

2018 Annual Report

Office of the County Treasurer



Treasurer of Ottawa County

Amanda Price

Presented: January, 2019

Mission Statement

Treasurer's 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 activities and programs of the Treasurer's office are funded by the people of Ottawa County and approved by the members of the Ottawa County Board of Commissioners. The 2018 Annual Report of the Ottawa County Treasurer's office is submitted to the following members of the Ottawa County Board of Commissioners in January 2019:

Commissioner Francisco C. Garcia, District 1

Commissioner Joseph S. Baumann, District 2

Commissioner Doug Zylstra, District 3

Commissioner Allen Dennenberg, District 4

Commissioner Randy Meppelink, District 5

Commissioner Kyle Terpstra, 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

Office of the County Treasurer

January 2019

Honorable Commissioners of the Ottawa County Board:

Overview

The majority of the work completed in the County Treasurer's Office is mandated by Michigan law. However, service levels are not mandated and excellent customer service can only be provided by the Treasurer's office 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.

2017-18 Initiatives

Changing Primary Bank

Michigan law requires that the county banking relationship and services be bid out every 2 years, however the Ottawa County Investment Policy softens that by requiring the bid be done every four years. Beginning early summer of 2018, the Treasurer's office issued a Request for Proposal (RFP) for banking services. As Chemical Bank, (the county's then current bank) did not respond, Ottawa County was required to find a new bank to provide necessary services. After careful review of the responses, the Treasurer's Office selected Chase Bank as our banking service provider. As of October 1, 2018, all of our checking account accounts were changed to Chase Bank. One factor that contributed to the selection of Chase Bank was the need for more robust technology from our banking partner.

Updated animal ordinance

In an effort to provide updated ordinances, and to allow for issuing civil infractions rather than only criminal infractions as it related to animal licenses violations, the Treasurer's Office assisted Corporate Counsel and the Sheriff's office to produce updated drafts and reviewed the ordinance.

Elimination of Cemetery Trusts

A change in state law allowed the County Treasurer to close and disburse the funds which had been collected and held for cemetery plot maintenance. The Treasurer's office closed and disbursed the funds in July of 2018.

Web Dog licensing system

Prior to the end of fiscal year 2017-18, the Treasurer's office had allowed the sale of licenses, followed by subsequent paper entry and settlement by our veterinarians and local governmental units. For some of those entities, the settlement of funds were completed months later. Beginning October 1, 2018 all dog license sales will be processed on-line ensuring more timely licensing of dogs and collection of fees.

2019 Projected Initiatives

- A Request for Proposal (RFP) to be issued for the potential implementation of a single vendor for credit card processing and the software necessary to eliminate dual entry for credit card transactions
- Explore additional ways to reduce expense through other payment options for witness and juror fees
- Continuing implementation of new banking relationship with Chase Bank
- Test & plan for expected transition to new Tyler Cashiering upgrade

It is 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 on behalf of our citizens is done well. I appreciate the focus our County Board and Administration has placed on customer service and continuous improvement.

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

Amanda Price
County Treasurer

Custodian of County Funds

The Office of the County Treasurer is the depository for all county funds in accordance with Public Act 40 of 1932, and by board resolution.

Fund management activities include receipt for revenues, coordinating 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 2018.

The Michigan Association of County Treasurers is working to enact legislation to update and clarify 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 of government in "striking" Personal Property taxes that have been delinquent more than 5 years and are uncollectable. In 2018, the Treasurer's office helped 15 local units of government strike 100 uncollectable Personal Properties from their rolls. For each unit that participates in 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 changes in state law, we now retain and must account for all unclaimed checks under \$25.

