



Prince William County, Virginia Internal Audit Report – Real Estate Assessment and Appeals

May 18, 2017



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TRANSMITTAL LETTER

May 18, 2017

The Audit Committee of
Prince William County, Virginia
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Prince William, Virginia 22192



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Pursuant to the internal audit plan for fiscal year (“FY”) 2016-17 for Prince William County, Virginia (“County” / “PWC”), approved by the Board of County Supervisors (“BoCS”), we hereby present our assessment of the real estate assessment and appeals process. We will be presenting this report to the Audit Committee of Prince William County at the next scheduled meeting on June 20, 2017.

Our report is organized in the following sections:

Executive Summary	This provides a high-level overview and summary of the observations noted in our internal audit over the real estate assessment and appeals process.
Background	This provides an overview of the real estate assessment and appeals process, as well as relevant background information.
Operational Analysis	This provides a review of comparable entities’ real estate assessment and appeals processes.
Objectives and Approach	The internal audit objectives are expanded upon in this section as well as a review of the various phases of our approach.
Observations Matrix	This section includes a description of the observations noted during our internal audit and recommended actions, as well as Management’s response including responsible party, and estimated completion date.
Process Maps	This section illustrates process maps, which identifies data flow, key control points and any identified gaps.

We would like to thank the staff and all those involved in assisting our firm with this internal audit.

Respectfully Submitted,

RSM US LLP

Internal Auditors



EXECUTIVE SUMMARY

Background

Real estate taxes are a primary source of revenue for Prince William County, accounting for approximately 51% of the County's revenue for the fiscal year ended June 30, 2016. The County's real estate tax base (the value of real property) is approximately 78% residential, 13% commercial, and 9% other property types. Total assessed value of taxable real property for the County was \$58.1 billion for the fiscal year ended June 30, 2016. The real estate assessment and appeals function is governed by the *Code of Virginia Title 58, Chapter 32*.

The Real Estate Assessment Office within the Finance Department of Prince William County is comprised of 35 individuals. Annually, the Real Estate Assessment Office assesses all real property in the County. Real estate assessments and taxes are based on the "tax year", which coincides with the calendar year. Assessments for 2016 are effective January 1, 2016, and tax payments are collected in installments during 2016. The County accounts for revenues from this tax during the fiscal year in which the due dates fall. Therefore, real estate assessment taxes for tax year 2016 are recognized as fiscal year 2017 revenue.

The *Code of Virginia 58.1-3330* requires the County to notify property owners whenever reassessment results in an increase in assessed value. The County has chosen to notify all property owners of reassessment, even if there is a reduction or no change in the value. This notification informs the taxpayer of the previous two (2) years' assessment and the current year assessment. The notification of reassessment is mailed to all property owners in the County in early March. If a taxpayer feels that their property assessment is inaccurate on the basis of value or equity, they may request a review of their property value.

Tax relief programs are available to County taxpayers if certain requirements are met in the categories of elderly and disabled, disabled veterans, or surviving spouses of members of the armed forces killed in action. The Real Estate Assessment Office makes notice to the citizens of its tax relief programs on the County website and through the real estate assessment notices that are mailed to property owners, among other methods.

Objectives and Scope

The primary objective of this audit was to evaluate the real estate assessment and appeals process and the adequacy of related internal controls, including the process for measuring its performance, tracking appeals and resulting modifications, required approvals, and policies and procedures in place.

Our scope is to evaluate the real estate assessment and appeals process and the adequacy of related internal controls, including:

- Policies and procedures in place;
- Required approvals;
- Tracking appeals and resulting modifications; and
- The process for measuring the performance of County assessments compared to other entities.

The audit period for transactional testing was tax year 2015 (fiscal year 2016). This represents the data available in the most recently published 2016 Real Estate Assessment Annual Report, which presents tax year 2015 information.

Overall Summary / Highlights

The observations identified during our assessment are detailed within the pages that follow. We have assigned relative risk or value factors to each observation identified. Risk ratings are the evaluation of the severity of the concern and the potential impact on the operations of each item. There are many areas of risk to consider in determining the relative risk rating of an observation, including financial, operational, and/or compliance, as well as public perception or 'brand' risk.

Fieldwork was performed March 2017 through April 2017

Summary of Observation Ratings

(See page 6 for risk rating definitions)

	High	Moderate	Low
Real Estate Assessment	-	3	2
Internal Audit	-	3	2



EXECUTIVE SUMMARY – CONTINUED

Observations Summary

There were five (5) observations that were identified during this internal audit. Below includes a listing of the observations that were identified. Detailed observations are included in the observations matrix section of the report.

Summary of Observations and Improvement Opportunities	
Observations	Rating
1. Documentation of Appeals Approvals	Moderate
2. Documentation of Policies and Procedures	Moderate
3. Real Estate Assessment System User Access	Moderate
4. Updating Real Estate Assessment System with Appeal Determinations	Low
5. Documentation of Assessment Approvals	Low
Improvement Opportunities	
1. Satisfaction Questionnaire	



BACKGROUND

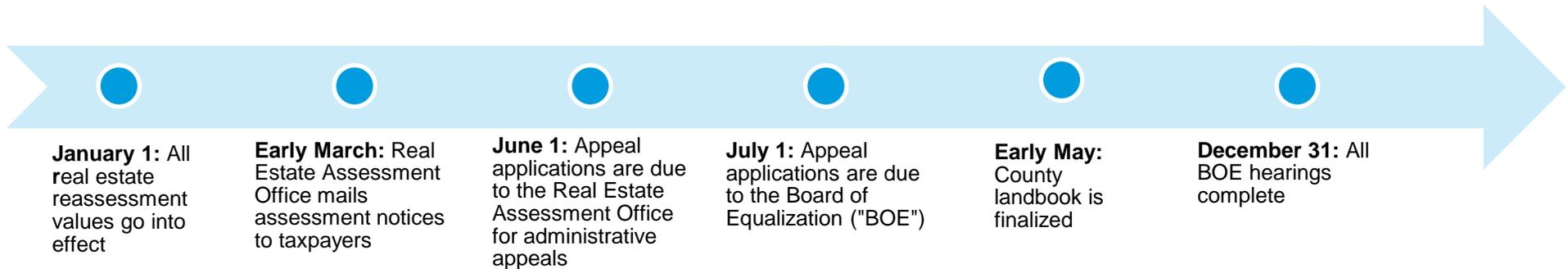
Overview

Real estate taxes are a primary source of revenue for Prince William County, accounting for approximately 51% of the County's revenue for fiscal year ended June 30, 2016. The County's real estate tax base (the value of real property) is approximately 78% residential, 13% commercial, and 9% other property types. Total assessed value of taxable real property for the County is \$58.1 billion for the fiscal year ended June 30, 2016. The real estate assessment and appeals function is governed by the *Code of Virginia Title 58, Chapter 32*.

Annually, the Real Estate Assessment Office assesses all real property in the County, in accordance with the *Code of Virginia*. Real estate assessments and taxes are based on the "tax year" ("TY"), which coincides with the calendar year. Assessments for 2016 are effective January 1, 2016, and tax payments are collected in two installments during 2016. The real estate assessment taxes for tax year 2016 are recognized as fiscal year 2017 revenue.

Three individuals within the Real Estate Assessment Office have professional certifications. Two Supervisors are Residential Evaluation Specialists, and the Real Estate Appraisals Manager is a Certified Assessment Evaluator. See organizational chart on page 5.

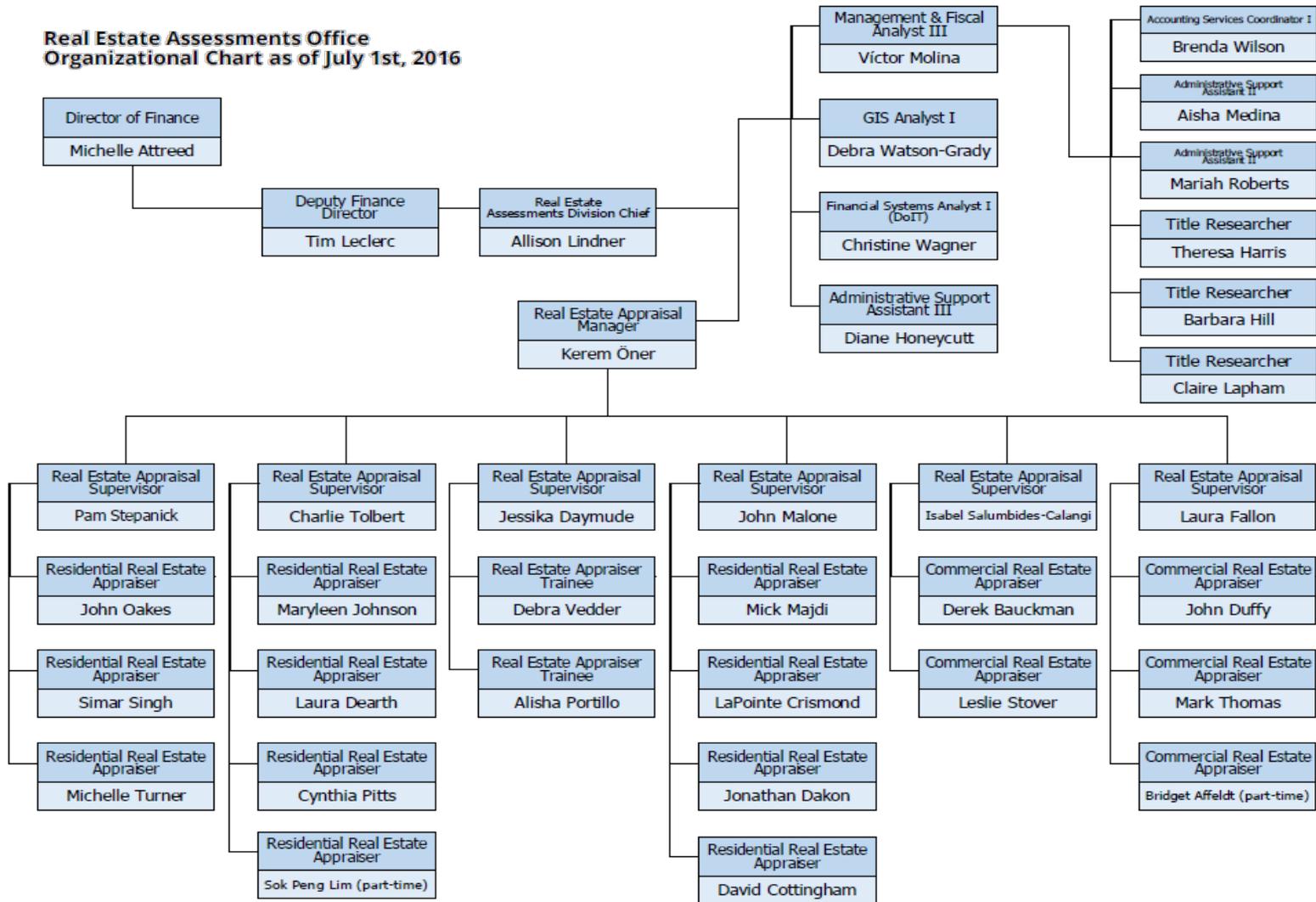
Timeline





BACKGROUND – CONTINUED

Real Estate Assessment Office Organizational Chart as of July 1, 2016





BACKGROUND – CONTINUED

Maintaining Property Records

As noted in the Real Estate Assessment Office 2016 Annual Report, the Real Estate Assessment Office reviews all legal documents related to real estate (deeds, plats, wills, court orders, etc.). All documents are recorded by the Clerk of Circuit Court in Manassas, VA. After documents are reviewed, a determination must be made as to whether taxable ownership, size, or property configuration are affected. This process ensures property records are up-to-date.

Assessing Real Estate

The Real Estate Assessment Office reassesses all real property located in Prince William County and reviews sales to verify the physical and financial circumstances that led to the sale price annually. Periodically, the County also reviews physical characteristics of properties. Income and expense information is collected from income producing commercial property owners. Additionally, the County assesses new construction. The Real Estate Assessment Office receives information on building permits issued by the County for new structures, additions, and remodeling, and monitors the progress of activity indicated on the permits through field inspections. 5,881 permits were issued in Prince William County in FY 2016, with an estimated total dollar amount of \$430,164,534 for new structures and additions. See Process Maps for a detailed flowchart of the real estate assessment process.

