

# 2015 Annual Report of the County Treasurer



Treasurer of Jackson County

Karen A. Coffman

March 2016

# County of Jackson

Office of the County Treasurer

2015 Annual Report

March 2016

Honorable Commissioners

Jackson County Board of Commissioners

We are pleased to submit the annual report of the County Treasurer's Office for 2015. 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 fourth 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 119 hardships were granted allowing these taxpayers more time to pay the delinquent balance owed on a total of 139 parcels and preventing foreclosure for that year.

As an additional prevention method, we added an additional personal service visit for each delinquent taxpayer with a house on the property. The law requires that we must do at least one visit to make contact with the taxpayer and or interested parties to notify of the delinquent taxes and possible pending foreclosure. We visited 1,391 properties on the first round of required personal service visits. The second round of personal visits we visited 635 properties. By adding this additional visit, we believe it is one more opportunity to prevent foreclosure.

### **Communication & Education**

The Jackson County Treasurer's office continues to improve communication and education to the public and the local units of government. Specific activities and initiatives included:

- Provided a one day educational training on Cash Handling for Jackson County employees and the local units of government.
- Providing printed publications on topics such as the forfeiture and foreclosure timelines, information about property taxes and steps to take to avoid tax foreclosure, information on mortgage foreclosure and steps to take to avoid losing your home, information about mortgage foreclosure scams and what to be aware of to prevent becoming a victim, and dog licensing.
- Participated, collaborated and sponsored a Show Me The Money Day program to boost financial awareness, literacy and education in our community. This program featured community resources, savings products, and free financial workshops.

### **Technology**

The Jackson County Treasurer's office continues to utilize technology upgrades and improvements aimed at improving efficiency, saving taxpayer resources and increase productivity. This year we began utilizing mobile tablets for the tax specialists to enable off site processing of property inspections and postings, GIS and GPS integration while in the field, and enhancing mobile communications with the office and field operations.

By utilizing this technology, the staff has eliminated manual entry of information upon return to the office from field work. Since the information needed was collected and inputted electronically, we now send this data through a file transfer protocol (FTP) instead of printing, copying and mailing the information in paper format. This has resulted in a significant decrease in staff processing time as well as ink, paper costs and postage expense.

### **GOALS for 2016**

- Revamp the issuance of Dog Licensing in the County, revise and update the current license fee structure and implement a 3 year dog license for dog owners in Jackson County
- Implement an online dog licensing program
- Explore mass marketing or mailings to increase dog licensing; partner with local veterinarians for issuing dog licenses
- Continue to provide educational training for Jackson County employees and local units of government on topics such as cash handling, fraud prevention and related financial or banking issues
- 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
- Work in partnership with Community Economic Development Association of Michigan (CEDAM) and Community Action Agency to host a Show Me The Money Day event
- 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