| Fiscal Year | 2016 | 2017 | 2018 |
|---|-------------|-------------|--------------|
| Depository Accounts | | | |
| Accounts | 23 | 22 | 29 |
| Bank Charges | \$14,563 | \$13,124 | \$ 7,669.29 |
| Uncollected Delinquent Personal Property | | | |
| County Tax | \$55,101 | \$39,968 | \$26,502 |
| Parks Tax | \$7,201 | \$3,701 | \$2,652 |
| E 911 Tax | \$5,176 | \$5,149 | \$3,645 |
| Roads | \$1,626 | \$2,132 | \$2,009 |
| CMH | | \$653 | \$918 |
| Taxes Stricken from Taxes Receivable | | | |
| # of Local GU | 13 | 18 | 15 |
| # of Parcels | 82 | 106 | 100 |
| Total \$ | \$ 6,225.06 | \$ 5,718.40 | \$ 12,198.25 |
| Unclaimed Checks - Escheated to State | | | |
| # of Checks | 104 | 71 | 57 |
| Total \$ | \$10,136.65 | \$5,330.77 | \$9,408.09 |
| Uncashed under \$: | \$ 2,497.68 | \$ 1,263.14 | \$ 1,473.41 |

Ottawa County General Fund Investment Pool

Cash and investment activities for the 12 months ending September 30, 2018 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:

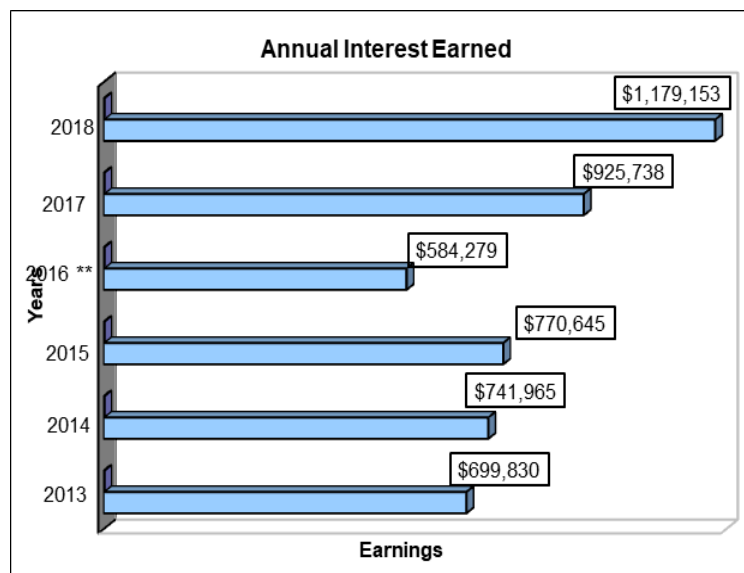
- 1) the protection of principal
- 2) liquidity
- 3) return on investments.

The investment activity throughout the year and at September 30 was in compliance with the Ottawa County Investment Policy.

The total YTD return for 2018 was 1.071% which compares with a 2017 Benchmark blended index earning of -.066% (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 0.987% as compared to 1.24% for the 5 year CPI average.

On September 30, 2018, approximately \$34.2 million of the portfolio was laddered over a ten year period with an average portfolio maturity of 1.99 years. We will continue to ladder while investing to take advantage of the yield curve whenever possible.

| Invested Balance at September 30, 2018 | |
|---|----------------------------------|
| \$95,046,650 | Par Value |
| \$94,196,419 | Market Value |
| | |
| (\$810,784) | Accumulated change in fair value |
| | |
| Total Return Rate (net) | |
| 2018 | 0.480% |
| 2017 | 0.383% |
| 2016 | 1.988% |
| 2015 | 0.721% |
| 2014 | 1.362% |
| 5-year average | 0.987% |
| | |
| Gross Interest Dollars Earned | |
| 2018 | \$1,179,153 |
| 2017 | \$925,738 |
| **2016 | \$584,279 |
| 2015 | \$770,645 |
| 2014 | \$741,965 |
| ** Nine Month year | |



