

2013 Annual Report of the County Treasurer



Treasurer of Ottawa County

Bradley J. Slagh

March 2014

County of Ottawa

Office of the County Treasurer 2013 Annual Report

March 2014

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 levels 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.

2013 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. We have seen a keen interest by dog owners as attested by the following statistic.

Benefits:

- * Emailed 1843 or 20%+ of all renewal notices in 2013
- * Reduced postage & paper cost of approximately \$1.50 per notice, provided an estimated savings of \$ 2,760 for the year.
- * Reduction of staff time needed to fold and mail notices

Dogs License Census

Treasurer provided the impetus for and helped organize a dog census for the County

Benefits:

- * Over 3,500 additional dogs licensed, resulting in 3,500 more dogs vaccinated against rabies
- * Increase license revenue by approximately \$30,000
- * Better understanding by the public of the 'Dog Law'

2013 Major Initiatives – Continued

Property Sales

As a result of the delinquent tax process , parcels left unsold after both property auctions are titled under the County Treasurer until something else can be done with them. An intern was requested whose job was to try to regain ownership of the Ottawa parcels currently under the Michigan State Land Bank Fast Track Authority, and sell as many of the parcels in our current inventory as possible thereby returning them to the tax roll. Final results of the effort will not be known until 2014, but many contacts have been made and multiple properties have already been sold.

Today and Tomorrow

Focus

It continues to be my privilege to work for the County of Ottawa, and in conjunction with the Board of Commissioner and other elected officials to ensure that the work of our citizens is being done well. I appreciate the focus that this County Board and administration has placed on customer service and on continuous improvement. These are things that are often in short supply in a government environment, but are being pushed as the norm in Ottawa County.

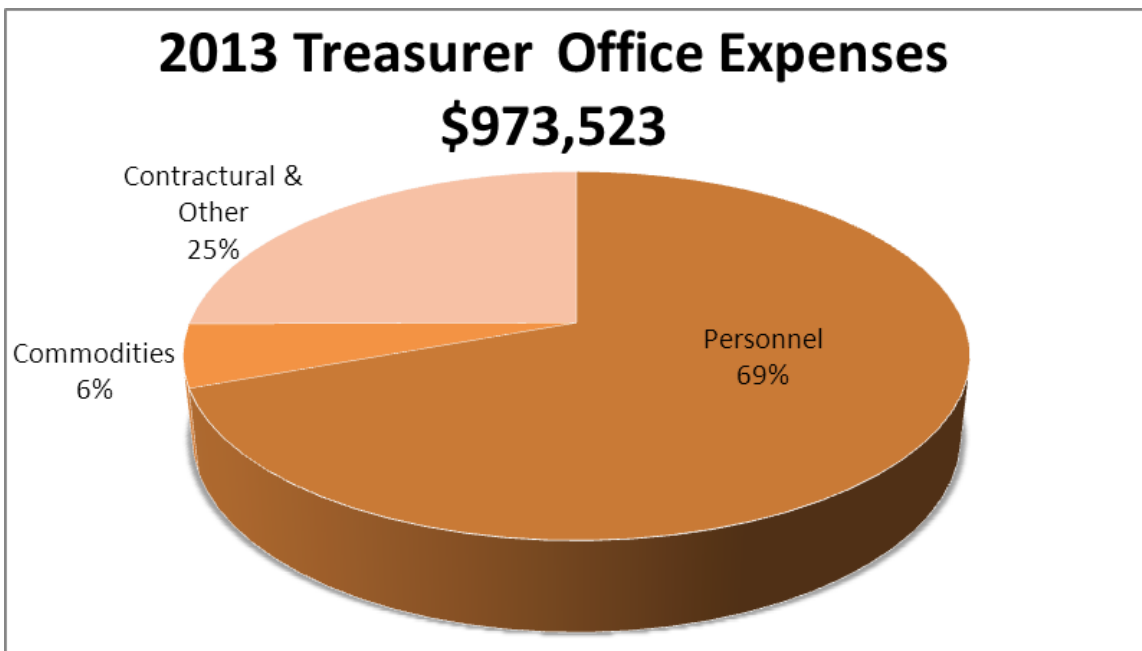
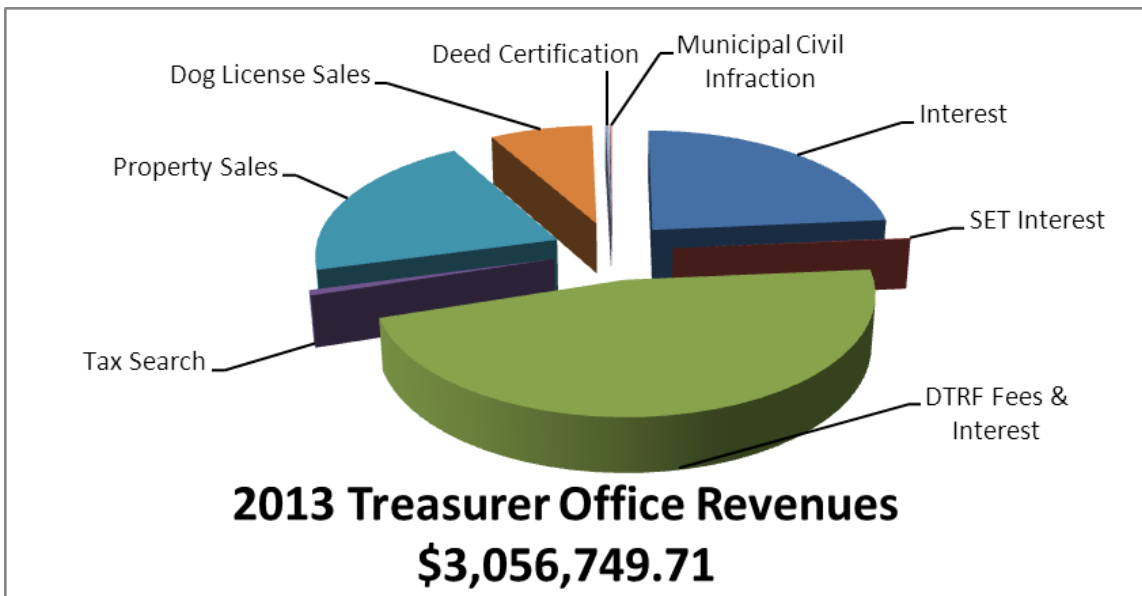
I look forward to continuing to work with the Board of Commissioners and the talented and capable people in other Departments & Offices. We must constantly look for ways to improve our operations while delivering reliable service to our residents. The Treasurer's Office intends to do just that.

