



State of Georgia

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TO: Ellen L. Mills, Director

FROM: C. Michelle Hughes, Real Property Appraiser 3

SUBJECT: Paulding County 2016 Digest Review

On September 6, 2017, I confirmed with James Stokes, the practices and procedures used by Paulding in the compilation of the 2016 tax digest as part of the review of the digest required by O.C.G.A § 48-5-342.

Sales Ratio Studies
BEFORE

Class	Sale Count	Median	Aggregate	COD	PRD
RES	3316	37.12	37.34	14.13	1.02
AGR	72	38.89	32.94	24.60	1.17
COM	72	38.89	32.94	24.60	1.17
IND	72	38.89	32.94	24.60	1.17
Overall	3385	37.13	37.04	14.38	1.03

AFTER

Class	Sale Count	Median	Aggregate	COD	PRD
RES	3867	39.83	39.71	5.21	1.00
AGR	47	39.52	38.50	8.77	1.04
COM	47	39.52	38.50	8.77	1.04
IND	47	39.52	38.50	8.77	1.04
Overall	3914	39.88	39.69	5.26	1.00

General Procedures

The Tax Assessors Office (TAO) did complete their revisions to the digest by July 15th as required by law. The TAO did timely submit their county digest to the Tax Commissioner Office (TCO) as required by law. The TAO reports that no edits, other than appeals processing, occurred to the digest after the statutory deadline. However, the TAO was aware and did approve these changes occurring after the statutory deadline for TAO revisions to the digest. The county, correctly, does not transfer ownership of property when the sale occurs after the statutory valuation date of January 1st. I obtained a copy of the county's policy and procedures for handling and processing Errors and Releases. After inspection and discussion, it is my opinion the county's procedure is in compliance with O.C.G.A. 48-5-154, 241, 303, and 380.

The county is physically reviewing property on a three-year cycle as recommended by the Appraisal Procedure Manual (APM). The county stated postcards are mailed quarterly to properties scheduled for field review.

The county is capturing digital photographs of property during field review. The county is leaving notification that a field inspection was conducted on the property. The county's notice also serves as a request for an appointment with the property owner if additional information is needed.

The county has adopted a written policy including guidelines for physical inspection for appraisers to use when measuring and listing property in the county. This procedure is designed for standardization, consistency, objectivity, completeness, and easy Computer Assisted Mass Appraisal (CAMA) integration.

The county does have a policy regarding interior inspection of older structures to assess the presence of restoration or lack of possible restoration to arrive at the proper amount of physical depreciation or functional obsolescence present in the structure. The county stated the Appraiser Field Guide addresses condition of homes, remodeling, etc. Based on the information provided from the county, it appears that the county makes every reasonable effort to inspect property prior to assigning an opinion of value. The TAO provides all information to the Department as needed and requested by the Department in the form requested by the Department as required by O.C.G.A. 48-5-263.

Sales Qualification Procedures

The county is using the PT61 real estate transfer tax form when qualifying sales. The county process, reviews, and qualifies PT61s electronically and weekly on Mondays. The county maintains a record of all sales that occur in the county each year. The sales record consists of all the detail and characteristics required by the APM. The county attests value of personal property and timber is extracted when included in the sales prices of real property as outlined in the APM. For the 2016 digest year, sales older than 12 months were not utilized, therefore, the county did not make any time adjustments. The county does maintain an accurate record documenting reasons and the basis of sales qualification in a manner easily and readily available for public or governmental examination.

Appraisal Information

The TAO does review all real property returns in its normal course of business in the valuation process. Real property return forms, PT50R, filed by the property owners are retained for seven years. The county correctly uses the official Department of Revenue (DOR) PT50R design for the property owners to use when they come into the TAO to file a return on their real property. All properties contain sufficient characteristics for the proper classification and valuation. As required by the APM, all key characteristics for improvements have been identified and included in the county's records. Those characteristics include but are not limited to, size, actual use, design, construction quality, construction material, age, and observed condition.

The land schedule documentation clearly demonstrates how the land schedules are applied. The county attests the large tract schedule included adjustments for size and location. The accessibility and desirability schedule applied to large tracts are compliant with the APM as the factors are rounded to four decimals of accuracy (e.g. 1.0000). The large tract schedule does include adjustments for market absorption. The county reported in my interview that they are considering all sales, even those including timber after the timber value has been determined in accordance with the APM and removed from the sales price. The county reported timber schedules are arrived at using PT-283T forms, field inspection and conversations with timber harvesters. The county employs the following methods for estimating timber values included in sales for the eventual exclusion of timber value from the sales price: 1) calculate the value of merchantable timber, 2) calculate the value of pre-merchantable planted pine timber, 3) determine the value of other pre-merchantable timber and 4) contacting the buyer and seller regarding estimating the value of the timber. The county does use absorption rates when appraising urban land. The use of absorption rates on urban land is optional.