** 2016 includes only 9 months of interest due to 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.

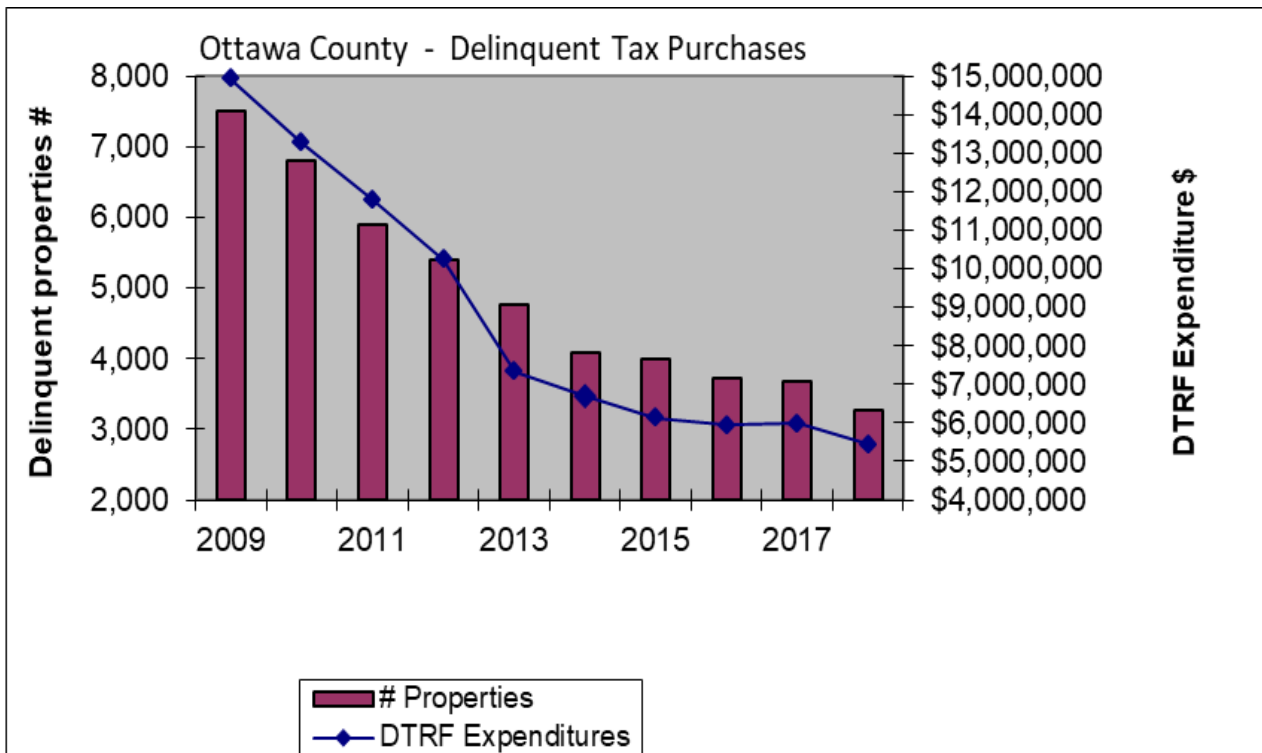
The performance measurements for delinquent tax administration are designed to: increase efficiencies to be better able to manage additional workload without staff additions; to reduce unit costs in managing forfeitures and foreclosures; and to institute foreclosure prevention programs. One of the prevention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

Of the 17 properties foreclosed on March 31, 2018, 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 | 2016 | 2017 | 2018 |
|---------------------------------------|-------------|-------------|---------------|
| Real Taxes Returned Delinquent | | | |
| No. of Properties | 3,728 | 3,675 | 3,276 |
| Dollars in Millions | \$5,943,030 | \$5,975,696 | \$5,441,612 |
| Forfeited and Foreclosed | | | |
| Certified Mail Count | 1130 | 2237 | 2138 |
| Property Forfeited | 448 | 387 | 427 |
| Property Foreclosed | 16 | 15 | 17 |
| Financial Hardship given | 24 | 20 | 23 |
| Tax Collections | | | |
| Receipts Written | 4469 | 5007 | 4625 |
| Dollars in Millions | \$5.8 | \$6.8 | \$6.5 |
| Interest & Fees | \$744,033 | \$791,137 | \$916,963 |
| Tax Roll Adjustments | | | |
| No. Processed | 729 | 666 | 503 |
| Foreclosed Land Sale in 2018 | | | |
| Proceeds from Sale | | | \$62,300.00 |
| Total Tax, Fees & Interest Billed | | | (\$15,085.62) |
| Less Charge Back to Tax Units | | | \$0.00 |
| Total Gain (Loss) on 2015 Land Sales | | | \$47,214.38 |

Real Taxes Returned Delinquent

The County operates a Delinquent Tax Revolving Fund (DTRF) from which the County pays all the other taxing authorities their portion of the delinquent property taxes, (in essence “buying in” the delinquent tax) as settled on March 1 of 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.



