

2008 Annual Report of the County Treasurer



**Treasurer of Ottawa County
Bradley J. Slagh
March 2009**

County of Ottawa

Office of the County Treasurer

March 11, 2009

Honorable Commissioners
Ottawa County Board of Commissioners

2008 ANNUAL REPORT

The 2008 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 2008 General Fund revenues brought in through the Treasurer's Office, totaled \$5,604,332. 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, though smaller than 2007, is still significant especially when contrasted with total departmental expenditures of \$784,361 required to support these efforts.

Foreclosing Government Unit. 2008 was the third foreclosure cycle for the Ottawa County Treasurer who is the foreclosing agent for the County. We continue to hold financial hardship administrative hearings and granted hardship deferrals to six (6) properties. An aggressive foreclosure prevention program is credited with leaving only 12 properties foreclosed – only one was 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 2008, all additional costs and fees were covered by the property foreclosure sales; the resulting profit of \$12,333.47 was placed back in the Revolving Fund. This now wipes out the approximately \$7,500 loss that was experienced in our first 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 available 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 third year of providing this service we saw our usage percentage increase so we now stand at 89% 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 provide further details.

Online dog license applications and renewals completed its second year with the 2008 licenses. Online license purchase and renewals in 2008 were 8.8% of the total licenses sold; up from 5.5% in 2007. 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. This year we opened a new link on our web site to notify us to not send out license information as a result of death or removal of the dog from the residence. The HERO program, which raises donations to spay and neuter cats and dogs for low income families, was suspended this year. Additional details are available on pages 13 & 14 of the report.

County Investment Performance. The County Treasurer manages a \$98 million portfolio from operations which fall under the responsibility of the Board of Commissioners. The total return rate for 2008 was 4.4% which compares to the CPI of 3.8% and a blended index earning 6.53%. The 5-year average return rate is 3.77% which compares to the 5-year CPI of 3.18%. Total interest dollars from investments shrunk by approximately \$1.3 million with an actual interest amount of \$3,431,588 for the year. These 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, 2008 is available upon request.

Goals for 2009.

1) Initiation of a County Land Bank Authority; 2) move forward to become more paperless in banking and to automate more of the deposit functions; 3) update cash flow projections and stay current with market conditions to enhance interest yield; 4) better monitoring of financial institutions to protect the assets of the county; 5) continue to provide the same level of foreclosure prevention even in the midst of greater need & utilization.

Conclusion.

I came on-board with Ottawa County's government 18 months ago, just as the economy started to show signs of trouble, it is encouraging to me to find that there are reserves still in place and we have a Board that is willing to begin taking action to reduce expenses. As I talk to individuals in other counties, I continually am thankful to be a member of Ottawa County, where being fiscally responsible is a way of life and not something to be downplayed. Because of the Board's willingness to hold the line this year on many expenses, we can continue to focus on the positive things that make Ottawa County a great place to live and work, and expect to make a difference in 2009 and beyond. I look forward to continuing to work with the Board of Commissioners, the talented and capable people in other departments, and the great staff of the Treasurer's office to continually improve our operations and quality of service to our residents.

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 cash operating needs of departments

Bank charges rose significantly in 2008 because the interest rate on the sweep account that had been used to offset these charges was reduced so much.

Each year the Treasurer along with Corporate Counsel assist the local units in “striking” Personal Property taxes that have been delinquent more than 5 years. In 2008 we helped 16 Local Units of Government strike 132 uncollectable personals from their roles.

This year we helped get Michigan Works! set up with debit cards for one of their education programs. This is the first payment card that we have set in place. If this works well we could also look into Purchase Cards for vendor purchases, this could provide 55 to 80 basis points of annual cash rebates on total volume run through the program.

Operating goals for 2009 include: implementation of positive pay and debit block on several accounts; Determine if ACH transactions could be effectively used for companies desiring to make delinquent tax payments; Evaluate issuing electronic check cards for jurors and witnesses instead of checks and then using fees to reduce escheating necessary to the State.