The county values common area at a nominal value. The county has a systematic and objective process by which construction in progress is estimated. The county, correctly, adds all construction in progress to the digest as it exists on January 1st of the digest year. The county exercises the option allowed in the APM to add a market risk factor of .75 to the estimated construction in progress to recognize the risk in the market that can exist when a property owner attempts to sell a property that is less than 100% complete. Based on the interview with the chief appraiser, the TAO engaged in public relations and information campaigns, including but not limited to civic organizations, prior to and leading up to implementation of reappraisal and/or value updates. The chief appraiser stated he spoke at school board hearings, home association meetings, board of commission meetings, city council meetings and various organizations in county pertaining to property valuation. The county does not report these engagements in the minutes. The TAO was successful in their efforts to solicit and gain the support and approval of reappraisal from the county governing authority prior to planning and implementation of the reappraisal. As required by O.C.G.A. 48-5-263, the appraisal staff prepared and submitted appraisals on all tax-exempt property in the county to the TAO. Evidence of this is found in TAO minutes dated: May 11, 2016.

The county revalues all properties annually. The reappraisal was performed in-house. The TAO minutes properly document the authorization of the reappraisal process. Examination of the TAO minutes reveal proper documentation of progress reports for the reappraisal work. Upon completion of the reappraisal process, the final submission and approval of values and authorization to print and mail notices of assessment were documented in the official TAO minutes dated May 20, 2016. The TAO was certified and qualified to vote and act in all matters questioned above. The county maintains a before-sales ratio study documented in January 13, 2016 minutes and an after-sales ratio study documented in May 11, 2016 minutes. The before and after sales ratio analysis is evidence of the need for updates and provides evidence of the accuracy of appraisal updates for the areas reappraised. The county has a system of prioritizing those properties updated in a given digest year. Furthermore, the system is objective and systematic to guarantee that no region or type of property is updated more or less frequently than others.

The chief appraiser has implemented procedures necessary for the efficient operation of the appraisal staff. The chief appraiser submitted a certified list of assessments for all taxable property with the county to the TAO as required by O.C.G.A. 48-5-266.

Schedules

All schedules are updated annually. All property types are physically inspected every three years except for manufactured homes which are physically inspected annually. Override count was less than 4% for land, residential improvements and accessory improvements. The county had an excessively high number (3.96%) of commercial/industrial improvements valued by overrides due to BOE decisions.

The county has defined a small acre break point at 24.99 acres. The small and large acre tract schedules appear to blend smoothly as the size of property transitions from one valuation schedule to the other. The county attest to consistently apply size adjustments and other influences to property regardless of ownership. The county's base depreciation year for calculating the age of improvements is 2016. The county is using neighborhood modeling. The county has 842 residential and 6 commercial/industrial neighborhoods established in the county. The county attests to using effective age estimates when arriving at the appropriate physical depreciation present in structures. The county attest to correctly applying observed condition relative to the age of the structure as opposed to assigning observed condition based on the quality of construction.

CAMA Systems

The county has a single computer assisted mass appraisal (CAMA) system for the valuation of all property in the county. The county uses the WinGAP version 4.4.1.1 Sequel CAMA system for digest year 2016. All property characteristics, ownership, and other information are kept reasonably current on all properties in the county. Paulding County Information Technology is responsible for conducting backups. The county uses disk and tape to back up data. The county receives daily reports that the data is backed up.

Assessment Notices

The county issued 63,638 real property notices of assessment and 1,975 personal property notices of assessment for the digest under review. The TAO has properly documented in TAO official meeting minutes the approval of mailing of the notices of assessments. The majority of the notices of assessment (NOA) were mailed on or about May 20, 2016 for real and personal. The notice of assessment complies with the requirements of O.C.G.A. 48-5-306. The county is correctly using simple, non-technical reasons for assessment change reasons as required by the Taxpayer Bill of Rights. When the county sends a NOA to properties whose value has been previously frozen in accordance with O.C.G.A. 48-5-299, the TAO is properly notifying the property owner with the procedures and actions taken that legally authorize removal of the frozen appeal value. When a notice is mailed but returned undeliverable to the TAO, the TAO office is in compliance with O.C.G.A 48-5-306 (c) e.g. a notice is posted in front of the courthouse door or a notice is posted on the website of the TAO office for a period of 30 days and the judge of the probate court of the county makes a certificate to the posting of the notice and each certificate is signed by the judge and recorded by the TAO in a book kept for that purpose. The county is maintaining an archive of all notices mailed that contains at least property identification, mailing address used, and values contained on notice. Documentation pertaining to the appraisal and assessment of real property is provided to taxpayers in accordance to 48-5-306 (d) and the notice is a simple, non-technical description of the basis for the current assessment. The county is sending written notices to taxpayer which contains a statement of the grounds for rejection of any position the taxpayer has asserted regarding the valuation of the property as required by 48-5-311(e)(2)(D).

