

# **2014 Annual Report of the County Treasurer**



**Treasurer of Ottawa County**

**Bradley J. Slagh**

**Presented March 2015**

# County of Ottawa

## Office of the County Treasurer 2014 Annual Report

March 2015

Honorable Commissioners  
Ottawa County Board of Commissioners

### **Overview**

The bulk of the work completed in the County Treasurer's Office is mandated by Michigan law. However, the opportunity to determine the levels of service provided is in the hands of the Treasurer, but must be supported by the Board of Commissioners. In light of that partnership this Annual Report not only presents the numeric facts, it also includes in these opening pages some of the ways the Treasurer's Office, in conjunction with the Board, is expanding access and information, reducing costs, or benefiting our citizens in other ways.

### **2014 Major Initiatives**

#### Banking RFP

- We created a study of our current banking relationship with our "lead bank" then generated a Request for Proposal that was distributed through the Mitten Site and individually to local banks. Results were 7 Banking Proposals submitted and a Chemical Bank chosen as our new "lead bank".
- Benefits:
  - \* Expected saving when fully implemented of \$4,000 per month in total fees
  - \* Expected additional savings by eliminating our armored courier of up to \$2,000 per month
  - \* The Road Commission has decided to change accounts as well under this plan which should save them over a \$1,000 per month

# 2014 Major Initiatives (continued)

## Property Brought in and Available for Sale

- Communicated with the State of Michigan Land Bank, and arranged to obtain over 125 parcels of property in Ottawa County that they controlled. These were brought into the Ottawa County Land Bank and are now available to try and get them back on the tax roll
- **Benefits:**
  - \* Properties are now able to be placed on the tax roll when a serious “purchaser” becomes available
  - \* The County better controls who gets these properties and for what reason.
  - \* Land Bank has been able to work with a potential purchaser on reopening a marina on the Grand River.

# Today and Tomorrow

## Focus

It continues to be my privilege to work for the County of Ottawa, and in conjunction with the Board of Commissioners and other elected officials to ensure that the work of our citizens is being done well. I appreciate the focus that the Ottawa County Board and the Administrative office has placed on customer service and on continuous improvement. These are things that are often in short supply in a government environment, but are being pushed as the norm in Ottawa County.

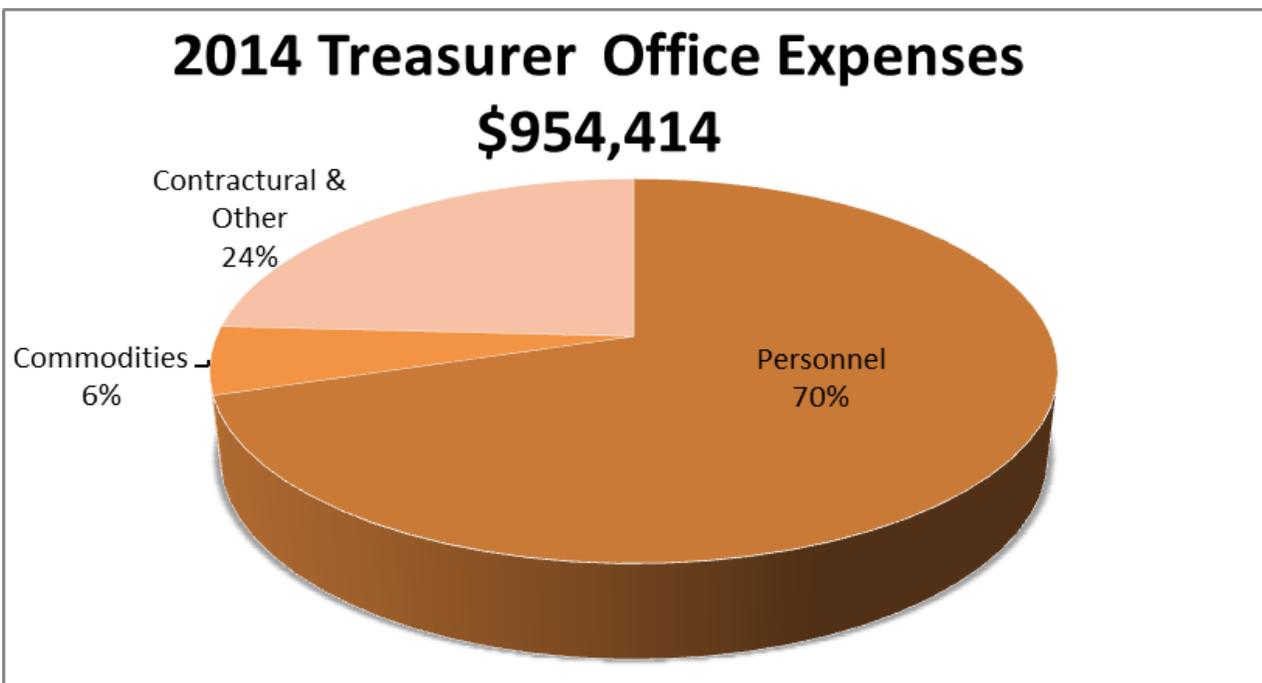
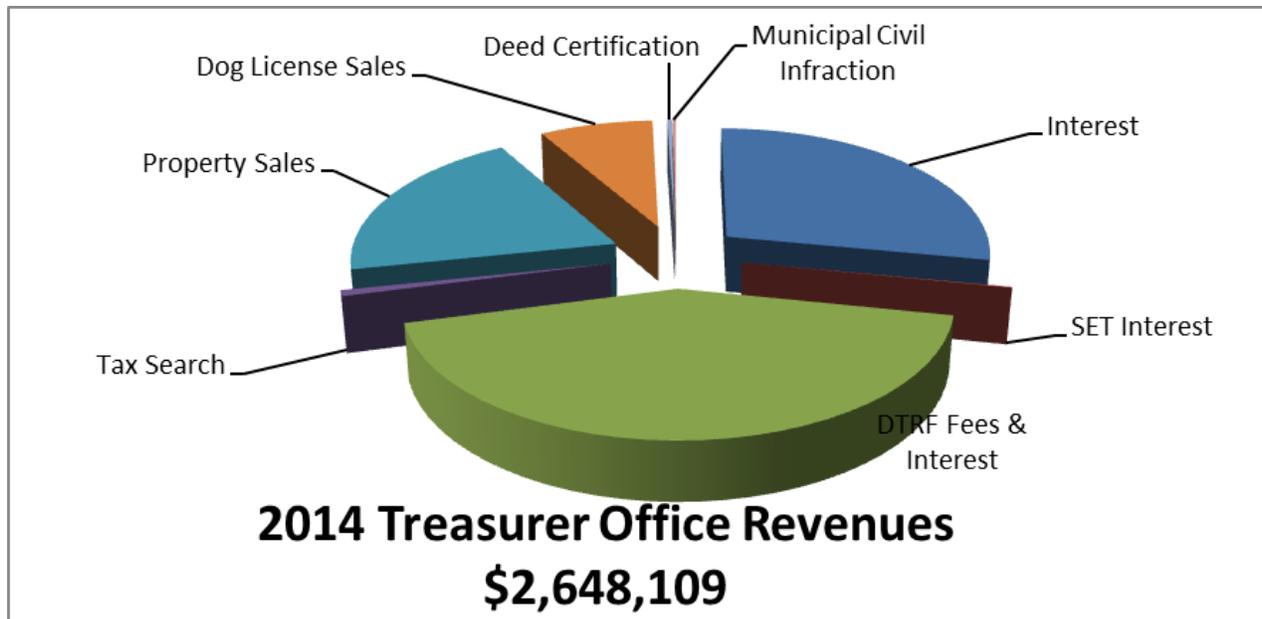
I look forward to continuing to work with the Board of Commissioners and the talented and capable people in other Departments & Offices. We must constantly look for ways to improve our operations while delivering reliable service to our residents. The Treasurer’s Office intends to do just that.

