2007 Annual Report of the County Treasurer

Treasurer of Ottawa County

Bradley J. Slagh

March 2008

County of Ottawa

Office of the County Treasurer

March 11, 2008

Honorable Commissioners
Ottawa County Board of Commissioners

2007 ANNUAL REPORT

The 2007 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.

Revenue & Expenses. In 2007 General Fund revenues brought in through the Treasurer's Office, totaled $6,441,612. This revenue figure includes; Interest earnings on surplus funds, Interest on SET and Delinquent funds, Fees from delinquent properties and Tax searches, Foreclosed property sales, and Dog Licenses sales. This revenue amount is significant especially when contrasted with departmental expenditures of $758,097 required to support these efforts.

Foreclosing Government Unit. 2007 was the second foreclosure cycle for the Ottawa County Treasurer who is the foreclosing agent for the County. 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 continue to hold financial hardship administrative hearings and granted hardship deferrals to two properties. We put in place an aggressive foreclosure prevention program leaving only 10 properties foreclosed – none were owner occupied. Taxing authorities where foreclosed property is located, were charged back all taxes that were originally paid from the Delinquent Tax Revolving Fund and were not covered by the land sale. In 2007, all additional costs and fees were covered by the property foreclosure sales; the resulting profit of $100.15 was placed back in the Revolving Fund. This begins to cover the approximately $7,500 loss that was experienced in 2006 as a result of 2003 & prior tax year sales. A more detailed discussion is on pages 8-9 of the report.

Web Site Services for the Ottawa County Treasurer. Providing tax searches is a service, provided with charges as allowed by provision of state statute. This service is used primarily by our corporate customers. These customers have been consistent in providing feed back which helps us keep improving the information and format offered on the web site. In our second year of providing this service we saw our usage increase by four percent to an 81% utilization of on-line verses other means. The web site capability provides 24/7 availability and eliminates the potential of human errors. Pages 11 & 12 of the report provides further details.

Online dog license applications and renewals completed its inaugural year with the 2007 licenses. Online license purchase and renewals in 2007 were 5.5% of the total licenses sold. Because dog licenses begin selling in December for the following year, we can report that Web sales of dog licenses are up approximately 38% over last years Web sales for the same two months. Citizens and law enforcement agencies are able to use the County Web Site to look up license numbers and thereby find owners of lost dogs. Donations raised, through the HERO program, with the 2007 sale of licenses exceeded $9,300 to spay and neuter cats and dogs for low income families. Additional details are available on pages 13 & 14 of the report.

County Investment Performance. The County Treasurer manages a $115 million portfolio from operations which fall under the responsibility of the Board of Commissioners. The total return rate for 2007 was 6.1% which compares to the CPI of 2.8% and a Lehman Brothers Blended Index earning 6.7%. The 5-year average return rate is 3.38% which compares to the 5-year CPI of 2.88%. Interest dollars are up over $348 thousand with a total of $4,792,276. The interest dollars are shared by all the operations in the pool. Additional details are on pages 5 - 7 of the report. A detailed list of holdings at December 31, 2007 is located in the back of the report.

Goals for 2008.

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; 4) continue to improve the foreclosure prevention program and review internal controls for legal requirements.

To the County Team. The Treasurer offers special thanks to all the County departments as they have helped us through four months of transition to a new Treasurer and Chief Deputy at the end of 2007. We give a special thank you to our partners in Fiscal Services. I thank all the staff in the County Treasurer's Office who faithfully produce a quality environment and outcomes every day.

Respectfully submitted:

Bradley Slagh
Ottawa County 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. 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.

Performance measurements for this function are:

> increase efficiency

> reduce operating costs

> meet the operating needs of departments

A change of the Investment Policy was submitted to include an every other year review of banking services and associated costs in addition to the existing RFP required every four years. In other initiatives, delinquent personal property receivables have been automated and reconciled with local treasurers. We also set up the County Jail to be able to issue cash cards to those being released from incarceration, with the expectation that this will reduce County cost for check issuing and escheating of funds.

