

2010 Annual Report of the County Treasurer



**Treasurer of Ottawa County
Bradley J. Slagh
March 2011**

County of Ottawa

Office of the County Treasurer 2010 Annual Report

March 2011

Honorable Commissioners
Ottawa County Board of Commissioners

Imagine government offices that seek out Human Resources to help eliminate 1/10 of their staffing, because technology and staff efforts have enabled that reduction. That was how the Treasurer's Office began 2010, down one full time employee. Increased capabilities within the County Web Site and our BS&A software had expanded access for customers to 24/7 and reduced the amount of manual effort necessary to provide quality service to our customers. This in turn enabled a permanent reduction in staffing levels.

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.

Electronic Filing of Forfeiture Deed Recordings

At the prompting of and in conjunction with the Register of Deeds office, we have begun further utilizing the Register of Deeds software upgrade by filing property forfeiture deeds and any redemptions electronically. This process now significantly enhances the speed at which the deeds are able to be recorded by the Register of Deeds Office. It also saves printing costs for each deed and reduces the handling costs by both the Treasurer staff and Register of Deeds staff.

RFP for Investment Tracking Software

The Treasurer Office issued an RFP to evaluate replacement and pricing of Investment Tracking software. This review resulted in better tracking of the movement of cash within the organization along with less manual general ledger entries necessary. Additionally, we reduced the annual cost to the County for this line item by approximately 37%.

Web Listing of Outstanding Checks

Furthering our efforts to make sure that our customers receive more of the money that belongs to them, the Treasurer's Office in coordination with WebTecs Inc. has created a listing on the County Web Site that shows all of the un-cashed checks that have been issued by the County in the last 5 years, along with a contact at the County who can help to get the check reissued.

OPEB Funds to a Michigan Firm

The County's OPEB investments had been under the control of a firm in Oklahoma that was providing only acceptable service. The Treasurers Office moved the funds to a West Michigan based investment firm, and is now getting better service and furthering the local economy.

RFP for Banking Services

The County Investment Policy calls for our primary banking relationship to be bid every 4 years. Seven banks initially responded to the RFP but only six provided proposals. JP Morgan Chase won the bid by providing cost savings over prior levels and improving on products being offered to the County.

Land Bank Authority instituted

After more than a year of discussions and meetings, the Ottawa County Land Bank Authority became a reality. The goal of the Land Bank Authority is to utilize tax-reverted properties, acquired properties and other resources for encouraging housing, economic development opportunities, and other public purposes, through collaboration with community organizations and local governmental units.

On-line Tax Information

Directly related to our staff reduction; we have offered on-line tax searches since 2006 and approximately 95% of all searches are now completed on-line with no additional staff time required. Interestingly, with that change and even with no price increase our revenue for this service has jumped nearly 300%.

Beyond that, we have heard that this on-line tax research service is being used by at least one funeral home to determine which city or township their clients reside in.

Taxation Errors Avoided

Cities and Townships bill for all property taxes. As a service to them, the County Treasurer's Office reviews their billing notices and their tax databases to ensure that the billings go out correctly. In 2010, we found and helped correct 35 errors that would have affected tax billings.

Goals for 2011

- First property moved to Land Bank Authority
- Implementation of 3 year and year round dog licensing
- Software testing & upgrade for BS&A Dog Licensing
- Stronger evaluation of banks through internal bank ratings
- Play integral part in evaluation & selection of ERP software vendor
- Continue reviewing each area for potential utilization of electronic imaging rather than printed reports
- Automatic GL entries from investment software to reduce manual entries and eliminate errors

Conclusion

The Treasurer's Office continues to seek opportunities to work closely with those inside and outside of the County, to build solid relationship, to utilize new technology, push for better pricing and find cost reductions. The actions of 2010 set the stage for taking on the challenges that the next several years will bring to County and Local Governments in the midst of reduced funding. The quality staff in the Treasurer's Office is prepared to continue making changes necessary to provide valuable service in the best means possible.

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. 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.

Michigan law requires that the County’s banking relationship be bid out on a regular basis. In 2010 a Request for Proposal (RFP) was completed by the Treasurer’s Office resulting in better pricing for the future while remaining with Chase Bank for our servicing.

Performance measurements for this function are:

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

Bank charges continue to be up in 2010 as a result of drastically lower interest rates on the sweep account that had been effectively offsetting these charges in prior years.

