



CITY CLERK / CITY TREASURER'S OFFICE

ANNUAL REPORT

FISCAL YEAR 2003-2004

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CITY CLERK/TREASURER'S OFFICE
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The Clerk/Treasurer's Office, combined in 1992, serves citizens by offering a multitude of services through the combined offices.

Significant changes occurred in the City Clerk/Treasurer's Office during the middle of this fiscal year. City Clerk/Treasurer Penny Kovacevich announced her retirement.

Completing her 31st tax collection period as city treasurer and 34th election as city clerk, Penny wrapped up her 34-plus years with the City of Midland on November 21, 2003.

Penny joined the City of Midland in 1969 and spent seven years as a clerk/typist in Midland's city clerk's office and engineering department before becoming an account clerk in the department of public works and then being named city treasurer in 1987.

Penny became the City' first city clerk / treasurer in 1993 when the city clerk's function was merged with the treasurer's office.

While in office Penny managed the City's transition from a manual tax collection operation in the treasurer's office to a computerized tax collection operation, supervised and implemented redistricting of all wards and precincts after the 2000 census and oversaw the transition to a State-wide voter registration system.

Upon Penny's retirement the City Manager restructured the city clerk / treasurer function. The restructuring included separating the city clerk and treasurer functions.

Assistant City Treasurer Sandy Marshall was named city treasurer and now directs the city's treasury function which remains part of the fiscal services department.

The city clerk's position was combined with the community relations function and became part of the city manager's office. City of Midland Community Relations Coordinator Selina Tisdale was named to the new city clerk / community relations position. Libby Richart was hired in January 2004 as communications coordinator to help with the communications function.

The restructuring took place without an increase to the existing staffing levels.

**TREASURER'S OFFICE
FISCAL YEAR 2003-2004**

The major responsibility of the Treasurer's area is to act as the main collection point for monies owed the City, and for the collection of taxes owed other taxing entities within the jurisdiction of the City of Midland.

The Treasurer's Office continually strives to maintain efficient, expedient assistance in processing funds. A friendly and ethical attitude is displayed as the office ensures fair treatment within legal guidelines.

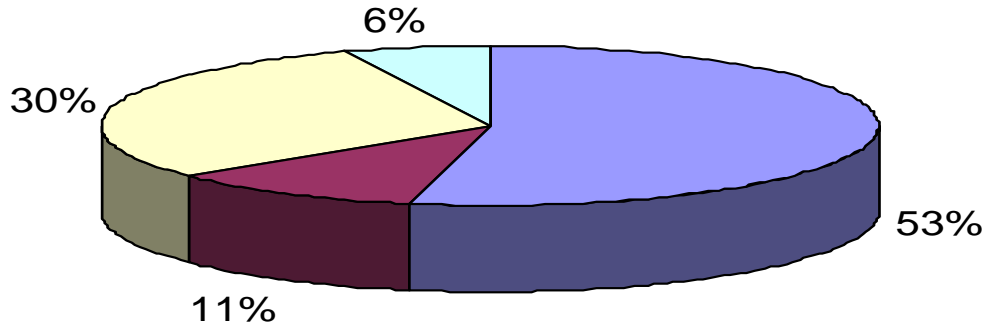
Daily Deposits

During the 2003-04 fiscal year, the Treasurer's Office deposited \$149,729,824 in collections. The following table gives a comparison of monies deposited in the last four fiscal years.

<u>2000-2001</u>	<u>2001-2002</u>	<u>2002-2003</u>	<u>2003-2004</u>	<u>Time Period</u>
\$ 65,579,864	\$ 67,143,569	\$ 69,234,464	\$ 79,793,778	First Quarter
\$ 14,830,952	\$ 15,898,066	\$ 15,966,320	\$ 16,329,362	Second Quarter
\$ 45,401,140	\$ 46,344,174	\$ 52,991,233	\$ 44,586,940	Third Quarter
<u>\$ 8,968,388</u>	<u>\$ 7,845,837</u>	<u>\$ 8,769,696</u>	<u>\$ 9,019,744</u>	Fourth Quarter
\$134,780,344	\$137,231,646	\$146,961,713	\$149,729,824	

The summer tax bills are due and payable July 1 through September 15 without penalty, which accounts for the large percentage of income during the first quarter of the fiscal year. The winter tax bills are generated on December 1st and are collected through February. The majority of this activity is displayed in the third quarter of the fiscal year.

