

**From:** John Gallagher <jgallagher@leelanau.gov>  
**Date:** April 10, 2023 at 10:28:37 AM EDT  
**To:** Board of Commissioners <boc@leelanau.gov>  
**Subject:** Statutory Investment Report

Good morning.

Attached is our presentation of the first quarter investments. Through the first quarter we have earned approximately 50% of the interest earned in 2022. Our investment balances remain flat as we anticipate cash requirements for the upcoming projects. In reviewing the current funds available, these do not take into account drawing down below Leelanau's Board Policy; *Reserves Policy VI*.

#### VI. Delinquent Tax Revolving Fund

The Leelanau County Board of Commissioners established the Delinquent Tax Revolving Fund (DTRF) under authority of the General Property Tax Act, MCL 211.1, et. seq. The County will strive to maintain a fully self-funded Delinquent Tax Revolving Fund with any surplus to be transferred or expended from this Delinquent Tax Revolving Fund only as specified in this Policy. The Delinquent Tax Revolving Fund shall be maintained so that the principal amount, including accumulated investment earnings shall, on April 1 of each year, not be less than 1.70 times the "rolling" annual average of the total real property taxes returned delinquent to the County Treasurer for the immediately preceding three years. To the extent the balance from time to time in the Delinquent Tax Revolving Fund exceeds the minimum funding level required by application of this formula set may be considered "surplus," or at the discretion of the County Treasurer. Surpluses shall be expended only to prepay principal on debt owed by the County and/or for one-time non-reoccurring expenditures on capital projects in accordance with the County's annually adopted six-year capital improvements program, and only upon approval of the County Board of Commissioners. Surpluses shall not be utilized for annually reoccurring operational expenses, including but not limited to such things as utilities, insurance, wages and fringe benefits, or interest on debt, with the exception of offsetting administrative costs to the General Fund.

As the Board of Commissioners, I will need assistance from you in establishing a priority list with estimated due dates for the upcoming projects. This is imperative to estimate the cash requirements needed to maintain the DTR self-funded status and the General Fund's normal operations. While it's my prerogative to maintain a self-funded tax revolving fund to loan out settlement to the taxing units, I understand the importance of these projects. I hope that we can maintain an open dialog as we approach these projects and not jeopardize the function of the Treasurer's Office.

Finally, I am writing to suggest that for tomorrow's meeting regarding the drainage district, I would like for the Board to consider not prepaying the debt. My point is that we have not prioritized the projects we have before us and I don't know when we will need the cash. If you look at the funds available and the projected funding gaps our finances could get tighter and the ability to free up cash at 5% might be a bargain. My understanding is yes there is a finance cost but could it free up the cash we need to finish the Lower Level at a 5% interest rate? Could we still payoff the debt later this fiscal year after we recalculate the current tax revenue? If nothing else please discuss.

Thank you as always for your time and consideration. If you have questions or comments, please feel free to reach out to me.

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Land Bank Chair  
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# 1<sup>ST</sup> Quarter Investments 2023