Operating goals for 2008 include evaluating implementation of positive pay on the checking account, and continuing to update written procedures. A project to evaluate issuing electronic check cards for jurors and witnesses thereby replacing hand written checks. Also continuing the projects for cash receipting automatic links with application software in the Register of Deeds Office and the Delinquent Tax system.

Fiscal Year	**2005**	**2006**	**2007**
Automated Receipting			
Manual	15,271	15,477	15,172
Electronic	526,653	428,018	429,647
Total	541,924	443,495	444,819
Ratio of electronic to total receipts written:	97.2%	96.5%	96.5%
Depository Accounts			
Accounts	22	24	24
Bank Charges	$18,930	$3,610	$3,137
Uncollected Delinquent Personal Property Taxes Stricken from Taxes Receivable			
County Tax	$12,243	$8,455	$14,785
Parks Tax	$630	$740	$1,841
E 911 Tax	$1,347	$1,057	$1,155

Ottawa County Investment Pool

This section of the annual report covers the cash and investment activities for the 12 months ending December 31, 2007. 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 objectives of the county's investment activities, in priority order are: first the protection of principal, second liquidity and last 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 2007 was 6.1% which compares with a 2007 blended index earning of 6.7%; using 2/3Lehman Brothers 1-5 year Government Index blended with 1/3 Three month T-Bill average. The total return for 2007 included an unrealized capital gain of $311,175. The 5-year average total return on the county's investments was 3.38% as compared to the 2.88% CPI average.

Toward the end of 2007, the bottom dropped out of both long and short term rates. The high point on the yield curve in January was at 180 days. By December the high point was at 30 years. At December 31, 2007 approximately $62.5 million of the portfolio is laddered over a five year period with an average portfolio maturity of 1.21 years. We will continue to ladder and invest changing the weight of the ladder to take advantage of the yield curve.

The effort for 2008 will be continuing to adjust to the change in cash flow for property tax revenue with the total shift to summer collections, as well as investment level changes from the ongoing county building projects.

Invested Balance at December 31, 2007

$115,139,487	Par Value
$115,636,676	Market Value
$114,091,269	Cost
($1,317,578)	Accumulated change in fair value

Total Return Interest Rate

2007	6.103%
2006	4.370%
2005	2.152%
2004	1.841%
2003	2.420%
5-year average	3.377%