Fiscal Year	2006	2007	2008
Automated Receipting			
Manual	15,477	15,172	14,239
Electronic	428,018	429,647	555,345
Total	443,495	444,819	569,584
Ratio of electronic to total receipts written:			
	96.5%	96.5%	97.5%
Depository Accounts			
Accounts	24	24	26
Bank Charges	\$3,610	\$3,137	\$21,496
Uncollected Delinquent Personal Property			
Taxes Stricken from Taxes Receivable			
County Tax	\$8,455	\$14,785	\$20,332
Parks Tax	\$740	\$1,841	\$1,917
E 911 Tax	\$1,057	\$1,155	\$2,668
# of Local GU	12	16	16
# of Parcels	139	179	132

Ottawa County Investment Pool

Cash and investment activities for the 12 months ending December 31, 2008 are discussed below. 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, OPEB Trust 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 creating return on investments. The investment activity during the year and at December 31 was in compliance with the Ottawa County Investment Policy.

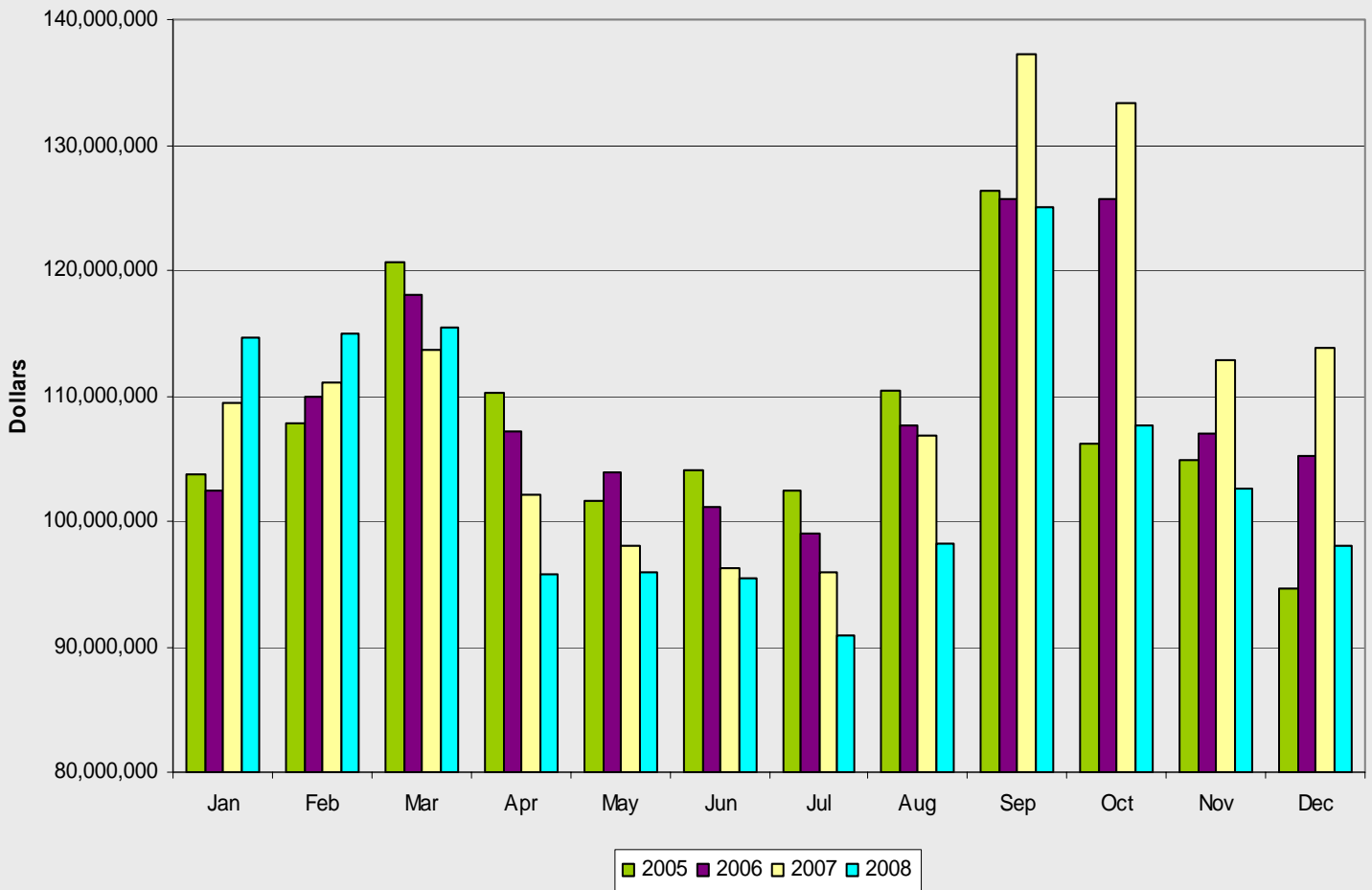
The total return for 2008 was 4.4% which compares with a 2008 blended index earning of 6.5% using 2/3 Barclay's 1-5 year Government Index blended with 1/3 Three month T-Bill average. The 5-year average total return on the county's investments was 3.77% as compared to the 3.18% CPI average.

