

2014 Annual Report of the County Treasurer



Treasurer of Jackson County

Karen A. Coffman

March 2015

County of Jackson

Office of the County Treasurer

2014 Annual Report

March 2015

Honorable Commissioners

Jackson County Board of Commissioners

We are pleased to submit the annual report of the County Treasurers Office for 2014. The bulk of the work completed in the County Treasurers Office is mandated by Michigan Law. However, the level of service provided by the Office of the County Treasurer must be supported by the Board of Commissioners. It is our intent by presenting this annual report to provide statistics and numbers as a result of the services we provide as well as report the monetary impact of these services to the general fund.

Foreclosure Prevention

The Jackson County Treasurers office broadened its scope of foreclosure prevention this past year through a three pronged approach.

Federal and State Funding Available

The Michigan State Housing Development Authority announced a new program in January of 2013 designed to assist homeowners who have endured a financial hardship. This program, **Step Forward Michigan**, worked directly with County Treasurers to pay delinquent property taxes for those homeowners that were eligible for the program. Hundreds of citizens in our community were able to receive this much needed financial assistance of federal and state funding to prevent tax foreclosure.

Community Partners, Collaboration, and Resources

With the announcement of this comprehensive, statewide program aimed to help homeowners who are at high risk of foreclosure, **Community Action Agency** in Jackson continues to be a valuable partner in the implementation and outreach for our community. We were able to refer citizens to Community Action Agency and their staff provided assistance to homeowners in filling out the application for the Step Forward program.

For the second year we have continued our partnership with **Legal Services of South Central Michigan**. The purpose of this partnership was to assist low and moderate

income owners and or occupants who were in jeopardy of losing their homes due to tax foreclosure or were in jeopardy due to predatory mortgage practices associated with or triggered by the nonpayment of property taxes. Other legal issues that could be addressed were rescue scams, predatory loans, hardship or poverty exemptions, homestead, probate or competency issues.

Hardship Deferrals

Each year we have two hearings, one in January and one in February, for citizens who are concerned about their ability to pay the delinquent taxes before the deadline. A total of 102 hardships were granted allowing these taxpayers more time to pay the delinquent balance owed on a total of 109 parcels and preventing foreclosure for that year.

GOALS for 2015

- Work in partnership with Community Action Agency and local financial institutions to create resources for financial education classes with the intent to improve financial literacy in our community
- With the implementation of the new financial software now complete, explore and implement posting of payments in real time. This will allow greater efficiencies and more current information available for taxpayers
- Prepare and issue a Request for Proposal for Banking Services for the County's depository accounts and banking needs
- Play an integral part in analyzing current credit card infrastructure and vendors throughout the County and look to consolidate to one primary vendor in an effort to reduce costs to the County
- Analyze and evaluate costs and benefits of 3 year dog licensing
- Explore mass marketing or mailings to increase dog licensing; partner with local veterinarians for issuing dog licenses

The Treasurer's Office continues to seek opportunities to work closely with those inside and outside of the County, to build solid relationships, to utilize new technology, to obtain better pricing and to find cost reductions.

We would like to thank our wonderful staff in the County Treasurers office for the continuing excellent customer service they provide the citizens of Jackson County. I look forward to continuing to work with the Board of Commissioners, as we look for ways to improve our delivery of services.

Respectfully submitted,

Karen A. Coffman

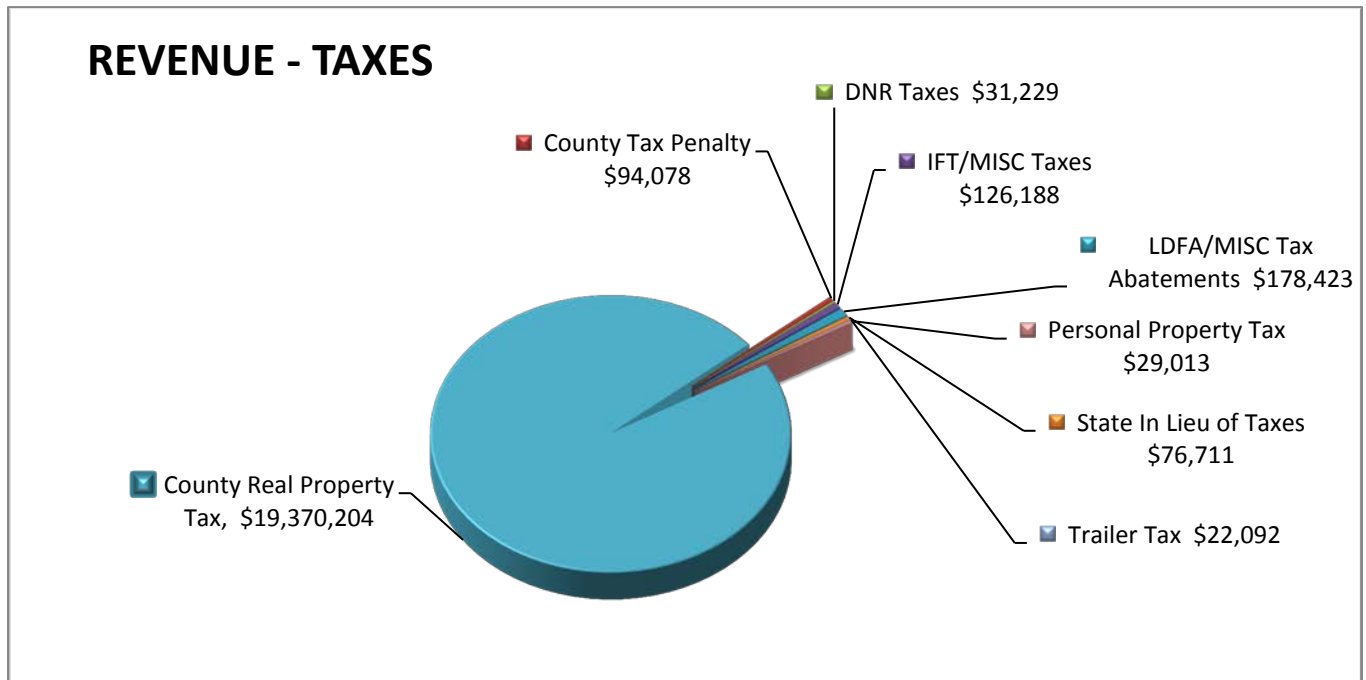
Jackson County Treasurer

Diane L. Donaldson

Chief Deputy Treasurer

Custodian of County Funds

The County Treasurer’s Office is the depository for all county funds, by Board resolution and in accordance with Act No. 40, Public Acts of Michigan 1932 (MCL48.40). We are required by State mandate to maintain the county treasury and are responsible for the collection and deposit of all public funds. Management activities include receipt for revenues, coordinate cash drawers and imprest cash for all departments, maintain bank accounts, reconcile receivables, and coordinate disbursement of funds held in trust, coordinate signature and transfer of funds to cover county disbursements.



