

2016 Annual Report

Bob Robinson, APR, ACPFIM

Eaton County Treasurer



March 2016

County of Eaton

Office of the Treasurer

2016 Annual Report

To: Eaton County Board of Commissioners

Overview

This Annual Report presents ways the treasurer's office is improving and updating access to information, reducing debt and costs, streamlining business processes, and working to increase revenue for Eaton County. The report also outlines service improvements made for Eaton County citizens through the activities and services of the treasurer's office.

Mission

To administer all responsibilities and duties professionally, efficiently, cost effectively and without waste through sound management that serves the best interests of the public.

Core Values: C.A.I.R.

Cooperation

The Eaton County treasurer's office will encourage cooperation between all Eaton County governmental departments, local units of government, and the taxpaying public.

Accountability

The Eaton County treasurer's office will work to assure full accountability, transparency, and dependability in running efficient and cost-effective operations at all times.

Integrity

The Eaton County treasurer's office will adhere to the highest standards of ethics and trustworthiness in handling all its affairs.

Respect

The Eaton County Treasurer's office will treat all others with the utmost respect, kindness, and dignity.

Major Accomplishments in 2016

Improved Communications and Outreach to Constituents

The treasurer's office further improved communications with the public and local units of government in 2016. These initiatives included:

- **A New Delta Township Office**
 - Expanded services at the Delta Township Administrative Building to reach residents in Windsor Township, Dimondale, Oneida Township, and Grand Ledge.
 - Inserts were provided for several Delta Township program brochures in 2016.
 - In partnership with County Clerk Diana Bosworth, mailers on Delta Township services went to all Delta Township residents and the surrounding areas of Dimondale, South Lansing, and Grand Ledge.
- **Continued website expansion** with 24 hour access:
 - Additional property tax relief, foreclosure prevention, and tax forms information.
 - A 24-hour dog licensing application with email reminders to dog owners about annual licensing. Dog licensing online has increased 500 percent since 2015.
 - Increased property tax collection online. The treasurer's office now collects more than \$1.5 million of delinquent taxes online, and is a national leader in the use of online tax collection.
 - Pinpoint mapping of properties going to tax auction with virtual tour photos, assessed values, GIS location, and minimum bid amounts linked to Real Property Tax Auction registration online.
- **Print publications** for public use including:
 - An updated dog-license brochure for use by townships, cities, villages, countywide veterinarian offices, public libraries, and pet supply stores.
 - An updated *Principal Residence Exemption (PRE) Brochure* that is scheduled for mailing to all PRE property owners in Eaton County in 2017 and is made available at townships, villages, and city halls throughout the county.
 - Foreclosure prevention information provided by local nonprofits mailed with delinquent tax statements to inform delinquent taxpayers of local foreclosure prevention services.
- **Televised public service announcements**
 - Aired a public service TV announcement in May of 2016, produced in conjunction with WLNS TV 6, Ingham County Treasurer Eric Schertzing, and Jackson County Treasurer Cathy Coffman to promote foreclosure prevention, referring citizens to local nonprofit organizations through the 2-1-1 system.
- **Lobbied state legislative officials**
 - Maintained contact and communications with district state representative Tom Barrett and Senator Rick Jones to inform and apprise them of the local impact of state legislation and other issues affecting Eaton County.

Updated Technology and Staff Training

Began systematic training to improve efficiency, productivity, and to reduce costs.

Today the treasurer's office conducts twice the amount of work it did in 2012 with one less staff member than 2007 staffing levels. This is due to two strategic planning initiatives: (1) improving and updating technology within the office and, (2) comprehensive training for all staff. Technology upgrades and staff training in 2016 included:

- **Staff Training**

Execution of comprehensive training on highly developed spreadsheet and data management skills to assure that cutting edge abilities are established and maintained. This will assure the ultimate in efficiency and streamlined operations within the treasurer's office with important capabilities such as:

- Economic and budgetary trend forecasting.
- Web dashboard for transparency reporting.
- Financial analytics, reporting, and charting.
- Inventory management on foreclosed property parcels.
- Maintenance management on FGU property inventories.
- Monitoring investment performance.
- Analyzing expense and debt.

Continued participation in the Treasurers of Eaton County Networking Group, a network of city, township, and village treasurers from throughout Eaton County who participate with the Treasurer's office to hold quarterly networking and best practices exchange. Network trainings over the last year have included:

- Electronic security of network systems and financial data.
- Leadership management.
- Credit card transaction management.
- Active shooter and office security protocol and safety.
- Counterfeit detection.

Selective training will continue to assure the treasurer's office maintains maximum levels of efficiency and security.

Special thanks to Eaton Township Treasurer Becky Dolman for her leadership in coordinating the Treasurers of Eaton County Networking Group.

- **Expansion of online tax collection.** Eaton County is a national leader in the collection of taxes online. Currently 25 percent of all delinquent taxes (\$1,500,000 annually) is collected online. National statistics average 5 percent. Work will continue to expand online collections to a goal of 50 percent of all delinquent taxes by 2020.
- **Perfection of paperless** business operations and archival of more than two tons of documents sent to the Michigan Historical library for permanent storage and retrieval. The treasurer's office continues to reduce paper in all operations.

Transition into Foreclosing Governmental Unit (FGU) Status for Property Tax Foreclosures

The first year of foreclosure of Eaton County properties began in 2016. This finalized a four-year conversion process whereby the treasurer's office began accepting the ownership of tax foreclosed Eaton County properties rather than surrendering them to the State of Michigan. The transition has produced positive results for tax delinquent property owners, local units of government, the treasurer's office, and Eaton County government. Statistics for the 2015 tax foreclosure year are below.

