

2017 Annual Report of the County Treasurer



Treasurer of Ottawa County

Bradley J. Slagh

Presented January 2018

County of Ottawa

Office of the County Treasurer 2017 Annual Report

January 2018

Honorable Commissioners of the Ottawa County Board

Overview

The bulk of the work completed in the County Treasurer's Office is mandated by Michigan law. However, service levels are not mandated and good service can only be provided by direction of the Treasurer and if supported by the Board of Commissioners. In light of that partnership this Annual Report not only presents the numeric facts, it also includes some of the ways the Treasurer's Office, in conjunction with the Board, is expanding access to information, encouraging automation, reducing costs, or benefiting our citizens in other ways.

2017 Initiatives

Top Dog Photo Contest

With the help of Shannon Felgner our County Communications Manager, the Treasurer's Office created and ran the second iteration of a Dog Photo contest. This year's contest included a Master-Dog Look Alike contest. The goal of these photo contests was to raise awareness that Michigan law requires that dog owners license their dogs along with getting them vaccinated. We were able to partner with 11 local vendors who donated approximately \$700 of dog related merchandise and gift cards for our contest winners. It is disappointing to note that this year there was no noticeable increase in dogs being licensed during the contests. The contest did provide several opportunities to get the word out on the importance of licensing and the law.

Innovation Fund Request for Integrated Credit Card Process

David Cook from the IT Department and the Treasurer's office collaborated to present a funding request for \$75,000 of Innovation Funds to explore and implement an Integrated Credit Card vendor and standardization that brings multiple systems and processes under one system, which will bring consistent pricing and handling for all departments and offices. The project was approved, and project kick off will be in 2017-2018 fiscal year and funding will be appropriated as necessary. Anticipated return on investment shows an expected break even in 3 years.

Web Dog licensing system

BS&A was no longer upgrading the dog licensing system. Therefore we transitioned to Web Dog licensing which provides on-line licensing for individuals and veterinarians. It is also providing better information to our Animal Control officers in their vehicles.



Resolution: 4000 x 3200 px - Free download - www.psdgraphics.com



Foreclose

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 our County Board and Administration has placed on customer service and on continuous improvement, things that appear to often be in short supply in a government environment, but are being pushed as the norm in Ottawa County.

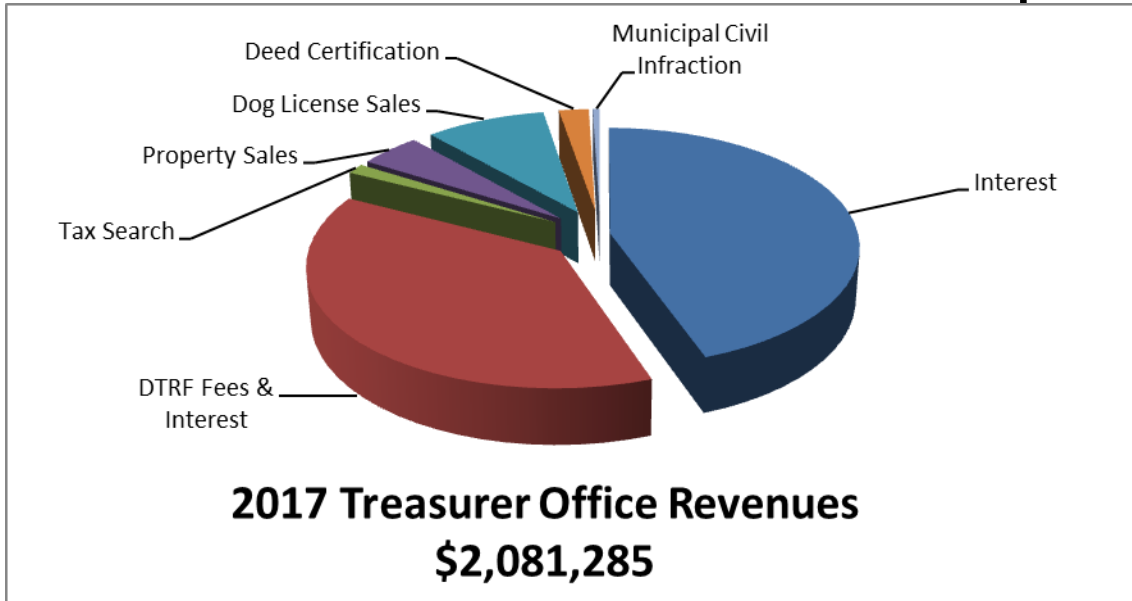
I look forward to continuing to work with the Board of Commissioners and the talented and capable people in other Departments & Offices. We must constantly look for ways to improve our operations while delivering reliable service to our residents. The Treasurer's Office intends to do just that.