Ottawa County Landbank Authority



The Ottawa County Landbank was 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 seeks only 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. 2017 data and Financial Results are below.

- 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 is 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 2018 income for the LBA

| OTTAWA COUNTY LAND BANK AUTHORITY | | |
|-----------------------------------|-----------|------------------|
| 2018 Actual | | |
| REVENUE | | |
| Sale of Property | \$ | - |
| Tax Capture | \$ | 841.36 |
| TOTAL REVENUE | \$ | 841.36 |
| EXPENSES | | |
| Insurance | \$ | - |
| Legal Services | \$ | - |
| Administrative Expense | \$ | - |
| Dues & Memberships | \$ | 125.00 |
| Mileage & Conference | \$ | 93.09 |
| TOTAL EXPENSES | \$ | 218.09 |
| NET | \$ | 623.27 |
| YEAR END 2017 FUND BALANCE | \$ | 93,265.13 |
| YEAR END 2018 FUND BALANCE | \$ | 93,888.40 |

Ottawa County Land Bank Authority Board Members

Amanda Price, County Treasurer, (by statute),
Chair

Glenn Nykamp, Zeeland Twp Supervisor, Vice-
Chair; Appointed Twp Member

Leon Stille, Crockery Twp. Supervisor, Secretary,
Appointed Twp 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 2018 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.

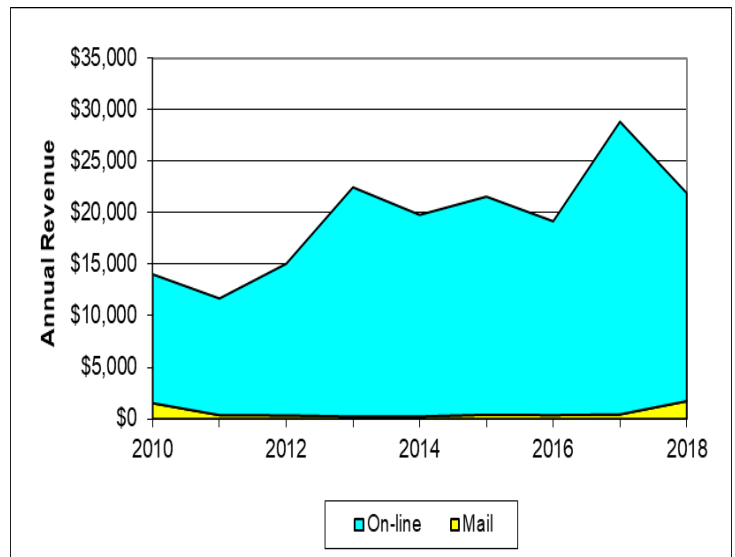
Tax searches are also performed for warrantee deed certification. A legislative change during 2016 increased the price for certifying deeds and our revenue line has seen a significant jump in fee income.

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.

