

2009 Annual Report of the County Treasurer



**Treasurer of Ottawa County
Bradley J. Slagh
March 2010**

County of Ottawa

Office of the County Treasurer

March 2010

Honorable Commissioners
Ottawa County Board of Commissioners

2009 ANNUAL REPORT

The 2009 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 2009 General Fund revenues brought in through the Treasurer's Office, totaled \$4,765,302. This revenue figure includes; Interest earnings on surplus funds, Interest on SET and Delinquent funds, Fees from delinquent properties, Tax searches, Foreclosed property sales, and Dog Licenses sales. This revenue amount, is again smaller than the previous year, but is still significant especially when contrasted with total departmental expenditures of \$1,016,815 required to support these efforts.

Foreclosing Government Unit. 2009 was the fourth foreclosure cycle for the Ottawa County Treasurer who is the foreclosing agent for the County. We continue to hold financial hardship administrative hearings and in 2009 granted hardship deferrals to nine (9) properties. An aggressive foreclosure prevention program is credited with leaving only 18 properties foreclosed – none were occupied. In 2009, all additional costs and fees were covered by the property foreclosure sales; the resulting profit of \$229,929.90 was placed back in the Revolving Fund. A more detailed discussion is available on pages 8 & 9 of this 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, but can be used by individuals. Our corporate customers have been consistent in providing feed back which helps us keep improving the information and format offered on the web site. In our fourth year of providing this service we saw the percentage of usage increase again, so we now stand at 94.6% 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 on this service.

Staff Reduction.

On December 29 we eliminated one position from the Treasurer's Office. That is an elimination of 1/10 of our workforce for 2010.

Dog Licenses. Online dog license applications and renewals completed its third year with the 2009 licenses. Online license purchase and renewals in 2009 were 9.2% of the total licenses sold; up from 8.8% in 2008. Citizens and law enforcement agencies are able to use the County Web Site to look up license numbers and thereby find owners of errant dogs. Continued reductions in license sales year over year has eroded fee revenue by over \$25,000 since 2006. Additional details are available on pages 13 & 14 of the report, and please note goal number 2 in “**Goals for 2010**” below.

County Investment Performance. The County Treasurer manages a portfolio from General Fund operations totaling over \$78 million at year end, which falls under the responsibility of the Board of Commissioners. The total return rate for 2009 was 1.096% which compares to the CPI of **-.40%** and a blended index earning .71%. The 5-year average return rate is 3.63% which compares to the 5-year CPI of 2.56%. Total interest dollars from investments shrunk by approximately \$1.7 million with an actual interest amount of \$1,690,543 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, 2009 is available upon request.

2009 Achievements.

- Began taking Credit Cards for Tax Payments both on-line and at the offices
- Began taking credit cards for Dog License payments at the offices
- Bank rating sheet now being regularly shared with Local Units and County Finance & Admin Committee
- Initiation of Positive Pay and Debit Block on County’s main transaction accounts to prevent fraud
- County’s Web Site updated with Foreclosure Prevention ideas and information: done in conjunction with the Register of Deeds
- Added monthly reporting of General Fund Investment graphs to Treasurer’s web site for public information
- Initiated Electronic Check writing for Inmate release payments
- Creating Public Service Center in Grand Haven – serving customers for multiple Elected Official offices
- Began paying cash for witness fees in Grand Haven to save time and reduce annual escheat efforts
- Reached agreement with the local units of government within the County to move forward with a Land Bank

Goals for 2010.

1) Ramp up of our County Land Bank Authority; 2) Begin offering three year & one year dog licenses; 3) Undertake the required four year banking RFP for our primary banking relationship; 4) Stay current with market conditions to enhance interest yield; 5) Continued monitoring of financial institutions to protect the assets of the county; 6) Decrease the number and amount of unclaimed checks being held for escheat to the state; 7) Continue to provide an elevated level of foreclosure prevention even in the midst of reduced funding plus greater community need & utilization.

Conclusion.

It was a year of opportunities to work closely with the local units of government in defining the Land Bank Authority for Ottawa County and with the Treasurers & Finance Directors as we brought more training and ideas to them through the Ottawa County Treasurers Association. It is important that we continue to build bridges of trust and partnerships with these governmental units, as reduced funding will force greater collaboration on all municipalities.