Three approaches are used by the County appraisers to value properties:

Appraisal Approaches

1.	Cost Approach	Improvement value is determined by first estimating the cost to replace the building with a new one, and then subtracting depreciation, which makes the existing building worth less than a new one. Improvement value is added to land value to produce a total value.
2.	Sales Comparison Approach	This approach is based on the principle of substitution. The appraiser compares a property with similar properties that have sold recently. Sales price is then adjusted for differences between the properties.
3.	Income Capitalization Approach	Effective gross income of a property is estimated by considering market rents, vacancy rates and collection losses. Estimated normal operating expenses are deducted to generate an estimate of net operating income. This is capitalized into an estimate of value by applying the appropriate market capitalization rate.



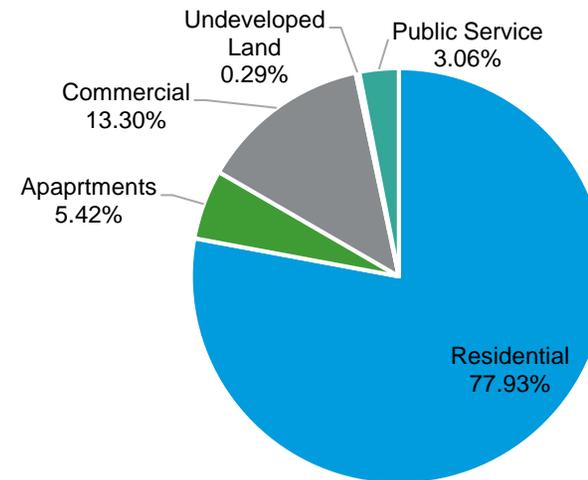
BACKGROUND – CONTINUED

Following the assessment process, a landbook is compiled with all County properties for the tax year. In Prince William County, the total real estate value assessed for TY 2016 was \$55,475,796,600. Of this amount, \$43,233,126,800 was residential real estate and \$7,376,959,400 was commercial and industrial.

Assessed Values		
Taxable Real Estate	TY 2015	TY 2016
Residential	\$41,864,133,900	\$43,233,126,800
Apartments	\$2,824,214,500	\$3,009,128,100
Commercial and Industrial	\$7,164,000,200	\$7,376,959,400
Public Service	\$1,678,329,800	\$1,695,113,100
Undeveloped Land	\$166,695,800	\$161,469,200
Total	\$53,697,374,200	\$55,475,796,600

Source: Prince William County's Real Estate Assessments Office 2016 Annual Report

TY 2016 Assessed Values



Performance

One method utilized to measure performance is through calculating the assessment-to-sale ratio for all valid sales in the County. The assessment-to-sale ratio is a tool used to measure the accuracy of assessments. It is calculated by dividing the assessment by the selling price. The level of assessment is the median assessment-to-sale ratio, and the Coefficient of Dispersion ("COD") is the average percentage each sale deviates from the median ratio or level of assessment. The assessment-to-sale ratio is calculated for all valid sales in the County in a given year, and the level of assessment and COD based on sales that occurred prior to January 1 (including new construction) are then determined. The *Code of Virginia* requires the overall county sales assessment ratio to be between 70% and 130% for the year, as evidence that a general reassessment of real estate is occurring periodically. The International Association of Assessing Officers recommends a sales assessment ratio to be between 90% and 110% for the year. In TY 2016, the County's overall assessment level was 94.76%.

Assessment Performance				
	CY 2013	CY 2014	CY 2015	CY 2016
Overall Assessment Level	93.13%	91.87%	94.09%	94.76%
COD	8.09%	6.92%	6.13%	5.81%

Source: Prince William County Annual REA Report



BACKGROUND – CONTINUED

Appeals

The *Code of Virginia 58.1-3330* requires the County to notify property owners whenever reassessment results in an increase in assessed value. The County has chosen to notify all property owners of reassessment, even if there is a reduction or no change in the value. This notification informs the taxpayer of the previous two years' assessment and the current year assessment. The notification of reassessment is mailed to all property owners in the County in early March.

If a taxpayer feels that their property assessment is inaccurate on the basis of value or equity, they may request a review of their property value. An appeal can be made to the Real Estate Assessment Office directly, considered an "administrative appeal", to the Board of Equalization ("BOE") or to the Circuit Court. When the appeal is made to the Real Estate Assessment Office, the County appraiser considers market information relative to the property and information provided by the taxpayer. If this review determines that the assessed value should be changed, the appraiser calculates the appropriate adjustment, which is reviewed and updated in the system by the Real Estate Assessment Division Chief. If there is no evidence to support a change, the appraiser explains the reason for sustaining the assessment. See the process maps section for a detailed flowchart of the appeals process.

In TY 2015, 134 administrative appeals were made, of which 36 were ultimately changed by the assessor. 96 appeals were made to the BOE, of which 6 were changed, and 2 appeals were made to the Circuit Court in TY 2015.

Appeals			
Appeal Activity	TY 2013	TY 2014	TY 2015
Administrative appeals	118	136	134
Changed by assessor	35	21	36
% Changed*	30%	15%	27%
Appeals to BOE	100	72	96
Changed by BOE	15	11	6
% Changed*	15%	15%	6%
Appeals to Court	0	0	2
Total Appeals	218	208	232
Appeals as % of Total Parcels	0.16%	0.15%	0.17%

*Includes all changes, increases and decreases.

Source: Prince William County Annual REA Report



BACKGROUND – CONTINUED

Tax Relief Programs

The Real Estate Assessment Office provides information to taxpayers regarding the tax relief programs available in the following ways:

1. Notice of reassessment is sent to all property owners in March and contains criteria for tax relief;
2. The real estate bills, personal property tax bills, and personal property verification forms briefly address the Tax Relief Program;
3. Advertisement in the Washington Post Prince William Extra Section;
4. Advertisement on Prince William County cable television channel 23;
5. A representative from the Real Estate Assessment Office visits the Sudley North and Ferlazzo Tax Administration Offices from February through April;
6. A tax relief brochure is available in Real Estate Assessment Office and various other County agencies; and
7. The County's website.

Tax relief programs are available to County taxpayers if certain requirements are met in the categories of elderly and disabled, disabled veterans, or surviving spouses of members of the armed forces killed in action. The requirements for each category of tax relief are as follows:

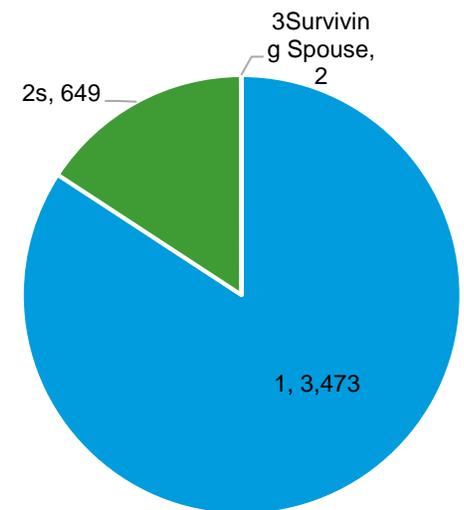
Tax Relief Programs	
1. Elderly and Disabled	<ol style="list-style-type: none"> 1. Are 65 years of age or older on or before December 31, or are totally and permanently disabled. 2. Have less than \$340,000 in total assets (residence and up to 25 acres excluded). 3. Do not exceed the maximum combined income requirements set forth in local ordinances. 4. Own and occupy the home as his/her principal place of residence.
2. Disabled Veteran	<ol style="list-style-type: none"> 1. Have a disability that is 100% service connected, permanent and total. 2. Own and occupy the home as his/her principal place of residence.
3. Surviving Spouse	<ol style="list-style-type: none"> 1. The applicant must provide documentation from the US Department of Defense indicating the spouse was a member of the Armed Forces killed in action. 2. The surviving spouse does not remarry. 3. The surviving spouse must occupy the property as his/her principal place of residence.

In TY 2016, 3,473 households were relieved of real estate taxes for the elderly and disabled, 649 households were relieved of real estate taxes for disabled veterans, and two households were relieved of real estate taxes for surviving spouses of members of the armed forces killed in action. This sums to a total of \$9,944,013 relieved for elderly and disabled, \$3,146,396 relieved for disabled veterans, and \$9,098 relieved for surviving spouses.

Certain land uses may also qualify for tax relief to encourage preservation of agriculture, forestry, and open space. The program allows qualifying land to be taxed according to its use value, rather than its market value. The State Land Evaluation Advisory Committee suggests values for land in the program.

Additionally, older properties that undergo substantial renovations can also receive partial tax exemption for the increase in taxes caused by renovations. The rehabilitation or replacement structure must increase the value of the original structure by at least 25% to qualify for the exemption. Minimum age and maximum size increase requirements depending on property type must also be met.

Real Estate TY 2016 Households Relieved





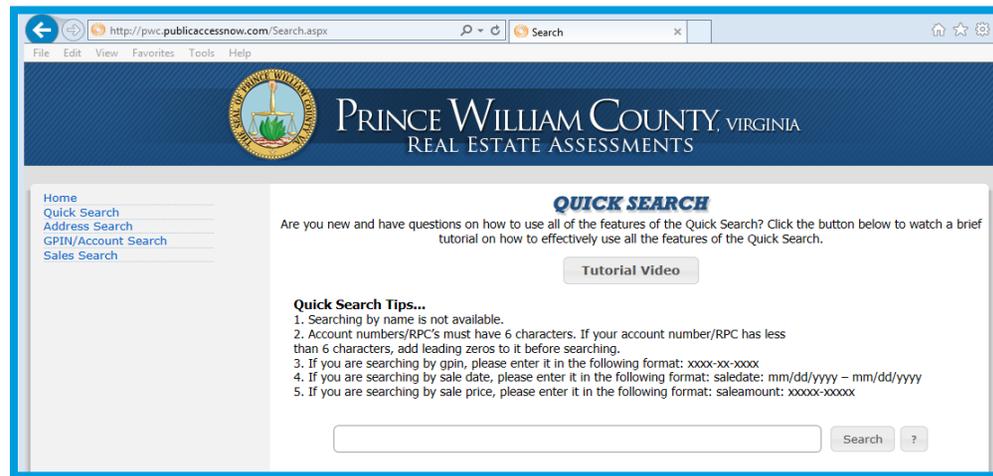
BACKGROUND – CONTINUED

Real Estate Assessment System

Prince William County implemented and went live with the real estate assessment system Manatron Visual Property (“MVP”) in September 2013. The Real Estate Assessment Office employees are assigned to different roles within MVP based on their job function. Appraisers can change actual property features such as square footage or additions in MVP. Appraisers can request a neighborhood or land base rate change, which the Real Estate Division Chief (“Division Chief”), Management & Fiscal Analyst, and one Supervisor have access to update within the system. The Management & Fiscal Analyst runs a report from MVP on changes by account and neighborhood for the County after Appraisers and Supervisors have made their reassessment updates for the year, which is sent to the Division Chief for review. The Division Chief follows up with Supervisors and Appraisers regarding any large changes in the report (“large” varies by year – typically around +/- 5%). The Management & Fiscal Analyst will rerun the report as needed.

In February, the tax year is closed in MVP. Assessment values in the system at the time the tax year is closed are effective as of January 1. Closing the tax year in MVP prevents Appraisers from making additional changes in the system. When the tax year closes, MVP interacts with the County’s website nightly to keep the website assessment figures up-to-date for taxpayers to view. The County landbook is then compiled the first week of May. After the landbook is finalized, the Department of IT exports assessment data for the year from MVP and sends it to the Tax Department. The MVP export is then uploaded to the tax administration system, CountyOne, for tax calculation. When appeals result in assessment value changes, the Division Chief updates MVP with the new assessment information. If the appeal determination takes place after the landbook is compiled, an exoneration process occurs to change the tax amount the taxpayer owes, which is handled outside of MVP through the Tax Department. For changes made after the MVP export is uploaded to CountyOne, weekly MVP extracts feed into CountyOne to automatically update new assessment information.