## Goals for 2015

- Complete the banking transition which will enable us to begin saving money each month on banking account expenses
- Explore additional ways to reduce expense and increase customer satisfaction through other payment options for witness and juror fees
- Explore a single entry system for the “cash book” direct to General Ledger
- Pursue the sale of property (especially boat slips) out of the Land Bank
- Evaluate the possibility of funding to enable “last minute” follow-up of 100% PRE properties that are still unredeemed two weeks from tax foreclosure
- Play an integral role in setting up a cashiering system that will meet the needs of the District and Circuit Courts and tied directly to MICA

# Treasurer Revenue vs. Expense

2014 Total Revenue in Treasurers Office		2014 Total Treasurer Expenses	
Interest	\$741,965.00		
SET Interest	\$2,900.00	Personnel	\$567,929.92
DTRF Fees & Interest	\$1,134,658.55	Commodities	\$36,529.38
Tax Search	\$19,798.00	Contractual	\$158,945.48
Property Sales	\$526,630.17	<b>General Fund</b>	<b>\$ 763,404.78</b>
Dog License Sales	\$208,193.00		
Deed Certification	\$8,303.00	Personnel	\$101,472.93
Municipal Civil Infraction	\$5,662.00	Commodities	\$18,126.66
<b>Total Revenue</b>	<b>\$2,648,109.72</b>	Contractual	\$71,409.23
		<b>Delinquent Tax</b>	<b>\$ 191,008.82</b>
		Total Exp.	\$954,413.60



# 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. A Request for Proposal (RFP) was completed in 2014, and resulted in a decision to change banking relationships to Chemical Bank after approximately 15 years with Chase. The banking transition will be done in 2015.

Performance measurements for this function are:

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

## Personal Property Tax 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. In 2014 we helped 15 Local Units of Government strike 101 uncollectable Personal Properties from their rolls. This single legal effort provides a direct reduction in legal expenses for each unit that participates.

Checks that remain un-cashed must be escheated to the State. The interpretation of the unclaimed property law changed in 2013 where instead of escheating after three years, now checks over one year old must be escheated. This explains the significant increase in both volume and dollars over 2012.

