

# **2011 Annual Report of the County Treasurer**



**Treasurer of Ottawa County**

**Bradley J. Slagh**

**March 2012**

# County of Ottawa

## Office of the County Treasurer 2011 Annual Report

March 2012

Honorable Commissioners  
Ottawa County Board of Commissioners

### **Overview**

The bulk of the work completed in the County Treasurers 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.

### **2011 Major Initiatives**

#### One and Three Year Dog Licenses & Increased License Fees

Implemented a new animal licensing framework that allows one & 3-year licenses that expire with the rabies vaccination and allowed customer mailings to be completed by staff rather than sub-contracted. Additionally, **veterinarians** and local units of governments can now sell licenses year round.

- Benefits:
- \* Increased year over year revenue by over 70% in the first year
  - \* Decreased mailing costs by over 35%
  - \* Leveled staff work load in Treasurer Office
  - \* Sales of licenses through veterinarians resulted in many previously unlicensed dogs obtaining a license
  - \* Only local government units that want to sell licenses are now selling

#### RFP for Armored Carrier

Solicited bids for armored carrier service through an RFP. Results provided improved service and cost reduction of \$390 per month.

#### Summer Intern

Created a summer intern position that reduced total expense in the Delinquent Tax area by more than \$25,000. At the same time the number of property owners facing tax foreclosure that the Treasurer's Office was directly able to communicate with significantly increased over results from previous vendor. Additionally, it provided summer employment for an area college student.

## **2011 Major Initiatives (Cont.)**

### Electronic Filing (Going Green)

- A Through the Register of Deeds software – we are now able to electronically record both tax forfeitures and releases on property. Savings of 4 to 8 staff hours per filing per year.
  
- B Benefiting from the experience of the Courts and Clerk’s Office, we began utilizing On-Base software and are now saving many of our daily reports electronically rather than in print. Just one of those reports has reduced our daily printing by approximately 200 pages.

### Reconciling General Checking Account to General Ledger

After some research, it was determined that part of the reconciliation of the General Checking Account was being completed by our department and part of it was being completed by the Fiscal Services Department. In an effort to streamline the work and to save time, our office has taken over this reconciliation completely. This has freed up valuable time for the Fiscal Services Department and has reduced the amount of total time taken to completely process the reconciliation by 2 days.

### On-Line Entry of Dog License by Veterinarians and Local units of government

Through Web Tecs Inc., we have created a link through the County web site that allows the veterinarians and local units of government (LUG) to directly enter dog licenses into the BS&A License program. This allows quicker inputting for the vet or LUG for a renewing license as most of the fields are pre-filled. Additionally, there is less manual inputting for county treasurer staff if entered in through this option.

### Civil Infraction On-Line Payments

Another project involving Web Tecs Inc., was using the County web site to accept payment of civil infraction tickets and eliminating the old method of tracking these citations using an Excel spreadsheet. This enables payment by credit card 24 x 7 and reduces much of the manual tracking previously necessary.

### Bond Payments for District Courts

In an effort to reduce the number of checks being paid to the District Courts for bonds and to better automate the process, our department worked in conjunction with the Fiscal Services Department, the District Courts, and IT to process the payments made to the courts through a transfer directly into their checking accounts. The courts now receive the payment information from the Fiscal Services Department into their OnBase system along with a confirmation from our department on the dollar amount that was transferred into their checking accounts. This has eliminated approximately 35 checks a week, saved our office approximately ½ hour per week on the handling and processing of the checks, and has saved the courts time as they do not have to add up and deposit the checks. Additionally, it reduced our bank fees for each former check by a net cost of eleven cents each or about \$200 a year.

## Treasurer Revenue vs Expenses

2011 Total Revenue for Treasurers Office		2011 Total Treasurer Expenses	
Interest	\$880,337	General Fund	\$819,736.40
SET Interest	\$34,459.00	Delinquent	<u>\$107,139.12</u>
DTRF Interest & Fees	\$1,835,386.00		\$926,875.52
Tax Search	\$11,688.00		
Property Sales	\$225,756.00		
Dog License Sales	\$258,617		
Deed Certification	\$5,696.00		
Municipal Civil Infraction	<u>\$15,238.00</u>		
	\$3,267,177.36		

## Goals for 2012

- First property moved to Land Bank Authority & first land sales
- Evaluate providing Treasurer services for Local Gov't Units as requested
- Play integral part in implementation of Munis ERP software
- Further utilization of electronic imaging rather than printing paper reports
- "Hot Key" setup for BS&A and Fidler information for property searches
- Automatic GL entries from investment and dog licensing software to reduce manual entries and eliminate errors
- Communication & marketing on importance of dog licensing

## Continuous Improvement

Blessed with a quality staff which includes a mixture of seniority and freshness, experience and willingness to change, the Treasurers 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.