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 constantly look for ways to improve our operations and deliver reliable 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 for all departments, maintain bank accounts, reconcile receivables, coordinate disbursement of funds held in trust, coordinate signature and transfer of 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 2009 as a result of drastically lower interest rates on the sweep account that are used to offset these charges.

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 2009 we helped 16 Local Units of Government strike 132 uncollectable Personal Properties from their roles.

Operating goals for 2009 included: 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	2007	2008	2009
Automated Receipting			
Manual	15,172	14,239	18,357
Electronic	429,647	555,345	556,675
Total	444,819	569,584	575,032
Ratio of electronic to total receipts written:			
	96.5%	97.5%	96.8%
Depository Accounts			
Accounts	24	26	27
Bank Charges	\$3,137	\$21,496	\$55,900
Uncollected Delinquent Personal Property			
Taxes Stricken from Taxes Receivable			
County Tax	\$14,785	\$20,332	\$10,410
Parks Tax	\$1,841	\$1,917	\$974
E 911 Tax	\$1,155	\$2,668	\$1,356
# of Local GU	16	16	16
# of Parcels	179	132	132

Ottawa County Investment Pool

Cash and investment activities for the 12 months ending December 31, 2009 are discussed below. The report covers only 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 throughout the year and at December 31 was in compliance with the Ottawa County Investment Policy.

The total return for 2009 was 2.04% which compares with a 2009 blended index earning of 0.71% (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 3.628% as compared to 2.56% for the 5 year CPI average.

2009 will go into the history books for its incredible S&P 500 fall in the first 2 months and then from that low point a 67% gain for the rest of the year.

At December 31, 2009 approximately \$40.6 million of the portfolio was laddered over a six year period with an average portfolio maturity of 2.73 years. We will continue to ladder and invest to take advantage of the yield curve whenever possible.

(\$772,458) Accumulated change in fair value

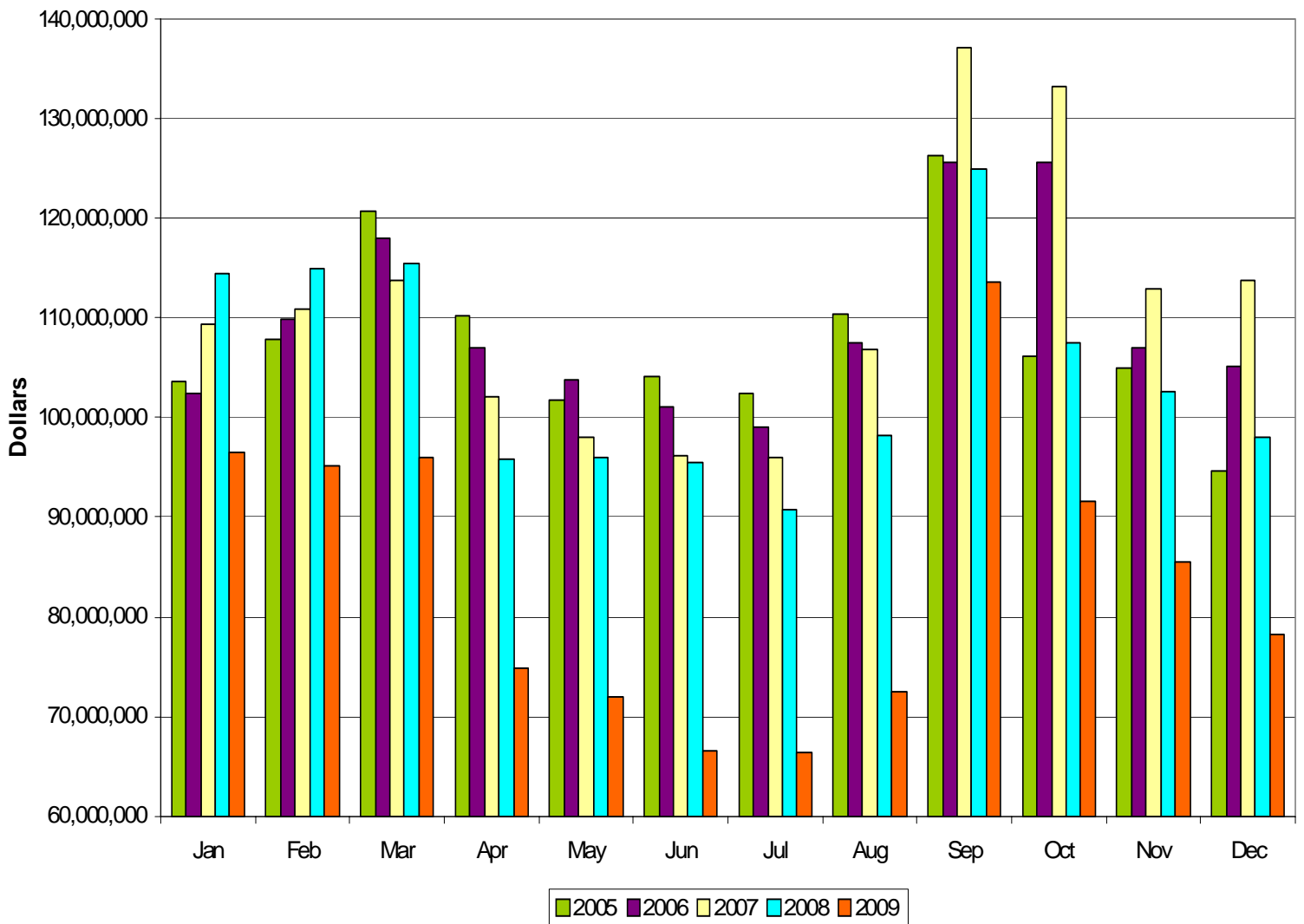
Total Return Rate	
2009	1.096%
2008	4.421%
2007	6.103%
2006	4.370%
2005	<u>2.152%</u>
5-year average	3.628%