Fiscal Year	2012	2013	2014
<b>Depository Accounts</b>			
Accounts	37	38	30
Bank Charges	\$28,649	\$17,854	\$21,128
<b>Uncollected Delinquent Personal Property</b>			
County Tax	\$63,712	\$65,912	\$65,352
Parks Tax	\$8,365	\$6,055	\$8,275
E 911 Tax	\$6,011	\$8,424	\$5,948
<b>Taxes Stricken from Taxes Receivable</b>			
# of Local GU	16	17	15
# of Parcels	116	125	101
Total \$	\$ 101,458.39	\$ 146,043.84	\$7,229.24
<b>Unclaimed Checks - Escheated to State</b>			
# of Checks	281	1209	553
Total \$	\$14,762.03	\$69,495.98	\$51,979.13

# Ottawa County General Fund Investment Pool

Cash and investment activities for the 12 months ending December 31, 2014 are discussed below. This report covers only the operations of the county that fall under the direct responsibility of the County Board of Commissioners. Therefore, the report that follows does not include operations of the Insurance Authority, Building Authority, the Road Commission, OPEB Trust or certain activities of the Drain Commissioner, unless identified specifically.

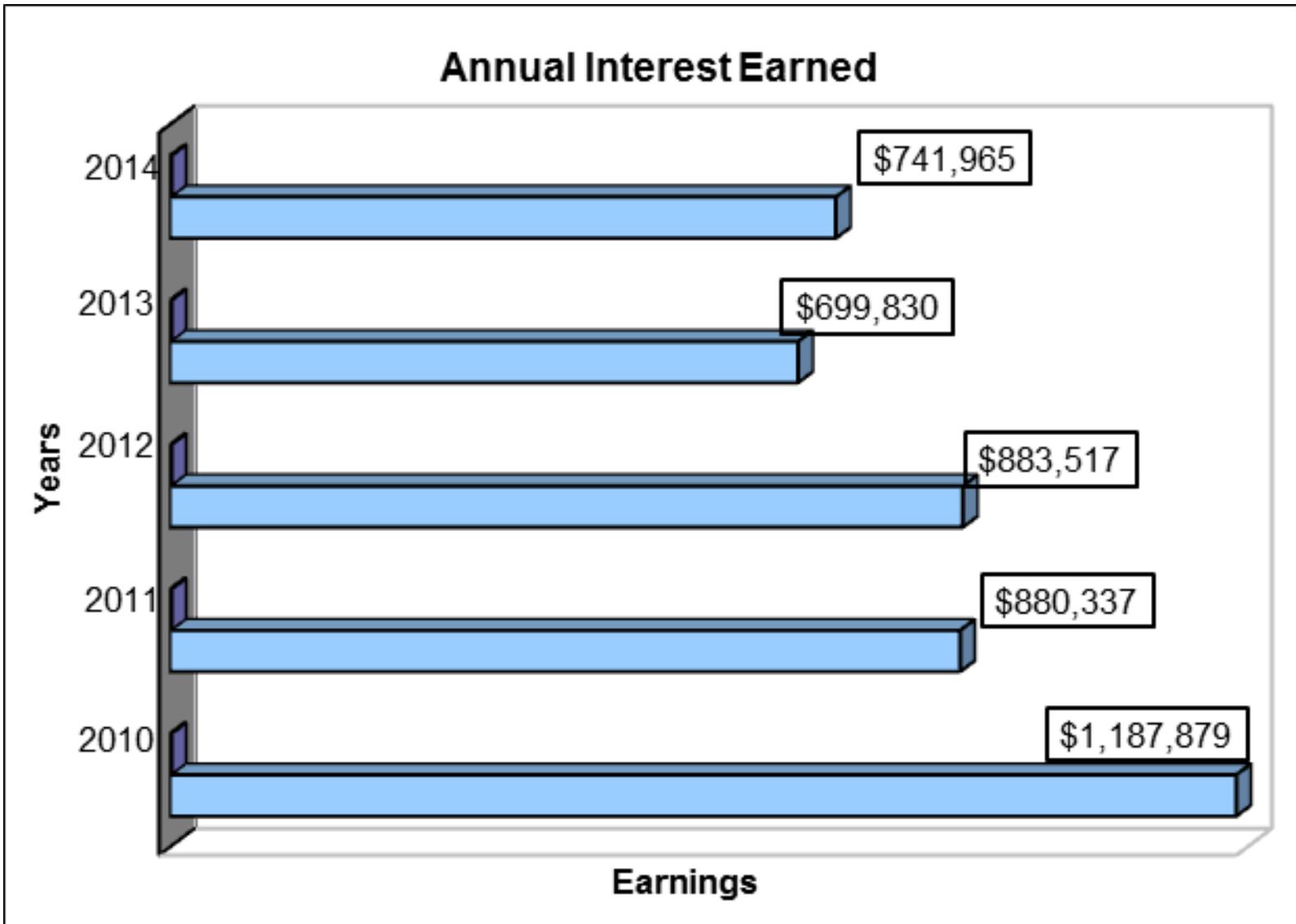
The primary objectives of the county's investment activities, in priority order are: first the protection of principal, second liquidity and last creating return on investments. The investment activity throughout the year and at December 31 was in compliance with the Ottawa County Investment Policy,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

The total return for 2014 was 1.362% which compares with a 2014 Benchmark blended index earning of 0.797% (using 2/3 Barclay's 1-5 year Government Index blended with 1/3 Citigroup 3-month T-Bill Index). The 5-year average total return on the county's investments was 0.904% as compared to 2.0% for the 5 year CPI average.

