passing of the "Enrolled Senate Billed No. 175" scheduled to take effect in March 2025. The bill championed by the City of Detroit's Ombudsman, Bruce Simpson, amends MCL 211.27b and effectively increases the maximum penalty for failing to file the PTA timely from \$200 to \$4,000 for certain real property transfers.⁶

A bill analysis prepared in 2023 by the Michigan Senate Staff included the following "Brief Rationale" for the amendment:

According to testimony before the Senate Committee on Finance, Insurance, and Consumer Protection, some investment property buyers do not file a transfer affidavit with a local municipality upon purchasing a property. Often, the municipality will not know of the sale until a subsequent buyer follows the lawful transfer process by filing the transfer affidavit. In some cases, the property may have been transferred multiple times, resulting in the most recent owner bearing the cost of the fine for not filing a transfer. The City of Detroit reported a loss of \$1.6 million a year due to taxes not being assessed at the actual property value because of buyers not filing a transfer affidavit. Accordingly, it has been suggested that the penalty for not filing the affidavit be increased and fall to the individual who did not file initially.

Conclusion

The conditions we have identified during our audit and contained in this and our previous related audit reports, bring into question the accuracy of the City's property database and the reliability of the assessment rolls and property values. Although we could not determine specific amounts, our reports highlight the potential loss of revenues due to late uncapping, the failure to assess penalties uniformly, and the Office of the Assessor waiving penalties without Detroit City Council's approval.

The following is a summary list of the findings and recommendations contained in this report.

⁶ See "APPENDIX C: "ENROLLED SENATE BILL No. 175", State Of Michigan 102nd Legislature Regular Session Of 2024," on page 40 of this report.

SUMMARY LIST OF AUDIT FINDINGS AND RECOMMENDATIONS

Third Interim Report – Property Transactions (January 2025) Office of the Auditor General

FINDINGS		RECOMMENDATIONS	
1.	Property Ownership Transfers Are Not Updated Timely Or Adequately In the Computer Assisted Mass Appraisal Data System.	A.	Ensure that the monthly files received from the Wayne County Register of Deeds, which contain the previous months recorded property ownership transfers (deeds) are properly, timely, and accurately updated in the City's Computer-Assisted Mass Appraisal (CAMA) data system.
		B.	Collaborate with the Detroit Land Bank Authority and update the internal "Detroit Land Bank Authority Sales Entry Policy and Procedure" to ensure that it is efficient and effective and provides for proper, timely, and accurate updates of property ownership transfers in the City's CAMA data system.
2.	Some Residential Properties Were Not Properly Uncapped In The Year Following The Non-exempt Property Ownership Transfer.	We recommend that the Office of the Assessor take immediate steps to develop, and/or review and revise the processes and procedures surrounding property ownership transactions. The Office of the Assessor should:	
		A.	Ensure that the monthly property ownership transfer information from the Wayne County Register of Deeds and the Detroit Land Bank Authority is updated in the City's CAMA data system timely
		B.	Follow the Michigan General Property Act and the STC guidelines to immediately enter the new taxable value on the assessment rolls when there is a "non-exempt" transfer.
		C.	Uncap the property's taxable value the year following the transfer of ownership for non-exempt property ownership transfers.
		D.	Implement a quality control process that flags and identifies non-exempt property ownership transfers that did not properly uncap. When this occurs, per the Michigan State Tax Commission's "Basic Guide to Assessing" (May 2018), the assessor must: <ul style="list-style-type: none"> 1. Immediately "uncap" the property and enter the new taxable value on the assessment rolls. 2. Notify the Treasurer of the additional taxes due. If tax bills have been sent, the Treasurer must immediately send a corrected tax bill including penalties and interest.
3.	Penalties For Late Filing Of Property Tax Affidavits Did Not Fully Comply With State Laws And Departmental Policies.	A.	Develop and implement policies and procedures to identify sales where a property transfer affidavit has not been filed timely.
		B.	Assess penalties and adjust taxable values after the 45-day deadline to comply with Michigan's General Property Tax Act.
		C.	Ensure that the Office of Assessor has adequate, trained and competent staff needed to review property ownership transfers and complete all required actions associated with this activity.

SUMMARY LIST OF AUDIT FINDINGS AND RECOMMENDATIONS

Third Interim Report – Property Transactions (January 2025) Office of the Auditor General

FINDINGS		RECOMMENDATIONS	
4.	Many Property Ownership Transfers Are Not Verified In The Computer-Assisted Mass Appraisal Data System.	A.	Develop and implement an appropriate staffing model. The model should reflect workload, training, standard operating procedures, goals, and performance targets for staff charged with entering and/or verifying sales data.
		B.	Develop more detailed sub-goals, objectives, processes, and procedures that are needed to achieve its overall goal and objectives, which is to enter and/or verify property ownership transfer/sales data within a “specific” timeframe.
		C.	Use one of the following STC recommended CAMA data standard selection to verify all sales transfers
5.	Property Transfer Affidavit Penalties Were Added To Property Tax Bills Without Prior Notification To New Property Owners.	We recommend that the Office of Office of the Assessor discontinue the practice of adding penalties to new property owners winter tax bills arising from late filings of property transfer affidavits, pending the development and implementation of policies, procedures, and practices that: <ol style="list-style-type: none"> 1. Educate the public on Michigan’s General Property Tax Act law through enhanced and increased outreach efforts. 2. Comply with the State Tax Commission’s guidelines to send out a [PTA] form to the new owner as soon as they identify that a transfer of ownership has occurred based on something “other than” a PTA (i.e., sales and deed information from the Wayne County Registrar of Deeds.) 	
6.	Property Transfer Affidavit Penalties Were Waived Without Approval From Detroit City Council.	We recommend the Office of the Assessor comply with Michigan’s General Property Tax Act and seek Detroit City Council approval, by resolution, prior to waiving penalties that should be levied under the Michigan General Property Tax Act, as amended.	

For your convenience and reference, we have also included a comprehensive list of findings and recommendations from the prior two audit reports relating to our “Forensic Audit Of Citywide Residential Property Tax Assessments” beginning on page 30 of this report.

STATUS OF PRIOR RELEVANT AUDIT FINDINGS

Listed below are the relevant prior audit findings, conditions, and the status of each finding from the Office of the Auditor General’s prior audit report: **“The Performance Audit Of The Assessors Division – Plat Book 1”** (July 2008 – June 2011):⁷

Finding #1: Assessing Activities Need To Be More Efficient And Effective And Require Additional Internal Controls.

This finding was partially resolved, remaining unresolved conditions were addressed in our Second interim report, and are not addressed in this report.

Finding #2: Data Management Activities Require More Efficiency, Effectiveness, And Additional Internal Controls.

This finding remains unresolved. The following relevant conditions are discussed in the finding and page number of this report as noted below:

Relevant Conditions	Finding #	Page
Did not establish data management standards for assessing and calculating property tax affidavit penalties.	1	7
	3	17
	5	25
	6	28
Did not utilize current functionality in Equalizer (known as BS&A/Assessing.Net) to capture information about property tax affidavits.	3	17

Finding #3: The Assessments Division Needs To Use Discovery Information More Efficiently and Effectively.

This finding remains unresolved. The following relevant conditions are discussed in the finding and page number of this report as noted below:

Relevant Conditions	Finding #	Page
Did not automate flow of property transfer documents from Wayne County files relating to sales and acquisitions of city-owned properties.	1	7
	4	21

⁷ “Prior Relevant Audit Findings” is confined to those prior audit findings that are relevant to the scope and objectives of this audit. There are other prior audit findings that remain “partially resolved or unresolved” that were not addressed in the scope of the audit and are not included in this listing.

AUDIT FINDINGS AND RECOMMENDATIONS

Finding #1: Property Ownership Transfers Are Not Updated Timely Or Adequately In the Computer Assisted Mass Appraisal Data System.

The Office of the Assessor does not update property ownership transfers timely or accurately in the City's Computer-Assisted Mass Appraisal (CAMA) Data System.

Background

According to the State of Michigan General Property Tax Act, as amended, governing property transactions, the Wayne County Register of Deeds must notify local assessor offices "not less than once each month of any recorded transaction involving the ownership of property."⁸ Additionally, the Office of the Assessor has standard policies and procedures governing the handling of monthly, bi-monthly, and/or quarterly notices of sales data from the Detroit Land Bank Authority (DLBA.) We understand that when property transfers ownership in Michigan, the law requires new property owners to file a Property Transfer Affidavit (PTA). However, beginning in 2015, the Office of the Assessor began to recognize "deeds" as valid documents to be used as a discovery tool for property ownership transfers.

Conditions

A. Wayne County Register of Deeds Property Transfers

We conducted an analysis on a statistically significant random sample of one-hundred eight (108) residential property ownership transfers, from the period of January 1, 2010 to December 31, 2020, that were included in the monthly sale files from the Wayne County Register of Deeds. We compared the date of the sale, to the date the sale was updated in the City's Computer Assisted Mass Appraisal (CAMA) data system (also known as BS&A/Assessing.Net) to determine the timeliness of the updates by the Office of the Assessor.

We found that there was an average of 694 days – almost two years - between the sale date in the "Transfers of Deeds" file from Wayne County Register of Deeds and the date the sale was reflected in the City's CAMA data system.

B. Detroit Land Bank Authority Property Transfers

In November 2022, the Office of the Assessor informed us about the Detroit Land Bank Authority's (DLBA) "backlog" of 13,824 property ownership transfers from years 2014 to 2020.

In 2023, we conducted a separate analysis of the DLBA transfers on a statistically significant random sample of sixty-eight (68) properties to determine if the Office of the Assessor's updates were timely and accurate.

⁸ The General Property Tax Act (Excerpt); Act 206 of 1893MCL - Section 211.27a (10), <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-211-27a>.

Per our request, DLBA provided the following transfer documents related to the properties in our sample:

Transfer Documents Provided By DLBA For OAG Random Sample Review		
Transfer Document	Number of Transfer Documents Provided	% (Based on 68 Properties Sample Size)
Deeds	67	98.5%
Property Transfer Affidavits	59	86.8%

We compared the transfer dates (i.e., sales dates) on both the deed and the property transfer affidavit (PTA) to the sales date in the City’s Computer Assisted Mass Appraisal (CAMA) data system (also known as BS&A/Assessing.Net.) We found that:

- 17.7% (or 12/68) of the properties transfer information on the deed did not match the records in the CAMA data system.
- 55.9% (or 38/68) of the properties transfer information on the PTA did not match the records in the CAMA data system.

We also found that there was an extended time between the date DLBA acknowledged the property transfer document versus the date of receipt by the Office of the Assessor:

- Deeds were entered into the CAMA data system on average 94.2 days, or over three months, after the date DLBA acknowledged the property transfer document.
- PTAs were entered into the CAMA data system on average 231.3 days, or almost 8 months, after DLBA date stamped the property transfer document.

Independent Stout Analysis

We asked Stout to conduct an independent analysis comparing property transfer dates based on deeds and PTAs received from both the Wayne County Register of Deeds and DLBA to the information in the City’s CAMA data system. Based on their random statistical sample of 68 properties, they found the following conditions:

C. Wayne County Register of Deeds Sales Dates Compared to the City’s Assessment Rolls

Stout compared the sales date in the transfer of deeds file provided by Wayne County to the City’s 2010 through 2020 Assessment roll and found that the Assessment Rolls did not contain the most recent sales for an average of 10.2% of parcels for each assessment year from 2010 through 2020 with a peak discrepancy of over 18.4% in 2020, as shown in the table below:

		Parcel Counts											
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
1	Residential Parcels with More Recent Sale Date in Sales Data than Assessment Roll	[a] 12,015	15,975	20,391	15,304	37,530	42,406	42,813	23,402	38,977	55,715	64,285	368,813
2	Total Residential Parcels in Assessment Roll	316,117	316,633	316,659	316,186	316,186	323,202	324,462	346,941	347,017	349,765	349,774	3,622,942
3	Percentage of Assessment Roll Parcels	3.80%	5.05%	6.44%	4.84%	11.87%	13.12%	13.20%	6.75%	11.23%	15.93%	18.38%	10.18%

D. Wayne County Register of Deeds Sales Verification (August 2024) Compared to DLBA Sales

Stout compared the Wayne County Register of Deeds closest available date to DLBA sales to verify the sale. They found that 26.5% (or 18/68) of the parcels did not have a matching transfer date within a year of either Wayne County’s deed recording or the PTA transfer date.