Snapshot of the property assessment search engine on the County’s website





OPERATIONAL ANALYSIS

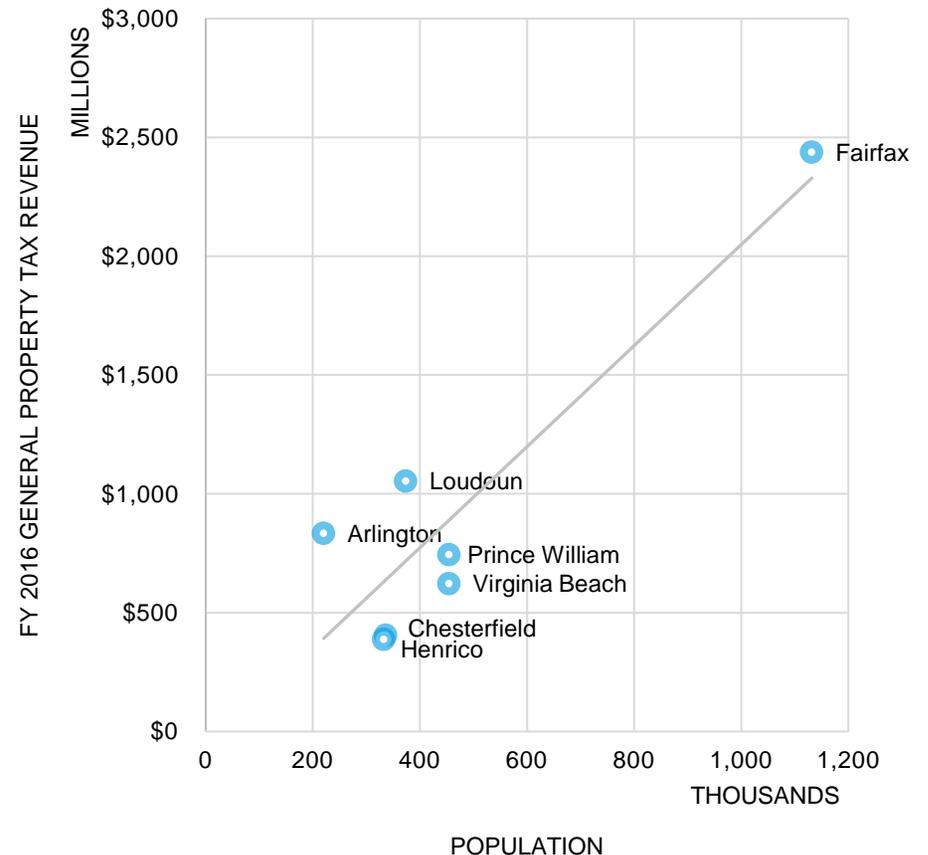
Comparable Entities and Real Estate Assessment

Organizations of all types and sizes recognize the value of comparing themselves to other like organizations. The process of benchmarking yields valuable information to leaders and decision makers. There are, however, some dangers inherent in benchmarking, since no county is the perfect comparison to Prince William County. Prince William County reassesses real estate annually. Other counties may assess real estate less frequently, as the *Code of Virginia* only requires reassessment every four years. The breakdown of residential, commercial, apartments, public service, and underdeveloped land can differ dramatically from county to county, and the total value of assessed real estate will vary. We selected seven of the most populous counties/cities in Virginia, including those recommended as Prince William County's peer group by the County's Director of Finance, to benchmark. All jurisdictions selected assess real estate on an annual basis:

- Prince William County
- Fairfax County
- City of Virginia Beach
- Loudoun County
- Chesterfield County
- Henrico County
- Arlington County

The populations of these seven counties/cities range from 220,400 to 1,131,900. Prince William County has a population of 454,096. There is a strong correlation between population size and general property tax revenue, as displayed in the graph on the right. Arlington County, Loudoun County, and Fairfax County have the highest general property tax revenue per person of the seven jurisdictions examined.

FY 2016 General Property Tax Revenue versus Population Size



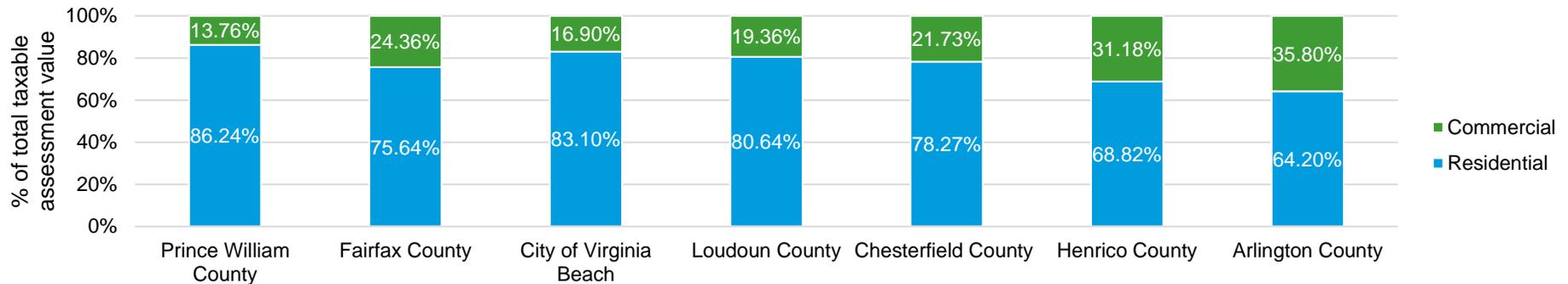
Source: Respective county/city CAFRs; see Appendix



OPERATIONAL ANALYSIS – CONTINUED

One major differentiating factor of the real estate assessment value between these seven counties/cities is the value of residential properties compared to commercial properties. When excluding undeveloped land, public service, and supplements, the average percentage of total taxable assessment value was 76.74% residential and 23.26% commercial for 2016 across all jurisdictions, as reflected in the “2016 Property Type Breakdown” table below. In 2016, Prince William County’s overall assessment value was made up of 86.24% residential (including apartments) and 13.76% commercial (including industrial). This is the highest percentage of residential assessment value of all seven counties/cities, as displayed in the chart below. Commercial and industrial property assessments tend to be more time consuming, due to the consideration of income and expense information for each property.

Residential versus Commercial Total Assessment Value



County/City	TY 2016 Property Type Breakdown			
	Residential		Commercial	
	Assessment Value of Residential Properties	% of Taxable Total Assessment Value*	Assessment Value of Commercial Properties	% of Taxable Total Assessment Value*
Prince William County	\$46,242,254,900	86.24%	\$7,376,959,400	13.76%
Fairfax County	\$171,409,697,440	75.64%	\$55,199,288,960	24.36%
City of Virginia Beach	\$44,657,487,900	83.40%	\$8,887,294,600	16.60%
Loudoun County	\$54,644,451,480	80.64%	\$13,120,746,320	19.36%
Chesterfield County	\$26,163,601,045	78.27%	\$7,264,149,978	21.73%
Henrico County	\$23,518,182,400	68.82%	\$10,657,341,000	31.18%
Arlington County	\$36,472,113,000	64.20%	\$20,334,598,900	35.80%
Benchmark (Average)		76.74%		23.26%

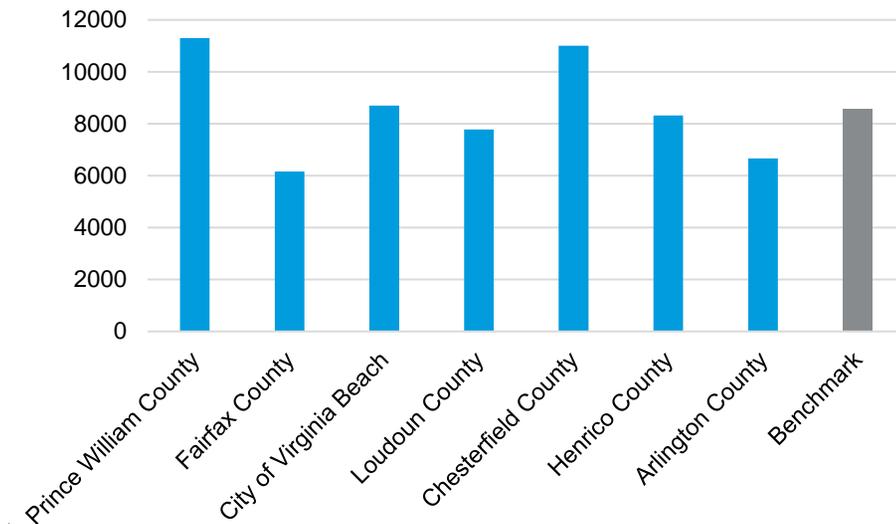
*Excluding undeveloped land, public service, and supplements Source: Respective county/city websites and FOIA requests



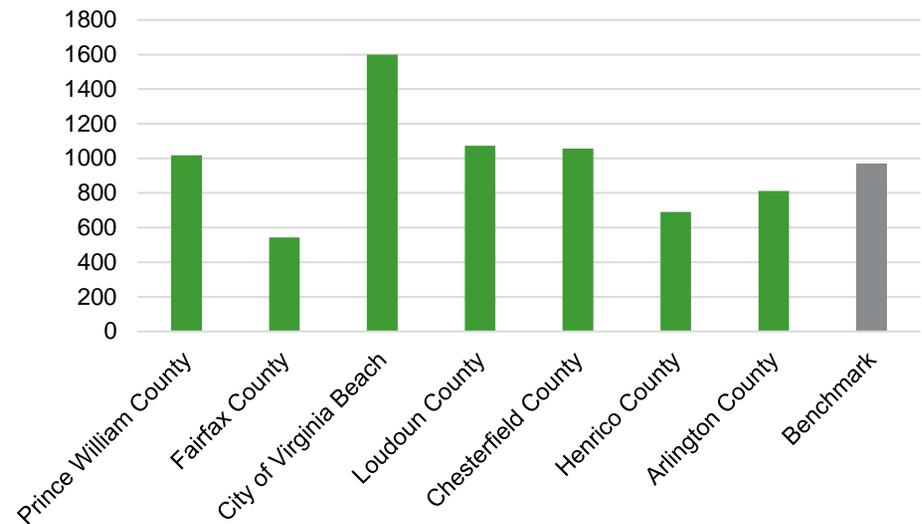
OPERATIONAL ANALYSIS – CONTINUED

The residential versus commercial distribution influences the real estate assessment department or office size and staffing needs for each county/city. From the seven counties/cities compared, the department size varied from 24 to 109 employees (including managers and supervisors). Appraisers are expected to assess varying number of parcels based on property type. See the charts below for number of parcels per appraiser assessed in 2016, as reported by each jurisdiction through responses to our Freedom of Information Act (“FOIA”) requests.

Residential Parcels per Appraiser



Commercial Parcels per Appraiser



Benchmarks were calculated based on the average number of residential parcels per appraiser and commercial parcels per appraiser of the seven counties/cities. Prince William County has 32.0% more parcels per residential appraiser than the residential benchmark. The benchmark parcels per appraiser is 8,560. With 11,300 parcels per residential appraiser, Prince William County exceeds the other six jurisdictions examined.

For commercial appraisers, Prince William County has 4.8% more parcels per commercial appraiser than the commercial benchmark. The benchmark parcels per appraiser is 970 while Prince William County has 1,017.

Based on the information above, Prince William County appraisers are taking on more properties per person for residential parcels compared to the average local jurisdiction.



OPERATIONAL ANALYSIS – CONTINUED

TY 2016 Real Estate Assessment Benchmarking						
County/City	Population	Total real estate assessed value*	Taxable parcels assessed*	Staff in Real Estate Assessment roles	Residential Appraisers**	Commercial Appraisers**
Prince William County	454,096	\$55,475,796,600	140,689	35	17	7
Fairfax County	1,131,900	\$226,608,986,400	352,910	109	56.5	21.5
City of Virginia Beach	454,247	\$53,544,782,500	157,039	34	17	5
Loudoun County	373,694	\$69,411,228,460	132,817	30	16	6
Chesterfield County	336,000	\$35,927,091,223	130,792	37	12	5
Henrico County	332,538	\$34,175,523,400	113,019	35	16	10
Arlington County	220,400	\$71,275,163,300	64,343	24	12	5

*Total real estate assessed as of 1/1/2016.