2003 - 2004 FISCAL YEAR



Tax Collections

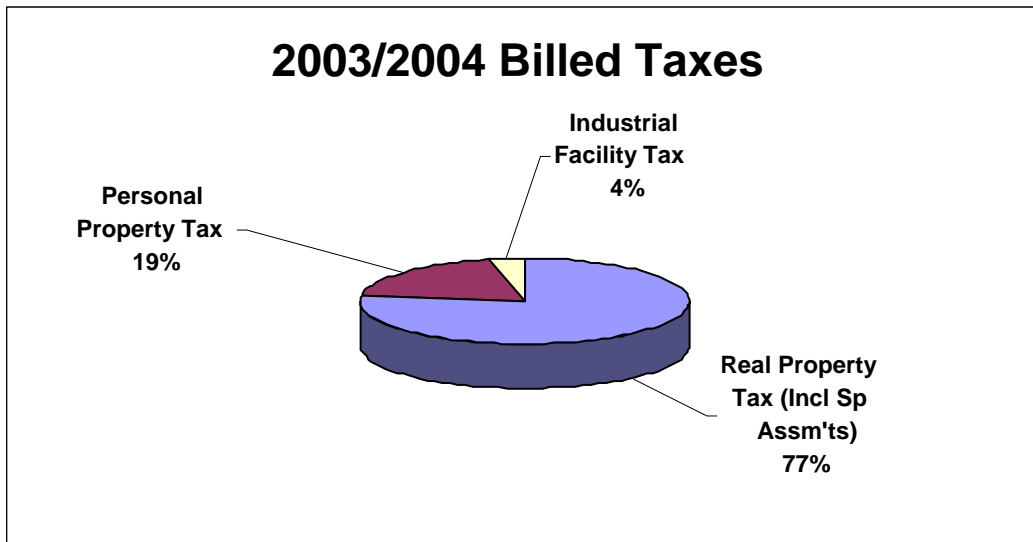
The City of Midland collects taxes for Midland Public Schools, Bullock Creek Schools, Bay City Schools, Delta College, Midland County Educational Service Agency, Bay/Arenac Intermediate Schools, Bay Metro Transit Services, Midland County, Bay County, the Downtown Development Authority, and the State of Michigan Education Tax. Per agreements with the taxing entities, we do not charge to collect taxes for those taxing entities and the city keeps any interest earned on the collections prior to distribution to the taxing entities. Per state tax laws, all taxes collected by the first and fifteenth of the month must be distributed to the taxing entities within ten business days.

The City of Midland billed \$112,748,244 to residences, businesses and industries in its jurisdiction. From July 1, 2003 through February 28, 2004, the Treasurer's Office collected and distributed \$111,668,336 in current taxes for a 99.04% collection rate. This tax amount is divided between the following:

	Amount <u>Billed</u>	Amount <u>Collected</u>	Collection <u>Rate</u>
Real Property	\$ 86,778,648	\$ 85,787,859	98.86%
Personal Property	\$ 21,726,427	\$ 21,652,783	99.66%
Industrial Facilities	\$ 4,031,869	\$ 4,031,869	100.00%
Special Assessments	\$ 211,300	\$ 195,825	92.68%

Of the tax levy for all taxing entities, 77% was real property taxes, 19% was personal property taxes, and 4% was Industrial Facilities taxes. A change in the state tax law for