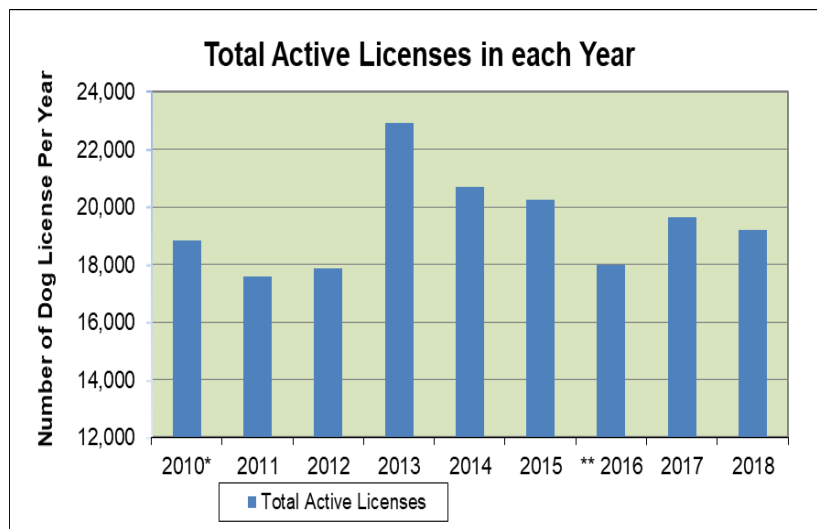
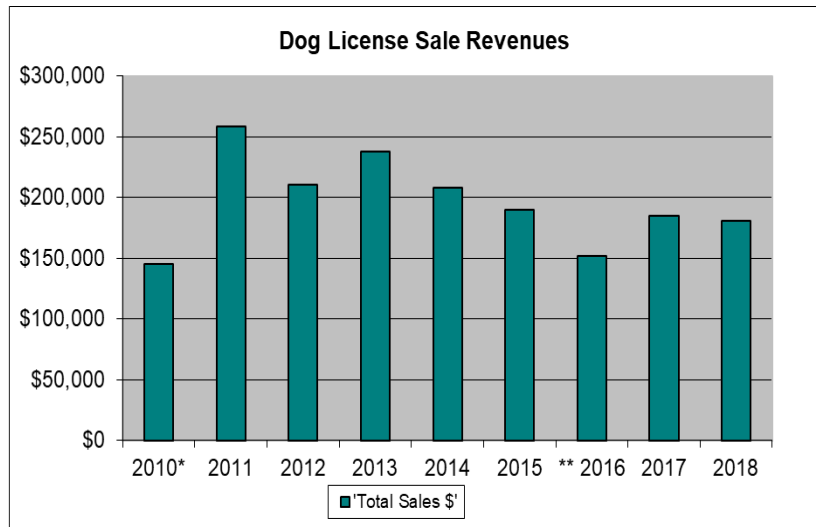
| Fiscal Year | 2016 | 2017 | 2018 |
|------------------------------|----------|----------|----------|
| Certification Revenue | | | |
| Deed Certification | \$33,478 | \$45,819 | \$38,368 |
| Tax Search Revenue | | | |
| Mail Searches | \$374 | \$447 | \$1,732 |
| Business On-line Search | \$14,258 | \$23,139 | \$16,190 |
| Personal On-line Search | \$4,168 | \$4,802 | \$3,995 |
| Total Search \$ | \$18,800 | \$28,388 | \$21,917 |
| On-Line Utilization | 98% | 98% | 92% |



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. This year the Animal Ordinance was updated and now calls out most violations as civil infractions and not misdemeanors, which frees up animal control officers to write tickets without concern of creating a criminal record for the owner.



* 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.

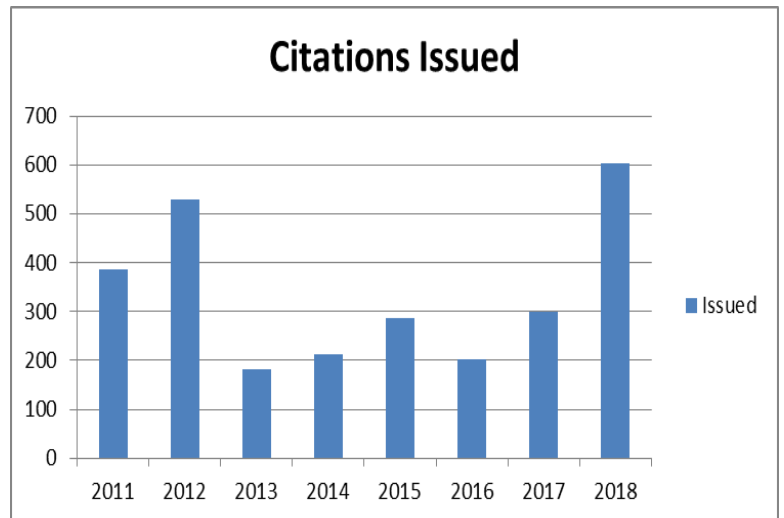
Municipal Civil Infraction Bureau

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 Office animal control officers.