At December 31, 2014 approximately \$36.9 million of the portfolio was laddered over a ten year period with an average portfolio maturity of 1.77 years. We will continue to ladder while investing to take advantage of the yield curve whenever possible.

<b>Invested Balance at December 31, 2014</b>			
\$81,233,980	Par Value		
\$81,455,408	Market Value		
\$315,731	Accumulated change in fair value		
<b>Total Return Rate</b>			
2014	1.362%		
2013	-0.139%		
2012	1.024%		
2011	1.032%		
2010	1.242%		
5-year average	0.904%		
<b>Gross Interest Dollars Earned</b>			
2014	\$741,965		
2013	\$699,830		
2012	\$883,517		
2011	\$880,337		
2010	\$1,187,879		

# Annual Interest Earnings General Fund



# Delinquent Property Tax Administration

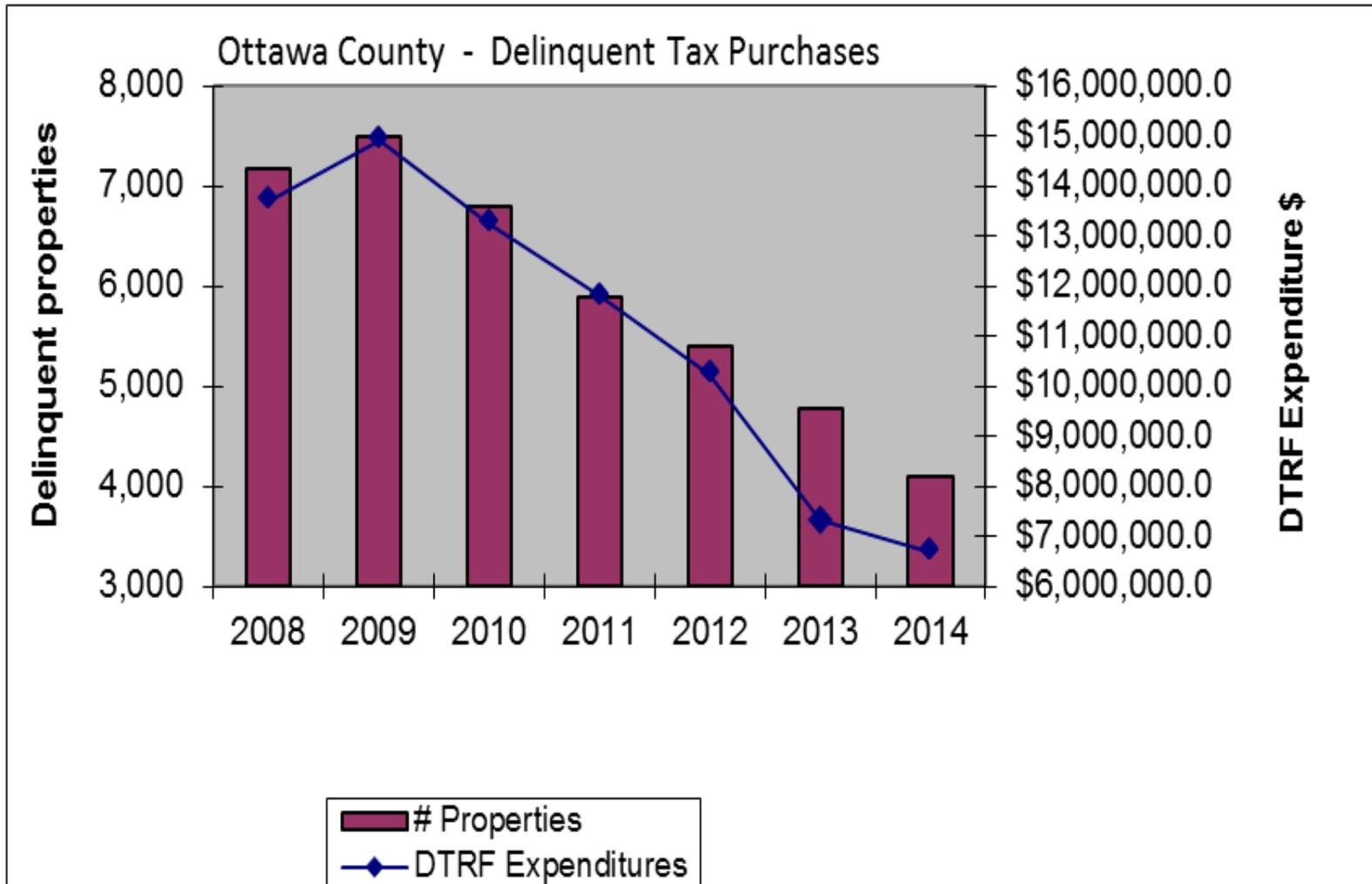
It is the responsibility of the county treasurer to collect delinquent real property taxes. Functions associated with delinquent taxes include writing receipts, processing adjustments to prior year tax rolls (for up to 20 years), processing bankruptcy claims, managing the annual forfeiture and foreclosure process, and being the Foreclosing Unit of Government. The county operates a Delinquent Tax Revolving Fund, from which taxing authorities are paid their portion of the delinquent taxes, is settled as of March 1 each year; with the payments being distributed around April 8. By not depleting the Delinquent Tax Revolving Fund, it has become one of the financing tools of the county.