Gross Interest Dollars Earned

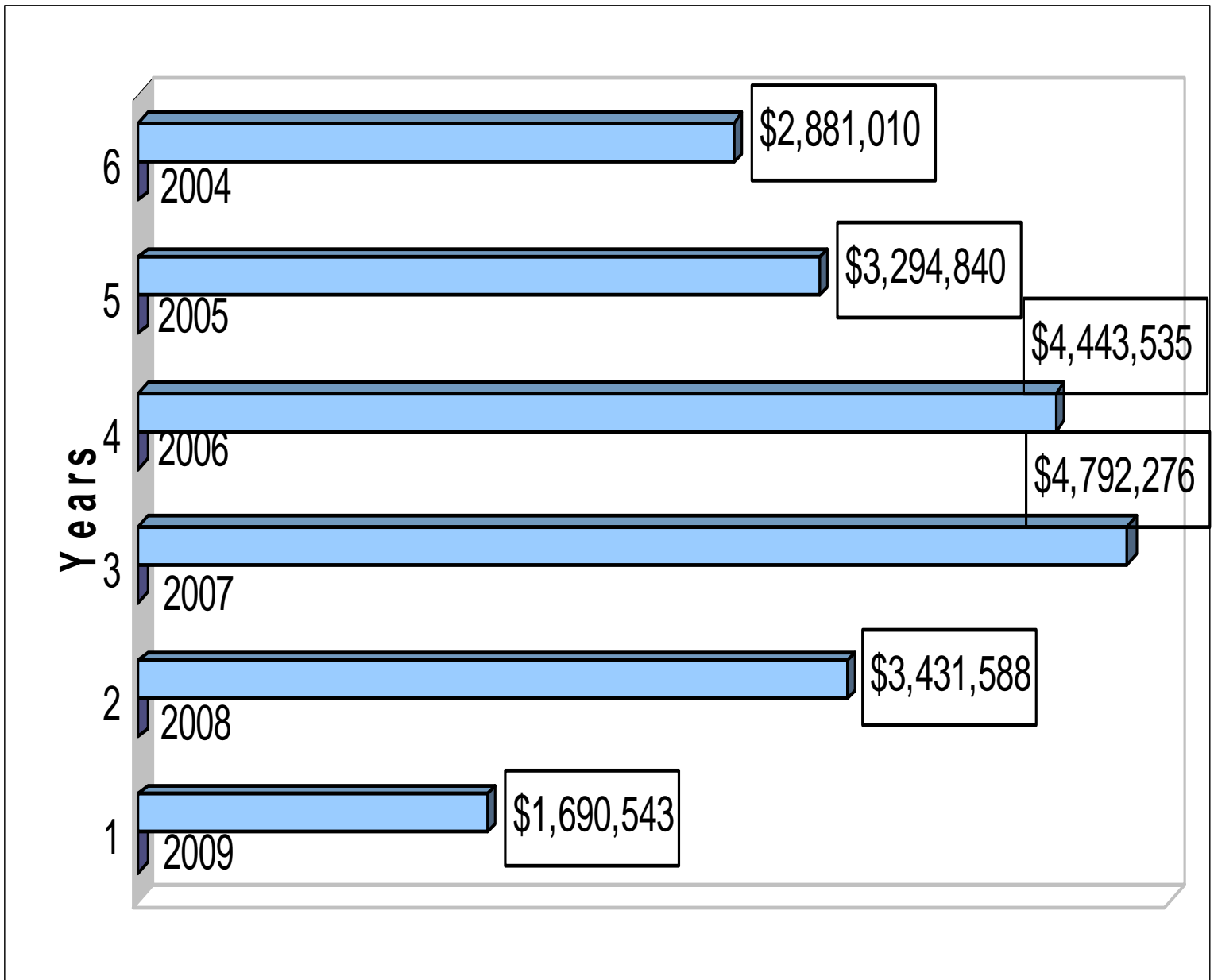
2009	\$1,690,543
2008	\$3,431,588
2007	\$4,792,276
2006	\$4,443,535
2005	\$3,294,840

