

**CALHOUN COUNTY
BOARD OF COMMISSIONERS
POLICY STATEMENT**

SUBJECT: DTRF: DECLARATION AND TRANSFER OF SURPLUS	DATE APPROVED:	EFFECTIVE: 12/7/2017	POLICY NO. 243
	12/7/2017	REPLACES: NEW	

PURPOSE: To establish a policy governing declaration and transfers of “surplus” funds from the Delinquent Tax Revolving Fund (DTRF) to the Calhoun County General Fund.

RESPONSIBILITY: In accordance with MCL 211.87b of Act 206, the County Treasurer acts as agent for the County concerning DTRF and determines annually whether a surplus exists. Such may be transferred to the County General Fund under appropriate action of the Board of Commissioners pursuant to the below policy. The Administrator/Controller-Finance Department with the input of the Office of the Treasurer is responsible for recommending budget amounts for the annual transfers to the County General Fund and other affected funds.

POLICY:

Calculation of DTRF Fund Needed For the Next Year and Estimates for Budget

The Treasurer will review delinquent tax collection in the current year and consult with the County Equalization Department to determine the amount of all taxes levied throughout the County both in July and to be levied in December by all taxing units for all purposes.

The Treasurer will make an estimate as to the real property taxes expected to be returned delinquent as of the next March, increased by 25% for contingency purposes.

The Treasurer shall use the following multiplier to calculate the DTRF balance needed for the next year:

“The Delinquent Tax Revolving Fund (“DTRF”) shall be maintained so that the total cash plus principal amount of investments in U.S. Government Securities, Certificates of Deposit in Banks and Commercial paper in the DTRF, shall, on April 1 of each year, not be less than 1.50 times the estimated average of the total real property taxes returned delinquent to the County Treasurer for the immediate preceding two years including the most recent estimate.”

Treasurer’s Declaration

The County Treasurer will complete the annual delinquent tax settlement, which occurs no later than May 1st each year, and make timely payments to taxing units to avoid late payment penalties set forth in MCL 211.87b (3).

The Treasurer will make a declaration of any remaining “surplus” in the DTRF no later than July each year, and provide a formal declaration notice to the Board of Commissioners.

Authorization and Transfer of Funds

The County Board of Commissioners may adopt a Resolution authorizing the transfer of any declared “surplus” from the DTRF to the General Fund per MCL 211.87b. The resolution must identify the amount of surplus that has been declared by the treasurer and must be limit the transfer to that amount.

The County Board of Commissioners authorizes all use of transfers to the General Fund through approval of the annual Budget and administrative authority delegated within the County’s financial policies. It is the intent and desire of the Board that DTRF surplus transfers be generally used for non-recurring items, including but not limited to:

- Payments in excess of required amounts on long-term debt obligations
- Expenditures attributed to tax reverted property as identified and presented by the Office of the County Treasurer
- Community Development Department Projects
- Capital expenditures identified in the Calhoun County Capital Improvement Program (CIP) Fund
- Unexpected or one-time maintenance items within the Building & Grounds Fund.

Surpluses are not generally intended to be used for normal operating expenses within the General Fund, including but not limited to such things as utilities, insurance, wages, fringe benefits, and required debt service payments.

Issuance of Delinquent Tax Anticipation Notes:

The County of Calhoun intends to continue the operation of the DTRF in future years, regardless of whether the County has the need or ability to borrow through issuance of Delinquent Tax Anticipation Notes (as authorized in Public Act 206). When determining whether to borrow or to self-fund each year, the Treasurer and Administrator/Controller – Finance Office will together consider the needed balance in the DTRF, costs of borrowing, market conditions including investment and debt interest rates, cash flow needs, and impact on the County’s credit rating.