

2015 Annual Report of the County Treasurer



Treasurer of Ottawa County

Bradley J. Slagh

Presented March 2016

County of Ottawa

Office of the County Treasurer 2015 Annual Report

March 2016

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 to information, reducing costs, or benefiting our citizens in other ways.

2015 Major Initiatives

Banking Conversion

All banking accounts were converted from Chase bank to Chemical Bank, and we experienced a slight reduction in the number of accounts. The transition is now fully implemented and should reduce the county expenses by more than \$40,000 per year.

Armored Courier Change

Chemical Bank has a courier service that provides deposit services for their customers. By switching to this service we are saving approximately \$24,000 per year in armored courier services.

GIS Location Coordinates on Photos

For the delinquent Tax process we need to capture with photos our posting of delinquent properties. This year the GIS Department was able to create an application that allows for digital pictures to be taken with an Ipad that at the same time captures and attaches to the photo the exact location coordinates at the point of the picture. This advancement provides significantly more proof of our posting properties if we should be called into court. It also helps reduce the time that was necessary to pair that data together in our office, as had been our prior practice.

Today and Tomorrow

Focus

It continues to be my privilege to work for the County of Ottawa, and in conjunction with the Board of Commissioners 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.

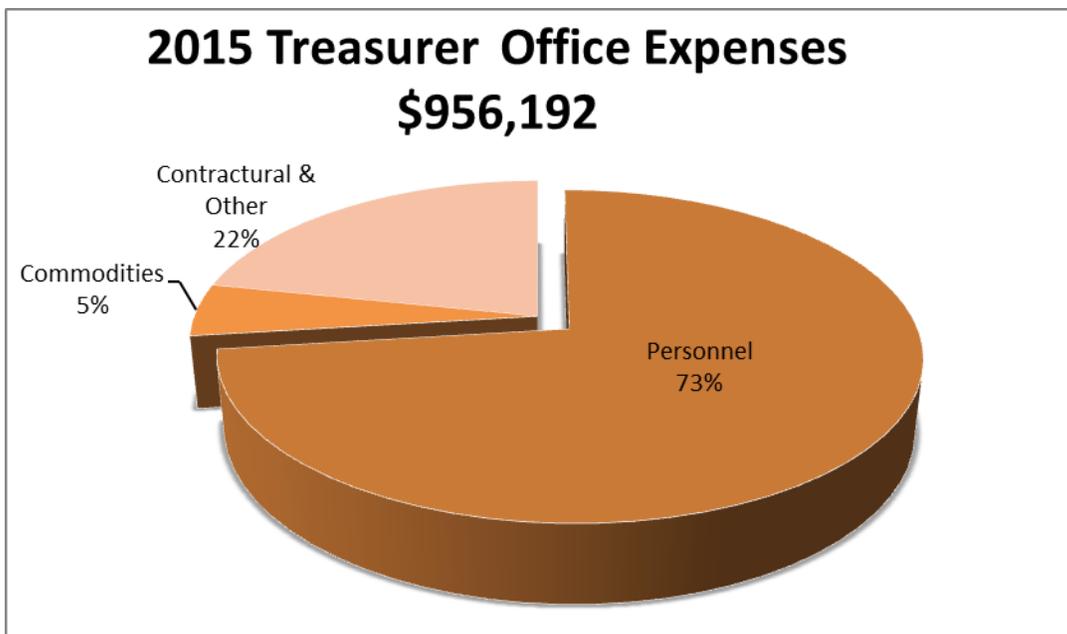
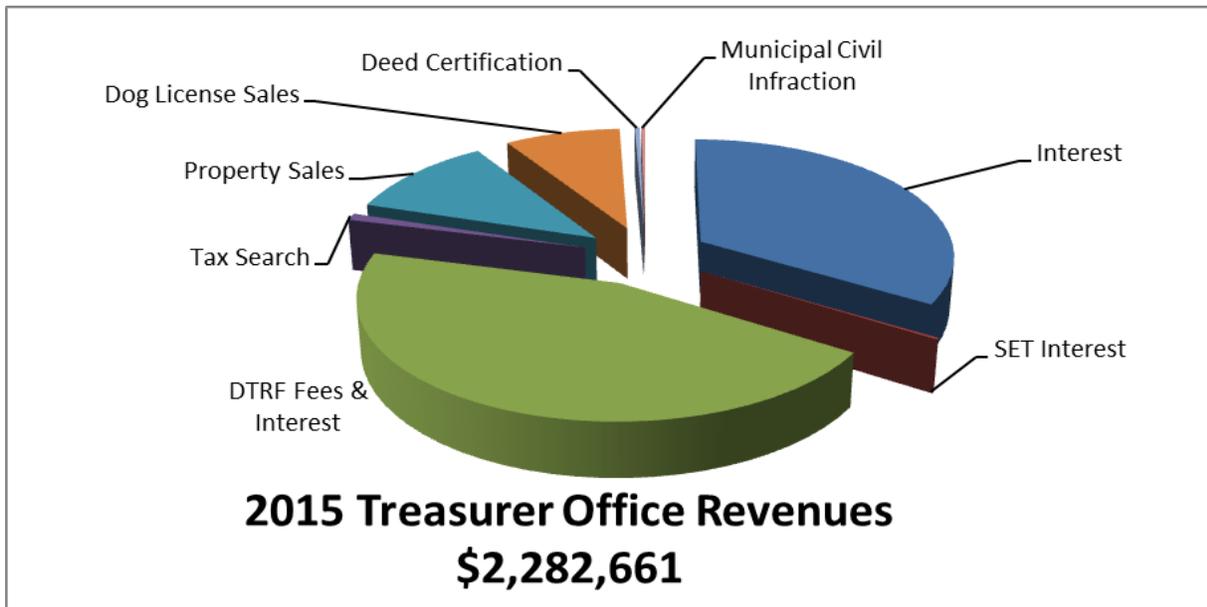
I look forward to continuing to work with the Board of Commissioners and the talented and capable people in other Departments & Offices. We must constantly look for ways to improve our operations while delivering reliable service to our residents. The Treasurer's Office intends to do just that.