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 2010 we helped 16 Local Units of Government strike 121 uncollectable Personal Properties from their roles.

Operating goals for 2010 included: Issuing and evaluating a Banking Services RFP, Issuing an RFP for Investment management software, Implementing changes identified in the RFP processes.

Fiscal Year	2008	2009	2010
Automated Receipting			
Manual	14,239	18,357	16,729
Electronic	555,345	556,675	675,625
Total	569,584	575,032	692,354
Ratio of electronic to total receipts written:			
	97.5%	96.8%	97.6%
Depository Accounts			
Accounts	26	27	36
Bank Charges	\$21,496	\$55,900	\$51,758
Uncollected Delinquent Personal Property			
County Tax	\$20,332	\$10,410	\$66,309
Parks Tax	\$1,917	\$974	\$6,105
E 911 Tax	\$2,668	\$1,356	\$8,499
Taxes Stricken from Taxes Receivable			
# of Local GU	16	14	16
# of Parcels	132	126	121

Ottawa County Investment Pool

Cash and investment activities for the 12 months ending December 31, 2010 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 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 2010 was 1.46% which compares with a 2010 blended index earning of 2.42% (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 3.44% as compared to 2.2% for the 5 year CPI average.

At December 31, 2010 approximately \$30.3 million of the portfolio was laddered over a six year period with an average portfolio maturity of 2.06 years. We will continue to ladder and invest to take advantage of the yield curve whenever possible.

Invested Balance at December 31, 2010

\$81,096,460 Par Value
\$81,689,723 Market Value

(\$193,895) Accumulated change in fair value

Total Return Rate

2010	1.242%
2009	1.096%
2008	4.421%
2007	6.103%
2006	4.370%
5-year average	3.446%

Gross Interest Dollars Earned

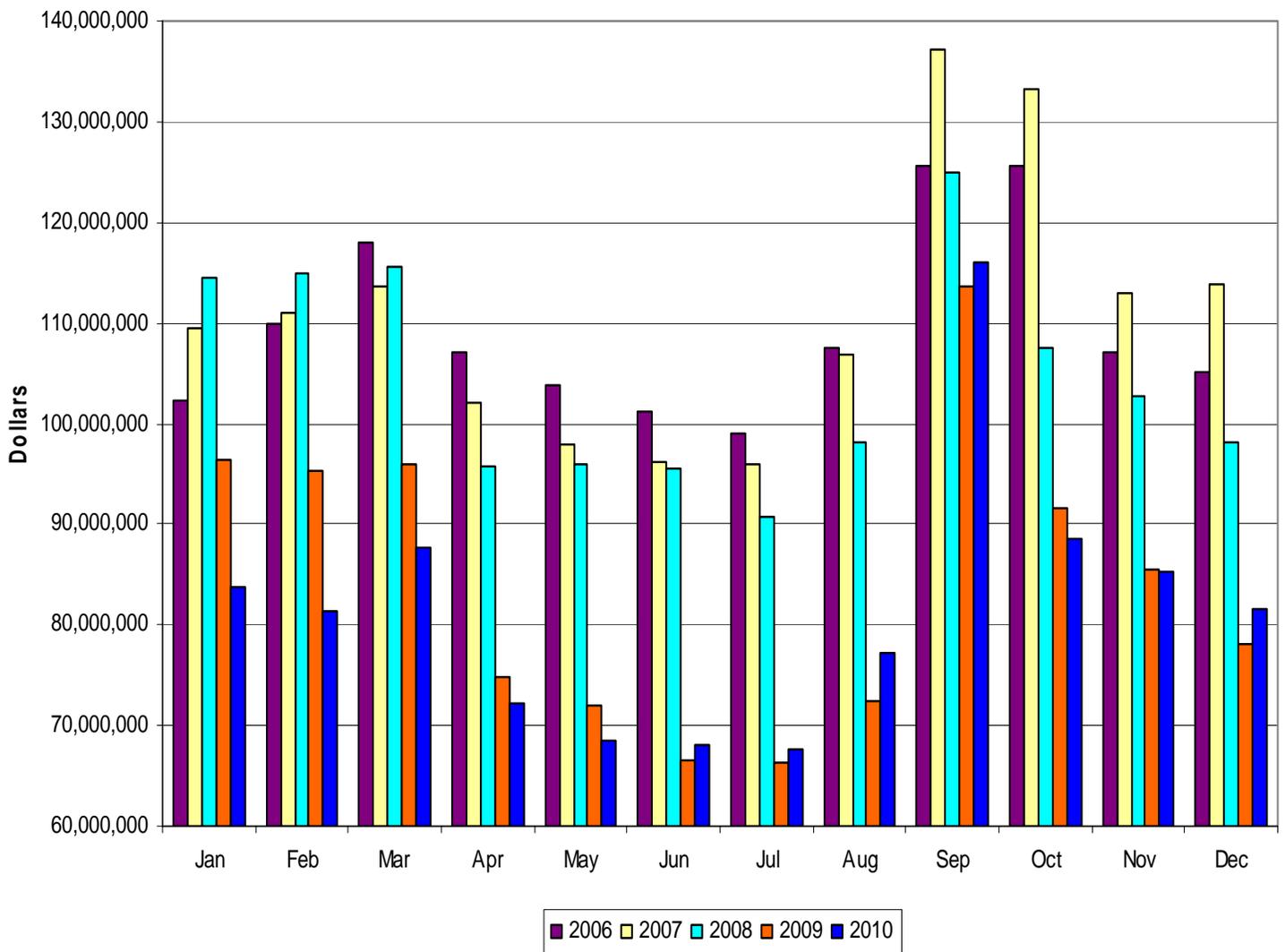
2010	\$1,187,879
2009	\$1,690,543
2008	\$3,431,588
2007	\$4,792,276
2006	\$4,443,535