- **Accepted 430 property forfeitures into the treasurer's office in March of 2016** generating approximately \$124,000 in fee revenue. Held in the county, this fee revenue serves as regulated funds for managing the disposition of foreclosed local properties rather than going to the State.
- **Attracted over \$350,000 of MSHDA funding that helped Eaton County families avoid tax foreclosure and keep their homes.** By working with two (2) nonprofit organizations: Housing Services of Mid Michigan in Charlotte and Center for Financial Wellness in Lansing, delinquent taxpayers are given free counseling and foreclosure prevention to help them qualify for MSHDA assistance. MSHDA funds come from the federal government's mortgage disaster lawsuit against mortgage companies and is revenue the county would otherwise not have received.
- **Developed a paperless and secure property inspection system** to streamline the inspection of forfeited properties. This has streamlined inspections and court document processing on foreclosures. The paperless, electronic GIS system also publishes the geographic location of all tax-foreclosed properties live online with complete tax data to disclose the availability of the property at the county's tax auctions in September and October.
- **Facilitated the foreclosure of 40 tax reverted properties in 2016.**
- **Conducted Eaton County's first historical real property tax foreclosure auctions in September and October of 2016.** Auction results generated \$837,000 in proceeds. Revenue pays the delinquent taxes due on properties sold to reimburse the county for amounts given to local units at settlement time. (The county treasurer purchases delinquent taxes from local units in March each.) The treasurer holds secondary proceeds – amounts beyond taxes due on sold properties, within a restricted Foreclosure Fund by law. These funds pay for property maintenance of foreclosed properties, legal fees for tax auctions, board-up and secure work on parcel inventory, and environmental cleanup expenses.

Foreclosure Prevention Collaboration with Nonprofit Organizations

The treasurer's office participated with the Housing Services of Mid Michigan (Charlotte) and Center for Financial Wellness - a division of Capital Area Community Services, to reduce tax foreclosures in 2015.

- Worked with Housing Services of Mid-Michigan in Charlotte to refer people facing tax foreclosure to MSHDA counseling and financial education programs.
- Developed a program to require financial literacy counseling for taxpayers given a financial hardship extension on foreclosure.
- Worked with the Volunteer Income Tax Assistance (VITA) initiative with the Charlotte Community Library, Eaton Rapids Senior Center, and the Board of Commissioners to expand this initiative throughout the county. More than 300 low- and moderate-income taxpayers received free income tax preparation. This program generated an increase in federal tax refunds for many who used the money to catch up on their property taxes and saved several families from foreclosure in 2015.

First in the State to Complete Two Property Assessed Clean Energy (PACE) Projects

- Working with Lean and Green Michigan, the treasurer's office facilitated Eaton County's second PACE project for commercial property in Delta Township. The old Lansing State Journal printing facility will house several business operations, including an Auto Owners training facility. Eaton County is the first in the state to have two completed PACE projects. The program works with private financiers and banks to enable business property owners to make energy upgrades to their properties financed through a 20-year special assessment. The energy savings guarantees 100 percent payback for the projects.
- A third project is scheduled for completion in 2017.

Debt Reduction: Bond Refunding

In October 2016, the treasurer negotiated a bond refunding (refinancing) of \$8,975,000 in bonds issue on the Eaton Count Jail expansion in 2007. The refunded bonds reduced interest rates on County debt from 5.05 percent to 2.28 percent resulting in a \$1,128,000 savings over 14 years.

An additional bond refunding for the Eaton County Medical Care Facility was initiated in December of 2016. A \$250,000 savings is anticipated.

Working Every Day for Continuous Improvement

Work to improve efficiency and increase revenue in the treasurer's office will continue. Major initiatives for 2016 and 2017 include:

- Reduce borrowing for tax notes by \$200,000 per year until the county is completely self-funded.
- Increase the County's credit rating with Standard and Poor's to AAA from AA-
- Increase tax collections online to 50 percent of the total amount of taxes collected.
- Continued collaboration with nonprofit organizations for greater access to foreclosure prevention assistance throughout all of Eaton County.
- Expansion of the PACE program to attract new business into Eaton County.
- Expand online dog licensing to veterinarian clinics through Eaton County and license 50 percent of all dogs online by 2020.
- Forging better relationships with city, village, and townships for the exchange of best practices and the consolidation of resources and services whenever feasible.
- Begin a multi-year feasibility research and analysis for the potential of an Eaton County Land Bank as FGU activities progress in the years ahead.

Statistics and Reports

2015-16 Year End-Budget – Eaton County Treasurer

The treasurer's office completed the 2015-2016 fiscal year 4 percent under budget.