Bradley Slagh
County Treasurer

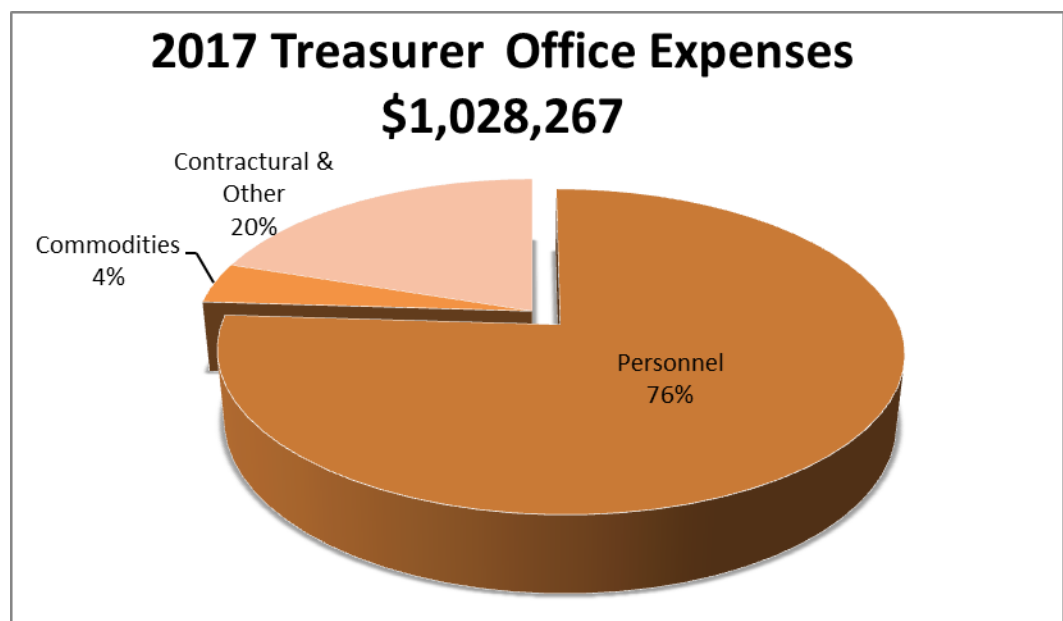
Expected Projects for 2018

- RFP and potential implementation of a single vendor for credit card processing and the software necessary to eliminate dual entry for credit card transactions
- Help the Sheriff move dog licensing violations to a civil offense rather than a criminal offense.
- Explore additional ways to reduce expense through other payment options for witness and juror fees
- Banking RFP & selection of lead bank
- Test and expected transition to Tyler Cashiering version 17.4

Treasurer Revenue vs. Expense



| 2017 Total Revenue in Treasurers Office | | 2017 Total Treasurer Expenses | |
|---|-----------------------|-------------------------------|-----------------------|
| Interest | \$925,738.00 | General Fund | |
| DTRF Fees & Interest | \$791,136.00 | Personnel | \$669,988.73 |
| Tax Search | \$28,388.00 | Commodities | \$27,304.68 |
| Property Sales | \$94,840.00 | Contractual | \$145,201.23 |
| Dog License Sales | \$185,005.00 | Total General Fund | \$ 842,494.64 |
| Deed Certification | \$45,819.00 | Delinquent Tax Efforts | |
| Municipal Civil Infraction | \$10,359.00 | Personnel | \$111,223.19 |
| Total Revenue | \$2,081,285.00 | Commodities | \$15,093.95 |
| | | Contractual | \$59,455.70 |
| | | Total Delinquent | \$ 185,772.84 |
| | | Total Expenses | \$1,028,267.48 |



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 imprest 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 sent out again in 2018. The Michigan Assoc. of County Treasurers is working to get legislation enacted that updates and clarifies the law related to all County Office’s banking responsibilities and the timing of RFP issuance.

Performance measurements for this function are:

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

Striking

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 2017 we helped 18 Local Units of Government strike 106 uncollectable Personal Properties from their rolls. For each unit that participates this joint filing there is a direct reduction in that municipality’s legal expenses.

Escheats

Checks that remain un-cashed over one year must be escheated to the State. Under recent law changes we now retain and must account for all unclaimed checks under \$25.

| Fiscal Year | 2015 | 2016 | 2017 |
|---|--------------|-------------|-------------|
| Depository Accounts | | | |
| Accounts | 26 | 23 | 22 |
| Bank Charges | \$13,295 | \$14,563 | \$13,124 |
| Uncollected Delinquent Personal Property | | | |
| County Tax | \$59,673 | \$55,101 | \$39,968 |
| Parks Tax | \$5,587 | \$7,201 | \$3,701 |
| E 911 Tax | \$0 | \$5,176 | \$5,149 |
| Roads | \$0 | \$1,626 | \$2,132 |
| CMH | | | \$653 |
| Taxes Stricken from Taxes Receivable | | | |
| # of Local GU | 15 | 13 | 18 |
| # of Parcels | 106 | 82 | 106 |
| Total \$ | \$ 10,208.54 | \$ 6,225.06 | \$ 5,718.40 |
| Unclaimed Checks - Escheated to State | | | |
| # of Checks | 375 | 344 | 71 |
| Total \$ | \$30,569.27 | \$10,136.65 | \$5,330.77 |
| Uncashed under \$25 | | | \$ 1,263.14 |

Ottawa County GF Investment Pool

Cash and investment activities for the 12 months ending September 30, 2017 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, Land Bank Authority or certain activities of the Water Resources Commissioner, unless identified specifically.