Exhibits Attached

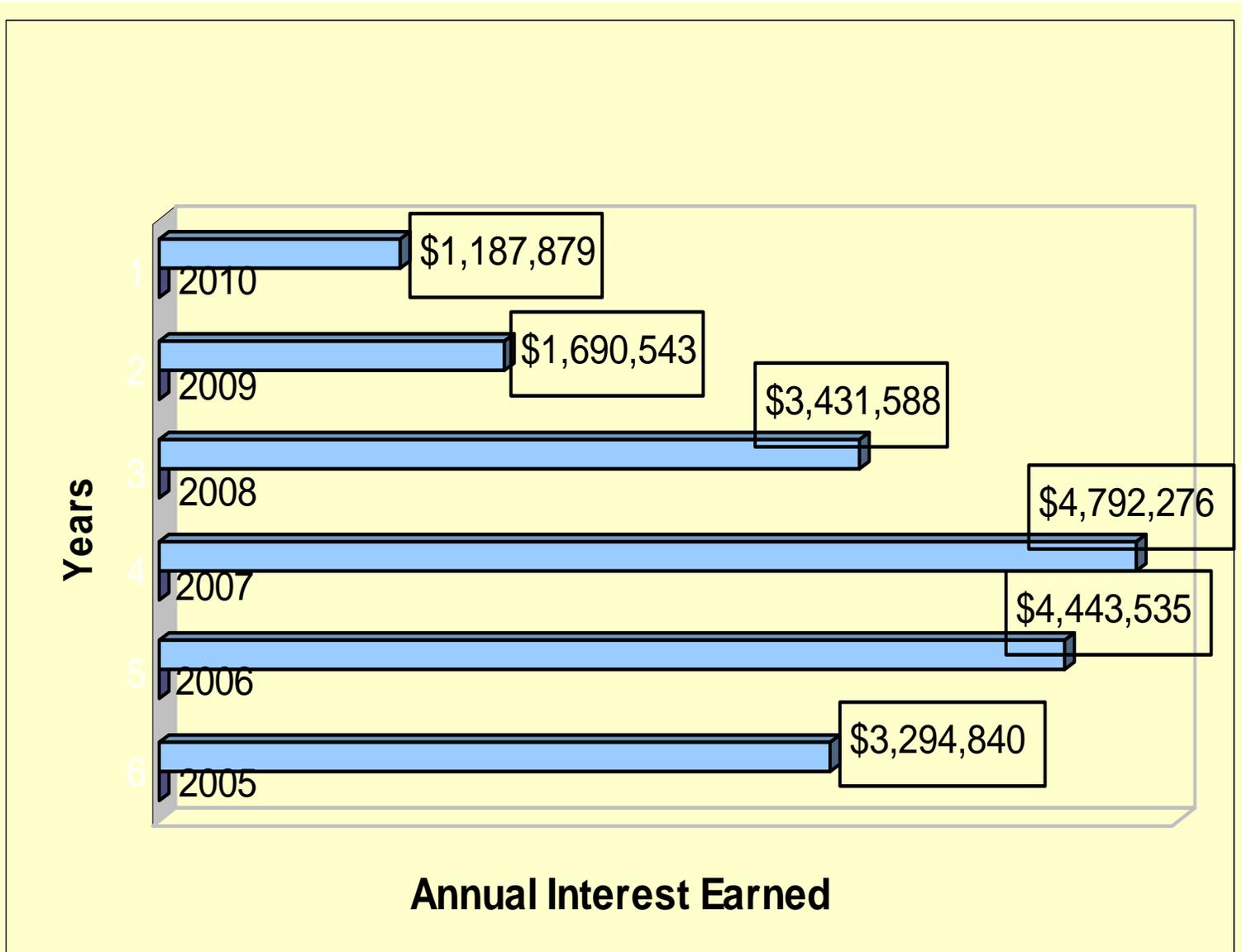
Graph of Asset Allocation as of December 31, 2010

