



T A X
M A N A G E M E N T
A S S O C I A T E S

Pinal County

July 13th, 2016

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Tax Management Associates, Inc.

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TAX
MANAGEMENT
ASSOCIATES

1. AUDIT BACKGROUND • AND VITAL STATISTICS

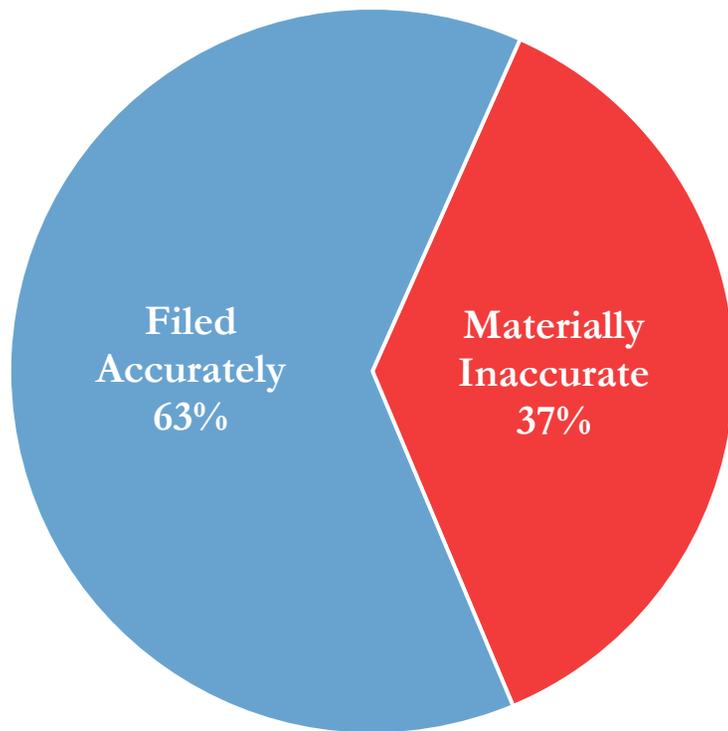
TMA QUALIFICATIONS AND EXPERIENCE

- ◆ Tax Management Associates is a professional services firm that has provided revenue enhancement services to state and local government for over 35 years
- ◆ TMA pioneered the concept of private auditing for local government when it founded its Business Personal Property Audit Division in 1987
- ◆ With over 140 employees and 5 offices across the country, TMA is the nations largest provider of Personal Property Audit and Consulting Services in the United States today

AUDIT ANALYSIS GRAND TOTALS

	Discoveries	No Discoveries	Completed Audits	Discovery Percentage	Discovered Value
ALABAMA	1,500	2,178	3,678	41%	\$2,338,519,253.00
ARIZONA	53	89	142	37%	\$381,911,966.00
CALIFORNIA	65	53	118	55%	\$76,999,399.00
CONNECTICUT	2,624	2,924	5,548	47%	\$997,355,899.00
FLORIDA	394	218	612	64%	\$535,894,203.00
GEORGIA	4,862	6,753	11,615	42%	\$3,871,368,253.00
INDIANA	14,898	33,521	48,419	31%	\$3,188,755,002.00
KENTUCKY	145	22	167	87%	\$1,590,630,116.00
LOUISIANA	10	15	25	40%	\$15,073,706.00
MICHIGAN	5,534	7,587	13,121	42%	\$4,009,939,154.00
MISSISSIPPI	15	9	24	63%	\$46,300,353.00
NEVADA	144	31	175	82%	\$76,707,708.00
NORTH CAROLINA	19,836	42,270	62,106	32%	\$21,057,091,591.27
OKLAHOMA	2	0	2	100%	\$10,000,001.00
SOUTH CAROLINA	22	85	107	21%	\$3,589,184.00
TENNESSEE	25,206	33,251	58,457	43%	\$7,912,043,396.00
TEXAS	1	0	1	100%	\$0.00
TOTALS:	75,311	129,006	204,317	37%	\$46,112,179,184.27

AUDIT ANALYSIS STATISTICS



On average, 37% of business personal property filings are inaccurate enough to warrant correction and recovery of uncollected tax dollars.