Criteria

A. MCL General Property Tax Act (Excerpt) Act 206 of 1893 211.27a (10)

The register of deeds of the county where deeds or other title documents are recorded shall notify the assessing officer of the appropriate local taxing unit not less than once each month of any recorded transaction involving the ownership of property and shall make any recorded deeds or other title documents available to that county's tax or equalization department. To this end, the Wayne County Register of Deeds Finance Department complies with the law, and emails PDF and Text files to the Office of the Assessor, monthly, after all the documents recorded in the previous month have been indexed.

B. The Office of the Assessor’s Detroit Land Bank Authority Sales Entry Policy and Procedure

The documented policy and procedures for the purpose of entering Detroit Land Bank Sales into the City’s CAMA data system (effective date April 1, 2019, expired April 1, 2020.) Some notable relevant steps from the policy and procedure are listed below:

- Enter sale in Assessing.Net.
- To make the name uniform, in the Grantor field enter: DETROIT LAND BANK AUTHORITY.
- Owner Information: Update Owner Information mailing address and clear out any mail code.
- Taxpayer Information: If any taxpayer information exists, clear out the old taxpayer information fields.
- Change Tax Status from City Land Bank to TAXABLE.
- Prior to leaving the parcel, make sure there is a 2019 Assessed and Taxable value. If not, contact your supervisor.

Effects

The Office of the Assessor's untimely and sometimes inaccurate updates into the CAMA data system impacts the accuracy of the property records and assessment rolls. Untimely updates and inaccurate records result in incorrect property valuations, incorrect tax liabilities, and a potential loss of property tax revenue.

Perhaps more damaging to Office of the Assessor, is the potential increased loss of credibility, and further erosion of the public's trust in its operations, given the recent claims that the City continues to "overtax" property owners.

Causes

The Office of the Assessor management stated that the Quality Control and Training section are short staffed. They indicated that "of the 60,000 to 80,000 sales they receive a year, they try to review twenty percent, and sometimes things still get missed."

They also stated that there was a backlog in prior year sales transactions that could only be entered into the City's CAMA data system during certain times of the year.

Regarding using information from Wayne County Register of Deeds, the Office of the Assessor stated that:

- Notices had not been routinely provided until mid-2022, now, the division has figured out how to incorporate them into the database. There are many sales that come from Wayne County where the property owner never filed a deed or PTA, therefore the sale is entered into the system by deed or import. Management stated, "We get the Wayne County import, but, since I have been here, we've gotten it one time. The file was a sales file that had already been imported into our system, and we made sure the information was updated correctly."

[Auditor General's Statement](#)

The Office of the Auditor General performed its due diligence and followed-up with the Wayne County Register of Deeds to determine if they were complying with Michigan's General Property Tax Act, as amended, which requires them to notify the assessing officer of the appropriate local taxing unit not less than once each month of any recorded transaction involving the ownership of property and shall make any recorded deeds or other title documents available to that county's tax or equalization department.

The Wayne County Register of Deeds, Office of the Register, directly refuted the Office of the Assessor's representation by confirming "that since 2010 to 2024, and to present, they have complied with Michigan law and emailed a PDF file and a text file to the City of Detroit, once a month after all the documents recorded in the previous month have been indexed."

Regarding using information from the Detroit Land Bank Authority (DLBA), the Office of the Assessor stated that:

- Notices from DLBA had not been routine but substantially related to sales or transfers of side lots with nominal values of one-hundred dollars or less.
- In a Memorandum titled the “Status of Property Transfer Affidavit Late Filing Fees on sales of Detroit Land Bank Property” (dated May 15, 2024,) the Deputy CFO/Assessor wrote to the Auditor General:

This memo's purpose is to explain the position of the Office of the Chief Financial Officer (OCFO), Office of the Assessor in uncapping and levying Property Tax Affidavit (PTA) Late Filing Fees against the approximately 13,500 sales of Detroit Land Bank Properties from 2014 through 2020.

In late 2022, the Office of the Assessor was notified by the Detroit Land Bank Authority (DLBA) that they had committed to the buyers of land bank property that they (The DLBA) file the required Property Transfer Affidavits (PTA) with the local assessor and the deeds with the Wayne County Register of Deed.

They failed to do so; they neither filed the PTAs, recorded the deeds, nor provided the buyer with a copy of the deed to the property, creating no record of the sale.

Under MCL 211.27b(1), the buyer must notify the local assessor of the property transfer. MCL 211.27a requires that the property uncaps to the date of transfer.

However, we believe that PA 260 of 2003, The Eligible Tax Reverted Property Specific Tax, is the prevailing statute in this instance. This act allows the land bank to collect fifty percent of the property tax collected on the sale of land bank property for five years after the sale. It also deems that tax is a specific tax, and under the provisions of the General Property Tax Act, Act 206 of 1893, a specific tax is not subject to the county foreclosure process. Instead, the local unit collects a specific tax in the same manner as the personal property or utility tax.

Since the DLBA, by its admission, did not deliver a deed to the buyers of these properties, we believe a transfer did not occur. A sales agreement is not a property transfer in the State of Michigan.

Finally, we believe the buyers of land bank properties should not be penalized for relying, in good faith, on the DLBA to file the necessary paperwork regarding these sales. Uncapping the property to the date of sale would result in tax bills exceeding the value of the property, which would be unfair to the buyers.

The Office of the Assessor expressly stated verbally and in writing (see highlighted text above) to OAG, that DLBA did not provide the new property owners with deeds and/or PTAs for the approximately 13,500 sales of Detroit Land Bank Properties from 2014 through 2020.

Auditor's General's Statement

The Office of the Auditor General performed its due diligence and met with DLBA to determine the internal controls, policies, and procedures that were, and currently are in effect over their property ownership transfers. We determined that some of the above statements and representations by the Office of the Assessor were not factual. According to DLBA, "there has always been a gap between the property sales listed in the City's CAMA data system compared to DLBA's transferred property sales. In 2019, DLBA began sharing actual PTAs, deeds, and financial information (i.e., spreadsheets) of property ownership transfers to the Office of the Assessor. As noted in Condition B above, DLBA provided files which contained deeds, PTAs, email communications, and other relevant documentation for over 90% of the properties included in our sample review.

Recommendations

We recommend that the Office of Assessor:

- A. Ensure that the monthly files received from the Wayne County Register of Deeds, which contain the previous months recorded property ownership transfers (deeds) are properly, timely, and accurately updated in the City's CAMA data system.
- B. Collaborate with the Detroit Land Bank Authority and update the internal "Detroit Land Bank Authority Sales Entry Policy and Procedure" to ensure that it is efficient and effective and provides for proper, timely, and accurate updates of property ownership transfers in the City's CAMA data system.

Finding #2: Some Residential Properties Were Not Properly Uncapped In The Year Following The Non-Exempt Property Ownership Transfer.

Some residential properties taxable values were not properly uncapped in the year following the non-exempt property ownership transfer as required by Michigan's General Property Tax Act.

Background

In Michigan, changes of ownership may or may not affect property taxes depending on whether the conveyance is considered a transfer of ownership. The General Property Tax Act defines "transfer of ownership" generally as the conveyance of title to or a present interest in property, the value which is substantially equal to the value of the fee interest. The Law provides a variety of examples that constitute a transfer of ownership for "taxable value uncapping" purposes, and a list of certain transfers that are exempt from the definition of "transfer of ownership" that would not result in the property's taxable value "uncapping."

Proposal A was a constitutional amendment passed by Michigan voters on March 15, 1994, that had several effects on the state's tax system school funding. Most notably, it changed how property taxes are calculated, by establishing the "Taxable Value" as the basis instead of the "State Equalized Value." Proposal A also limited, or "capped" the amount that property taxes can increase during the current ownership of the property. However, when a "non-exempt" change of property ownership occurs, the cap that has been in place during the previous ownership is removed in the following year. The property's taxable value is uncapped, and the property is taxed at its State Equalized Value, or 50% of its property's true cash value.

Condition

We reviewed a random sample of 108 residential property ownership transfers and determined that 88.9% (or 96/108) of the property taxable values were subject to uncapping, versus 11.1% (or 12) parcels that were non-exempt transfers. Of the 96 transfers subject to "uncapping," we found that 25.0% (or 24) of the properties taxable values did not uncap the year after the sale/transfer.

Independent Stout Analysis

Based on files provided by the Office of the Assessor, Stout conducted an independent analysis of properties that incurred fines (or penalties) resulting from late filing of property transfer affidavits. The file contained property ownership transfers from 2017 to 2022, that were subject to "uncapping," and included sale/transfer dates, changes to exemptions status, and the amount of fines levied.

Note: The above reviews did not include the approximately 13,500 sales of Detroit Land Bank Authority's properties from 2014 through 2020 that were revealed to the Office of the Assessor in late 2022, and as discussed in Finding #1 on page 7 of this report.

The parcels that remained taxable in the year following a sale contained 9,483 unique residential parcels as shown in Table 1 below:

Table 1: Parcels That Remained Taxable In The Year Following A Non-Exempt Sale Transaction

Parcels That Remained Taxable In The Year Following A Non-Exempt Sale Transaction															
Residential Exemption Status Switch	Year of Sale														Total
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
taxable in year of transfer remained taxable in year after transfer	1	19	33	71	85	428	505	963	2,098	2,877	2,403	N/A	N/A	9,483	94.1%
Taxable in year of transfer switched to exempt in year after transfer	-	-	-	-	-	1	2	1	12	30	39	N/A	N/A	85	0.8%
Exempt in year of transfer switched to taxable in year after transfer	-	-	-	-	-	13	22	44	41	122	74	N/A	N/A	316	3.1%
Exempt in year of transfer remained exempt in year after transfer	-	-	-	-	-	-	12	7	28	35	95	N/A	N/A	177	1.8%
Total	1	19	33	71	85	442	541	1,015	2,179	3,064	2,611	N/A	N/A	10,061	99.8%
Became Non-Residential / Requires 2023 Data	-	-	-	-	-	2	-	-	1	12	2	N/A	N/A	17	0.2%
Total	1	19	33	71	85	444	541	1,015	2,180	3,076	2,613	N/A	N/A	10,078	100.0%

Of the 9,483 unique residential parcels identified in Table 1, Stout further identified 9,191 unique residential parcels that were taxable both prior to and following the year of sale. These properties were further analyzed to identify if the “Taxable Value” was reset to the “Assessed Value” (i.e., uncapped in the year following the sale.) Stout found that 33.6% (or 3,084/9,191) of the parcels analyzed were not uncapped in the year following the sale. Additionally, Stout determined that the difference between the Assessed Value and the Taxable Value in the year following the sale for the 3,084 parcels which were not uncapped amounted to a total of \$17,673,137, as shown in Table 2 below:

Table 2: Difference in Assessed versus Taxable Vales for Parcels That Remained Taxable In The Year Following A Non-Exempt Sale Transaction

Difference in Assessed versus Taxable Vales for Parcels That Remained Taxable In The Year Following A Non-Exempt Sale Transaction															
Status in the Year Following the Sale	Year of Sale														Total
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
Not Uncapped	-	9	3	14	12	34	72	243	962	476	1,259	N/A	N/A	3,084	
Uncapped	1	10	30	57	73	392	429	707	1,066	2,293	1,049	N/A	N/A	6,107	
Total	1	19	33	71	85	426	501	950	2,028	2,769	2,308	N/A	N/A	9,191	
Difference Between Taxable and Assessed Value	Year After Sale														Total
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
	-	-	36,870	11,320	79,591	62,307	92,023	329,515	737,386	3,738,458	2,727,747	9,857,920	N/A	17,673,137	

In summary, Stout’s analysis identified approximately 34% of the parcels where a PTA fine was levied did not uncap in the year following the sale resulting in a potential loss of taxable values of nearly \$17.7 million. Stout was unable though to determine the potential loss of property tax revenues as it did not have the property tax millages associated with the properties.