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 has been one of the financing tools of the county.

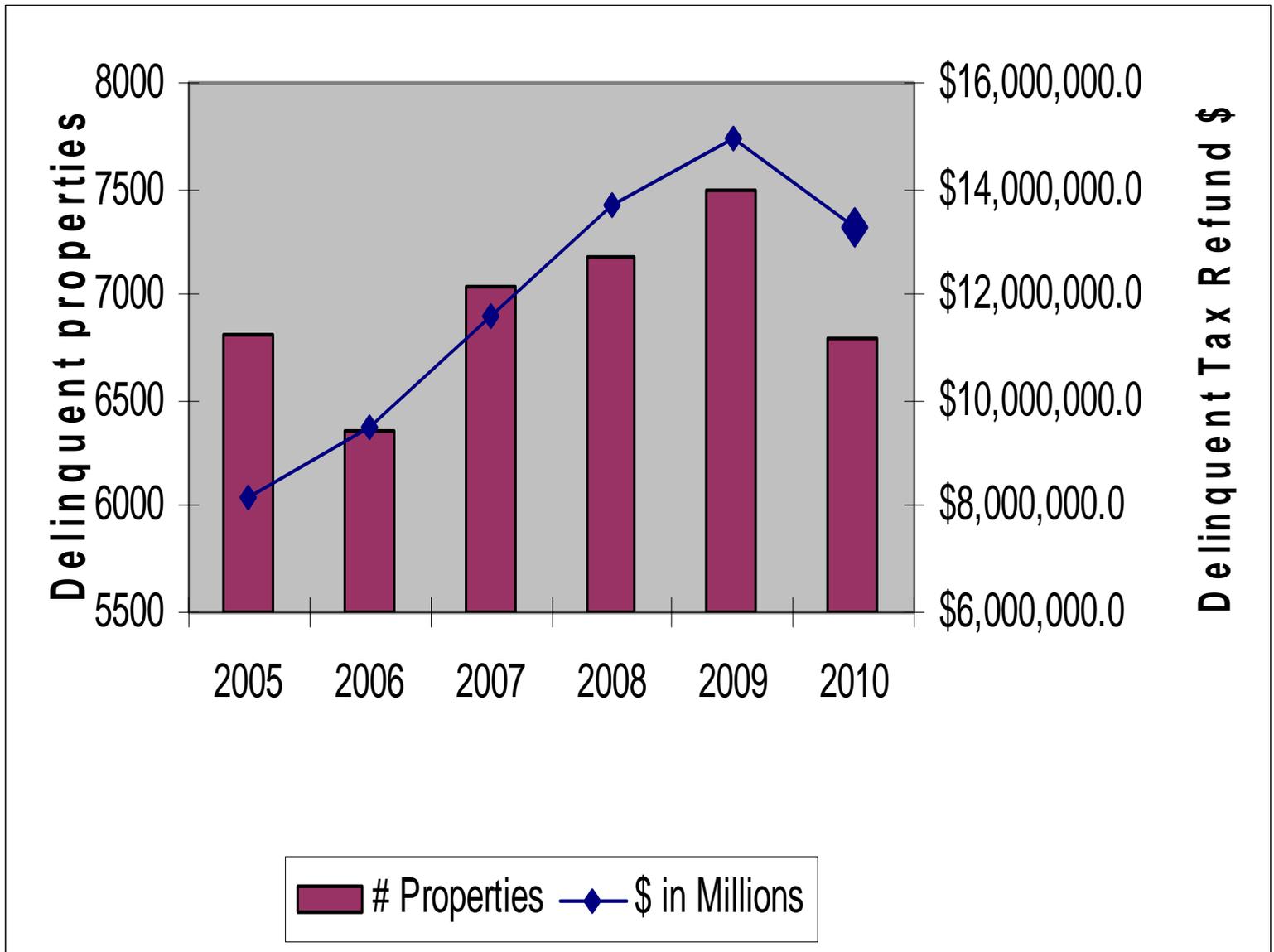
The performance measurements for delinquent tax administration are designed to: increase efficiencies to be better able to manage additional workload without staff additions; to reduce unit costs in managing forfeitures and foreclosures; and to institute foreclosure prevention programs. One of the prevention methods provided by statute is a Hardship Deferral, it was used to protect eighteen (18) properties from foreclosure in 2010.