Board of Equalization

The grand jury has appointed 7 (3 Members & 4 Alternates) Board of Equalization (BOE) members. To the chief appraiser's knowledge, the BOE has attended classes and are qualified to serve. The BOE is providing a copy of the decision to each party by hand delivery or registered or certified mail or statutory overnight delivery to the appellant and is filing the original with the BTA. The BTA has received 76 motor vehicle valuation appeals in the last 12 months. The county has adopted the National Automobile Dealers Association (N.A.D.A.) guide as the official valuation guide and the county is physically inspecting motor vehicles of appellants that exercise their right to appeal.

Number of Property Appeals

Total number of appeals filed with the TAO for 2015 was 1,249 for real property and no appeals were filed for personal property. No appeals were still pending at the time of review for TAO. Seven hundred thirty-seven appeals were certified to the BOE. One appeal presented for Hearing Officer. No appeals were presented for Arbitration. Eighty-one appeals were continued to Superior Court and forty-five are still pending at the time of this digest review. The county utilized WinGAP as an electronic method of tracking appeals.

Class and Strata Comparisons

Upon reviewing the consolidation summary from 2013 and 2016, the real residential property increased by 52.4%, real utility property increased by 21.3%, personal residential increased by 21% and personal industrial property increased by 31%. The chief appraiser stated the real residential property values increased due to annual revaluation, personal residential property increased due to boat valuation and personal industrial property increased due to Freeport account audits and new industry (Interroll Atlanta, LLC which manufactures assembly line equipment).

Mapping

Base map information being used is Esri-ArcGIS 10.3. The aerial photography being used was flown in 2015. Mylar photography is digital. Cadastral maps or computerized geographic information systems are maintained by the appraisal staff for all real property located in the county as required by 560-11-10-.09(2)(d)1(i). The appraisal staff has properly and accurately plotted and identified all street and roads. The appraisal staff has properly and accurately delineated property lines for each real property parcel. The appraisal staff has accurately and properly applied a unique parcel identifier for each parcel. The appraisal staff has accurately and properly calculated the physical. The appraisal staff is using parcel identifiers to link the real property records to the maps. Aerial photography is available with property lines. The appraisal staff is notifying DOR of all proposed changes to existing parcel-numbering-systems before implementation.

Maps are maintained In-House. The county's combination policy states properties are not combined when outstanding taxes are owed or for combinations that would cross jurisdictions or properties are not titled the same.

The BTA receives deed/plat information weekly. Deeds are mapped through December 31, 2016 and recorded prior to April 2. The county does not charge citizens a fee to split/combine property. Maps are kept reasonably current.

Timber

Timber value from the forms and the digest is \$324,868. The county is utilizing a tracking system or mechanism for timber harvests. The county is utilizing state published timber values for owner's harvest reports.

Staffing

Paulding County is a class VII county (50,000 to 99,999 real parcels). The county exceeded the minimum staff requirements of O.C.G.A 48-5-62. During the 2016 digest year, the county employed two Appraiser Is, three Appraiser IIs (two for real property and one for personal property), five Appraiser IIIs (four for real property and one for personal property) and three Appraiser IVs. The appraisal staff has maintained their certification at all times. The TAO has appointed a qualified, certified chief appraiser. The chief appraiser has an Appraiser 4 Designation. The certification is not provisional as granted from DOR. The county does not need additional equipment/facilities to properly perform their job duties.

Board of Tax Assessors

The TAO obtained their certificates to serve as required by 48-5-291. The BTA did elect one of its members to serve as chairman at the first meeting of the Board for the year. The first meeting of the year took place on January 06, 2016. The county governing authority (CGA) has adopted a resolution selecting the length of terms of office for its TAO members in accordance to 48-5-295. The TAO has selected the assistant chief appraiser as the secretary to the TAO. The TAO secretary has a level IV Appraisal Certification. The TAO maintains a permanent file that contains a copy of the meeting agenda, information packets, and other information relevant to decision making by TAO for each meeting that would allow public or government review of all information discussed and/or presented at any TAO meeting.