General Fund Portfolio Totals

Historical Comparison By Month



Annual Interest Earnings General Fund



Delinquent Property Tax Administration

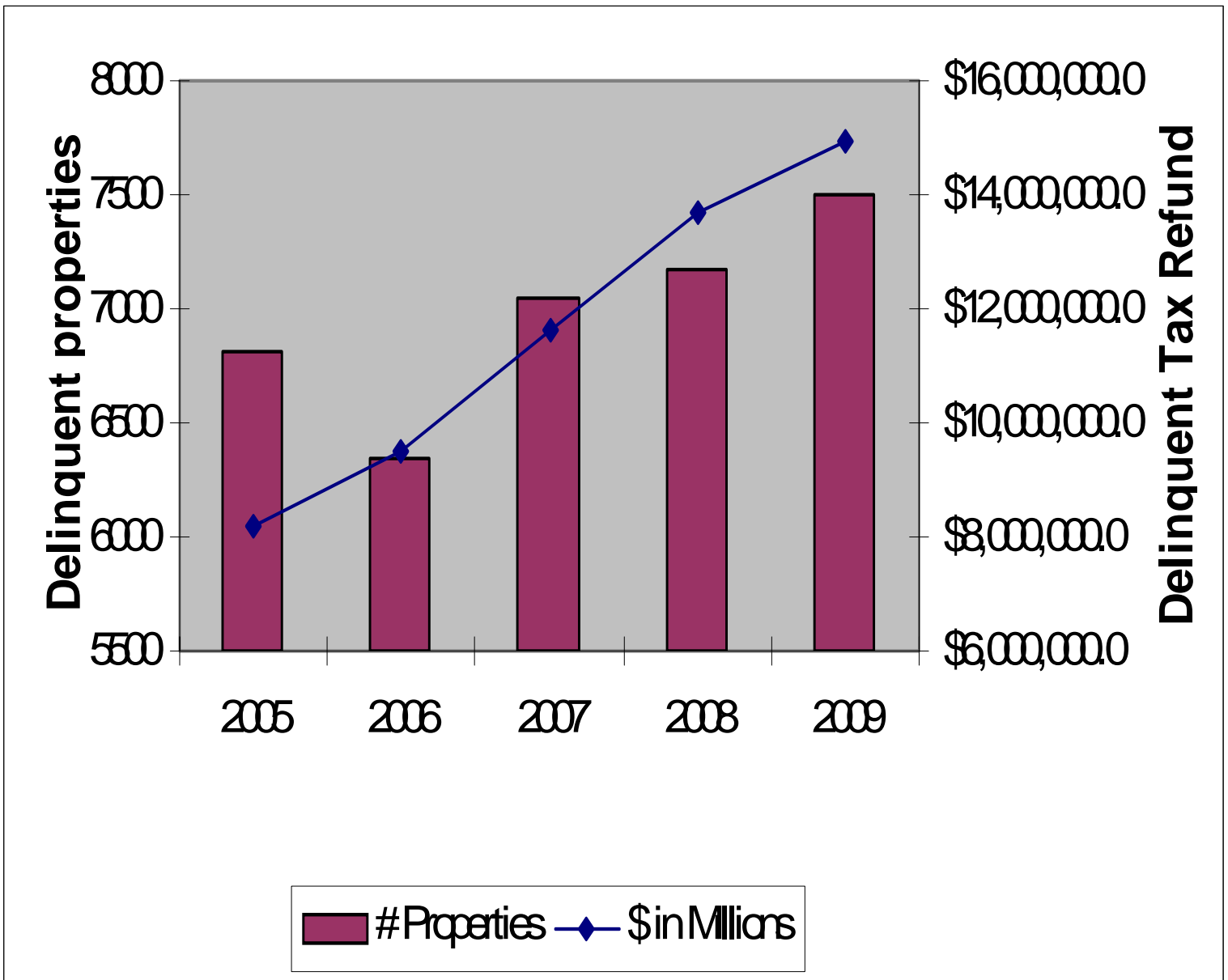
It is the responsibility of the county treasurer to collect delinquent real property taxes. Functions associated with delinquent taxes include writing receipts, processing adjustments to prior year tax rolls (for up to 20 years), processing bankruptcy claims, and managing the annual forfeiture and foreclosure 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 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. One of the prevention methods provided by statute is a Hardship Deferral, it was used to protect nine properties from foreclosure in 2009.