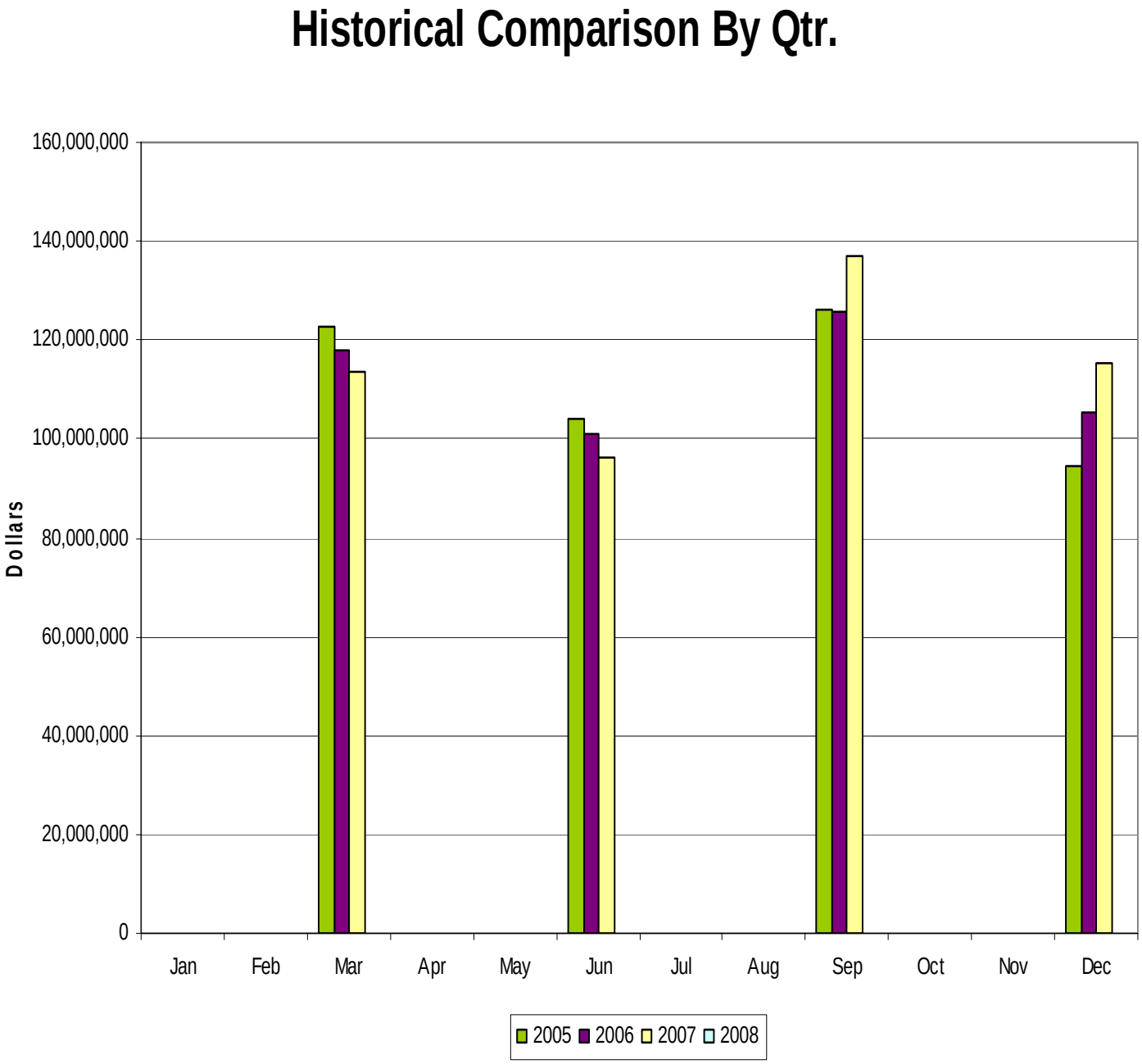
Interest Dollars Earned

2007	$4,792,276
2006	$4,443,535
2005	$3,294,840
2004	$2,881,010
2003	$2,878,632

