

Michigan Association of County
Treasurers
DTRF, F/F Fund, & RSRF
August 11, 2014

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DTRF

- Audit prospective of DTRF
 - Written procedures in place on the process?
 - Receipting of all funds – not just DT \$\$
 - Settlement process – posting JE's
 - Access to system – who can do what (voids, adj.)
 - Subsidiary system integrated with G/L?
 - Subsidiary system Reconciled to G/L? how often?
 - These functions are Material to every county – if you are not seeing your auditors during audit, someone (auditors) are not doing their job.

DTRF

- Created under MCL 211.87
- Sections b, c, d
- Section b
 - County Board may create
 - Only for real property taxes
 - Counties only - maybe
 - Segregation into separate funds or accounts by year

DTRF

- Section b – continued
 - Pay out all real delinquents (if borrowing to do so)
 - 20 days (<1.5 million population)
 - 30 days (>1.5 million population)
 - Pay out all real delinquents (if not borrowing)
 - Within 10 days after settlement
 - Any surplus in the DTRF may be transferred to the GF by appropriate action of the Board of Commissioners.....

DTRF

- What is “surplus” and “appropriate action”??
 - Statute doesn’t specify
 - Depends – are you a “borrower” or not?
 - Technically allowed vs. practically done
 - Borrower
 - How much should be maintained in the fund? – need to pay:
 - Future debt payment (P&I)
 - Borrowing costs
 - Potentially a delinquent tax admin exp (211.87c) – specific formula in statute and must be approved by commissioners

DTRF

- Nonborrower
 - Maintain enough in the fund to NOT have to borrow when paying off all other units.
 - Enough to enable the DTRF to function effectively one year to next
 - Cyclical process should be remembered
 - Projected future financial data
- No where in statute does it say “costs to handle DT process can be paid for before determining the surplus that is available for transfer to the GF”
- But it’s happening in a lot of Counties

DTRF

- Put costs in GF and transfer funds to cover them or
- Practical approach
 - Reasonable costs paid out of DTRF 1st – concept of an Enterprise Fund.
 - Personnel, supplies, CS, software, depr. exp, etc.?
 - “reasonable” will have to be defined by the unit preferably in a Board approved county policy
 - Annually approve a resolution of what can be spent maybe as part of the budget – I know it’s enterprise fund, but.....
 - If some of the surplus is then transferred, that should obviously be part of the budgetary process
 - Don’t hide it, make it transparent how funds are spent
 - As budgets tighten it might become more difficult to NOT dip here before determining surplus that is available

F/F Fund

- Forfeiture Fund – established via MCL 211.78
- Opt-in(County) vs. Opt-out(State) - who’s the FGU
 - Opt-in – local control
 - Opt-out – who has the time/staff?
 - Section m8 most important
 - Better guidance in this statute than DT statute
 - 8 tells you what funds can be spent on AND in what order
 - DTRF paid for all taxes, interest, fees
 - Costs of sale of property
 - Costs of foreclosure proceedings for the year
 - Costs from PY foreclosures
 - Certain costs for maintaining foreclosed property before sale
 - Any other costs.....

RSRF

- Started in 2004
- Only about 22 counties have \$\$ left as of 2013 audits (2012 for 3). Treasury thinks there s/b 21.
- Treasury’s projection spreadsheet from 7/12
- Treasury sets an annual max to be transferred
- If you haven’t transferred max out in the past get it moved or Treasury will question you as your date approaches

RSRF

- PA 357 of 2004 is basis
- If you are not using the cash in this fund for cash flow purposes you must put the interest revenue generated on these funds back in the RSRF
- If no cash in this fund (i.e. due from in RSRF and Cash/due to in GF) then appears interest can follow the cash
- Important to review and have a plan to use sooner rather than later

Reference Info

- References/contact info
 - State of Michigan, Department of Treasury
www.michigan.gov/treasury
 - Michigan Legislature
[http://www.legislature.mi.gov/\(S\(mhp2wc55udymyu55hetzwnix\)\)/mileg.aspx?page=Home](http://www.legislature.mi.gov/(S(mhp2wc55udymyu55hetzwnix))/mileg.aspx?page=Home)
 - Guide to Michigan County Government – out of print so local library or another Treasurer
 - Steve Kirinovic, CPA; Abraham & Gaffney, P.C.;
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