2008 will be an unforgettable year from an investment perspective, with historic losses in most portfolios. A review of Treasury rates over the year give a small taste of the dramatic change that took place. In January, 30 Day T Bills had a high of 3.33% but finished the year at .03%; while the highest rate for a 30 Day T Bill actually was a whole percentage point over the lowest 30 Yr. Treasury Note rate for the year. At December 31, 2008 approximately \$52.1 million of the portfolio was laddered over a six year period with an average portfolio maturity of 1.98 years. We will continue to ladder and invest to take advantage of the yield curve whenever possible.

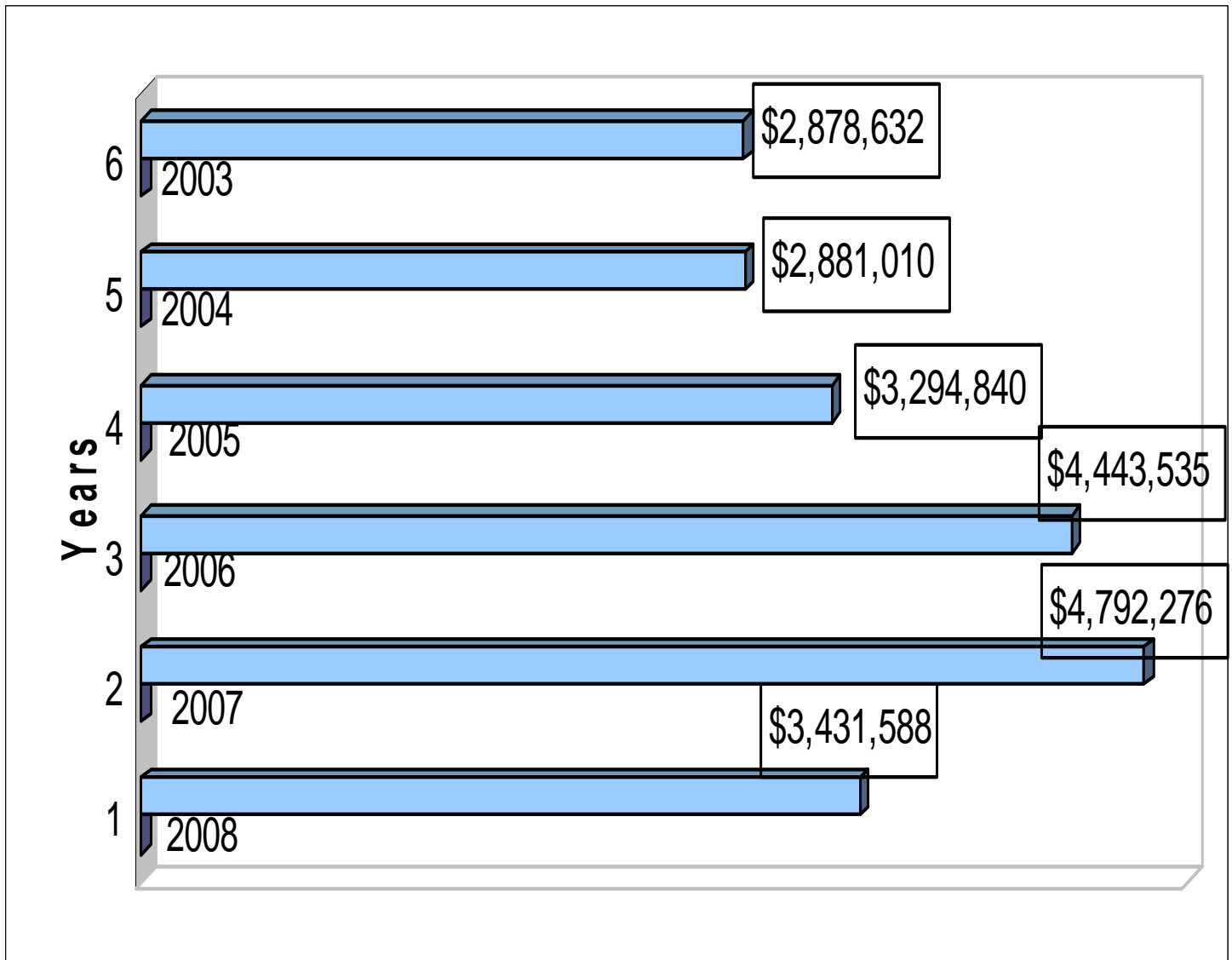
\$1,238,390 Accumulated change in fair value	
Total Return Interest Rate	
2008	4.421%
2007	6.103%
2006	4.370%
2005	2.152%
2004	1.841%
5-year average	3.777%
Gross Interest Dollars Earned	
2008	\$3,431,588
2007	\$4,792,276
2006	\$4,443,535
2005	\$3,294,840
2004	\$2,881,010
Exhibits Attached	
Graph of Asset Allocation as of December 31, 2008	