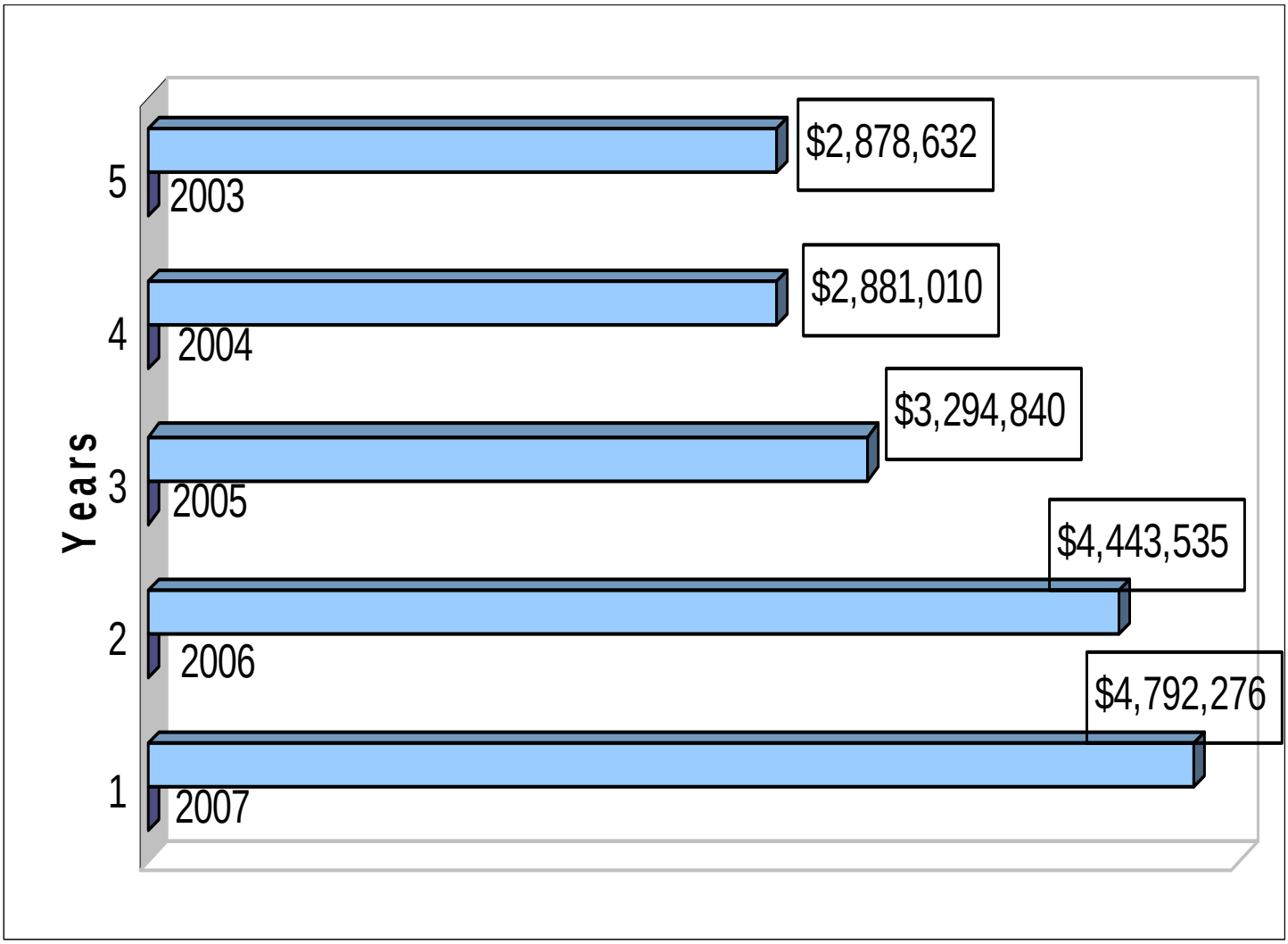
Exhibits Attached

List of Open Investments at December 31, 2007
Graph of Asset Allocation as of December 31, 2007