Projects for 2016

- Explore contests and other methods of having the media make note of needing to license dogs within the County.
- 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 the Land Bank's vision
- Use Michigan Class to move money to other local units to reduce transaction costs and pay them quicker

Treasurer Revenue vs. Expense

2015 Total Revenue in Treasurers Office		2015 Total Treasurer Expenses	
Interest	\$770,644.76	General Fund	
SET Interest	\$4,408.00	Personnel	\$597,331.43
DTRF Fees & Interest	\$1,028,436.00	Commodities	\$35,937.04
Tax Search	\$21,153.00	Contractual	\$136,683.48
Property Sales	\$252,905.38	Total General Fund	\$ 769,951.95
Dog License Sales	\$189,773.00	Delinquent Tax Efforts	
Deed Certification	\$8,485.00	Personnel	\$101,221.49
Municipal Civil Infraction	\$6,856.00	Commodities	\$13,951.79
Total Revenue	<u>\$2,282,661.14</u>	Contractual	\$71,066.62
		Total Delinquent	\$ 186,239.90
		Total Expenses	\$956,191.85



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 2014, and will need to be let again in 2018. The Michigan Assoc. of County Treasurers is working to get legislation enacted that clarifies the law related to the County's banking responsibilities.

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 and are uncollectable. In 2015 we helped 15 Local Units of Government strike 106 uncollectable Personal Properties from their rolls. For each unit that participates this provides a direct reduction in their legal expenses.

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 in 2013.

Fiscal Year	2013	2014	2015
Depository Accounts			
Accounts	38	30	26
Bank Charges	\$17,854	\$21,128	\$13,295
Uncollected Delinquent Personal Property			
County Tax	\$65,912	\$65,352	\$59,673
Parks Tax	\$6,055	\$8,275	\$5,587
E 911 Tax	\$8,424	\$5,948	\$0
Taxes Stricken from Taxes Receivable			
# of Local GU	17	15	15
# of Parcels	125	101	106
Total \$	\$ 146,043.84	\$ 7,229.24	\$10,208.54
Unclaimed Checks - Escheated to State			
# of Checks	1209	553	375
Total \$	\$69,495.98	\$51,979.13	\$30,569.27

Ottawa County GF Investment Pool

Cash and investment activities for the 12 months ending December 31, 2015 are discussed below. This part of the 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 Water Resources Commissioner, unless identified specifically.

