

2012 Annual Report of the County Treasurer



Treasurer of Ottawa County

Bradley J. Slagh

March 2013

County of Ottawa

Office of the County Treasurer 2012 Annual Report

March 2013

Honorable Commissioners
Ottawa County Board of Commissioners

Overview

The bulk of the work completed in the County Treasurer's Office is mandated by Michigan law. However, the opportunity to determine the level of service provided is in the hands of the Treasurer, but must be supported by the Board of Commissioners. In light of that partnership this Annual Report not only presents the numeric facts, it also includes in these opening pages some of the ways the Treasurer's Office, in conjunction with the Board, is expanding access and information, reducing costs, or benefiting our citizens in other ways.

2012 Major Initiatives

Emailing of Dog License Renewal Notices

Treasurer staff began purposely asking for email addresses and offering to electronically provide updates and renewals with those dog owners who desire that form of communication. Our first email renewal notices went out for the August billing, and now average 7.5% of the total monthly renewal notices being sent.

Benefits:

- * Reduced postage & paper cost of approximately \$1.50 per notice, provided an estimated savings of \$444.00 in the first five months of production
- * Email addresses are being collected that could benefit us for other applications (seem to change less than physical addresses)
- * Reduction of staff time needed to fold and mail notices

Munis (ERP) Set up and Conversion, plus Tyler (cashiering) Setup and Conversion

Treasurer Staff at all levels were involved in the setup, testing, training, balancing and implementation of these two conversions. Special involvement for staff included the Project Management Team, Project Committee and training teams.

2012 Major Initiatives (Cont.)

Land Bank Authority

Two parcels of property were titled to the Land Bank and listed for sale with a Realtor. When sold, the income will provide the ability to add and work on other properties.

Insurance Authority – Short Term Tax Bonds

Established that the Insurance Authority could be the bonding agency for the Local Unit Short Term Tax Bonds, and that there had never been a loss. This brought an estimated \$8,000 - \$12,000 annual funding source to the Insurance Authority, reduced the cost to the local units, and reduced the effort required by the County Treasurer to obtain bonding.

Local Units of Government ability to bill in advance for Winter Property Taxes

Helped to coordinate and establish the resolutions which were approved by the County Board and Tax Allocation Committee. All these changes now enable the Local Units of Government to be able to bill winter property taxes of less than \$100.00 on the previous summer billing, eliminating the creation and mailing of many tax bills. Annual savings for the local units are estimated to be as high as \$11,000 in the City of Holland alone.

Treasurer Revenue vs Expenses

2012 Total Revenue in Treasurers Office		2012 Total Treasurer Expenses	
Interest	\$799,095.00		
SET Interest	\$26,495.00	Personnel	\$ 540,798.00
DTRF Fees & Interest	\$2,457,803.00	Commodities	\$ 29,938.00
Tax Search	\$15,055.00	Contractual	\$ 153,247.00
Property Sales	\$85,028.00	General Fund	\$ 723,983.00
Dog License Sales	\$218,401.82		
Deed Certification	\$7,201.00	Personnel	\$ 85,457.00
Municipal Civil Infraction	\$9,488.00	Commodities	\$ 22,208.00
	<u>\$3,618,566.82</u>	Contractual	\$ 89,441.00
		Delinquent Tax	\$ 197,106.00
		Total Exp.	\$921,089.00

Goals for 2013

- First property sold by Land Bank Authority
- Evaluate providing Treasurer services for Local Gov't Units as requested
- Further utilization of electronic imaging rather than printing paper reports
- "Hot Key" setup for BS&A and Fidlar information for property searches
- Automatic GL entries from our investment software along with dog licensing and PREA software to reduce manual entries to save time and eliminate keying errors
- Communication & marketing on importance of dog licensing and participate in a county wide dog census in conjunction with the County Sheriff

Continuous Improvement

Blessed with a quality staff which includes a mixture of seniority and freshness, experience and willingness to change, the Treasurer's Office is prepared to take on the challenges of reduced funding that will continue to pressure the County and Local governments to find new ways of doing things. The foundational changes to processes and work flow through the ERP project and focus on increased customer service, especially through our Web Site, will pay dividends into the future.

I look forward to continuing to work with the Board of Commissioners and the talented and capable people in other Departments & Offices. We must constantly look for ways to improve our operations while delivering reliable service to our residents.

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. Fund management activities include receipt for revenues, coordinate cash drawers and impress cash for all departments, maintain bank accounts, reconcile receivables, coordinate disbursement of funds held in trust and coordinate signature on and transfer of funds to cover county disbursements.

Michigan law requires that the County’s banking relationship be bid out on a regular basis. The results of the Request for Proposal (RFP) completed in 2010 for banking services continue to show up in the chart on this page under **Depository Accounts** and then under the category Bank Charges. The annual cost of services continues to go down.

Performance measurements for this function are:

- safety of funds
- meet the cash operating needs of departments
- increase efficiency
- reduce operating costs

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 2012 we helped 16 Local Units of Government strike 116 uncollectable Personal Properties from their rolls.

Checks that remain un-cashed must be escheated to the State. This was always a 5 year rotation until 2011 when law was changed to reduce the time to three years, explaining the significant increase in 2011. Number of checks have returned to prior single year levels in 2012.