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

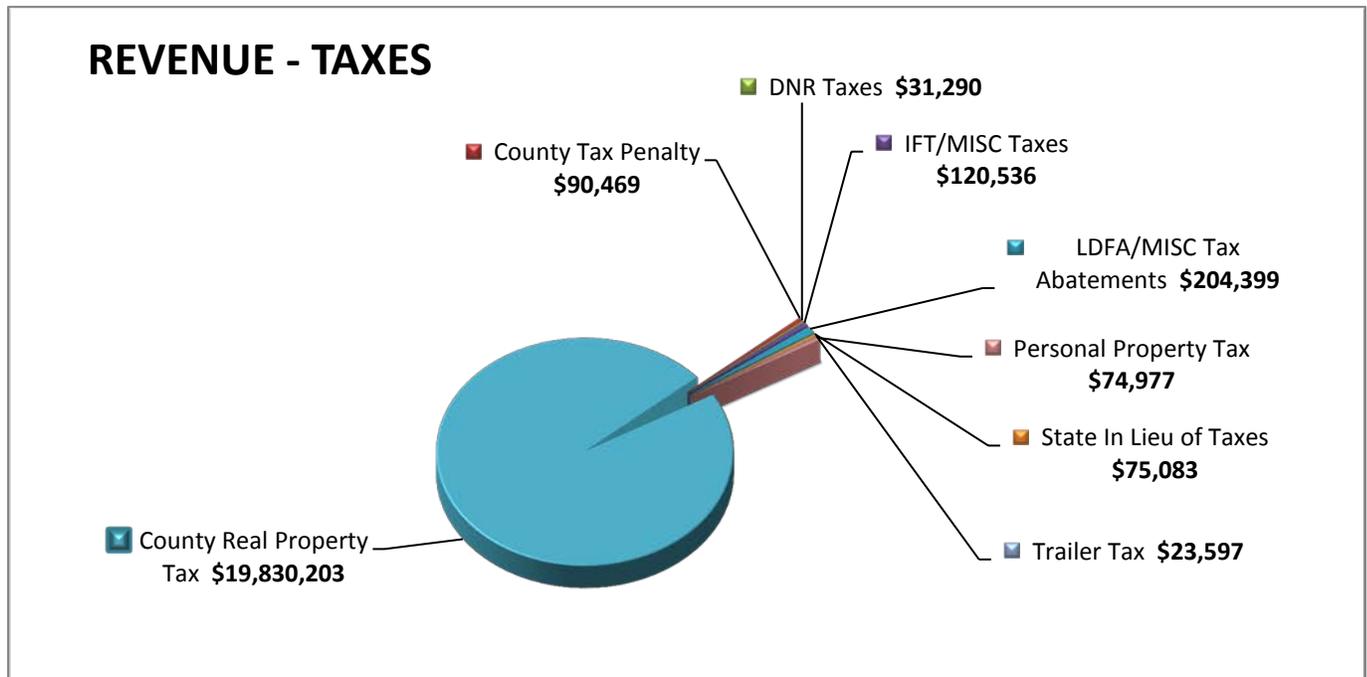
Jackson County Treasurer

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	\$566,675
PA 105 Interest	\$12,095
Tax Search	\$1,785
Dog License	\$57,589
Deed Certification	\$11,362
Passports	\$12,900
Intergovernmental/Other	\$5,973,398
<b>Total General Fund Revenues for 2015</b>	<b>\$27,086,357</b>
<b>Total General Fund Expenses for 2015</b>	<b>\$118,955</b>

### 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 decrease in the dollars collected and a decrease in the total number of parcels in the usage of credit cards form of payment in the main office as compared to last year. However, we experienced an increase in dollars and an increase in parcels for online payments as compared to last year.

	Total Dollars of Credit Card Payments <b>in office</b>	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
<b>2015</b>	<b>\$1,349,567.82</b>	<b>1398</b>

	Total Dollars of Credit Card <b>Online</b> 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
<b>2015</b>	<b>\$555,014.30</b>	<b>526</b>

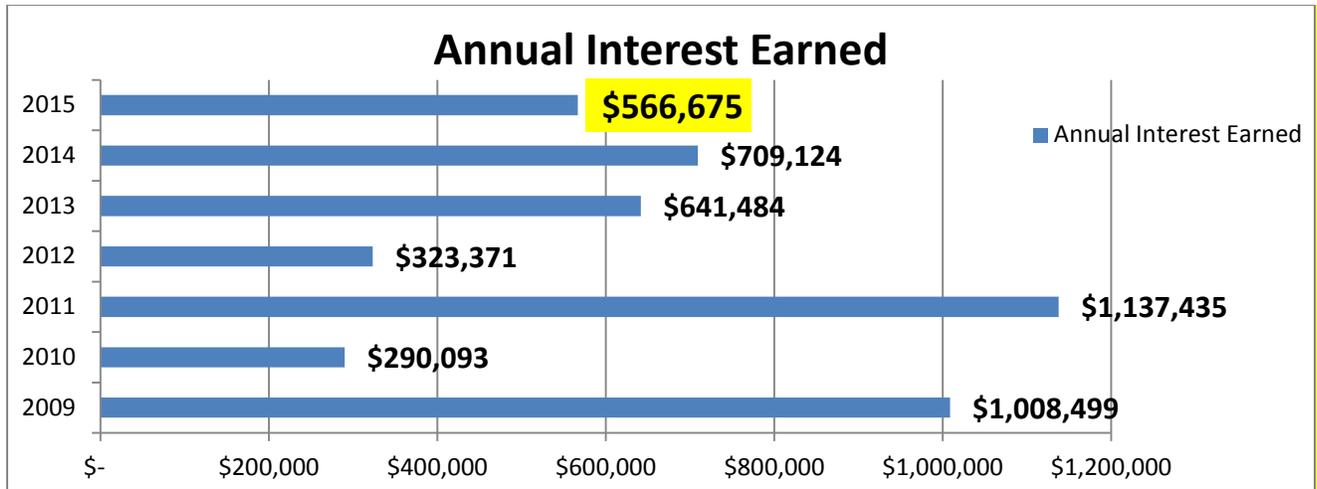
	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Actual	2014 Actual	<b>2015 Actual</b>
Number of Tax receipts processed	13,781	14,620	14,156	13,871	14,252	14,265	<b>14,158</b>
Total Taxes/Penalties/Fees collected	\$ 12,845,931	\$14,648,016	\$ 13,615,448	\$13,795,041	\$ 13,719,005	\$ 13,012,668	<b>\$13,110,631</b>
Total Number of Delinquent Notices mailed	23,091	28,830	24,640	25,133	24,871	24,710	<b>23,731</b>

## Jackson County General Fund Investment Pool

The Office of the County Treasurer manages cash and investments for Jackson County. Cash and investment activities for the 12 months ending December 31, 2015 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.

