

2012 Annual Report of the County Treasurer



Treasurer of Jackson County

Karen A. Coffman

March 2013

County of Jackson

Office of the County Treasurer

2012 Annual Report

March 2013

Honorable Commissioners

Jackson County Board of Commissioners

We are pleased to submit the annual report of the County Treasurers Office for 2012. 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.

Designated Passport Acceptance Facility

The County was in jeopardy of losing this vital service for the citizens of our community due to a change by the U.S. Department of State. The Office of the Treasurer volunteered to begin offering the service of processing passports late in 2011. We took on this challenge of a new and very different workload without adding additional staff. We also were able to save the annual revenue for these services for the general fund.

One Stop Shop Kiosk for the Second Floor

In partnership with the Register of Deeds office and the County IT department, the work flow process of the Office of the Treasurer, the Register of Deeds, and the Equalization office was analyzed and a vendor was chosen to create software to notify each office of incoming customers to the second floor Tower building seeking services. The kiosk is available as soon as the customer arrives on the second floor. The customer selects a service and receives a ticket. They are then directed to a waiting area until the clerk either in the Treasurer's office, the Register of Deeds office, or the Equalization office can assist the customer. With the combination of offices in 2011, we wanted to ensure that the experience for citizens seeking services from these three offices was seamless and efficient.

Taxation Errors Avoided

The collection of the summer and winter tax rolls has been decentralized from the county and become the responsibility of the local units of government. As a service to them, the County Treasurer's office assists local assessors and treasurers by verifying

tax roll calculations, reviews their billing notices, and their tax databases prior to the bills being mailed to ensure that the billings go out correctly.

Electronic Filing of Forfeiture Deed Recordings

In partnership with the Register of Deeds office, we began utilizing the Register of Deeds software upgrade by filing property forfeiture documents electronically. This process now significantly enhances the speed at which the documents are able to be recorded by the ROD office. It also saves printing costs for each document and reduced the handling costs by both the Treasurer staff and the Register of Deeds staff.

GOALS for 2013

- Begin filing the redemption certificates with the Register of Deeds office electronically
- 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
- Play an integral part in analyzing and evaluating a new vendor for the County's primary financial software vendor
- Stronger evaluation of banks through internal bank ratings Analyze and evaluate costs and benefits of Investment Tracking Software
- Analyze and evaluate costs and benefits of 3 year dog licensing

The County Treasurer's office continues to experience an increased demand each year for our services. For example, the State continues to place reliance on the County Treasurer's staff to coordinate collections and provide accountability for the State Education Tax (SET) being billed and collected by the local unit. Moreover, with declining property values we will continue to see an increased work load with tax delinquencies and increase forfeiture and many adjustments that happen to both the current/delinquent tax rolls.