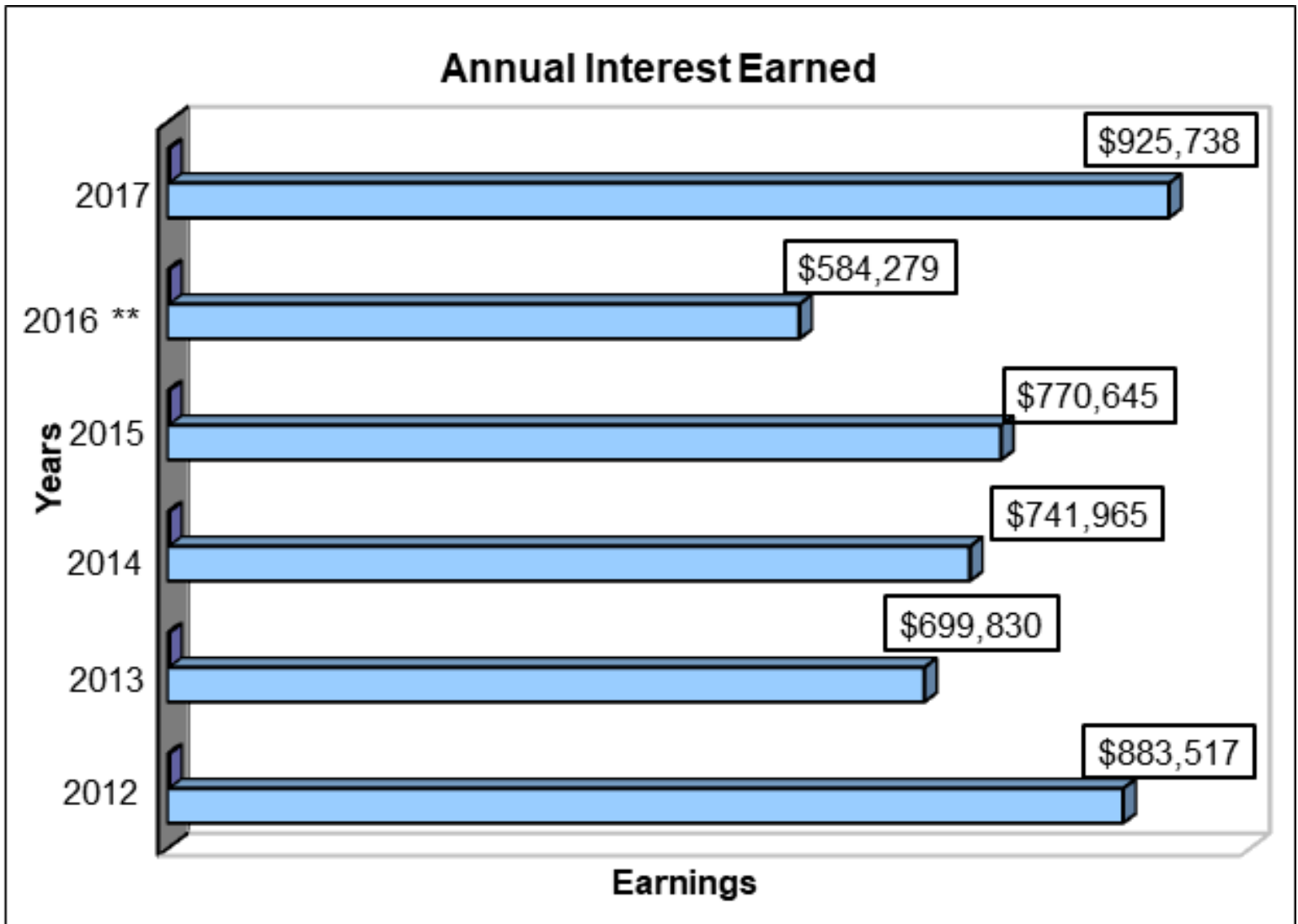
The primary objectives of the County's investment activities, in priority order are: first the protection of principal, second liquidity and last creating return on investments. The investment activity throughout the year and at September 30 was in compliance with the Ottawa County Investment Policy.

The total YTD return for 2017 was 1.071% which compares with a 2017 Benchmark blended index earning of .013% (using 2/3 Barclay's 1-5 year Government Index blended with 1/3 S&P 0-3 month T-Bill Index). The 5-year average total return on the county's investments was 0.863% as compared to 1.34% for the 5 year CPI average.

At September 30, 2017 approximately \$34.2 million of the portfolio was laddered over a ten year period with an average portfolio maturity of 2.66 years. We will continue to ladder while investing to take advantage of the yield curve whenever possible.

| Invested Balance at September 30, 2017 | | | |
|---|----------------------------------|--|--|
| \$106,879,736 | Par Value | | |
| \$106,828,144 | Market Value | | |
| | | | |
| (\$616,073) | Accumulated change in fair value | | |
| | | | |
| Total Return Rate (net) | | | |
| 2017 | 0.383% | | |
| 2016 | 1.988% | | |
| 2015 | 0.721% | | |
| 2014 | 1.362% | | |
| 2013 | -0.139% | | |
| 5-year average | 0.863% | | |
| | | | |
| Gross Interest Dollars Earned | | | |
| 2017 | \$925,738 | | |
| **2016 | \$584,279 | | |
| 2015 | \$770,645 | | |
| 2014 | \$741,965 | | |
| 2013 | \$699,830 | | |
| ** Nine Month year | | | |
| Graph of Annual Interest Earned - Next Page | | | |

Annual Interest Earnings General Fund



** 2016 includes only 9 months of interest as a result of fiscal year change

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 tax roll 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.