Criteria

A. The Michigan State Tax Commission's "Transfer of Ownership Guidelines (October 2017)

In accordance with the Michigan Constitution as amended by Michigan statutes, a transfer of ownership causes the taxable value of the transferred property to be uncapped in the calendar year following the year of the transfer of ownership.

B. Michigan State Tax Commission's Basic Guide to Assessing (May 2018)

If there was a transfer, the assessor must immediately "uncap" the property and enter new Taxable Value on the assessment rolls. The assessor must notify the Treasurer of the additional taxes due. If tax bills have been sent, the Treasurer must immediately send a corrected tax bill including penalties and interest.

Effects

The Office of the Assessor is non-compliant with Michigan's General Property Tax Act, as amended, and the State Tax Commission (STC) in its assessments and valuations of the City's residential properties. Properties that are not "uncapped" as required affect the accuracy of the City's assessment and tax rolls and potentially result in losses of taxable values and property tax revenues.

Causes

According to the Office of the Assessor, property transfer affidavits (PTA) are the primary way to identify if property ownership has transferred. If the PTA is not filed with the Office of the Assessor, then they would get notification of a property transfer through the deeds that are filed with the Wayne County Register of Deeds. However, the Office of the Assessor stated that Wayne County Register of Deeds had not been routinely providing the property ownership file until mid-2022, and it was then the division figured out how to incorporate the imports into their database to recognize the transfer of ownership.

Auditor General's Statement

Again, as noted previously, the Office of the Auditor General performed its due diligence and followed-up with the Wayne County Register of Deeds to determine if they were complying with Michigan's General Property Tax Act, as amended, which requires them to notify the assessing officer of the appropriate local taxing unit not less than once each month of any recorded transaction involving the ownership of property and shall make any recorded deeds or other title documents available to that county's tax or equalization department.

The Wayne County Register of Deeds, Office of the Register, directly refuted the Office of the Assessor's representation by confirming "that since 2010 to 2024, and to present, they have complied with Michigan law and emailed a PDF file and a text file to the City of Detroit, once a month after all the documents recorded in the previous month have been indexed."

The Office of the Assessor's management stated that the Quality Control and Training team created a weekly report to determine if they are uncapping properties correctly.

Recommendations

We recommend that the Office of the Assessor take immediate steps to develop, and/or review and revise the processes and procedures surrounding property ownership transactions. The Office of the Assessor should:

- A. Ensure that the monthly property ownership transfer information from the Wayne County Register of Deeds and the Detroit Land Bank Authority is updated in the City's CAMA data system timely.
- B. Follow the Michigan General Property Act and the STC guidelines to immediately enter the new taxable value on the assessment rolls when there is a "non-exempt" transfer.
- C. Uncap the property's taxable value the year following the transfer of ownership for non-exempt property ownership transfers.
- D. Implement a quality control process that flags and identifies non-exempt property ownership transfers that did not properly uncap. When this occurs, per the Michigan State Tax Commission's "Basic Guide to Assessing" (May 2018), the assessor must:
 1. Immediately "uncap" the property and enter the new taxable value on the assessment rolls.
 2. Notify the Treasurer of the additional taxes due. If tax bills have been sent, the Treasurer must immediately send a corrected tax bill including penalties and interest.

Finding #3: Penalties For Late Filing Of Property Tax Affidavits Did Not Fully Comply With State Laws And Departmental Policies.

The Office of the Assessor did not timely assess penalties for late filings of property transfer affidavits in accordance with the Michigan State laws and departmental policies.

Background

Michigan State Tax Commission's "Transfer of Ownership Guidelines" (October 2017) requires new property owners to file a property transfer affidavit (PTA) with the local assessing office for the local unit of government in which the property is located within 45 days of transfer of ownership. Michigan's General Property Tax Act requires that if the buyer, grantee, or other transferee in the immediately preceding transfer of ownership does not notify the assessor, the property's taxable value be adjusted, additional taxes, interest and penalties, and a penalty for late filing of the PTA be levied:

Three of the primary ways the City of Detroit's Office of the Assessor can be alerted to the "non-filing" of a PTA is by:

1. The new property owner self-filing of a "late" PTA (i.e., after 45 days of the property transfer).
2. Utilizing the Wayne County register of Deeds monthly export file of the previous month's property transfers to determine if PTAs were filed for the properties.
3. Utilizing the monthly, bi-monthly, and/or quarterly notices of sales data from the Detroit Land Bank Authority (DLBA) to determine if PTAs were filed for the properties.

Condition

We reviewed a random sample of 108 residential property ownership transfers and determined that 96 of the transfers property taxable values were subject to uncapping. We reviewed the PTAs that were filed for these property ownership transfers to determine:

- If PTAs were filed timely (i.e., filed within 45 days of the property transfer.)
- If penalties were calculated correctly.
- If penalties were assessed timely.

We found that:

1. Only 20.8% (or 20/96) PTAs were filed timely, and the correct penalties were assessed.
2. The remaining 79.2% (or 76/96) of the PTAs were filed after the 45-day period.
3. There was an average of 247 days between the date the sale occurred and the date the sale was updated in the CAMA data system. Penalties for late PTA filings were assessed on average, 552 days, or 1.5 years after the property ownership transfer.

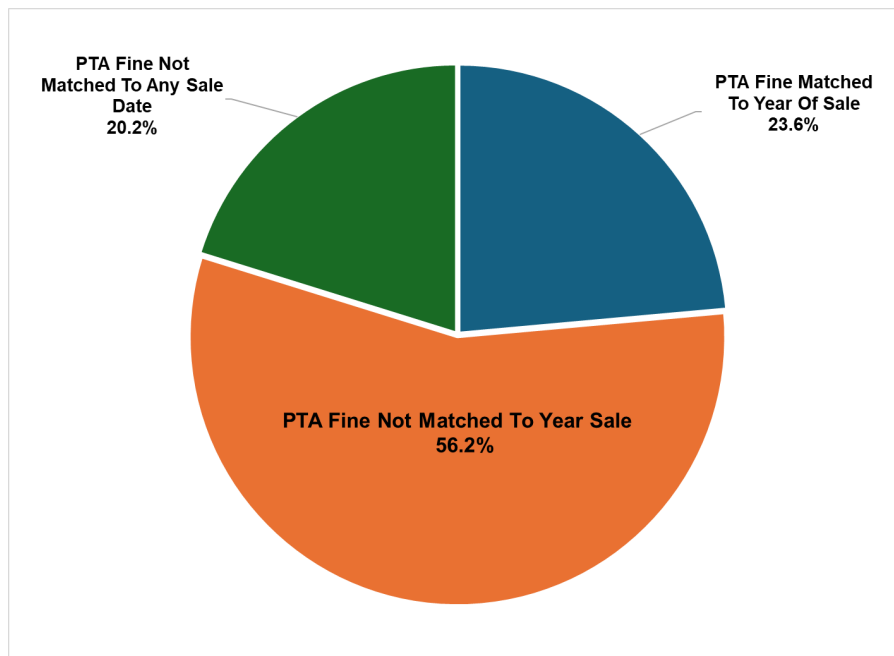
Independent Stout Analysis

Stout conducted an additional analysis of 13,674 properties that received PTA fines from 2017- 2022. They found that only 23.6% (or 3,223/13,674) properties with a PTA penalty matched to a sale/transfer in that year. The following table and chart show the number and percentage of unmatched transfers based on the range in years between the PTA penalty date compared to the year of the sale/transfer:

PTA Fines Analysis From Years 2017-2022		
Sales Matches	Total	%
PTA Fine Matched To Year Of Sale	3,223	23.6%
PTA Fine Not Matched To Year Sale (From 1 to 7 Years)	7,690	56.2%
PTA Fine Not Matched To Any Sale Date	2,761	20.2%
Total Parcel Count	13,674	100.0%

76.4% of the PTA fines levied were outside of the year or sale or had no sale date.

PTA Fines Analysis from Years 2017-2022



Stout’s analysis shows that the Office of the Assessor failed to assess PTA penalties timely for a total of 76.4% (or 10,451/13,674) of the properties analyzed. Included in these results were:

- 7,690 (or 56.2%) properties where a PTA penalty was not assessed within one to seven years of the transfer.
- 2,761 (or 20.2%) properties with a PTA fine levied, but Stout could not match to a sale/transfer date in the system.
- A true anomaly where six properties were levied PTA penalties prior to the sale being recorded in the City’s CAMA data system.

Note: The above reviews did not include the approximately 13,500 sales of Detroit Land Bank Properties from 2014 through 2020 that were revealed to the Office of the Assessor in late 2022, and as discussed in Finding #1 and Finding #6 on page 7 and page 28, respectively, of this report.

Criteria

A. Michigan State Tax Commission's "Transfer of Ownership Guidelines" (October 2017)

The law requires that the Property Transfer Affidavit shall be filed with the local assessing office for the local unit of government in which the property is located within 45 days of transfer of ownership.

B. The State of Michigan's MCL General Property Tax Act (Excerpt) Act 206 of 1893 211.27b

Requires that If the buyer, grantee, or other transferee in the immediately preceding transfer of ownership does not notify the assessor, the property's Taxable Value shall be adjusted, and the following shall be levied:

1. Any additional taxes that would have been levied if the transfer of ownership had been recorded as required under this act from the date of transfer.
2. Interest and penalty from the date the tax would have been originally levied.
3. For residential property, a penalty of \$5.00 per day for each separate failure beginning after the 45 days have elapsed, up to a maximum of \$200.00.

C. The Michigan State Tax Commission's Guide to Basic Assessing (May 2018)

States that "There are ten components to an effective assessment system. Components 1 through 4 are basic. If you do not have staff, you will not be able to maintain the records that are necessary to do the job." The first four components listed are:

1. Adequate budget, competent staff, and internal controls.
2. Complete maps and files.
3. Accurate property data.
4. Accurate sales data.

Effects

The Office of the Assessor's failure to assess PTA penalties timely does not comply with Michigan State law and results in lost revenues for the City. Further, the Office of the Assessor's inconsistent enforcement of state law may create confusion among property owners and contribute to the non-compliance.

Cause

The Office of the Assessor stated that they receive approximately 60,000 to 80,000 sales (e.g., property ownership transfers) every year. The staff is charged with making sure that [at least] 20% are entered into the system accurately. However, they do not have enough staff to review all the sales, nor is the staff adequately trained to identify missing PTAs and/or missing PTA penalties.

Recommendations

We recommend that the Office of the Assessor:

- A. Develop and implement policies and procedures to identify sales where a property transfer affidavit has not been filed timely.
- B. Assess penalties and adjust taxable values after the 45-day deadline to comply with Michigan's General Property Tax Act.
- C. Ensure that the Office of Assessor has adequate, trained, and competent staff needed to review property ownership transfers and complete all required actions associated with this activity.

Finding #4: Many Property Ownership Transfers Are Not Verified In The Computer-Assisted Mass Appraisal Data System.

The Office of the Assessor does not verify property ownership transfers in the Computer Assisted Mass Appraisal (CAMA) data system in accordance with the Michigan State Tax Commission’s standards.