The performance measurements for delinquent tax administration are designed to: increase efficiencies to be better able to manage additional workload without staff additions; to reduce unit costs in managing forfeitures and foreclosures; and to institute foreclosure prevention programs. One of the prevention methods provided by statute is a Hardship Deferral. This tool was used to protect twenty four (24) properties from foreclosure in 2014.

Of the 19 properties foreclosed on March 31, 2014, 15 properties were sold at public auction, two Local Units each purchased a parcel before auction and those that did not sell became property of the County.

Fiscal Year	2012	2013	2014
<b>Real Taxes Returned Delinquent</b>			
No. of Properties	5396	4772	4,092
Dollars in Millions	\$10.2	\$7.3	\$6,699,783.4
<b>Forfeited and Foreclosed</b>			
Certified Mail Count	3179	3566	3146
Property Forfeited	766	697	646
Property Foreclosed	104	32	19
Financial Hardship giver	21	22	24
<b>Tax Collections</b>			
Online Payments	106	110	117
Receipts Written	7189	6415	6185
Dollars in Millions	\$12.6	\$7.9	\$7.0
Interest & Fees	\$2,457,803	\$1,420,445	\$1,115,412
<b>Tax Roll Adjustments</b>			
No. Processed	928	969	727
<b>Foreclosed Land Sale in 2014</b>			
Proceeds from Sale			\$526,630.17
Total Tax, Fees & Interest			\$207,530.81
Less Charge Back to Tax Units			\$0.00
Gain (Loss) on 2011 Land Sales			\$319,099.36

# Real Taxes Returned Delinquent



# Ottawa County Land Bank Authority

Formed in 2010, the Ottawa County Land Bank Authority (LBA), has as their mission to return property to the tax roles and to promote development within the County. All ongoing support to accomplish the mission of the LBA is provided by the County Treasurer's office, with most legal assistance being provided by the County's Corporate Counsel.

The Ottawa County Land Bank Authority does not have taxing authority and was established with it's only funding stream coming from property transactions. The (preliminary) Actual Financial Results from 2014 operations are shown below.

<b>OTTAWA COUNTY LAND BANK AUTHORITY</b>		
2014 (Preliminary) Actual Financial Results		
		<b>YTD</b>
<b>REVENUE</b>		
Sale of Property		\$ -
Tax Capture		\$ -
<b>TOTAL REVENUE</b>		<b>\$ -</b>
<b>EXPENSES</b>		
Delq/Current Taxes Paid		\$ -
Insurance		
Legal Services		\$ -
Administrative Expense		\$ -
<b>TOTAL EXPENSES</b>		<b>\$ -</b>
<b>NET</b>		<b>\$ -</b>
<b>YEAR END 2013 FUND BALANCE</b>		<b>\$ 65,286.08</b>
<b>YEAR END 2014 FUND BALANCE</b>		<b>\$ 65,286.08</b>

## Ottawa County Land Bank Authority Board Members

Bradley Slagh, County Treasurer, by statute, Chair  
 Glenn Nykamp, Zeeland Township Supervisor, Vice-Chair, Appointed Township Member  
 Leon Stille, Cockery Township Supervisor, Secretary, Appointed Township Member  
 Ken Rizzio, Ottawa County EDC, Treasurer, Appointed EDC Member  
 David VanDyke, Appointed Citizen Member  
 Dennis VanDam, County Commissioner, Appointed County Member  
 Rodney Lloyd, Coopersville City Mayor, Appointed City Member  
 David VanderHeide, City of Holland, Appointed City Member  
 Alan Vanderberg, County Administrator, Appointed County Member

# Current Property Tax Administration

The collection of the summer and winter tax rolls has been decentralized from the county and 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 our March 1 settlement smoother.

The State continues to place reliance on the county treasurer’s staff to coordinate collections and provide accountability for the State Education Tax (SET) being billed and collected by the local units. The limited offset to this workload is the investment interest earnings on the State Education Tax levy, which are retained by the County, the amount for 2014 is in the table to the right.

<b>State Education Tax Collection Pass-through</b>			
<b>Fiscal Year</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Dollars in Millions	\$53.8	\$53.7	\$55.0
No. of Payments	504	481	443
Interest Earned	\$4,130	\$2,482	\$2,900

The current year tax rolls are turned over by the local government units 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 out of the county’s Delinquent Tax Revolving Fund. In an effort to determine if we will need to bond for purchasing the delinquent taxes, an estimate of cash available each April 1<sup>st</sup> was done through the year 2027. Tax rolls are required to be maintained and adjusted by the County Treasurer for all of 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 2014 are now saved electronically – eliminating the paper tax rolls and reducing the need to expand physical storage space.

# 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. Tax search requests are received by FAX, email, US Postal service, or through the county's web site. The fee is set by State statute at a maximum of 50 cents per parcel per year requested. If the search is performed online at \$ .50 technology fees is also applied.

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.