Goals for 2014

- Complete a Banking RFP that will decide our lead bank for the next four years
- Explore additional ways to reduce expense through other payment options for witness and juror fees
- Identify potential partners for the Land Bank Authority and investigate how that may redefine our mission

Treasurer Revenue vs. Expense

2013 Total Revenue in Treasurers Office		2013 Total Treasurer Expenses	
Interest	\$719,747.73	Personnel	\$580,442.24
SET Interest	\$2,482.00	Commodities	\$34,829.42
DTRF Fees & Interest	\$1,420,445.00	Contractual	\$140,837.38
Tax Search	\$22,228.00	General Fund	\$ 756,109.04
Property Sales	\$640,603.98	Personnel	\$95,065.94
Dog License Sales	\$237,529.00	Commodities	\$18,808.62
Deed Certification	\$8,116.00	Contractual	\$103,539.01
Municipal Civil Infracrion	\$5,598.00	Delinquent Tax	\$ 217,413.57
	<u>\$3,056,749.71</u>	Total Exp.	\$973,522.61



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 last Request for Proposal (RFP) was completed in 2010, and will need to be let again in 2014.

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 2013 we helped 17 Local Units of Government strike 125 uncollectable Personal Properties from their rolls. This provides a direct reduction in legal expenses for each unit that participates.

Checks that remain un-cashed must be escheated to the State. The interpretation of the unclaimed property law changed in 2013 where instead of escheating after three years, now checks over one year old must be escheated. This explains the significant increase in both volume and dollars over the past years.

Fiscal Year	2011	2012	2013
Depository Accounts			
Accounts	36	37	38
Bank Charges	\$51,758	\$28,649	\$17,854
Uncollected Delinquent Personal Property			
County Tax	\$66,200	\$63,712	\$65,912
Parks Tax	\$6,196	\$8,365	\$6,055
E 911 Tax	\$8,624	\$6,011	\$8,424
Taxes Stricken from Taxes Receivable			
# of Local GU	16	16	17
# of Parcels	91	116	125
Unclaimed Checks - Escheated to State			
# of Checks	432	281	1209
\$ \$ Amount	\$21,303.94	\$14,762.03	\$69,495.98

Ottawa County GF Investment Pool

Cash and investment activities for the 12 months ending December 31, 2013 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.