Condition

The Michigan State Tax Commission (STC) sets the acceptable standards for how property ownership transfers are verified and “coded” in the CAMA data system. The STC’s CAMA Data Standards lists the following instrument type selections for use in the “Instrument of Sale” data field:

Instrument Type
Warranty Deed
Sheriffs Deed
Quit Claim
Property Transfer Affidavit
Other
Memo of Land Contract
Land Contract
Covenant Deed
Affidavit

The three primary types of “Instruments of Sale” are described below:

- **Deeds** are written legal documents whose purpose is to convey an interest in real property.
- **Affidavits** act to provide for the recording and use in evidence of affidavits affecting real property; and to provide a penalty for the making of false affidavits.
- **Land Contracts** are real estate transactions in which the buyer pays the seller for the purchase of a property over time.

All property ownership transfers (i.e., sales) must be verified by staff members in the Office of the Assessor and the type of instrument of sale updated in the system.

We reviewed 108 residential sales transactions in the CAMA data system and found that the property ownership transfer instrument of sale was not verified for more than half of the transactions. Overall, there were a total of 58 of the 108 transactions, or 53.7%, that were not verified by any transfer instrument. This included 52 deeds, one land contract, four “other” instruments, and one blank sale transaction that were not verified, as detailed in the table below:

Summary of Verification of Residential Sales						
Instrument of Sale			Verified By Type of Instrument			
Type	Description	Number	Deed	PTA	None	Total
Deeds	Warranty Deed	24	8	2	14	24
	Sheriff Deed	2	0	0	2	2
	Quit Claim Deed	56	16	4	36	56
	Covenant Deed	1	1	0	0	1
	Total Deeds	83	25	6	52	83
	<i>% Deeds</i>		<i>30.1%</i>	<i>7.2%</i>	<i>62.7%</i>	<i>100.0%</i>
Affidavits	Property Transfer Affidavit	11	0	11	0	11
	Total PTAs	11	0	11	0	11
	<i>% PTAs</i>		<i>0.0%</i>	<i>100.0%</i>	<i>0.0%</i>	<i>100.0%</i>
Land Contracts	Land Contract	3	1	1	1	3
	Total Land Contract	3	1	1	1	3
	<i>% Land Contract</i>		<i>33.3%</i>	<i>33.3%</i>	<i>33.3%</i>	<i>100.0%</i>
Other	Other	10	6	0	4	10
	Total Other	10	6	0	4	10
	<i>% Other</i>		<i>60.0%</i>	<i>0.0%</i>	<i>40.0%</i>	<i>100.0%</i>
Blank	Blank	1	0	0	1	1
	Total	1	0	0	1	1
	<i>% Blank</i>		<i>0.0%</i>	<i>0.0%</i>	<i>100.0%</i>	<i>100.0%</i>
		108	32	18	58	108
			<i>29.6%</i>	<i>16.7%</i>	<i>53.7%</i>	<i>100.0%</i>

Criteria

- Transfer of Ownership Guidelines Prepared By The Michigan State Tax Commission (Issued October 30, 2017)
Local assessors have the responsibility to determine whether transfers of property (or ownership interests) are transfers of ownership under the law. To make this determination, local assessors will sometimes need more information than is contained on the Property Transfer Affidavit.
- The Michigan State Tax Commission's Guide to Basic Assessing (May 2018)
There are ten components to an effective assessment system as follows:
 1. Adequate budget, competent staff, and internal controls.
 2. Complete maps and files.
 3. Accurate property data.
 4. Accurate sales data.
 5. Effective cost approach.
 6. Effective sales comparison approach.
 7. Effective income approach.
 8. Modern data processing and storage.
 9. Open public relations.
 10. Periodic assessment-ratio studies.

Components 1-4 are basic. If you do not have staff, you will not be able to maintain the records that are necessary to do the job.

Having accurate sales data is the fourth component in an effective assessment system and that sales data needs to be verified:

Accurate sales data is crucial for property assessments because it provides a direct, recent market indicator of what similar properties are actually selling for, which allows for a more reliable valuation of a subject property, ensuring fairness and accuracy in the assessment process by reflecting current market conditions and trends.

Effects

The effect of the Office of the Assessor's non-compliance with STC guidelines, has potentially far-reaching and long-lasting implications including (but not limited to) inaccurate property valuations and assessments, incorrect tax bills, unfair tax distribution, increases in tax appeals, and further erosion of the public's trust in the accuracy of the City's assessment rolls and the Office of the Assessor's operations.

Causes

The Office of the Assessor stated that they receive approximately 60,000 to 80,000 sales (e.g., property ownership transfers) every year. The staff is charged with making sure that [at least] 20% are entered into the system accurately. However, an error rate from this review is not calculated and the 20% review goal is a static number and is not increased if high errors are found.⁹

Throughout this audit, the Office of the Assessor's management has routinely stated that the lack of compliance is directly attributable to the lack of staff (i.e. – appraisers) high turnover, and ongoing recruiting and training of new employees.¹⁰

Recommendations

We recommend the Office of the Assessor:

- A. Develop and implement an appropriate staffing model. The model should reflect workload, training, standard operating procedures, goals, and performance targets for staff charged with entering and/or verifying sales data.
- B. Develop more detailed sub-goals, objectives, processes, and procedures that are needed to achieve its overall goal and objectives, which is to enter and/or verify property ownership transfer/sales data within a "specific" timeframe.

⁹ From the "Overview of Effective Assessment System" from the "City Of Detroit Limited Scope Forensic Audit Of Residential Property Assessment Interim Report (May 25, 2022) Of Raymond A. Roth III, CPA, CFE."

¹⁰ Repeat Causes and Recommendations from the "City Of Detroit Limited Scope Forensic Audit Of Residential Property Assessment Interim Report (May 25, 2022) Of Raymond A. Roth III, CPA, CFE", and the Office of the Auditor General's "Forensic Audit Of Citywide Residential Property Tax Assessments Second Interim Report - Office Of The Assessor Operations (April 2024), <https://www.detroitmi.gov/government/auditor-general>.

Example: An excerpt from the Tennessee Comptroller of the Treasury's Sales Data Collection and Verification publication of the Division of Property Assessments, approved by State Board of Equalization (January 2020) states that:

The verification of sales data is not a clerical function and must involve experienced appraisal personnel. Verification of all sales should be completed promptly and entered into the CAMA system no later than 90 calendar days from the date of recording.

C. Use one of the following STC acceptable standards for how property ownership transfers are verified and "coded" in the CAMA data system. The STC's CAMA Data Standards selection to verify all sales transfers:

Instrument Type
Warranty Deed
Sheriffs Deed
Quit Claim
Property Transfer Affidavit
Other
Memo of Land Contract
Land Contract
Covenant Deed
Affidavit

Finding #5: Property Transfer Affidavit Penalties Were Added To Property Tax Bills Without Prior Notification To New Property Owners.

The Office of the Assessor did not immediately notify new property owners of Michigan’s General Property Tax Act, as amended, requiring them to file a property transfer affidavit (PTA) within 45 days of a property ownership transfer. Instead, the Office of the Assessor levied PTA penalties for the years 2017 through 2022 and placed them on the new property owner’s winter tax bills without the required prior notification. Also, the policies and procedures surrounding the automatic levying of PTA penalties are inadequate, not well-defined, and insufficient in providing a framework that allows for compliance with Michigan State Tax Commission’s Guide to Basic Assessing (May 2018.)

Condition

In October 2022, the Office of the Assessor informed us of a “new” process that they, and the Office of the Treasury, implemented in 2017, to capture, levy, and add PTA penalties to new property owners’ winter tax bills.¹¹ To accomplish this task, the Office of the Assessor provides a “flat file” via email to the Treasurer, who adds the “special assessment” to the new property owner’s winter tax bill.

The Office of the Assessor did not comply with the STC’s authoritative guidance and did not notify the new property owner of the requirement to file a PTA, nor provide them with the PTA form prior to levying penalties.

It should be noted that in November 2022, during a follow-up discussion with the Office of the Assessor regarding the new process, we were first informed about the Detroit Land Bank Authority’s backlog of approximately 13,500 sales from 2014 through 2020. The handling of these property ownership transfers is discussed in Finding #1 on page 7 of this report. The Office of the Assessor advised us that the penalty file provided to us for review, however, did not include these sales.

We conducted an on-site observation of the Office of the Assessor’s “2022 Winter Property Tax Season Kick-Off Event” which gives taxpayers opportunities to ask questions about kiosk payments and paying winter property tax bills. We observed staff members receiving questions about PTA penalties placed on their winter tax bills. Many of the taxpayers complained about all of the [special assessments] fees “being on one bill.” Staff members advised taxpayers that all fees that are included on the bill receive a 1% penalty each month if not paid by the due date.

¹¹ MCL General Property Tax Act (Excerpt) Act 206 of 1893 211.27b states that If the buyer, grantee, or other transferee in the immediately preceding transfer of ownership does not notify the assessor, the property’s Taxable Value shall be adjusted, and the following shall be levied:

1. Any additional taxes that would have been levied if the transfer of ownership had been recorded as required under this act from the date of transfer.
2. Interest and penalty from the date the tax would have been originally levied.
3. For residential property, a penalty of \$5.00 per day for each separate failure beginning after the 45 days have elapsed, up to a maximum of \$200.00.

The Office of the Assessor provided parcel information for the years 2017 through 2022, in which PTA penalties were levied and added to property owner’s winter tax bills.

As detailed in the table below, from 2017 to 2022, the City’s Treasurer added \$3,293,870 in PTA fines/penalties to property owners winter tax bills. According to reports provided by the Office of Chief Financial Officer, through this process, as of May 2023, \$829,194 was collected from the penalties imposed:

PTA Fines Levied On Winter Tax Bills			
Year	No. of Parcels	PTA Fine Amount Levied on Winter Tax Bills	PTA Fines Collected from Winter Tax Bills Per OCFO
2017	285	\$ 58,599	\$ -
2018	1,172	259,815	-
2019	3,528	806,155	123,692
2020	716	135,536	413,236
2021	2,581	620,135	34,051
2022	5,410	1,413,630	258,215
Totals	13,692	\$ 3,293,870	\$ 829,194

Criteria

- A. The Michigan State Tax Commission’s Guide to Basic Assessing (May 2018)
If a Property Transfer Affidavit is not timely filed and the assessor believes a transfer took place, he/she must immediately send out a [PTA] form to the new owner. The assessor must notify the treasurer of the additional taxes due. If tax bills have been sent, the Treasurer must immediately send a corrected tax bill including penalty and interest.¹²
- B. The Office of the Assessor’s Analysis of Special Fee Imports and Balancing Process, Property Transfer Affidavit (PTA) Fee Import Section
In November of each year, the Office of the Assessor provides a final data file of property transfer affidavit’s (PTAs) late filing fees that are to be billed on the winter tax bill. The file is delivered by Assessing to Treasury in a BS&A standard Special Assessment from Non-BS&A Software Sources (Fixed Field Length) or (Comma Delimited) text file format.

Effects

According to the Office of the Assessor, they are conscious of the fact that many new property owners are not aware of the requirement to file a property tax affidavit (PTA) when property ownership transfers occur. By not following the State’s Tax Commission guidelines to notify and educate these new property owners, the Office of the Assessor is punitively adding penalties to property tax bills and further eroding the public trust in the operations and actions of the Office of the Assessor. Without timely notification, property owners do not have an opportunity to comply with the law and potentially avoid progressive penalties.

¹² Our interpretation of the STC’s authoritative guidance was confirmed by Mr. William Gast, Education Coordinator Property Services Division, Michigan Department of Treasury, on February 15, 2025.

Causes

The Office of the Assessor management stated that “some people close on their home and never do a PTA.” They noted that many sales originated from Wayne County and PTAs are never filed, or “people come in 10 years later and say they didn’t know they had to do this [PTA] form.” This is where we get PTA penalties. The county sent it to us, but they never came in; so that sale is entered by way of deed or import.