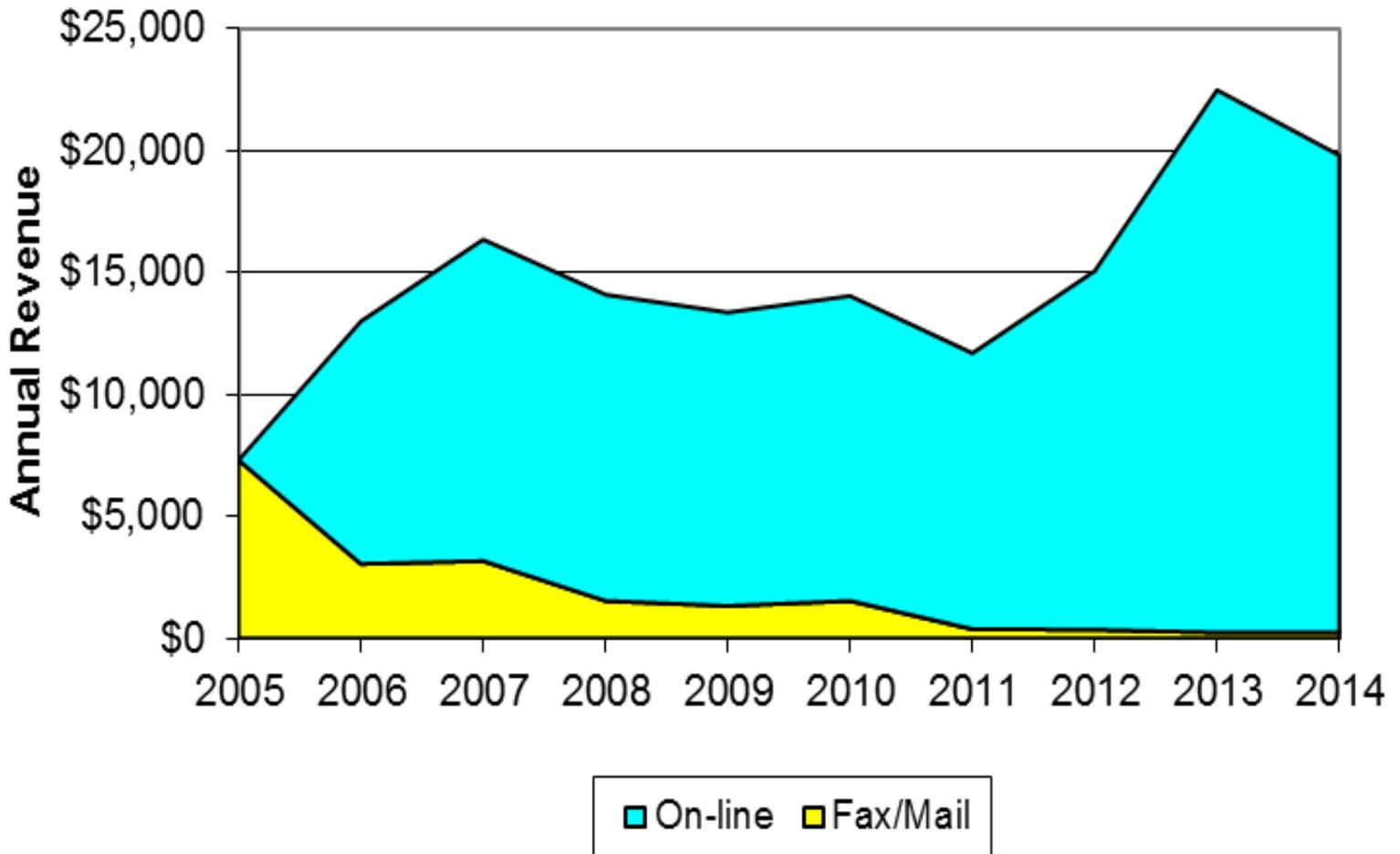
Tax searches are also performed for warrantee deed certification. The fee set by State statute is a minimum of \$1 per deed.

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 (a 10% reduction) 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.

<b>Fiscal Year</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Certification Revenue</b>			
Deed Certification	\$7,201	\$8,116	\$8,303
<b>Tax Search Revenue</b>			
Fax/Mail Searches	\$349	\$242	\$250
On-Line Searches	\$14,707	\$22,228	\$19,548
Total Search \$	\$15,055	\$22,470	\$19,798
On-Line Utilization	97%	99%	99%