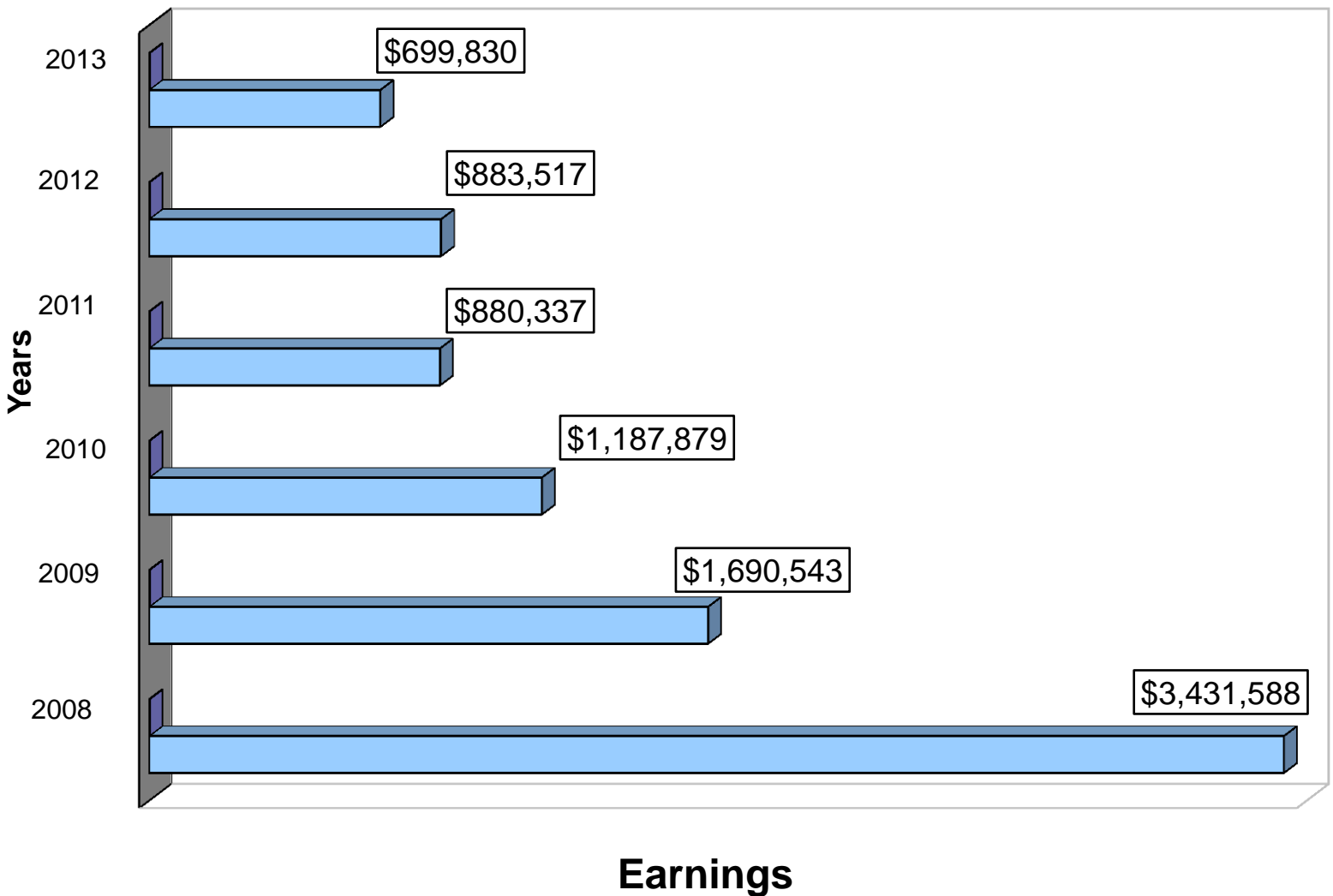
The total return for 2013 was -0.139% which compares with a 2012 Benchmark blended index earning of -0.00394% (using 2/3 Barclay's 1-5 year Government Index blended with 1/3 Citigroup 3-month T-Bill Index). The 5-year average total return on the county's investments was 1.098% as compared to 1.6% for the 5 year CPI average.

At December 31, 2013 approximately \$39.4 million of the portfolio was laddered over a nine year period with an average portfolio maturity of 1.53 years. We will continue to ladder while investing to take advantage of the yield curve whenever possible.