Recommendation

We recommend that the Office of the Assessor discontinue the practice of adding penalties to new property owners winter tax bills arising from late filings of property transfer affidavits, pending the development and implementation of policies, procedures, and practices that:

1. Educate the public on Michigan’s General Property Tax Act law through enhanced and increased outreach efforts.
2. Comply with the State Tax Commission’s authoritative guidance to send out a [PTA] form to the new owner as soon as they identify that a transfer of ownership has occurred based on something “other than” a PTA (i.e., sales and deed information from the Wayne County Registrar of Deeds.)

Finding #6: Property Transfer Affidavit Penalties Were Waived Without Approval From Detroit City Council.

The Office of the Assessor waived (i.e., did not assess) potential penalties associated with late filing of property transfer affidavits without the approval of Detroit City Council.

Condition

The Office of the Assessor did not seek Detroit City Council approval (by resolution) to waive penalties associated with late filings of property transfer affidavits for approximately 13,500 sales of Detroit Land Bank Authority properties from 2014 through 2020, as required by the Michigan General Property Tax Act, as amended.

Criteria

The State of Michigan’s MCL General Property Tax Act (Excerpt) Act 206 of 1893 211.27b states that “the governing body of a local tax collecting unit may waive, by resolution, the penalty levied under the law.”¹³

Cause

The Office of the Assessor management stated that the Quality Control and Training section are short staffed. They indicated that “of the 60,000 to 80,000 sales they receive a year, they try to review twenty percent, and sometimes things still get missed.” They also stated that there was a backlog of prior year sales transactions that could only be entered into the City’s CAMA data system during certain times of the year.

The Assessor believed they had the authority to waive penalties. In support of waiving the penalties, the Assessor stated that:

The buyers of land bank properties should not be penalized for relying, in good faith, on the DLBA to file the necessary paperwork regarding these sales. Uncapping the property to the date of sale would result in tax bills exceeding the value of the property, which would be unfair to the buyers.

Effect

Detroit City Council did not have the opportunity to exercise its authority to make the decision whether or not to waive fees in this instance.

When leadership in the Office of the Assessor does not comply with the law, it sends mixed signals to the public at large. What other circumstance might surface in the future whereby the Assessor at their own discretion determines to waive fees without detection and without Council’s approval? The potential for future circumvention of proper oversight is increased without seeking City Council’s approval.

¹³ Our interpretation of the State of Michigan’s MCL General Property Tax Act (Excerpt) Act 206 of 1893 211.27b was confirmed by Mr. William Gast, Education Coordinator Property Services Division, Michigan Department of Treasury, on February 15, 2025.

Recommendation

We recommend the Office of the Assessor comply with Michigan's General Property Tax Act and seek Detroit City Council approval, by resolution, prior to waiving penalties that should be levied under the Michigan General Property Tax Act, as amended.

COMPREHENSIVE OVERVIEW OF AUDIT FINDINGS AND RECOMMENDATIONS

Office Of The Auditor General Second Interim Report – Operations (April 2024)

FINDINGS		REF	RECOMMENDATIONS
1.	There Is A Lack Of Evidence Of Compliance With The Legal Requirement To Inspect Twenty Percent Of Residential Properties Annually	A	Perform an analysis of annual residential parcel inspections. Completing this analysis and understanding how many parcels are completed through desktop reviews will help the Office of the Assessor to better determine its staffing needs in line with the State Tax Commission (STC) guidelines. In addition, they can also review the appropriateness of desktop reviews versus field reviews depending on the types of properties and locations needing inspection.
		B	Develop and implement an appropriate staffing model. The model should reflect workload, training, standard operating procedures, goals, and performance targets for residential appraisers.
		C	Develop more detailed sub-goals, objectives, processes, and procedures that are needed to achieve its overall goal and objectives, which is to accurately value properties within STC mandated timeframes.
2.	There Are Multiple Indicators of Vacancy And There Are Inconsistencies and Contradictions Between the Various Indicators of Vacant Property	A	Conduct a Vacant Land Sample. The City’s property records include over 122,000 parcels identified as vacant land, which increased by more than 45,000 (60% increase) following the Reappraisal. Although it is widely recognized that the City contains numerous vacant parcels, an audit of all vacant parcels will improve the overall accuracy of the property records. The study may identify areas for improvement to its processes to help maintain accuracy going forward.
		B	Identify the City’s single indicator of vacancy and release information to the public (residents, investors, etc.). If this is not feasible, develop and release detailed information on how to interpret the various data fields and indicators of vacancy.
		C	Establish appropriate transaction edits in Equalizer/BS&A/Assessng.Net and implement line-level managerial or supervisor reviews of property changes. Thresholds should be low enough to provide reasonable assurance of accurate assessments and updates but should not stifle productivity.
		D	Provide [develop] transaction exception reports to managers or supervisors so they can review the accuracy of work done by their subordinates.
		E.	Establish an action plan and timeline to make immediate corrections to parcels that have conflicting indicators of vacancy.

COMPREHENSIVE OVERVIEW OF AUDIT FINDINGS AND RECOMMENDATIONS

Office Of The Auditor General Second Interim Report – Operations (April 2024)

FINDINGS		REF	RECOMMENDATIONS
3.	There Is A Lack Of Operational Efficiency When Using The City’s Computer Assisted Mass Appraisal Data System	A	Perform a “Data Observability Study “ to fully understand the health of the data in the organization’s systems.
		B	Conduct a feasibility study to explore the merits and costs of a project to invest in a new Computer Assisted Mass Appraisal Data system that is cloud-based and that meets all STC standards.
4.	There Is A Lack of Policies Unique To The Organization’s Activities	A	1. Create a “Conflict of Interest” policy unique to the City of Detroit’s assessing activities.
			2. Create a “Code of Ethics” policy to include best industry practices.
5.	Did Not Fully Comply With Record Retention, Policies, Procedures, And State Laws	A	Adhere to and comply with all local and State laws pertaining to the record retention policies and procedures for assessing documentation.
		B	Preserve a record of all values that are certified to the County and State taxing authorities. This should include detailed and adequate support for the assessments and valuations, and a historical file and/or readable database.

NOTES OF CONCERN		REF	RECOMMENDATIONS
1.	Did Not Comply with the Michigan State Tax Commission Computer Assisted Mass Appraisal Data System Standards for the Correct Listing of Attributes of Residential Parcels	1	We are concerned with the slow progress and recommend that the Office of the Assessor assign adequate staffing to the project plan so that updates are completed which will bring the City’s property attributes in full alignment with the standards.
2.	Key Performance Metrics Tracking And Reporting Attributes Of Residential Parcels Are Lacking In Some Areas And Do Not Capture Or Include Vital Information	2	We commend the Office of the Assessor for implementing this valuable management tool and recommend that they continue to work to improve the adequacy of their key performance metrics and reports.

COMPREHENSIVE OVERVIEW OF AUDIT FINDINGS AND RECOMMENDATIONS

Limited Scope Forensic Audit Of Residential Property Assessment Interim Report Of Raymond A. Roth III, CPA, CFE, Stout Risius Ross, LLC (June 2022)

FINDINGS		RECOMMENDATIONS
105.a.	Use all Available Budget	The Assessments Division has not used all of its available budget in any year of the Pre- or Post- Reappraisal Period. A lack of staffing resources was consistently cited among all employees of the Assessments Division I interviewed. However, the absence of staff is not completely from a lack of available budget, but rather from not fully using the budget that is available.
105.b.	Enhance Employee Recruitment and Retention	As stated above, the lack of staffing is not completely related to a lack of Assessments Division budget, but also the difficulties in recruiting and retaining employees. The Assessments Division, along with the City's Human Resources Department should develop processes that better recruit and retain employees to the Assessments Division. These processes should consider not only compensation related to other jurisdictions but also increased workloads compared to these other divisions, safety considerations for field reviews, opportunities for career advancement and other considerations related to overall job satisfaction.
105.c.	Evaluate Staffing Needs and Prioritization of Special Projects from City Leadership	Many of the Assessments Division's employees I interviewed identified special projects that originate from the Mayor's Office and/or City Council that further exacerbate the staffing shortage. The Deputy Chief Financial Officer/Assessor has demonstrated a solutions-oriented approach in complying with these requests, but City Leadership may need to be better informed how these requests impact the overall mission of the Assessments Division and identify additional resources to assist in meeting their requests.
105.d.	Develop More Detailed Goals and Objectives	The Assessments Division has an overall goal and objective to accurately value properties within State Tax Commission (STC) mandated timeframes. However, it has not developed sub-goals and objectives relating to the processes needed to achieve its overall goal and objective. Developing process related goals and objectives will allow for the creation of more specific policies and procedures that will help the Assessments Division maximize its efficiency and effectiveness.
105.e.	Create Formal Risk Assessments	The Assessments Division has not created any formal risk assessments. business operations for both the public and private sectors. Without developing risk assessments, the Assessments Division cannot effectively develop systems and processes to first identify its most critical vulnerabilities and then design processes and procedures to mitigate the risk.
105.f.	Develop More Detailed Written Policies and Procedures	The Assessments Division's policies and procedures that were provided to me were lacking critical information to be effective. Most notably, the policies and procedures did not contain overall objectives, the employees/positions responsible for completing tasks and opportunities for review, oversight, and quality control. In addition, the Assessments Division should design policies that specifically relate to critical perceived risks so that it can design control activities that limit its exposure to those risks. To complement policies and procedures, the Assessments Division should also create visual flow charts of policies and procedures that demonstrate the sources and flow of information, and the intermediary steps needed, and by whom, to achieve its valuations.

COMPREHENSIVE OVERVIEW OF AUDIT FINDINGS AND RECOMMENDATIONS

**Limited Scope Forensic Audit Of Residential Property Assessment Interim Report
Of Raymond A. Roth III, CPA, CFE, Stout Risius Ross, LLC (June 2022)**

FINDINGS		RECOMMENDATIONS
105.g.	Preserve Documents and Information that Support Certified Assessed Values	The Assessments Division's per parcel assessed values do not reconcile with the certified assessed values submitted to the STC. The Deputy CFO/Assessor represented that this is the result of timing differences between the certification and when this data was pulled. The Assessments Division should preserve all values that are certified to the STC as well as any additional support for those values and subsequent changes.
106.a	Conduct Analysis of Annual Residential Parcel Review	The Assessments Division is tasked with reviewing at least 20% of residential parcels each year by City Council. ²⁸ The Assessments Division has represented that it is in compliance with this mandate, but I have not reviewed any documentation to verify this assertion. In addition, the Assessments Division is unaware of which properties, or even how many, are reviewed through field site visits as opposed to a desktop review using aerial imagery. The aerial imagery is identified as a key piece of technology to supplement staffing shortages, but it was also noted that for certain properties, especially the lowest value properties, this type of review increases the risk of over assessment by not allowing the identification of deteriorated housing quality. By understanding how many parcels are completed through a desktop review the Assessing Division can better determine its staffing needs per STC guidelines. In addition, the Assessing Division can also review the appropriateness of a desktop review as opposed to a field review with better understanding of the properties and locations that received the different type of review.
106.b	Review Key Metrics and Ratios Used by the Assessments Division	The Deputy CFO/Assessor represented that the assessment-to-sales ratios are computed and reviewed periodically but has not provided those analyses despite a request made in December 2021. Analysis of this information could provide additional insight into the quality and efficiency of assessing operations
106.c	Audit Missing PTA Documents	The Assessments Division relies on Property Transfer Affidavits (PTAs) to verify and validate arm's length sales. However, it was also noted that there is concern that not all residents are aware of the need to file this document, or investors that choose not to. Conducting a sample of parcels identified as transferred from the county to records indicating whether a PTA was received can identify the incidents where a PTA has not been filed and consideration of any processes for follow-up if not filed.