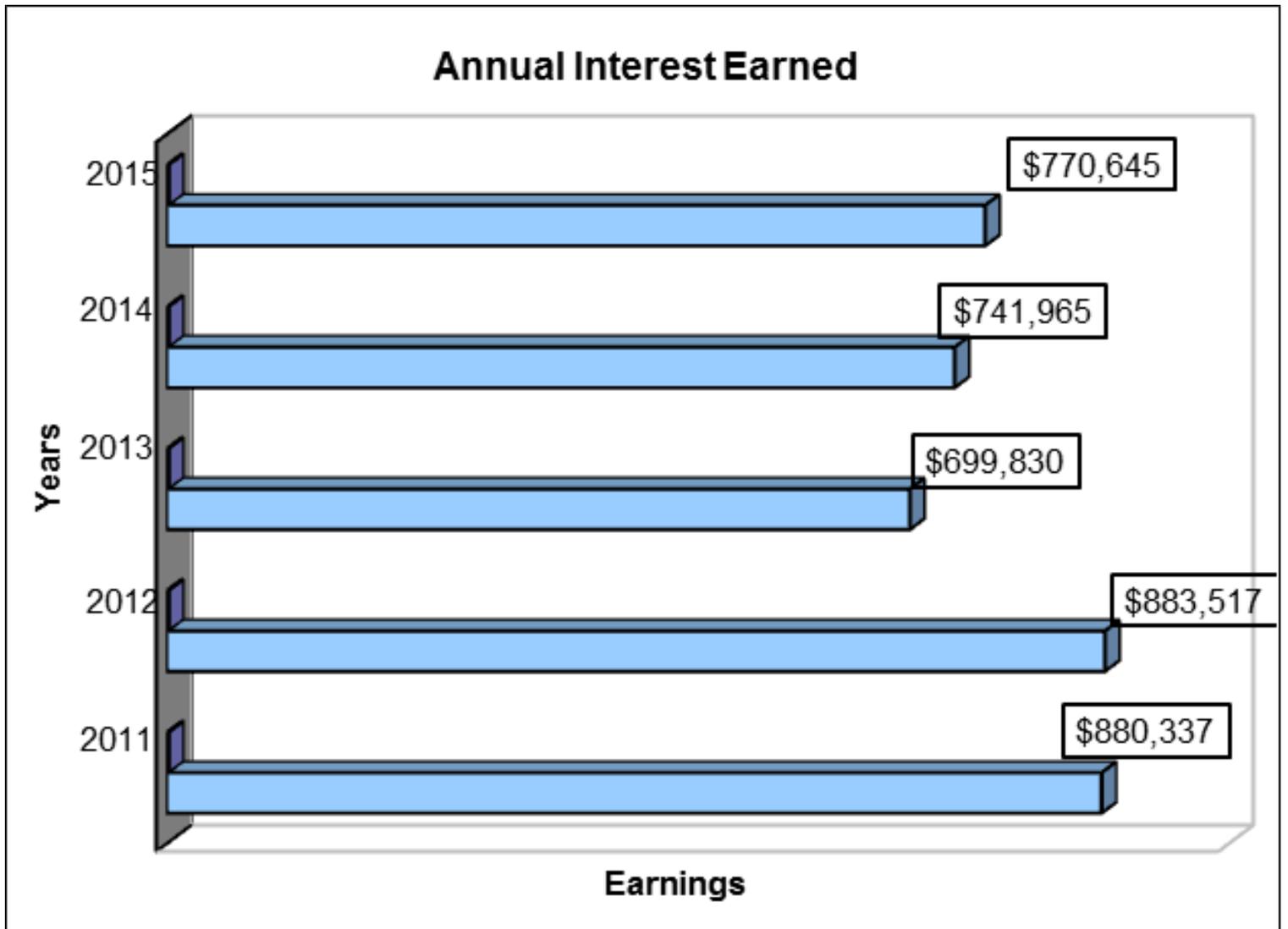
The primary objectives of the County's investment activities, in priority order are: first the protection of principal, second liquidity and last creating return on investments. The investment activity throughout the year and at December 31 was in compliance with the Ottawa County Investment Policy.

The total return for 2015 was 0.721% which compares with a 2015 Benchmark blended index earning of 0.63% (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 0.800% as compared to 1.7% for the 5 year CPI average.

At December 31, 2015 approximately \$37.5 million of the portfolio was laddered over a nine year period with an average portfolio maturity of 1.79 years. We will continue to ladder while investing to take advantage of the yield curve whenever possible.