Other Revenue

Interest	\$709,124
PA 105 Interest	\$7,479
Tax Search	\$1,385
Dog License	\$65,044
Deed Certification	\$3,057
Passports	\$12,040
Intergovernmental/Other	\$5,569,312
Total General Fund Revenues for 2014	\$26,295,379
Total General Fund Expenses for 2014	\$121,887

Processing – Outputs

The Office of the Treasurer began accepting credit cards payments in the main office for payment of delinquent taxes and online in 2009. We began tracking payments for delinquent taxes and the number of parcels. As you can see we have had a slight decrease in the dollars collected but an increase in the total number of parcels in the usage of credit cards form of payment in the main office. We also experienced a slight decrease in online payments as compared to last year.

	Total Dollars of Credit Card Payments in office	Number of Parcels
2009	\$322,908.77	371
2010	\$1,064,556.80	636
2011	\$1,300,867.28	1180
2012	\$1,412,394.14	1356
2013	\$1,660,908.54	1504
2014	\$1,603,457.95	1602

	Total Dollars of Credit Card Online Payments	Number of Parcels
2009	\$103,608.49	117
2010	\$227,224.06	222
2011	\$222,910.06	265
2012	\$205,812.64	256
2013	\$374,127.98	386
2014	\$358,977.46	372

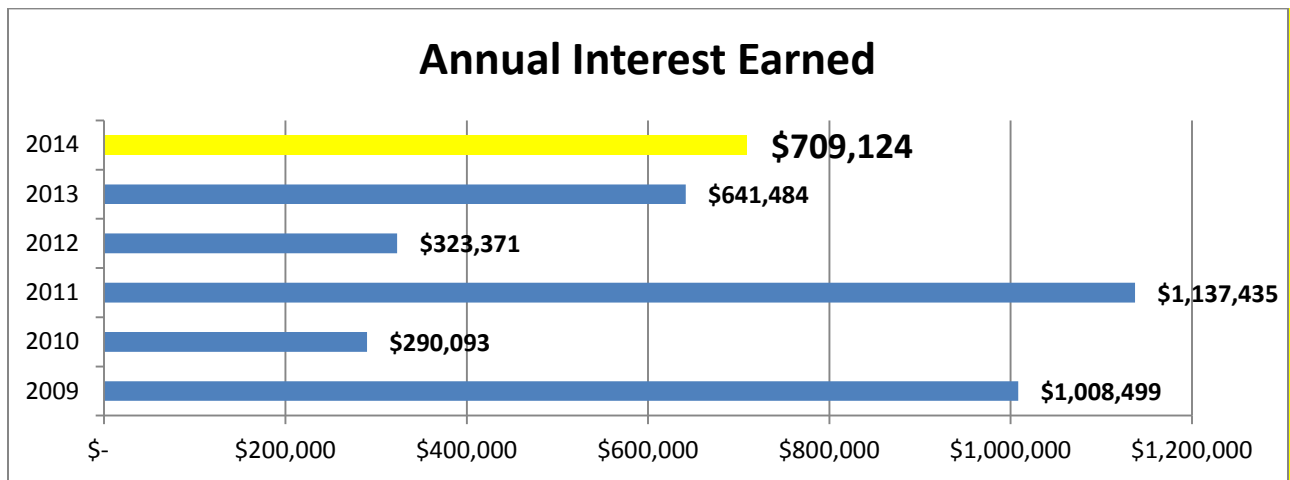
	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual
Number of Tax receipts processed	13,781	14,620	14,156	13,871	14,252	14,265
Total Taxes/Penalties/Fees collected	\$ 12,845,931	\$14,648,016	\$ 13,615,448	\$13,795,041	\$ 13,719,005	\$ 13,012,668
Total Number of Delinquent Notices mailed	23,091	28,830	24,640	25,133	24,871	24,710

Jackson County General Fund Investment Pool

Cash and investment activities for the 12 months ending December 31, 2014 are discussed below. This report covers only the operations of the county that fall under the responsibility of the County Board of Commissioners. This report does not include operations of the Building Authority, other post-employment benefits (OPEB) or Pension, or activities of the Drain Commissioner.

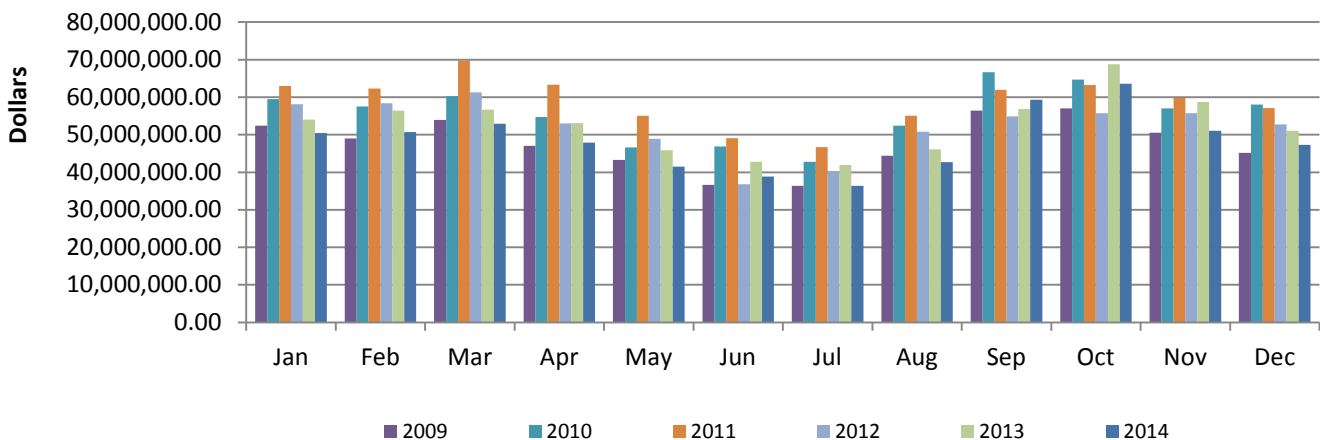
The primary objectives of the county's investment activities, in priority order are:

- 1) Protection and Safety of principal,
- 2) Liquidity, and
- 3) Yield or return on investments.