COMPREHENSIVE OVERVIEW OF AUDIT FINDINGS AND RECOMMENDATIONS

**Limited Scope Forensic Audit Of Residential Property Assessment Interim Report
Of Raymond A. Roth III, CPA, CFE, Stout Risius Ross, LLC (June 2022)**

FINDINGS		RECOMMENDATIONS
106.d	Review the Collaboration with Building, Safety Engineering & Environmental Department (“BSEED”) Regarding Incorporation of Permits into Assessing Activity	Much of the work that the Assessments Division conducts for individual properties on an annual basis is the update of changes to each property. Review of building permit data allows for the identification of major changes to properties. Accordingly, the OAG 2011 Performance Audit Report identified the need for better collaboration between Building Safety Engineering and Environmental Department (BSEED) and the Assessments Division, which was represented to have occurred. However, formal written processes for how the permit data is incorporated into Assessments Division’s operations and updates was requested but not provided.
106.e	Conduct Analysis of Vacant Land	The Assessments Division records over 122,000 parcels identified as vacant land, which increased by more than 45,000 (60% increase) following the Reappraisal. Although it is widely recognized that the City contains numerous vacant parcels, an audit of these parcels to confirm that all of these parcels remain vacant could improve the overall accuracy of the Assessments Divisions records and identify updates needed to its processes.

APPENDIX A

Audit Purpose, Scope, Objectives, And Methodology

Audit Purpose

The “Forensic Audit of Citywide Residential Property Tax Assessments” was performed in accordance with the Office of the Auditor General’s charter mandate to make audits of the financial transactions, performance, and operations of City agencies based on an annual risk-based audit plan prepared by the Auditor General, or as otherwise directed by the City Council, and report findings and recommendations to the City Council and the Mayor.

Audit Scope

This is a performance audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) 2018 Revision, compiled by the Comptroller General of the United States Government Accountability Office (See “**APPENDIX B: Generally Accepted Government Auditing Standards**” on page 37 of this report for more information on GAGAS.)

The full scope of this audit was from January 1, 2010 – December 31, 2020. However, this Third Interim report focuses on the “Post-Appraisal Period” from January 1, 2017, to December 31, 2020.

Audit Objectives

The audit objectives were to:

- Comply with City Council’s request to conduct a forensic audit of the City of Detroit Residential Property Tax Assessments to include a review of internal controls, and include a report on findings, issues, concerns, and recommendations.
- Identify changes from historical practices that were included in the reassessment that was effective beginning for the 2017 tax year.
- Determine the status of the prior audit findings in the Auditor General’s Performance Audit of the Finance Department Assessments Division (July 2008-June 2011) that are relevant within the scope and objectives of this audit.
- Review and determine whether recommendations made by other independent studies were incorporated into assessing activities.

Audit Methodology

To accomplish our objectives, our audit approach and methodology included:

- Reading relative prior audit reports.
- Reviewing prior audit working papers, the City Charter, Executive Orders, financial reports, budget reports, the City’s Comprehensive Annual Financial Report, organization charts, Finance Directives, Chief Financial Officer Directives, and any other reports or directives pertinent to Office of the Assessor.

APPENDIX A

Audit Purpose, Scope, Objectives, And Methodology

- Gathering policies and procedures of core operations and other similar data.
- Conducting audit-planning meetings to determine the scope and audit objectives, and to determine the financial transactions and/or areas to audit.
- Developing questions regarding transactions, processes and procedures, controls, functions, records, and personnel.
- Interviewing relevant personnel of entities directly involved in the Office of the Assessor's affairs and other relevant City personnel.
- Observing, documenting, and testing of relevant processes, procedures, contracts, and agreements.
- Conducting any necessary additional testing and completing any other audit steps necessary to draw conclusions to the relevant objectives.
- Developing recommendations for all findings.

Generally Accepted Government Auditing Standards For Performance Audits

The City of Detroit Office of the Auditor General follows “Generally Accepted Government Auditing Standards” also known as “GAGAS” as compiled by the United States Government Accountability Office (GAO).¹⁴

The Office of the Auditor General also complies with GAGAS standards requiring an **External Peer Review**¹⁵:

§5.60 Each audit organization conducting engagements in accordance with GAGAS must obtain an external peer review conducted by reviewers independent of the audit organization being reviewed. The peer review should be sufficient in scope to provide a reasonable basis for determining whether, for the period under review, (1) the reviewed audit organization’s system of quality control was suitably designed and (2) the organization is complying with its quality control system so that it has reasonable assurance that it is performing and reporting in conformity with professional standards and applicable legal and regulatory requirements in all material respects.

Highlighted below are excerpts from the GAO and GAGAS relating to **Performance Audits**:

§1.21: Performance audits provide objective analysis, findings, and conclusions to assist management and those charged with governance and oversight with, among other things, improving program performance and operations, reducing costs, facilitating decision making by parties responsible for overseeing or initiating corrective actions, and contributing to public accountability.

§1.22 Performance audit objectives vary widely and include assessments of program effectiveness, economy, and efficiency; internal control; compliance; and prospective analyses. Audit objectives may also pertain to the current status or condition of a program. These overall objectives are not mutually exclusive.

For example, a performance audit with an objective of determining or evaluating program effectiveness may also involve an additional objective of evaluating the program’s internal controls. Key categories of performance audit objectives include the following:

- a. Program effectiveness and results audit objectives. These are frequently interrelated with economy and efficiency objectives. Audit objectives that focus on program effectiveness and results typically measure the extent to which a program is achieving its goals and objectives. Audit objectives that focus on economy and efficiency address the costs and resources used to achieve program results.
- b. Internal control audit objectives. These relate to an assessment of one or more aspects of an entity’s system of internal control that is designed to provide reasonable assurance of achieving effective and efficient operations, reliability of

¹⁴ Government Auditing Standards (Yellow Book) 2018 Revision; www.gao.gov/yellowbook.

¹⁵ The Office of the Auditor General’s most recent Peer Review may be found on the City’s Website: <https://www.detroitmi.gov/government/auditor-general>.

Generally Accepted Government Auditing Standards For Performance Audits

reporting for internal and external use, or compliance with provisions of applicable laws and regulations. Internal control objectives also may be relevant when determining the cause of unsatisfactory program performance. Internal control is a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved. Internal control comprises plans, methods, policies, and procedures used to fulfill the mission, strategic plan, goals, and objectives of the entity.

- c. Compliance audit objectives. These relate to an assessment of compliance with criteria established by provisions of laws, regulations, contracts, or grant agreements, or other requirements that could affect the acquisition, protection, use, and disposition of the entity's resources and the quantity, quality, timeliness, and cost of services the entity produces and delivers. Compliance requirements can be either financial or nonfinancial.
- d. Prospective analysis audit objectives. These provide analysis or conclusions about information that is based on assumptions about events that may occur in the future, along with possible actions that the entity may take in response to future events.

There are four "Elements of a Finding" in a Performance Audit. The following excerpt(s) from GAGAS describe how auditors develop Findings:

§8.116 As part of a performance audit, when auditors identify findings, they should plan and perform procedures to develop the criteria, condition, cause, and effect of the findings to the extent that these elements are relevant and necessary to achieve the audit objectives.

§8.125 **Condition:** Condition is a situation that exists. The condition is determined and documented during the audit.

§8.124 **Criteria:** To develop findings, criteria may include the laws, regulations, contracts, grant agreements, standards, measures, expected performance, defined business practices, and benchmarks against which performance is compared or evaluated. Criteria identify the required or desired state or expectation with respect to the program or operation. The term program includes processes, projects, studies, policies, operations, activities, entities, and functions. Criteria provide a context for evaluating evidence and understanding the findings, conclusions, and recommendations in the report.

§8.126 **Cause:** The cause is the factor or factors responsible for the difference between the condition and the criteria and may also serve as a basis for recommendations for corrective actions. Common factors include poorly designed policies, procedures, or criteria inconsistent, incomplete, or incorrect implementation, or factors beyond the control of program management. Auditors may assess whether the evidence provides a reasonable and convincing argument for why the stated cause is the key factor contributing to the difference between the condition and the criteria.

Generally Accepted Government Auditing Standards For Performance Audits

§8.127 **Effect or potential effect:** The effect or potential effect is the outcome or consequence resulting from the difference between the condition and the criteria. When the audit objectives include identifying the actual or potential consequences of a condition that varies (either positively or negatively) from the criteria identified in the audit, effect is a measure of those consequences. Effect or potential effect may be used to demonstrate the need for corrective action in response to identified problems or relevant risks.

GAGAS, also provides the following “**Reporting Standards for Performance Audits**”:

§9.27 **Conclusions:** Report conclusions are logical inferences about the program based on the auditors’ findings, not merely a summary of the findings. The strength of the auditors’ conclusions depends on the persuasiveness of the evidence supporting the findings and the soundness of the logic used to formulate the conclusions. Conclusions are more compelling if they lead to the auditors’ recommendations and convince the knowledgeable user of the report that action is necessary.

§9.23 **Recommendations:** When feasible, auditors should recommend actions to correct deficiencies and other findings identified during the audit and to improve programs and operations when the potential for improvement in programs, operations, and performance is substantiated by the reported findings and conclusions. Auditors should make recommendations that flow logically from the findings and conclusions, are directed at resolving the cause of identified deficiencies and findings, and clearly state the actions recommended.

§9.28 **Effective recommendations** encourage improvements in the conduct of government programs and operations. Recommendations are effective when they are addressed to parties that have the authority to act and when the recommended actions are specific, feasible, cost effective, and measurable.

Act No. 97
Public Acts of 2024
Approved by the Governor
July 23, 2024
Filed with the Secretary of
State July 23, 2024
EFFECTIVE DATE: Sine Die
(91st day after final adjournment of the 2024 Regular Session)

STATE OF MICHIGAN
102ND LEGISLATURE
REGULAR SESSION OF 2024

Introduced by Senator Santana

ENROLLED SENATE BILL No. 175

AN ACT to amend 1893 PA 206, entitled “An act to provide for the assessment of rights and interests, including leasehold interests, in property and the levy and collection of taxes on property, and for the collection of taxes levied; making those taxes a lien on the property taxed, establishing and continuing the lien, providing for the sale or forfeiture and conveyance of property delinquent for taxes, and for the inspection and disposition of lands bid off to the state and not redeemed or purchased; to provide for the establishment of a delinquent tax revolving fund and the borrowing of money by counties and the issuance of notes; to define and limit the jurisdiction of the courts in proceedings in connection with property delinquent for taxes; to limit the time within which actions may be brought; to prescribe certain limitations with respect to rates of taxation; to prescribe certain powers and duties of certain officers, departments, agencies, and political subdivisions of this state; to provide for certain reimbursements of certain expenses incurred by units of local government; to provide penalties for the violation of this act; and to repeal acts and parts of acts,” by amending section 27b (MCL 211.27b), as amended by 2012 PA 382.

The People of the State of Michigan enact:

Sec. 27b. (1) If the buyer, grantee, or other transferee in the immediately preceding transfer of ownership of property does not notify the appropriate assessing office as required by section 27a(10), the property’s taxable value must be adjusted under section 27a(3) and, subject to subsection (9), all of the following must be levied:

(a) Any additional taxes that would have been levied if the transfer of ownership had been recorded as required under this act from the date of transfer.

(b) Interest and penalty from the date the tax would have been originally levied.

(c) For property classified under section 34c as either industrial real property or commercial real property, a penalty in the following amount:

(i) Except as otherwise provided in subparagraph (ii), if the sale price of the property transferred is \$100,000,000.00 or less, \$20.00 per day for each separate failure beginning after the 45 days have elapsed, up to a maximum of \$1,000.00.

(ii) If the sale price of the property transferred is more than \$100,000,000.00, \$20,000.00 after the 45 days have elapsed. However, if the appropriate assessing office determines that the failure to notify the assessing office within 45 days after the property’s transfer of ownership was due to reasonable cause and not the willful neglect

APPENDIX C
ENROLLED SENATE BILL No. 175

of the buyer, grantee, or other transferee, the penalty under subparagraph (i) must be imposed. If the appropriate assessing office makes a determination that the failure to notify the assessing office within 45 days after the property's transfer of ownership was a result of the willful neglect of the buyer, grantee, or other transferee, that assessing office shall promptly send that buyer, grantee, or other transferee written notice, by certified mail, of that determination. A buyer, grantee, or other transferee who is assessed the penalty under this subparagraph may appeal that determination to the Michigan tax tribunal.