Invested Balance at December 31, 2013			
\$83,672,324	Par Value		
\$83,640,013	Market Value		
(\$809,615)	Accumulated change in fair value		
Total Return Rate			
2013	-0.139%		
2012	1.024%		
2011	1.032%		
2010	1.242%		
2009	1.096%		
5-year average	1.098%		
Gross Interest Dollars Earned			
2013	\$699,830		
2012	\$883,517		
2011	\$880,337		
2010	\$1,187,879		
2009	\$1,690,543		
Exhibits Attached			
Graph of Annual Interest Earned			

Annual Interest Earnings General Fund

Annual Interest Earned



Delinquent Property Tax Administration

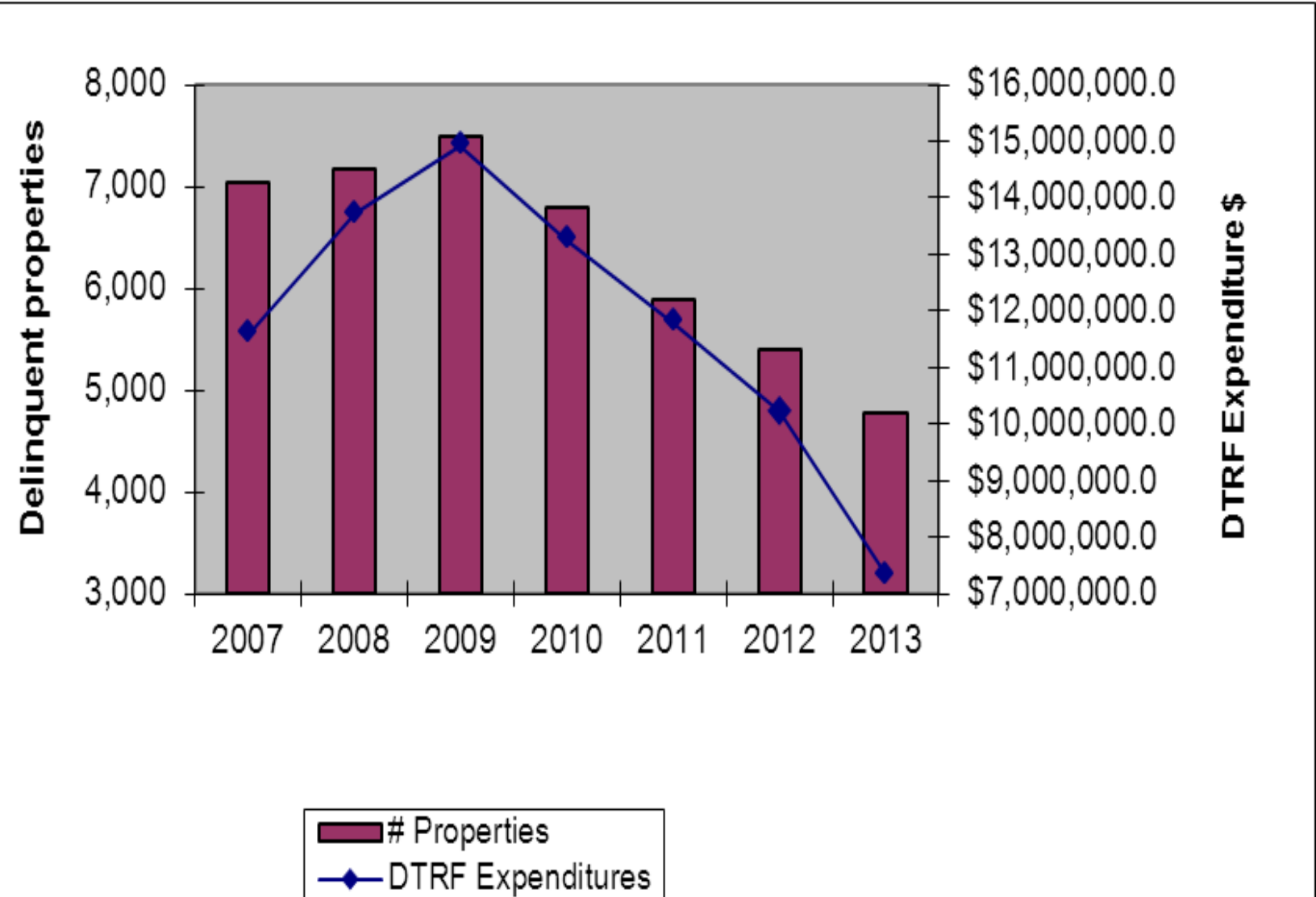
It is the responsibility of the county treasurer to collect delinquent real property taxes. Functions associated with delinquent taxes include writing receipts, processing adjustments to prior year tax rolls (for up to 20 years), processing bankruptcy claims, and managing the annual forfeiture and foreclosure process, and being the Foreclosing Unit of Government. 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. By maintaining the Delinquent Tax Revolving Fund, it has become 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 two (22) properties from foreclosure in 2013.