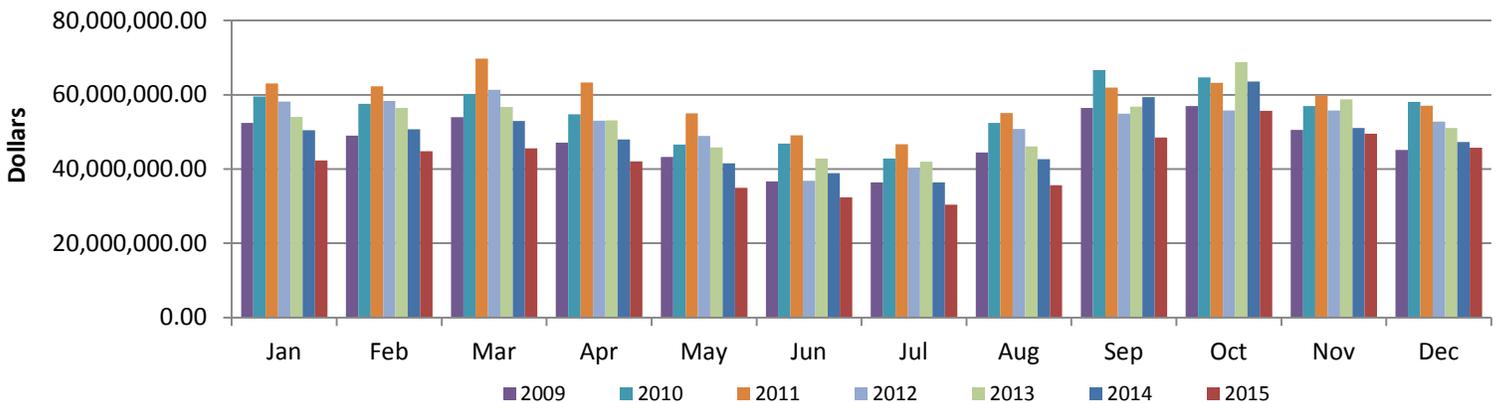
The primary objectives of the county's investment activities, in priority order are:

- 1) Compliance with applicable laws,
- 2) Protection and Safety of principal,
- 3) Liquidity, and
- 4) Yield or return on investments.



## General Fund Portfolio Totals

### Historical Comparison by Month



## December 2015 General Account Investments

CUSIP	Issuer	Par Value	Current Rate	Maturity Date
<b>Certificates of Deposit</b>				
115518245	Flagstar Bank	\$ 500,000.00	0.850%	5/24/2016
320844PB3	First Merit Bank	\$ 250,000.00	1.000%	10/31/2016
9497482H9	Wells Fargo	\$ 500,000.00	1.000%	9/25/2017
894333EX7	Traverse City State Bank	\$ 250,000.00	1.300%	10/24/2017
872278QS8	TCF	\$ 500,000.00	1.050%	11/20/2017
48124JSZ2	JP Morgan Chase	\$ 250,000.00	1.125%	2/20/2018
94986TMB0	Wells Fargo	\$ 250,000.00	0.950%	2/28/2018
66704MDZ1	Northstar Bank	\$ 250,000.00	1.400%	2/28/2018
464209CB9	Isabella Bank	\$ 250,000.00	1.200%	6/18/2018
48124JWV6	JP Morgan Chase	\$ 250,000.00	1.250%	9/28/2018
33646CFM1	1st Source Bank	\$ 250,000.00	1.700%	8/28/2019
060704BA0	Bank Birmingham	\$ 250,000.00	1.500%	2/13/2020
32110YER2	First National Bank of America	\$ 250,000.00	1.500%	3/16/2020
201282GJ3	Alma Bank	\$ 250,000.00	1.500%	4/13/2020
859094AP9	Stephenson National Bank	\$ 250,000.00	1.900%	8/19/2020
	<b>Subtotal</b>	<b>\$ 4,500,000.00</b>		
<b>Cash/Money Markets</b>				
	Comerica Bank	\$ 2,425,127.45		
	Michigan CLASS	\$ 3,005,482.49		
	Huntington Bank	\$ 4,266,932.14		
	County National Bank	\$ 501,322.83		
	Talmer Bank & Trust	\$ 2,001,918.36		
	The PrivateBank	\$ 2,001,534.60		
	<b>Subtotal</b>	<b>\$ 14,202,317.87</b>		
<b>Treasuries / U.S. Agencies</b>				
3133EFDN4	Federal Farm Credit Bank	\$ 1,000,000.00	0.850%	9/18/2017
59447PCN9	Michigan Finance Authority Muni Bond	\$ 840,575.42	1.900%	9/1/2018
313382JW4	Federal Home Loan Bank	\$ 2,000,000.00	1.300%	12/27/2018
3137EADM8	Federal Home Loan Mortgage Corp	\$ 480,930.00	1.250%	10/2/2019
3135GDQK2	Federal National Mortgage Assn	\$ 2,000,000.00	1.550%	10/4/2019
3133EFKY2	Federal Farm Credit Bank	\$ 2,000,000.00	1.360%	10/28/2019
3133EC3K8	Federal Farm Credit Bank	\$ 1,000,000.00	1.430%	11/20/2019
3136G2FL6	Federal National Mortgage Assn	\$ 1,000,000.00	2.000%	9/30/2020
3134G84B2	Federal Home Loan Mortgage Corp	\$ 2,000,000.00	2.000%	5/25/2021
3133EFDM6	Federal Farm Credit Bank	\$ 1,000,000.00	2.170%	9/17/2021
3133EAX45	Federal Farm Credit Bank	\$ 2,000,000.00	2.180%	9/20/2021
3133ECLV4	Federal Farm Credit Bank	\$ 700,000.00	2.200%	4/22/2022
3133EC2K9	Federal Farm Credit Bank	\$ 2,000,000.00	2.180%	11/14/2022
3130A6S57	Federal Home Loan Bank	\$ 2,000,000.00	2.375%	11/23/2022
313381BU8	Federal Home Loan Bank	\$ 2,000,000.00	1.500%	11/28/2022
3133ECJE5	Federal Farm Credit Bank	\$ 2,000,000.00	2.430%	3/20/2023
313382TU7	Federal Home Loan Bank	\$ 3,000,000.00	1.500%	4/25/2023
	<b>Subtotal</b>	<b>\$ 27,021,505.42</b>		
	<b>Total</b>	<b>\$ 45,723,823.29</b>		