General Fund Portfolio Totals



Annual Interest Earnings General Fund



Delinquent Property Tax Administration

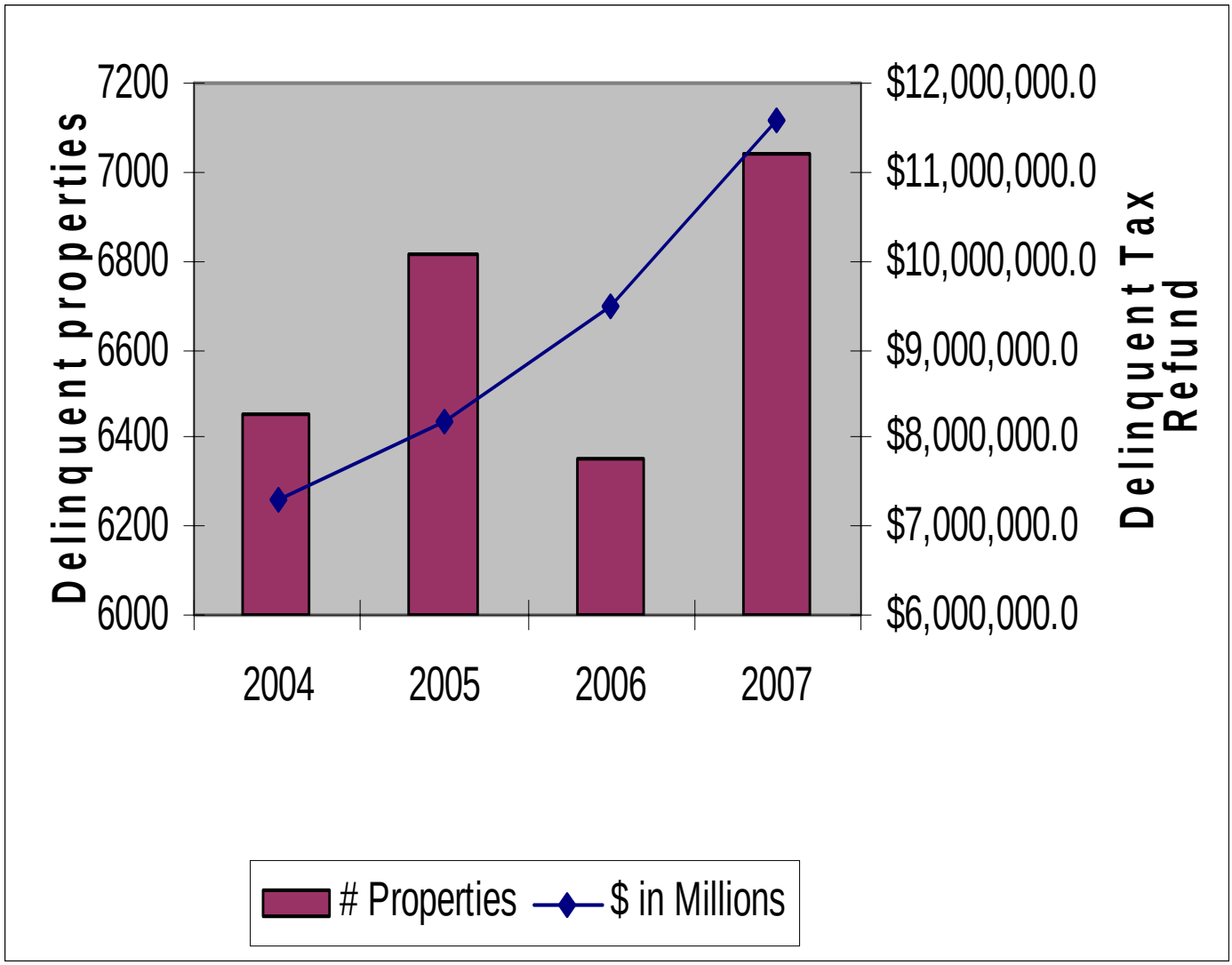
It is the responsibility of the county treasurer to collect delinquent real property taxes. Functions associated with delinquent taxes include writing receipts, processing adjustments to prior year tax rolls, processing bankruptcy claims, and managing the annual forfeiture and foreclosure process. The 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 are designed to increase efficiencies to be better able to manage additional workload without staff additions; to reduce unit costs in managing forfeitures and foreclosures; and to institute foreclosure prevention programs.

Of the eight properties foreclosed on March 31, 2007, one property was claimed by a local unit. Vacant property in the City of Coopersville was claimed for public use prior to the sale, with the City paying all back taxes and accumulated costs. Seven properties were sold at public auction. The total profit from the disposition of property was $100.15. This profit of $100.15 was used to off set a portion of the net loss from the sale in 2006, of $7,477.00. This leaves a net negative balance of $7376.85 that will be reduced by using profits in successive years property sales.