Of the eighteen properties foreclosed on March 31, 2009, no properties were claimed by a local unit. Sixteen properties were sold at public auction, the other two remained unsold and were also rejected by the local unit of government in December; therefore they become property of the County. The net profit in 2009 from the disposition of property was \$229,929.90. These funds now reside in our Sale Proceeds account for at least two years. Getting the two remaining parcels back on the tax rolls will likely be best dealt with by the Land Bank after its establishment.

Fiscal Year	2007	2008	2009
Real Taxes Returned Delinquent			
No. of Properties	7,043	7179	7493
Dollars in Millions	\$11.6	\$13.70	\$14.9
Forfeited and Foreclosed			
Certified Mail Count	1,812	2345	2771
Property Forfeited	542	995	1290
Property Foreclosed	8	12	18
Financial Hardship given	2	6	9
Tax Collections			
Receipts Written	8,071	8141	9620
Dollars in Millions	\$10.3	\$13.8	\$14.0
Interest & Fees	\$1,291,138	\$1,831,380	\$2,629,083
Tax Roll Adjustments			
No. Processed	810	589	645
Foreclosed Land Sale in 2009			
Proceeds from Sale			\$317,740.00
Total Tax, Fees & Interest			\$87,810.00
Less Charge Back to Tax Units			\$0.00
Gain (Loss) on 2009 Land Sale			\$229,929.90

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 2009 is in the table to the right.

Fiscal Year	2007	2008	2009
State Education Tax Collection Pass-through			
Dollars in Millions	\$55.1	\$57.5	\$58.5
No. of Payments	534	501	555
Interest Earned	\$169,968	\$146,033	\$42,509

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 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 2009 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, 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 is granted at no charge.