General Fund Portfolio Totals

Historical Comparison by Month



December 2014 General Account Investments

CUSIP	Issuer	Par Value	Current Rate	Maturity Date
Certificates of Deposit				
48124JSZ2	JP Morgan Chase	\$ 250,000.00	1.125%	2/20/2018
94986TMB0	Wells Fargo	\$ 250,000.00	0.950%	2/28/2018
32110YER2	First National Bank of America	\$ 250,000.00	1.500%	3/16/2020
48124JWV6	JP Morgan Chase	\$ 250,000.00	1.250%	9/28/2018
201282GJ3	Alma Bank	\$ 250,000.00	1.500%	4/13/2020
66704MDZ1	Northstar Bank	\$ 250,000.00	1.400%	2/28/2018
575328BC2	Mason State Bank	\$ 250,000.00	1.700%	9/4/2018
894333EX7	Traverse City State Bank	\$ 250,000.00	1.300%	10/24/2017
33646CDJ0	First Source Bank South Bend	\$ 248,000.00	1.750%	2/28/2019
320844PB3	First Merit Bank	\$ 250,000.00	1.000%	10/31/2016
	Subtotal	\$ 2,498,000.00		
Cash/Money Markets				
	Comerica Bank	\$ 1,783,231.35		
	Michigan CLASS	\$ 3,742.29		
	Huntington Bank	\$ 2,257,064.33		
	County National Bank	\$ 500,822.04		
	Subtotal	\$ 4,544,860.01		
Treasuries / U.S. Agencies				
313382TU7	Federal Home Loan Bank	\$ 3,000,000.00	1.500%	4/25/2023
313380QA8	Federal Home Loan Bank	\$ 5,000,000.00	2.000%	9/28/2027
3133802X4	Federal Home Loan Bank	\$ 10,000,000.00	1.250%	10/25/2024
3133EC3K8	Federal Farm Credit Bank	\$ 1,000,000.00	1.430%	11/20/2019
313381BU8	Federal Home Loan Bank	\$ 2,000,000.00	1.500%	11/28/2022
313382JW4	Federal Home Loan Bank	\$ 2,000,000.00	1.300%	12/27/2018
3133EAX45	Federal Farm Credit Bank	\$ 2,000,000.00	2.180%	9/20/2021
3133EC2K9	Federal Farm Credit Bank	\$ 2,000,000.00	2.180%	11/14/2022
3133ECJE5	Federal Farm Credit Bank	\$ 2,000,000.00	2.430%	3/20/2023
3134G4PB8	Federal Home Loan Bank	\$ 1,000,000.00	1.000%	6/27/2017
3137EADM8	Federal Home Loan Mortgage Corp	\$ 480,930.00	1.250%	10/2/2019
3133EDVM1	Federal Farm Credit Bank	\$ 2,000,000.00	2.730%	9/22/2021
3133EDVR0	Federal Farm Credit Bank	\$ 2,000,000.00	2.650%	9/22/2021
3133EDY30	Federal Farm Credit Bank	\$ 1,000,000.00	1.120%	10/16/2017
3133EDY63	Federal Farm Credit Bank	\$ 1,000,000.00	1.125%	1/16/2018
3133EDYP1	Federal Farm Credit Bank	\$ 1,000,000.00	2.040%	1/21/2021
3133EARU4	Federal Farm Credit Bank	\$ 902,502.75	2.290%	6/4/2021
59447PCN9	Michigan Finance Authority Muni Bond	\$ 840,575.42	1.900%	9/1/2018
3133EEBD1	Federal Farm Credit Bank	\$ 1,000,000.00	2.375%	11/10/2020
	Subtotal	\$ 40,224,008.17		
	Total	\$ 47,266,868.18		

Diversification of Investment Type as of December 31, 2014

- 5 % of the investment portfolio in short term fixed type investments;
- 10 % of the investment portfolio in money market accounts; and
- 85 % of the investment portfolio in long term fixed type investments.