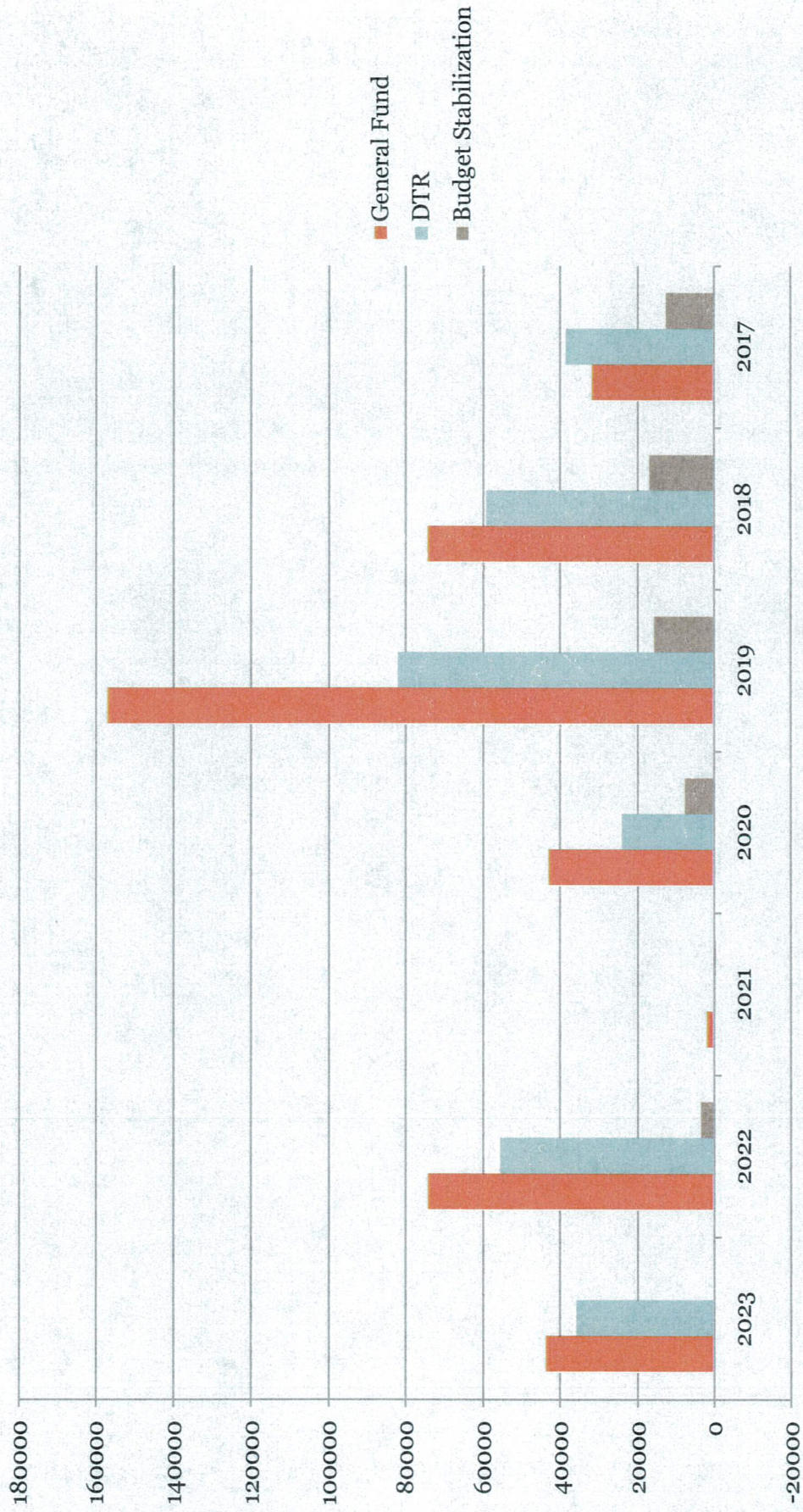
JOHN A GALLAGHER III

&

SARAH LAUTNER

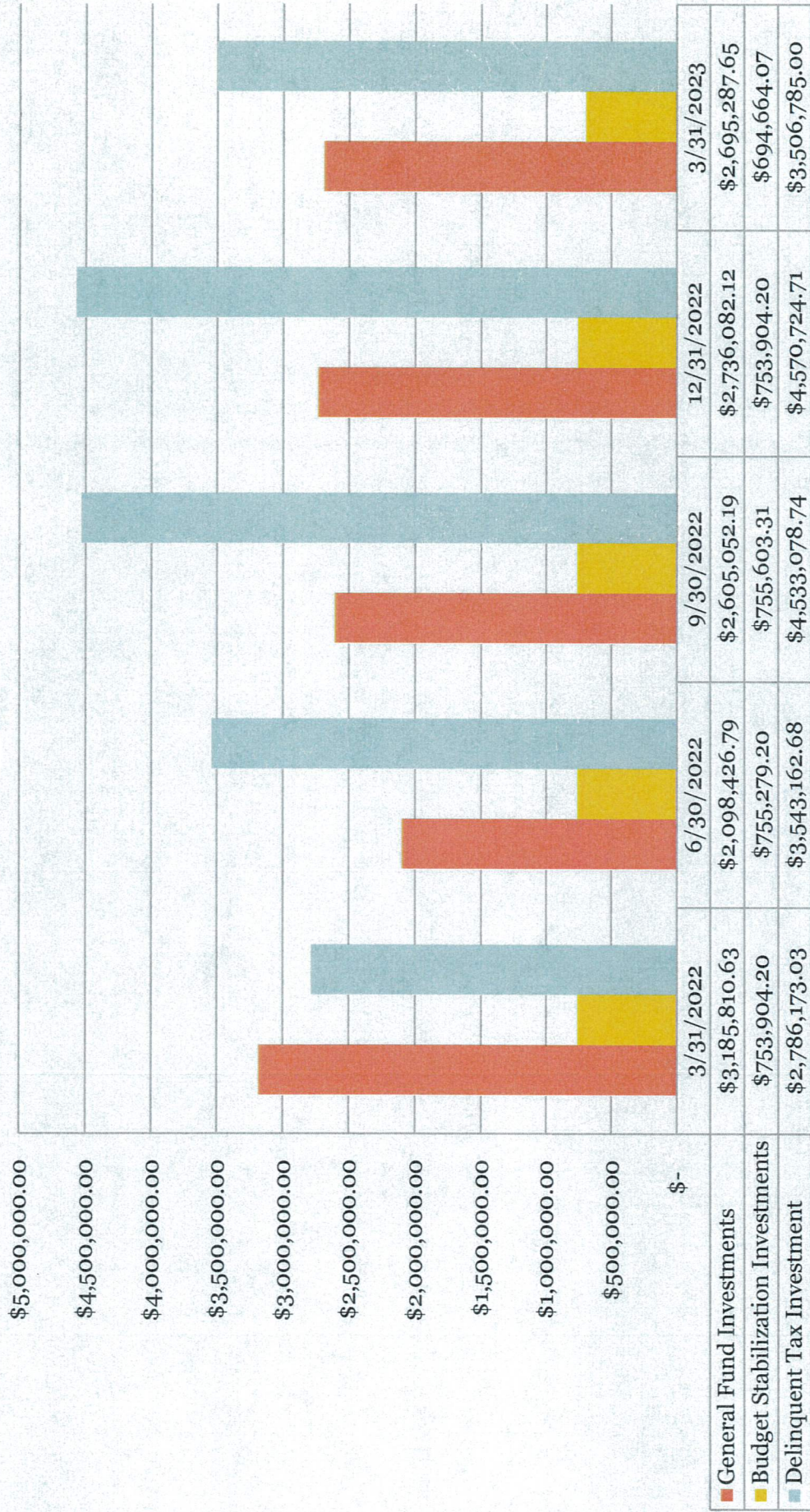


# Interest Earnings