FINANCIAL MANAGEMENT									
BUDGET PERFORMANCE REPORT									
Month End Date: 9/30/2016									
ADOPTED	BUDGET	AMENDED	CURRENT MONTH	Y-T-D	Y-T-D	AMENDED BUDGET LESS	%	LAST YEARS Y-T-D	
SalarySupr	72066.00	292.00	72358.00	8380.80	.00	72357.12	.88	100%	68066.86
SalaryReg	162917.00	683.00	163600.00	18972.61	.00	163599.63	.37	100%	148919.49
Longevity	2140.00	675.00-	1465.00	.00	.00	1465.00	.00	100%	1125.00
SalaryTemp	.00	.00	.00	.00	.00	.00	.00	0%	.00
Salary O/T	.00	.00	.00	.00	.00	.00	.00	0%	.00
Social Sec	18280.00	.00	18280.00	1955.46	.00	17244.14	1035.86	94%	16015.92
Health Ins	73530.00	3230.00	76760.00	6278.51	.00	74978.91	1781.09	98%	56064.46
HeaInsWaiv	.00	.00	.00	.00	.00	.00	.00	0%	226.64
Ret Health	12977.00	72.00	13049.00	1500.58	.00	13048.37	.63	100%	8764.69
Life & Dis	923.00	5.00	928.00	106.00	.00	927.49	.51	100%	852.88
CoShareRet	54982.00	943.00	55925.00	6439.99	.00	55924.72	.28	100%	51459.27
Dental Ins	1648.00	1.00	1649.00	137.34	.00	1648.08	.92	100%	2114.81
Sick Pay	1828.00	1.00	1829.00	.00	.00	1828.32	.68	100%	1590.97
WorkerComp	286.00	.00	286.00	22.75	.00	200.12	85.88	70%	182.12
MESC	166.00	67.00	233.00	27.31	.00	232.15	.85	100%	443.97
Personnel TOTALS :	401743.00	4619.00	406362.00	43821.35	.00	403454.05	2907.95	99%	355827.08
Office Sup	2150.00	53.00	2203.00	316.71	.00	2005.01	197.99	91%	2147.55
Postage	2000.00	53.00-	1947.00	131.70	.00	1524.80	422.20	78%	1306.25
Gas Oil	.00	100.00	100.00	.00	.00	27.30	72.70	27%	63.90
Supplies TOTALS :	4150.00	100.00	4250.00	448.41	.00	3557.11	692.89	84%	3517.70
Printing	1600.00	450.00	2050.00	.00	.00	1774.01	275.99	87%	2002.25
Contract'l	17000.00	.00	17000.00	342.00-	.00	14634.57	2365.43	86%	12278.32
Mem/Subscr	650.00	.00	650.00	.00	.00	520.00	130.00	80%	400.00
Dog Tags	1700.00	.00	1700.00	19.99	.00	1226.03	473.97	72%	1324.91
Telephone	1200.00	1200.00	2400.00	215.89	.00	2335.20	64.80	97%	2128.20
Travel	1800.00	100.00-	1700.00	173.40	.00	1122.51	577.49	66%	1576.02
Liab Insur	1478.00	62.00-	1416.00	118.00	.00	1416.00	.00	100%	1355.00
Prop Insur	1283.00	96.00-	1187.00	98.00	.00	1187.00	.00	100%	1228.00
OffEqRepair	1875.00	334.00	2209.00	.00	.00	2092.00	117.00	95%	507.00
Training	2625.00	450.00-	2175.00	.00	.00	1352.99	822.01	62%	3052.43
BnkCkError	.00	14.00	14.00	.00	.00	14.00	.00	100%	.50