Fiscal Year	**2005**	**2006**	**2007**
Real Taxes Returned Delinquent			
No. of Properties	6,814	6,349	7,043
Dollars in Millions	$8.20	$9.5	$11.6
Forfeited and Foreclosed			
Certified Mail Count	1,370	2,200	1,812
Property Forfeited	394	462	542
Property Foreclosed	5	10	8
Financial Hardship given	N/A	2	2
Tax Collections			
Receipts Written	7,072	7,449	8,071
Dollars in Millions	$8.10	$8.7	$10.3
Interest & Fees	$938,365	$1,036,282	$1,291,138
Tax Roll Adjustments			
No. Processed	852	936	810
Foreclosed Land Sale in 2007			
Proceeds from Sale			$16,255.68
Total Tax, Fees & Interest			$16,155.53
Less Charge Back to Tax Units			$0.00
Gain (Loss) on 2007 Land Sale			$100.15

Real Taxes Returned Delinquent



Current Property Tax Administration

The collection of the summer and winter tax rolls has been decentralized from the county and become 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. The offset to this workload is the investment interest earnings on the State Education Tax levy, which are retained by the County, the amount for 2007 is in the table to the right.

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.

Electronic settlement with the local units saves hours of staff time for the County Treasurer's Office and the treasurers of local units of government. The Web Site provides historical tax roll data on line. 2004 thru 2007 tax rolls are electronic – eliminating the paper tax rolls and reducing physical space storage needs.

Fiscal Year	**2005**	**2006**	**2007**
State Education Tax Collection Pass-through			
Dollars in Millions	$59.5	$50.8	$55.1
No. of Payments	546	551	534
Interest Earned	$ 75,508	$134,705	$169,968

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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.

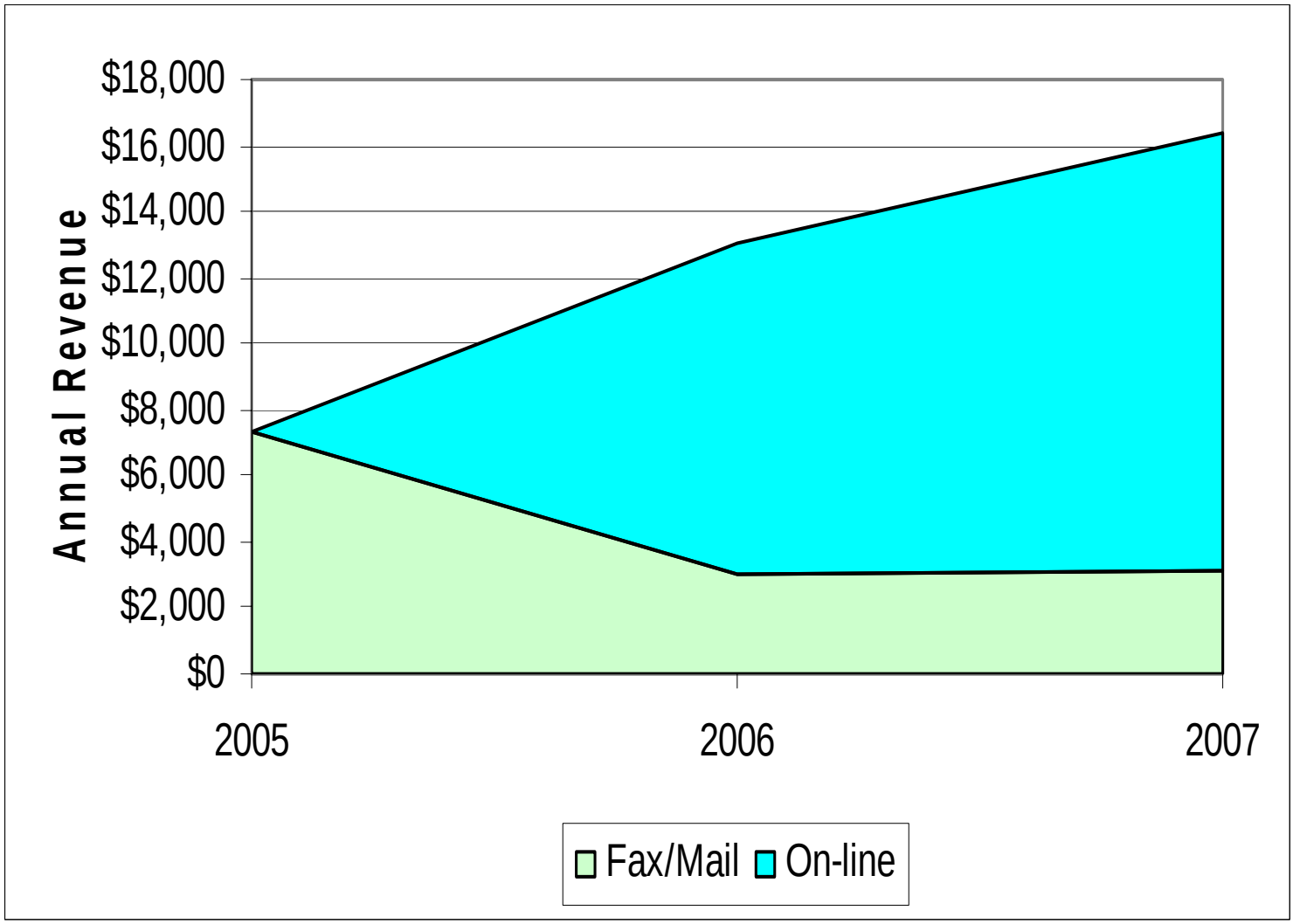
Tax searches are also performed for deed certification. The fee set by State statute is a minimum of $1 per deed.