**Including supervisors and managers.

Source: Respective county/city websites and FOIA requests. Population figures are from the respective county/city CAFRs.

Prince William County has 35 staff members in the Real Estate Assessments Office and assessed \$55,475,796,600 in real estate, a total of 140,689 parcels, as of January 1, 2016. Taxable parcels assessed and staff in real estate assessment roles are highly correlated, as demonstrated in the “Taxable Parcels Assessed vs Real Estate Assessment Staff” chart on the following page. Compared to the regression line, Prince William County has slightly less real estate assessment staff than average for the number of taxable parcels they assess. However, this can be partially explained by the higher volume of residential parcels assessed in the year, as each appraiser can handle a higher volume of residential assessments than commercial.

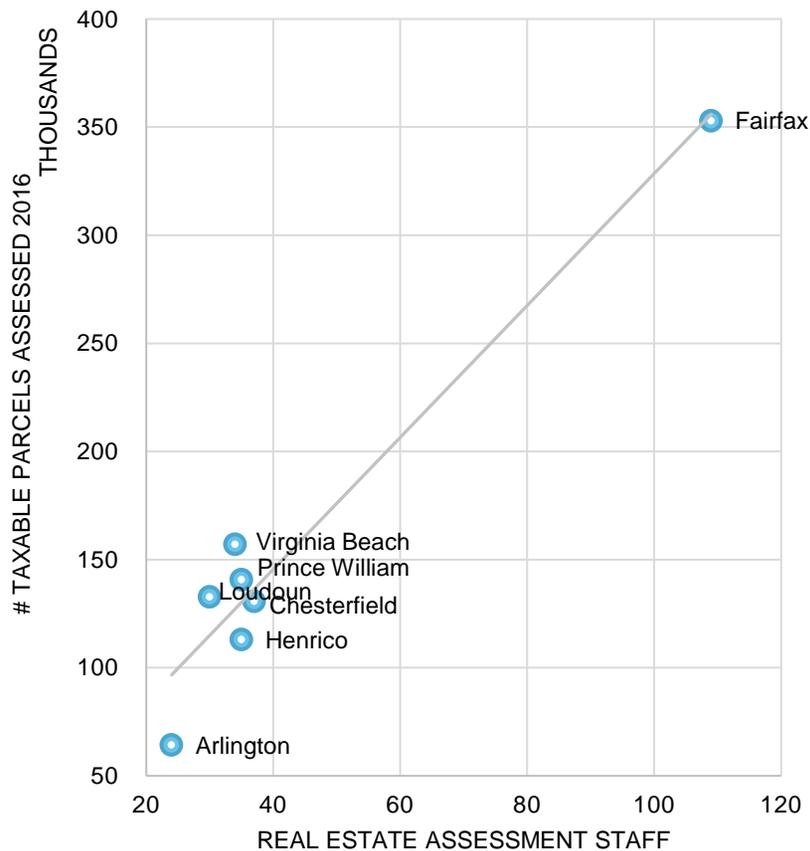
Total assessment value and staff in real estate assessment roles are less highly correlated, as demonstrated in the “Taxable Assessment Value vs Real Estate Assessment Staff” chart on the following page. This is due to the differences in average market value across counties and cities.



OPERATIONAL ANALYSIS – CONTINUED

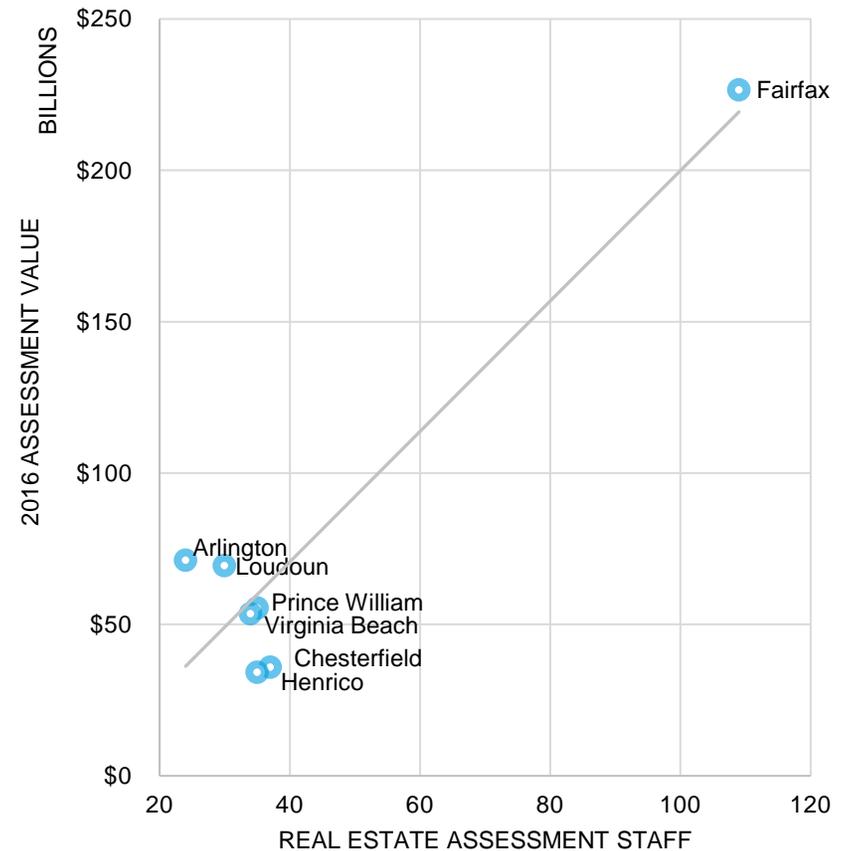
The charts below are based on the data in the table on the prior page.

Taxable Parcels Assessed vs Real Estate Assessment Staff



Source: FOIA requests and respective county/city websites

Taxable Assessment Value vs Real Estate Assessment Staff



Source: FOIA requests and respective county/city websites



OPERATIONAL ANALYSIS – CONTINUED

The *Code of Virginia* requires all counties/cities to allow for taxpayers to appeal their assessed value if they are uncertain about the accuracy of their property's assessment. In some jurisdictions, an appeal can be made to the Real Estate Assessment Office directly, which is considered an "administrative appeal". All counties/cities have a Board of Equalization to which taxpayers may appeal, or appeals can be sent directly to the Circuit Court. The following table details appeals that occurred in our seven counties/cities in fiscal year 2016. Prince William County had the fewest administrative appeals for FY 2016 compared to the other local jurisdictions examined.

FY 2016 Appeals					
County/City	# Administrative Appeals	# Assessments Modified	# Appeals to BOE	# Assessments Modified by BOE	# Appeals to Circuit Court
Prince William County	134	36	96	6	2
Fairfax County	1083	652	312	58	7
City of Virginia Beach	400	262	34	9	1
Loudoun County	501	314	252	218	0
Chesterfield County	157	113	11	0	0
Henrico County*	N/A	N/A	221	160	0
Arlington County	487	174	525	112	0
Benchmark (average)	460	259	207	80	1

*Henrico County operates under the county manager form of government and has no administrative appeal process (only BOE and Circuit Court). The majority of changes by the BOE are recommended by the assessor's office.

Source: Prince William County annual report and FOIA requests

The following chart includes key performance indicators, based on the information above:

County/City	% of assessments modified from administrative appeals	% of assessments modified from BOE appeals
Prince William County	26.9%	6.3%
Fairfax County	60.2%	18.6%
City of Virginia Beach	65.5%	26.5%
Loudoun County	62.7%	86.5%
Chesterfield County	72.0%	0.0%
Henrico County	N/A	72.4%
Arlington County	35.7%	21.3%
Benchmark (average)	53.8%	33.1%



OPERATIONAL ANALYSIS – CONTINUED

As reflected in the KPI chart on the previous page, Prince William County far outperforms the benchmark for administrative and BOE appeals, meaning the County had greater accuracy in original assessment values than other local jurisdictions, resulting in fewer assessment values changed after appeal application review. Only 26.9% of Prince William County administrative appeals resulted in an assessment change in FY 2016, while 53.8% of local county/city administrative appeals resulted in an assessment change on average. Similarly, only 6.3% of Prince William County's BOE appeals resulted in an assessment change in FY 2016, while 33.1% of local county/city BOE appeals resulted in an assessment change on average.

The *Code of Virginia* requires all assessments to be effective as of January 1st. Each county/city operates on different schedules to meet the *Code of Virginia* deadline. The following details the timeline of assessment, appeals, and payments by jurisdiction:

County/City	Assessment Notices Mailed	Deadline for Administrative Appeals	Internal Deadline to Resolve Administrative Appeals	Deadline for BOE Appeals	BOE Deadline for Resolution	Tax Payment Due Dates
Prince William County	Early March	June 1 st	Within 20 business days	July 1 st	December 31 st	July 15, December 5
Fairfax County	February 14 th	April 3 rd	N/A**	June 1 st	December 31 st	July 28, December 5
City of Virginia Beach	March 1 st	March 1 st (one year after notice is mailed)	N/A	September 30 th	N/A***	June 5, December 5
Loudoun County	February 1 st	March 7 th	N/A	June 1 st or 15 days prior to hearing, whichever is earlier	N/A***	June 5, December 5
Chesterfield County	February 1 st	March 15 th	Within 10 business days	April 15 th	June 15 th	June 5, December 5
Henrico County	February	N/A*	N/A*	April 1 st	December 31 st	June 5, December 5
Arlington County	January 15 th	March 1 st	Contact homeowner within 10 days	April 15 th	October 31 st	June 5, October 5

*Henrico County operates under the county manager form of government and has no administrative appeal process (only BOE and Circuit Court). The majority of changes by the BOE are recommended by the assessor's office.

**Varies based on work load and time of year that the appeal is received.

***There is no set deadline for BOE appeal resolution.

Source: Respective county/city websites and FOIA requests



OBJECTIVES AND APPROACH

Objectives

The primary objective of this audit was to evaluate the real estate assessment and appeals process and the adequacy of related internal controls, including the process for measuring its performance, tracking appeals and resulting modifications, required approvals, and policies and procedures in place. The audit period for transactional testing was tax year 2015 (fiscal year 2016). This represents the data available in the most recently published 2016 Real Estate Assessment Annual Report, which presents tax year 2015 information.

Approach

Our audit approach consisted of the following three phases:

Understanding of the Process

The first phase of this cycle audit consisted primarily of inquiry, in an effort to obtain an understanding of the key personnel, risks, processes, and controls relevant to the objectives outlined above. The following procedures were completed as a part of this phase:

- During the first phase of our approach, we met with those involved with the real estate assessment and appeals process from the Real Estate Assessment Office to discuss the scope and objectives of the project;
- In order to obtain an understanding of the process and identify related controls, we conducted a facilitated session, obtained and reviewed detailed documentation and documented the process; and
- Reviewed applicable Virginia regulations related to this project, and performed a walk-through of the process to validate our understanding.

Evaluation of the Design and Effectiveness of Process and Controls

The purpose of this phase was to test compliance and internal controls based on our understanding of the processes obtained during the first phase. Our fieldwork testing was conducted utilizing sampling and other auditing techniques to meet our audit objectives outlined above.

Testing for the assessment and appeals processes included the following:

- Reviewed real estate assessment and appeals procedures to confirm that they are fair, consistent, and in compliance with the *Code of Virginia*;
- Reviewed property appraisal methods;
- Interviewed select department staff;
- Selected a sample of properties to verify that assessment values are properly supported by required documentation and approvals;
- Selected a sample of appeals to verify that appropriate approvals and any resulting modifications are documented and recorded;
 - For the appeals process, we focused on what are considered “administrative appeals” in its current state and did not look into how the appeals are handled by the Board of Equalization or the Circuit Court.
- Researched relevant comparable information; and
- Reviewed the Real Estate Assessment Office systems to ensure that data is complete and entered timely.