FINANCIAL MANAGEMENT

DATE 2/21/17
TIME 14:13:39

BUDGET PERFORMANCE REPORT

ACCOUNT TYPE: EXPENSE

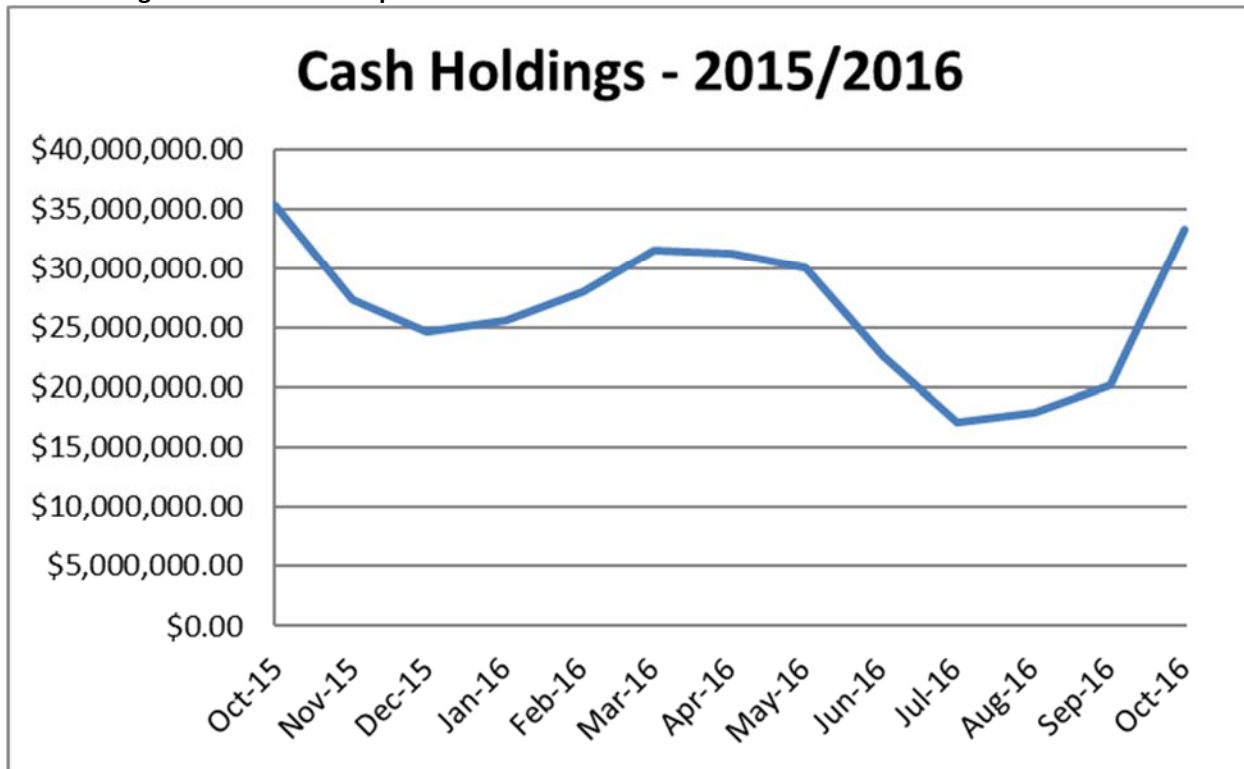
Month End Date: 9/30/2016

ACCOUNT NUMBER	ADOPTED BUDGET	BUDGET AMENDMENTS	AMENDED BUDGET	CURRENT MONTH TRANSACTIONS	Y-T-D ENCUMBRANCES	Y-T-D EXPENDITURES	AMENDED BUDGET LESS YTD EXPENSES	% USED	LAST YEARS Y-T-D EXPENDITURES
BankSerChg	22500.00	10510.00-	11990.00	29.74	.00	2540.22	9449.78	21%	1708.99
Other Serv TOTAL :	53711.00	9220.00-	44491.00	313.02	.00	30214.53	14276.47	68%	27561.62
OfficEquip	.00	.00	.00	.00	.00	.93-	.93	+++	14241.68
Equipment	.00	.00	.00	.00	.00	.00	.00	0%	.00
Capital Ou TOTAL :	.00	.00	.00	.00	.00	.93-	.93	+++	14241.68
Department TOTALS . . . :	459604.00	4501.00-	455103.00	44582.78	.00	437224.76	17878.24	96%	401148.08
Fund TOTALS :	459604.00	4501.00-	455103.00	44582.78	.00	437224.76	17878.24	96%	401148.08
Other Supp	.00	1000.00	1000.00	.00	.00	758.00	242.00	76%	3116.68
Supplies TOTALS :	.00	1000.00	1000.00	.00	.00	758.00	242.00	76%	3116.68
Training	.00	.00	.00	.00	.00	.00	.00	0%	.00
Other Serv TOTAL :	.00	.00	.00	.00	.00	.00	.00	0%	.00
Department TOTALS . . . :	.00	1000.00	1000.00	.00	.00	758.00	242.00	76%	3116.68
Fund TOTALS :	.00	1000.00	1000.00	.00	.00	758.00	242.00	76%	3116.68
EXPENSE TOTAL :	459604.00	3501.00-	456103.00	44582.78	.00	437982.76	18120.24	96%	404264.76

Custodian of County Funds

The county treasurer's office is the depository for all county funds in accordance with Act No. 40, Public Acts of Michigan 1932. Cash management activities include receipt for revenues, coordinate cash drawers and impressed cash for all departments, maintain bank accounts, reconcile receivables, coordinate disbursement of funds held in trust, and coordinate funds to cover county disbursements.

Cash Holdings October 2015 to September 2016



Performance measurements established for cash management are:

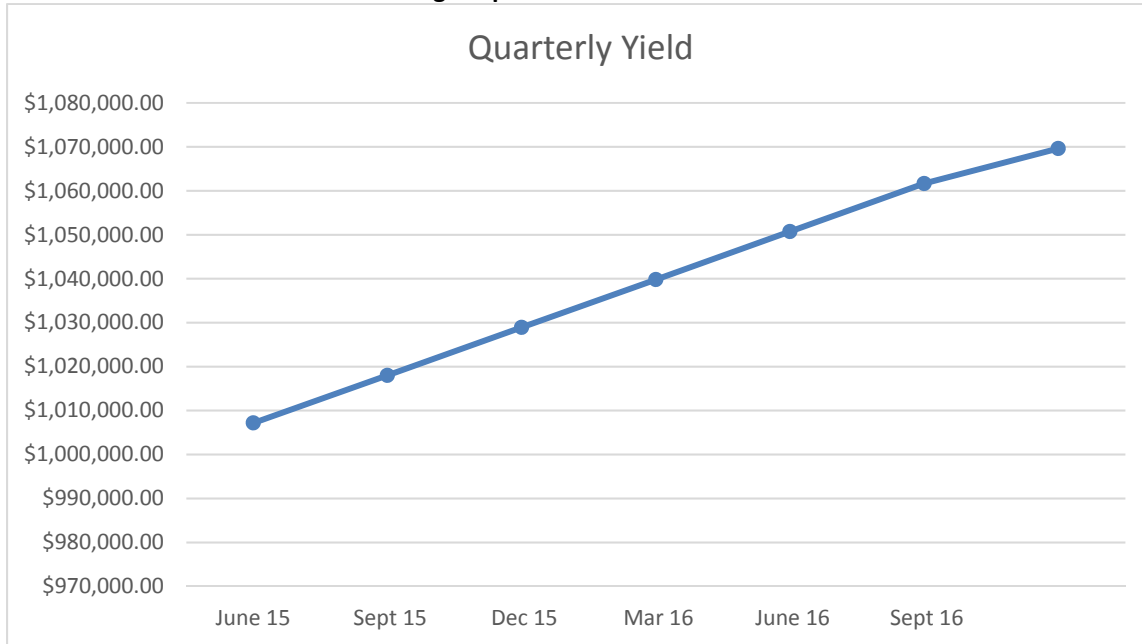
1. Safety of funds
2. Liquidity
3. Return on capital
4. Increase efficiency of funds management
5. Reduce management costs

Cash holdings for the budget year ending September 30, 2016 were sufficient to meet operating costs, and within an expected variation from month to month. Diversification of funds has improved safety of principal. Local independent banking institutions are given first opportunity for deposit of county funds.