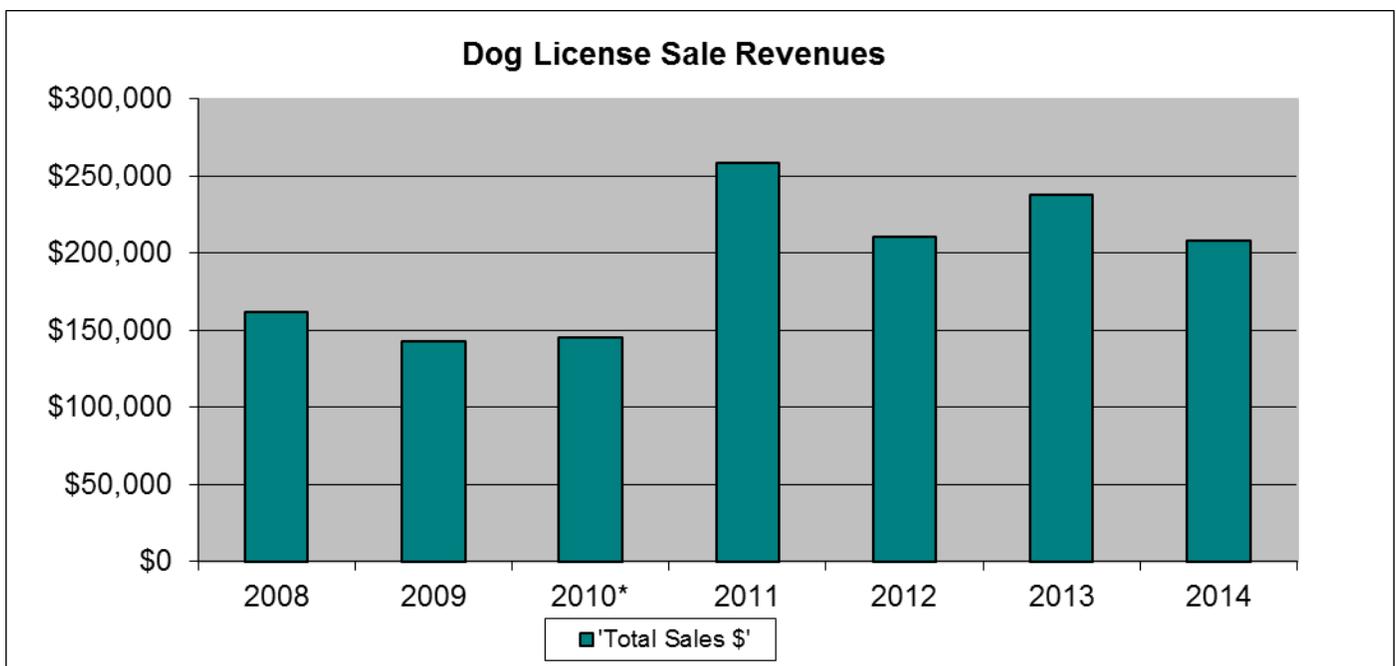
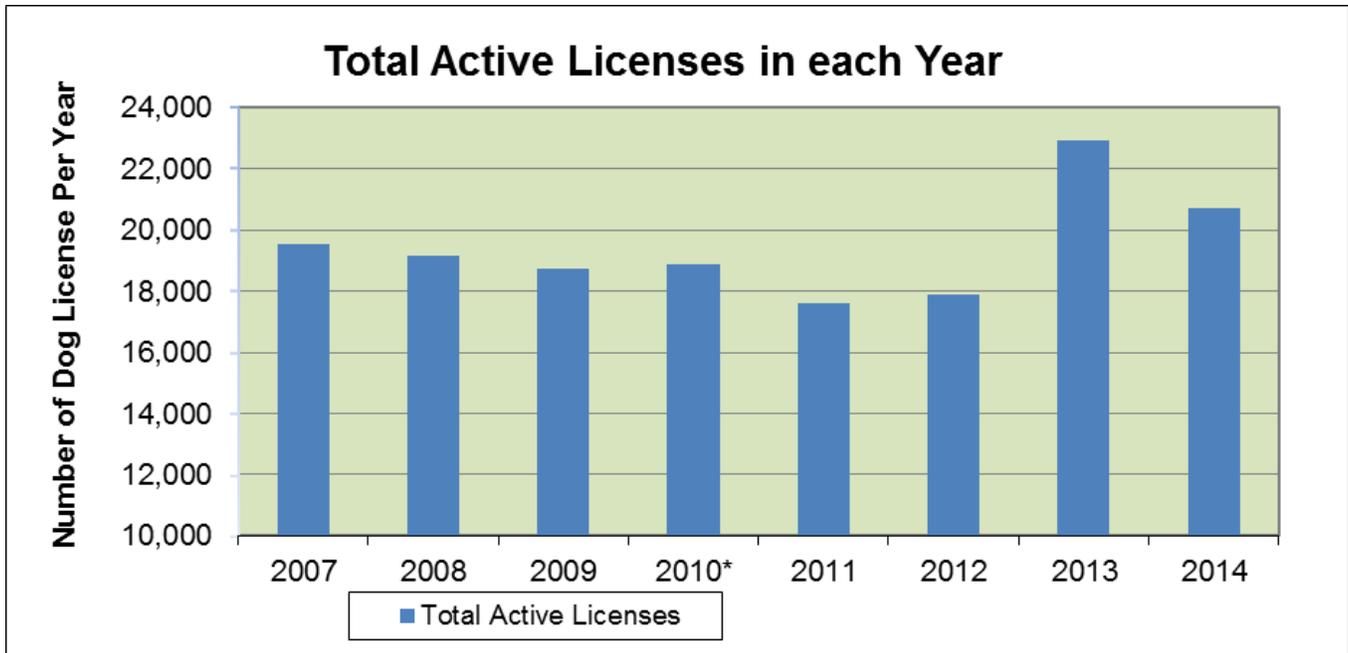
# Tax Search Revenue



# Dog and Kennel License Program

The County Treasurer's Office manages the dog and kennel license program. In 2011 Ottawa County implemented a change and began selling both one year and three year licenses on a year round basis, that same year the price increased for the first time in at least 10 years. Fees for yearly dog licenses are now \$25 male or female; \$10 spay or neutered; \$10 puppy.