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. 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 show up best in the chart on this page under **Depository Accounts** and then under the category **Bank Charges**. The annual cost was reduced almost 50 Percent from the previous year.

Performance measurements for this function are:

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

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 2011 we helped 16 Local Units of Government strike 91 uncollectable Personal Properties from their roles.

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. Therefore the volume and dollar amount show a significant increase in 2011.

Fiscal Year	2009	2010	2011
<b>Automated Receipting</b>			
Manual	18,357	16,729	19,581
Electronic	556,675	675,625	571,044
Total	575,032	692,354	590,625
Ratio of electronic to total receipts written:			
	96.8%	97.6%	96.7%
<b>Depository Accounts</b>			
Accounts	27	36	37
Bank Charges	\$55,900	\$51,758	\$28,649
<b>Uncollected Delinquent Personal Property</b>			
County Tax	\$10,410	\$66,309	\$66,200
Parks Tax	\$974	\$6,105	\$6,196
E 911 Tax	\$1,356	\$8,499	\$8,624
<b>Taxes Stricken from Taxes Receivable</b>			
# of Local GU	14	16	16
# of Parcels	126	121	91
<b>Unclaimed Check - Escheated to State</b>			
# of Checks	313	269	432
\$ \$ Amount	\$5,639.07	\$7,483.57	\$21,303.94

# Ottawa County GF Investment Pool

Cash and investment activities for the 12 months ending December 31, 2011 are discussed below. This report covers only the operations of the county that fall under the 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 2011 was 1.06% which compares with a 2011 blended index earning of 2.17% (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 2.78% as compared to 2.2% for the 5 year CPI average.

At December 31, 2011 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 and invest to take advantage of the yield curve whenever possible.

## Invested Balance at December 31, 2011

\$82,782,040 Par Value  
\$83,400,093 Market Value

(\$61,230) Accumulated change in fair value

## Total Return Rate

2011	1.032%
2010	1.242%
2009	1.096%
2008	4.421%
2007	6.103%
5-year average	2.779%

## Gross Interest Dollars Earned

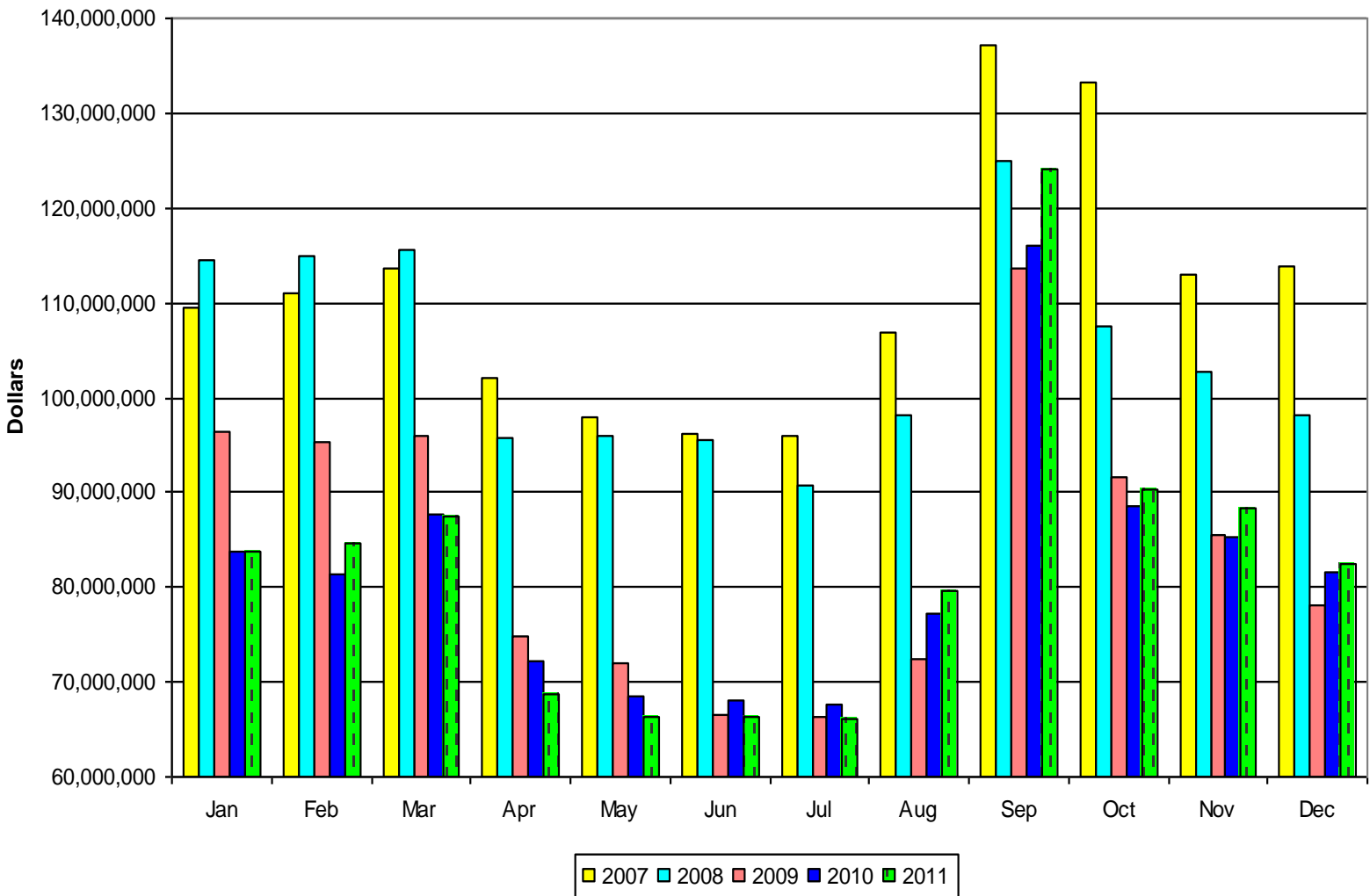
2011	\$880,337
2010	\$1,187,879
2009	\$1,690,543
2008	\$3,431,588
2007	\$4,792,276