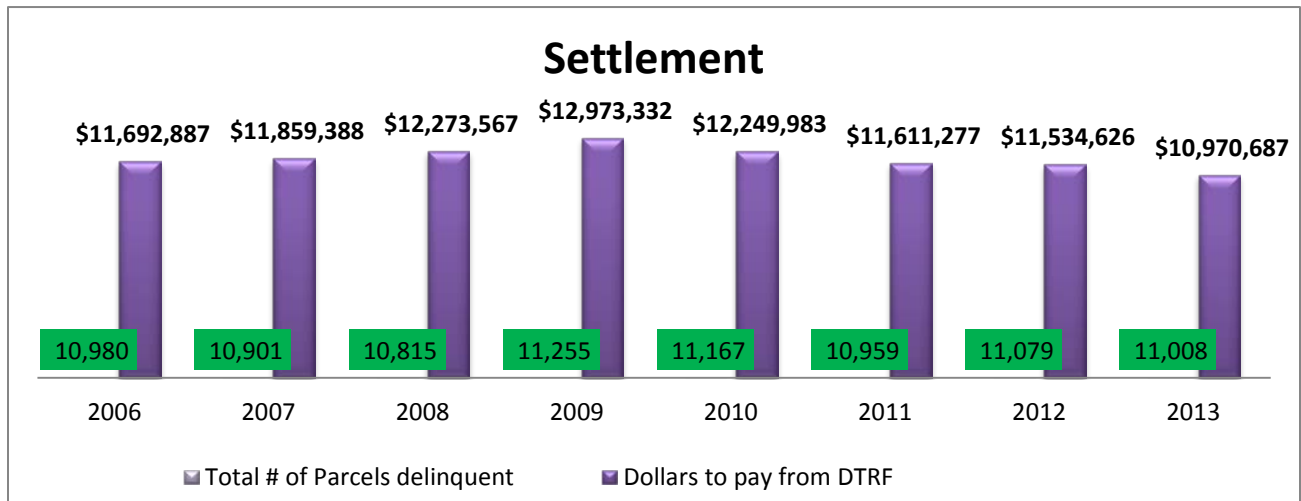
Delinquent Property Tax Administration

It is the responsibility of the County Treasurer to collect delinquent real property taxes. Functions associated with delinquent taxes include writing receipts, processing adjustments to prior year tax rolls for up to 20 years, processing bankruptcy claims, board of review adjustments, tax tribunal adjustments, and managing the annual forfeiture and foreclosure process. The county operates a Delinquent Tax Revolving Fund which was established in the early 1980's. The purpose of this fund is to make full payment for all delinquent property taxes to local units of government. Even in the midst of higher utilization the Delinquent Tax Revolving Fund has been one of the financing tools of the county.

Local units electronically transfer their taxes to the county each year every March 1st, however, this office performs settlement functions three different times during that current year's tax collection. We do this in an effort to provide a check and balance between the local units and the County, as well as to make March 1st settlement smoother. The tax rolls are required to be maintained and adjusted by the County Treasurer for 20 years. Electronic settlement with the local units saves hours of staff time for the County Treasurer's office and for the treasurers of the local units of government.

The settlement process during the month of March consists of verifying taxes collected and adjusted as well as delinquent tax rolls. This office will settle with nineteen townships, seven villages and one city. As a result of this process, each of the delinquent tax rolls are purchased by the Delinquent Tax Revolving Fund. We have been able to purchase these taxes from the local units without having to borrow or utilize Delinquent Tax Anticipation Notes since 1999. Once settlement is complete, payments are distributed around May 20th.

Below is a chart that indicates the total number of delinquent real property tax parcels (in green) that were transferred to the County Treasurers office as well as how much money the Delinquent Tax Revolving Fund had to expend to purchase these taxes.



Once the taxes have been turned over by the local units, the Office of the County Treasurer begins collection of these taxes. The chart below describes the entire process beginning when the taxes come delinquent to the Treasurer's office, the next step is Forfeiture of the taxes, in which a lien is filed on the uncollected delinquent taxes, and if the taxes still remain uncollected at the end of 25 months, the Office of the County Treasurer will foreclose on the real property for nonpayment of delinquent taxes.

Delinquent Property Tax Timeline for 2012 Taxes

This Year

Delinquency

On March 1, 2013

Unpaid 2012 taxes become delinquent and payable to Jackson County Treasurer

- ♦ 4% Administrative Fee added
- ♦ Interest begins to accrue at 12% per year

On Oct 1, 2013

\$15 fee added

On Nov 1, 2013

Parcel added to preliminary forfeiture list

On Feb 1, 2014

Mortgage lenders and banks may be notified



The property tax foreclosure process can be confusing. We would like to answer any questions you may have.

Please call us at 517-788-4418.

Next Year

Forfeiture

On March 1, 2014

- ♦ Minimum of \$195 in fees added
- ♦ Property forfeited to County Treasurer
- ♦ Interest rate increased to 18% per year retroactive to March 1, 2013

June 2014
Foreclosure petition filed in Circuit

Between June 1, 2014 and January 31, 2015

Title research to identify owners and lienholders

Personal visits made to forfeited property

Mortgage lenders banks and other lienholders notified

Early 2015

January 2015

Show Cause Hearing held

Foreclosure

February 2015

Court Hearing held and Judge signs Foreclosure Order

March 31, 2015

Redemption rights expire if taxes are not paid and property ownership transfers to the Jackson County Treasurer

July-November 2015

- ♦ Property sold at auction
- ♦ Prior owner does not receive any of the proceeds

This timeline is intended to describe in general terms the major elements and deadlines of the State law regarding delinquent property taxes. You may obtain a copy of an excerpt from the General Property Tax Act from the Jackson County Treasurer's Office.