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

The goal for 2008 is to look for and make additional improvements in the on-line tax search service.

Fiscal Year	**2005**	**2006**	**2007**
Certification Revenue			
Deed Certification	$9,352	$6,811	$6,455
Tax Search Revenue			
Fax/Mail Searches	$7,305	$3,049	$3,170
On-Line Searches	N/A	$9,942	$13,175
Total Search $	$7,305	$12,991	$16,345
On-Line Utilization	0%	77%	81%

Tax Search Revenue



Dog and Kennel License Program

The County Treasurer's Office manages the dog and kennel license program. The licenses are sold year-round in the County Treasurer's Office, and 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. Fees double if not paid by the last day of February.

The County has experienced a continuing decline over the past several years in the number of dog license purchased and renewed. Discussion within the County leads us to believe this to be a result of people not purchasing licenses, rather than an actual reduction in the number of dogs in the County. This supposition will only be proven if a dog census is undertaken.

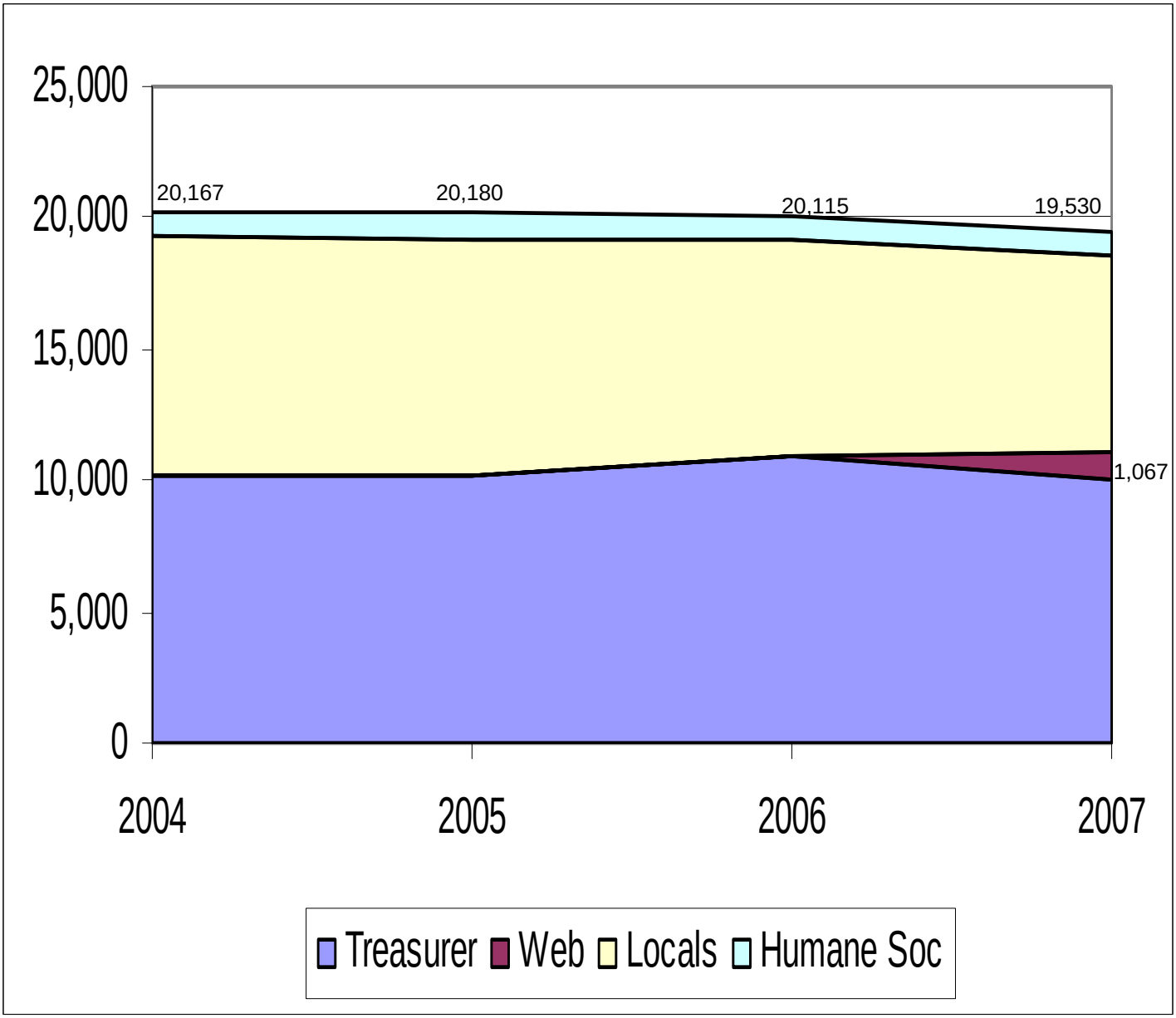
Donations raised with the 2007 sale of licenses were in excess of $9,300 plus the benefactor match through Harbor Humane Society of totaled $18,600 to spay and neuter cats and dogs for low income families.

County application to purchase and renew dog licenses began December 1, 2007 for the 2008 license year. The on-line sales of licenses for the months of December & January were up more than 38% above the same month last year (our first year of sales).