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

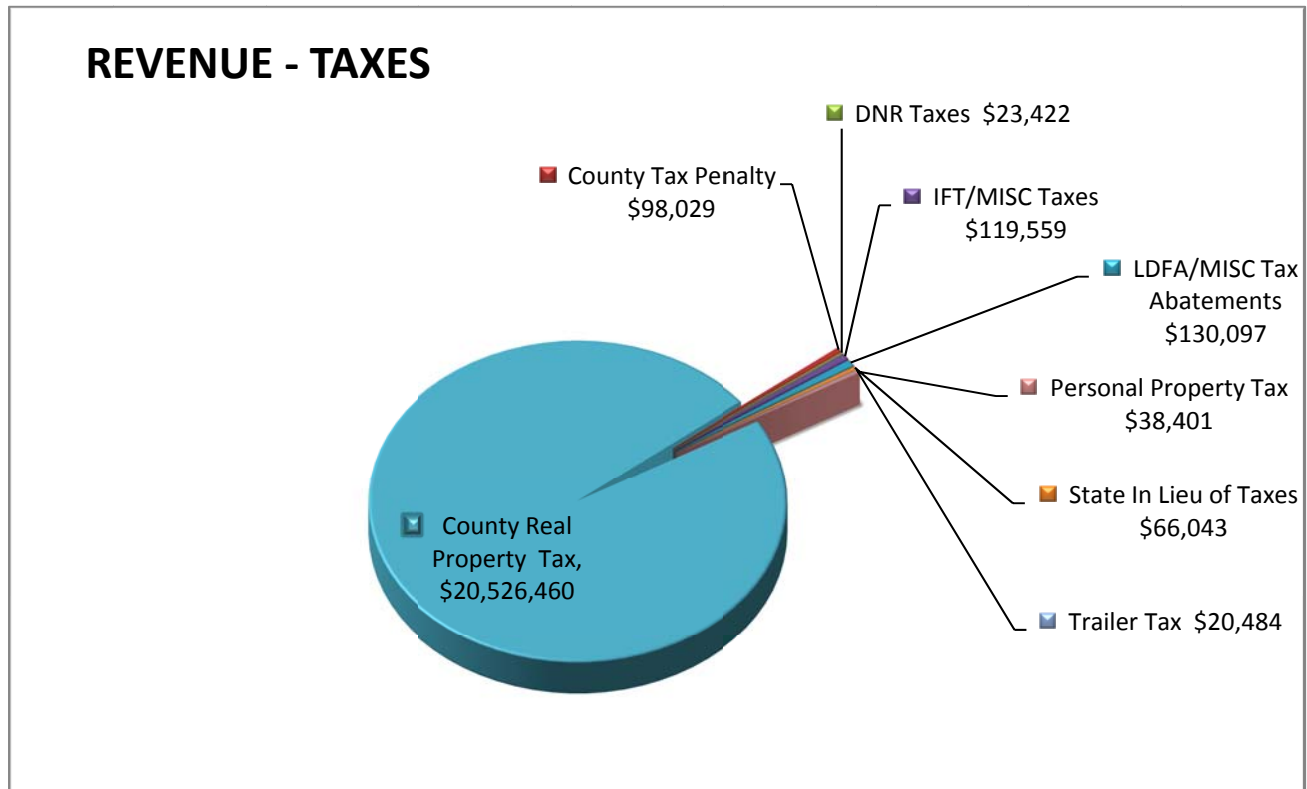
Jackson County Treasurer

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			2012 Total Treasurer Expenses
Interest	\$ 323,371		General Fund \$153,487
PA 105 Interest	\$ 8,486		
Tax Search	\$ 8,104		
Dog License	\$ 57,328		
Deed Certification	\$ 2,959		
Passports	\$ 12,288		
Total General Fund Revenues for 2012	\$ 26,572,094		

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 steady increase in the usage of credit cards form of payment in the main office. The trend suggests a leveling off of total number of users paying with credit cards online.

	Total Dollars of Payments in office	Number of Parcels		Total Dollars of Online Payments	Number of Parcels
2009	\$322,908.77	371	2009	\$103,608.49	117
2010	\$1,064,556.80	636	2010	\$227,224.06	222
2011	\$1,300,867.28	1180	2011	\$222,910.06	265
2012	\$1,412,394.14	1356	2012	\$205,812.64	256

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

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 \$25,000 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 2011, we processed 39 passports and generated just over \$1,000 in general fund revenue. In 2012, we processed 377 passports and generated \$12,288.00 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.

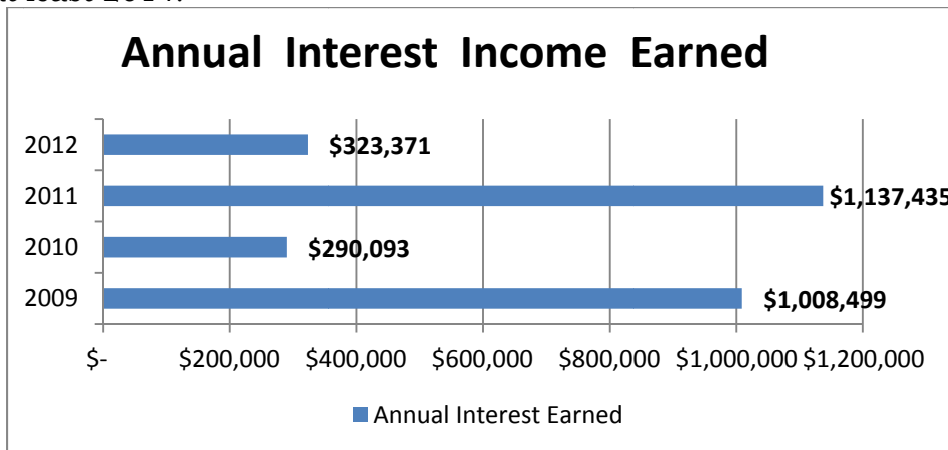
Jackson County General Fund Investment Pool

Cash and investment activities for the 12 months ending December 31, 2012 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, the Road Commission, OPEB or Pension, or activities of the Drain Commissioner.