Of the 69 properties foreclosed on March 31, 2010, one (1) was pulled because it was owned by the FDIC, three(3) properties were claimed by a local unit. 23 properties were sold at public auction, of the 42 that remained unsold only one was picked up by the local unit of government in December; therefore they become property of the County. There was a net loss in 2010 from the disposition of property of **\$7,755.98**. These funds were borrowed from our 2009 Sale Proceeds account to pay for the taxes and fees in full.

Ongoing clean-up efforts on a 2009 foreclosed parcel resulted in further bills of \$1,981.00 that were charged against the 2009 Sale Proceeds.

Fiscal Year	2008	2009	2010
Real Taxes Returned Delinquent			
No. of Properties	7179	7493	6800
Dollars in Millions	\$13.70	\$14.9	\$13.3
Forfeited and Foreclosed			
Certified Mail Count	2345	2771	2367
Property Forfeited	995	1290	973
Property Foreclosed	12	18	69
Financial Hardship given	6	9	18
Tax Collections			
Receipts Written	8141	9620	8877
Dollars in Millions	\$13.8	\$14.0	\$13.8
Interest & Fees	\$1,831,380	\$2,629,083	\$2,289,085
Tax Roll Adjustments			
No. Processed	589	645	610
Foreclosed Land Sale in 2010			
Proceeds from Sale		\$143,569.50	
Total Tax, Fees & Interest		\$151,772.13	
Less Charge Back to Tax Units			\$0.00
Gain (Loss) on 2009 Land Sale			(\$7,755.98)

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) 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 2010 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. 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 2010 are now saved electronically – eliminating the paper tax rolls and reducing physical space storage needs.

State Education Tax Collection Pass-through			
Fiscal Year	2008	2009	2010
Dollars in Millions	\$57.5	\$58.5	\$56.5
No. of Payments	501	555	540
Interest Earned	\$146,033	\$42,509	\$39,994

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.