Note that the tax relief program was out of scope for this internal audit, as the external auditors recently examined the program. The Real Estate Assessment Office is in the process of implementing a corrective action plan based on external audit’s finding related to documentation of tax relief application approvals.



OBJECTIVES AND APPROACH – CONTINUED

Approach – Continued

Reporting

At the conclusion of this cycle audit, we summarized our findings into this report. We have reviewed the results with the appropriate persons in Management, and have incorporated Management's response into report.

Provided below is the observation risk rating definitions for the detailed observations starting on the following page.

Observation Risk Rating Definitions	
Rating	Explanation
Low	Observation presents a low risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of low importance to business success/achievement of goals.
Moderate	Observation presents a moderate risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of moderate importance to business success/achievement of goals. Action should be in the near term.
High	Observation presents a high risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of high importance to business success/achievement of goals. Action should be taken immediately.



OBSERVATIONS MATRIX

Observation	1. Documentation of Appeals Approvals
<p>Moderate</p>	<p>We found inconsistency in documentation of approvals during our transactional testing of appeals. During the appeals process, the Real Estate Appraisal Manager approves appeal application determinations made by the commercial Appraisers for commercial properties. For six of 15 commercial appeal samples tested, the Real Estate Appraisal Manager did not evidence review and approval by signing or initialing the appeal determination. Of the six commercial appeal samples that lacked evidence of approval, none resulted in a change in assessment value. We are unable to confirm that the Real Estate Appraisal Manager receives, reviews, and approves all commercial appeals, which poses the risk that any mistakes or inaccuracies in the commercial appeals process by the Appraiser may not be identified without Manager oversight. The Appraisers' Supervisors and the Division Chief review all determinations, which helps to mitigate this risk.</p> <p>Currently, there is not a documented policy or procedure that requires formal documentation of approvals (reference observation #2). Additionally, Prince William County's Real Estate Assessment system MVP presents a limitation to this process, in that there is a lack of workflow capability to document approvals within the system. The Real Estate Assessment Office currently uses an access database to track appeals since MVP does not have the necessary tracking capabilities. Without evidence of review and approval, proper segregation of duties and level of authority may not be documented.</p>
<p>Recommendation</p>	<p>We recommend that the Real Estate Assessment Office formalize and document their criteria or thresholds required for each level of review and approval for assessments and appeals. As a part of these documented procedures, we recommend including a required formal signature of the Real Estate Appraisal Manager on all completed and submitted commercial appeal applications. This indicates formal review of information submitted and resolution of any noted discrepancies prior to his approval of the submitted commercial applications.</p>



OBSERVATIONS MATRIX - CONTINUED

Observation	1. Documentation of Appeals Approvals - continued
Management's Action Plan	<p>Response:</p> <ol style="list-style-type: none"> 1. Appeal form has been changed to include a signature/date space for the Real Estate Appraisal Manager to approve improved commercial appeals. http://www.pwcgov.org/government/dept/finance/Documents/2017_Appeal_Application.pdf 2. Appeal process in the Training Manual has been updated. See excerpt from Training Manual below. 3. Appeal process will be put into Policy Tech. <p style="text-align: center;">APPEALS</p> <ol style="list-style-type: none"> 1. Appeal forms can be found on the Internet once notices have been mailed out. www.pwcgov.org/finance click on <i>Real Estate Assessments</i> under <i>Finance</i> click on <i>Real Estate Appeals</i> 2. The Administrative Support Assistant II's will date-stamp and log in the appeal, put the due date on it and give it directly to the appraiser. If the appraiser receives an appeal addressed directly to them, they are to give it to an Administrative Support Assistant II to make sure it gets logged into the access database used to track inquiries and appeals. 3. Appeals should be resolved in 20 working days. <ul style="list-style-type: none"> • When talking to the taxpayer, do not insist or imply that you have to conduct an interior inspection to complete the appeal. Make an appointment to physically inspect the exterior property. If the owner thinks there is an error with the basement finish, bathroom count, or an interior condition issue, ask if you can conduct an interior inspection as well to be able to check these issues. • Fully verify the property description, including the sketch, or create a sketch if we do not have one. • Ask permission to take pictures of any detrimental concerns pointed out by the taxpayer. ONLY take interior pictures with the homeowner's approval and only when <u>absolutely</u> necessary. • For the sale and equity comparables used in the appeal: verify the physical descriptions of the comps to the fullest extent possible using the MRIS data and make any and all necessary changes in MVP. If the description of a comparable property on MRIS differs significantly from what we have on record, you must physically inspect the comparable property; otherwise, it is advised that you DO NOT use that comparable. • Commercial appraisers, as reasonably and practicably, must collect information regarding recent sales, new construction activity, three-year income and expense history of the property, recent property appraisals and incorporate it in the valuation review. • Appeals or worksheet requests for properties assessed based on the income approach that are filed by a representative for the property owner (agent) must be accompanied by a current Letter of Authorization ("LOA"). • As always, accounts on which you have made any description change(s) should have accompanying dated comments in notes in Parcel Maintenance followed by your initials.



OBSERVATIONS MATRIX - CONTINUED

Observation	1. Documentation of Appeals Approvals - continued
Management's Action Plan	<p>Response - continued:</p> <p>4. Letters: our standard format is size 12 font Times New Roman. Example letters for a residential administrative appeal can be found in the LETTERS&FORMS folder on the shared drive (see Residential Appeal Letters folder). Letters: our standard format is size 12 font Times New Roman. Example letters for a residential administrative appeal can be found in the LETTERS&FORMS folder on the shared drive (see Residential Appeal Letters folder).</p> <p>5. Appeal approval process:</p> <ul style="list-style-type: none"> • Appraiser performs any necessary field inspections and processes the appeal. He/she will write up the appeal response letter stating his/her conclusion and addressing the appellant's concerns. • Supervisor reviews the appeal and the response letter and recommends changes as needed. • All residential appeals and commercial vacant land appeals are forwarded to the Division Chief for final approval. • Improved commercial parcel appeals need preliminary approval by the Real Estate Appraisal Manager before forwarding to the Division Chief for final approval. In cases where the Appraisal Manager has a prolonged absence or is out at such a time when the 20 workday response time would be missed, the appeal can be forwarded directly to the Division Chief. • After approving a change to the assessment, the Division Chief will send a copy to the Accounting Services Coordinator I to process the change in the receivables database. The Division Chief will then enter the corrected current year January 1st assessment into the mass appraisal database, MVP. <p>Appeal withdrawals need to be documented. A verbal withdrawal needs to be supplemented by/ followed up with a withdrawal confirmation letter (a template can be found in the Letters & Forms folder on the shared drive). An email stating the appellant's intent to withdraw is also acceptable</p> <p>Responsible Party: Real Estate Assessments Division Chief</p> <p>Estimated Completion Date: Appeal form and training manual updates completed May 23, 2017. Appeal process will be put into Policy Tech within the next 12 months.</p>



OBSERVATIONS MATRIX – CONTINUED

Observation	2. Documentation of Policies and Procedures
<p>Moderate</p>	<p>The Prince William County Real Estate Assessment Office does not have formally documented policies and procedures, although the Real Estate Assessment Office has a process for reassessing real estate annually, performing site visits, analyzing performance metrics, and re-evaluating property assessments when inquiries or appeals are requested. Additionally, the Real Estate Assessment Annual Report provides a high level overview of the Real Estate Assessment Office’s process, and the report is available on the County’s website. Aspects of these processes are also laid out in a training manual, but specific roles and responsibilities as well as authorization thresholds are not formally defined and documented by position. A lack of documented policies and procedures increases the risk of inconsistency in processing documents, completing tasks, and timely resolution of issues. Additionally, there is limited accountability within a department when roles and responsibilities are not formalized.</p>
<p>Recommendation</p>	<p>We recommend that the Real Estate Assessment Office establish and document formal departmental policies and procedures. Specifically, we would like to see procedures that outline a workflow of roles and responsibilities of Real Estate Assessment staff pertaining to reassessment and appeals determinations, outlining authorization thresholds and formal approval requirements. Policies and procedures will be beneficial for onboarding and training purposes and beyond, helping to combat inconsistency in how roles are executed and avoid ambiguity on how various tasks should be completed. These policies and procedures can be reviewed and updated (if necessary) on an annual or biennial schedule, whichever is beneficial for the department long term.</p>
<p>Management’s Action Plan</p>	<p>Response:</p> <ol style="list-style-type: none"> 1. The Training Manual has been updated with staff roles for assessments (Training Manual excerpt below) and appeals (see response to Observation #1). 2. Staff roles will be put into Policy Tech. <p style="text-align: center;">STAFF ROLES FOR END OF YEAR ASSESSMENT PROCESS</p> <p>APPRAISERS</p> <ul style="list-style-type: none"> • Based on analysis performed and using the valuation method most applicable for that property type (after considering all approaches), the appraisers will determine what changes to make to set the January 1 assessment for the properties for which they are responsible. <ul style="list-style-type: none"> ○ RESIDENTIAL: determine any changes in land base rates, incremental and decremental rates, and neighborhood adjustments for their neighborhoods, put into an excel spreadsheet. ○ COMMERCIAL: determine any land rate changes and put them into an excel spreadsheet. For override neighborhoods, determine the land and building values for each parcel and put into an excel spreadsheet. • Send changes to Division Chief via email with spreadsheets attached (and copied to the appraiser’s supervisor for their review). • Review changes after they have been entered into MVP. • Report any neighborhoods with significant changes in assessment to Division Chief.



OBSERVATIONS MATRIX – CONTINUED

Observation	2. Documentation of Policies and Procedures - continued
<p>Management's Action Plan</p>	<p>Response - continued:</p> <p>REAL ESTATE APPRAISAL SUPERVISORS</p> <ul style="list-style-type: none"> • Assist Appraisers in the valuation process as needed. • Review the changes made by their team. <ul style="list-style-type: none"> ○ Make recommendations for revisions if necessary. <p>REAL ESTATE APPRAISAL MANAGER</p> <ul style="list-style-type: none"> • Reviews changes made, focusing on properties and neighborhoods with large increases or decreases and asks for clarification if needed. <ul style="list-style-type: none"> ○ Makes recommendations for revisions if necessary. <p>DIVISION CHIEF</p> <ul style="list-style-type: none"> • Receives all changes and reviews change requests and makes recommendations for revisions if necessary. <ul style="list-style-type: none"> ○ Processes all manual override batch updates. ○ Processes land rate and neighborhood adjustment changes. <ul style="list-style-type: none"> ▪ Based on availability, receives assistance from the Management & Fiscal Analyst and Real Estate Appraisal Supervisor entering residential changes as well as with smaller amounts of manual overrides which don't require the use of the batch update process. • Reports back to appraisers when changes are complete so they can review them. • Reviews neighborhoods with large changes in assessments. <ul style="list-style-type: none"> ○ Makes recommendations for revisions if necessary. <p>Applies the new January 1st values in MVP once changes are complete and all values have been promoted.</p> <p>Responsible Party: Real Estate Assessments Division Chief</p> <p>Estimated Completion Date: Training Manual update completed May 23, 2017. Staff roles will be put into Policy Tech within the next 12 months.</p>