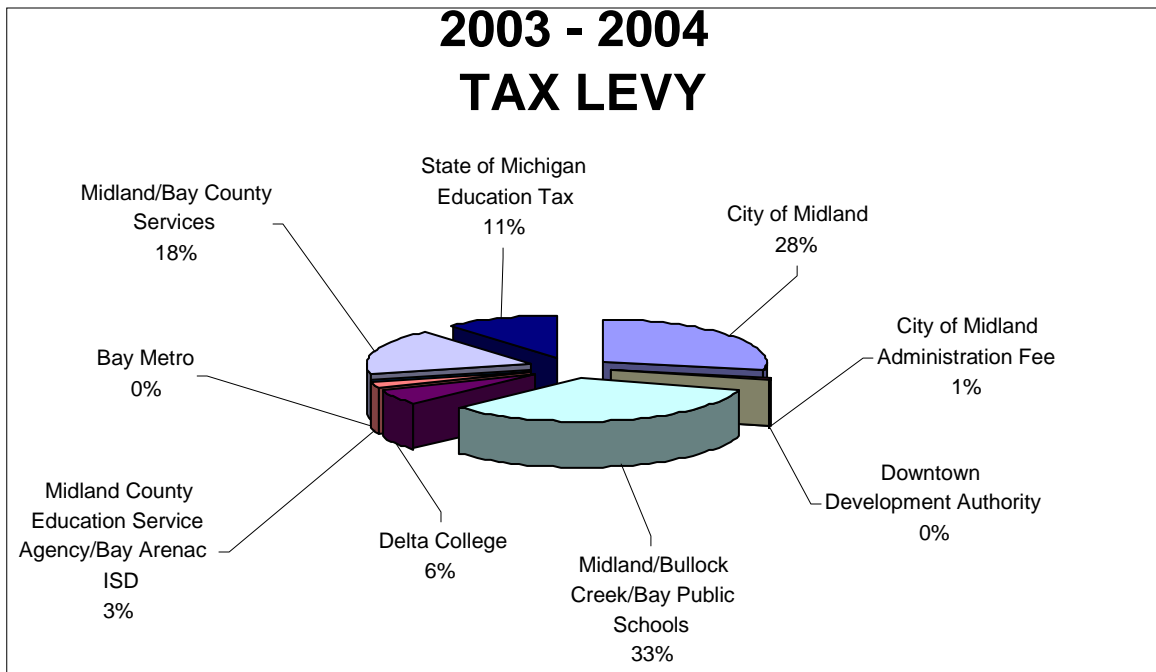
2003 taxes resulted in buildings on leased land to be considered part of the real property tax roll instead of the personal property tax roll.



Tax Collections (cont)

2003-2004 Tax Levy by Taxing Entity:

City of Midland	\$ 31,708,040
City of Midland Administration Fee	\$ 1,114,061
Downtown Development Authority	\$ 38,296
Midland/Bullock Creek/Bay Public Schools	\$ 38,423,609
Delta College	\$ 6,248,610
Midland County Education Service Agency/Bay Arenac ISD	\$ 2,905,991
Bay Metro	\$ 3,388
Midland County/Bay County	\$ 19,732,399
State of Michigan Education Tax	\$ 12,362,550
Special Assessments	\$ 211,300



Currently payments are accepted in the form of checks, money orders or cash. We have not accepted credit cards because of the high cost to the city for this service. The city continues to explore alternate payment options such as automatic payment for water bills. For customer convenience we have a night depository available at the main entrance of City Hall for payment of bills after hours. Also one week prior to the tax deadline in September, the Treasurer's Office extends its working hours from 7:30 a.m. to 5:30 p.m.

Delinquent Personal Property

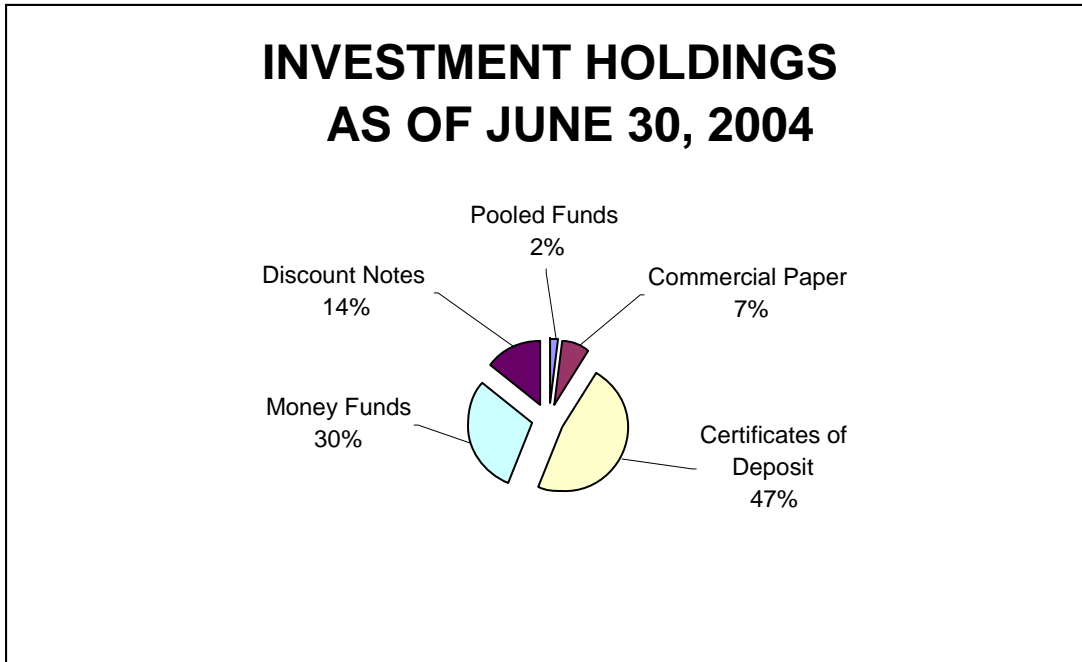
Delinquent personal property tax that remains unpaid from 2003 and prior years continues to be collected through efforts of the Treasurer's Office. In 2003-2004 over \$73,511 in taxes, penalty, and interest charges were collected from delinquent personal property accounts.