Of the 34 properties foreclosed on March 31, 2013, 26 properties were sold at public auction. One local governmental unit claimed an unsold parcel, the rest became property of the County.

Fiscal Year	2011	2012	2013
Real Taxes Returned Delinquent			
No. of Properties	5891	5396	4772
Dollars in Millions	\$11.8	\$10.2	\$7.3
Forfeited and Foreclosed			
Certified Mail Count	2029	3179	3566
Property Forfeited	932	766	697
Property Foreclosed	36	104	34
Financial Hardship giver	34	21	22
Tax Collections			
Online Payments	98	106	110
Receipts Written	7640	7189	6415
Dollars in Millions	\$10.5	\$12.6	\$7.9
Interest & Fees	\$1,835,386	\$2,457,803	\$1,420,445
Tax Roll Adjustments			
No. Processed	610	928	969
Foreclosed Land Sale in 2013			
Proceeds from Sale			\$861,306.65
Total Tax, Fees & Interest			\$220,726.67
Less Charge Back to Tax Units			\$0.00
Gain (Loss) on 2009 Land Sale			\$640,603.98

Real Taxes Returned Delinquent



Ottawa County Land Bank Authority

Formed in 2010, the Ottawa County Land Bank Authority (LBA) achieved several firsts in 2013. First, the LBA acquired two parcels of property that were co-located in the City of Holland. Both parcels had been foreclosed on for non-payment of taxes, and not purchased in the property auctions because of known and unknown pollution issues. Approximately \$80,000 in grant funding, obtained through Macatawa Area Coordinating Counsel, allowed for cleanup and various environmental reports necessary to make the property saleable. In 2013 both parcels were sold to a young entrepreneur who intends to live in the house and put an automobile reconditioning business in the commercial building.

These are exactly the type results that the Ottawa County Land Bank Authority was established to produce. The purchase and anticipated changes to these properties will reset the property values thereby bring additional tax revenue to the community.

In 2013, several of our local municipalities and one organization have expressed interest in collaborating with the LBA in various types of processes that could benefit revitalization of neighborhoods or individual properties. These potential partnerships will need to be further explored in the coming year.

All ongoing support to accomplish the mission of the LBA is provided by the County Treasurer's office, with legal assistance being provided by the County's Corporate Counsel.

The Ottawa County Land Bank Authority does not have taxing authority and was established with it's only funding stream coming from property transactions. The (preliminary) Actual Financial Results from 2013 operations are shown on the following page.

Ottawa County Land Bank Authority

OTTAWA COUNTY LAND BANK AUTHORITY			
2013 (Preliminary) Actual Financial Results			
			YTD
REVENUE			
Sale of Property			\$ 68,298.00
Tax Capture			\$ -
TOTAL REVENUE			\$ 68,298.00
EXPENSES			
Delq/Current Taxes Paid			\$ -
Insurance			
Legal Services			\$ 1,987.00
Administrative Expense			\$ 1,024.92
TOTAL EXPENSES			\$ 3,011.92
NET			\$ 65,286.08
YEAR END 2012 FUND BALANCE			\$ -
YEAR END 2013 FUND BALANCE			\$ 65,286.08

Ottawa County Land Bank Authority Board Members

Bradley Slagh, County Treasurer, by statute, Chair
 Glenn Nykamp, Zeeland Township Supervisor, Vice-Chair, Appointed Township Member
 Leon Stille, Cockery Township Supervisor, Secretary, Appointed Township Member
 Ken Rizzio, Ottawa County EDC, Treasurer, Appointed EDC Member
 David VanDyke, Appointed Citizen Member
 Dennis VanDam, County Commissioner, Appointed County Member
 David VanderHeide, City of Holland, Appointed City Member
 Alan Vanderberg, County Administrator, Appointed County Member

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 limited offset to this workload is the investment interest earnings on the State Education Tax levy, which are retained by the County, the amount for 2013 is in the table to the right.

State Education Tax Collection Pass-through			
Fiscal Year	2011	2012	2013
Dollars in Millions	\$54.8	\$53.8	\$53.7
No. of Payments	501	504	481
Interest Earned	\$1,150	\$4,130	\$2,482

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. 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 2013 are now saved electronically – eliminating the paper tax rolls and reducing the need to expand physical storage space.