OBSERVATIONS MATRIX – CONTINUED

Observation	3. Real Estate Assessment System User Access		
<p>Moderate</p>	<p>The Real Estate Assessment Division Chief performs review of specific users' MVP system access on an as-needed basis. However, these ad-hoc reviews are not formally documented and a comprehensive review of the user access listing is not documented on a regular basis. Without a periodic review of the full MVP user access listing, there is a risk that inappropriate user provisioning could lead to the unauthorized or fraudulent recording or revision of assessment information.</p> <p>Although user access review is not performed consistently, segregation of duties are in place in MVP. System users are assigned roles based on their job function. There are appropriate segregation of duties in place for annual reassessments, new construction assessments during the tax year, and assessment updates after the tax year closes. When a tax year is closed in the system, the Real Estate Assessment Division Chief and one Supervisor, as a back-up, are the only individuals with access to update MVP assessment information. To ensure all appropriate changes are recorded, the Division Chief performs a daily manual reconciliation process. The Division Chief tracks any updates made to assessment values in MVP in an excel spreadsheet. At the end of each day, the Division Chief reconciles the total assessment value per an MVP report to the difference between the total landbook assessment value +/- changes that have been made as recorded on the tracking spreadsheet. If any variance exists, the Division Chief investigates and does not make any further system changes until resolved.</p>		
<p>Recommendation</p>	<p>We recommend that the Real Estate Assessment Office review and monitor user access for appropriate segregation of duties and access levels, especially when there are job/function changes. A comprehensive review of user access and roles in MVP should be conducted and formally documented by the Division Chief at least annually.</p>		
<p>Management's Action Plan</p>	<p>Response: The Division Chief will monitor user access for appropriate segregation of duties when: 1) There are job/function changes, and 2) On an annual basis during the notice process each spring. The Excel file Assessment Dates that is used to document the process dates has been modified to include a line for this documentation:</p> <p>request Manatron to mask the current assessments in the sales results on the web</p> <table border="1" data-bbox="373 1182 1260 1247"> <tr> <td data-bbox="373 1182 886 1247"> <p>***run user access report</p> </td> <td data-bbox="886 1182 1260 1247"> <p>Reports/Security/User Profile Report</p> </td> </tr> </table> <p>create files to send to printer - CamaPlus/Extract/Assessment Notices - batch...create blank text file first ~15 minutes</p> <p>Responsible Party: Real Estate Assessments Division Chief</p> <p>Estimated Completion Date: Completed May 23, 2017, with continuing annual review.</p>	<p>***run user access report</p>	<p>Reports/Security/User Profile Report</p>
<p>***run user access report</p>	<p>Reports/Security/User Profile Report</p>		



OBSERVATIONS MATRIX – CONTINUED

Observation	4. Updating Real Estate Assessment System with Appeal Determinations
Low	<p>If review of an appeal application results in a change in the tax year's assessment value, the Real Estate Assessment Division Chief updates MVP with the new assessment value. However, in one of 20 appeals samples tested, the new assessment value was never updated in the system. MVP feeds directly to the County website where taxpayers have the ability to search for assessment value by account. If MVP is not updated for all appeal determinations, the website presents inconsistent and inaccurate data to taxpayers. Lack of a centrally managed repository of historical data in MVP could lead to inaccurate future assessment determinations if old data is relied upon.</p> <p>Per discussion with the Real Estate Assessment Division Chief, when appeal determinations occur late in the year after the landbook is compiled, MVP is not always updated for the new assessment value. The Division Chief maintains evidence of the changes in the appeal file. Property values changed after the landbook is finalized in May go through an exoneration process to ensure proper taxes were paid for the year, so changing MVP after May does not affect the taxes owed.</p>
Recommendation	<p>We recommend that the Real Estate Assessment Office establish procedures to continuously update the County's system every time there is an assessment change throughout the year in order to provide consistency in data available to taxpayers on the County's website. This may also help minimize and/or avoid inquiries from property owners who may utilize the County's website after changes in assessment value have been communicated.</p>
Management's Action Plan	<p>Response: Beginning immediately, all changes to the January 1st assessment for the current year, including those changed after the landbook is created, will be entered into MVP. See response to Observation #1.</p> <p>Responsible Party: Real Estate Assessments Division Chief</p> <p>Estimated Completion Date: Completed May 23, 2017</p>



OBSERVATIONS MATRIX – CONTINUED

Observation	5. Documentation of Assessment Approvals
Low	<p>We found inconsistency in documentation of approvals during our real estate assessment transactional testing. During the assessment process, Appraisers and Supervisors email the Division Chief all desired land base rate and neighborhood changes, and the Division Chief's approval is evidenced via response email confirming that the changes have been entered into MVP, or forwarding of the email to a Supervisor or Management & Fiscal Analyst to enter the changes. However, this evidence of review and approval was not maintained for five of 25 samples. Only the Division Chief, Management & Fiscal Analyst, and one Real Estate Appraisal Supervisor have access to make neighborhood and land base rate changes within MVP, which mitigates the risk of unapproved or inaccurate rate updates occurring. Despite this mitigating control, the risk remains that the Management & Fiscal Analyst or the Real Estate Appraisal Supervisor with MVP access to make these changes could update the system without Division Chief review.</p> <p>Currently, there is not a documented policy or procedure that requires formal documentation of approvals (reference observation #2). Additionally, Prince William County's Real Estate Assessment system MVP presents a limitation to this process, in that there is a lack of workflow capability to document approvals within the system. Without proper evidence of review and approval, proper segregation of duties and level of authority may not be documented.</p>
Recommendation	<p>We recommend that the Real Estate Assessment Office formalize and document their criteria for review of neighborhood rate changes. As a part of these documented procedures, we recommend requiring any approval emails to be archived and maintained in accordance with the County's record retention policy as an audit trail for the assessment process.</p>
Management's Action Plan	<p>Response: See response to Observation #2. In addition: 1) The Division Chief sent a request to Customer Service on May 22, 2017 asking if a process in Ultimus could be designed to track the changes. 2) If #1 isn't feasible, then request emails and approval emails for neighborhood or land rate changes will be archived.</p> <p>Responsible Party: Real Estate Assessments Division Chief</p> <p>Estimated Completion Date: 1) To be determined by when the Department of Information Technology can implement the requested change, or 2) When we begin end-of-year changes (~November 2017)</p>



OBSERVATIONS MATRIX – CONTINUED

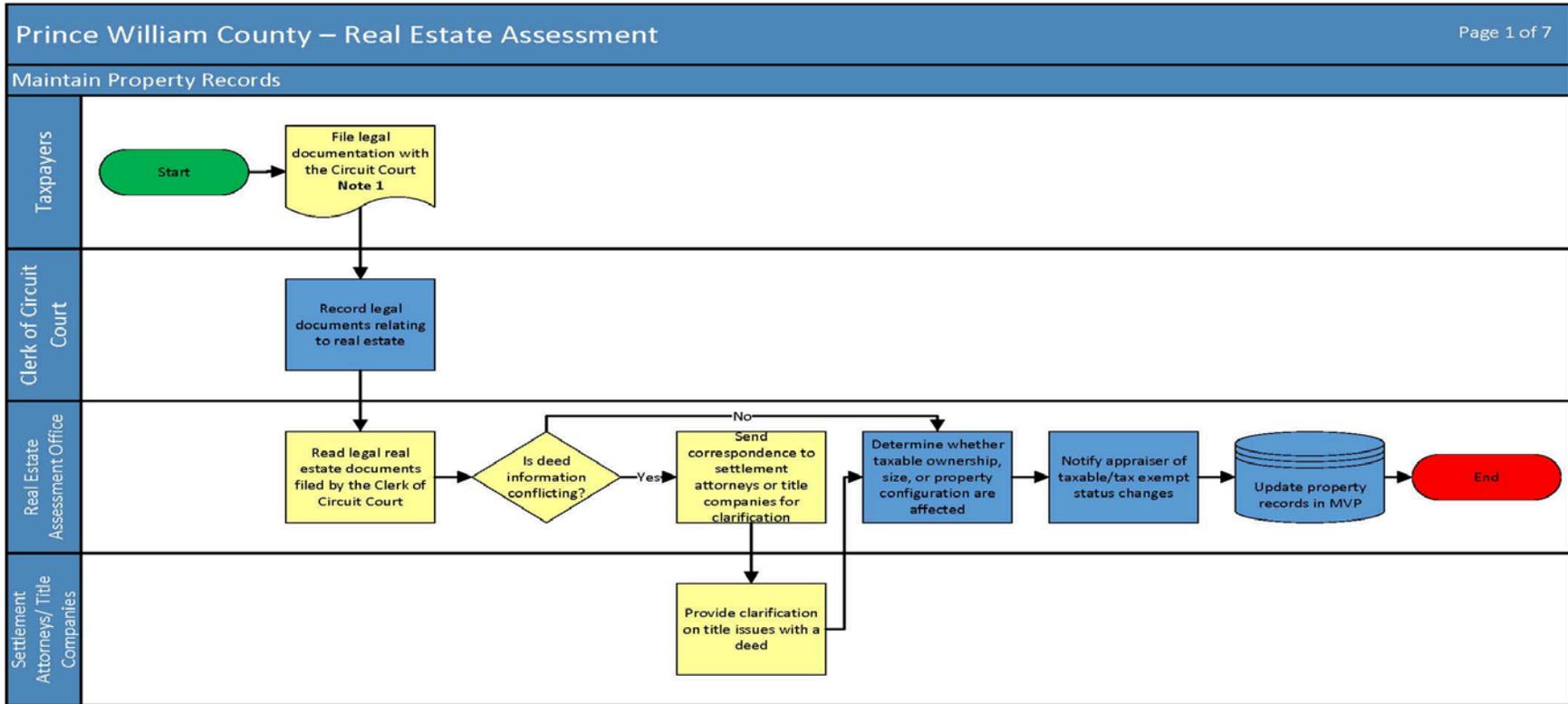
Improvement Opportunity: Satisfaction Questionnaire

The real estate assessment process timeline varies widely between local jurisdictions. The timelines for each county/city we examined can be found on page 17 of this report. Based on responses to our Freedom of Information Action requests, Prince William County is one of two jurisdictions that has an internal cutoff deadline to resolve administrative appeals. Prince William County requires an appeal to be resolved within 20 business days, while Chesterfield County requires appeals to be completed within 10 business days. Both counties are leaders in best practices for administrative appeal handling, as all other local jurisdictions have no administrative appeal deadlines, and appeal resolution varies based on the work load and time of year the appeal is received.

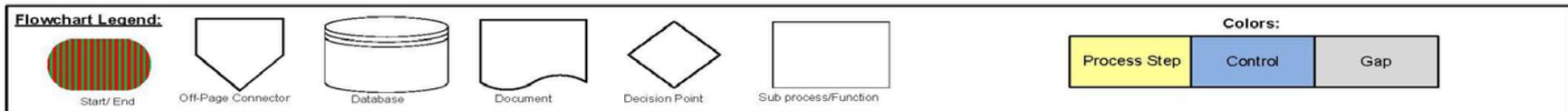
However, the Board of Equalization appeal resolution deadline for Prince William County is not until December 31st, which is six months after the BOE appeal application deadline. Although this is not unusual when compared to other local jurisdictions, it may be beneficial for the BOE to send satisfaction surveys out to taxpayers who participated in the appeals process for the tax year.



PROCESS MAPS



Note 1: Legal documents related to real estate include wills, new lots, deeds, and transfers.