Diversifying Cash Holdings

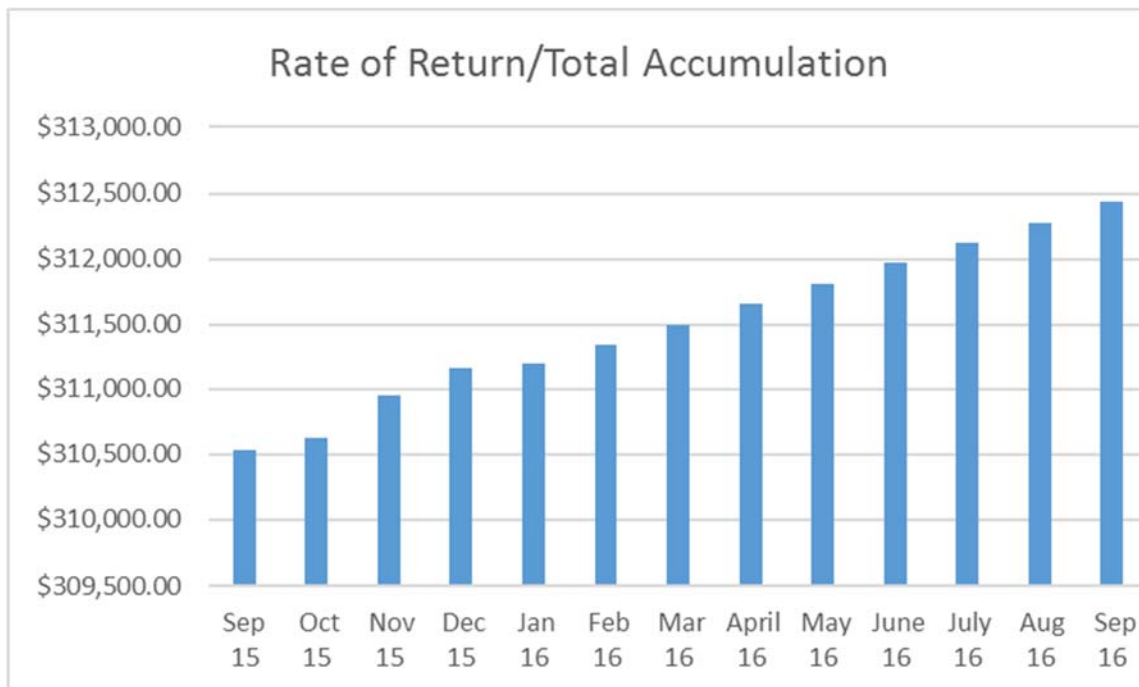
High quality municipal bonds were obtained in 2015 to broaden investment mix. These bond investments have offered stable returns during the low interest rate environment of past years. Current bond holdings will mature in 2017 putting the county’s cash in good position for anticipated increases in interest earnings in future months and years.

Total Yield on Bond Investments through September 2016



Workers Compensation Fund

Moved Workers Compensation funds to a money market account in 2015 to increase investment returns.



Retiree Health Insurance Investment Fund

Listed below are totals for these funds. The cost basis was adjusted to reflect the transfer of funds to a more diversified account in June 2015. Markets fluctuate as economic conditions change. The market, however, has fared well during the 2015/2016 fiscal year. Funds for retiree health insurance benefits are long-term investments of 20 years and longer, regulated by Public Act 314. Eaton County has earned more than \$2.1 million in gains on these accounts since 2002.

Fund Totals Ending September 2016

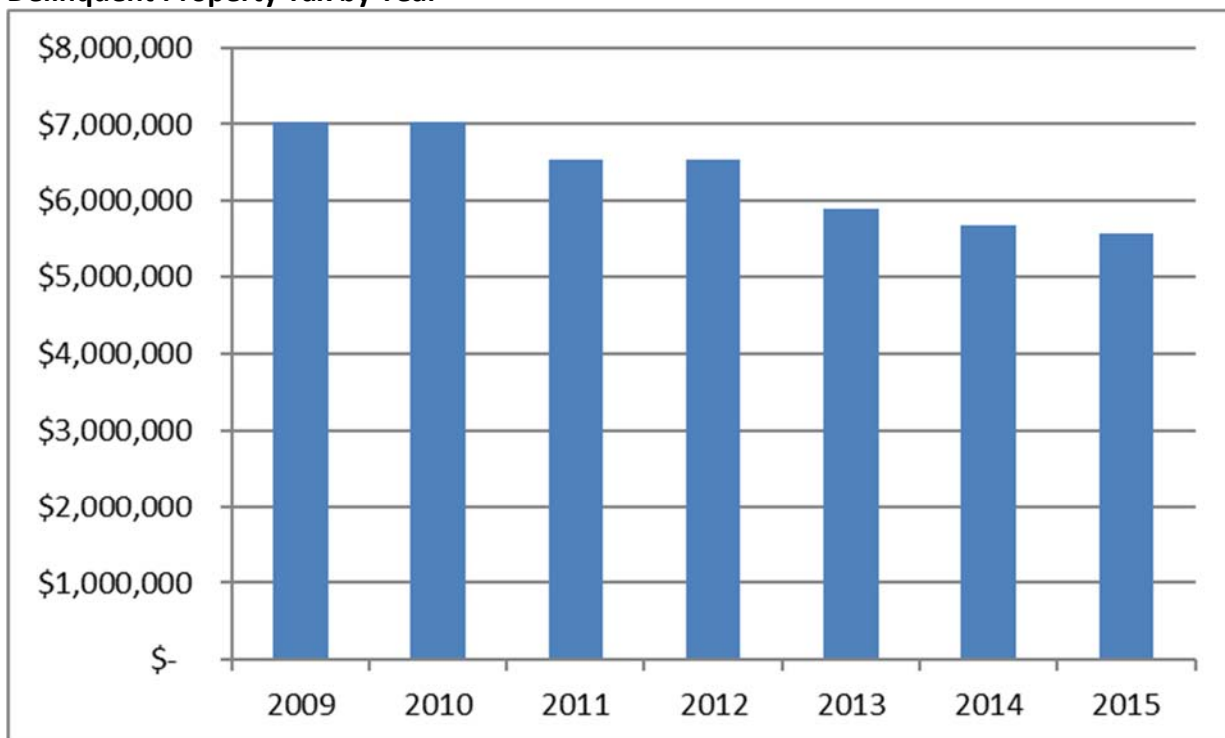
(Cost basis adjusted as of June 30, 2015)