Fiscal Year	2010	2011	2012
Depository Accounts			
Accounts	36	37	37
Bank Charges	\$51,758	\$28,649	\$19,996
Uncollected Delinquent Personal Property			
County Tax	\$66,309	\$66,200	\$63,712
Parks Tax	\$6,105	\$6,196	\$8,365
E 911 Tax	\$8,499	\$8,624	\$6,011
Taxes Stricken from Taxes Receivable			
# of Local GU	16	16	16
# of Parcels	121	91	116
Unclaimed Check - Escheated to State			
# of Checks	269	432	281
\$ \$ Amount	\$7,483.57	\$21,303.94	\$14,762.03

Ottawa County GF 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 direct responsibility of the County Board of Commissioners. Therefore, the report that follows does not include operations of the Insurance Authority, Building Authority, the Road Commission, OPEB Trust or certain activities of the Drain Commissioner, unless identified specifically.

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 throughout the year and at December 31 was in compliance with the Ottawa County Investment Policy.

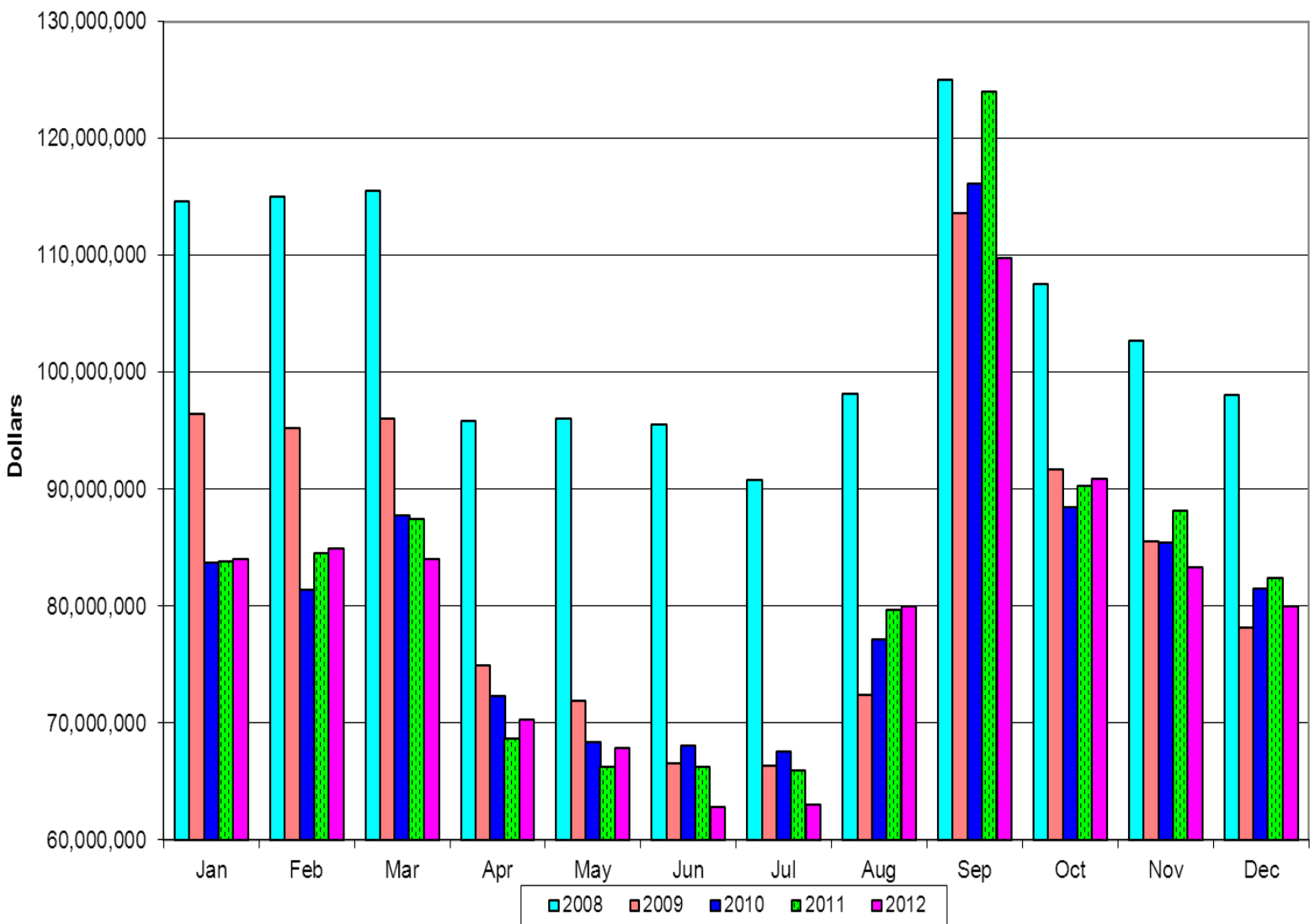
The total return for 2012 was 1.02% which compares with a 2012 Benchmark blended index earning of .367% (using 2/3 Barclay's 1-5 year Government Index blended with 1/3 Citigroup 3-month T-Bill Index). The 5-year average total return on the county's investments was 1.76% as compared to 2.2% for the 5 year CPI average.

At December 31, 2012 approximately \$37.1 million of the portfolio was laddered over a seven year period with an average portfolio maturity of 3.06 years. We will continue to ladder while investing to take advantage of the yield curve whenever possible.