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 maximum of 50 cents per parcel per year.

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.

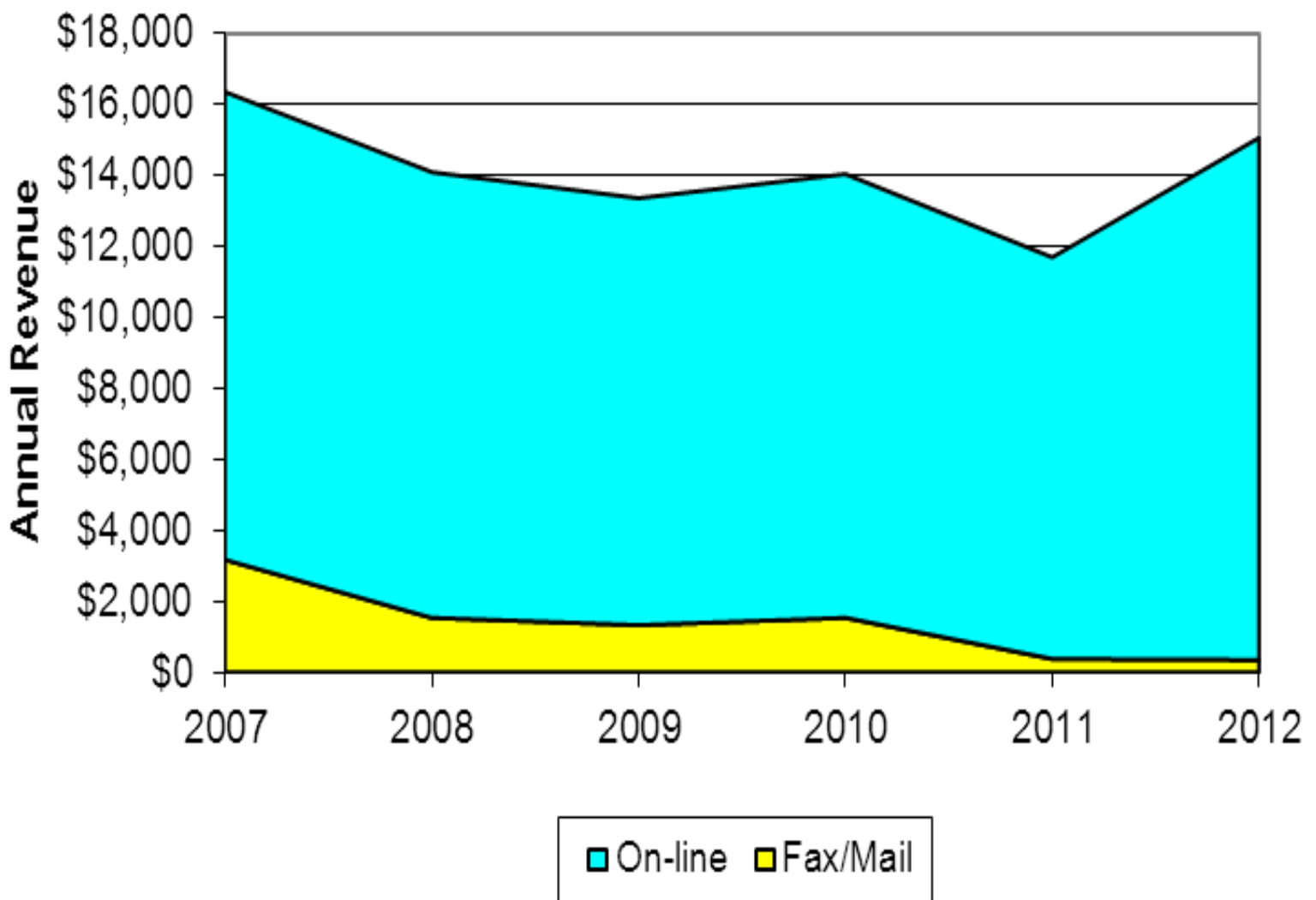
Tax searches are also performed for warrantee deed certification. The fee set by State statute is a minimum of \$1 per deed.