## Exhibits Attached

Graph of Portfolio Size as of December 31, 2011  
Graph of Annual Interest Earned

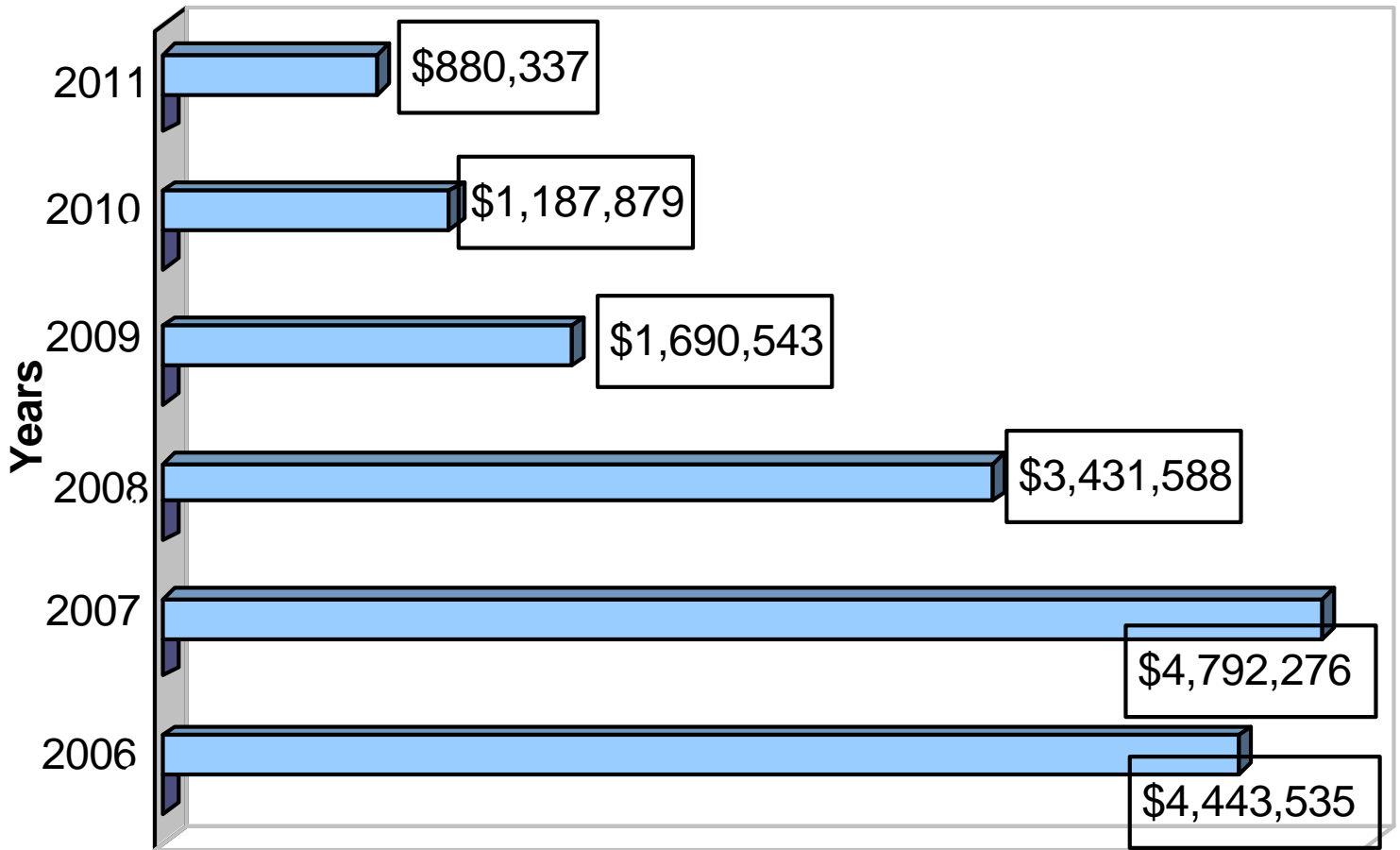
# General Fund Portfolio Totals

## Historical Comparison By Month



# 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. 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.

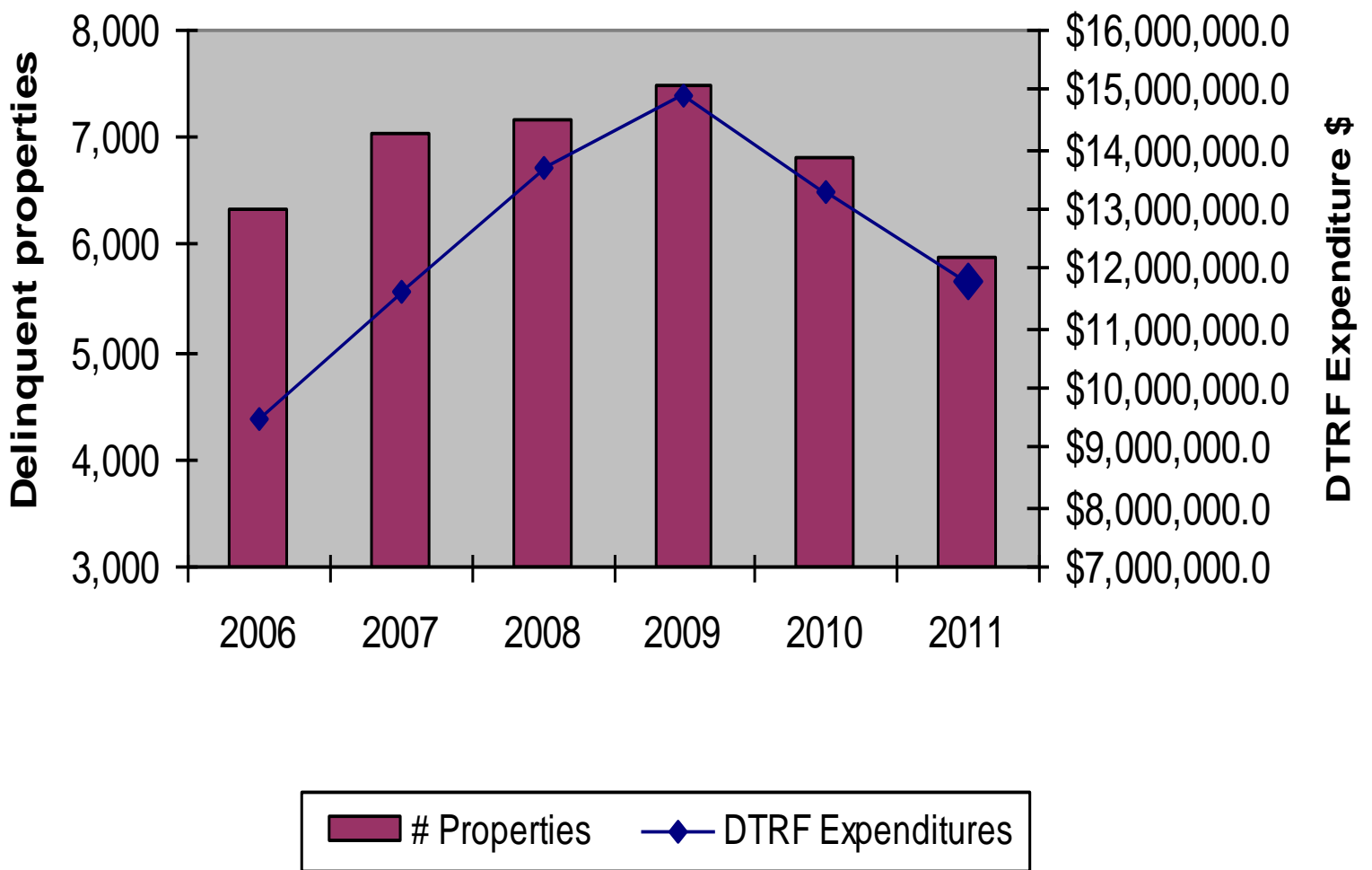
The performance measurements for delinquent tax administration are designed to: increase efficiencies to be better able to manage additional workload without staff additions; to reduce unit costs in managing forfeitures and foreclosures; and to institute foreclosure prevention programs. One of the prevention methods provided by statute is a Hardship Deferral. It was used to protect thirty four (34) properties from foreclosure in 2011, almost doubling usage from the prior year.