Eaton County Actual Cost	\$ 10,429,782
Market Value of Investments	\$ 10,784,747
Income (Loss)	\$ 354,966

Delinquent Property Tax Administration

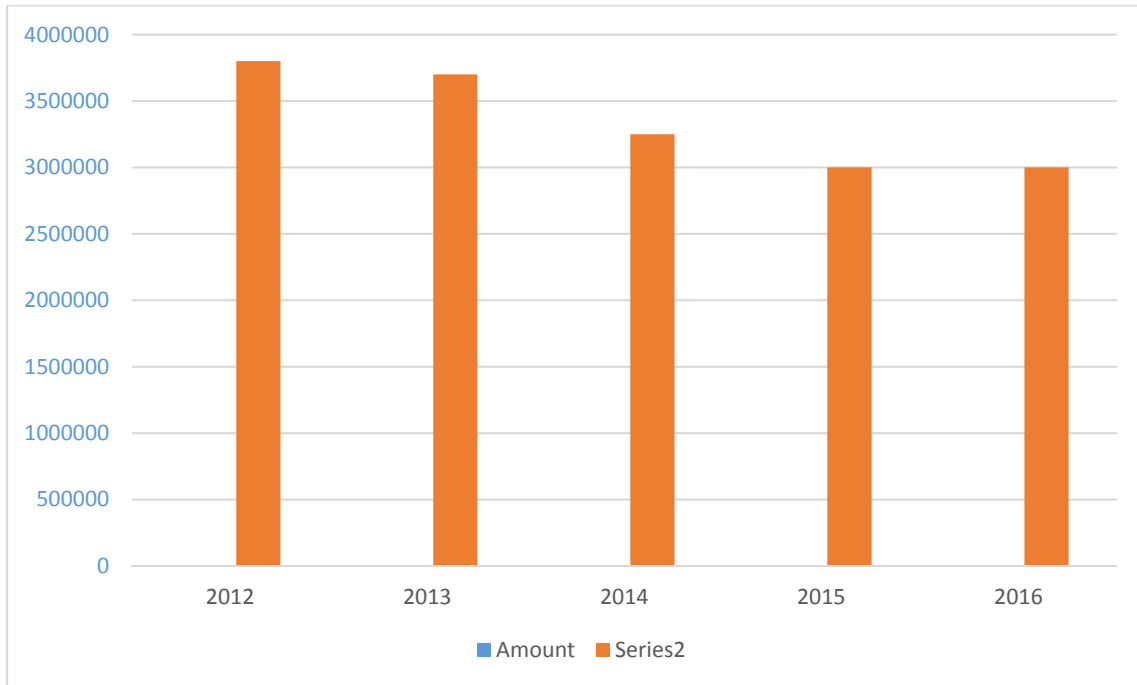
The treasurer collects delinquent real property taxes for the entire county. There has been a downward trend in delinquent taxes since 2010, from approximately \$7,000,000 to \$5,550,000. The county operates a Delinquent Tax Revolving Fund from which local taxing authorities are paid their portion of delinquent taxes. The Delinquent Tax Revolving Fund reduces cost in managing tax forfeitures and foreclosures. It is customary for the treasurer to borrow up to 50 percent of delinquent tax returns each year (\$2.5 to \$3 million) to pay local taxing authorities – cities, villages, townships, EATRAN, schools... their portion of collected taxes. Borrowing has reduced by \$600,000 annually since 2013. The treasurer has a 12-month collection rate of 96.7 percent