Diversification of Investment Type as of December 31, 2015

- 10 % of the investment portfolio in short term fixed type investments;
- 31 % of the investment portfolio in money market accounts; and
- 59 % of the investment portfolio in long term fixed type investments.

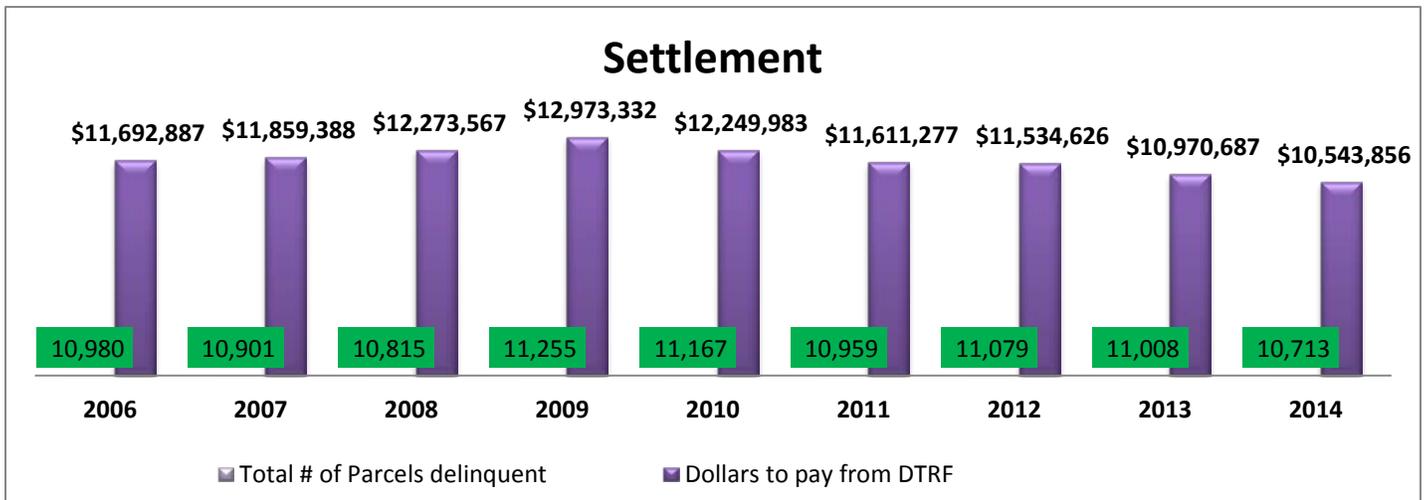
## Delinquent Property Tax Administration

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 1<sup>st</sup>, 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 1<sup>st</sup> 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.