(d) For real property other than real property classified under section 34c as industrial real property or commercial tax property, a penalty of \$5.00 per day for each separate failure beginning after the 45 days have elapsed, up to a maximum of 1 of the following, as applicable:

(i) For property owned and occupied as a principal residence, \$200.00. As used in this subparagraph, "principal residence" means that term as defined in section 7dd.

(ii) For all other property, \$4,000.00.

(2) The appropriate assessing officer shall certify for collection to the treasurer of the local tax collecting unit if the local tax collecting unit has possession of the tax roll or the county treasurer if the county has possession of the tax roll any additional taxes due under subsection (1)(a) and any penalty due under subsection (1)(c) or (d).

(3) The treasurer of the local tax collecting unit if the local tax collecting unit has possession of the tax roll or the county treasurer if the county has possession of the tax roll shall collect any taxes, interest, and penalty due pursuant to this section, and shall immediately prepare and submit a corrected tax bill for any additional taxes due under subsection (1)(a) and any interest and penalty due under subsection (1)(b). A penalty due under subsection (1)(c) or (d) may be collected with the immediately succeeding regular tax bill.

(4) Any taxes, interest, and penalty collected pursuant to subsection (1)(a) and (b) must be distributed in the same manner as other delinquent taxes, interest, and penalties are distributed under this act. Any penalty collected under subsection (1)(c) or (d) must be distributed to the local tax collecting unit.

(5) The governing body of a local tax collecting unit may waive, by resolution, the penalty levied under subsection (1)(c) or (d).

(6) If the taxable value of property is increased under this section, the appropriate assessing officer shall immediately notify by first-class mail the owner of that property of that increase in taxable value. A buyer, grantee, or other transferee may appeal any increase in taxable value or the levy of any additional taxes, interest, and penalties under subsection (1) to the Michigan tax tribunal within 35 days of receiving the notice of the increase in the property's taxable value. An appeal under this subsection is limited to the issues of whether a transfer of ownership has occurred and correcting arithmetic errors. A dispute regarding the valuation of the property is not a basis for appeal under this subsection.

(7) If the taxable value of property is adjusted under subsection (1), the assessing officer making the adjustment shall file an affidavit with all officials responsible for determining assessment figures, rate of taxation, or mathematical calculations for that property within 30 days of the date the adjustment is made. The affidavit must state the amount of the adjustment, and the amount of additional taxes levied. The officials with whom the affidavit is filed shall correct all official records for which they are responsible to reflect the adjustment and levy.

(8) Notification of a transfer of ownership provided as required under section 27a(10) or a levy of additional taxes, interest, and penalty under this section must not be considered a determination of or evidence of the classification of the property transferred as real or personal property.

(9) The levy described in subsection (1) is a lien against the property only if the property is still owned by the buyer, grantee, or other transferee that failed to notify the appropriate assessing office as required by section 27a(10). If the property has subsequently been transferred to a buyer, grantee, or other transferee who did notify the appropriate assessing office as required by section 27a(10), the amounts described in subsection (1)(a) to (d) must not be levied on the property and must instead be treated as the personal liability of the prior buyer, grantee, or other transferee that failed to notify the appropriate assessing office as required by section 27a(10) of the prior transfer. Subject to subsection (10), the official described in subsection (3) shall collect those amounts and distribute them in the manner described in subsection (4). The governing body of a local tax collecting unit may waive, by resolution, the personal liability of the prior buyer, grantee, or other transferee for the amounts described in subsection (1)(c) or (d).

(10) The state treasurer, or an authorized representative of the state treasurer, shall serve as the collection agent for the amounts described in subsection (1)(a) to (d), when those amounts are treated as a personal liability as described in subsection (9), upon the request of the official described in subsection (3). The state shall retain up to 20% of any amounts recovered for its collection fee. The state treasurer, or an authorized representative of the state treasurer, shall distribute the recovered amounts, net of collection fees, to the official making the request. The recovered amounts received by the official described in subsection (3) must be distributed in the

APPENDIX C
ENROLLED SENATE BILL No. 175

manner described in subsection (4). The state treasurer, or an authorized representative of the state treasurer, shall administer collections described in this subsection under section 25 of 1941 PA 122, MCL 205.25.


Secretary of the
Senate


Clerk of the House of Representatives

Approved

Governor

**OFFICE OF THE AUDITOR GENERAL
FORENSIC AUDIT OF CITYWIDE RESIDENTIAL PROPERTY TAX ASSESSMENTS
THIRD INTERIM REPORT – PROPERTY TRANSACTIONS
JANUARY 2025**

Departmental Responses and Action Plan

FINDING #	AUDIT FINDING	RECOMMENDATIONS		RESPONSIBLE DEPARTMENT	DEPARTMENT RESPONSE(S) AND ACTION PLAN	ESTIMATED/ PLANNED IMPLEMENTATION DATE	CONTACT PERSON	CONTACT PERSON NUMBER/EMAIL
		REF	SPECIFIC RECOMMENDATION					
1.	Property Ownership Transfers Are Not Updated Timely Or Adequately In the Computer Assisted Mass Appraisal Data System.	A.	Ensure that the monthly files received from the Wayne County Register of Deeds, which contain the previous months recorded property ownership transfers (deeds) are properly, timely, and accurately updated in the City's Computer Assisted Mass Appraisal (CAMA) data system.	Office of the Assessor	Since mid-2022, the Office of the Assessor has received an import file from the Wayne County ROD, which is imported and converted into our CAMA system.	Continuous	Daryl Hardy	dhary@detroitmi.gov
		B.	Collaborate with the Detroit Land Bank Authority and update the internal "Detroit Land Bank Authority Sales Entry Policy and Procedure" to ensure that it is efficient and effective and provides for proper, timely, and accurate updates of property ownership transfers in the City's CAMA data system.	Office of the Assessor	Discussion with the DLBA over properly accounting for DLBA inventory have been ongoing. Much progress has been made over the last few years in reconciling ownership information between the DLBA and Assessors.	Continuous	Trina Milburn	milburnt@detroitmi.gov
2.	Some Residential Properties Were Not Properly Uncapped In The Year Following The Non-exempt Property Ownership Transfer.	We recommend that the Office of the Assessor take immediate steps to develop, and/or review and revise the processes and procedures surrounding property ownership transactions. The Office of the Assessor should:						
		A.	Ensure that the monthly property ownership transfer information from the Wayne County Register of Deeds and the Detroit Land Bank Authority is updated in the City's CAMA data system timely.	Office of the Assessor	Ownership information is updated on a continuous basis in our CAMA system.	Continuous	Trina Milburn	milburnt@detroitmi.gov

**OFFICE OF THE AUDITOR GENERAL
FORENSIC AUDIT OF CITYWIDE RESIDENTIAL PROPERTY TAX ASSESSMENTS
THIRD INTERIM REPORT – PROPERTY TRANSACTIONS
JANUARY 2025**

Departmental Responses and Action Plan

FINDING #	AUDIT FINDING	RECOMMENDATIONS		RESPONSIBLE DEPARTMENT	DEPARTMENT RESPONSE(S) AND ACTION PLAN	ESTIMATED/ PLANNED IMPLEMENTATION DATE	CONTACT PERSON	CONTACT PERSON NUMBER/EMAIL
		REF	SPECIFIC RECOMMENDATION					
		B.	Follow the Michigan General Property Act and the STC guidelines to immediately enter the new taxable value on the assessment rolls when there is a “non-exempt” transfer.	Office of the Assessor	We believe we are compliant with STC guidelines in this regard.		Alvin Horhn	horhna@detroitmi.gov
		C.	Uncap the property’s taxable value the year following the transfer of ownership for non-exempt property ownership transfers.	Office of the Assessor	Property is uncapped per state law. In those instances where the uncapping didn’t occur the year following the transfer, either because we were unaware of the transfers timely or human error, state law allows for a late uncapping.	Continuous	Alvin Horhn Trina Milburn	horhna@detroitmi.gov milburnt@detroitmi.gov
		D.	Implement a quality control process that flags and identifies non-exempt property ownership transfers that did not properly uncap. When this occurs, per the Michigan State Tax Commission’s “Basic Guide to Assessing” (May 2018), the assessor must: Immediately “uncap” the property and enter the new taxable value on the assessment rolls. <ol style="list-style-type: none"> 1. Immediately “uncap” the property and enter the new taxable value on the assessment rolls. 2. Notify the Treasurer of the additional taxes due. If tax bills have been sent, the Treasurer must immediately send a corrected tax bill including penalties and interest. 	Office of the Assessor	We are taking steps to improve our quality control in this regard. Adjustments are sent to the City Treasurer on a regular basis so that new, corrected tax bills may be issued.	Continuous	Trina Milburn	milburnt@detroitmi.gov

**OFFICE OF THE AUDITOR GENERAL
FORENSIC AUDIT OF CITYWIDE RESIDENTIAL PROPERTY TAX ASSESSMENTS
THIRD INTERIM REPORT – PROPERTY TRANSACTIONS
JANUARY 2025**

Departmental Responses and Action Plan

FINDING #	AUDIT FINDING	RECOMMENDATIONS		RESPONSIBLE DEPARTMENT	DEPARTMENT RESPONSE(S) AND ACTION PLAN	ESTIMATED/ PLANNED IMPLEMENTATION DATE	CONTACT PERSON	CONTACT PERSON NUMBER/EMAIL
3.	Penalties For Late Filing Of Property Tax Affidavits Did Not Fully Comply With State Laws And Departmental Policies.	A.	Develop and implement policies and procedures to identify sales where a property transfer affidavit has not been filed timely.	Office of the Assessor	In those instances where the sales import from the Register of Deeds indicates that a transfer has occurred but no PTA was filed, we will develop a process to send the PTA and determine if an uncapping event has occurred and assess the PTA late filing fee when appropriate.		Trina Milburn	milburnt@detroitmi.gov
		B.	Assess penalties and adjust taxable values after the 45-day deadline to comply with Michigan's General Property Tax Act.	Office of the Assessor	Admittedly, we need to improve in this area. We do uncap properties in compliance with the General Property Tax Act, but there have been a number of late uncapping by staff. We make the adjustment when necessary and are taking steps to address the delayed uncapping issue.	Continuous	Trina Milburn	milburnt@detroitmi.gov
		C.	Ensure that the Office of Assessor has adequate, trained and competent staff needed to review property ownership transfers and complete all required actions associated with this activity.	Office of the Assessor	Our Sales and Analysis Section is responsible for reviewing sales and transfers for this office. They have reviewed the following number of transfers each year 2022 (60,841) 2023 (59,042) 2024 (70,859). Certainly, we can always do better but based on the sheer number of transfers received each year I believe this office is compliant with state law in this regard.	Continuous	Trina Milburn	milburnt@detroitmi.gov

**OFFICE OF THE AUDITOR GENERAL
FORENSIC AUDIT OF CITYWIDE RESIDENTIAL PROPERTY TAX ASSESSMENTS
THIRD INTERIM REPORT – PROPERTY TRANSACTIONS
JANUARY 2025**