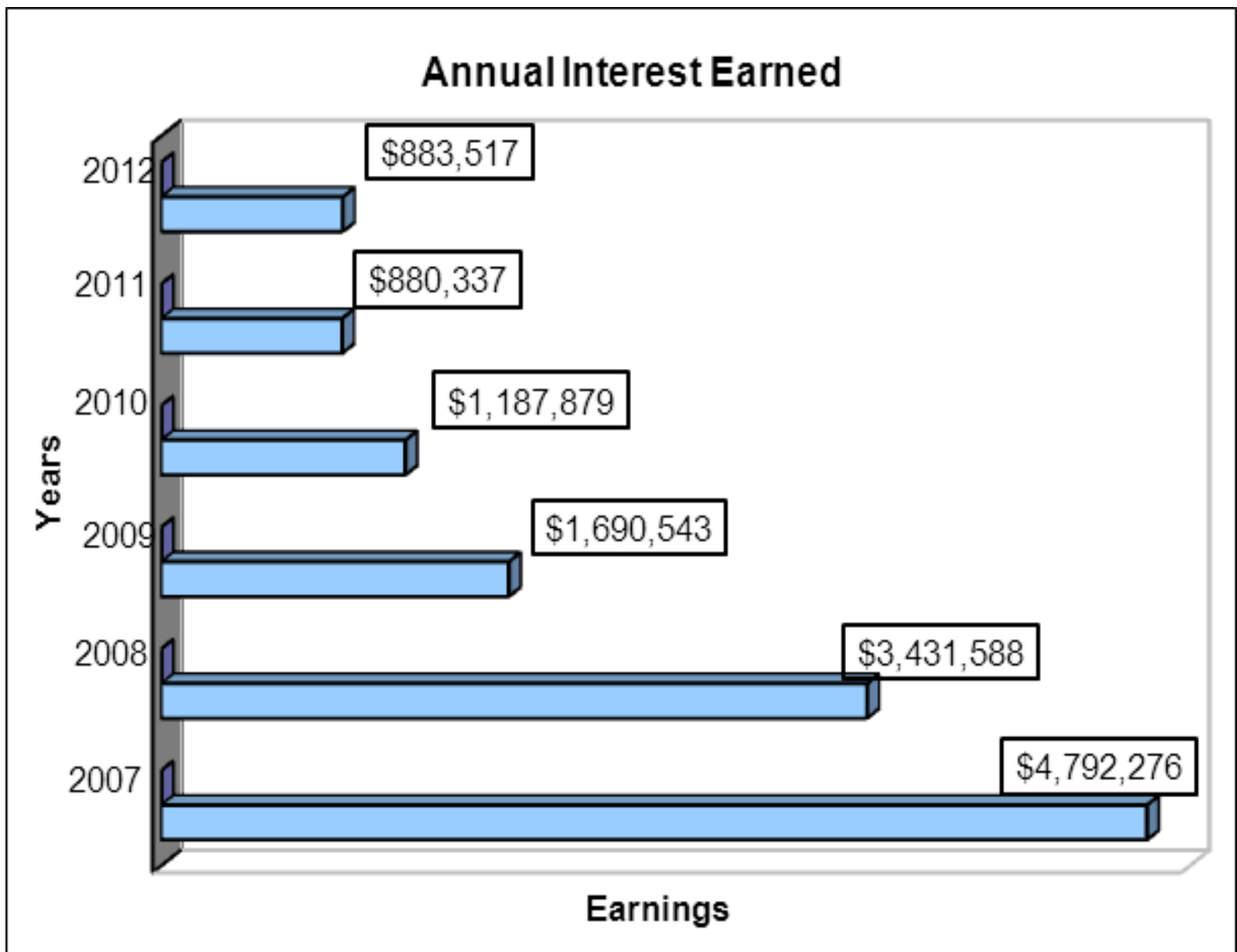
Invested Balance at December 31, 2012			
\$80,010,907	Par Value		
\$80,865,679	Market Value		
(\$73,582)	Accumulated change in fair value		
Total Return Rate			
2012	1.024%		
2011	1.032%		
2010	1.242%		
2009	1.096%		
2008	4.421%		
5-year average	1.763%		
Gross Interest Dollars Earned			
2012	\$883,517		
2011	\$880,337		
2010	\$1,187,879		
2009	\$1,690,543		
2008	\$3,431,588		
Exhibits Attached			
Graph of Portfolio Size as of December 31, 2012			
Graph of Annual Interest Earned			

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 (for up to 20 years), 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, settled as of March 1 each year; with the payments being distributed around April 8. Even in the midst of higher utilization the Delinquent Tax Revolving Fund has been one of the financing tools of the county.