The goal for 2008 will be to automatically propagate all the dog license fields on the BS&A system from the Web On-line application. Reducing the amount of manual intervention or duplication of keying information and printing the receipt directly from the on-line input.

License Year	**2005**	**2006**	**2007**
	Dog Licenses Sold		
O.C. Treasurer	10,158	10,987	9,982
O.C. Treasurer Web	N/A	N/A	1,067
Local Treasurers	9,064	8,159	7,553
Humane Society	958	969	928
Total	20,180	20,115	19,530
License Income	$160,053	$168,246	$165,330

Dog Licenses: Sold by Location



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 are 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	**2005**	**2006**	**2007**
	Citations Disposition		
Issued	279	223	213
Collected	181	168	158
Revenue	$9,844	$7,179	$12,822
To District Court	71	29	31
Dismissed	27	26	24

The 2007 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 jointly serve the residents of Ottawa County.

Bradley J Slagh, 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. Ruiter, District 4
Commissioner Matthew M. Hehl, District 5
Commissioner Roger G. Rycenga, District 6
Commissioner Gordon D. Schrotenboer, District 7
Commissioner Donald Disselkoen, Chairperson, District 8,
Commissioner Edward Berghorst, District 9
Commissioner James C. Holtrop, District 10
Commissioner Jim Holtvluwer, District 11