

# **2006 Annual Report**

**Ottawa County Treasurer**

**Mary Richardson**

**March 6, 2007**

# County of Ottawa

## Office of the County Treasurer

March 6, 2007

Honorable Commissioners  
Ottawa County Board of Commissioners

### 2006 ANNUAL REPORT

The 2006 Annual Report for the Office of the Ottawa County Treasurer is presented for your review. The highlights of the report are summarized in this cover letter.

**Foreclosing Government Unit.** 2006 was the first foreclosure for the Ottawa County Treasurer who is the foreclosing government unit. Several additional procedures were managed by the treasurer's office that were previously handled by the State of Michigan. We were able to clear up the list of delinquent properties that were withheld from prior foreclosure years because the state failed to provide due process to the property owners. We held our first financial hardship administrative hearings and granted hardship deferrals to three properties. We put in place an aggressive foreclosure prevention program leaving only 10 properties foreclosed – none were owner occupied. In addition to taxpayers getting caught up, we have two success stories. A land fill in Tallmadge Township was claimed by the DEQ for continued clean up at their expense. A blighted property in Ferrysburg City was Cleaned up immediately following foreclosure. The City claimed this property under the "right of first refusal": provision in the statute. The buildings were razed and a park is planned. The neighborhood and property values will benefit from the action taken by the city. Even though the city paid all delinquent taxes, interest and fees, the Ottawa County Foreclosure Fund lost the ability to sell this property at public auction giving up an opportunity to raise sufficient funds to cover the total tax obligation in the Delinquent Tax Revolving Fund. Taxing authorities where foreclosed property is located were charged back all taxes that were originally paid from the Delinquent Tax Revolving Fund and that were not covered by the land sale. Additional costs and fees that were not allowed for charge back resulted in a \$7,477 lost in the Revolving Fund. This loss will be covered by future land sales. A more detailed discussion is on page 4 of the report.

**Web Site Services for the Ottawa County Treasurer.** The first interactive web application for the treasurer's office was for property tax searches. Providing tax searches is a service charged for by provision of state statute. The service is used primarily by our corporate customers. The exciting news is that the corporate customers assisted in the design of the information provided. These customers have been faithful in providing feed back to keep improving the information and format offered on the web site. More good news is that we have a 77% utilization of our on-line application. The web site capability is an improvement to accuracy and offers a 24/7 availability. The web site application moved the searches from a manual operation by staff to the web site.

The dog license application was moved to the web site in late 2006. Citizens and law enforcement agencies are able to look up license numbers to find owners of lost dogs. On December 1, 2006, dog license purchase and renewal is offered online. This has been a real success story with nearly 1,000 licenses processed in three months.

Additional details are available on pages 6 and 7 of the report.

**County Investment Performance.** The county treasurer manages a \$105 million portfolio from operations which fall under the responsibility of the Board of Commissioners. The total return rate for 2006 was 4.37% which compares favorably with the CPI of 1.98% and a Lehman Brothers Blended Index earning 4.25%. The 5-year average return rate is 3.37% which compares to the 5-year CPI of 2.57%. Interest dollars are up over \$1.1 million with a total of \$4,443,535. The interest dollars are shared by the operations in the pool. Additional details are on page 3 of the report. A detailed list of holdings at December 31, 2006 is located in the back of the report.

**Bank Services.** A comprehensive Request for Proposals for Banking Services was drafted and sent to six of the largest banks in Michigan. The proposals were evaluated by a team of five managers from Fiscal Services, IT, County Clerk and the treasurer's office. Our current lead bank was the successful bidder. During the process, a few bank products were identified as important to implement in order to save processing costs and to improve the safety of funds. We have begun to bring these products on board. More details may be found on page 2 of the report.

Goals for 2007 include: 1) move forward to become more paperless in banking and to automate more of the deposit functions; 2) review internal control procedures and update the documentation; 3) update cash flow projections and stay current with market conditions to enhance interest yield; 5) survey for customer satisfaction of the web site applications and promote the services available; 6) continue to improve the foreclosure prevention program and review internal controls for legal requirement.

