

DELINQUENT TAX REVOLVING FUND POLICY
Adopted 8-12-03

1. PURPOSE

The purpose of this policy is:

- 1.1 To adopt a written policy concerning the appropriate use of Delinquent Tax Fund earnings because of the importance of this source of revenue to the fiscal stability of the County.
- 1.2 To establish a policy for managing the use of delinquent tax earnings that prevents from appropriating and expending more from the Delinquent Tax Fund in a given year than is earned in order to prevent from creating a greater dependency on delinquent taxes for operational and capital costs than can be sustained over the long term.
- 1.3 To establish a balanced policy for using delinquent tax funds for County operating costs, for maintaining adequate principal in the fund to generate sufficient annual interest earnings, for maintaining adequate principal to continue self-funding the delinquent tax process for meeting the County equipment and capital improvement needs.
- 1.4 To establish the highest priority use of Delinquent Tax Fund earnings to meet the annual County operating costs and to assure a balanced budget.
- 1.5 To continue to provide a vital service to schools and local units of government by paying the full amount up front of the portion of each local tax levy that is delinquent. This process provides tremendous cash flow benefits to local units of government and schools, but requires the County to maintain a cash balance on hand in the delinquent tax fund sufficient to continue the process.
- 1.6 Per the recommendation of the County Bond Counsel to maintain adequate reserves in the delinquent tax fund to preserve the County Bond Rating and to serve as collateral if the County decides to issue delinquent tax notes in the future. Without sufficient retained delinquent earnings, the County Bond rating may drop which would increase costs anytime the county borrows funds.

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2. POLICY

- 2.1 Maintain a minimum principal balance (retained earnings) of \$5,600,000 in order to generate sufficient interest revenue for operational, facility, capital, self-funding delinquent tax payments to local taxing units and other County service-based needs.
- 2.2 The maximum amount of delinquent tax revenue that may be appropriated and budgeted by the Board each year shall not exceed the net income before transfers.
- 2.3 At the end of each fiscal year, the actual amount of delinquent tax revenue required to balance the General Fund and to maintain a desired General Fund balance will be determined. If the amount determined necessary, based on the preceding sentence, is less than the net income identified from the audit as stated in 6.2 above, then by action of the Board, all or part of the difference may be used for facility, capital, equipment or other needs of the County.
- 2.4 The County Board may also choose to not use net income in a given year to increase principal balance or designate appropriate portions of delinquent tax funds against County liabilities.
- 2.5 The County Treasurer is authorized to implement a requirement that beginning 2 weeks before the tax sale, payment be made by certified checks or bank drafts.
- 2.6 All Delinquent Tax Funds will be reconciled on an annual basis by the County Treasurer.