All meetings are following the open meetings law as required by O.C.G.A 50-14-1(a)(1). The TAO is posting the agenda 24 hours prior to the meeting as required by O.C.G. A 50-14-1(e)(1). The Board of Tax Assessors meets every Wednesday at 9:00 A.M.

The TAO Chairperson is paid \$110 per day, the Vice Chairperson is paid \$95 per day and Regular Members are paid \$90 per day for the time they are actually discharging their required duties plus additional compensation for the attendance at required approved appraisal courses set forth by O.C.G.A 48-5-300. The TAO is making a preliminary copy of minutes available for public inspection within 48 hours after meeting. The TAO minutes are not posted online. The TAO has issued subpoenas within the past 12 months in order to summon witnesses or for the production of books and other documents. The TAO follows the Robert's Rules of Order.

The county has a current copy of the Official Code of Georgia Annotated (Lexisnexis.com). The county has a current copy of the official Revenue Regulations (Secretary of State website). The county does have an internal policy manual. The county's board minutes are adequate.

The TAO has been designated to receive returns. The TAO reviews for approval and signs all approved exemptions and covenants.

The brochure explaining available exemptions, as required by 48-5-306.1 has been mailed or otherwise delivered to each taxpayer upon the transfer of property where PT-61 was properly filed, whenever a homestead exemption has been newly approved or modified and whenever a preferential assessment is enacted or modified.

Homestead Exemptions

The TAO searches for property owners receiving multiple homesteads utilizing WinGAP reporting. The TAO searches for deceased property owners receiving homestead by searching the internet and Probate Court. The county conducts audits and send letters to ensure qualification of property owners who have mailing addresses outside of the county. Delinquent tax has no impact on applications for homestead exemption.

Permits

County and city building permits are being utilized. The TAO is not integrated into permit issuance system to ensure accurate parcel numbers found on permits. The county has code/permit enforcement. The county has electronic systematic method of tracking permits. County and city building permits are received weekly. The county is not making appraisals based solely on declarations made on the building permits. The TAO receives all permits.

Covenants

The county records all pages of an approved application for current use (CU) assessment as required by O.C.G.A 48-5-7.4(j)(1) and forest land conservation use assessment including the covenant agreement as required by O.C.G.A 48-5-7.7(j)(1). The county does combine parcels under a covenant.

The county verifies the absence of delinquent taxes prior to the release of current use assessment required by 48-5-7.4(w), preferential assessment required by 48-5-7.1(t) and forest land conservation use assessment required by 48-5-7.7(v).

The county applied the allowable index to FLPA parcels (effective digest year 2010). The index was applied to all FLPA properties. The index of 1.015 was approved by the TAO. The county is using 2008 land values for all FLPA covenants.

Current year conservation use values are used for all conservation use covenants in accordance with Regulation 560-11-6-.07. Values are applied based on soil productivity makeup in accordance with Regulation 560-11-6.07. Covenant values are limited to 3% change per year in accordance with Regulation 560-6-.07(i). The county has a USDA soil book or map to perform soil ratings. The taxpayer is providing the soil types obtained from the USDA when the county does not have a soil book or maps. The county is making diligent examination of applications made by LLC or corporate owners to ensure their qualifications according to law. The county requires additional information for applications of property under 10 acres. The county has covenant property under 10 acres.

TAO has reappraised CU properties each year as required by law. The county maintains a check of CU properties that lie fallow or idle for more than 2 years in any 5 year period. A CU public notice is posted in the office of the board of tax assessors as required by O.C.G.A. 48-5-7.4(t). A FLPA public notice is posted in the office of the board of tax assessors as required by O.C.G.A. 48-5-7.7(t).

The county is following regulations 560-11-6-.08 (2) and (4) and send notice to the property owner of newly approved covenants providing for the appeal of the TAO initial determination or subsequent change of the qualifying use of the property, soil classification of any part or all of the qualified property, valuation of any qualified improvements, assessment ratio utilized with regard to the qualified property and application of the tables of values prescribed by DOR. The county is sending the 30-day notice of potential breaches as required by law. The county is sending the 60-day notice of expiring covenants as required by law

The county is annually checking for any owners having a beneficial interest in more than 2000 acres in any covenant. The county appraisal staff reviews all parcels applying for current use covenants and make recommendations to TAO for usage by TAO in approval or denial of covenant. Samples of recommendations presented to TAO are adequate.

Public Utility Equalized Ratio

The Department of Revenue proposed an equalization ratio of 40% for the 2016 public utility properties, the TAO set the final ratio at 40% and billed on 40%. The Chairperson of the TAO did sign PU notices on the behalf of the TAO and the TAO mails the PU notices within 30 days of receipt.