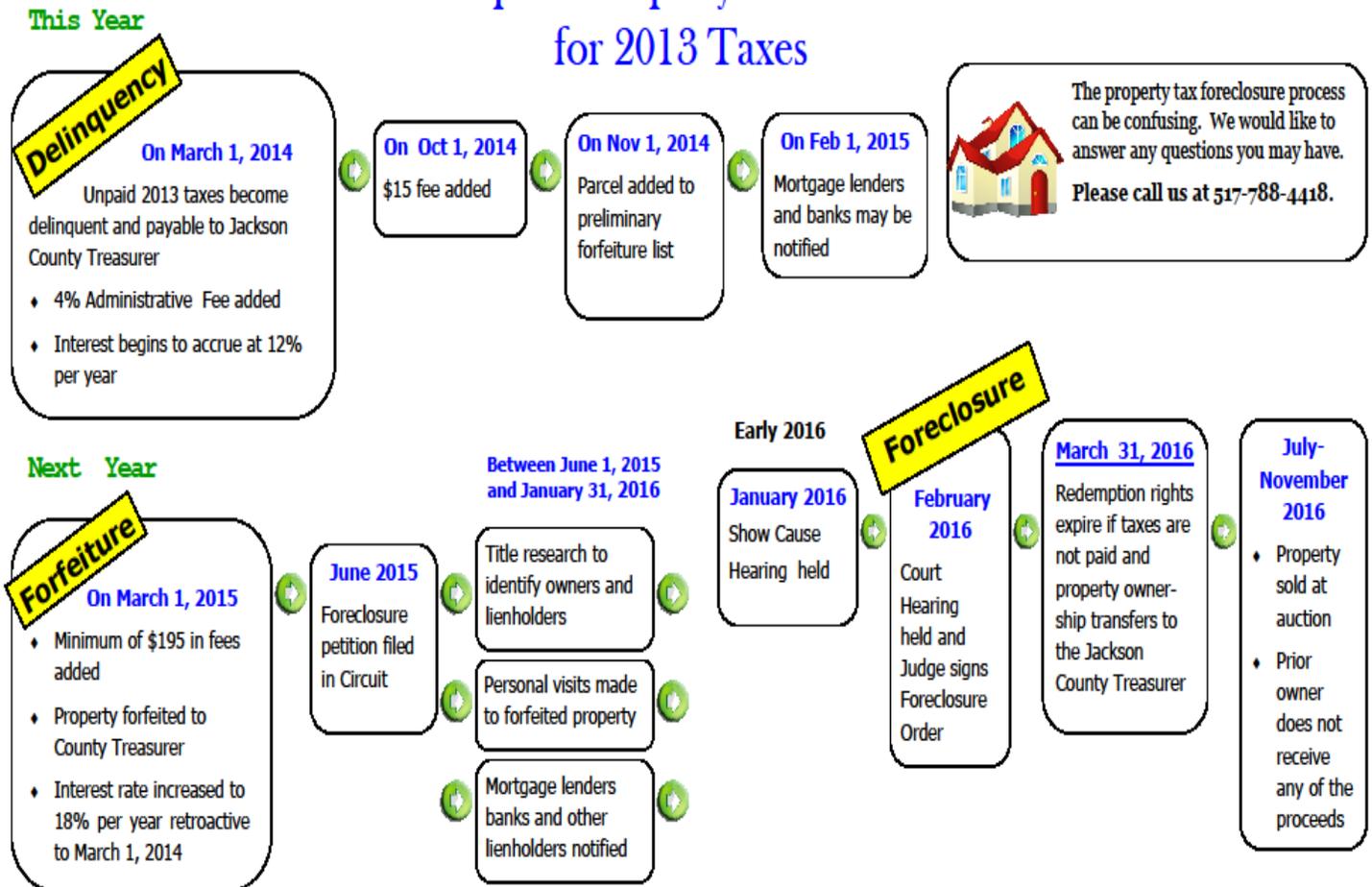
The settlement process during the month of March consists of verifying taxes collected and adjusted as well as delinquent tax rolls. This office will settle with nineteen townships, seven villages and one city. As a result of this process, each of the delinquent tax rolls are purchased by the Delinquent 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 20<sup>th</sup>.

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 2013 Taxes



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.