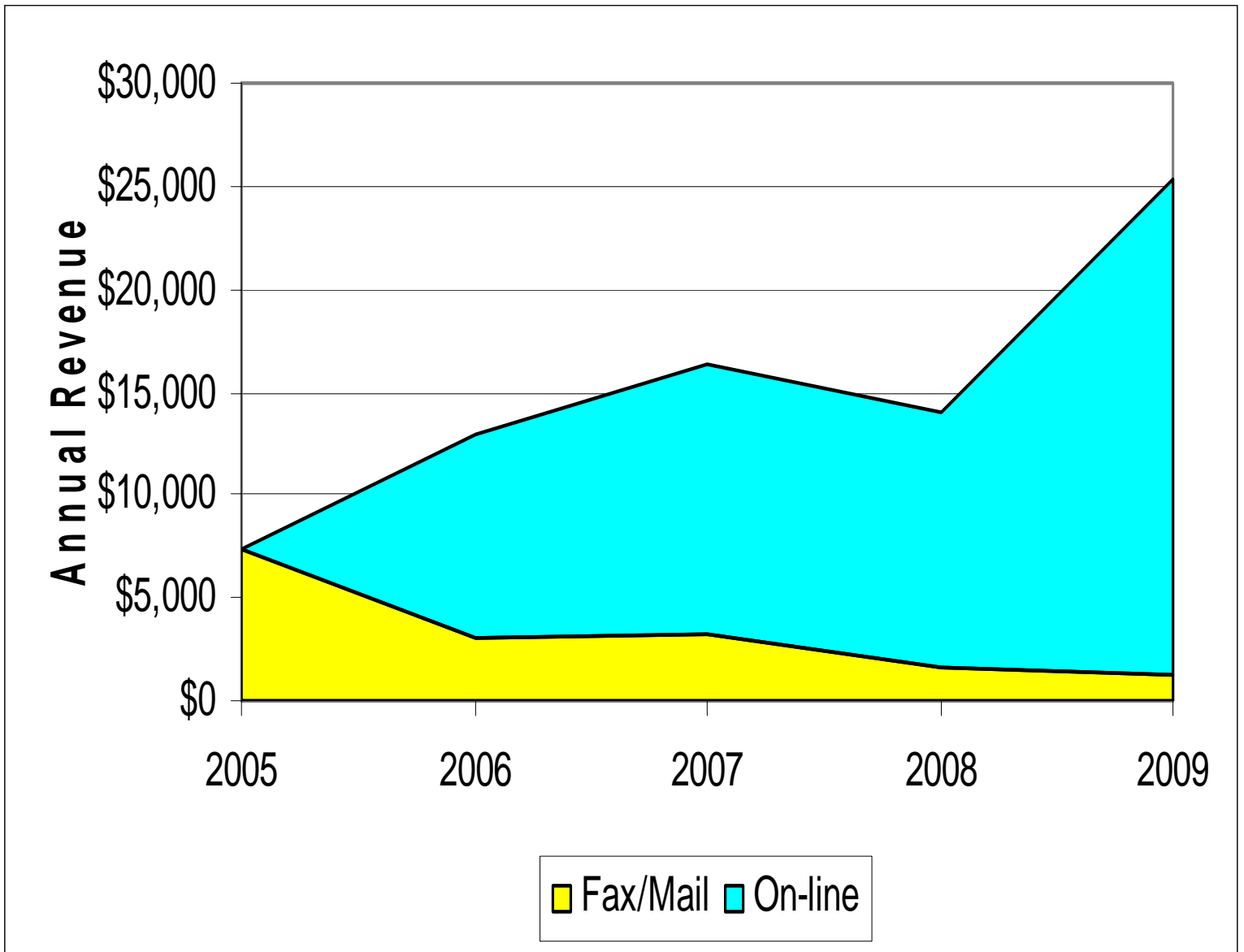
Tax searches are also performed for deed certification. The fee set by State statute is a minimum of \$1 per deed.

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 add On-line searching capabilities and then 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.

We continue to desire 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	2007	2008	2009
Certification Revenue			
Deed Certification	\$6,455	\$4,956	\$5,015
Tax Search Revenue			
Fax/Mail Searches	\$3,170	\$1,535	\$1,327
On-Line Searches	\$13,175	\$12,551	\$24,056
Total Search \$	\$16,345	\$14,086	\$25,383
On-Line Utilization	81%	89%	95%