**Thank you to all departments. . . .** For your team effort as we work together on the cash revenue stations and so many other projects. We give a special thank you to our partners in Fiscal Services. I thank all the staff in the County Treasurer's Office who work faithfully every day to enhance the excellence in service and product.

Respectfully submitted:

Mary Richardson  
Ottawa County Treasurer

## Custodian of County Funds

The County Treasurer's Office is the depository for all county funds. Management activities include receipt for revenues, coordinate cash drawers and impress cash, maintain bank accounts, reconcile receivables, coordinate disbursement of funds held in trust, coordinate signature and transfer funds to cover county disbursements.

The performance measurement for this function is to increase efficiency and reduce operating costs while meeting the growth of activity in the county and meeting the operating needs of departments within the county.

Initiatives implemented in cash management include taking proposals for banking services resulting in reducing bank service charge expense; converting to a new web-based banking system; and accepting 3<sup>rd</sup> party customer credit cards in the jail operation. Delinquent personal property receivables have been automated and reconciled with local treasurers.

Operating goals for 2007 include enhancing internal controls through implementing positive pay on the bank account and updating written procedures; moving forward in the area of paperless banking starting with check cards to replace hand written checks in the jail setting; and continuing the projects for cash receipting automatic link with application software in the Register of Deeds Office and the Delinquent Tax system.

Fiscal Year	2006	2005	2004
<b>Automated Receipting</b>			
Manual	15,477	15,271	17,950
Electronic	<u>428,018</u>	<u>526,653</u>	<u>518,468</u>
Total	443,495	541,924	535,418
Ratio of electronic to total receipts written:			
	96.5%	97.2%	96.8%
<b>Depository Accounts</b>			
Accounts	24	22	18
Bank Charges	3,445	18,930	13,846
<b>Uncollectible Delinquent Personal Property Taxes Stricken from Taxes Receivable</b>			
County Tax	\$8,455	\$12,243	\$32,227
Parks Tax	740	630	399
E 911 Tax	1,057	1,347	2,822

# Ottawa County Investment Pool

This section of the annual report covers the cash and investment activities for the 12 months ending December 31, 2005. The report covers the operations of the county that fall under the responsibility of the County Board of Commissioners. The report does not include operations of the Insurance Authority, Building Authority, the Road Commission or certain activities of the Drain Commissioner.

The primary objective the county's investment activities is the protection of principal, liquidity and return on investment. The investment activity during the year and at December 31 was in compliance with the Ottawa County Investment Policy.

The total return for 2006 was 4.37% which compared favorably with the 2006 CPI of 1.98% and a Lehman Brothers Blended Index earning 4.25%. The blended index is 1/3 Three month T-Bill and 2/3 1-5 year Government Index. The total return for 2006 included an unrealized capital gain of \$311,175. The 5-year average total return on the county's investments was 3.37% as compared to the 2.57% CPI average.

During 2006, the short term interest rates came up as did the long term rates. The high point on the yield curve has been 180 days to 1 year. At December 31, 2006 approximately \$65 million of the portfolio is laddered over a five year period with an average portfolio maturity of 1.34 years. We will continue to ladder and invest changing the weight of the ladder to take advantage of the yield curve.

The challenge for 2007 continues to be adjusting to the change in cash flow for property tax revenue as well as the upcoming building projects.

## Invested Balance at December 31, 2006

\$ 105,155,982	Par Value		
103,810,783	Market Value		
104,830,418	Cost		
( 1,019,635)	Accumulated change in fair value		

## Total Return Interest Rate

2006	4.370%
2005	2.152%
2004	1.841%
2003	2.420%
2002	6.079%
5-year average 3.37%	

## Interest Dollars Earned

2006	\$4,443,535
2005	3,294,840
2004	2,881,010
2003	2,878,632

## Exhibits Attached

List of Open Investments at December 31, 2006  
Graph of Asset Allocation as of December 31,

# 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, processing bankruptcy claims, and managing the annual forfeiture and foreclosure process. The county operates a Delinquent Tax Revolving Fund from which taxing authorities are paid their portion of the delinquent taxes as of March 1 each year. The payments are distributed around April 8. The Delinquent Tax Revolving Fund is one of the financing tools of the county.