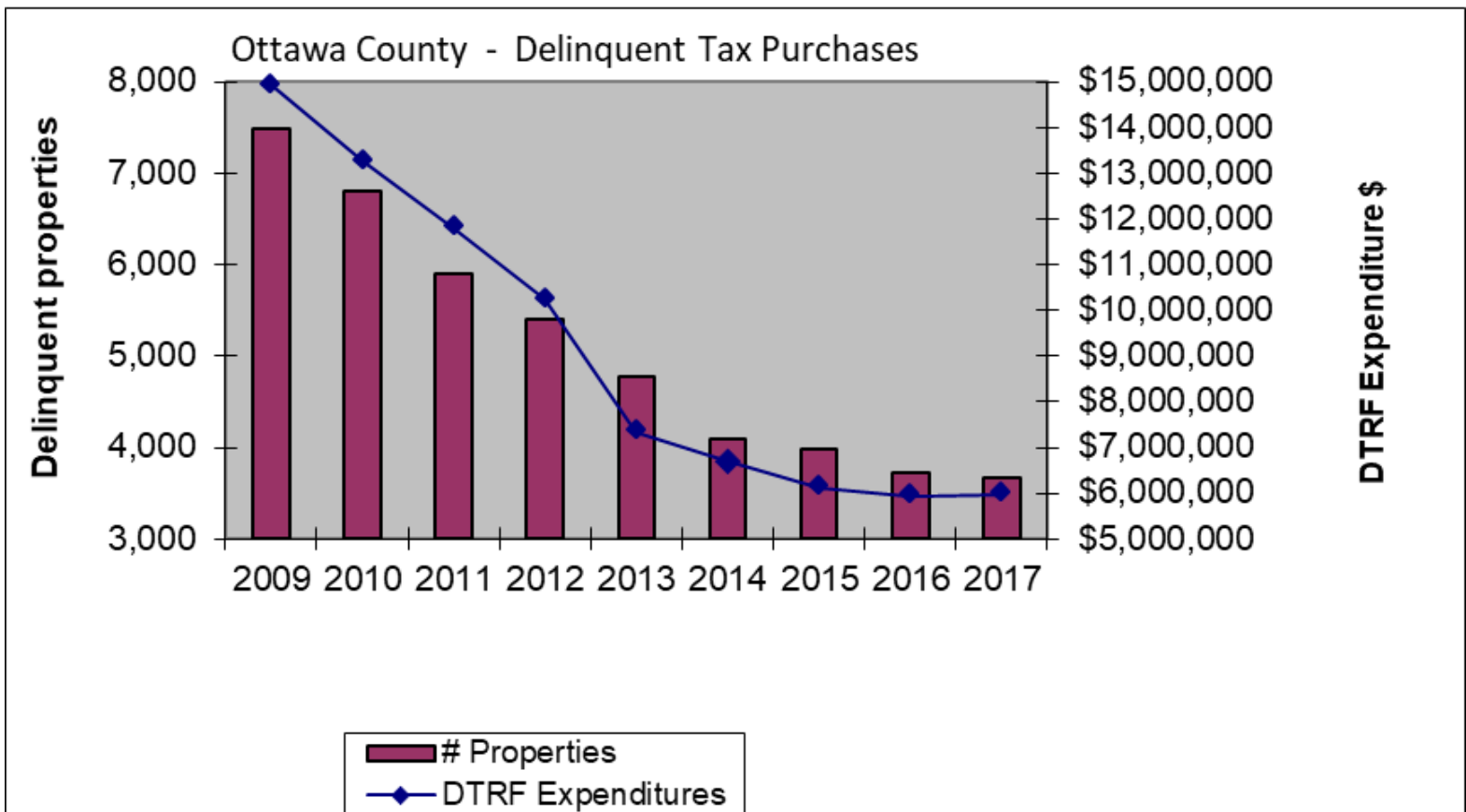
The performance measurements for delinquent tax administration are designed to: increase efficiencies to be better able to manage additional workload without staff additions; to reduce unit costs in managing forfeitures and foreclosures; and to institute foreclosure prevention programs. One of the prevention methods provided by statute is a Hardship Deferral. It was used to protect twenty (20) properties from foreclosure in 2017.

Of the 15 properties foreclosed on March 31, 2017, all but four properties were sold at public auction. These four will be deeded to the local unit of government, unless by resolution of the local unit they have them remain with the County Treasurer.

| Fiscal Year | 2015 | 2016 | 2017 |
|---------------------------------------|-------------|-------------|---------------|
| Real Taxes Returned Delinquent | | | |
| No. of Properties | 3,991 | 3,728 | 3,675 |
| Dollars in Millions | \$6,126,281 | \$5,943,030 | \$5,975,696 |
| Forfeited and Foreclosed | | | |
| Certified Mail Count | 2210 | 1130 | 2237 |
| Property Forfeited | 503 | 448 | 387 |
| Property Foreclosed | 17 | 16 | 15 |
| Financial Hardship given | 30 | 24 | 20 |
| Tax Collections | | | |
| Receipts Written | 5575 | 4469 | 5007 |
| Dollars in Millions | \$6.3 | \$5.8 | \$6.8 |
| Interest & Fees | \$1,028,436 | \$744,033 | \$791,137 |
| Tax Roll Adjustments | | | |
| No. Processed | 602 | 729 | 666 |
| Foreclosed Land Sale in 2017 | | | |
| Proceeds from Sale | | | \$117,100.00 |
| Total Tax, Fees & Interest Billed | | | (\$22,260.44) |
| Less Charge Back to Tax Units | | | \$0.00 |
| Total Gain (Loss) on 2014 Land Sales | | | \$94,839.56 |

Real Taxes Returned Delinquent

The County operates a Delinquent Tax Revolving Fund (DTRF) from which the County pays the all other taxing authorities their portion of the delinquent property taxes, (in essence “buying in” the delinquent tax) as settled March 1 each year; with the payments being distributed annually 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 graph below shows the volume of delinquent parcels and the total dollars necessary in each year to “buy in” the delinquent taxes.





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 seeks to acquire tax foreclosed properties if they remain unsold after both property auctions.

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 of 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, other than 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 its only funding stream coming from property sale transactions. Specific information for 2017 is below while actual Financial Results from 2017 operations are shown on the following page.