Delinquent Property Tax by Year



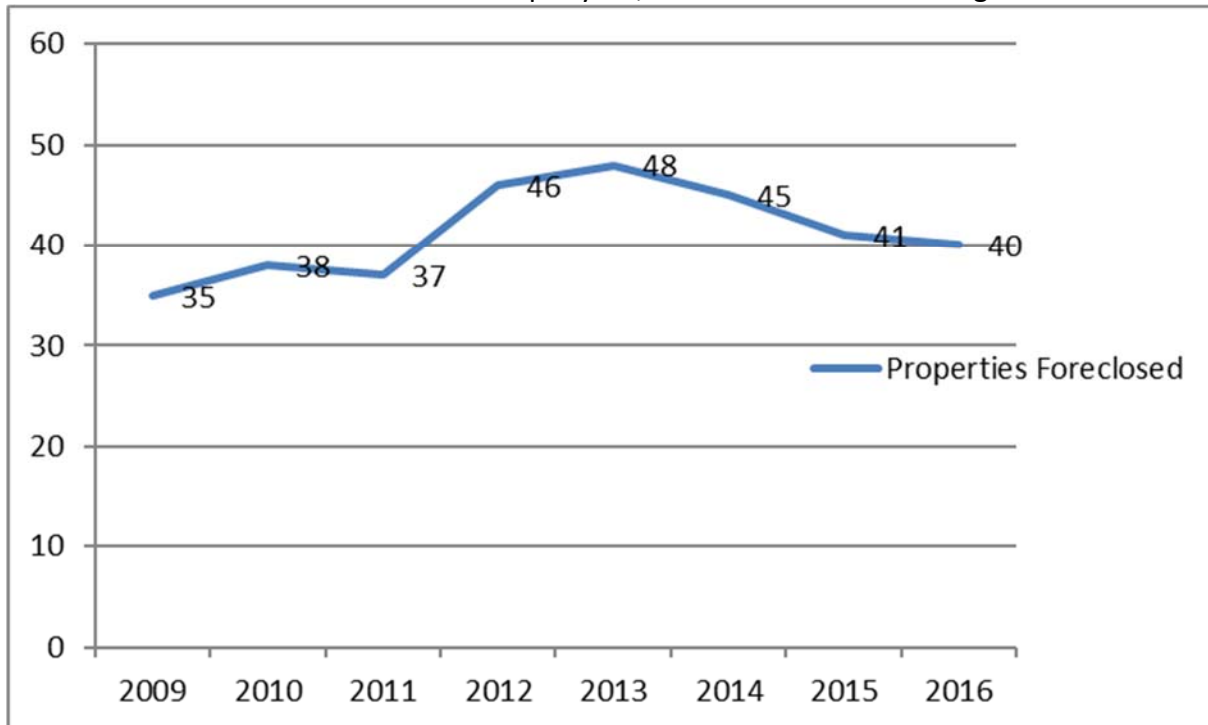
Delinquent Tax Revolving Fund Borrowing

Annual borrowing has reduced by \$600,000 annually since 2013. Alleviating all borrowing by 2020 is the treasurer’s long range goal.



Tax Foreclosures

Foreclosure numbers hover at about 40 per year, down from an all-time high of 48 in 2010.



Tax Foreclosed Real Property Tax Auctions

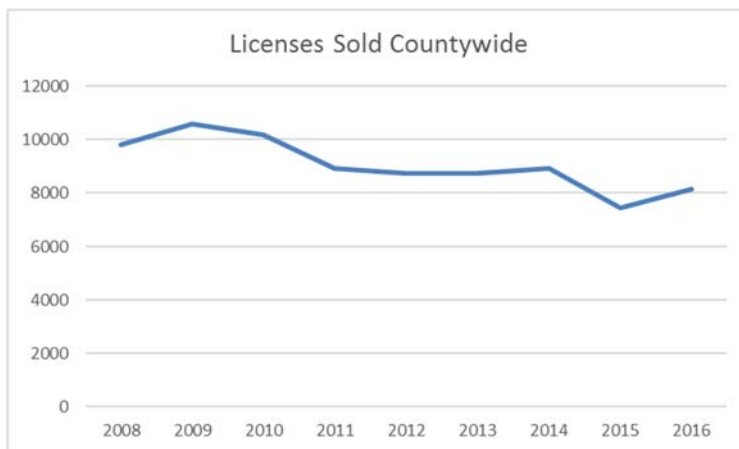
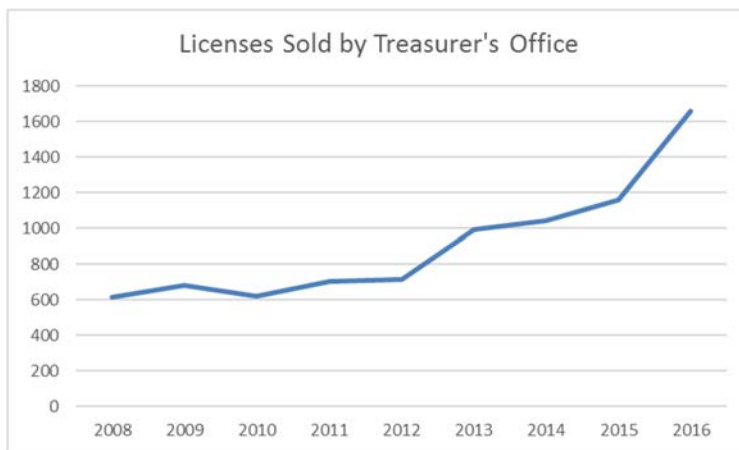
Auction results generated \$837,000 in total proceeds. This pays the delinquent taxes due on properties sold to reimburse the county for amounts given to local units at settlement time. (The county treasurer purchases delinquent taxes from local units in March each year and becomes responsible for collection.). By law, the treasurer holds these amounts within a restricted Foreclosure Fund. These funds are used for property maintenance of foreclosed properties, legal fees for tax auctions, board-up and secure work on properties, and environmental cleanup expenses on foreclosed properties.

Eaton County Dog Licenses

The treasurer’s office issues dog and kennel licenses and launched a new online dog license website in 2015. Pet owners are purchasing a significant number of licenses through the website. Townships, cities, and villages still make dog tags available locally through March 1 of each year (Delta Township yearlong). Licenses are also available at Eaton County Animal Control and the treasurer’s office daily.

Dog license sales through the treasurer’s office increased 31 percent in 2016. Sales through Animal Control increased by 10 percent in 2016. These significant increases of in-house transactions are undoubtedly the result of the treasurer’s active advertising and promotion for dog licensing within Eaton County. A new dog license brochure and poster have been developed and distributed to local units, veterinarian offices, public libraries, and other public areas throughout the County. Since the last dog license census in 2008, however, total licensing continues to decline. Estimates from the local government units indicate that only 30 to 35 percent of the dogs in the County are licensed. The long-range goal is to license 50 percent of all Eaton County dogs through the online website by the end of 2020. A program to make Dog licenses available through local veterinarian offices will begin in early 2017.

Countywide there was an 11 percent increase in dog license sales in 2016. The first increase in dog tag sales since 2009.