Invested Balance at December 31, 2015			
\$82,670,239	Par Value		
\$82,738,545	Market Value		
(\$207,532)	Accumulated change in fair value		
Total Return Rate (net)			
2015	0.721%		
2014	1.362%		
2013	-0.139%		
2012	1.024%		
2011	1.032%		
5-year average	0.800%		
Gross Interest Dollars Earned			
2015	\$770,645		
2014	\$741,965		
2013	\$699,830		
2012	\$883,517		
2011	\$880,337		
Graph of Annual Interest Earned - Next Page			

Annual Interest Earnings General Fund



Delinquent Property Tax Administration

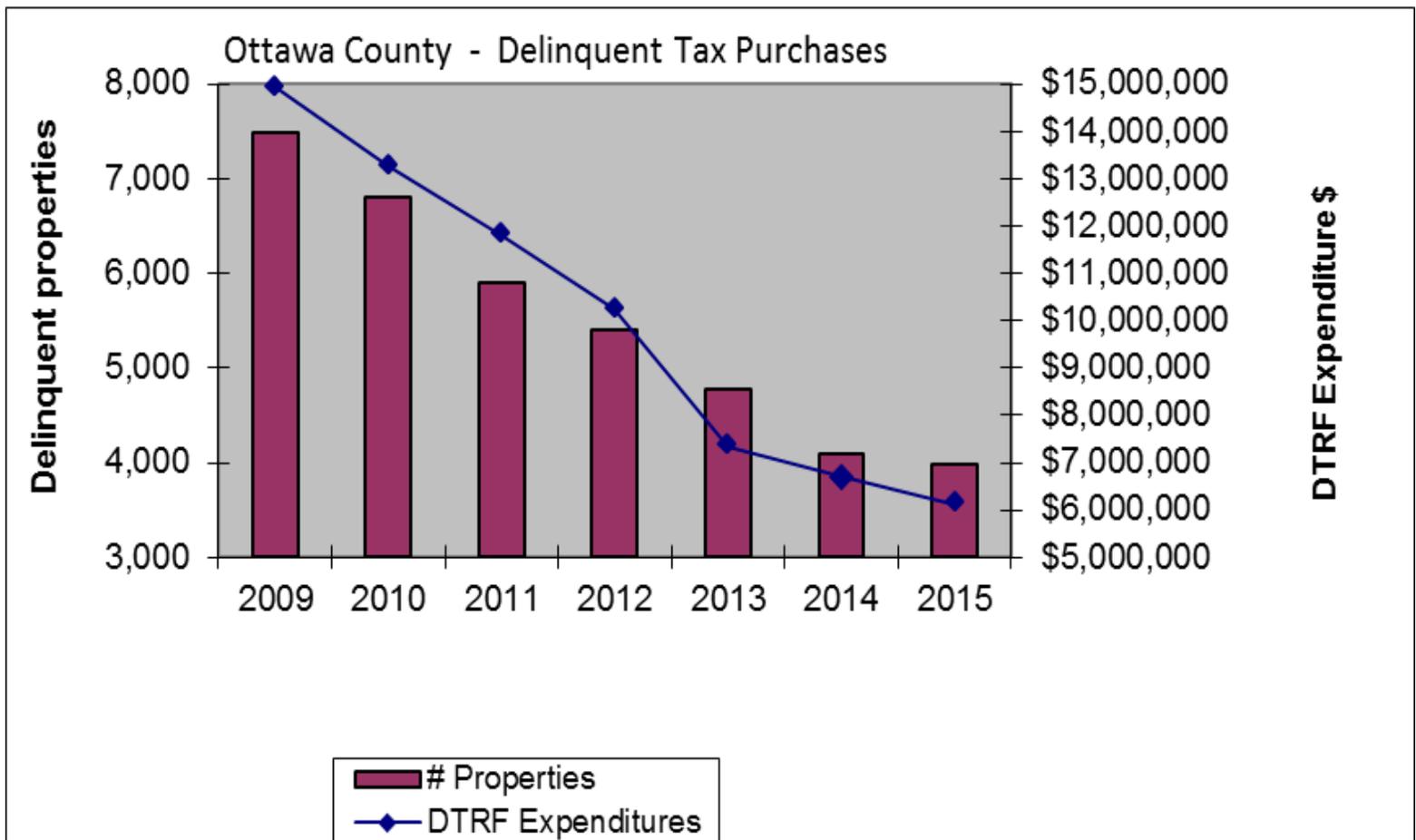
It is the responsibility of the county treasurer to collect delinquent real property taxes. Functions associated with delinquent taxes include writing receipts, processing adjustments to prior year tax rolls (for up to 20 years), processing bankruptcy claims, and managing the annual forfeiture and foreclosure process, and being the Foreclosing Unit of Government. The county operates a Delinquent Tax Revolving Fund (DTRF) from which the County pays the taxing authorities their portion of the delinquent property taxes, as settled March 1 each year; with the payments being distributed around April 8. By maintaining the Delinquent Tax Revolving Fund the County is not forced to borrow, and the DTRF 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 thirty (30) properties from foreclosure in 2015.