- No new properties were added and none sold
- Only one property is being held by the Land Bank. It is in Holland Township and it 8.6 feet wide by 139 feet long
- The LBA has only one "5/50" plan in place, it is for property in Holland City, which provided the only 2017 income for the LBA

Ottawa County Land Bank Authority

| OTTAWA COUNTY LAND BANK AUTHORITY | | |
|--|-----------|------------------|
| 2017 Actual | | |
| REVENUE | | |
| Sale of Property | \$ | - |
| Tax Capture | \$ | 1,589.08 |
| TOTAL REVENUE | \$ | 1,589.08 |
| EXPENSES | | |
| Insurance | \$ | - |
| Legal Services | \$ | - |
| Administrative Expense | \$ | - |
| Dues & Memberships | \$ | 125.00 |
| Mileage & Conference | \$ | 113.95 |
| TOTAL EXPENSES | \$ | 238.95 |
| NET | \$ | 1,350.13 |
| YEAR END 2016 FUND BALANCE | \$ | 91,915.00 |
| YEAR END 2017 FUND BALANCE | \$ | 93,265.13 |

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
 Dale Wyngarden, Appointed Citizen Member
 Alan Dannenberg, County Commissioner, Appointed County Member
 Rebecca K Hopp, Ferrysburg Mayor, Appointed City Member
 Timothy P Maday, City of Zeeland, Appointed City Member
 Alan Vanderberg, County Administrator, Appointed County Member

Current Property Tax Administration

The collection of the summer and winter tax rolls by state law has been decentralized from the county and is the responsibility of local units of government. The County Treasurer's Office assists local government assessors and treasurers by verifying tax roll calculations prior to the bills being mailed. Local units are requested to 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) which is 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 can be retained by the County.

The current year tax rolls are turned over by the local units of government 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" using 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 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 2017 are now saved electronically – eliminating the need for paper tax rolls and reducing the need to expand physical vault storage space.

Property Tax Search

A tax search is a documented, paid tax status verification from the Ottawa County Treasurer's Office. The verification may be of delinquent tax status; historical tax roll amounts including if paid or not; and legal description. Tax search requests are received by 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. A legislative change during 2016 increased the price for certifying deeds and our revenue line has seen a significant jump in fee income.

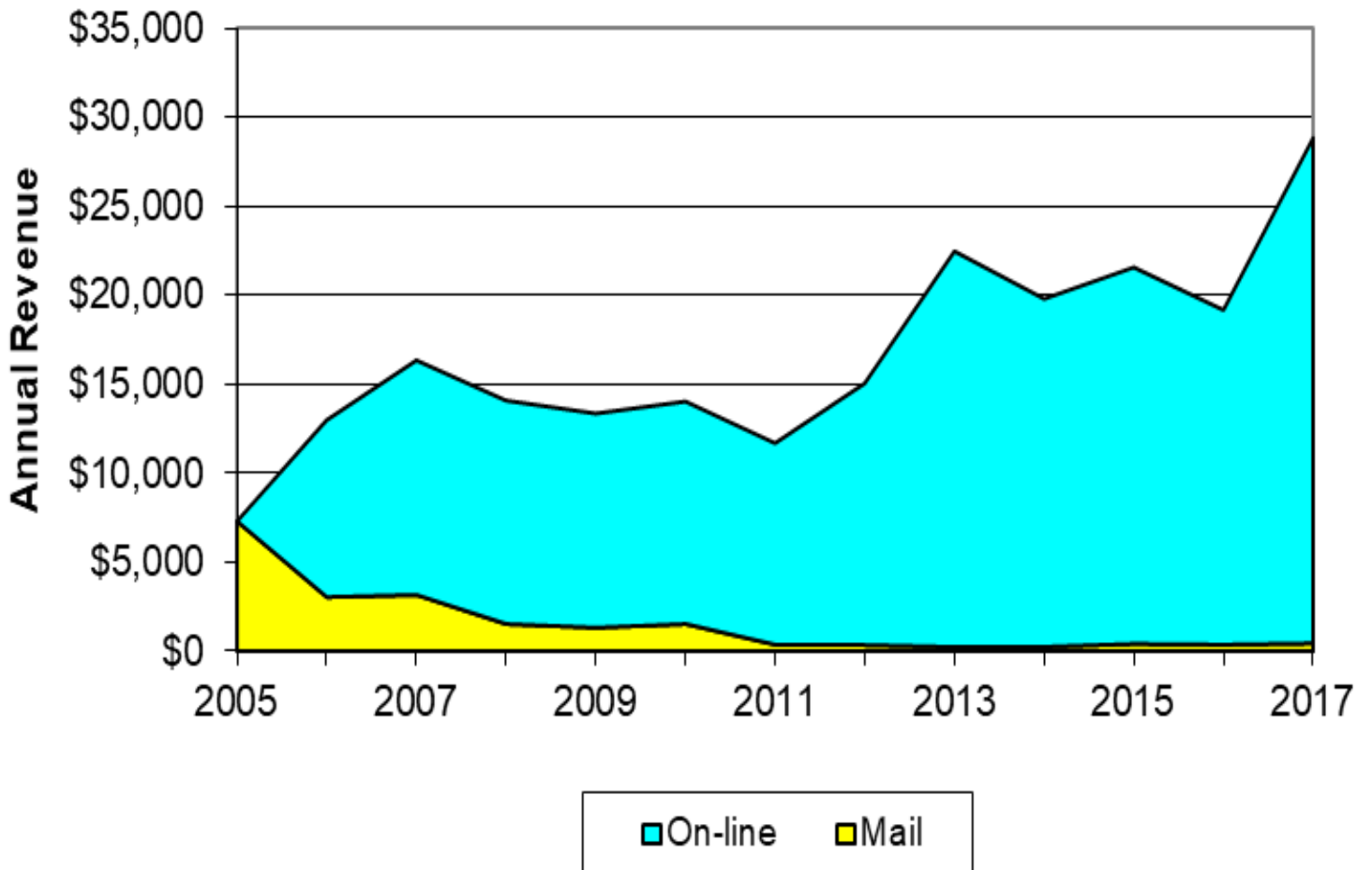
The new fee set by State statute is a minimum of \$5 for up to 25 deeds.