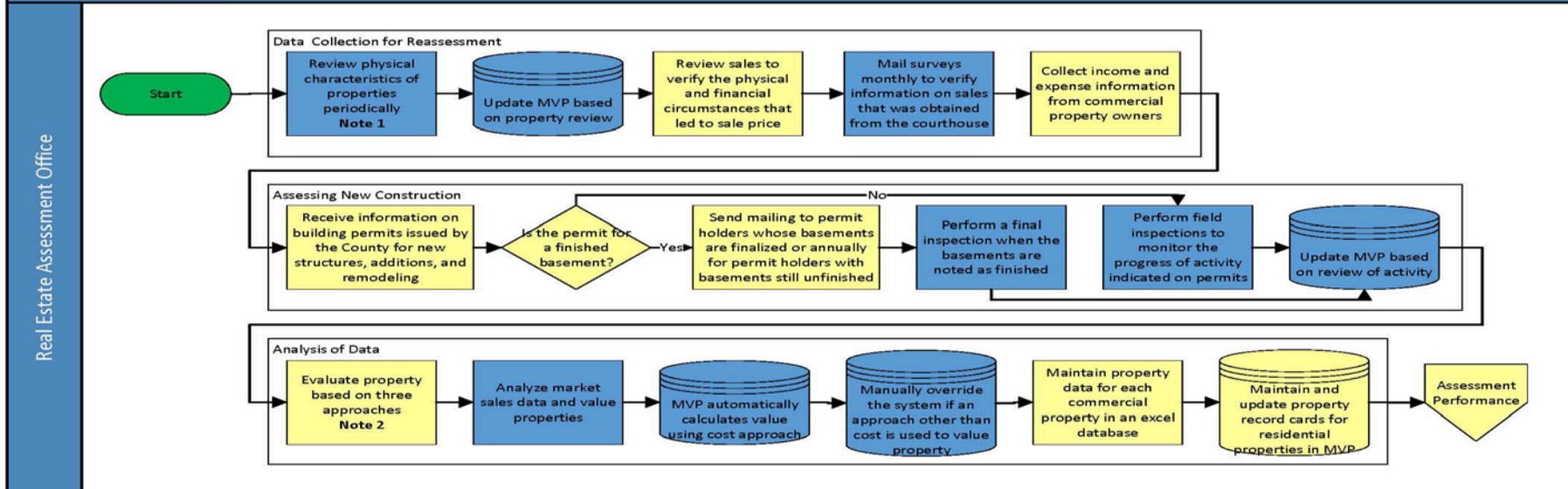




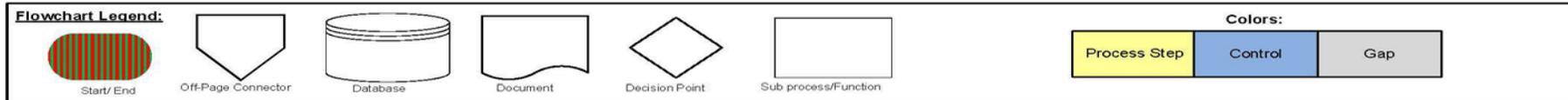
PROCESS MAPS – CONTINUED

Prince William County – Real Estate Assessment

Assessing Properties

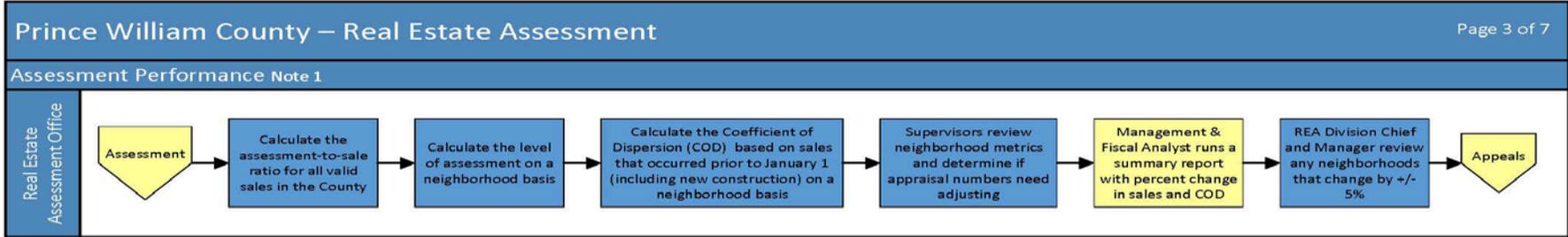


Note 1: Door to door reassessments are selected based on those that have not been visited for an extended period of time or any specific concerns (complaints or high volume of appeals in a neighborhood).
Note 2: The approaches that appraisers use to value property are as follows: **Cost Approach** - Improvement value is determined by first estimating the cost to replace the building with a new one, and then subtracting depreciation, which makes the existing building worth less than a new one. Improvement value is added to land value to produce a total value; **Sales Comparison Approach** - This approach is based on the principle of substitution. The appraiser compares a property with similar properties that have sold recently. Sales price is then adjusted for differences between the two properties; **Income Capitalization Approach** - Effective gross income of a property is estimated by considering market rents, vacancy rates and collection losses. Estimated normal operating expenses are deducted to generate an estimate of net operating income. This is capitalized into an estimate of value by applying appropriate market capitalization rate. The Income Capitalization Approach is not used for residential properties.

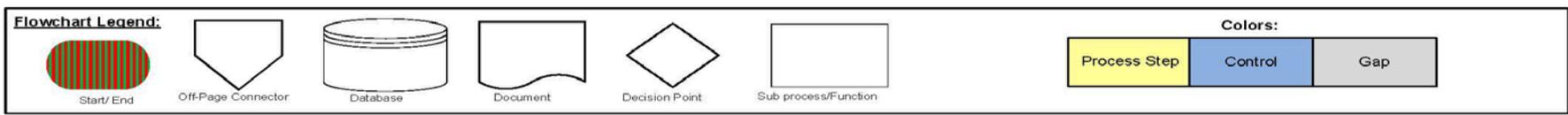




PROCESS MAPS – CONTINUED

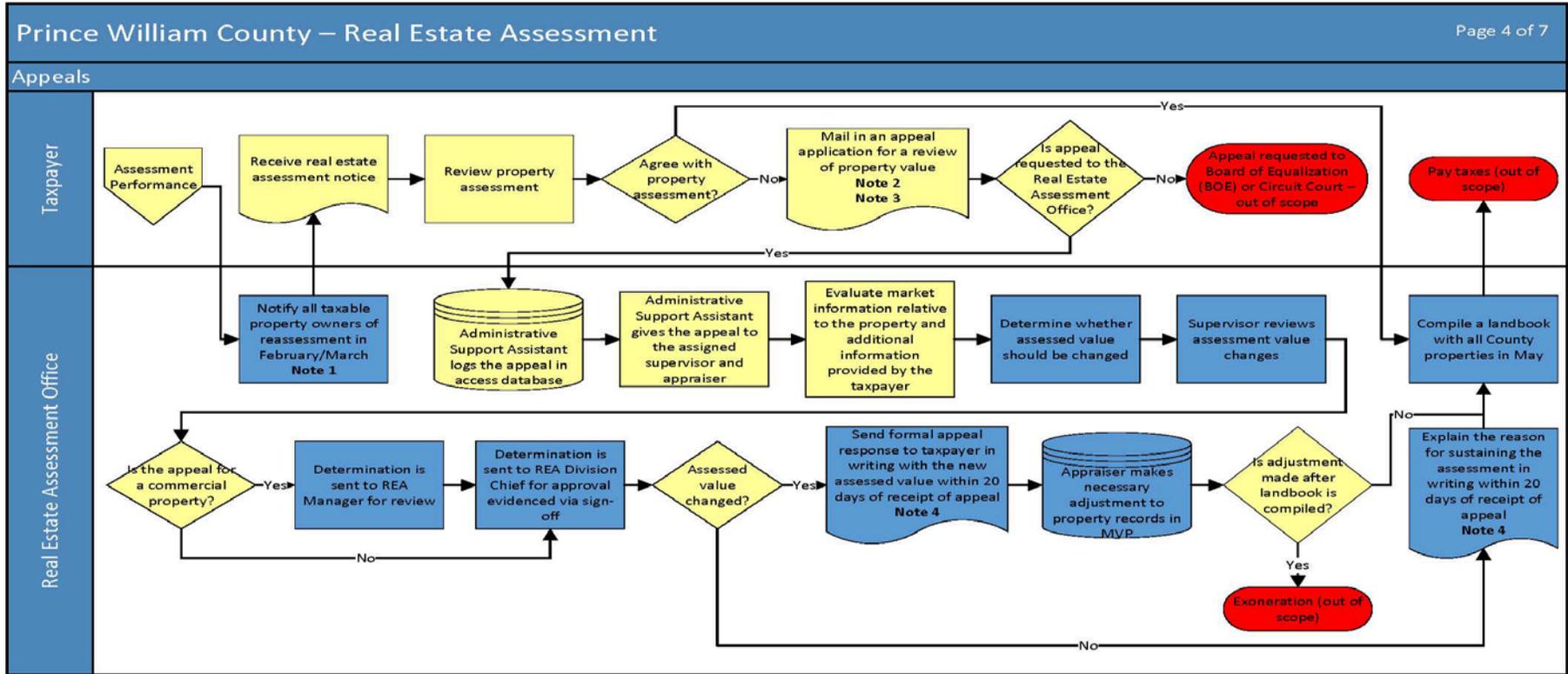


Note 1: The calculations listed are as follows: **Assessment-to-sale ratio** - Tool used to measure the accuracy of assessments. Calculated by dividing the assessment by the selling price. (ex a single family home assessed at \$450,000 that sells for \$475,000 has an assessment-to-sale ratio of 94.7%); **Level of assessment** - The median assessment-to-sale ratio; **Coefficient of Dispersion (COD)** - Average percentage each sale deviates from the median ratio or level of assessment.





PROCESS MAPS – CONTINUED

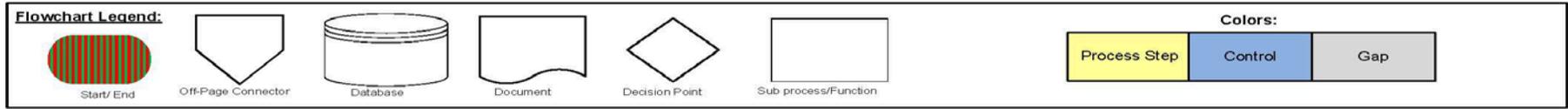


Note 1: Code of Virginia 58.1-3330 requires the County to notify property owners whenever reassessment results in an increase in assessed value. The County has chosen to notify all property owners of reassessment, even if there is a reduction or no change in the value. This notification informs the taxpayer of the previous two year's assessment and the current year assessment, as required by Code.

Note 2: Deadline for administrative appeals is June 1st. The appeals form is posted online, but appeals must be printed and mailed to the Real Estate Assessment Office. Deadline for BOE appeals is July 1st.

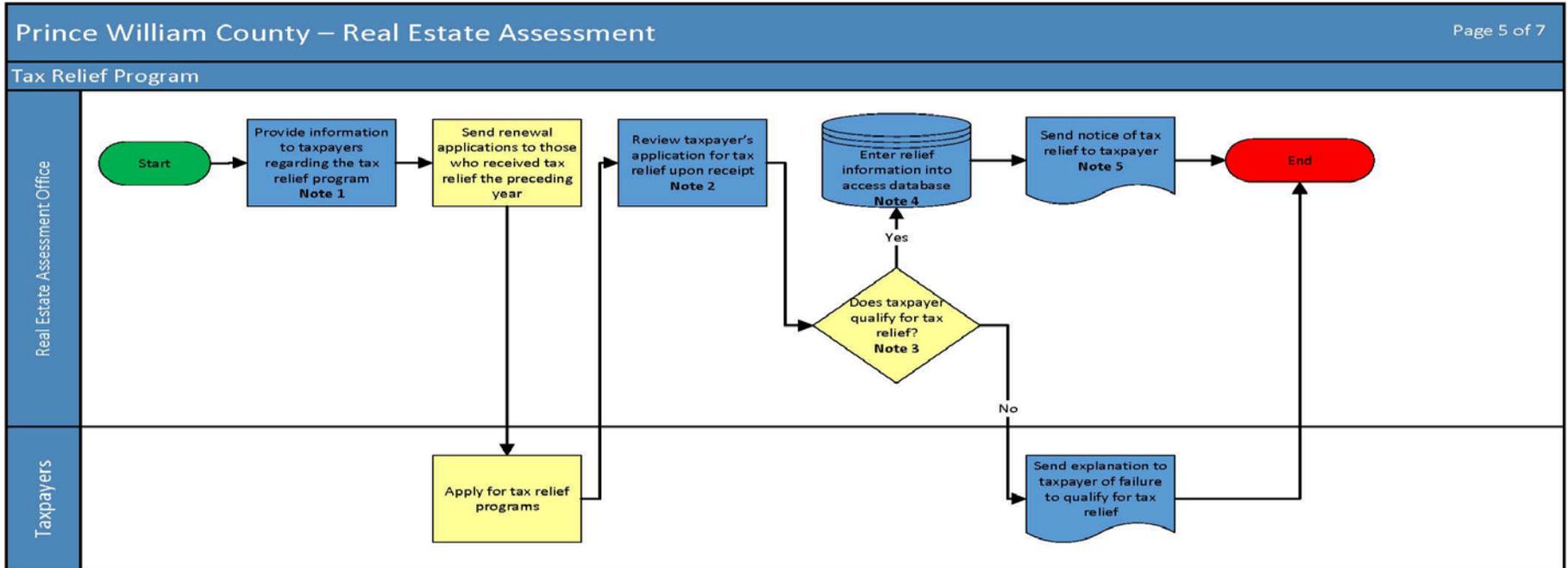
Note 3: Note that there is also an informal process that may happen before an appeal is filed called an inquiry. If a taxpayer reaches out to the Real Estate Assessment Office with questions, this is logged in the access database as an inquiry. An inquiry must be responded to within 5 days of receipt and will be logged in the database as complete, but no formal written response must be sent to the taxpayer.