Of the 17 properties foreclosed on March 31, 2015, one was purchase by a local government unit prior to the auction, then 14 properties were sold at public auction. One local governmental unit claimed an unsold parcel, and one parcel became property of the County.

Fiscal Year	2013	2014	2015
Real Taxes Returned Delinquent			
No. of Properties	4772	4,092	3,991
Dollars in Millions	\$7.3	\$6,699,783	\$6,126,281
Forfeited and Foreclosed			
Certified Mail Count	3566	3146	2210
Property Forfeited	697	646	503
Property Foreclosed	32	19	17
Financial Hardship giver	22	24	30
Tax Collections			
Online Payments	110	117	
Receipts Written	6415	6185	5575
Dollars in Millions	\$7.9	\$7.0	\$6.3
Interest & Fees	\$1,420,445	\$1,115,412	\$1,028,436
Tax Roll Adjustments			
No. Processed	969	727	602
Foreclosed Land Sale in 2015			
Proceeds from Sale			\$252,905.38
Total Tax, Fees & Interest			\$109,155.94
Less Charge Back to Tax Units			\$0.00
Gain (Loss) on 2011 Land Sales			\$143,749.44

Real Taxes Returned Delinquent





Formed in 2010, the original steering committee determined that it was important for the private market to take the lead on property development as much as possible, so the Ottawa County Land Bank only acquires tax foreclosed properties if they remain unsold after both property auctions.

Over the past several years the County Treasurer had collected 153 dockaminums from one marina on the Grand River. In 2015 the Land Bank was able to sell all these boat slips to one owner who hopes to make remake the marina into a thriving business.

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

All ongoing support to accomplish the work 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 sale transactions. The actual Financial Results from 2015 operations are shown on the following page.

Ottawa County Land Bank Authority

OTTAWA COUNTY LAND BANK AUTHORITY			
2015 Actual			
Updated 2/15/2016			
			YTD
REVENUE			
Sale of Property			\$ 24,785.00
Tax Capture 5/50			\$ 1,553.32
TOTAL REVENUE			\$ 26,338.32
EXPENSES			
Insurance			\$ -
Legal Services			\$ -
Administrative Expense			\$ -
Dues & Memberships			\$ 100.00
Mileage & Conference			\$ 355.23
TOTAL EXPENSES			\$ 455.23
NET			\$ 25,883.09
YEAR END 2014 FUND BALANCE			\$ 65,286.08
YEAR END 2015 FUND BALANCE			\$ 91,169.17

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 is 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 2015 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. 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 2015 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	2013	2014	2015
Dollars in Millions	\$53.7	\$55.0	\$57.6
No. of Payments	481	443	451
Interest Earned	\$2,482	\$2,900	\$4,408

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 and Grand Haven Treasurer offices for anyone to do their own property tax search. Public access at these terminals is granted at no charge.