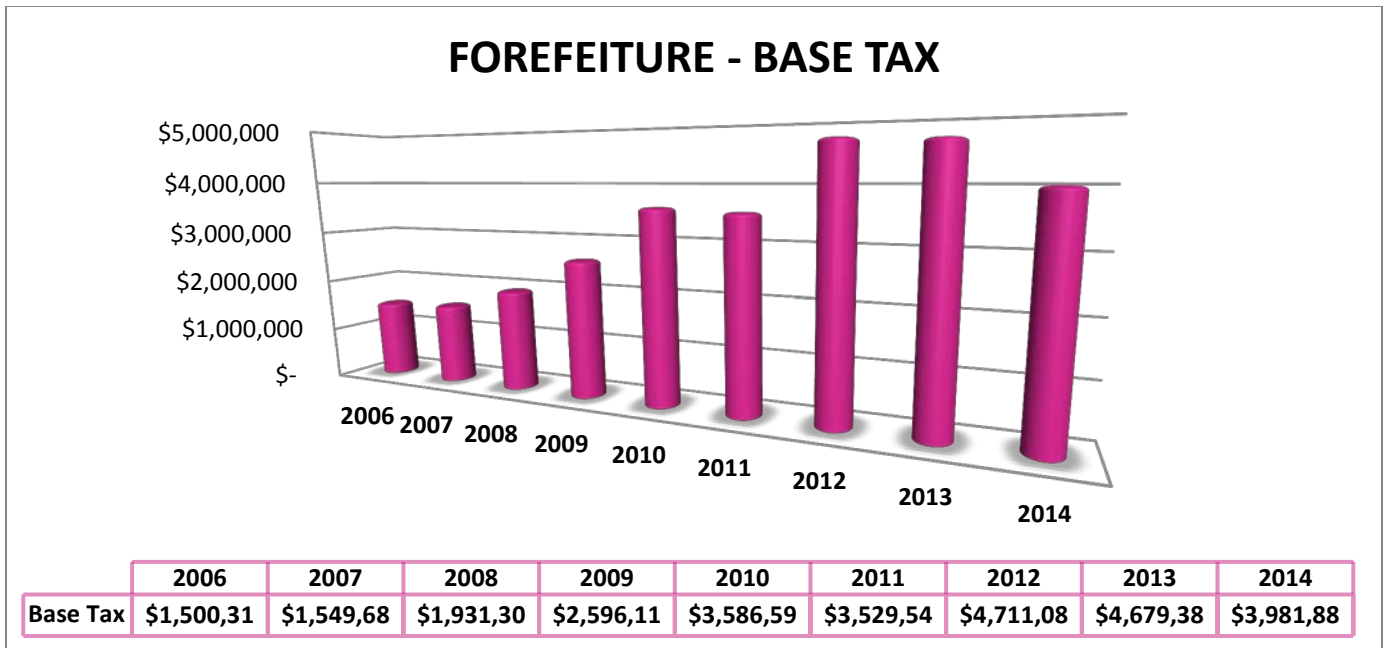
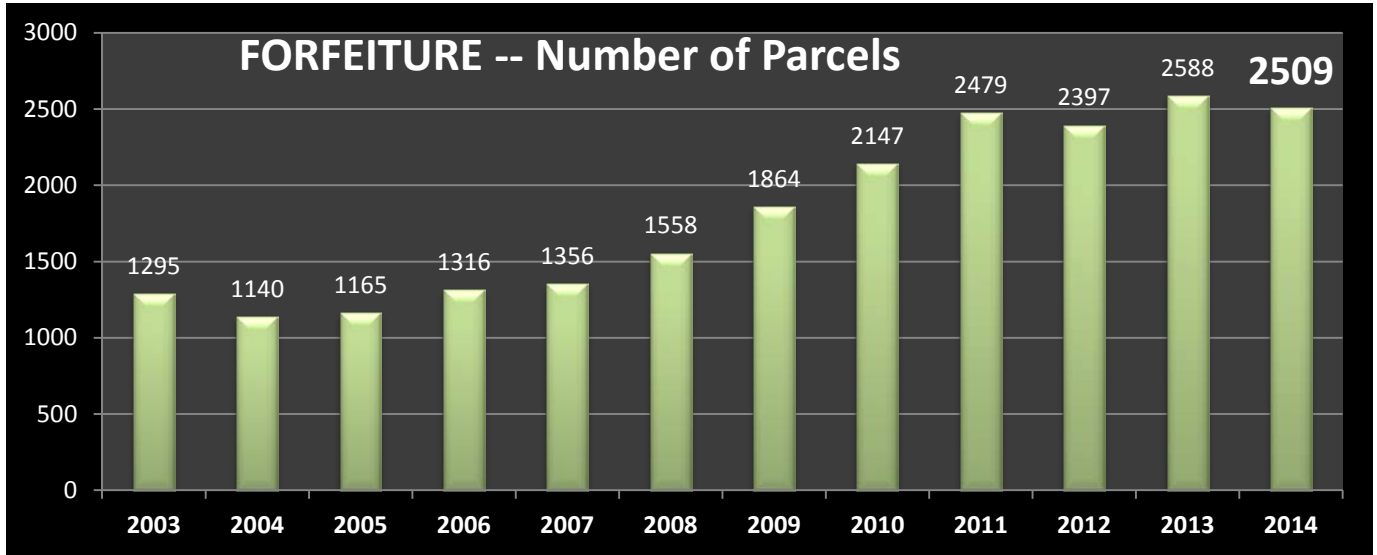
Karen A. Coffman <> Jackson County Treasurer <> 120 West Michigan Avenue Jackson Michigan 49201 <> 517.788.4418



Forfeiture

The Forfeiture process begins on March 1st after one full year of collection efforts by the County Treasurer’s office. Additional fees and penalties are added as set forth by state statute and a Lien is filed with the Register of Deeds office.

Below is a chart that reports the history of forfeiture with number of real property parcels. As you can see from the data, there was decrease in the number of parcels in forfeiture from 2013.



The Office of the County Treasurer continues collection efforts on the delinquent real property taxes through the forfeiture cycle and if still unpaid, the taxes can and will be foreclosed for nonpayment on March 31st of the second year of collection (25 months).

Foreclosure Prevention

For the second year we have continued our efforts of preventing foreclosure. Through a truly collaborative approach, we partnered with local agencies to reach those citizens that were experiencing financial hardships and to connect them to vital resources. Again this year was the continuation of the loan rescue program that would assist in paying delinquent property taxes for those that qualified.



The U.S. Department of the Treasury established the Hardest Hit Fund® in 2010 to provide targeted aid to families in states hit hard by the economic and housing market downturn. Michigan received a total of \$498.6 million in Emergency Economic Stabilization Act (EESA) or Troubled Asset Relief Program (TARP) funds to operate its Hardest Hit Funds® program.

The MHA's program, Step Forward Michigan, has three programs designed to assist homeowners who have endured a financial hardship. Michigan homeowners can apply online at www.stepforwardmichigan.org. Approved homeowners will be asked to sign a forgivable loan note and mortgage lien for the amount of assistance granted. The loan is provided at a 0% interest rate, requires no monthly payments, and will be forgiven at 20% each year as long as the property remains the homeowner's primary residence. Hardest Hit Funds® are paid directly to the participating mortgage lender and/or county treasurer for application toward the amount owed.

Community Action Agency acted as our liaison between MSHDA and the Step Forward Program. We worked to inform, promote and communicate information about the program and direct citizens to contact CAA so they could get assistance in filling out the necessary paperwork to determine eligibility.

Throughout 2014, we had 42 citizens apply for the program. The County Treasurers office received payments for delinquent taxes in the amount of \$152,615 dollars for multiple tax years on 48 parcels in our community. As part of this program, eligible applicants could also qualify to have their current taxes paid at the local units. The local units received payments for taxes in the amount of \$31,917 dollars for 35 parcels. All in all, the program has been very successful in assisting those in need in our community. As of years end, we have been informed that this Hardest Hit Fund has \$30,000,000 dollars in funding still available so we will continue to connect citizens to this program in the hopes of making a significant impact on preventing foreclosure.