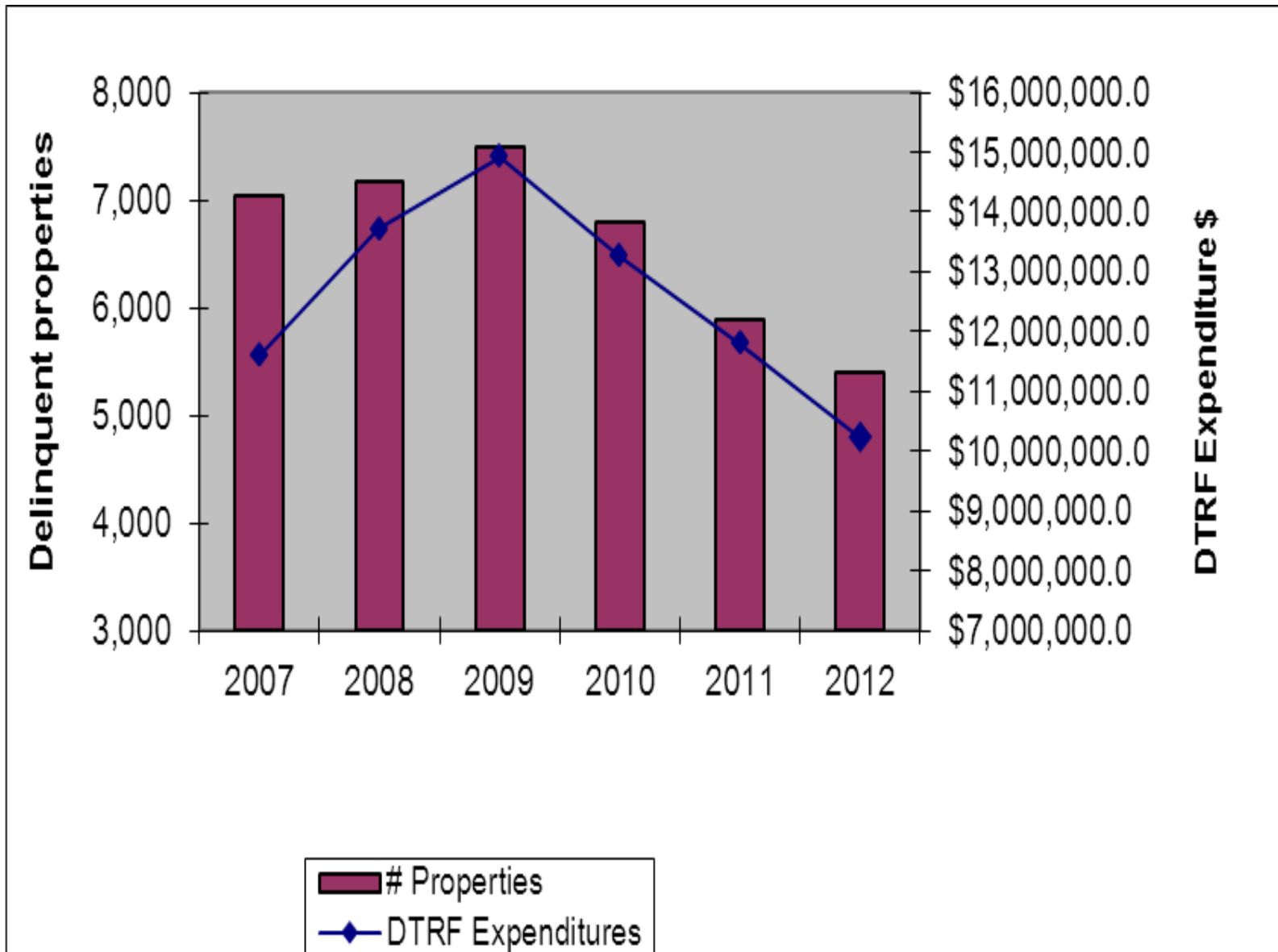
The performance measurements for delinquent tax administration are designed to: increase efficiencies to be better able to manage additional workload without staff additions; to reduce unit costs in managing forfeitures and foreclosures; and to institute foreclosure prevention programs. One of the prevention methods provided by statute is a Hardship Deferral. It was used to protect twenty one (21) properties from foreclosure in 2012, which is down significantly from the prior year.

Of the 104 properties foreclosed on March 31, 2012, 100 properties were sold at public auction. All of the 4 that remained unsold become property of the County.

The number of Tax Roll Adjustments increased on a magnitude of 30%, which was related to the increase in protesting assessed property tax values.

Fiscal Year	2010	2011	2012
Real Taxes Returned Delinquent			
No. of Properties	6800	5891	5396
Dollars in Millions	\$13.3	\$11.8	\$10.2
Forfeited and Foreclosed			
Certified Mail Count	2367	2029	3179
Property Forfeited	973	932	766
Property Foreclosed	69	36	104
Financial Hardship given	18	34	21
Tax Collections			
Online Payments	69	98	106
Receipts Written	8877	7640	7189
Dollars in Millions	\$13.8	\$10.5	\$12.6
Interest & Fees	\$2,289,085	\$1,835,386	\$2,457,803
Tax Roll Adjustments			
No. Processed	610	928	1243
Foreclosed Land Sale in 2012			
Proceeds from Sale			\$636,796.49
Total Tax, Fees & Interest			\$551,768.43
Less Charge Back to Tax Units			\$0.00
Gain (Loss) on 2008 Land Sale			\$85,028.06

Real Taxes Returned Delinquent



Ottawa County Land Bank Authority

The Ottawa County Land Bank Authority is committed to focusing on improving properties that the private market would not normally handle and returning them to a taxable status.

The Land Bank Board of Directors include: two township representatives (Glenn Nykamp & Leon Stille), two city representatives (David VanderHeide & an open slot), Ken Rizzio, one County Commissioner (Dennis VanDam), one citizen (Dave Van Dyke), the County Administrator & the County Treasurer.

At year end the Land Bank only held two parcels. They are both in the City of Holland on Lincoln just north of 32nd and were the site of Boeve Oil Company (a petroleum distributor) for more than two (2) generations. They are listed on the MLS and waiting to be purchased and returned to productive use.