In April 2004 a tax collection policy was developed by the Treasurer to aggressively collect the delinquent personal property taxes. With assistance from the City Attorney's office, legal action was taken against business owners who did not respond to other demands for payment of personal property taxes.

Investments

The City of Midland has a diversified portfolio which contains investments in Certificate of Deposits, Money Markets, Commercial Paper and Agencies. City of Midland Investment Policy pursuant to Public Act 20 of the State of Michigan governs the investment of public funds and authorizes the use of investment instruments. This fiscal year saw a difficult investment climate with rates at near record lows. The fourth quarter saw gradual increases in rates due to the anticipation of a rate change by the Federal

Reserve System. The Federal Reserve System raised the interest rate to 1.25% on June 30, 2004. This rate has a significant effect on the interest rates the city can earn on its investments.



Parking Enforcement

Parking enforcement in the downtown area is a responsibility of the City of Midland Treasurer's Office. The parking violations clerk patrols the downtown area for various parking violations which include, but are not limited to, overtime parking violations at \$5.00, prohibited zone parking at \$7.00, and obstructing traffic at \$15.00. All parking fines double if not paid within seven days. The Midland Police Department also issues tickets for parking violations throughout the city. The joint efforts of the Midland Police Department and the Parking Violations Clerk created revenue of \$32,346 from 3962 paid parking tickets.

Permit parking spaces in the downtown four city-owned lots are leased through this office. Permit parking spaces are leased on an annual basis and include 174 outside spaces leased for \$130.00 per space and 46 parking ramp spaces leased for \$267.61 per space.

Additional parking options downtown include two-hour free parking spaces, free handicap parking spaces and metered parking spaces. The 62 metered spaces allow up to ten hours of parking time at a cost of twenty cents per hour. During the 2003-04 fiscal year revenue collected from these meters totaled \$6,979.

Police and Fire Retirement System

The Police and Fire Retirement System, set up under Act 345, P.A. 1937 as last amended, provides for the establishment, maintenance and administration of a system of pension and retirements for the benefit of the personnel of fire and police departments. A five-member pension board consists of the City Treasurer, a member of the Police Department, a member of the Fire Department, and two members appointed by the City Manager.

The retirement system has 93 active members (48 police members and 45 fire members) and 99 retired members.

The Police and Fire Board of Trustees hired money managers with various styles to invest the funds for the system. A Smith-Barney representative remains as consultant to the Board.

**CITY CLERK'S OFFICE
FISCAL YEAR 2003-2004**

The Midland City Clerk's area serves as the main information center for all official city records and conducts all elections held within the City of Midland.

The Clerk's office remains committed to serving the public efficiently and courteously. A dedicated staff serves as the central source for providing information and other tools for individual, as well as community, decision making.

Elections

All elections for state, federal and local offices held in the City of Midland are conducted by the City Clerk's Office. During the 2003-04 fiscal year two elections were held:

Election Date	Type of Election	Number of Registered Voters	Number of Ballots Cast	Percentage of registered voters who voted
November 4, 2003	General Election, Midland City Council	27,962	3252	12%
June 14, 2004	Regular School Election	32,818*	738	2.25%

* voter registration increase due to inclusion of those township voters who are a part of the Midland Public Schools District.