Note 4: The County goal is for 90% of administrative appeals to be responded to within 20 business days.





PROCESS MAPS – CONTINUED



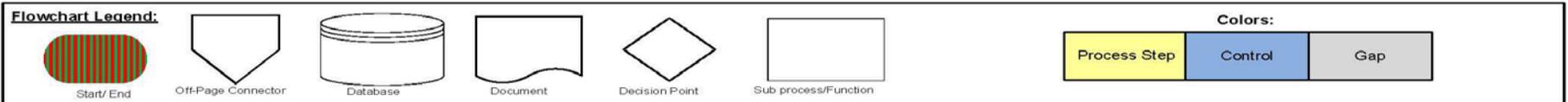
Note 1: The Real Estate Assessment Office provides information to tax payers in the following ways: notice of reassessment is sent to all property owners in March and contains criteria for tax relief; the real estate bills, personal property tax bills, and personal property verification forms briefly address the Tax Relief Program; advertisement in the Washington Post Prince William Extra Section; advertisement on Prince William County cable television channel 23; a representative from the Real Estate Assessment Office visits the Sudley North and Ferlazzo Tax Administration Offices from February through April; a tax relief brochure is available in Real Estate Assessment Office and various other County agencies; and the County's website.

Note 2: For new applications, the Accounting Services Coordinator will confirm that the state income tax return appears to be in line with application information before determining whether the taxpayer qualifies for relief. If the state income tax return appears to be in disagreement with application information, the Accounting Service Coordinator requests a 1040.

Note 3: Tax relief programs are available for elderly and disabled, disabled veterans, surviving spouses of disabled veterans, and surviving spouses of members of the armed forces killed in action based on certain qualifications.

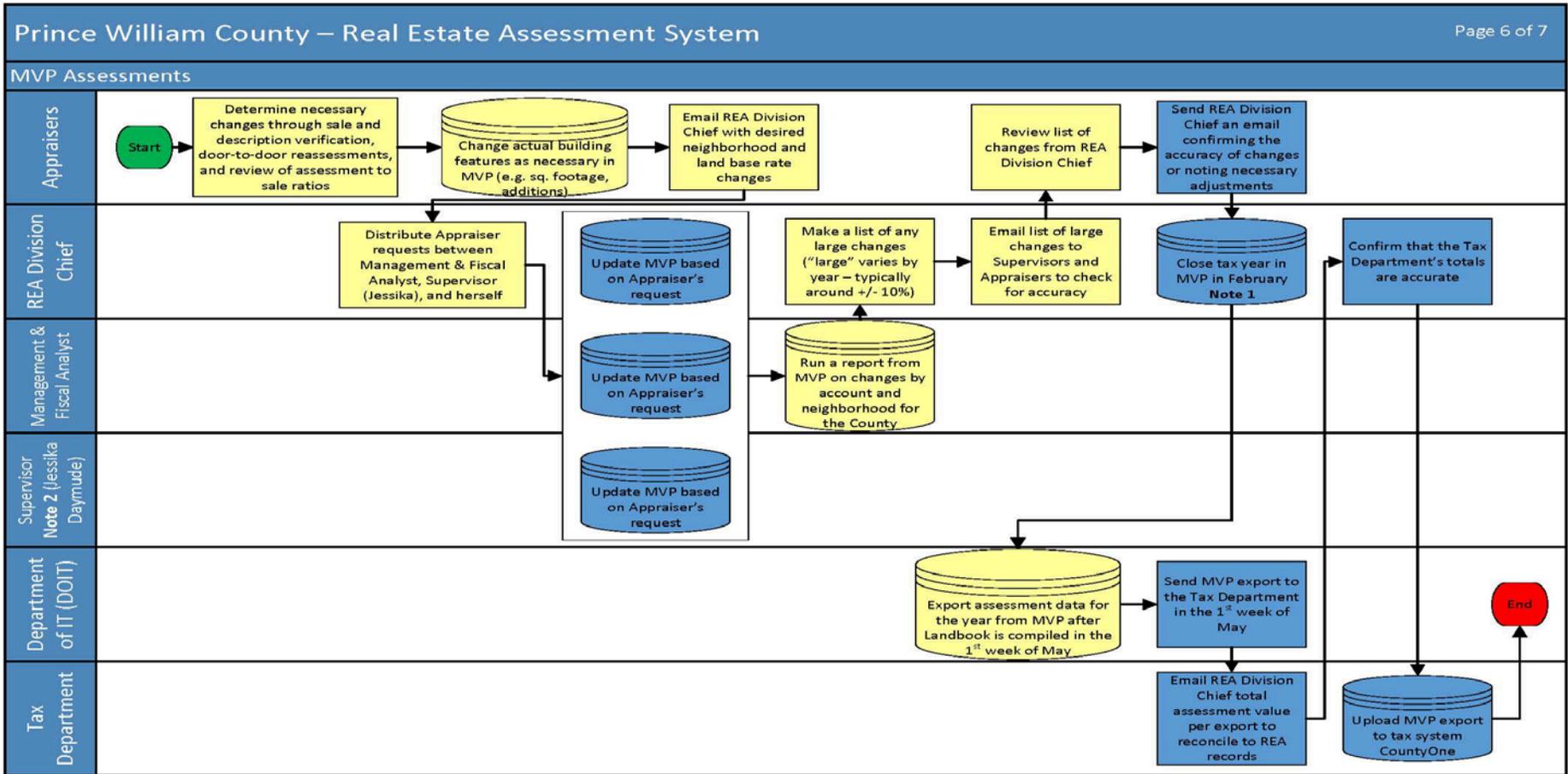
Note 4: In 2017, relief information will begin to be entered directly into the tax admin database rather than the access database.

Note 5: Prior to 2017, tax relief letters were generated based on the access database information in one mass mailing in May. In the new system, the tax relief letters will be mailed as applications are approved.



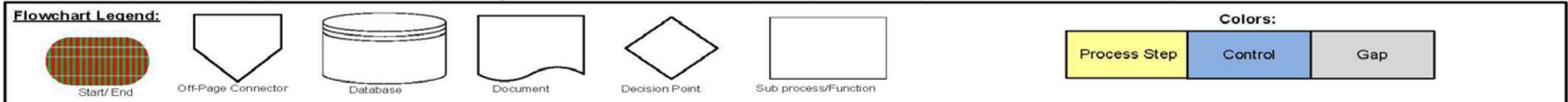


PROCESS MAPS – CONTINUED



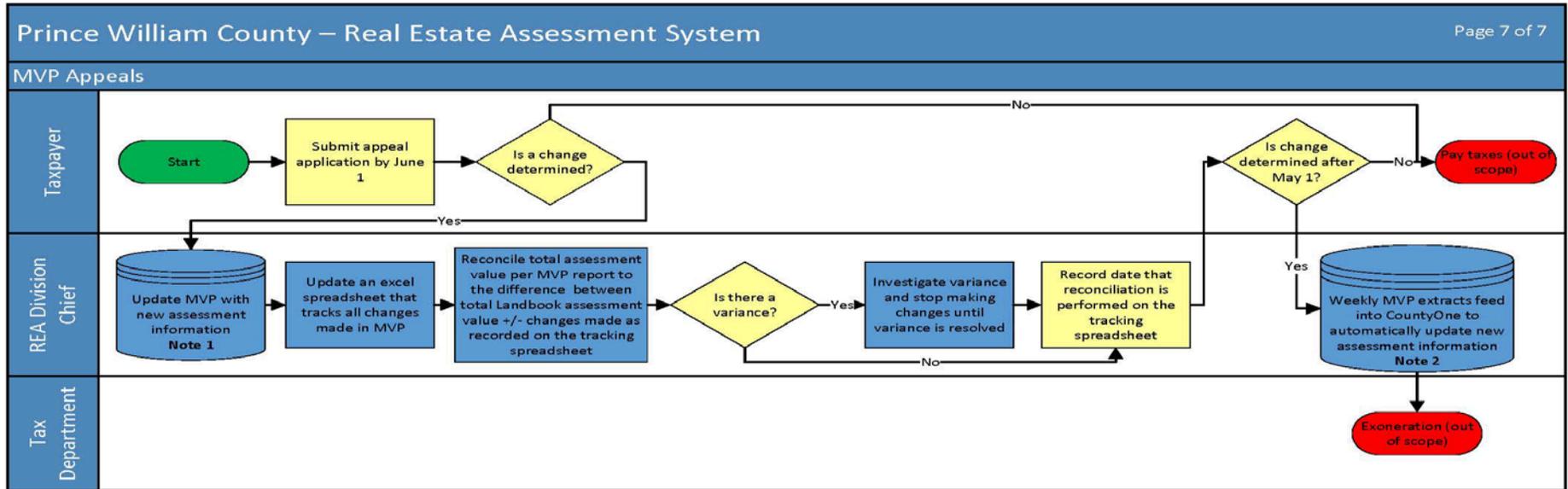
Note 1: Assessment values at the time the tax year is closed in MVP are effective as of January 1. Closing the tax year in MVP prevents Appraisers from making additional changes in the system. When the tax year is closed, MVP interacts with the website nightly to keep the County's website assessment figures up-to-date.

Note 2: Jessika Daymude is the only Supervisor with access to update neighborhood and land rates in MVP. Only Jessika, Allison Lindner, and Victor Molina can make these updates.



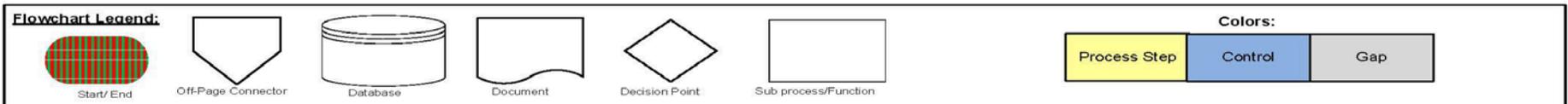


PROCESS MAPS – CONTINUED



Note 1: After the tax year is closed, REA Division Chief and the Supervisors are the only personnel with access to update MVP assessment information based on appeals that occur. However, only the REA Division Chief makes these updates in the system.

Note 2: Prior to May 2017, the REA Division Chief manually sent new assessment information to the Tax Department to input into CountyOne.





APPENDIX – ADDITIONAL BENCHMARKING DATA

The following data was used to generate the “FY 2016 General Property Tax Revenue versus Population Size” chart (reference p. 11):

2016 General Tax Data				
County/City	Population	FY 2016 General Property Tax Revenue	FY 16 Real Property Tax Rate	FY 16 Total Value of Real, Personal and Public Property
Prince William County	454,096	\$744,303,000	1.193	\$53,864,681
Fairfax County	1,131,900	\$2,437,600,000	1.09	\$227,501,905
City of Virginia Beach	454,247	\$622,382,591	0.99	\$57,493,914,067
Loudoun County	373,694	\$1,053,830,393	1.145	\$80,424,802,069
Chesterfield County	336,000	\$404,500,000	0.96	\$39,213,783,686
Henrico County	332,538	\$387,700,000	0.87	\$39,194,946
Arlington County	220,400	\$834,300,000	0.991	\$74,378,403,498

Source: Respective county/city 2016 CAFRs

The following data was used to generate the “# Residential Parcels per Appraiser” and “# Commercial Parcels per Appraiser” charts (reference p.13):

2016 Real Estate Assessment Departments					
County/City	# in Department	# Residential Appraisers	# Parcels per Residential Appraiser	# Commercial Appraisers	# Parcels per Commercial Appraiser
Prince William County	36	17	11300	7	1017
Fairfax County	109	56.5	6158	21.5	543
City of Virginia Beach	34	17	8700	5	1600
Loudoun County	30	16	7776	6	1073
Chesterfield County	37	12	11000	5	1057
Henrico County	35	16	8322	10	691
Arlington County	24	12	6664	5	812

Source: FOIA requests



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