A second approach to foreclosure prevention included working with Legal Services of South Central Michigan (LSSCM). Through collaborative efforts with LSSCM, we were

able to refer prospective cases in which taxpayers were in need of specific legal guidance and information as it related to tax and mortgage foreclosure. In 2014, LSSCM opened 68 cases for low and moderate income owners/occupants. These cases assisted a total of 175 individuals who were in jeopardy of losing their homes due to tax or mortgage foreclosure. Every individual, at a minimum, received legal advice on the tax or mortgage foreclosure process, analysis of their legal cases, and referrals to other agencies as appropriate.

In a majority of cases, LSSCM worked with Community Action Agency in a two pronged approach. LSSCM focused on the legal issues while CAA assisted the client(s) with completing the application for assistance through the Step Forward program through MSHDA.

The third method of foreclosure prevention, hardship deferrals, is provided for in state statute. In January, the panel granted 40 hardship deferrals to protect 40 properties from foreclosure. At the Judicial Foreclosure hearing held in February, another 62 hardship deferrals were granted by Judge Wilson which protected 69 properties from foreclosure.

Foreclosure

On March 31, 2014, we foreclosed on 259 properties for nonpayment of delinquent real property taxes. The total base taxes including penalties and interest of these 259 properties totaled \$1,131,775. This number of parcels foreclosed is 18 LESS than the 2013 cycle.

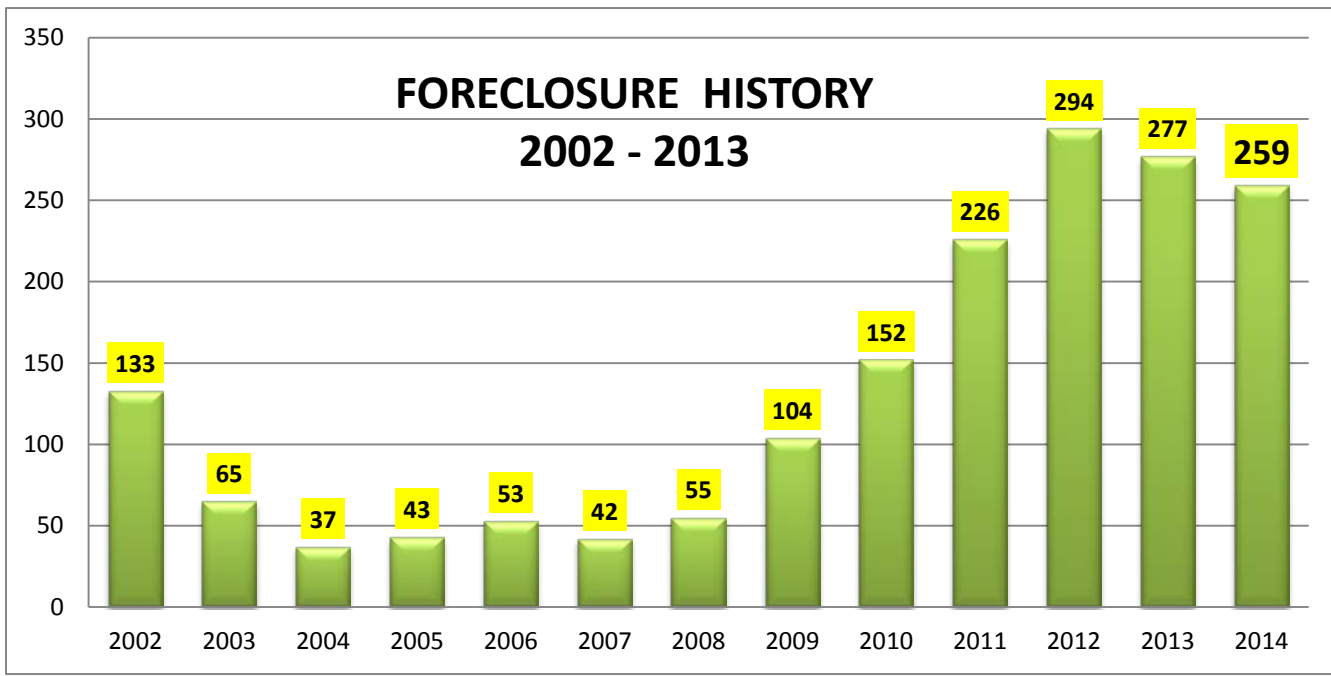
One hundred and fourteen parcels were withheld from 2014 foreclosure through the hardship deferrals and applicants into the Step Forward program. The City of Jackson exercised its First Right of Refusal and took 4 tax foreclosed properties located in the City. The Village of Concord exercised its First Right of Refusal and took 1 tax foreclosed property in the village. The County exercised its First Right of Refusal and took 7 tax foreclosed properties located throughout the County.

At the first tax foreclosure auction held August 6, 2014, there were 322 parcels available for purchase at the minimum bid (some parcels were from previous years auctions that were not sold). We sold 87 parcels at this auction and total dollars back to the delinquent tax revolving fund was \$525,450.00.

The second tax foreclosure auction was held on September 24, 2014 offered 232 remaining parcels at the “no minimum bid”. We sold another 157 parcels at this auction and total dollars back to the delinquent tax revolving fund was \$125,450.00. At the end of the tax cycle this year, the City of Jackson accepted 22 tax foreclosed properties in the City.

Below is a chart that reports the history of tax foreclosures since 2002 through 2014. The chart indicates the total number of real property parcels that the County Treasurer foreclosed on for nonpayment of real property taxes. In 2014, we foreclosed on 259

parcels. As you can see, there has been a significant increase in total number of parcels that this office has foreclosed on since 2009 to 2012, with a slight decrease in 2013 and in 2014. We believe that this decrease can be attributed to the strong foreclosure prevention efforts again this year.