A County Board policy decision in 2005 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 to verify the property information and then obtain written documentation for delinquent and paid taxes 24 hours per day, seven days a week.

| Fiscal Year | 2015 | 2016 | 2017 |
|------------------------------|-----------------|-----------------|-----------------|
| Certification Revenue | | | |
| Deed Certification | \$8,485 | \$33,478 | \$45,819 |
| Tax Search Revenue | | | |
| Mail Searches | \$413 | \$374 | \$447 |
| Business On-line Search | \$17,301 | \$14,258 | \$23,139 |
| Personal On-line Search | \$3,852 | \$4,168 | \$4,802 |
| Total Search \$ | \$21,566 | \$18,800 | \$28,388 |
| On-Line Utilization | 98% | 98% | 98% |

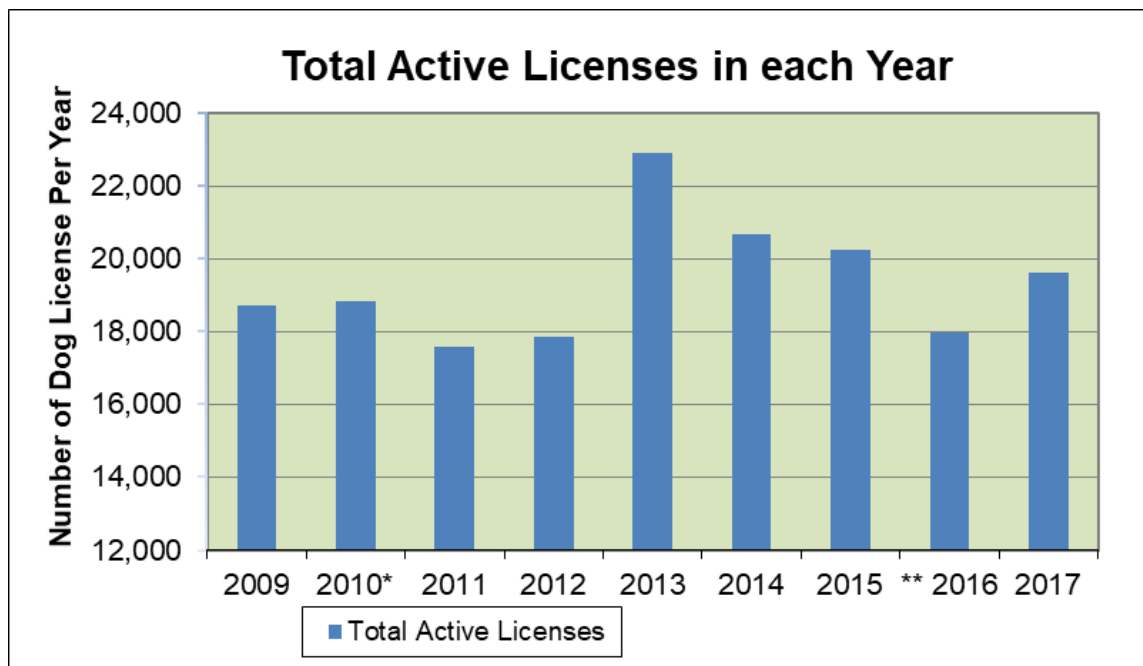
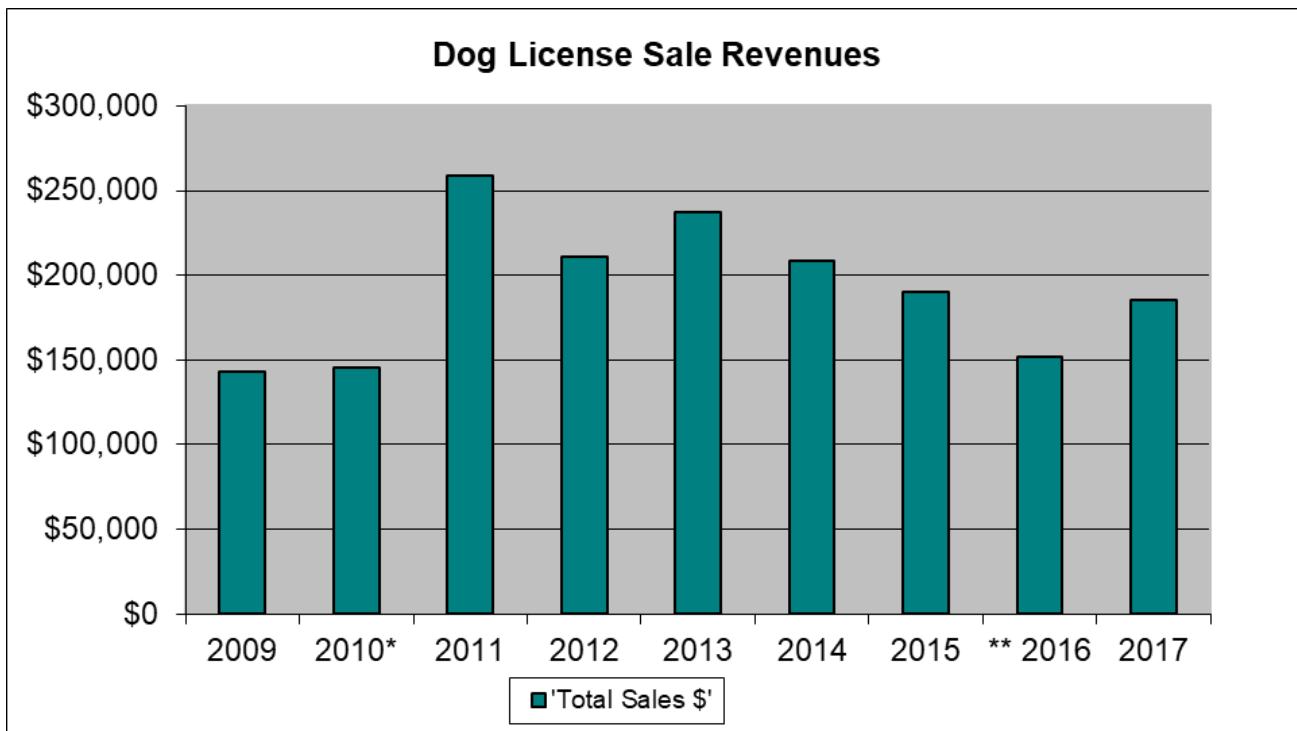
Tax Search Revenue