NOVEMBER 4, 2003 General Election	JUNE 14, 2004 Regular School Election Ballot																																						
<p><u>MIDLAND CITY COUNCIL CANDIDATES</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Candidate</u></th> <th style="text-align: right;"><u>Votes Cast</u></th> </tr> </thead> <tbody> <tr> <td colspan="2"><i>Ward 1</i></td> </tr> <tr> <td>R. Drummond Black</td> <td style="text-align: right;">285</td> </tr> <tr> <td>Betty Ann Washburn</td> <td style="text-align: right;">212</td> </tr> <tr> <td colspan="2"><i>Ward 2</i></td> </tr> <tr> <td>James S. Myers</td> <td style="text-align: right;">258</td> </tr> <tr> <td colspan="2"><i>Ward 3</i></td> </tr> <tr> <td>Hollis H. McKeag</td> <td style="text-align: right;">249</td> </tr> <tr> <td colspan="2"><i>Ward 4</i></td> </tr> <tr> <td>Mary C. Currie</td> <td style="text-align: right;">454</td> </tr> <tr> <td>Bruce A. Johnson</td> <td style="text-align: right;">631</td> </tr> <tr> <td colspan="2"><i>Ward 5</i></td> </tr> <tr> <td>Joe Rokosz</td> <td style="text-align: right;">648</td> </tr> <tr> <td>Marty A. Wazbinski</td> <td style="text-align: right;">477</td> </tr> <tr> <td colspan="2">No Ballot Proposal</td> </tr> </tbody> </table>	<u>Candidate</u>	<u>Votes Cast</u>	<i>Ward 1</i>		R. Drummond Black	285	Betty Ann Washburn	212	<i>Ward 2</i>		James S. Myers	258	<i>Ward 3</i>		Hollis H. McKeag	249	<i>Ward 4</i>		Mary C. Currie	454	Bruce A. Johnson	631	<i>Ward 5</i>		Joe Rokosz	648	Marty A. Wazbinski	477	No Ballot Proposal		<p><u>Member(s) Board of Education Midland Public Schools</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Candidate</u></th> <th style="text-align: right;"><u>Votes Cast</u></th> </tr> </thead> <tbody> <tr> <td>Ken Mault</td> <td style="text-align: right;">626</td> </tr> <tr> <td>Rick Ohle</td> <td style="text-align: right;">628</td> </tr> <tr> <td colspan="2">No Ballot Proposals</td> </tr> </tbody> </table>	<u>Candidate</u>	<u>Votes Cast</u>	Ken Mault	626	Rick Ohle	628	No Ballot Proposals	
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Four elections are scheduled during fiscal year 2004-05:

August Primary	August 3, 2004
November General Election	November 2, 2004
February Election	February 22, 2005
Annual School Election	May 3, 2005

On January 8, 2004, Governor Granholm signed the Consolidated Elections Bill that essentially limits the number of elections held in the State of Michigan to four times a year: the fourth Tuesday in February and the first Tuesday after the first Monday in May, August and November. In addition to limiting the number of elections, the passage of this bill, among other things, eliminated the need for a county election scheduling committee and required that all school district elections be administered by Michigan county, city and township clerks (the City of Midland already administers elections on behalf of the Midland Public Schools District).

In August 2003, Michigan Secretary of State Terri Lynn Land announced that Michigan will adopt the precinct-based optical scan system as part of the Federal Help America Vote Act (HAVA) which requires that each state adopt a uniform voting process. Optical scan equipment lets voters indicate their ballot choices on a paper form by marking designated areas with a pen or pencil. Under the precinct-based system, voters insert their completed ballots into an electronic tabulator. The tabulator reads and stores ballot totals, and alerts voters to potential problems, such as voting for too many candidates in a particular race. The paper ballot is then channeled into a storage bin where it remains until the polls close.

Advantages of the system include:

- Providing voters with a ballot that can be reviewed before it is cast.
- An effective way to protect voters against ballot spoilage.
- The faster compilation and reporting of election results.
- More effective voter education as only one system is involved.
- Consistency between absentee ballots and ballots issued at the polls.
- Conducting recounts from a tangible document created by the voter.
- The ability for precincts to erect additional voting stations with little notice to accommodate unanticipated voter traffic.

The State of Michigan will purchase all of the new optical scan voting equipment using a portion of its federal HAVA funds. The state negotiated contracts with the election equipment vendors to fully fund optical scan tabulators and provide election management system software, training and maintenance and service for up to three even-year election cycles. The Secretary is committed to ensuring that the locals were not burdened with unnecessary costs.

The Optical Scan voting process must be implemented by the 2006 Elections. Midland County, including the City of Midland, is planning to change to optical scan voting in 2005.

In the upcoming year, the City Clerk's office plans to initiate extensive public education and hands-on opportunities for voters to experience the optical scan voting equipment prior to the equipment's use in an actual election.