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

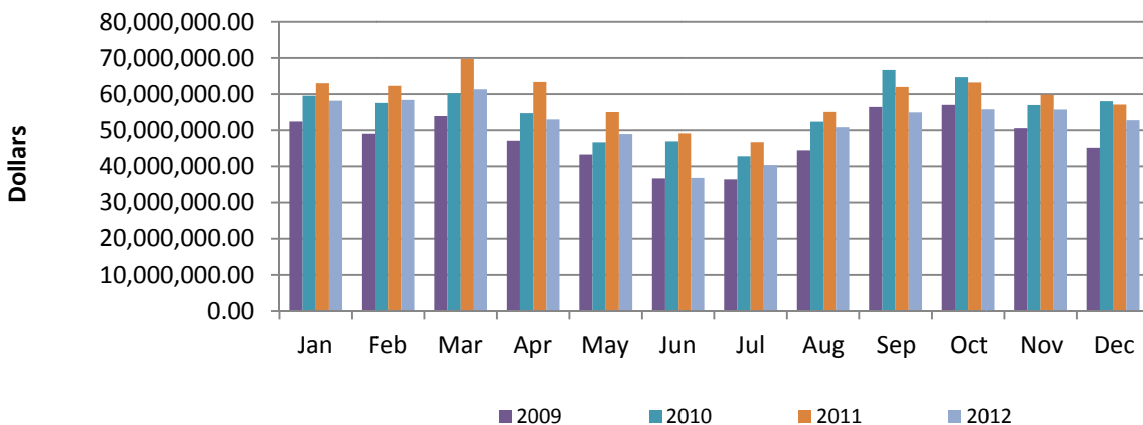
- 1) Protection and Safety of principal,
- 2) Liquidity, and
- 3) Yield or return on investments.

Municipal investing has been nothing short of a challenge for the last several years. Interest rates make it nearly impossible to earn an adequate rate of return on surplus funds. The County has suffered as a result. Unfortunately, the Federal Reserve Board has recently announced that the Fed funds rate is expected to remain at near-zero until at least 2014.



General Fund Portfolio Totals

Historical Comparison by Month



Institution	Type	Document Number	Date Purchased	Interest Rate	Par Value	Book Value cost
EECU	CD	6816720 - 15	3/24/2011	2.470%	250,000.00	250,000.00
EECU	CD	6816720 - 16	3/24/2011	2.470%	250,000.00	250,000.00
EECU	CD	6816720 - 17	3/24/2011	2.470%	250,000.00	250,000.00
EECU	CD	6816720 - 18	3/24/2011	2.470%	250,000.00	250,000.00
Flagstar	CDARS	1014591121	11/23/2012	0.350%	2,000,000.00	2,000,000.00
Flagstar	CDARS	1014458774	10/18/2012	0.300%	4,000,000.00	4,000,000.00
Wolverine	CD	23253592	8/31/2012	0.250%	250,000.00	250,000.00
Wolverine	CD	23253606	8/31/2012	0.250%	250,000.00	250,000.00
SHORT TERM FIXED INVESTMENTS					7,500,000.00	7,500,000.00
Institution	Type	CUSIP #	Trade Date	Interest Rate	Par Value	Book Value cost
Southwick	FHLB	313379ZQ5	7/11/2012	1.250%	5,000,000.00	5,000,000.00
Southwick	FHLB	313380RM1	9/28/2012	1.250%	3,000,000.00	3,000,000.00
Southwick	FHLB	313380QA8	9/28/2012	2.000%	5,000,000.00	5,000,000.00
Southwick	FHLB	3133802X4	7/26/2012	1.250%	10,000,000.00	10,000,000.00
Wells Fargo	FFCB	3133EC3K8	11/21/2012	1.430%	1,000,000.00	1,000,000.00
Wells Fargo	FHLB	313381BU8	11/28/2012	1.500%	2,000,000.00	2,000,000.00
Multi Bank	FFCB	3133EADU9	2/22/2012	2.600%	2,000,000.00	2,000,000.00
Multi Bank	FFCB	3133EAHC5	3/13/2012	2.190%	2,000,000.00	2,000,000.00
Multi Bank	FNMA	3136G0YU9	8/28/2012	0.750%	2,000,000.00	2,000,000.00
Multi Bank	FFCB	3133EAX45	9/20/2012	2.180%	2,000,000.00	2,000,000.00
Multi Bank	FFCB	3133EC2K9	11/14/2012	2.180%	2,000,000.00	2,000,000.00
LONG TERM FIXED INVESTMENTS					36,000,000.00	36,000,000.00
TOTAL FIXED					43,500,000.00	43,500,000.00
VARIABLE RATE MONEY MARKETS						
Comerica MM						6,285,736.48
MBIA Cutwater						2,002,809.35
Citizens Super MMA						1,001,036.03
TOTAL VARIABLE						9,289,581.86
TOTAL INVESTMENTS					As of 12-31-2012	52,789,581.86