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%

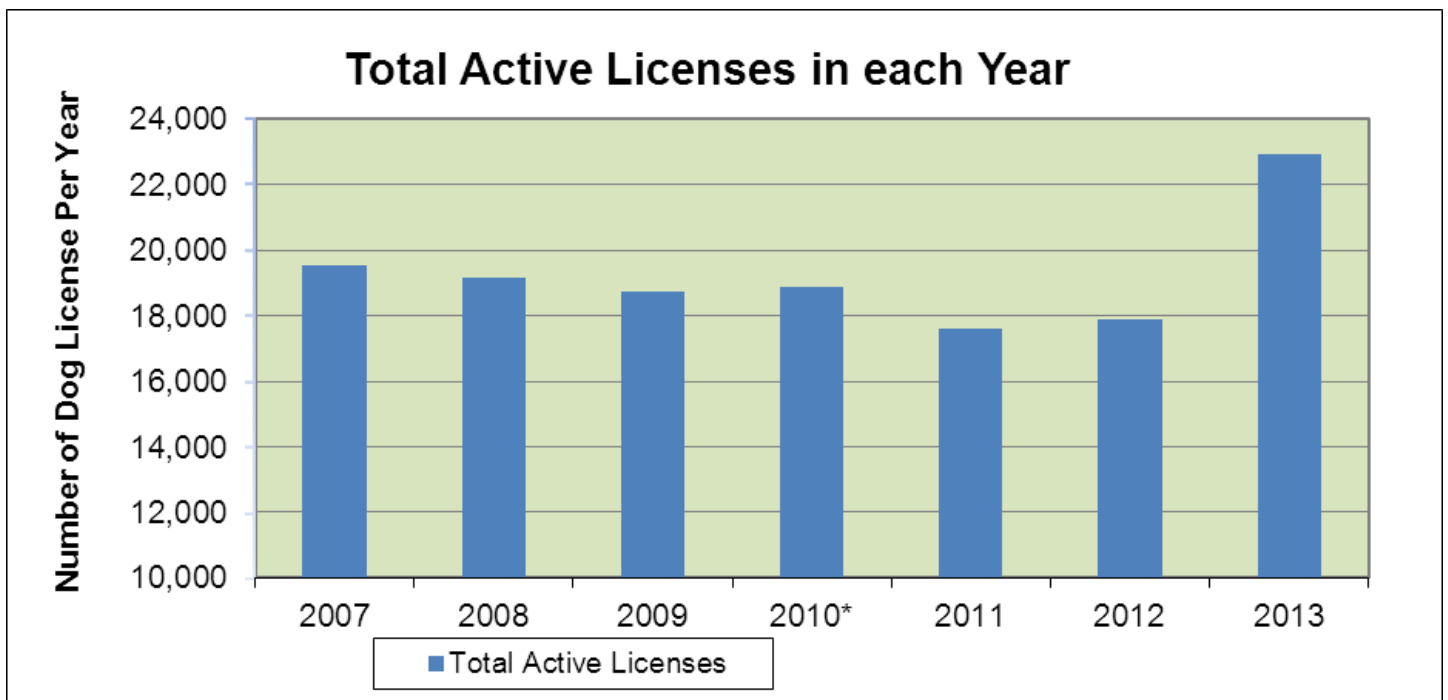
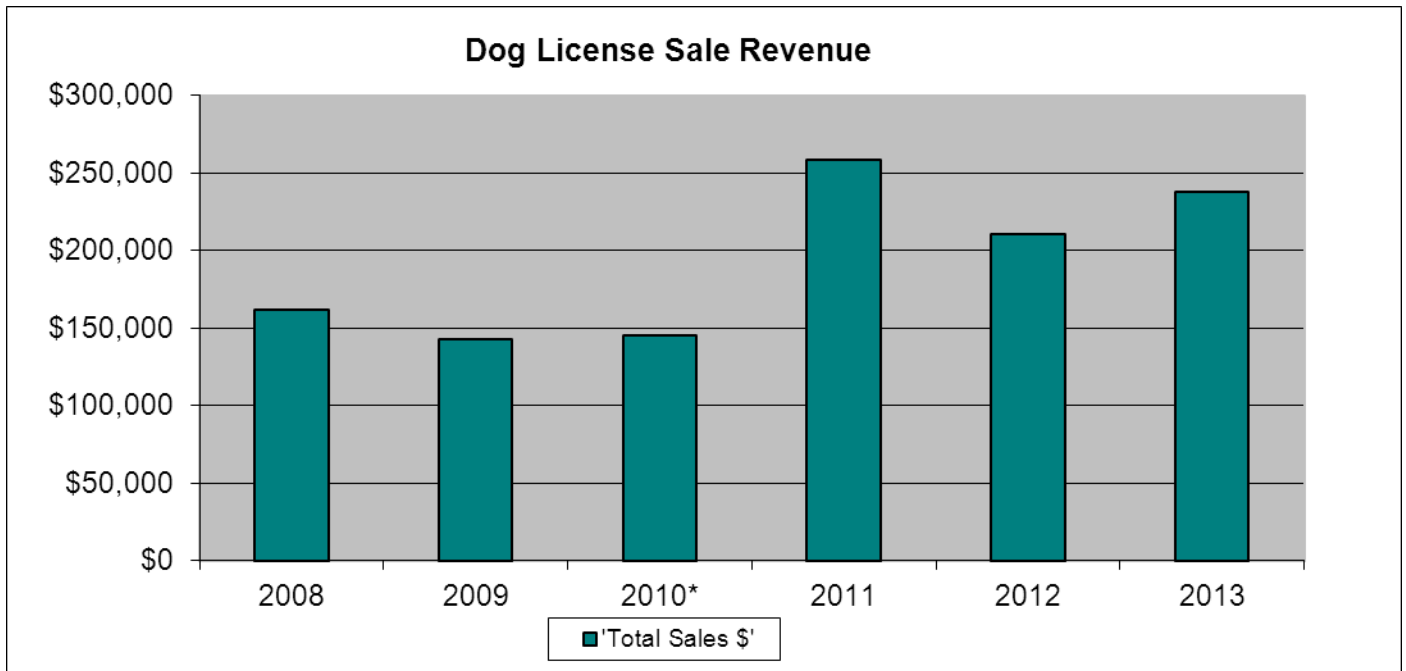
Tax Search Revenue