Manufactured Housing

The Manufactured Housing (MH) digest was submitted to the Tax Commissioner on December 16, 2015. The TAO reviewed and approved valuations on December 16, 2016. Mobile Homes were valued reviewed and approved prior to January 5th as required by law. The digest was submitted by January 5th as required by law. The appraisal staff does issue a notice of manufactured homes not displaying a current

decal. The appraisal staff does forward a list to the Tax Commissioner and Authorized Agent of manufactured homes discovered that are not displaying decals within 30 days at the end of each quarter, or more frequently at the appraisal staff's discretion. The above list does contain information set forth in 560-11-09-.08(1) (make and model, size, owner's name and address, map and parcel number, physical location, tax district, assessment). The county has designated an agent for issuance of citations. Valuation of manufactured housing is performed using the market approach to value. Tax Commissioner does provide a list of all decals sold during the preceding month on the 10th of each month or at least once by October 10th of each year, or on a different schedule agreed upon by both the TAO and TCO.

Six hundred ninety-three manufactured homes were listed on the MH digest and reviewed in the field by county for proper display of decals. Six hundred forty-eight current year decals were issued by the Tax Commissioner to prebill homes. One current year decal was issued to Homestead homes. Six hundred ninety-three homes were reviewed in the field by the county for proper display of decals. Eight homes were found without properly displaying decals. One citation was issued to property owners for failure to obtain decals. One citation was issued to property owners for failure to display decals. The appraisal staff inspects all manufactured homes located in the county.

Exempt Property

The county does include exempt property in their annual review plan. The last digest year exempt properties were reviewed in detail for qualifications was 2016. My scan of the exempt digest indicated no further review was needed to determine if a parcel on the exempt digest should be an exempt entity.

Personal Property

There are 11,455 total personal property accounts and 689 manufactured homes. The county has two full-time appraisers dedicated to the discovery, valuation and auditing of personal property. The accounts per appraiser ratio is 6,072. Experience shows that in Georgia accounts per appraiser ratios greater than 2,200 to one (1,500 to one in very small jurisdictions and 3,000 to one in very large jurisdictions) should be viewed with concern. Similarly, accounts per appraiser ratios greater than 4,000 to one may cause concern.

The designated Personal Property appraisers have successfully completed Course III. Life group for assets are determined based on IRS Publication 946. The county uses a 0.75 market risk factor when appraising construction in progress as suggested in the APM 560-11-10(.08)(5)(b)(2). When using the basic cost approach to appraise machinery and equipment the county uses the composite conversion factors furnished by the state. The county appraises machinery and equipment that has been overhauled utilizing calculation in APM. When using the basic cost approach to appraise machinery and equipment, the county use the composite conversion factors furnished by the state. The county utilizes ten percent good when appraising salvage machinery and equipment. The county appraises machinery and equipment that has been taken out of service and held for backup when using the basic cost approach at fifty percent. The county is assigning fair market value to all marine property. The county is appraising boat motors using ABOS Blue Book. The county is appraising boat trailers using the ABOS manual. The county reported 2,908 total marine property appearing in the county's CAMA system. The county reported no Freeport accounts were approved with a zero-taxable inventory. All personal property items are annually reappraised. The county is applying a 10% penalty on unreturned personal property.

Personal Property Forms

The county is using authorized personal property returns and schedules as required in the APM 560-11-10(.08)(3)(b)(1) and (c)(1). The county mails Freeport forms by January 15th each year. The BTA properly processes returned forms for wrong or incomplete addresses. The county mails reporting forms to all accounts with a value greater than \$7,000.

Personal Property Audit and Verification

The county is performing audits of personal property accounts as recommended in the APM 560-11-10(.08)(4)(d),(d)(1) and (4)(e). The BTA has an Audit Selection Criteria (ASC). The ASC reads:

“Accounts are selected (i) randomly from unresolved reviews, (ii) by computer program; and (iii) by industry. Industry audits are selected each year by the Personal Property Division based upon NAICS codes. Accounts are generally limited to audit only once every three years unless significant understatement is discovered.

Accounts are subject to audit for previous three (3) tax years.

Any audited return that is found to have overstated the amount of Personal Property subject to taxation will be subject to a reduced assessment for the audited tax year and if applicable the three previous years subject to O.C.G.A. 48-5-303 or 48-5-380.”

The county conducted 3,386 desk audits discovering \$9,962,956 in value and 57 detailed audits discovering \$11,716,548 in value. Audit Personnel consist of two in-house auditors and the county also contracts with a vendor.

Appraisal Procedures Manual

A copy of the APM is available for the TAO and appraisal staff. The county is following and complying with the APM and other rules and regulations.