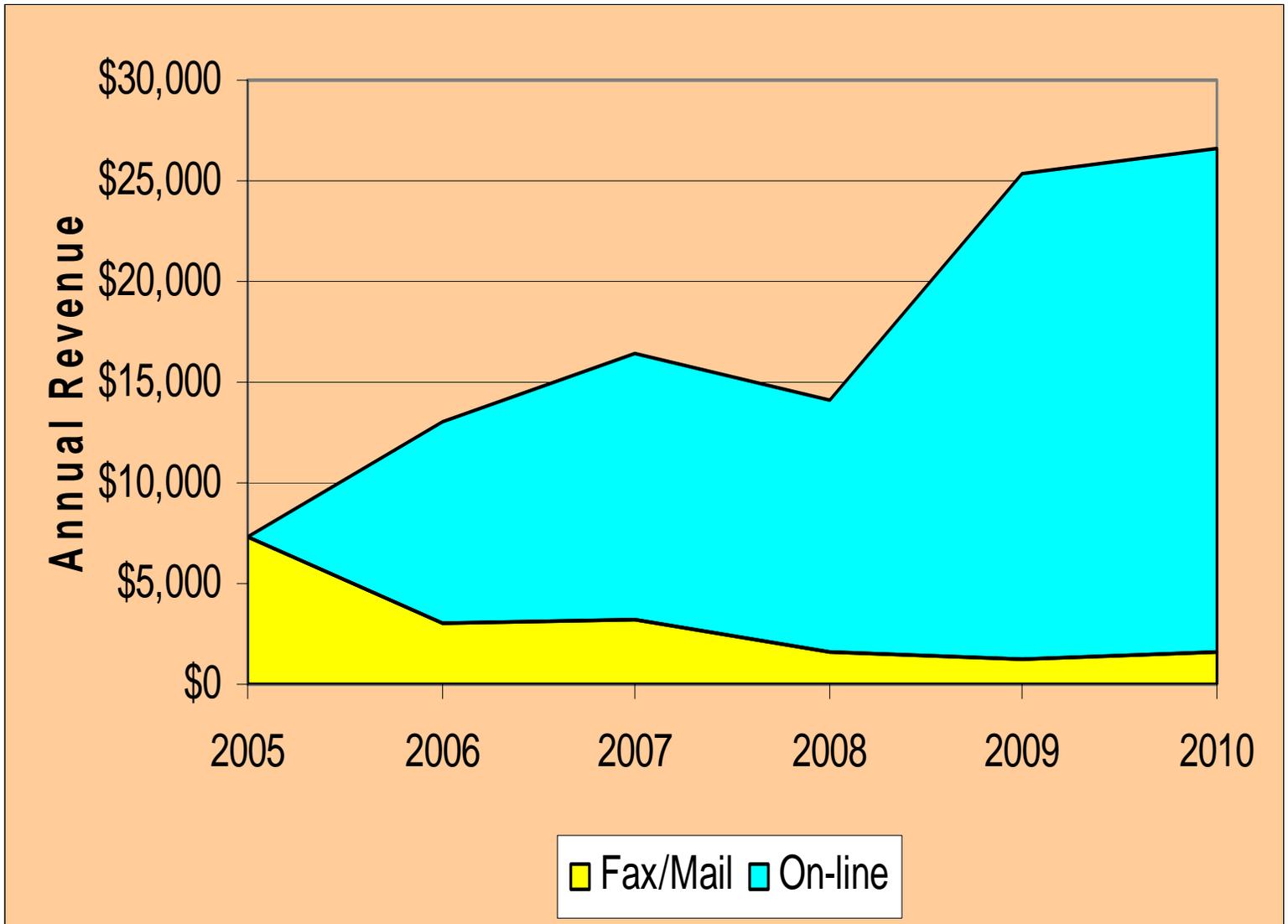
Public terminals are provided at the Fillmore location and at Grand Haven for anyone to do their own property tax search. Public access is granted at no charge.

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.

Fiscal Year	2008	2009	2010
Certification Revenue			
Deed Certification	\$4,956	\$5,015	\$5,382
Tax Search Revenue			
Fax/Mail Searches	\$1,535	\$1,327	\$1,535
On-Line Searches	\$12,551	\$24,056	\$24,994
Total Search \$	\$14,086	\$25,383	\$26,529
On-Line Utilization	89%	95%	94%

Tax Search Revenue



Dog and Kennel License Program

The County Treasurer's Office manages the dog and kennel license program. In 2010 the licenses were sold year-round in the County Treasurer's Office, and at Harbor Humane Society. Local treasurers sold dog licenses at their location from December 1 to February 28. The fees for dog licenses were \$15 male or female; \$6 spay or neutered; \$6 puppy. Fees double if not paid by the last day of February.