Local government units estimate that we are only licensing 35 – 50 percent of the dogs in the County. In an effort to increase those numbers 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. Absent the fear of being caught with an unlicensed animal, the trend of less dogs being licensed in the County continued again in 2014.



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

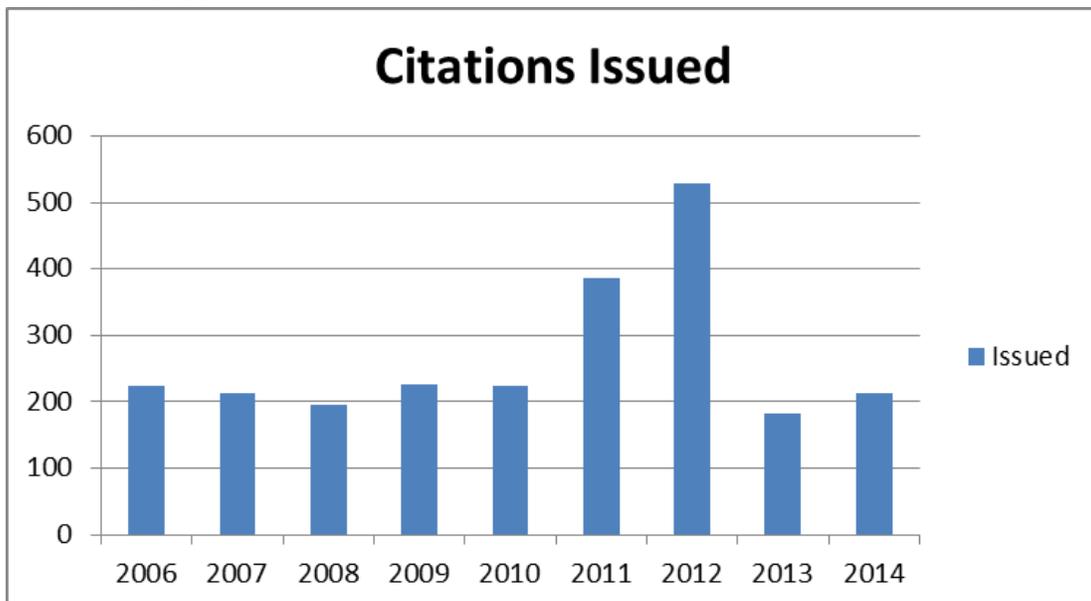
# Municipal Civil Infraction Bureau

The Municipal Civil Infraction Bureau was established by the Board of Commissioners in 1995. The County Treasurer's Office is the designated collecting agency for the Bureau. The Revenue Accounting Supervisor is assigned the responsibility of managing these activities. The fines are established by County Ordinance. The Bureau processes violation tickets issued by the County Parks Department, County Water Resources Commission, Environmental Health, and the Sheriff's Department animal control officers.

Violations that are not paid as due to the Bureau, are turned over to the District Court to be processed as other citations in the court.

In 2012 the Parks Department in an effort to build customer service, waived the ticket if an annual County Parks pass was purchased within two weeks of the ticket issue date. Then in 2013 the Parks Department issued a notice that a citation could be avoided entirely if a County Parks Pass was purchased inside of two weeks. This created a significant reduction in citations issued.

Fiscal Year	2011	2012	2014
<b>Citations Disposition</b>			
Issued	530	182	212
Collected	190	97	
Collected \$	\$ 7,999.00	\$ 4,838.00	\$ 4,228.00
Paid on Line	36	19	
Paid on Line \$	\$ 1,489.00	\$ 760.00	\$ 1,434.00
Total Revenue	\$ 9,488.00	\$ 5,598.00	\$ 5,662.00
To District Court	55	40	52
Dismissed	230	26	20
Pending	19	1	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 compounds the interest for these funds for 5 years and then turns all of the accumulated interest over to the organizations that are responsible for cemetery maintenance. The original balances are then rolled into a new certificate of deposit to begin the process again.
- Interest was last paid out to the cemeteries December 2011.
- There is currently \$5,860.23 in the Cemetery Trust and it is invested in a one year CD at Talmer Bank.



### **Treasurer Office Mission Statement**

The Office of the Ottawa County Treasurer will administer all roles and duties in a professional, effective and responsive manner thereby assuring confidence that both sound management and the best interest(s) of the public are of foremost importance.

The 2014 Annual Report of the Ottawa County Treasurer's Office is submitted to the following members of the Ottawa County Board of Commissioners in March 2015. Thank you to the County Commissioners individually for their interest in my office and its role in county governance, and to the Board as a whole for adequately funding the office so that I am able to effectively run the County Treasurer's office and provide services to the constituents across this great County.

Bradley J Slagh, County Treasurer

Commissioner Stu P. Visser, District 1

Commissioner Joseph S. Baumann, Chairperson, District 2

Commissioner Donald Disselkoen, District 3

Commissioner Allen Dannenberg, District 4

Commissioner Mike Haverdink, District 5

Commissioner Dennis VanDam, District 6

Commissioner, James H Holtvluwer, District 7

Commissioner, Greg J. DeJong, Vice Chairperson District 8,

Commissioner Philip D. Kuyers, District 9

Commissioner Roger A Bergman, District 10

Commissioner Matthew Fenske, District 11