General Fund Portfolio Totals

Historical Comparison By Month



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 twelve properties foreclosed on March 31, 2008, one property was claimed by a local unit. Vacant property in the City of Zeeland was claimed for public use prior to the sale, with the City paying all back taxes and accumulated costs. Nine properties were sold at public auction, while the other two were only phantoms (parcel numbers issued but no property actually assigned to the number). The net profit from the disposition of property was \$12,333.47. This profit was used to off set the remainder of the net loss experienced in our first sale in 2006, of \$7,477.00.

Fiscal Year	2006	2007	2008
Real Taxes Returned Delinquent			
No. of Properties	6,349	7,043	7170
Dollars in Millions	\$9.5	\$11.6	\$13.7

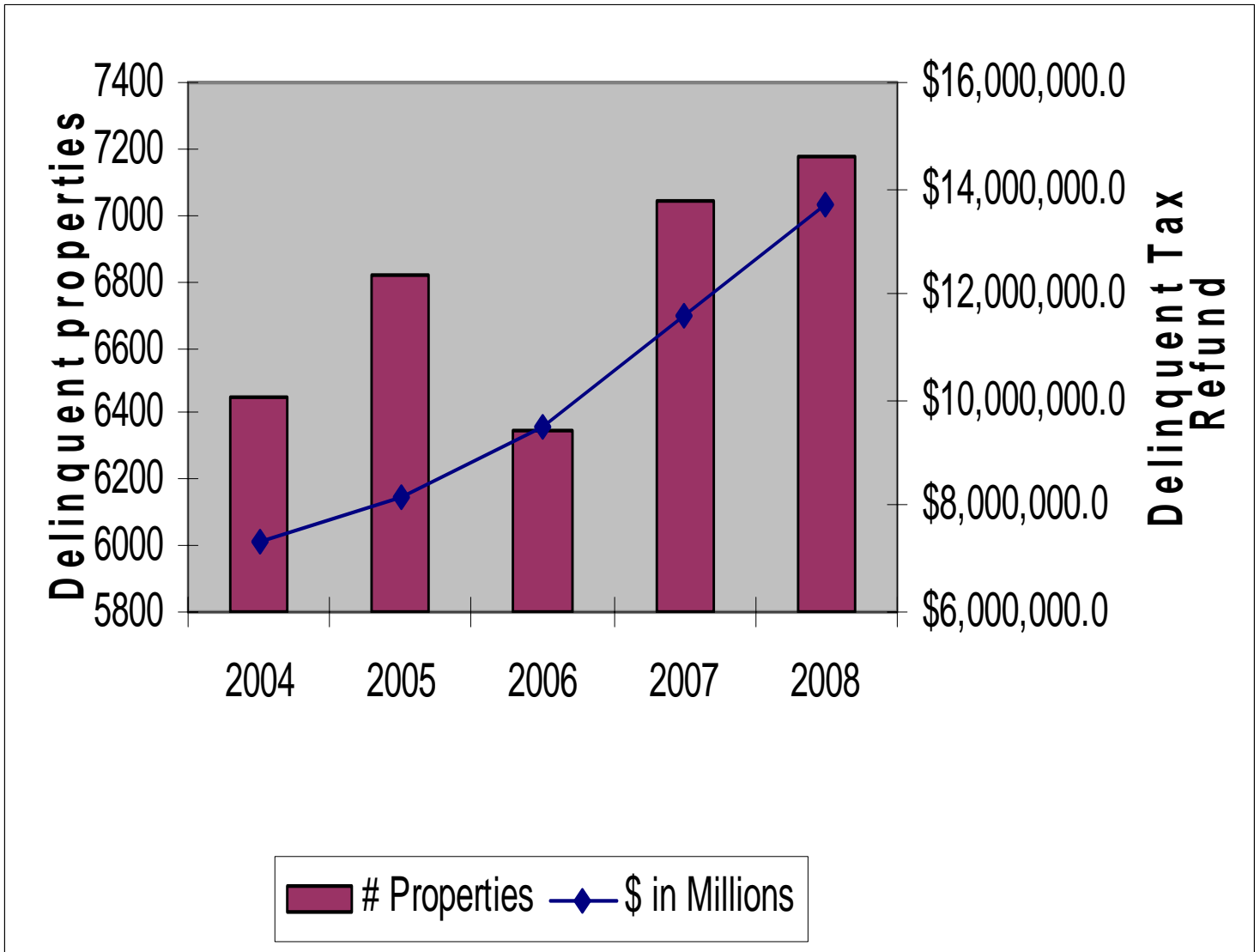
Forfeited and Foreclosed			
Certified Mail Count	2,200	1,812	2345
Property Forfeited	462	542	995
Property Foreclosed	10	8	12
Financial Hardship given	2	2	6