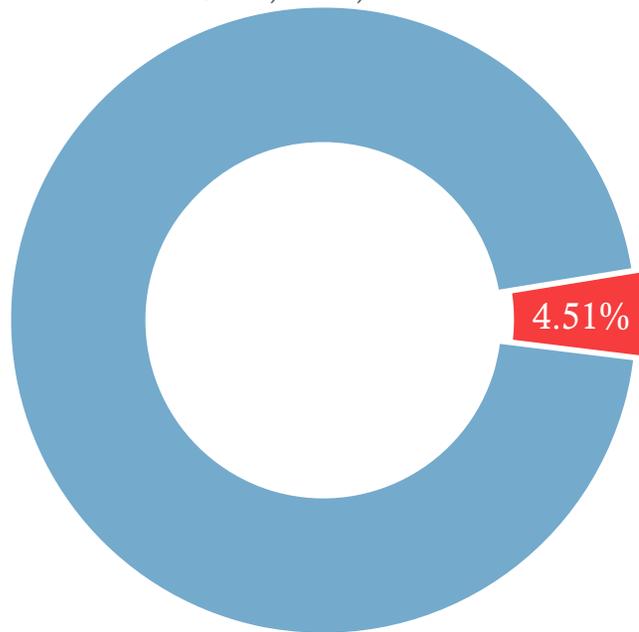


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2. ESTIMATED REVENUE FROM AUDIT PROGRAM

WHAT DOES AUDIT MEAN TO PINAL COUNTY?

2015-2016 Total Property Tax Levy
\$87,317,1943

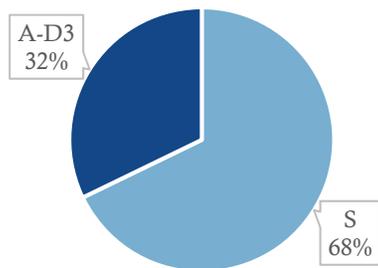


\$3,935,307
in additional
tax dollars

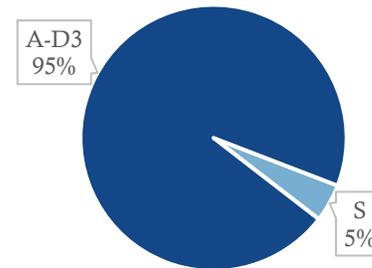
PINAL COUNTY BPP ACCOUNTS

Breakdown of accounts

Class of Audits	Audit Value Ranges (FCV)	Number of Accounts Available for Audit
S	\$0 - \$49,999	1,460
A	\$50,000 - \$399,999	535
B	\$400,000 - \$999,999	92
C	\$1,000,000 - \$4,999,999	56
D	\$5,000,000 - \$19,999,999	5
D3	Over \$20,000,000	5
Total Accounts		2,153



% of Accounts



% of Tax Base

PROGRAM PROJECTIONS

Full 5 Year Program

Class of Audits	Number of Accounts Available for Audit	Average Discovery Per Audit (Company History)	Estimated Total Discovery
A	535	\$ 40,511	21,673,563
B	92	\$ 123,637	11,374,573
C	56	\$ 357,031	19,993,717
D	5	\$ 3,855,007	19,275,033
D3	5	\$ 9,627,880	48,139,400
Total Accounts	693		120,456,287

Annual Program

Class of Audits	Number of Accounts Available for Audit	Average Discovery Per Audit (Company History)	Estimated Total Discovery
A	107	\$ 40,511	4,334,713
B	18	\$ 123,637	2,274,915
C	11	\$ 357,031	3,998,743
D	1	\$ 3,855,007	3,855,007
D3	1	\$ 9,627,880	9,627,880
Total Accounts	139		24,091,257

PROGRAM PROJECTIONS

Estimated Return From Full 5 Year Audit Program

Number of Accounts Audited Over Full 5 Year Program	693
Total Estimated Discovery	120,456,287
Assessment @ 18%	21,682,132
Estimated Total Tax Revenue @ \$16.5/\$100	\$3,577,552
Penalties @ 10%	\$357,755
Estimated Total Tax Revenue including Penalties	\$3,935,307

Estimated Annual Return From Audit Program

Number of Accounts Audited Each Year	139
Total Estimated Discovery	24,091,257
Assessment @ 18%	4,336,426
Estimated Total Tax Revenue @ \$16.5/\$100	\$715,510
Penalties @ 10%	\$71,551
Estimated Annual Tax Revenue including Penalties	\$787,061

WHAT DOES AUDIT MEAN TO YOUR TAXPAYERS?