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 our 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) being billed and collected by the local units. 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 2012 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. In an effort to determine if we will need to bond for purchasing these rolls an estimate of cash available each April 1st was done through the year 2027. The tax rolls are required to be maintained and adjusted by the County Treasurer for up to the previous 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. Tax rolls for 2004 thru 2012 are now saved electronically – eliminating the paper tax rolls and reducing the need to expand physical storage space.

State Education Tax Collection Pass-through			
Fiscal Year	2010	2011	2012
Dollars in Millions	\$56.5	\$54.8	\$53.8
No. of Payments	540	501	504
Interest Earned	\$39,994	\$34,459	\$26,495

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, US Postal service, 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 at Grand Haven for anyone to do their own property tax search. Public access at these terminals is granted at no charge.

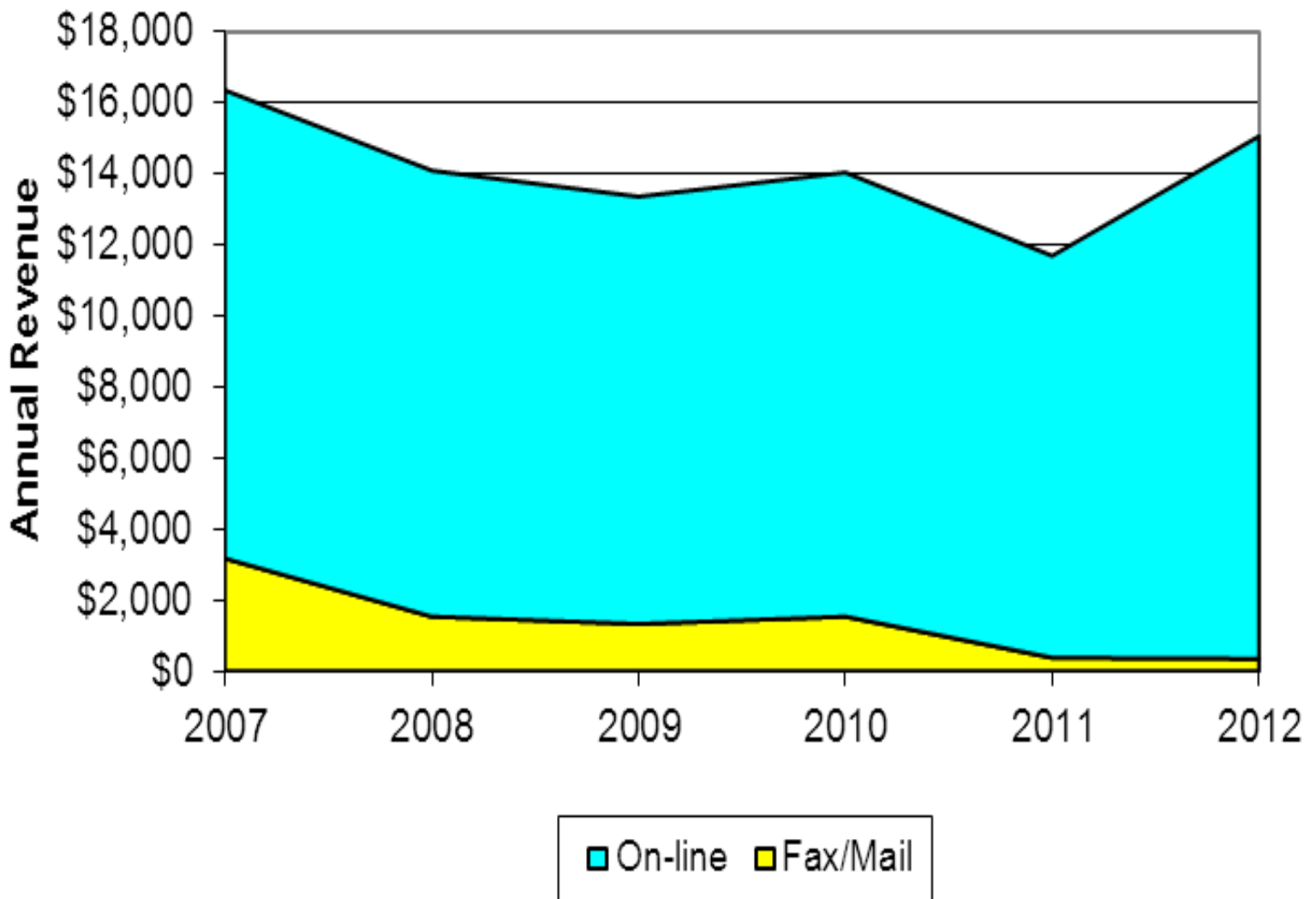
Tax searches are also performed for warrantee deed certification. The fee set by State statute is a minimum of \$1 per deed.

The performance measurement for tax searches is to continue to improve the accuracy and ease of access to the delinquent and paid tax information provided to our customers. The most significant policy decision to date was to add On-line searching capabilities in 2006 and then eliminate verbal responses to search requests from corporations. This has resulted in significant reductions of staff time required to process these requests. Our reduction of one staff position in 2010 was almost entirely attributable to this automation effort.

Through the on-line search service, customers are able 24 hours per day to verify the property information and then obtain written documentation for delinquent and paid taxes.