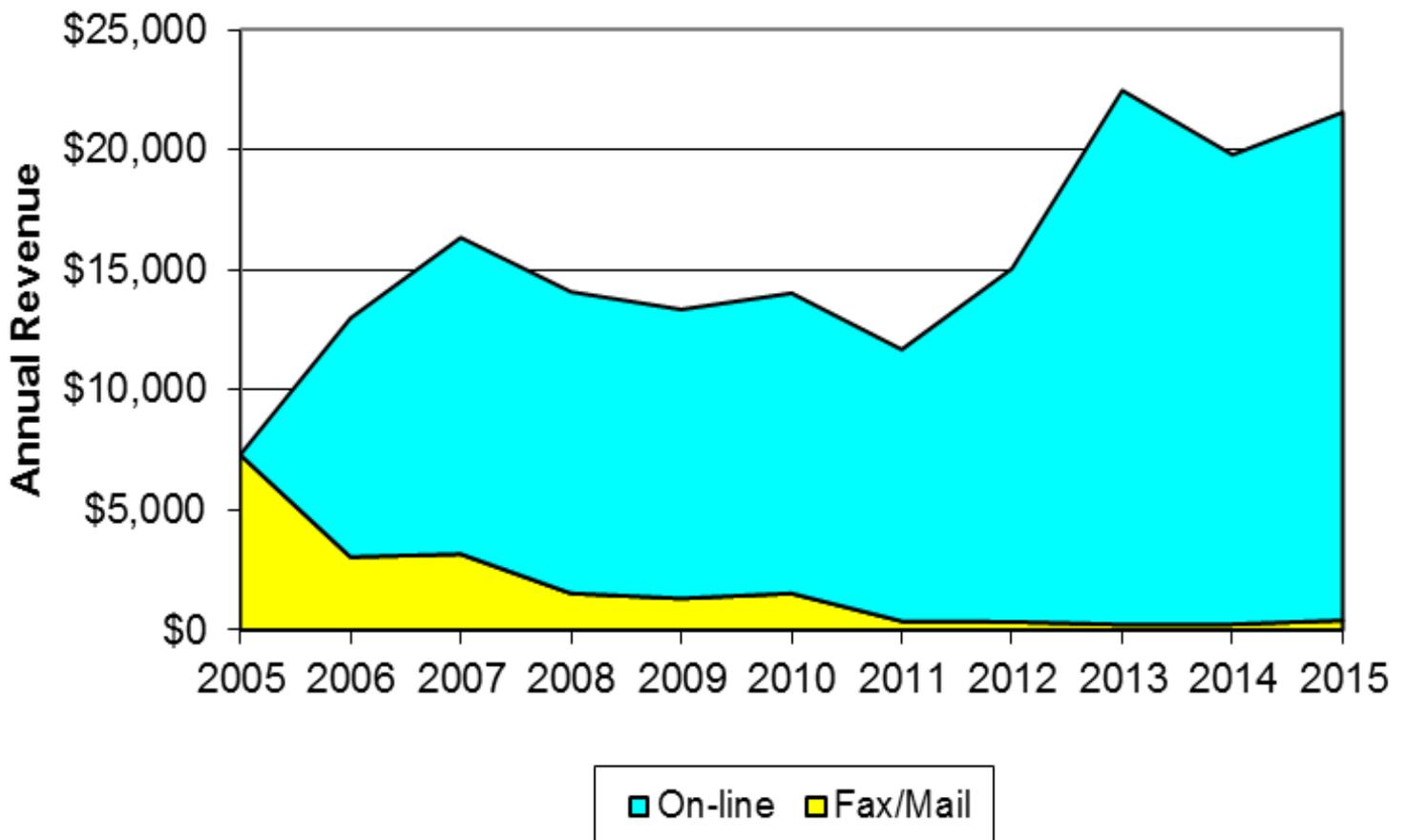
Tax searches are also performed for warrantee deed certification. The fee set by State statute is a minimum of \$5 for up to 25 deeds.

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	2013	2014	2015
Certification Revenue			
Deed Certification	\$8,116	\$8,303	\$8,485
Tax Search Revenue			
Fax/Mail Searches	\$242	\$250	\$413
Business On-line Search	\$22,228	\$19,548	\$17,301
Personal On-line Search	unknown	unknown	\$3,852
Total Search \$	\$22,470	\$19,798	\$21,566
On-Line Utilization	99%	99%	98%

