

Section Name: Financial Management
Section Number: 300
Policy Number: 311

Effective Date: October 6, 2020
Revision Date:

Subject: Administration of Delinquent Tax Revolving Fund

Purpose:

To establish guidelines and financial objectives that will ensure the solvency of the Delinquent Tax Revolving Fund (DTRF). The outcome will provide for adequate working capital to exist in the fund thereby maintaining a sufficient level of funding to distribute to all taxing authorities within Monroe County when the County Treasurer has determined the total amount of real property taxes that have not been collected by the due date and become delinquent. The solvency of the Delinquent Tax Revolving Fund will ensure adequate cash flow within the Fund thereby allowing the County Treasurer to make timely payments from available cash within the Fund to local taxing authorities without added costs of borrowing funds to facilitate payments.

Scope:

This policy applies to the Monroe County Treasurer and through the Board of Commissioners to the Administrator/Chief Financial Officer within the responsibilities of financial management including cash management of the County's funds.

Statement of Policy:

It is Monroe County's first and foremost objective to continue to utilize the Delinquent Tax Revolving Fund for the purpose it was established. All Taxing authorities within Monroe County rely on the proper management of the resources within this fund. Significant hardship would be incurred by recipient taxing authorities if this fund was not solvent or administered in a manner that provided a source of ready funds upon determination of the amount of delinquent tax payments that need to be funded from the DTRF.

- A. Monroe County has established a Delinquent Tax Revolving Fund for the purpose of managing funds to pay all taxing authorities the total amount of delinquent real property taxes which have not been collected by the due date pursuant to the Michigan property tax law Act 206 of the Public Acts of 1983, as amended.
- B. All delinquent tax amounts, accrued interest and tax collection fees are payable to the County on the date the taxes become delinquent.
- C. The County of Monroe seeks to maintain the solvency of the Delinquent Tax Revolving Fund to support the timely distribution of funds to all taxing authorities within Monroe County. The proper amount of working capital is necessary to have adequate funds to make payments to local taxing authorities when the total amount of real property tax payments have not been collected by the due date. The delinquent amount is to be

substituted with distributions from the County of Monroe Delinquent Tax Revolving Fund.

- D. The County's effort to manage the fund shall serve to allow the amount of working capital in the DTRF to self-fund the annual amount of distribution to the local taxing authorities without the time and added cost of incurring borrowing or debt costs.
- E. Subject to audited financial statements of the DTRF, the fund shall maintain not less than six percent (6%) of the adjusted grand levy as unrestricted or unencumbered working capital. This amount shall be in addition to annual amounts budgeted or accrued eligible expenses for managing the fund including wages and other operating expenses.
- F. Providing the unrestricted working capital is satisfied as outlined in (E) above, the County Treasurer is authorized to transfer up to seventy five percent (75%) of the prior year's interest collected on the DTRF to the County General Fund upon request by the County Administrator/Chief Financial Officer. The timing of the transfer and use of the funds transferred to the General Fund are determined by the Treasurer and Administrator/Chief Financial Officer based on the financial management of the County and cash flow requirements within the DTRF. This determination shall be made after completion of the Comprehensive Annual Financial Report but not later than August 15.
- G. In addition to the transfer outlined in (F) above, supplemental amounts may be transferred from the DTRF. These supplemental amounts may be transferred upon request by the Administrator/Chief Financial Officer and concurrence by the Treasurer after verifying that sufficient and adequate working capital is available to meet the objectives outlined in this policy that ensure continued self-funding of the tax delinquencies.
- H. As a practice of good financial management, this policy recognizes the excess working capital of the DTRF is intended to be used as a onetime source of supplemental funds and not a recurring annual source of revenue to the County General Fund. Accordingly, the appropriate use of the funds transferred from the DTRF to the General Fund is for capital projects, capital outlay and other similar types of expenditures that do not have recurring obligations or liabilities. For example, debt should not be incurred with the expected debt service to be provided from transfers of the DTRF.

Definitions. None.

Policy Compliance:

- A. Responsibility

1. County Treasurer-The County Treasurer in consultation with the County Administrator/Chief Financial Officer shall be responsible for administering this policy and have responsibility for the issuance, accounting, monitoring, and retrieval and for overseeing compliance with this policy and to insure that the provisions in the policy are followed.

Administrative Procedures: None.

Legislative History of Authority for Creation or Revision:

Adopted pursuant to action of the Monroe County Board of Commissioners, dated October 6, 2020.