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, that same year the price increased for the first time in at least 10 years. Fees for yearly dog licenses are now \$25 male or female; \$10 spay or neutered; \$10 puppy.

With local government units estimating that we were only licensing 35 – 50 percent of the dogs in the County. In 2013 the Sheriff, Treasurer and County Administration created a animal census that addressed both educational efforts on preventing rabies and encouraging licensing of dogs. It was successful in covering all the program expenses and encouraged over 3,500 new dogs to be licensed.



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

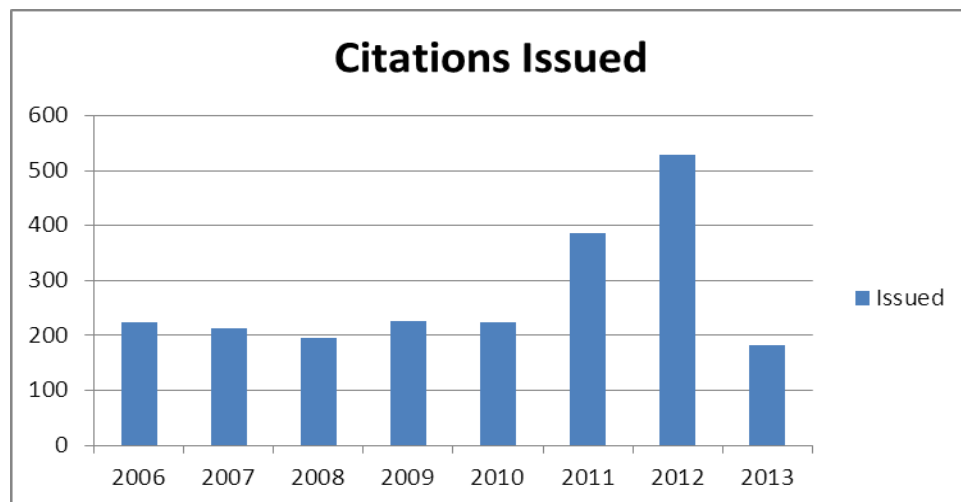
Municipal Civil Infraction Bureau

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 customer service, waived the ticket if an annual County Parks pass was purchased within two weeks of the ticket issue date. For 2013 the Parks Department issued a notice that a citation could be avoided if a County Parks Pass was purchased inside of two weeks. This created a significant reduction in citations issued.

Fiscal Year	2011	2012	2013
Citations Disposition			
Issued	386	530	182
Collected	326	190	97
Collected \$	\$15,238.00	\$ 7,999.00	\$ 4,838.00
Paid on Line	N/A	36	19
Paid on Line \$		\$ 1,489.00	\$ 760.00
Total Revenue	\$15,238	\$ 9,488.00	\$ 5,598.00
To District Court	32	55	40
Dismissed	26	230	26
Pending	2	19	1



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 2013 Annual Report of the Ottawa County Treasurer's Office is submitted to the following members of the Ottawa County Board of Commissioners in March 2014. 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