

Don Edwards  
Mary Hardies  
Lloyd Peltier  
Dell Bolser  
Gary Girardin



12265 M-32  
P.O. Box 789  
Atlanta, MI 49709  
Phone (989) 785-8002  
[awilliamson@montcounty.org](mailto:awilliamson@montcounty.org)  
[dhubbard@montcounty.org](mailto:dhubbard@montcounty.org)  
[asstcontroller@montcounty.org](mailto:asstcontroller@montcounty.org)

## County of Montmorency Board of Commissioners

### Resolution #2024-05

#### USE OF SURPLUS FUNDS FROM DELINQUENT TAX REVOLVING FUND (DTRF)

At the meeting of the County of Montmorency Board of Commissioners held in the County of Montmorency Building located in Atlanta, Michigan on **April 4, 2024**.

**PRESENT:** Click or tap here to enter text.

**ABSENT:** Click or tap here to enter text.

The following resolution was made by Click or tap here to enter text. and seconded by Click or tap here to enter text., to-wit:

**PURPOSE:** To establish a policy governing declaration and transfers of “surplus” funds from the Delinquent Tax Revolving Fund (DTRF) to the County of Montmorency 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 Controller/Finance Committee with the input of the County 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 County 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 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 1<sup>st</sup> each year, and make timely payments to the taxing units to avoid late payment penalties set forth in MCL 211.78b (3).

The County 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 211.78b. The resolution must identify the amount of surplus that has been declared by the Treasurer and must 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 with the County's financial policies. It is the intent and desire of the Board that the 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
- Unexpected or one-time maintenance items within the Buildings and Grounds Fund

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

### **Issuance of Delinquent Tax Anticipation Notes:**

The County of Montmorency 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 (authorized in Public Act 206). When determining whether to borrow or to self-fund each year, the Treasurer and Controller/Finance Committee 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 credit rating.

**(Left blank intentionally)**

**RESOLUTION DEEMED APPROVED**

**ROLL CALL VOTE:**

**APPROVE:** Click or tap here to enter text.

**DENY:** Click or tap here to enter text.

**ABSENT/ABSTAIN:** Click or tap here to enter text.

Dated: **April 4, 2024**

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Donald Edwards, Chairperson  
County of Montmorency BOC, Michigan

**CERTIFICATION**

STATE OF MICHIGAN                    )  
  ) ss  
COUNTY OF MONTMORENCY        )

I, the undersigned, the duly qualified and acting Clerk of Montmorency County, do hereby certify that the foregoing is a true and complete copy of certain proceedings taken by the Montmorency County Board of Commissioners at a meeting held on the \_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_, and that notice of said meeting was given in accordance with the Open Meetings Act, and further certify that the above resolution was adopted at said meeting.

Dated: \_\_\_\_\_

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Cheryl A. Neilsen, Clerk  
County of Montmorency, Michigan