- ◆ Equity
- ◆ Fairness
- ◆ Education and clarity
- ◆ Less need to seek additional taxes or increase rates because needed revenue can be identified through ensuring existing taxes are administered to their full intent



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3. AUDIT PROGRAM METHODOLOGY

THE AUDIT PROCESS

- ◆ Intro Letter
 - ◆ Clearly identifies partnership between TMA and County
 - ◆ Provides opportunity for validation and preparation of records
- ◆ Appointment Letter
 - ◆ Outlines mutually agreed date, time, and location of audit
 - ◆ Specifies audit period and required documentation
- ◆ Exit Review
 - ◆ Preliminary review of findings with taxpayer
- ◆ Results of Audit
 - ◆ Clearly outlines specific items of issue and any corresponding proposed variances

IN HOUSE MANAGEMENT SYSTEM

- ◆ TMA has designed an in house job management system (INFORMER) that tracks all audit activity for the jurisdiction from the time the audit is assigned until its completion including:
 - ◆ Audit status
 - ◆ Associated correspondence
 - ◆ Audit findings
 - ◆ Management reporting
- ◆ Many jurisdictions have adopted and incorporated TMA's systems and procedures as part of their ongoing personal property assessment administration program

CLIENT TRAINING

- ◆ TMA also provides training for our clients' personal property staff on an as needed or requested basis
- ◆ Training includes:
 - ◆ Procedures and resources applicable to the discovery of business taxpayers required to file a listing in the jurisdiction
 - ◆ Legal fundamentals governing personal property tax administration
 - ◆ Basic appraisal principles
 - ◆ Basic asset accounting
 - ◆ Various in-house audit processes
 - ◆ Basic field audit procedures
- ◆ Designated members of the assessor's staff may accompany TMA auditors to observe audits in progress as a means of on-the-job training

TAXPAYER SENSITIVITY

- ◆ TMA recognizes the sensitivity of audits and confidentiality requirements; we therefore instill in our audit staff the requirements for good public relations
- ◆ Treat taxpayers with compassion and dignity
- ◆ Always be courteous and polite
- ◆ Arrange audits that are convenient for the taxpayer or taxpayer's representative
- ◆ Don't assume or imply guilt; ask questions and clarify
- ◆ Follow up and keep open communication between taxpayers and the client. Transparency is key

JOINT VENTURE BETWEEN PINAL COUNTY AND TMA

- ◆ TMA does not propose to replace the existing jurisdiction staff
- ◆ TMA services are considered an enhancement to the current staff and aid in the ability to meet compliance and training goals and objectives in a professional, efficient, and economical manner
- ◆ TMA brings to the jurisdiction a vast amount of expertise in the listing, appraisal and assessment of Business Personal Property from jurisdictions across the nation

THANK YOU FOR YOUR TIME!

- I sincerely appreciate the time you have given today for this presentation.
- Thank you for your time, and we will be happy to address any questions at this time, or any time in the future:

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FULL SUITE OF AD VALOREM SERVICES AVAILABLE

- ◆ TMA's full suite of services include:
 - ◆ Business Personal Property Auditing and Consulting
 - ◆ Discovery of Non-Listing Businesses
 - ◆ Outsourcing
 - ◆ Public Utility Audits
 - ◆ Cost Analysis Valuation System (CAVS)
 - ◆ Online Listing Software for Business Personal Property
 - ◆ Homestead Exemption Audits (with LexisNexis)
 - ◆ Client Management Reporting Tools (Informer)