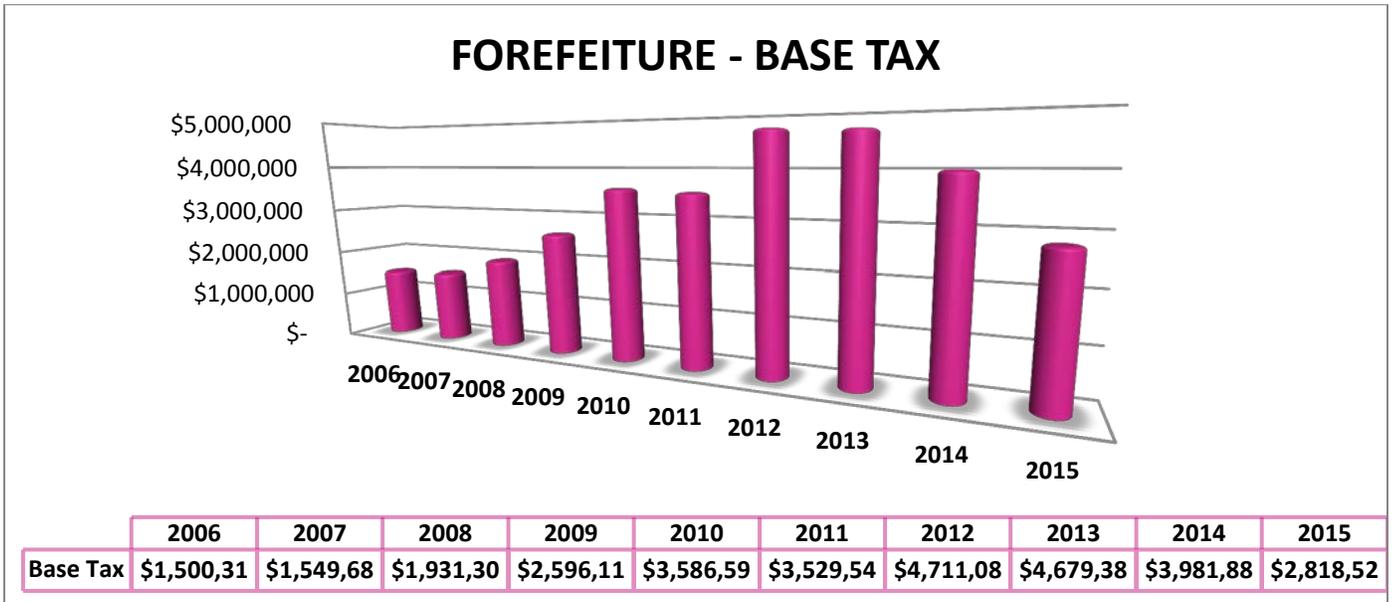
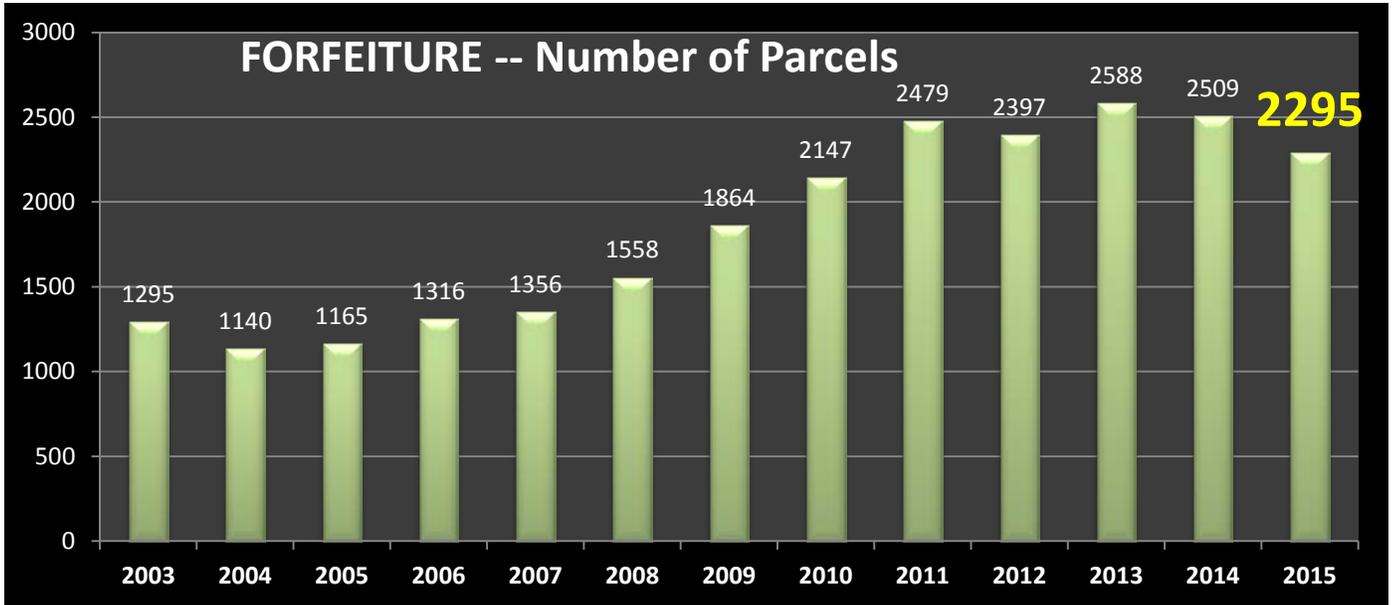
Karen A. Coffman <> Jackson County Treasurer <> 120 West Michigan Avenue Jackson Michigan 49201 <> 517.788.4418



## Forfeiture

The Forfeiture process begins on March 1<sup>st</sup> 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 2014.



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 31<sup>st</sup> of the second year of collection (25 months).

## Foreclosure Prevention

For the third 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.

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 2015, we had 64 citizens apply for the program. The County Treasurers office received payments for delinquent taxes in the amount of \$75,744 dollars for multiple tax years on 46 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 \$12,124 dollars for 35 parcels.

The Michigan State Housing Development Authority provided a report indicating that as of November 30, 2015, \$474,600 dollars were disbursed throughout Jackson County impacting one hundred and thirteen (113) households paying delinquent property taxes to prevent foreclosure.