Dog and Kennel License Program

The County Treasurer's Office manages the dog and kennel license program for the County. 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 license 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.

** 2016 only shows 9 months of sales until Sept 30, 2016 in transition to new fiscal year end.

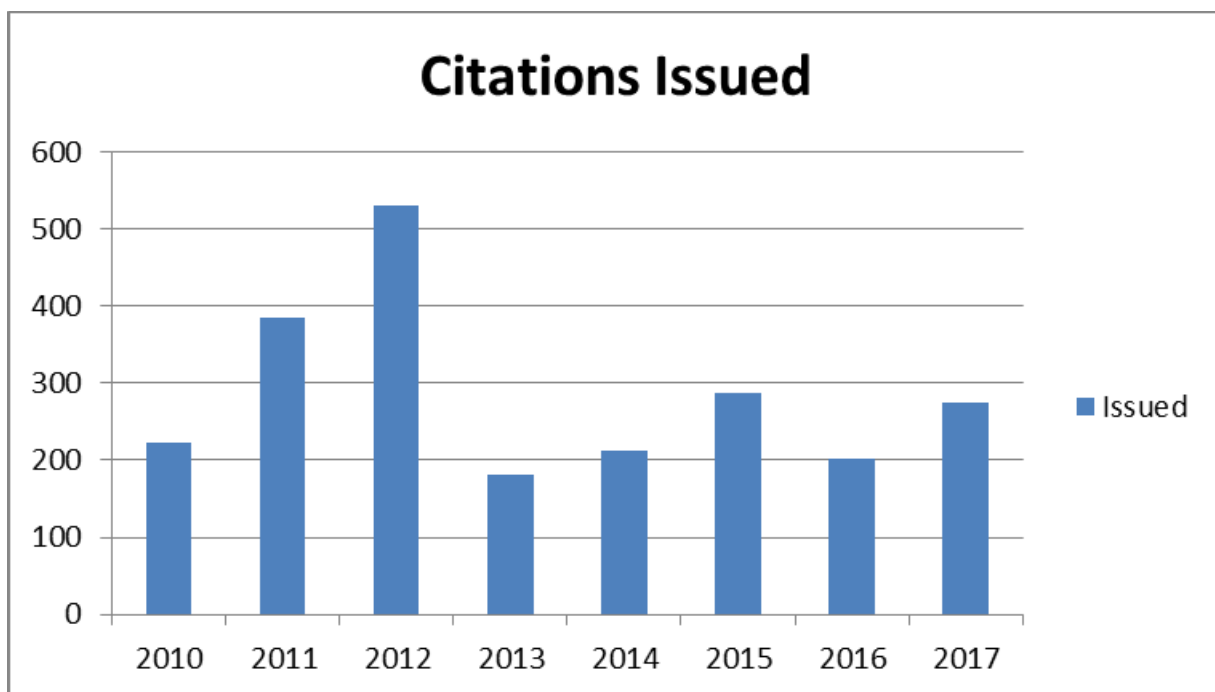
Municipal Civil Infraction Bureau

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 and associated revenue as seen in the graph below.

| Fiscal Year | 2015 | 2016 | 2017 |
|------------------------------|-------------|-------------|--------------|
| Citations Disposition | | | |
| Issued | 287 | 202 | 274 |
| Collected | 118 | 92 | 112 |
| Collected \$ | \$ 7,347.00 | \$ 5,748.00 | \$ 7,841.00 |
| Paid on Line | 57 | 80 | 62 |
| Paid on Line \$ | \$ 2,288.00 | \$ 3,195.00 | \$ 2,518.00 |
| Total Revenue | \$ 9,635.00 | \$ 8,943.00 | \$ 10,359.00 |
| To District Court | 89 | 70 | 49 |
| Dismissed | 22 | 40 | 23 |
| Pending | 1 | 2 | 28 |