Diversification of Investment Type as of December 31, 2012

- 14 % of the investment portfolio in short term fixed type investments;
- 18 % of the investment portfolio in money market accounts; and
- 68 % of the investment portfolio in long term fixed type investments.

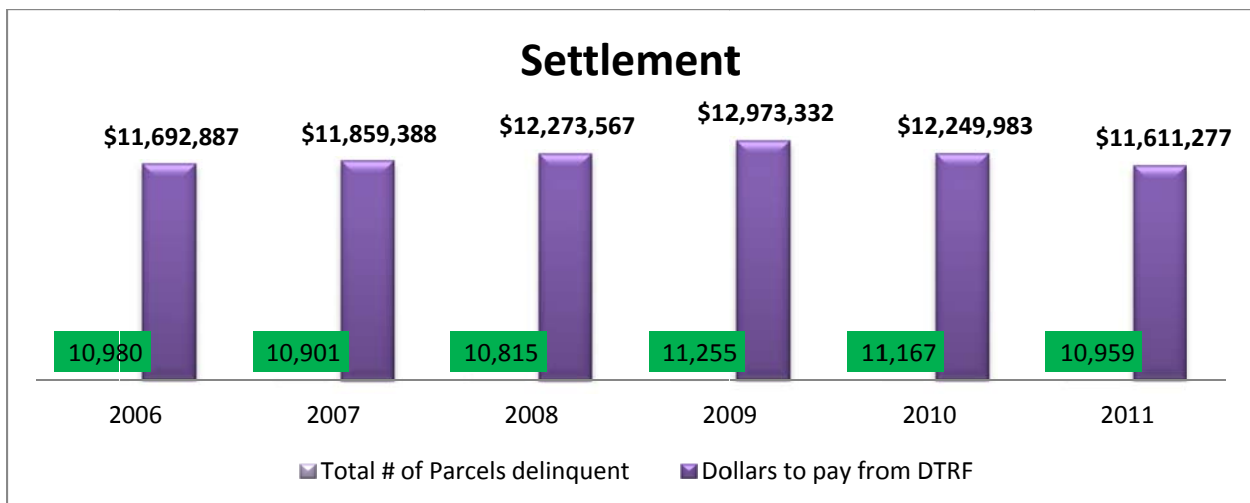
Delinquent Property Tax Administration

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 TAX COLLECTION

Delinquent Property Tax Timeline for 2010 Taxes

This Year

Delinquency

On March 1, 2011

Unpaid 2010 taxes become delinquent and payable to Jackson County Treasurer

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

On Oct 1, 2011

\$15 fee added

On Nov 1, 2011

Parcel added to preliminary forfeiture list

On Feb 1, 2012

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, 2012

- Minimum of \$195 in fees added
- Property forfeited to County Treasurer
- Interest rate increased to 18% per year retroactive to March 1, 2011

June 2012
Foreclosure petition filed in Circuit

Between June 1, 2012 and January 31, 2013

Title research to identify owners and lienholders

Personal visits made to forfeited property

Mortgage lenders banks and other lienholders notified

Early 2013

January 2013
Show Cause Hearing held

Foreclosure

February 2013
Court Hearing held and Judge signs Foreclosure Order

March 31, 2013
Redemption rights expire if taxes are not paid and property ownership transfers to the Jackson County Treasurer

July-November 2013

- 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 an upward trend or increase in number of forfeitures from 2008 to 2011, with a slight decrease in 2012.