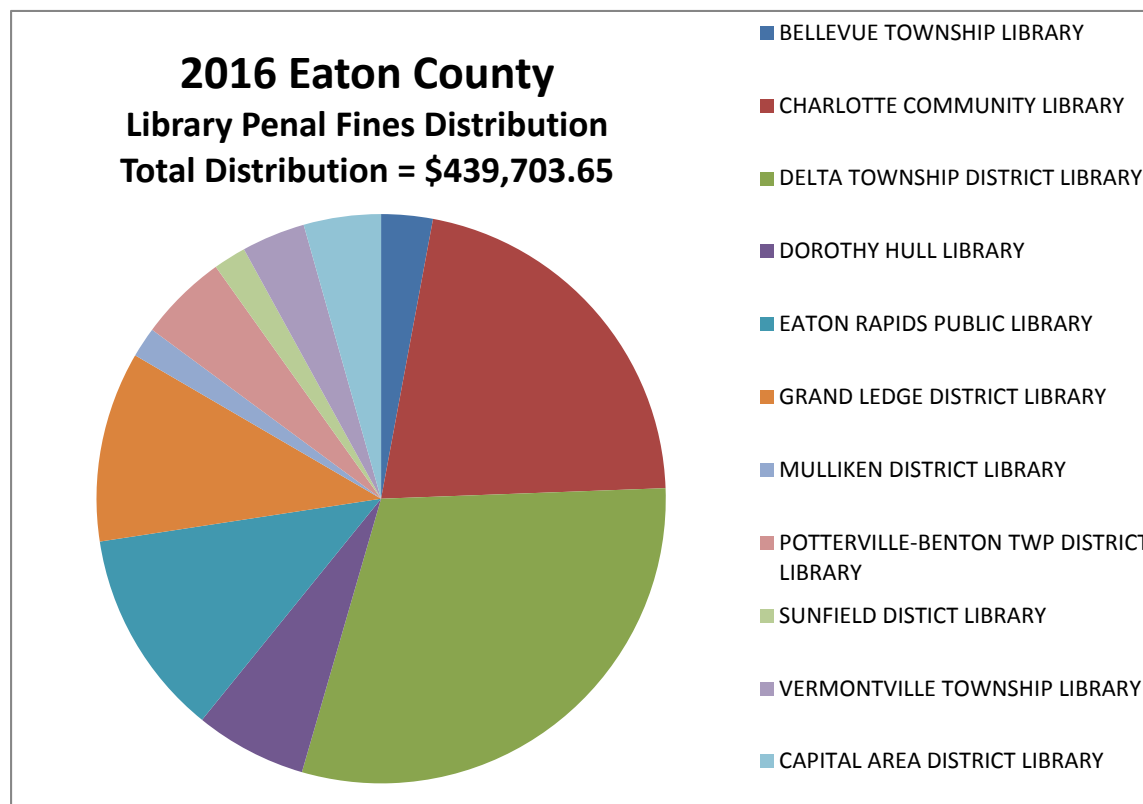


Library Penal Fines

The Michigan Constitution of 1963 requires that penalties collected for violations of state penal law be divided by court costs, statutory fees, and penal fines. Fines are deposited into a library fund to support public libraries and a county law library as required by Public Act 59 of 1964, Public Act 236 of 1961, and Michigan Compiled Law 600.4851. The Michigan Department of History, Arts & Libraries sends a listing of eligible libraries and their associated service population to the treasurer’s office in July each year. The county treasurer is then required to pay local libraries their share of total collected fines and interest by August 1.

Library Penal Fines Distributed by District: July 1, 2015 to June 30, 2016

DISTRICT LIBRARY	POPULATION	PERCENTAGE	AMOUNT
BELLEVUE TOWNSHIP LIBRARY	3,150	2.9232%	\$ 12,853.37
CHARLOTTE COMMUNITY LIBRARY	23,157	21.4896%	\$ 94,490.65
DELTA TOWNSHIP DISTRICT LIBRARY	32,408	30.0745%	\$ 132,238.75
DOROTHY HULL LIBRARY	6,838	6.3456%	\$ 27,902.02
EATON RAPIDS PUBLIC LIBRARY	12,670	11.7577%	\$ 51,699.12
GRAND LEDGE DISTRICT LIBRARY	11,649	10.8102%	\$ 47,532.99
MULLIKEN DISTRICT LIBRARY	1,848	1.7149%	\$ 7,540.64
POTTERVILLE-BENTON TWP DISTRICT LIBRARY	5,413	5.0232%	\$ 22,087.40
SUNFIELD DISTICT LIBRARY	1,997	1.8532%	\$ 8,148.63
VERMONTVILLE TOWNSHIP LIBRARY	3,895	3.6145%	\$ 15,893.30
CAPITAL AREA DISTRICT LIBRARY	4,734	4.3931%	\$ 19,316.78
	107,759	100.0000%	\$ 439,703.65



Submitted to the Board of Commissioners in March 2017. The support of the Board of Commissioners for the staff and mission of the treasurer's office is gratefully appreciated

Bob Robinson, APR, ACPFIM
Treasurer, County of Eaton

Respectfully submitted to:

Commissioner Christine Barnes, District 1
Commissioner Blake Mulder, Chair, District 2
Commissioner Terrance Augustine, District 3
Commissioner Howard Spence, District 4
Commissioner Jeanne Pearl-Wright, District 5
Commissioner Jane Whitacre, District 6
Commissioner Glenn Freeman III, District 7
Commissioner Joseph C. Brehler, District 8
Commissioner Brian Droscha, District 9
Commissioner Roger A. Eakin, District 10
Commissioner Wayne Ridge, District 11
Commissioner Brian Lautzenheiser, District 12
Commissioner Kent C. Austin, District 13
Commissioner Heather Wood, District 14
Commissioner Barbara A. Rogers, District 15

County Controller, John Fuentes

And the citizens of Eaton County

March 1, 2016