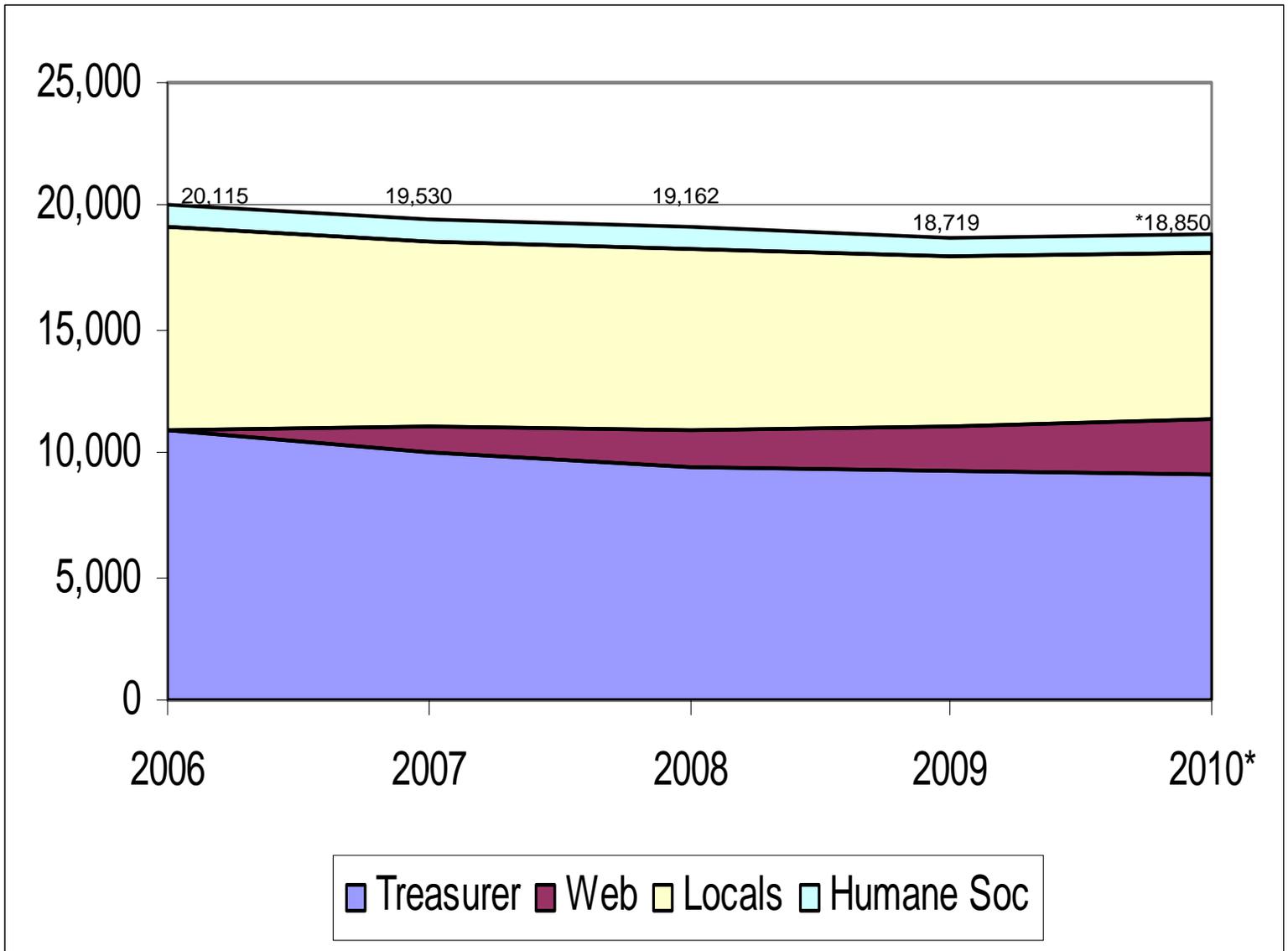
For the fifth year in a row the County has experienced a reduction in the number of dog licenses purchased and renewed. This translates to almost 1,500 less dogs licensed in 2010 than in 2005.

In 2010 the County Board approved a recommendation from the Treasurer to begin issuing both 1 & 3 year dog licenses. The change includes selling licenses year round at all sales locations and having the Veterinarians issuing licenses. We are hopeful that these customer requested changes may slow the trend of fewer dogs being licensed. We also anticipate reducing the total licensing costs experienced by the Treasurer's Office as a result of the change.

License Year	2008	2009	2010
Dog Licenses Sold			
O.C. Treasurer	9,488	9,315	9134
O.C. Treasurer Web	1476	1711	2292
Local Treasurers	7,293	6,883	6674
Humane Society	905	810	750
Total	19,162	18,719	18,850
License Income	\$161,697	\$142,840	\$145,460

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

Fiscal Year	2008	2009	2010
Citations Disposition			
Issued	195	226	223
Collected	141	152	163
Revenue	\$11,489	\$11,367	\$8,788
To District Court	31	28	20
Dismissed	20	46	35
Pending	3		5



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 2010 Annual Report of the Ottawa County Treasurer's Office is submitted to the following members of the Ottawa County Board of Commissioners in March 2011. 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. Ruiter, District 4
Commissioner Greg J. DeJong, District 5
Commissioner Roger G. Rycenga, District 6
Commissioner Joseph S. Baumann, District 7
Commissioner Donald Disselkoen, District 8,
Commissioner Robert Karsten, District 9
Commissioner James C. Holtrop, Vice-Chairperson, District 10
Commissioner Jim Holtvluwer, District 11