Fiscal Year	2010	2011	2012
Certification Revenue			
Deed Certification	\$5,015	\$5,696	\$7,201
Tax Search Revenue			
Fax/Mail Searches	\$1,535	\$378	\$349
On-Line Searches	\$12,497	\$11,311	\$14,707
Total Search \$	\$14,032	\$11,688	\$15,055
On-Line Utilization	89%	97%	98%

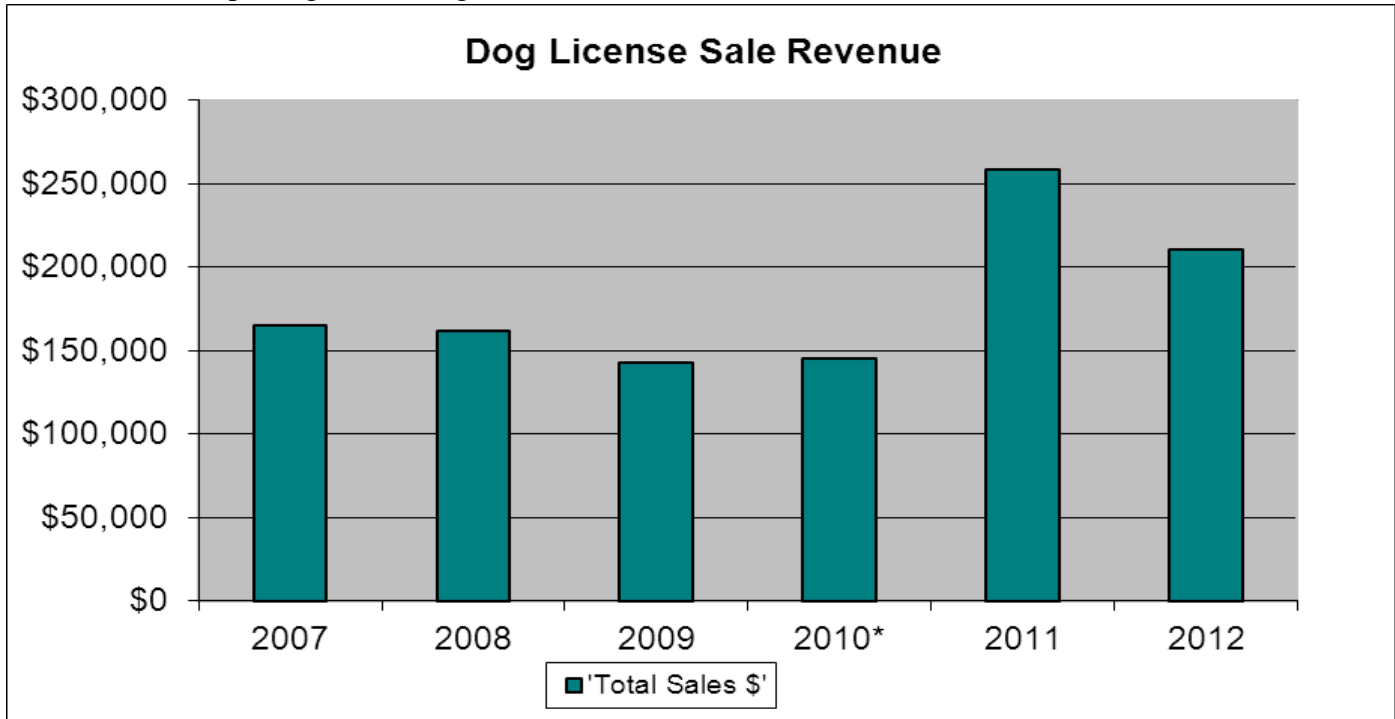
Tax Search Revenue



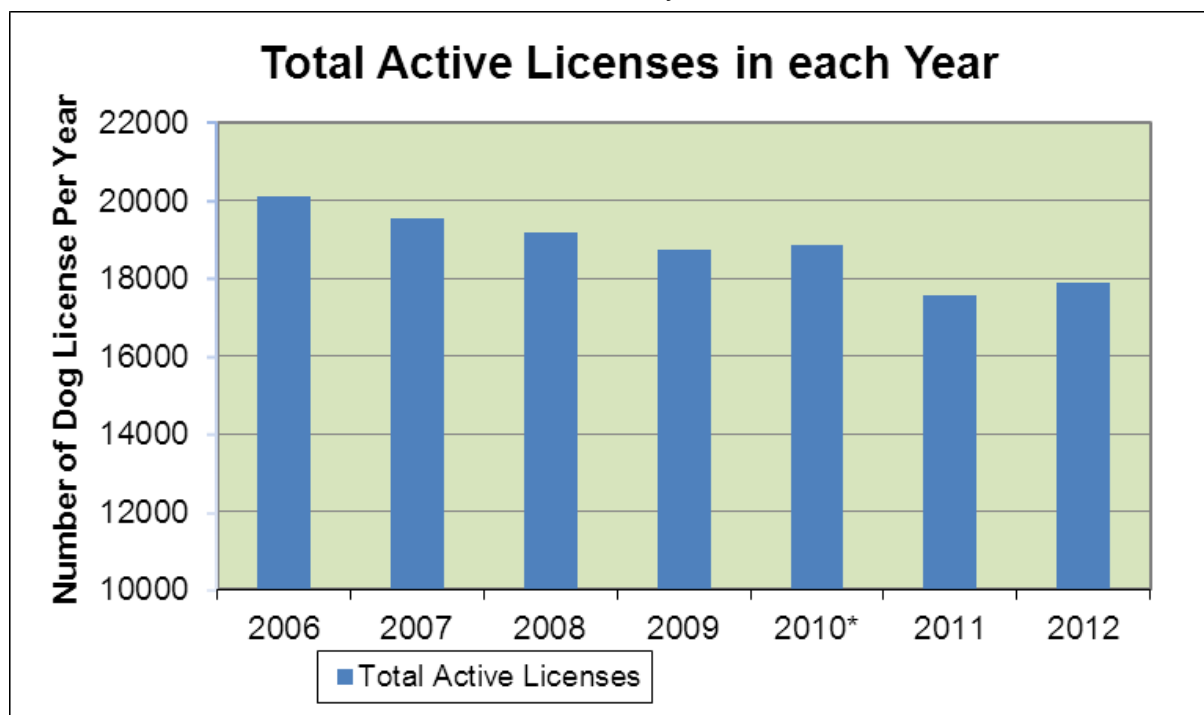
Dog and Kennel License Program

The County Treasurer's Office manages the dog and kennel license program. In 2011 Ottawa County implemented a change and began selling both one year and