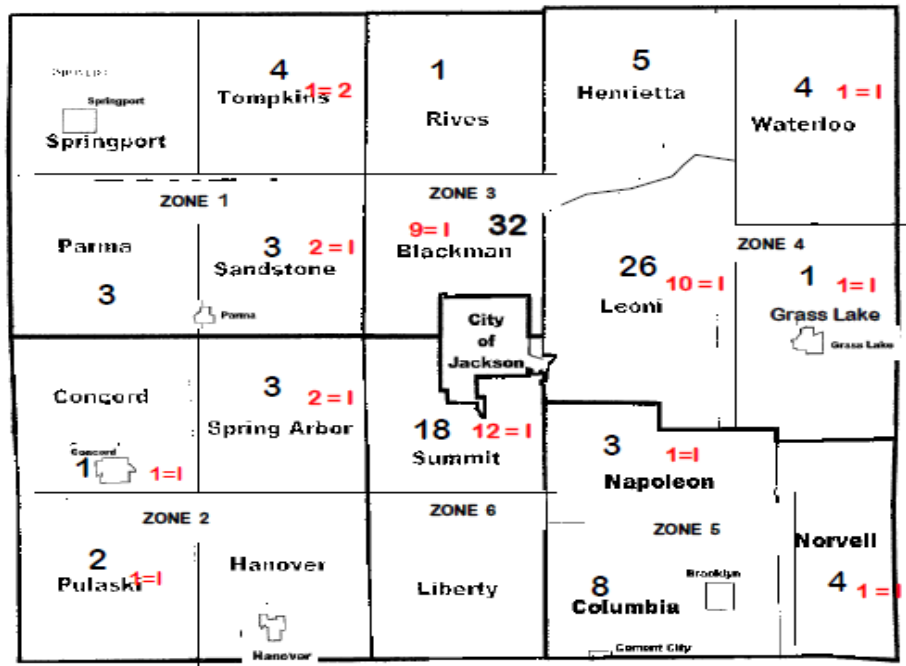


MARCH 2014

CITY

1-	6	3=I
2-	5	3=I
3-	8	4=I
4-	25	13=I
5-	38	25=I
6-	27	10=I
7-	18	5=I
8-	14	8=I
Total	141	71=I

2014 Foreclosures 259 parcels



K, CDKare, PA123, 2014 FRC

The Michigan Department of Treasury has been collecting state wide real property tax forfeiture and foreclosure statistics for several years now. The table below compares the forfeiture and foreclosure numbers against the state wide foreclosure rates. As you will see the County of Jackson has been below the state wide numbers from 2009 to 2014.

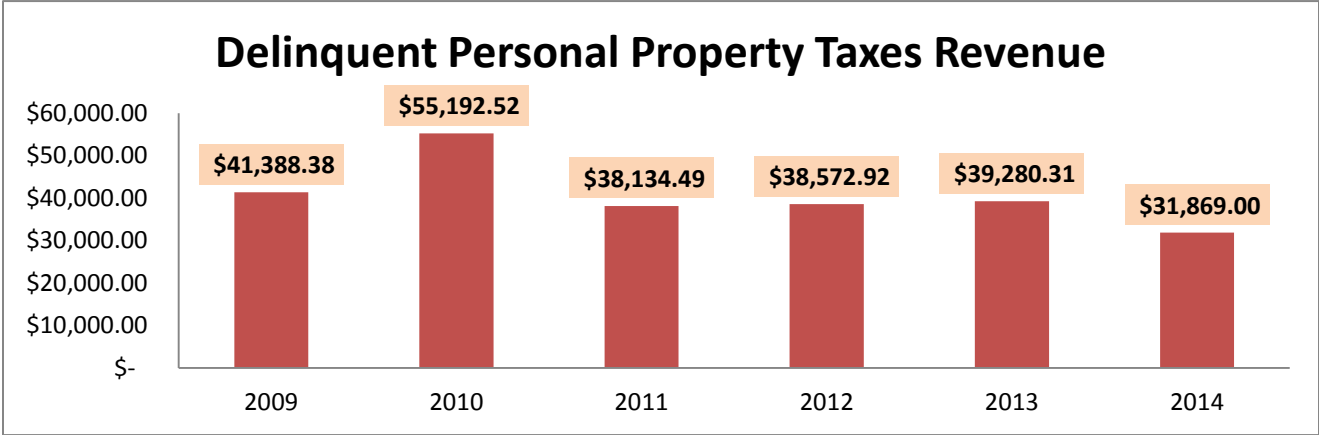
	2009	2010	2011	2012	2013	2014
Parcels Forfeited - Jackson	1864	2147	2479	2397	2588	2509
Parcels Foreclosed - Jackson	104	152	226	294	277	259
Foreclosure Rate - Jackson	7%	8%	11%	12%	11%	10%
State wide Foreclosure Rate	11%	15%	13%	16%	14%	16%

Delinquent Personal Property Tax

The Office of the Jackson County Treasurer is one of just a few in the State of Michigan that collects delinquent personal property taxes for the city, townships, and villages in the County of Jackson. The Treasurer’s office began collecting delinquent personal property taxes in 1988, as allowed per the MCL 211.56(3). The law states that the governing body of the local property tax collecting unit and the County of Board of Commissioners with the concurrence of the county treasurer, that the county treasurer shall be responsible for the collection of the delinquent personal property taxes of the city, township, or villages.

It is the Office of the Treasurers’ fiduciary responsibility to collect personal property taxes and per this agreement between the Treasurer’s office and the 27 local units; we are able to ease the workload at the local level for collection of these taxes and ensure that these tax dollars are then dispersed to the public schools, the Intermediate School District, the local community college and the State of Michigan.