Of the 36 properties foreclosed on March 31, 2011, 32 properties were sold at public auction. Of the 4 that remained unsold, three become property of the County and one was moved to the Land Bank. An additional property was also moved to the Land Bank

Authority from a previous year foreclosure. There was a net gain in 2011 from the disposition of property of \$225,727.59. Some of these funds were used to pay off the previous year losses.

Fiscal Year	2009	2010	2011
<b>Real Taxes Returned Delinquent</b>			
No. of Properties	7493	6800	5891
Dollars in Millions	\$14.9	\$13.3	\$11.8
<b>Forfeited and Foreclosed</b>			
Certified Mail Count	2771	2367	2029
Property Forfeited	1290	973	932
Property Foreclosed	18	69	36
Financial Hardship given	9	18	34
<b>Tax Collections</b>			
Online Payments	10	69	98
Receipts Written	9620	8877	7640
Dollars in Millions	\$14.0	\$13.8	\$10.5
Interest & Fees	\$2,629,083	\$2,289,085	\$1,835,386
<b>Tax Roll Adjustments</b>			
No. Processed	645	610	928
<b>Foreclosed Land Sale in 2011</b>			
Proceeds from Sale			\$435,660.00
Total Tax, Fees & Interest			\$209,932.41
Less Charge Back to Tax Units			\$0.00
Gain (Loss) on 2008 Land Sale			\$225,727.59

# Real Taxes Returned Delinquent



# Ottawa County Land Bank Authority

After 2 years of planning and organizing to establish the Land Bank Authority, the County Treasurer, Board of Commissioners and the Michigan Fast Track Land Bank Authority signed an intergovernmental agreement to create the Ottawa County Land Bank Authority. The County Board of Commissioners has additionally established the Land Bank Board of Directors to include: two township representatives (Glenn Nykamp & Leon Stille), two city representatives (Ryan Cotton & David VanderHeide), Ken Rizzio, one County Commissioner (Roger Rycenga), one citizen (Dave Van Dyke), the County Administrator & the County Treasurer.

In the City of Holland on Lincoln just north of 32nd, was the site of Boeve Oil Company (a petroleum distributor) for more than two (2) generations. After the company went out of business, they were unable to sell the property because there was a known EPA fuel spill and unknown issues regarding usage history and multiple underground fuel tanks on the rest of the site. The property owners eventually stopped paying taxes and the commercial property and the house were foreclosed on for unpaid taxes.

With the help of Macatawa Area Coordinating Council we were able to get several grants to undertake the environmental impact studies required, so that a purchaser could easily understand all the ramifications and constraints of the site. Additionally, the grants for the Phase II study enabled us to not only determine the extent of pollution concerns, but also remove underground tanks and clean up some of the physical site problems as we did the study. Costs for these studies and clean up totaled more than \$80,000.

All expenses for the toxic clean-up and testing were grant funded so there were no direct costs experienced for that portion of the clean-up.

These two properties will be the first to be titled to the Land Bank Authority and marketed to bring them back to the private market.

We see the Land Bank continuing to focus on improving properties that the private market would not normally handle and returning them to a taxable status.

# 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) being 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 2011 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 1<sup>st</sup> 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 2011 are now saved electronically – eliminating the paper tax rolls and reducing the need to expand physical storage space.