All in all, the program has been very successful in assisting those in need in our community. This program did have a significant impact on preventing foreclosure. At years end, we have been informed that this Hardest Hit program will cease its funding effective 12/31/2015.

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 2015, LSSCM opened 66 cases for low and moderate income owners/occupants. These cases assisted a total of 196 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 34 hardship deferrals to protect 40 properties from foreclosure. At the Judicial Foreclosure hearing held in February, another 85 hardship deferrals were granted by Judge Wilson which protected 99 properties from foreclosure.

### **Foreclosure**

On March 31, 2015, we foreclosed on 230 properties for nonpayment of delinquent real property taxes. The total base taxes including penalties and interest of these 230 properties totaled \$2,968,655. This number of parcels foreclosed is 29 LESS than the 2014 cycle.

One hundred and thirty nine parcels were withheld from 2015 foreclosure through the hardship deferrals. The City of Jackson exercised its First Right of Refusal and took **53** tax foreclosed properties located in the City. The Township of Leoni exercised its First Right of Refusal and took 13 tax foreclosed properties. The Township of Summit exercised its First Right of Refusal and took 1 tax foreclosed property.

At the first tax foreclosure auction held September 2, 2015, there were 163 parcels available for purchase at the minimum bid (some parcels were from previous years auctions that were not sold). We sold 42 parcels at this auction and total dollars back to the delinquent tax revolving fund was \$683,994.24.

The second tax foreclosure auction was held on October 22, 2015 offered 121 remaining parcels at the “no minimum bid”. We bundled all remaining parcels into one lot at this auction and it did not sell.

At the end of the tax cycle this year, the City of Jackson accepted 34 tax foreclosed properties in the City; the Township of Grass Lake accepted 2 tax foreclosed properties; the Township of Henrietta accepted 1 tax foreclosed property; the Township of Napoleon accepted 4 tax foreclosed properties; the Township of Summit accepted 3 tax foreclosed properties; and the Village of Hanover received 1 tax foreclosure property.

Below is a chart that reports the history of tax foreclosures since 2002 through 2015. The chart indicates the total number of real property parcels that the County Treasurer foreclosed on for nonpayment of real property taxes. In 2015, we foreclosed on **230** parcels.

As you can see, there was a significant increase in total number of parcels that this office has foreclosed on since 2009 to 2012, with a marked decrease in 2013, 2014 and 2015. We believe that this decrease can be attributed to the strong foreclosure prevention efforts again this year.



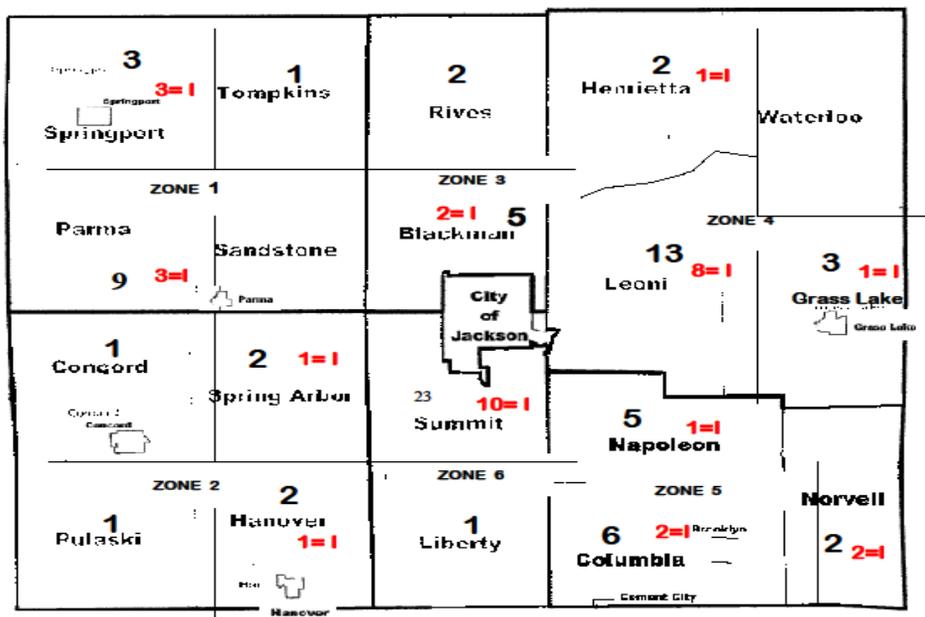
**MARCH  
2015**

**2015 Foreclosures  
Revised 4-29-2015**

**230 parcels**

**CITY**

- 1-7      3=I
- 2-5      3=I
- 3-18     8=I
- 4-37     7=I
- 5-29     14=I
- 6-17     4=I
- 7-14     5=I
- 8-23     15=I
- Total**    149
- 59=I



K, CDKare, PA123, 2015 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 2015.