three year licenses on a year round basis. This evened out the work flow in the office enabling us to better utilize our staffing. 2011 saw the first fee increase in at least 10 years. Fees for dog licenses are now \$25 male or female; \$10 spay or neutered; \$10 puppy.

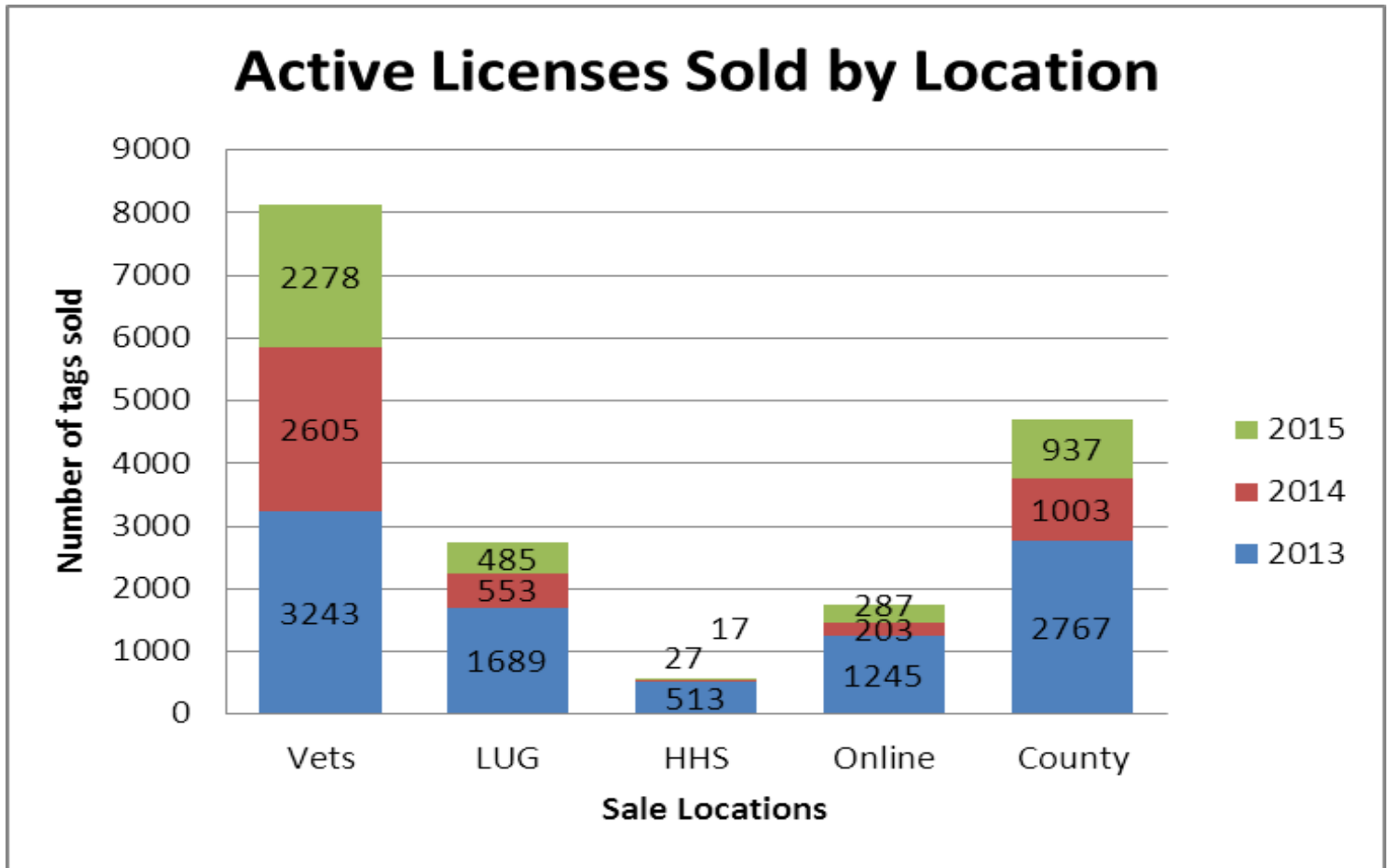
Estimates from the local government units indicate that we are only licensing 35 – 50 percent of the dogs in the County. Conversations with the Sheriff and County Administrator have addressed both educational efforts and exploring conducting a census.