# Investment Balances

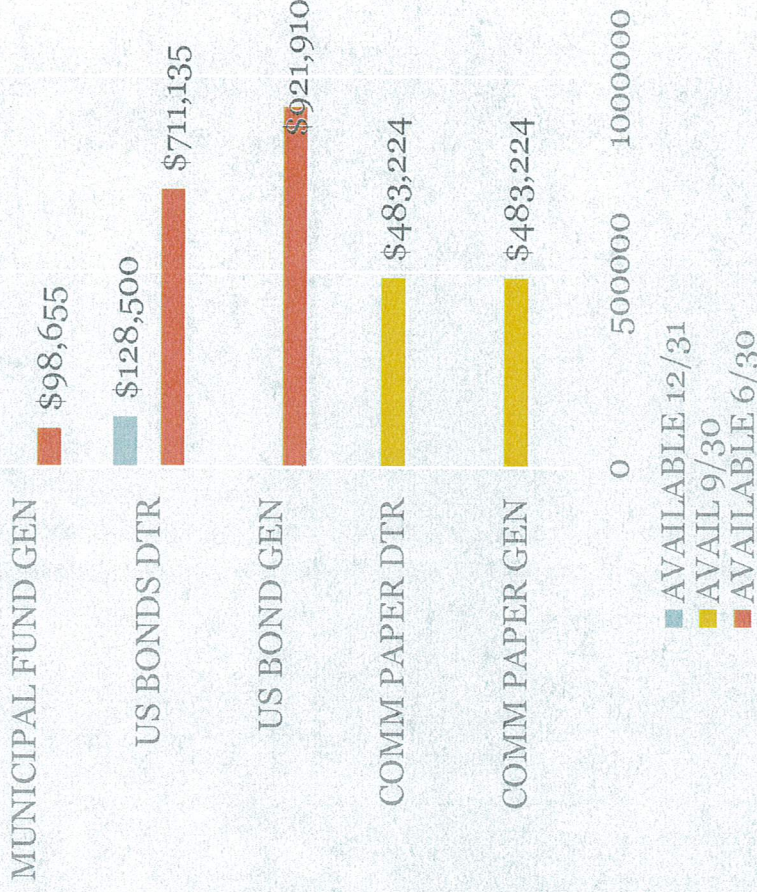
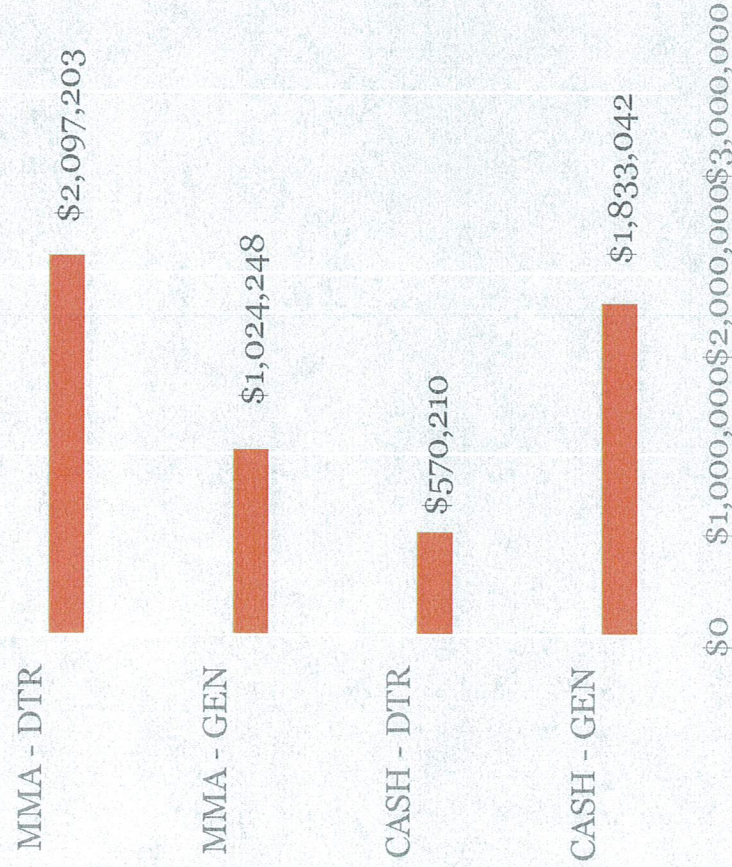




# CASH FLOW

## Current Funds Available 3/31/2023

## INVESTMENTS CALLED 2023



■ AVAILABLE 12/31  
■ AVAIL 9/30  
■ AVAILABLE 6/30

\*DTR Cash is Est After Settlement and subject to Board Policy 7.12.