Tax Collections			
Receipts Written	7,449	8,071	8141
Dollars in Millions	\$8.7	\$10.3	13.8
Interest & Fees	\$1,036,282	\$1,291,138	\$1,831,380

Tax Roll Adjustments			
No. Processed	936	810	589

Foreclosed Land Sale in 2008	
Proceeds from Sale	\$156,121.01
Total Tax, Fees & Interest	\$143,787.54
Less Charge Back to Tax Units	\$0.00
Gain (Loss) on 2008 Land Sale	\$12,333.47

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 year 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 2008 is in the table to the right.

Fiscal Year	2006	2007	2008
State Education Tax Collection Pass-through			
Dollars in Millions	\$50.8	\$55.1	\$57.5
No. of Payments	551	534	501
Interest Earned	\$134,705	\$169,968	\$146,033

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 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 local units of government. The County Web Site provides historical tax roll data on line. 2004 thru 2008 tax rolls are now saved electronically – eliminating the paper tax rolls and reducing physical space storage needs.

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 Fillmore location and a single public terminal at Grand Haven for anyone to do their own property tax search. Public access is granted at no charge.

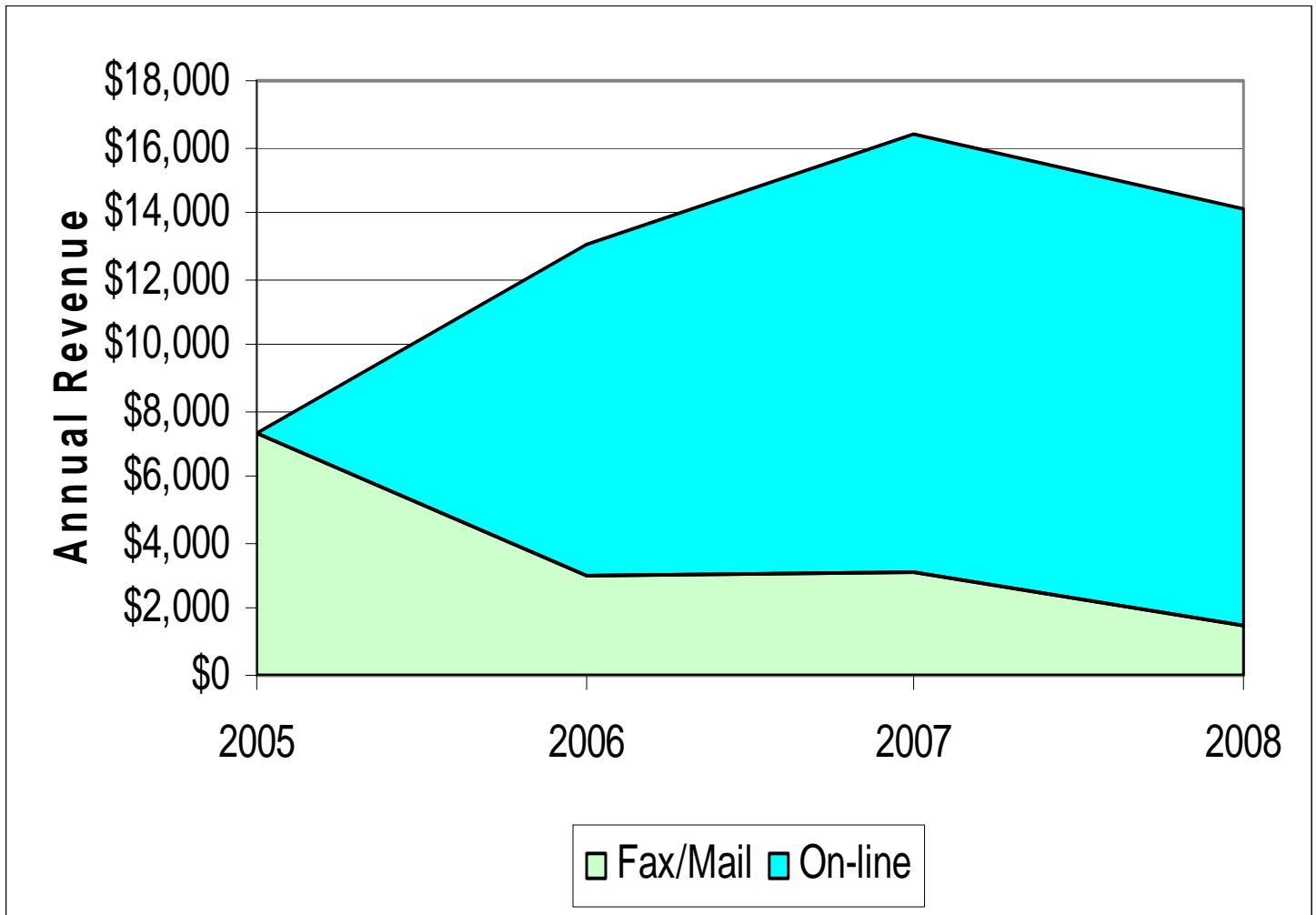
Tax searches are also performed for deed certification. The fee set by State statute is a minimum of \$1 per deed.

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 2009 would be to tie in with the Register of Deeds new software which would allow better search capabilities; faster deed certification and affixing electronic certification stamps to deeds.

Fiscal Year	2006	2007	2008
Certification Revenue			
Deed Certification	\$6,811	\$6,455	\$4,956
Tax Search Revenue			
Fax/Mail Searches	\$3,049	\$3,170	\$1,535
On-Line Searches	\$9,942	\$13,175	\$12,551
Total Search \$	\$12,991	\$16,345	\$14,086
On-Line Utilization	77%	81%	89%

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.