<b>State Education Tax Collection Pass-through</b>			
<b>Fiscal Year</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Dollars in Millions	\$58.5	\$56.5	\$54.8
No. of Payments	555	540	501
Interest Earned	\$42,509	\$39,994	\$34,459

# 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.

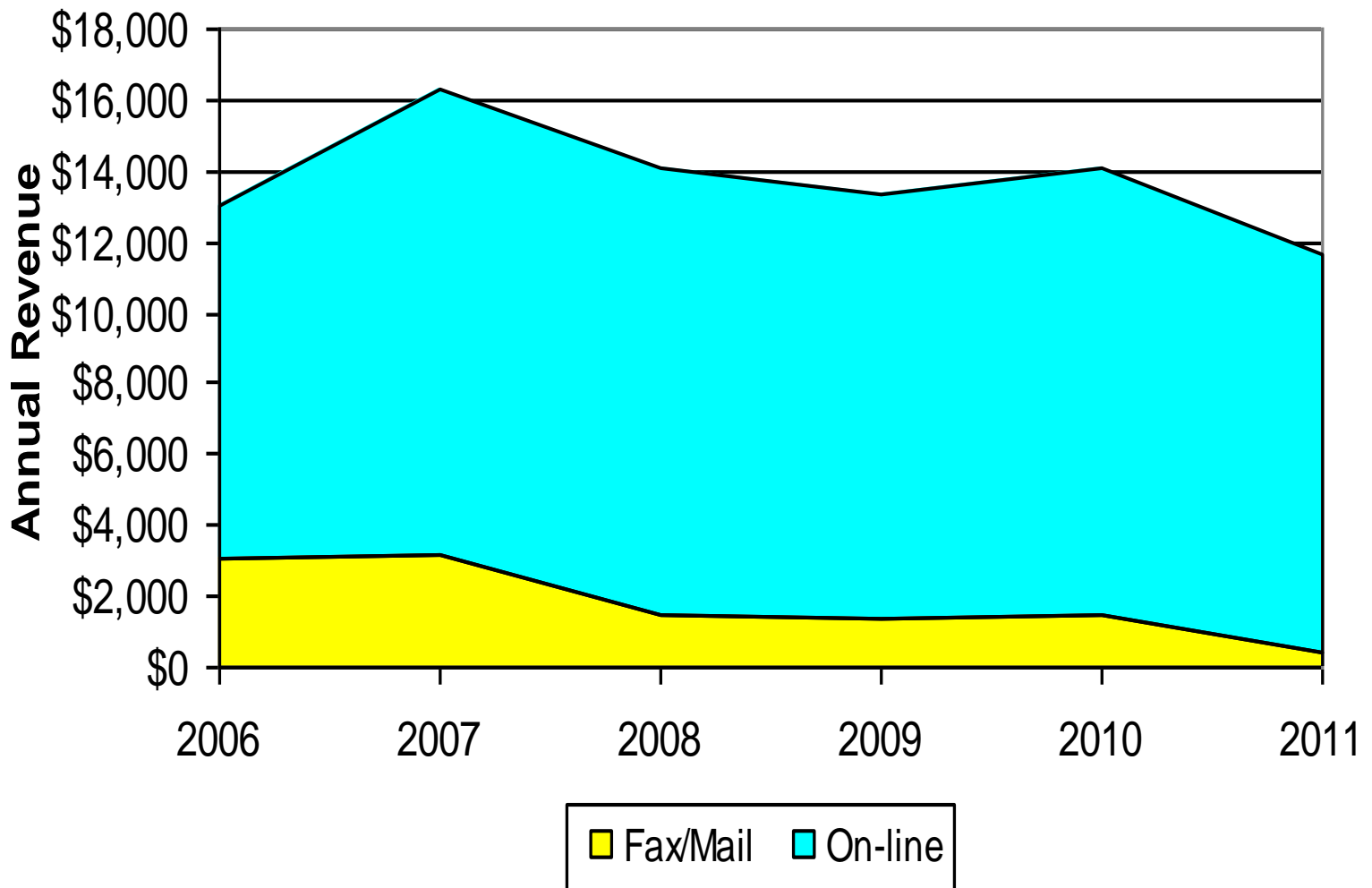
Tax searches are also performed for warrantee deed certification. The fee set by State statute is a minimum of \$1 per deed.

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	2009	2010	2011
<b>Certification Revenue</b>			
Deed Certification	\$5,015	\$5,382	\$5,696
<b>Tax Search Revenue</b>			
Fax/Mail Searches	\$1,327	\$1,535	\$378
On-Line Searches	\$12,028	\$12,497	\$11,311
Total Search \$	\$13,355	\$14,032	\$11,688
On-Line Utilization	90%	89%	97%