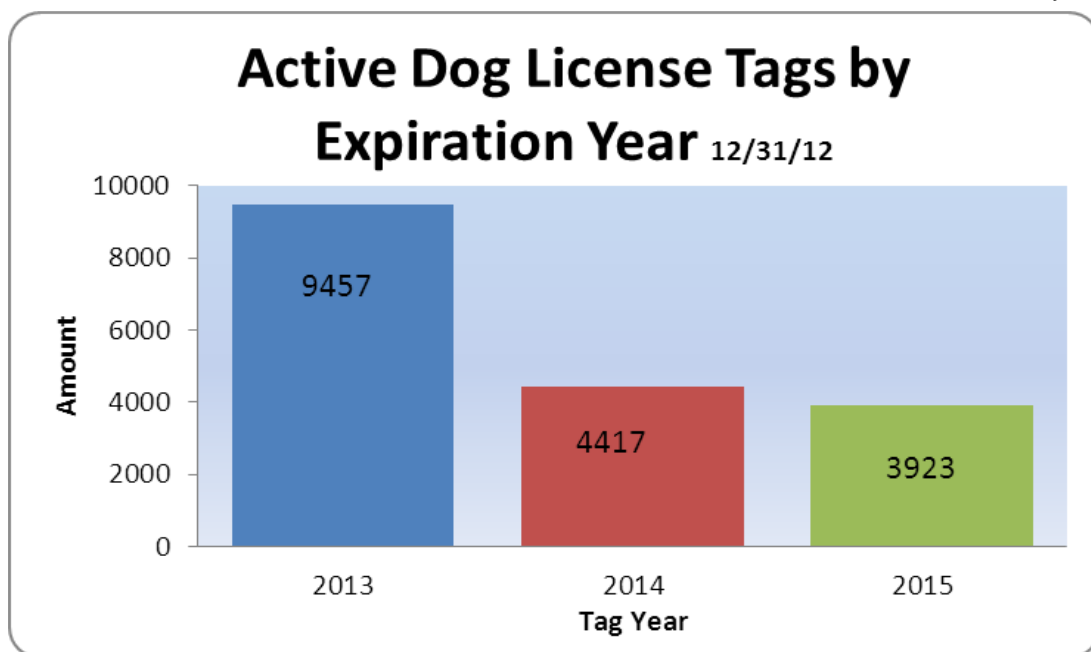
* Note: 2010 Dog licenses were sold for 13 months as we transitioned to the 3 year license sales



Dog Licenses: Sold by Location



Vets = Veterinarians, LUG = Local Units of Government, HHS = Harbor Humane Society



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 Water Resources Commission, Environmental Health, and the Sheriff's Department animal control officers.

Violations that are not paid as due to the Bureau are turned over to the District Court to be processed as other citations in the court.

In 2012 the Parks Department in an effort to build customers, waived the ticket if an annual County Parks pass was purchased within two weeks of the ticket issue date. This resulted in the elevated number of dismissed tickets and lower revenue here. It did provide additional revenue to the Parks Department through increased entrance passes.

Fiscal Year	2010	2011	2012
Citations Disposition			
Issued	223	386	530
Collected	163	326	190
Collected \$	\$ 8,788.00	\$ 15,238.00	\$ 7,999.00
Paid on Line	N/A	N/A	36
Paid on Line \$			\$ 1,489.00
Total Revenue	\$8,788	\$15,238	\$ 9,488.00
To District Court	20	32	55
Dismissed	35	26	230
Pending	5	2	19

Cemetery Trust Fund



History:

As part of Michigan Public Act 81 of 1903 the legislature created a requirement that the county treasurer accept any sum of money (of at least \$50) for the perpetual care of cemetery lots. The county treasurer must deposit the funds and pay out the interest on a regular basis for said care, and shall annually provide a report to the Board on the amount on deposit, how it is invested and the total interest received.

Today:

- In Ottawa County's Cemetery Trust, the County Treasurer has 23 separate accounts that we maintain for site maintenance at burial sites in seven (7) different cemeteries. The original deposit amounts for these trusts range from \$50.00 (the minimum stipulated by the law) to \$500.00. The Treasurer invests the balance and accrued interest for these funds for 5 years and then turns all of the accumulated interest over to the organizations that are responsible for cemetery maintenance. The original balances are then rolled into a new certificate of deposit to begin the process again.
- Interest was last paid out to the cemeteries December 2011.
- There is currently \$5,813.54 in the Cemetery Trust and it is invested in a one year CD at Choice One Bank.



Treasurer Office Mission Statement

The Office of the Ottawa County Treasurer will administer all roles and duties in a professional, effective and responsive manner thereby assuring confidence that both sound management and the best interest(s) of the public are of foremost importance.

The 2012 Annual Report of the Ottawa County Treasurer's Office is submitted to the following members of the Ottawa County Board of Commissioners in March 2013. 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 Stu P. Visser, District 1

Commissioner Joseph S. Baumann, Vice Chairperson, District 2

Commissioner Donald Disselkoen, District 3

Commissioner Allen Dannenberg, District 4

Commissioner James C. Holtrop, Chairperson, District 5

Commissioner Dennis VanDam, District 6

Commissioner, James H Holtvluwer, District 7

Commissioner, Greg J. DeJong, District 8,

Commissioner Philip D. Kuyers, District 9

Commissioner Roger A Bergman, District 10

Commissioner Matthew Fenske, District 11