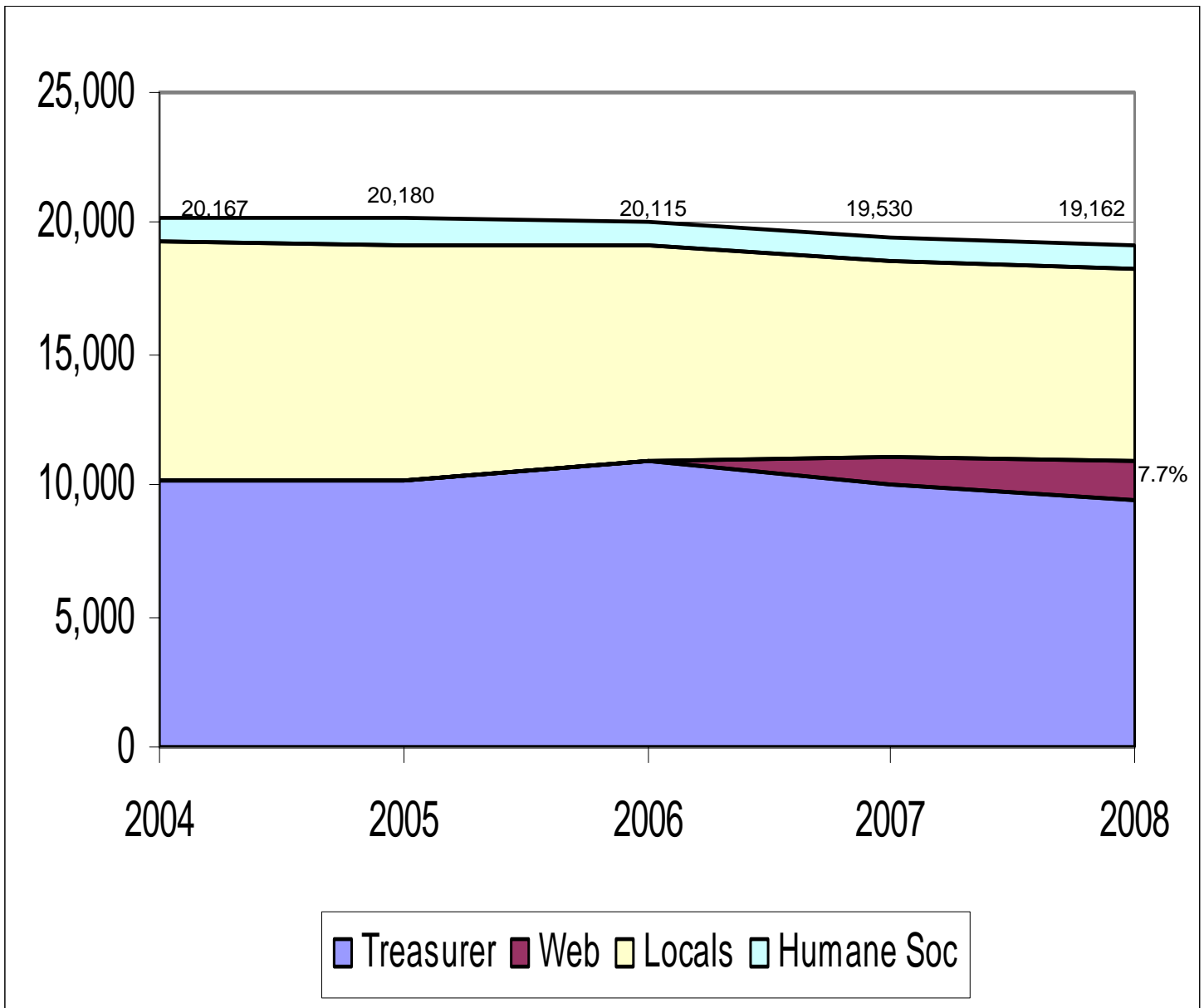
For the third year in a row the County has experienced a reduction in the number of dog license purchased and renewed. The results are over 1,000 less dogs licensed this past year than in 2005. My conversations with our local unit officials lead me to believe this to be a result of people not purchasing 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.

In 2008 we automated the entry of the BS&A Dog system from the Web On-line application. This greatly reduced the amount of manual intervention or duplication of keying information and allows us to print a single receipt directly from the on-line input.

As a result of management changes at Harbor Humane Society there was no official request to collect donations (HERO program) for the spaying and neutering of animals. It is likely that we will receive a request to again collect donations along with license purchases for 2009.

License Year	2006	2007	2008
Dog Licenses Sold			
O.C. Treasurer	10,987	9,982	9,488
O.C. Treasurer Web	N/A	1,067	1476
Local Treasurers	8,159	7,553	7,293
Humane Society	969	928	905
Total	20,115	19,530	19,162
License Income	\$168,246	\$165,330	\$161,697

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 Revenue Accounting 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 2008 Annual Report of the Ottawa County Treasurer's Office is submitted to the following members of the Ottawa County Board of Commissioners in March 2009. 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. Ruiters, District 4
Commissioner Matthew M. Hehl, District 5
Commissioner Roger G. Rycenga, District 6
Commissioner Gordon D. Schrotenboer, District 7
Commissioner Donald Disselkoe, Chairperson, District 8,
Commissioner Robert Karsten, District 9
Commissioner James C. Holtrop, District 10
Commissioner Jim Holtvluwer, District 11