# Tax Search Revenue



# Dog and Kennel License Program

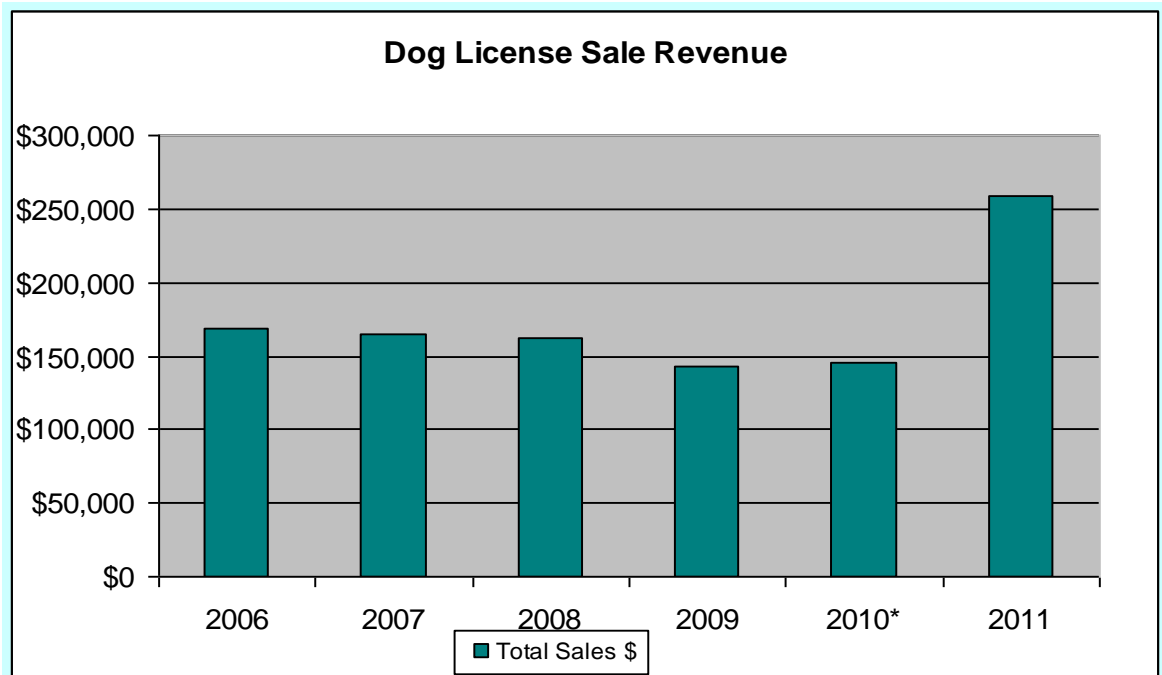
The County Treasurer's Office manages the dog and kennel license program. In 2011 Ottawa County implemented a change and began selling both one year and three year licenses on a year round basis. This evened out the work flow in the office enabling us to better utilize our staffing. The change generated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

For the sixth year in a row the County has experienced a reduction in the number of dog licenses purchased and renewed. This translates to almost 2,700 less dogs licensed in 2011 than in 2005. In conversations with the Sheriff and County Administrator we have determined to pursue a educational effort in 2012 that will encourage dog owners to obtain licenses. In 2013 we will explore conducting a census.