Tax Search Revenue



Dog and Kennel License Program

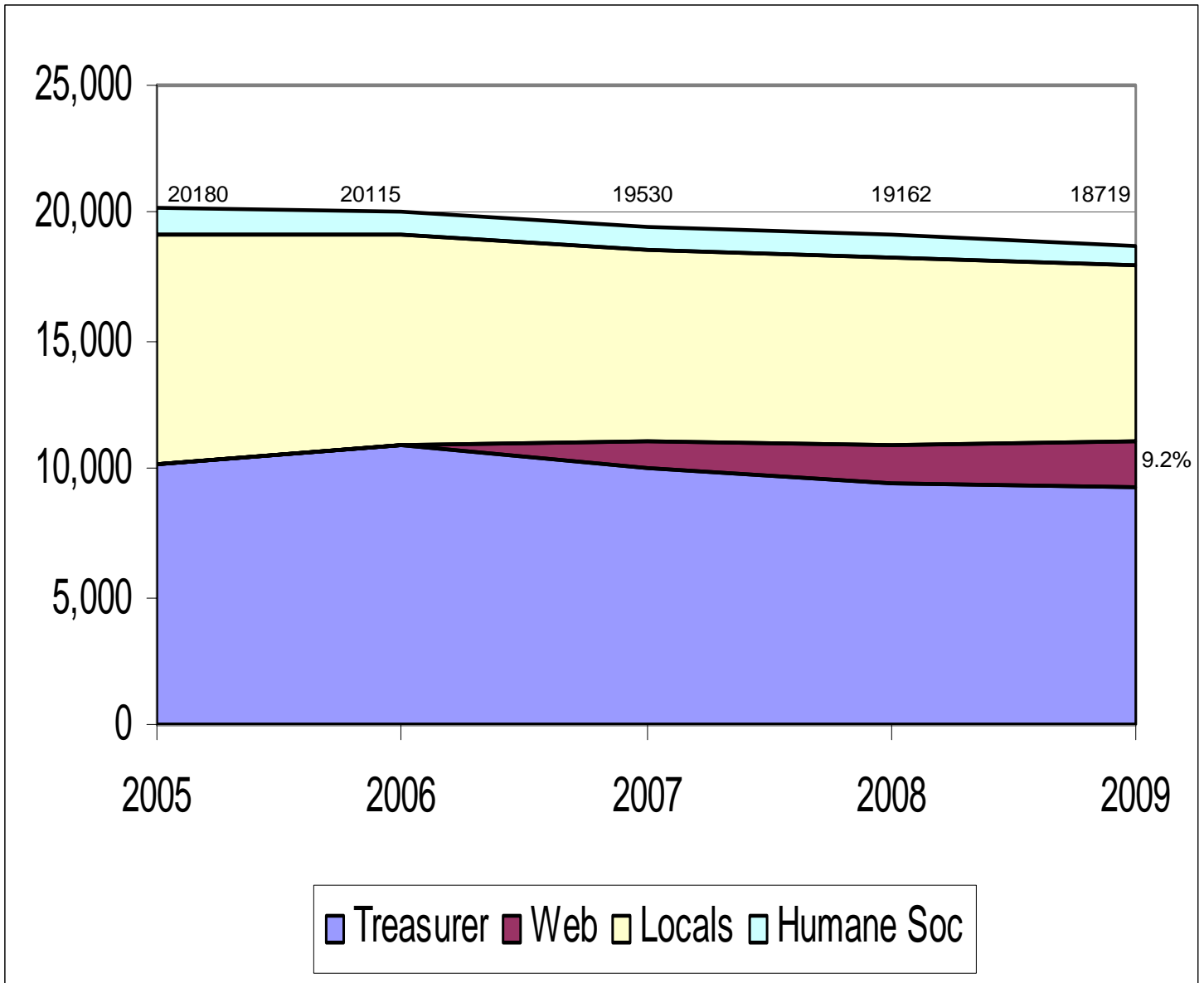
The County Treasurer's Office manages the dog and kennel license program. The licenses are sold year-round in the County Treasurer's Office, and at Harbor Humane Society. Local treasurers sell dog licenses at their location from December 1 to February 28. The fees for dog licenses are \$15 male or female; \$6 spay or neutered; \$6 puppy. Fees double if not paid by the last day of February.

For the fourth year in a row the County has experienced a reduction in the number of dog licenses purchased and renewed. This translates to almost 1,500 less dogs licensed in 2009 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 or similar study is undertaken.

For 2010 the Treasurer anticipates bringing a recommendation to the Board to begin issuing 3 year dog licenses along with single year licenses. We are hopeful that this change along with asking for veterinarians to sell the licenses may slow the trend of fewer dogs being licensed.

License Year	2007	2008	2009
Dog Licenses Sold			
O.C. Treasurer	9,982	9,488	9,315
O.C. Treasurer Web	1,067	1476	1711
Local Treasurers	7,553	7,293	6,883
Humane Society	928	905	810
Total	19,530	19,162	18,719
License Income	\$165,330	\$161,697	\$142,840

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 animal control officers.

Violations that are delinquent to the Bureau are turned over to the District Court to be processed as other citations in the court.

Fiscal Year	2007	2008	2009
	Citations Disposition		
Issued	213	195	226
Collected	158	141	152
Revenue	\$12,822	\$11,489	\$11,367
To District Court	31	31	28
Dismissed	24	20	46
Pending		3	



The 2009 Annual Report of the Ottawa County Treasurer's Office is submitted to the following members of the Ottawa County Board of Commissioners in March 2010. 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, 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, District 8,

Commissioner Robert Karsten, District 9

Commissioner James C. Holtrop, Vice-Chairperson, District 10

Commissioner Jim Holtvluwer, District 11