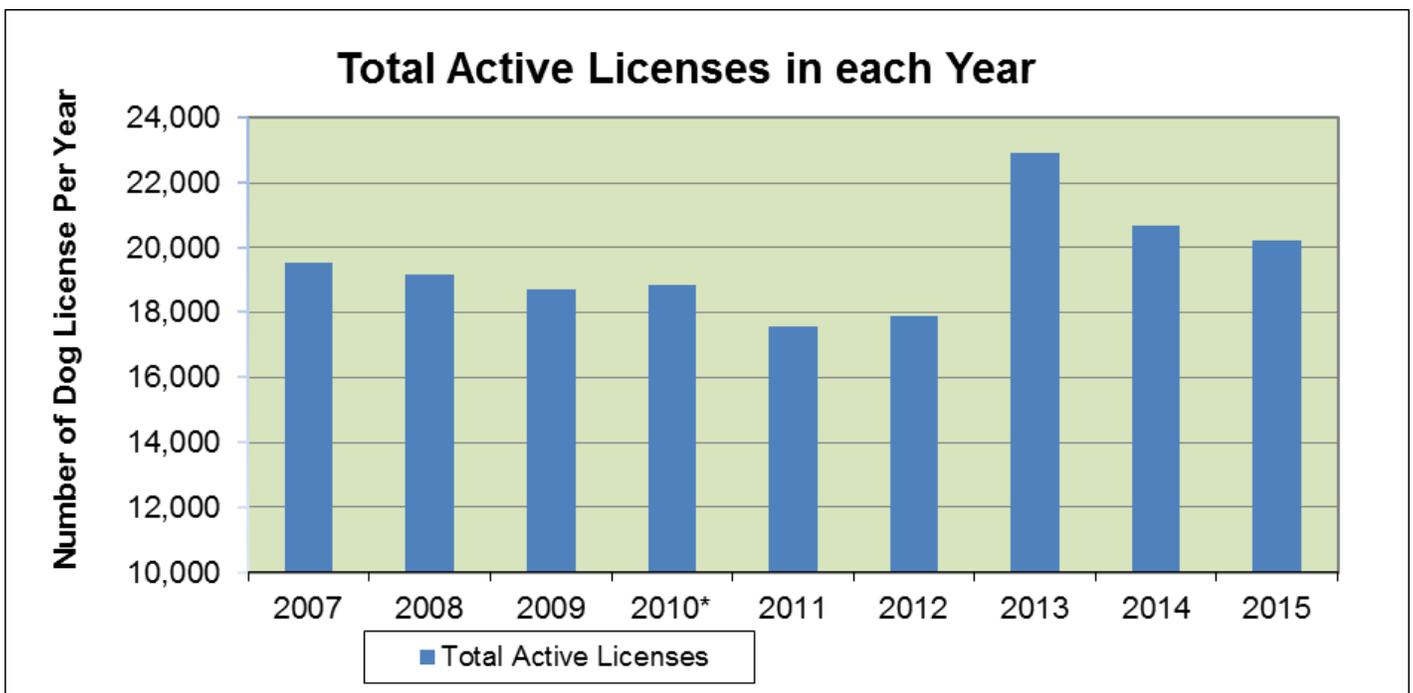
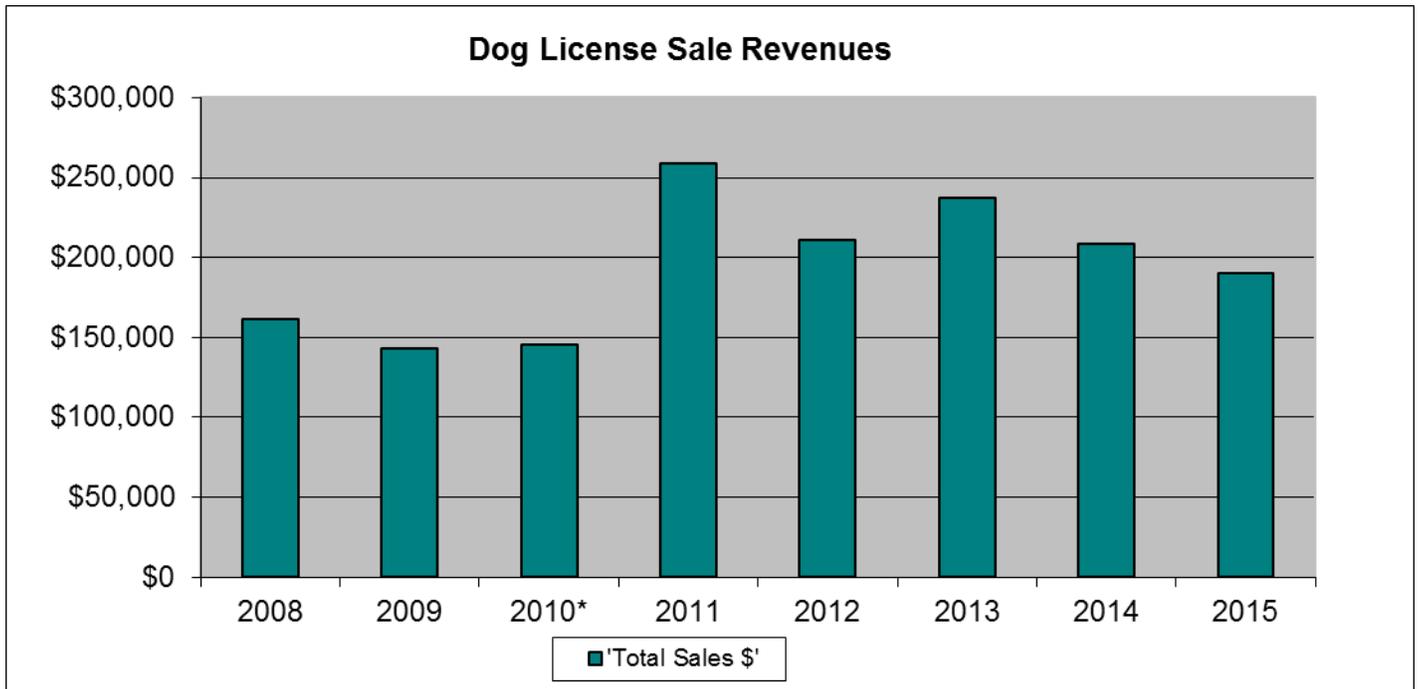
Tax Search Revenue