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

One prevention method provided by statute is granting a hardship deferral. In 2012, the panel at the Show Cause hearing held in January granted 13 hardship deferrals to protect 14 properties from foreclosure. At the Judicial Foreclosure hearing held in February another 27 hardship deferrals were granted by Judge LaFlamme which protected 29 properties from foreclosure.

Foreclosure

On March 31, 2012, we foreclosed on 294 properties for nonpayment of delinquent real property taxes. Fifty parcels were withheld from 2012 foreclosure, no properties were claimed by a local unit this foreclosure cycle, and one property was transferred to the County in partnership with Community Action Agency to utilize Neighborhood Stabilization funds. At the two public auctions that were held, 268 properties were sold, 10 properties were picked up by the local unit of government in December, 15 of parcels remain unsold therefore they become property of the County.

Below is a chart that reports the history of tax foreclosure since 2002 through 2012. The chart indicates the total number of real property parcels that the County Treasurer foreclosed on for nonpayment of real property tax in 2012 was 294 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.

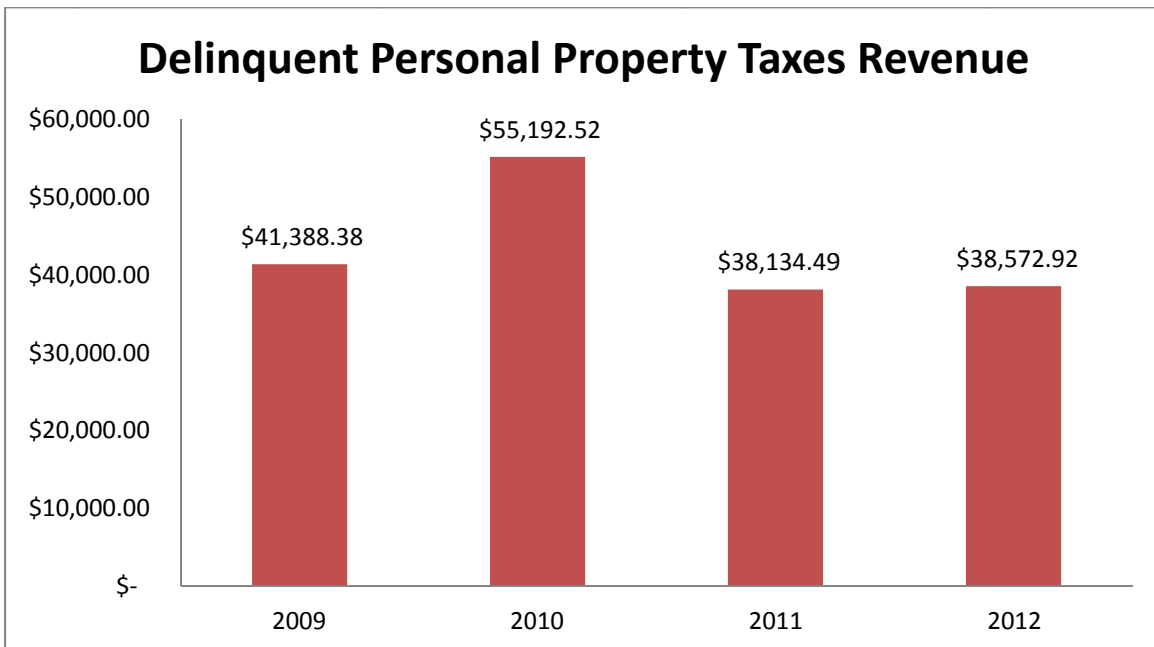


Delinquent Personal Property Tax

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.

In 2012, this office sent out over 3,000 notices for delinquent personal property parcels and collected over \$38,500 as a result. Each year the Treasurer assists the local units in striking Personal Property taxes that have been delinquent more than 5 years. In 2012, we helped 23 local units of Government to strike 691 uncollectable Personal Properties from their tax rolls in the amount of \$ 160,568.18.



Dog and Kennel License Program

The County Treasurer's office manages the dog and kennel license program. In 2012, dog licenses were sold year round at the County Treasurer's office, and the County Animal Shelter. Local treasurers sold dog licenses from December 1 to February 28. The fees for dog licenses were \$10 for spayed or neutered dogs on or before February 28th. Dogs that are not spayed or neutered cost \$20 to license on or before February 28th. Senior Citizens receive a discount for purchasing dog licenses on or before February 28th. Fees increase to \$30 per dog if not paid by the last day of February.