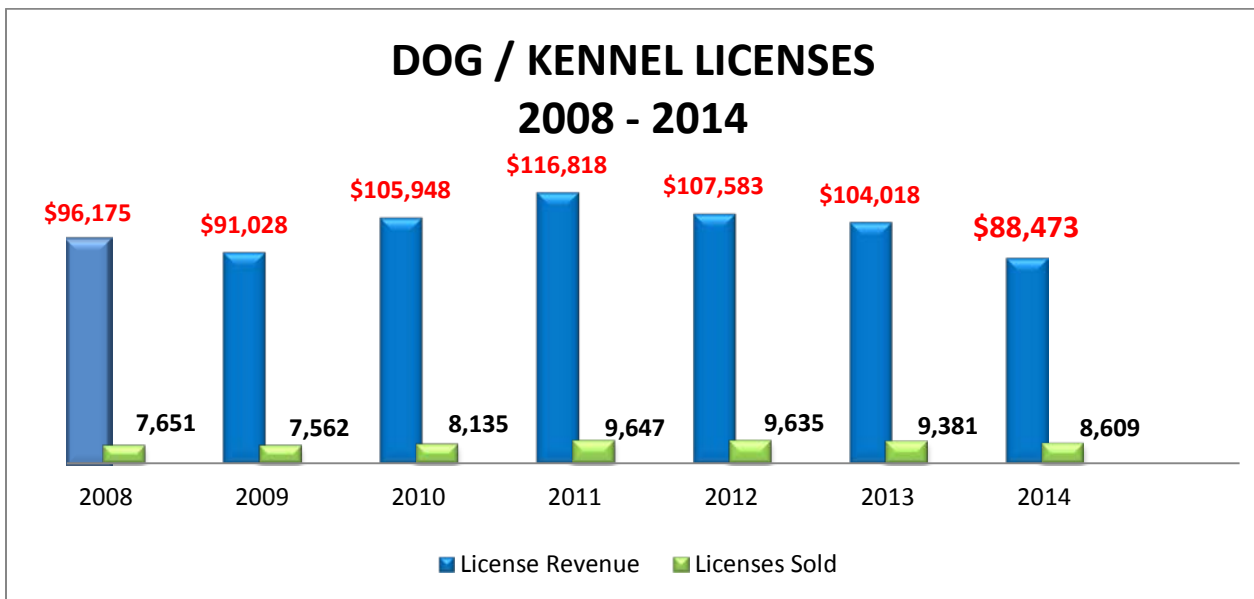
This past year we sent out over 3,000 notices for delinquent personal property parcels and collected over \$31,000 as a result.



Dog and Kennel License Program

The County Treasurer's office manages the dog and kennel license program. In 2014, dog licenses were sold year round at the County Treasurer's office, and the County Animal Shelter. Local treasurers have the option to sell dog licenses at their township offices from December 1st to February 28th each year. If they do provide this value added service at the township, the township keeps \$1 per each dog license sold. Participating townships that sold dog licenses in 2014 include: Concord, Grass Lake, Leoni, Liberty, Napoleon, Norvell, Pulaski, Sandstone, Spring Arbor, Springport, and Waterloo.

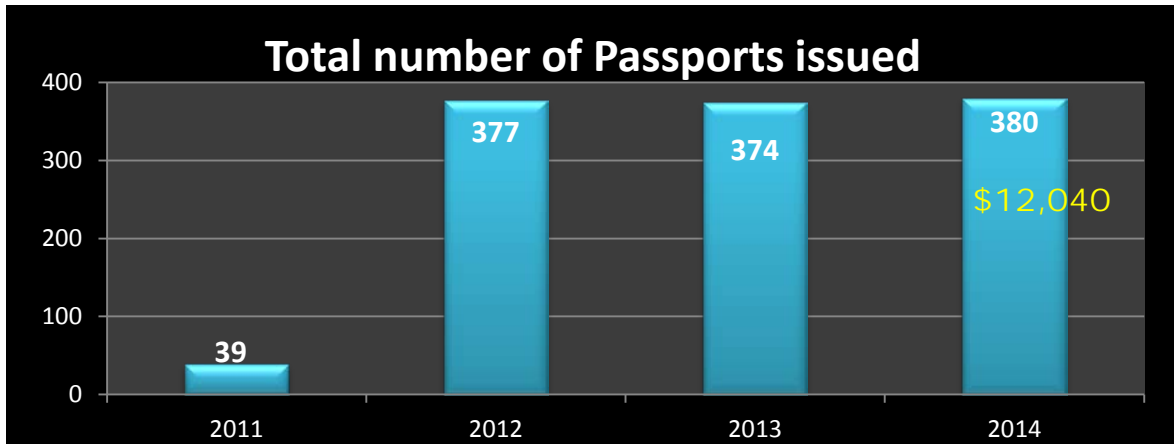
The fees for dog licenses were \$10 for spayed or neutered dogs on or before March 1st. Dogs that are not spayed or neutered cost \$20 to license on or before March 1st. Senior Citizens receive a discount for purchasing dog licenses on or before March 1st. Fees increase to \$30 per dog if not paid by March 1st.



Passports

The Office of the County Treasurer became a designated Passport Acceptance Facility in June of 2011 due to changes by the U.S. Department of State. In an effort to preserve General Fund revenue of approximately \$15,000 annually for processing of passports, the Treasurer's office volunteered to absorb this service with no additional staffing changes. Once the designation was completed, all members of staff were trained. We began accepting passports in our office late 2011.

In 2012, we processed 377 passports and generated just over \$12,288.00 in general fund revenue. In 2013, we processed 374 passports and generated \$13,005.00 in general fund revenue. **In 2014, we processed 380 passports and generated \$12,040.00 in general fund revenue.** We take great pride in this value added service that we have been able to provide for the citizens of our community.



BS&A Software Financial Set Up, Conversion and Implementation

The County undertook a major financial program conversion in replacing the antiquated financial software to BS&A software during 2014. The new modules of general ledger, cash receipting, accounts payables, miscellaneous receivables, payroll and human resources replaced software dating back to the year 1997.

Planning meetings began in March, process discovery meetings were held in May, onsite implementation began in August and continued until years end. The months of October, November and December were full of intense on-site training and education. As a result, we also had to adjust and create new procedures to accommodate the new functionality of the software.

Treasurer staff at all levels were involved in setup, testing, training, balancing and implementation of this conversion and implementation for the entire County.

The Treasurer's office being the hub of cash receipting, balancing and depositing for all County offices was significantly impacted by this conversion and implementation.

Jackson County Building Authority

Counties have the ability to acquire, furnish, equip, own, improve, enlarge, operate, and maintain buildings pursuant to Act 31 of 1948 which provides for the creation of a County Building Authority. The County Treasurer is also the Treasurer of the County Building Authority by virtue of the office. The County Building Authority Board's primary responsibility is to oversee and direct financial investments and bonds of building projects.

In 2014, the Building Authority had the opportunity to refund and reissue the Building Authority bonds for the Life Ways building. As a result of the current market environment, the sale and refunding resulted in **total net savings of \$569,167.00** and the present value savings of \$490,970.00. This equates to a **total annual savings of approximately \$47,000 each year** over the remaining life of the bond.