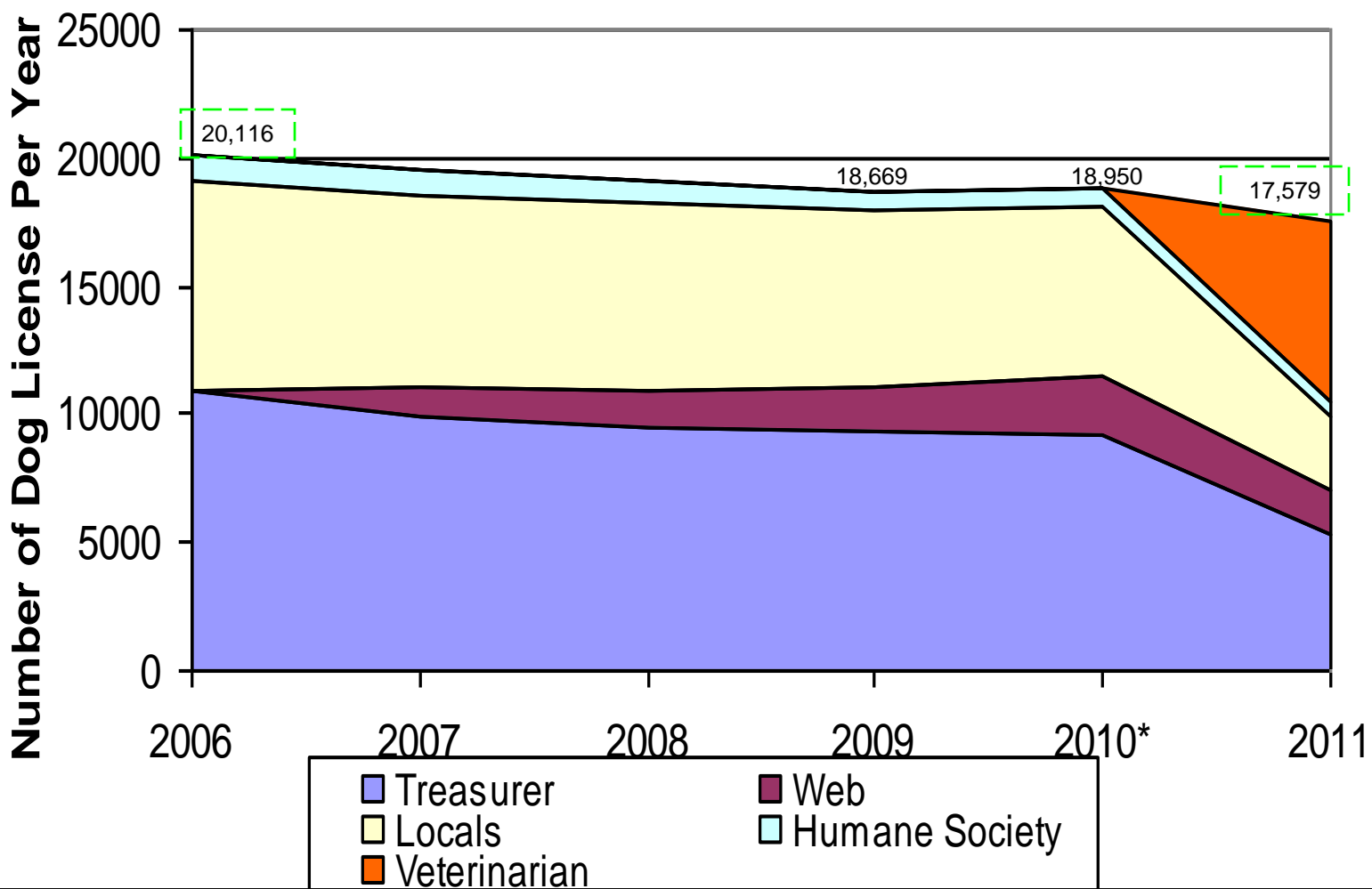
*In 2010 the County Board approved a recommendation from the Treasurer to begin issuing both 1 & 3 year dog licenses. The change included selling licenses year round at each sales location and having the Veterinarians issuing licenses. We were hopeful that these customer requested changes would slow the trend of fewer dogs being licensed. The changes resulted in increased revenues as evident in the graph below but no increase in dogs licensed.*

License Year	2009	2010	2011	
			<b>Dog License Sold</b>	
Treasurer	9,315	9,134	1 year	4,308
			3 year	1,003
Treasurer Web	1,711	2,292	1 year	1,498
			3 year	203
Local Treasurers	6,833	6,774	1 year	2,348
			3 year	553
Veterinary Offices			1 year	4,462
			3 year	2,605
Humane Society	810	750	1 year	572
			3 year	27
<b>TOTAL DOGS</b>	<b>18,669</b>	<b>18,950</b>		<b>17,579</b>
			1 year	\$146,550
			3 year	\$112,067
License Income	\$142,840	\$145,460		<b>\$258,617</b>

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



# Dog Licenses: Sold by Location



\* 2010 has 13 months of sales as a result of transition to 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 Drain 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.

<b>Fiscal Year</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
	<b>Citations Disposition</b>		
Issued	226	223	386
Collected	152	163	326
Revenue	\$11,367	\$8,788	\$15,238
To District Court	28	20	32
Dismissed	46	35	26
Pending		5	2

# 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 interest over to the organization that is responsible for cemetery maintenance. The original balances are then rolled into a new certificate of deposit to begin the process again.
- December 22, 2011, the interest distribution payments were made to the cemeteries for the interest earned on investments purchased from 2007 through 2011. The total of the interest distribution payments was \$686.89.
- December 12, 2011, a CD in the amount of \$5,770.00 was purchased for the Cemetery Trust at a rate of 0.75 from ChoiceOne Bank. This CD will mature on 12/12/12.



### **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 2011 Annual Report of the Ottawa County Treasurer's Office is submitted to the following members of the Ottawa County Board of Commissioners in March 2012. 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 Philip D. Kuyers, Chairperson, District 2

Commissioner Dennis W. Swartout, District 3

Commissioner Jane M. Ruiters, District 4

Commissioner Greg J. DeJong, District 5

Commissioner Roger G. Rycenga, District 6

Commissioner Joseph S. Baumann, 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