The performance measurements for delinquent tax administration is to increase efficiencies to better be able to fit additional workload without adding staff; to reduce unit costs in managing forfeitures and foreclosures; and to institute foreclosure prevention programs.

Initiatives implemented in the service center of delinquent property tax administration include developing policies and procedures for the first year as a foreclosing government unit under the provisions of PA 123 of 1999 as amended. Policies were developed for taxpayer financial hardship deferral, foreclosure prevention and for shortfall charge back to taxing units.

Of the ten properties foreclosed on March 31, 2006, two properties were claimed by other government units. A dump site in Tallmadge Township is under active cleanup by the DEQ and was claimed by them without paying delinquent taxes. A rental property in the City of Ferrysburg was claimed for public use prior to the sale with Ferrysburg paying all back taxes and accumulated costs. Eight properties were sold at public auction. The total shortfall from the disposition of property was \$25,321. Of the shortfall, \$17,844 was charged back to the taxing units.

Fiscal Year	2006	2005	2004
<b>Real Taxes Returned Delinquent</b>			
No. of Properties	6,349	6,814	6,453
Dollars in Millions	\$9.5	\$8.2	\$ 7.3
<b>Forfeited and Foreclosed</b>			
Certified Mail Count	2,200	1,370	1,396
Property Forfeited	462	394	354
Property Foreclosed	10	5	1
Financial Hardship given	2	N/A	N/A
<b>Tax Collections</b>			
Receipts Written	7,449	7,072	6,901
Dollars in Millions	\$8.7	\$8.1	\$7.5
Interest & Fees	\$1,036,282	\$938,365	\$952,069
<b>Tax Roll Adjustments</b>			
No. Processed	936	852	1,084
<b>Foreclosed Land Sale</b>			
Total Tax, Fees & Interest	\$43,616		
Less Proceeds from Sale	- 18,294		
Less Charge Back to Tax Units	- 17,845		
Loss on 2006 Land Sale	\$ 7,477		
	to be covered from future sales		

# Current Property Tax Administration

The creation of the summer and winter tax rolls has been decentralized from the county to the responsibility of local units of government. The County Treasurer's Office assists local assessors and treasurers by verifying tax roll calculations prior to the bills being mailed. Local units electronically transfer their tax rolls to the county a minimum of three times during the tax years so that tax roll totals can be verified making March 1 settlement smoother.

The State continues to place reliance on the county treasurer's staff to coordinate collections and provide accountability for the State Education Tax (SET) billed and collected by the local unit. An offset to this workload is the \$833,695 in investment interest earnings retained by the county in the 11 years of State Education Tax levy

The current year tax rolls are turned over to the County Treasurer's Office each year on March 1. A settlement process occurs during the month of March: verifying taxes billed and adjusted as well as delinquent tax rolls. As a result of this process, the delinquent tax rolls are purchased by the county's Delinquent Tax Revolving Fund. The tax rolls are maintained and adjusted by the county treasurer for 20 years.

Initiatives implemented in this area include a totally electronic settlement process saving hours of staff time for the County Treasurer's Office and the treasurers of local units of government. Work was completed on the web site application to provide historical tax roll data on line. The 2005 and 2006 tax rolls are electronic – eliminating the paper tax rolls and tax roll storage needs.

The operating goal for 2007 is to move the electronic data tax rolls to imaged documents.

Fiscal Year	2006	2005	2004
<b>State Education Tax Collection Pass-through</b>			
Dollars in Millions	\$50.8	\$59.5	\$46.5
No. of Payments	551	546	506
Interest Earned	\$134,705	\$75,508	\$28,810

# Property Tax Search

A tax search is a written tax status verification from the Ottawa County Treasurer's Office. The verification may be of delinquent tax status; historical tax roll amounts and if paid or not; and legal description. The tax search requests are received by FAX, email, mail, or through the county's web site. The fee is set by State statute at a minimum of 50 cents per parcel.

Public terminals are provided at the Grand Haven location for anyone to do their own property tax search. Public access is granted at no charge.

Tax searches are also performed for deed certification. The fee set by State statute is a minimum of \$1 per deed.