Departmental Responses and Action Plan

4.	Many Property Ownership Transfers Are Not Verified In The Computer-Assisted Mass Appraisal Data System.	A.	Develop and implement an appropriate staffing model. The model should reflect workload, training, standard operating procedures, goals, and performance targets for staff charged with entering and/or verifying sales data.	Office of the Assessor	Based on our internal staff model (S=P/(Rate) where S=Staff, P=Parcels, R=Rate, T=Time our Sales and Analysis Section needs a staff of nine appraisers to function efficiently. Staffing issues, in many cases, are beyond the ability of this agency to control. Budgets are what they are and the long-standing issues with the SAAA union has prevent pay raises for there members for the last few years. All but a handful of our appraisers are in that union. The workload in Detroit doesn't help retain staff. Our internal training standards are among the best in the state and efforts to certify staff have proven successful. We have performance targets and goals, but they most be weighed against insuring quality control and avoiding staff burnout while numbers are below where they need to be. Our model calls for nine appraisers in this section, we have five with two vacancies.		Alvin Horhn	horhna@detroitmi.gov
		B.	Develop more detailed sub-goals, objectives, processes, and procedures that are needed to achieve its overall goal and objectives, which is to enter and/or verify property ownership transfer/sales data within a "specific" timeframe.	Office of the Assessor	We accept this finding and agree that it is necessary to comply. We have created a Project Manager/Chief of Staff position to implement this finding along with our strategic and operational goals	The current budget year have received permission from CFO to proceed.	Alvin Horhn	horhna@detroitmi.gov
		C.	Use one of the following Michigan State Tax Commission's (STC) recommended CAMA data standard selection to verify all sales transfers.	Office of Assessor	I believe we are compliant with STC CAMA data standard selection. Managers have been assigned to determine if we are in fact, compliant with CAMA		Alvin Horhn	horhna@detroitmi.gov

OFFICE OF THE AUDITOR GENERAL
FORENSIC AUDIT OF CITYWIDE RESIDENTIAL PROPERTY TAX ASSESSMENTS
THIRD INTERIM REPORT – PROPERTY TRANSACTIONS
JANUARY 2025

Departmental Responses and Action Plan

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**OFFICE OF THE AUDITOR GENERAL
FORENSIC AUDIT OF CITYWIDE RESIDENTIAL PROPERTY TAX ASSESSMENTS
THIRD INTERIM REPORT – PROPERTY TRANSACTIONS
JANUARY 2025**

Departmental Responses and Action Plan

FINDING #	AUDIT FINDING	RECOMMENDATIONS	RESPONSIBLE DEPARTMENT	DEPARTMENT RESPONSE(S) AND ACTION PLAN	ESTIMATED/ PLANNED IMPLEMENTATION DATE	CONTACT PERSON	CONTACT PERSON NUMBER/EMAIL
5.	Property Transfer Affidavit Penalties Were Added To Property Tax Bills Without Prior Notification To New Property Owners.	<p>We recommend that the Office of Office of the Assessor discontinue the practice of adding penalties to new property owners winter tax bills arising from late filings of property transfer affidavits, pending the development and implementation of policies, procedures, and practices that:</p> <ol style="list-style-type: none"> 1. Educate the public on Michigan’s General Property Tax Act. as amended, through enhanced and increased outreach efforts. 2. Comply with the State Tax Commission’s guidelines to send out a [PTA] form to the new owner as soon as they identify that a transfer of ownership has occurred based on something “other than” a PTA (i.e., sales and deed information from the Wayne County Registrar of Deeds.) 	Office of the Assessor	<p>We will develop a policy and process to send out a PTA when we determine that one wasn’t filed by the buyer of the property. However, it is the buyers responsibility to file a PTA under state law, and that a late filing fee charged if they don’t. That responsibility isn’t based on the AG recommendations.</p> <p>We have received permission to hire a Community Engagement Manager to better educate the public on issues of valuation and assessments. A position has been create and we will move to post it soon, within this current fiscal year.</p>	The hiring of a Community Engagement Manager will occur during the current fiscal year	Alvin Horhn	horhna@detroitmi.gov
6.	Property Transfer Affidavit Penalties Were Waived Without Approval From Detroit City Council.	We recommend the Office of the Assessor comply with Michigan’s General Property Tax Act, as amended, and seek Detroit City Council approval, by resolution, prior to waiving penalties that should be levied under the Michigan General Property Tax Act, as amended.	Office of the Assessor	This issue has arisen, in part, because of issues with DLBA sales. While I believe this office did the right thing by the taxpayer’s effect, ee agree that this office exceed its authority by not seeking Detroit City Council’s permission to waive the late filing fee. We will seek that authority going forward.		Alvin Horhn	horhna@detroitmi.gov

ATTACHMENT B

Auditor General's Disproof Of The Audited Entity's Response

The Office of the Auditor General (OAG) has reviewed the response from the Office of the Chief Financial Officer (OCFO), Office of the Assessor regarding the Forensic Audit Of Citywide Residential Property Tax Assessments Third Interim Report - Property Transactions (January 2025).

The Office of the Assessor submitted its response titled "Assessors responses to OAG Findings Third Interim Report - modified February 20 2025" via electronic mail on February 21, 2025, which is included as **Attachment A** of this report.

The Generally Accepted Government Auditing Standards (GAGAS) 2018 Revision, compiled by the Comptroller General of the United States Government Accountability Office provides OAG with the basis for our disproof and disagreement with the responses. Chapter 9: Reporting Standards for Performance Audits gives the following requirements relating to obtaining the views of responsible officials:

Requirements: Obtaining the Views of Responsible Officials

9.50 Auditors should obtain and report the views of responsible officials of the audited entity concerning the findings, conclusions, and recommendations in the audit report, as well as any planned corrective actions.

9.51 When auditors receive written comments from the responsible officials, they should include in their report a copy of the officials' written comments, or a summary of the comments received. When the responsible officials provide oral comments only, auditors should prepare a summary of the oral comments, provide a copy of the summary to the responsible officials to verify that the comments are accurately represented, and include the summary in their report.

9.52 When the audited entity's comments are inconsistent or in conflict with the findings, conclusions, or recommendations in the draft report, the auditors should evaluate the validity of the audited entity's comments. If the auditors disagree with the comments, they should explain in the report their reasons for disagreement. Conversely, the auditors should modify their report as necessary if they find the comments valid and supported by sufficient, appropriate evidence.

During the course of this audit and prior to the release of the first draft report, we met with the Office of the Assessor and other relevant members of the OCFO to review findings, conditions and the related criteria. We released the draft report on January 22, 2025 with a three-week notice to be published.

ATTACHMENT B

Auditor General's Disproof Of The Audited Entity's Response

We gave extended time to the Office of the Assessor to review and respond to the report noting the:

- Time elapsed between the initial end of fieldwork conference and the release of this draft. The significant gap in time resulted from OAG's need to perform significant additional audit fieldwork due to the discovery of new processes and information in November 2022.
- Inclusion of an additional Finding #6.
- Upcoming critical operational activities in the OCFO.

In accordance with the Standards, OAG offers the following disproof to certain responses in the Office of the Assessor's "Departmental Responses and Action Plan." We also have provided additional emphasis for those instances when the Office of the Assessor's response does not adequately address the finding condition and/or recommendation.

Finding #1, Property Ownership Transfers Are Not Updated Timely Or Adequately In the Computer Assisted Mass Appraisal Data System

Recommendation A

Ensure that the monthly files received from the Wayne County Register of Deeds, which contain the previous months recorded property ownership transfers (deeds) are properly, timely, and accurately updated in the City's CAMA data system.

- **The Office of the Assessor's Response:** Since mid-2022, the Office of the Assessor has received an import file from the Wayne County ROD, which is imported and converted into our CAMA system.
 - **OAG Disproof:** As stated in the report, the Office of the Assessor management stated that the Wayne County Register of Deeds did not provide notices of property ownership transfers "routinely until mid-2022." The Office of the Assessor management went on further to state that "since I have been here, we've gotten it one time." They also provided an email from the City of Detroit Department of Innovation and Technology, dated February 21, 2025, regarding email traffic between the Office of the Assessors and the Wayne County Register of Deeds. The search results stated that "no electronic sales files were received from the Register of Deeds to any email account associated with the Office of the Assessor prior to 2022."

The Wayne County Register of Deeds, Office of the Register, directly refuted the Office of the Assessor's representation by confirming "that since 2010 to 2024, and to present, they have complied with Michigan law and emailed a PDF file and a text file to the City of Detroit, once a month after all the documents recorded in the previous month have been indexed."

ATTACHMENT B

Auditor General’s Disproof Of The Audited Entity’s Response

During OAG’s prior audit¹, the Auditor General observed and confirmed that the Office of the Assessor received data files from the Wayne County Registrar of Deeds for conveyance transactions processed by them in the following formats:

- For years 2008, 2009, though October 2010 received CD’s.
- From November 2010 through February 2011 the County sent the data electronically via PDF text files.
- Then beginning in March 2011 Wayne County reverted back to sending CD’s.

This formed the basis for the unresolved prior audit finding and the current Finding #1 on pages 6 and 7 respectively of this report.

While we commend the management of the Office of the Assessor for reaching out to the Wayne County Register of Deeds during the audit (in mid-2022) to retrieve the file, they could not explain why they had not taken any action during the past eleven years to resolve the prior audit finding.

Recommendation B

Collaborate with the Detroit Land Bank Authority and update the internal “Detroit Land Bank Authority Sales Entry Policy and Procedure” to ensure that it is efficient and effective and provides for proper, timely, and accurate updates of property ownership transfers in the City’s CAMA data system.

- **The Office of the Assessor’s Response:** Discussion with the DLBA over properly accounting for DLBA inventory has been ongoing. Much progress has been made over the last few years in reconciling ownership information between the DLBA and Assessors.

✚ **OAG Disproof:** As stated in the report, the Assessor stated both verbally and in writing that they were notified in late 2022 by the Detroit Land Bank Authority (DLBA) about 13,500 sales of Detroit Land Bank Properties from 2014 through 2020. The Assessor wrote that DLBA “neither filed the PTAs, recorded the deeds, nor provided the buyer with a copy of the deed to the property, creating no record of the sale.”

As noted in the report, OAG performed additional audit work and determined that the above statements made by the Assessor were simply not true and misrepresented the facts. As stated in the report, DLBA provided files which contained deeds, PTAs, email communications, and other relevant

¹ The Office of the Auditor General’s audit report, The Performance Audit Of The Assessors Division – Plat Book 1” (July 2008 – June 2011), https://detroitmi.gov/sites/detroitmi.localhost/files/2021-03/Finance_Assessment_Performance_07-2008_06-2011%20Rev%2003182021.pdf

ATTACHMENT B

Auditor General's Disproof Of The Audited Entity's Response

documentation for over 90% of the properties included in our sample review.

- ✚ **Assessor's Response Does Not Adequately Address Finding Condition:** The Office of the Assessor documented policy and procedures for the purpose of entering Detroit Land Bank Sales into the City's CAMA data system expired April 1, 2020. The policies and procedures should be updated to reflect current practice to include improved reconciliations of ownership information between the DLBA and Assessors.

Finding #2: Some Residential Properties Were Not Properly Uncapped In The Year Following The Non-Exempt Property Ownership Transfer.

Recommendation A

Ensure that the monthly property ownership transfer information from the Wayne County Register of Deeds and the Detroit Land Bank Authority is updated in the City's CAMA data system timely.

- **The Office of the Assessor's Response:** Ownership information is updated on a continuous basis in our CAMA system.
 - ✚ **OAG Disproof:** Based on the results of our audit sample, we found that 25.0% (or 24/98) of the properties' taxable values did not uncap the year after the sale/transfer. Our audit partner Stout's analysis identified approximately 34% of the parcels where a PTA fine was levied did not uncap in the year following the sale resulting in a potential loss of taxable values of nearly \$17.7 million.

These results may largely be attributed to the Office of the Assessor not using property ownership information from the Wayne County Register of Deeds. In a recent meeting with the Office of the Assessor's management, we were informed that they "have always" received a file from the Wayne County Equalization Department and used it to update the CAMA system. However, this file contains only warranty deeds which account for approximately 15% of the transfers in Detroit. Conversely, the file from the Wayne County Register of Deeds contains the majority (or 80%) of property ownership transactions in the City in the form of Quit Claim Deeds and Land Contracts.

Again, the Office of the Assessor could not explain why they did not pursue using the file from the Wayne County Register of Deeds during the past eleven years, to capture the majority of property ownership transactions in Detroit.