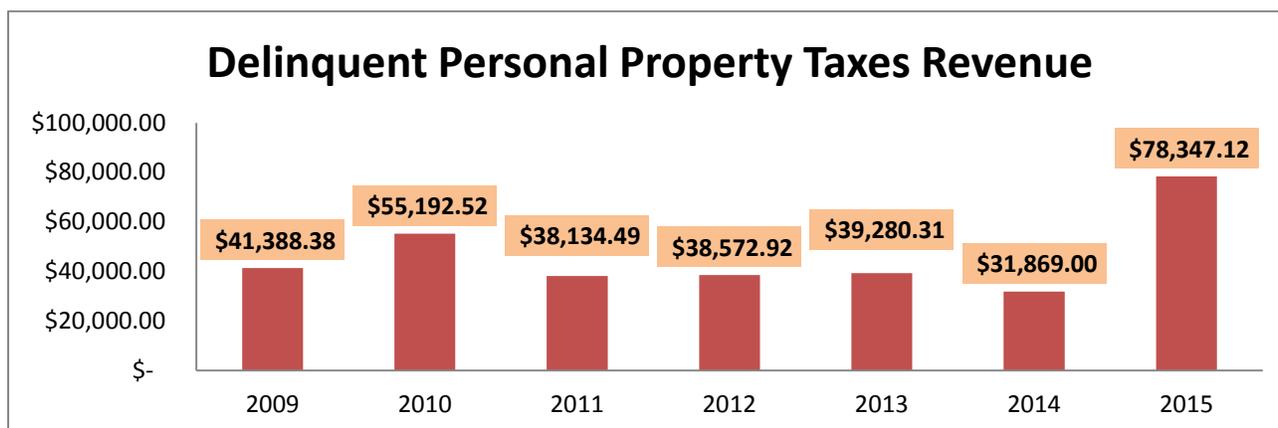
	2009	2010	2011	2012	2013	2014	2015
Parcels Forfeited - Jackson	1864	2147	2479	2397	2588	2509	<b>2295</b>
Parcels Foreclosed - Jackson	104	152	226	294	277	259	<b>230</b>
<b>Foreclosure Rate - Jackson</b>	<b>7%</b>	<b>8%</b>	<b>11%</b>	<b>12%</b>	<b>11%</b>	<b>10%</b>	<b>9%</b>
State wide Foreclosure Rate	11%	15%	13%	16%	14%	16%	<b>17%</b>

### 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.

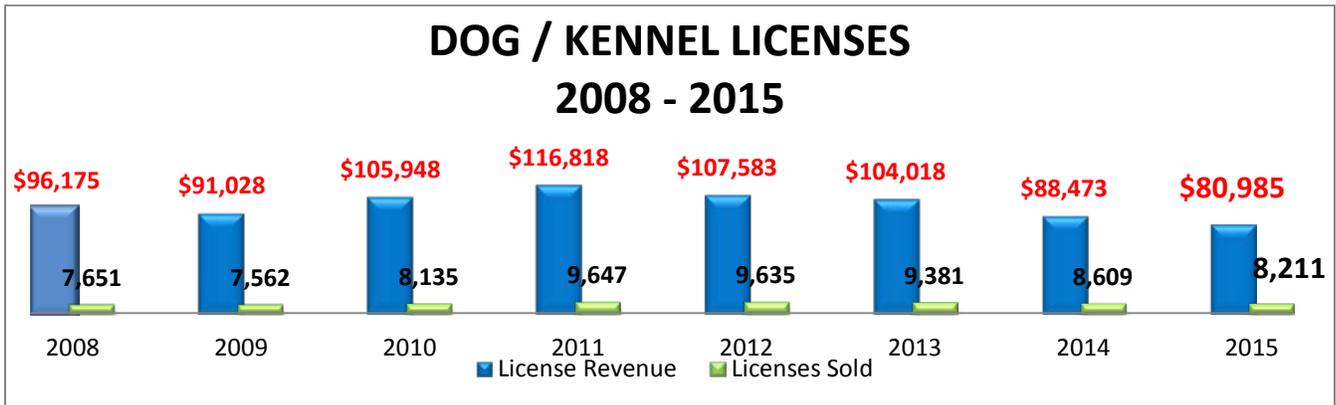
This past year we sent out just under 3,000 notices for delinquent personal property parcels and collected over \$78,000 (county revenue/millage only) as a result.



### Dog and Kennel License Program

The County Treasurer’s office manages the dog and kennel license program. In 2015, 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 1<sup>st</sup> to February 28<sup>th</sup> 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 2015 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 1<sup>st</sup>. Dogs that are not spayed or neutered cost \$20 to license on or before March 1<sup>st</sup>. Senior Citizens receive a discount for purchasing dog licenses on or before March 1<sup>st</sup>. Fees increase to \$30 per dog if not paid by March 1<sup>st</sup>.



### 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 2015, we processed 385 passports and generated just over \$12,900 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.