The performance measurement for tax searches is to improve the accuracy of the delinquent and paid tax information provided to our corporate customers. The most significant policy decision was to eliminate verbal responses to search requests. Through the on-line search, service customers are able to verify the property information and then obtain written documentation for delinquent and paid taxes.

Initiatives implemented in this area during 2006 include user identified improvements to the one-line tax search; an automated interactive email response to forward payoffs of delinquent taxes; and monthly billing customers for fax corporate customers.

The goal for 2007 is to complete a survey with corporate customers to make additional improvements in the on-line tax search service.

Fiscal Year	2006	2005	2004
<b>Certification Revenue</b>			
Deed Certification	\$6,811	\$9,352	\$9,674
<b>Tax Search Revenue</b>			
Fax/Mail Searches	\$ 3,049	\$ 7,305	\$13,548
On-Line Searches	<u>9,942</u>	<u>N/A</u>	<u>N/A</u>
Total Search	\$12,991	\$ 7,305	\$13,548
On-Line Utilization	77%	0%	0%

## Dog and Kennel License Program

The County Treasurer's Office manages the dog and kennel license program. The licenses are sold year-around in the County Treasurer's Office. Dog Licenses are sold at Harbor Humane Society. Local treasurers sell dog licenses at their location from December 1 to February 28. The fees for dog licenses are \$15 male or female; \$6 spay or neutered; \$6 puppy.

Initiatives implemented in 2006 include: 1) successful check off donation program connected to dog license purchase. Donations raised with the 2006 sale of licenses were in excess of \$10,000 plus the benefactor match through Harbor Humane Society of \$10,000 totaled \$20,000 to spay and neuter cats and dogs for low income families. 2) dog license look up on county web site to help return stray dogs to their owner. 3) county web site application to purchase and renew dog licenses began December 1, 2006 for the 2007 license year. Nearly 1,000 licenses were sold on the web site in the first three months. The web site application has been very successful.

The goal for 2007 will be to survey the users of the web site dog license application to obtain feedback to ensure a user friendly service.

License Year	2006	2005	2004
<b>Dog Licenses Sold</b>			
O.C. Treasurer	10,987	10,158	10,232
O.C. Treasurer Web	N/A	N/A	N/A
Local Treasurers	8,159	9,064	9,059
Humane Society	<u>969</u>	<u>958</u>	<u>876</u>
Total	20,115	20,180	20,167
 License Income	 \$168,246	 \$160,053	 \$164,532

## Municipal Civil Infraction Bureau

The Municipal Civil Infraction Bureau was established by the Board of Commissioners in 1995. The County Treasurer's Office is the designated collecting agency for the Bureau. The cashier supervisor is assigned the responsibility of managing these activities. The fines were established by County Ordinance. The Bureau processes violation tickets issued by the County Parks Department, County Drain Commission, Environmental Health, and the Sheriff's Department for dog violations.

Violations that are delinquent to the Bureau are turned over the District Court to be processed as other citations in the court.

Fiscal Year	2006	2005	2004
<b>Citations Disposition</b>			
Issued	223	279	107
Collected	168	181	71
Revenue	\$7,179	\$9,844	\$3,325
To District Court	29	71	32
Dismissed	26	27	4



The 2006 Annual Report of the Ottawa County Treasurer's Office is submitted to the following members of the Ottawa County Board of Commissioners in March 2007. Their support for the mission, the programs, and the staff of the Treasurer's Office is greatly appreciated as we serve the residents of Ottawa County.

Mary Richardson, County Treasurer

Commissioner Joyce E. Kortman, District 1  
Commissioner Philip D. Kuyers, Vice-Chairperson, District 2  
Commissioner Dennis W. Swartout, District 3  
Commissioner Jane M. Ruiten, District 4  
Commissioner Matthew M. Hehl, District 5  
Commissioner Roger G. Rycenga, District 6  
Commissioner Gordon D. Schrottenboer, District 7  
Commissioner Donald Disselkoen, Chairperson, District 8,  
Commissioner Edward Berghorst, District 9  
Commissioner James C. Holtrop, District 10  
Commissioner Jim Holtvluwer, District 11