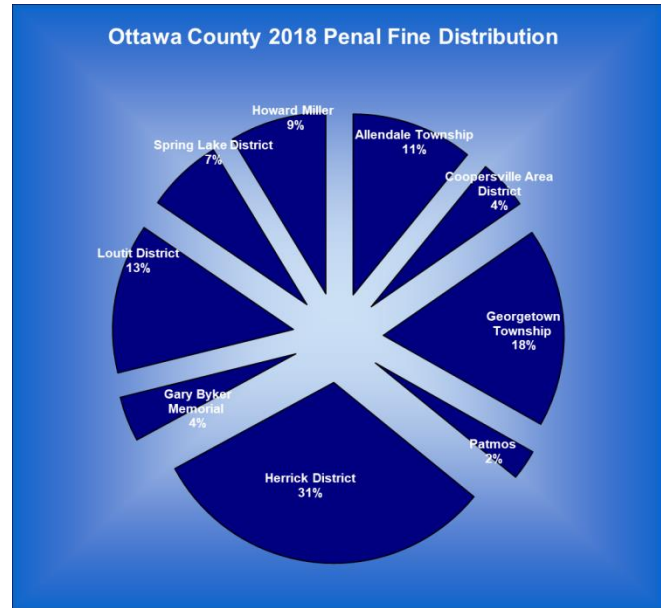
Violations that are not paid as due to the Bureau are turned over to the District Court to be processed as any other citation in the court.

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. The doubling of citations this year is a result of Sheriff officers now being able to write citations that are civil infractions and not misdemeanors.

| Fiscal Year | 2016 | 2017 | 2018 |
|------------------------------|-------------|--------------|--------------|
| Citations Disposition | | | |
| Issued | 202 | 300 | 604 |
| Paid in Person | 92 | 130 | 170 |
| Collected \$ | \$ 5,748.00 | \$ 9,993.00 | \$ 9,237.00 |
| Paid on Line | 80 | 71 | 247 |
| Paid on Line \$ | \$ 3,195.00 | \$ 2,869.00 | \$ 10,138.00 |
| Total Revenue | \$ 8,943.00 | \$ 12,862.00 | \$ 19,375.00 |
| To District Court | 70 | 73 | 142 |
| Dismissed | 40 | 1 | - |
| Pending | 2 | 28 | 5 |

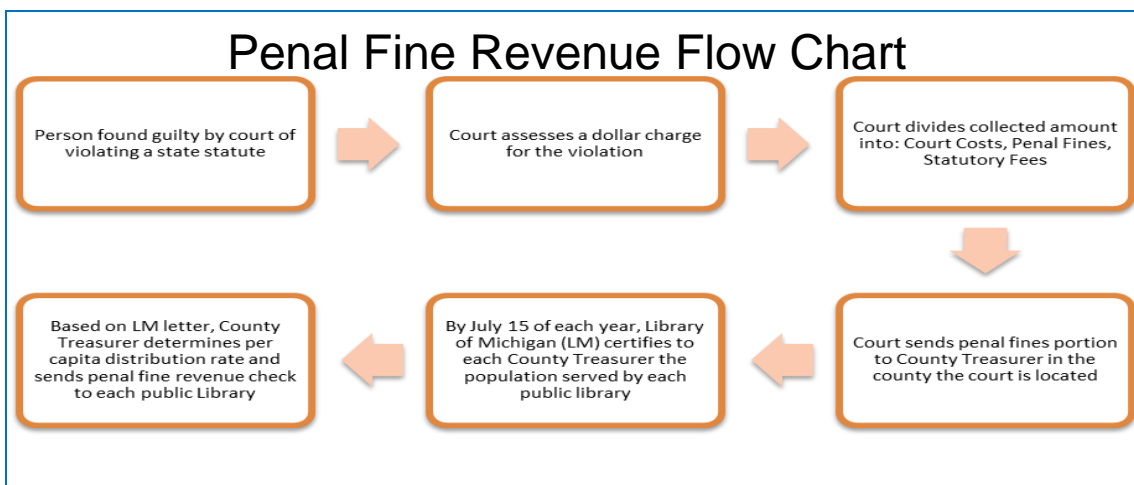


Library Penal Fines



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

Ottawa County has nine public libraries. The County Treasurer's office receives the penal fines throughout the year. In July, the Library of Michigan sends out a listing of the eligible libraries and associated populations, and the County Treasurer's office disburses the collected penal fine funds to each library. In recent years the penal fines distribution total has ranged from \$700,000 to over \$920,000. In 2018 the total distributed was \$749,943, and was divided in the percentages shown in the graph above.



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