Cemetery Trust Fund

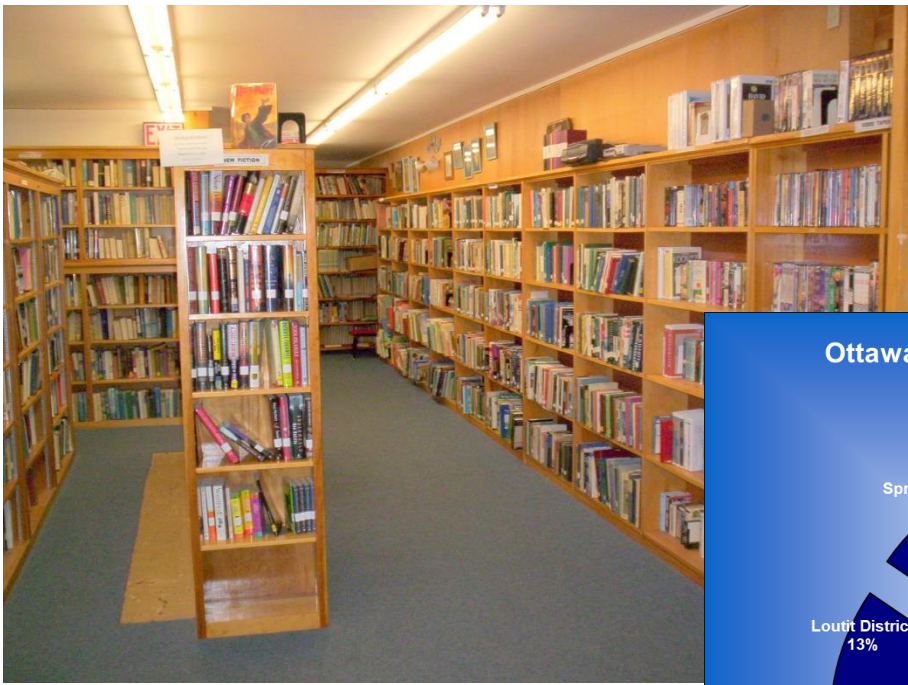


History:

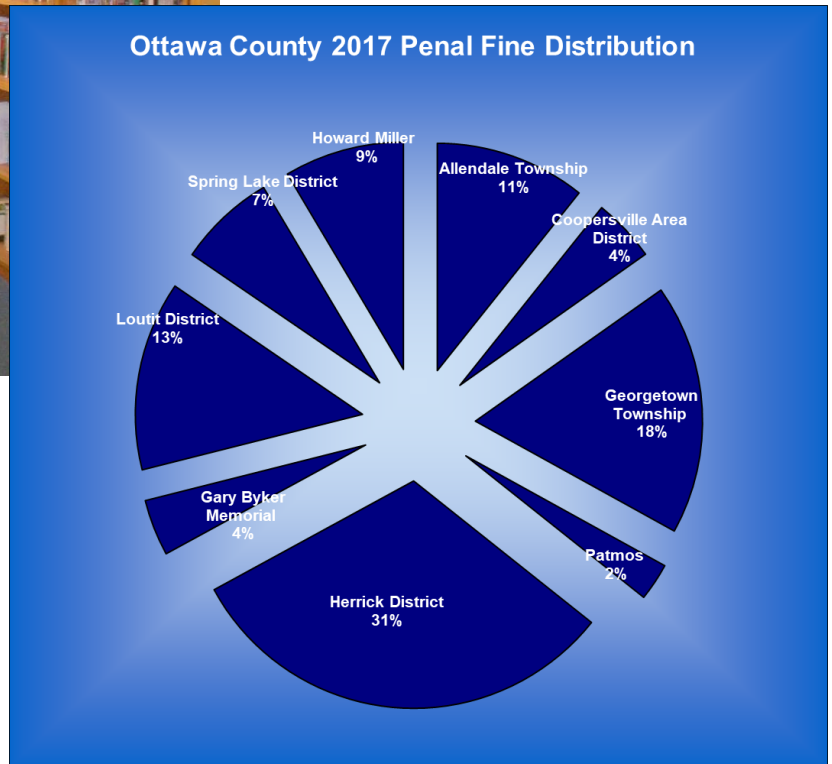
As part of Michigan Public Act 81 of 1903 the legislature created a requirement that the county treasurer accept any sum of money (of at least \$50) for the perpetual care of cemetery lots. The county treasurer must deposit the funds and pay out the interest on a regular basis for said care, and shall 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 various organizations that are responsible for cemetery maintenance. The original balances are then rolled into a new investment account to begin the process again.
- Interest was last paid out to the cemeteries December 2016.
- At fiscal year end there was \$5,817.09 in the Cemetery Trust and it is invested at Michigan CLASS in a pooled liquid asset account.



Library Penal Fines



Public Act 59 of 1964 established the Penal Fine distribution rules that are designed to help establish and support public libraries, which are to be available to all residents of the state. That law also solidified the collection and distribution of penal fines based on population of the jurisdiction the local library serves.

Ottawa County has nine public libraries and the County Treasurer's office receives the penal fines throughout the year and then annually in July, after the Library of Michigan sends out a listing of the eligible libraries and associated populations, disburses the collected funds to each library. In recent years the penal fines distribution total has ranged from \$700,000 to over \$920,000. In 2017 the total distributed was \$826,633.70, and was divided in the percentages shown in the graph above.

Penal Fine Revenue Flow Chart





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 2017 Annual Report of the Ottawa County Treasurer's Office is submitted to the following members of the Ottawa County Board of Commissioners in January 2018. The activities and programs of the Treasurer's office are funded by the people and approved by the members of the Ottawa County Board of Commissioners.

Bradley J Slagh, County Treasurer

Commissioner Francisco C. Garcia, District 1
Commissioner Joseph S. Baumann, District 2
Commissioner Donald Disselkoen, District 3
Commissioner Allen Dannenberg, District 4
Commissioner Mike P. Haverdink, District 5
Commissioner Kelly Marie Kuiper, District 6
Commissioner James H Holtvluwer, District 7
Commissioner Greg J. DeJong, Chair, District 8,
Commissioner Philip D. Kuyers, District 9
Commissioner Roger A Bergman, District 10
Commissioner Matthew Fenske, District 11