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 (7 months or younger).

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. Short of other similar efforts the total number of licensed dogs will continue to fall, along with corresponding revenues.



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

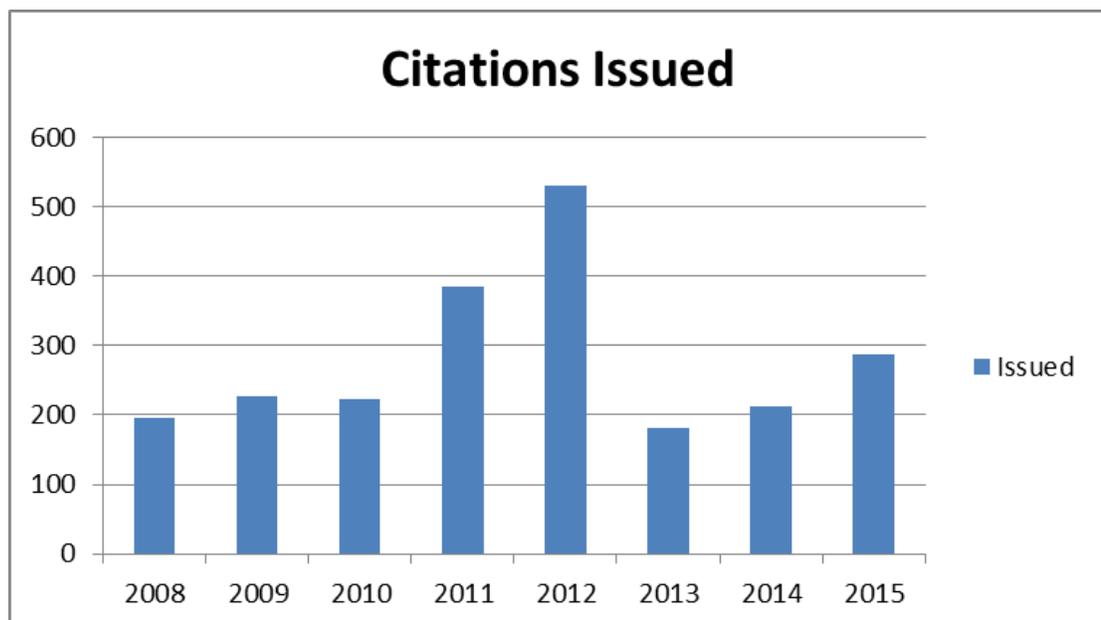
Municipal Civil Infraction Bureau

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 any other citation in the court.

Beginning in 2013 the Parks Department issued a notice that a citation could be voided if a County Parks Pass was purchased inside of two weeks. This created a significant reduction in citations issued as seen in the graph below.

Fiscal Year	2013	2014	2015
Citations Disposition			
Issued	182	212	287
Collected	97	103	118
Collected \$	\$ 4,838.00	\$ 4,228.00	\$ 7,347.00
Paid on Line	19	36	57
Paid on Line \$	\$ 760.00	\$ 1,434.00	\$ 2,288.00
Total Revenue	\$ 5,598.00	\$ 5,662.00	\$ 9,635.00
To District Court	40	52	89
Dismissed	26	20	22
Pending	1	2	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 \$5,890.17 in the Cemetery Trust and it is invested in a one year CD at Talmer 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 2015 Annual Report of the Ottawa County Treasurer's Office is submitted to the following members of the Ottawa County Board of Commissioners in March 2016. 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, Chairperson, District 2

Commissioner Donald Disselkoen, District 3

Commissioner Allen Dannenberg, District 4

Commissioner Mike P. Haverdink, 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