

Category: 200

Number: 225

Subject: **GENERAL FUND BUDGET SURPLUS DISTRIBUTION POLICY**

1. **PURPOSE:** The purpose of this financial policy is to establish and direct the distribution of the General Fund budget surplus at the end of the fiscal year. The budget surplus distribution method described in this policy is designed for equitable distribution to maintain General Fund reserves at adequate levels as well as fund capital improvement projects and any other needs identified by the Board of Commissioners.
2. **AUTHORITY:** The authority to establish General Fund Budget Surplus Distribution lies with the Saginaw County Board of Commissioners.
3. **APPLICATION:** This policy applies to the General Fund of the County.
4. **RESPONSIBILITY:** The Board of Commissioners shall be responsible for the adoption and amendment of this policy. The Administrator shall be responsible for the implementation of this policy.
5. **DEFINITIONS:**
 - 5.1 **General Fund:** Used to account for and report all financial resources except those required to be accounted for and reported in another fund.
 - 5.2 **Public Improvement Fund:** Used to account for and report all financial resources set aside for public (capital) improvement projects.
 - 5.3 **Other Post-Employment Benefit (OPEB) Fund:** Used to account for and report all financial resources to be used for post-employment benefits other than pension benefits. Other post-employment benefits include post-employment healthcare benefits.
 - 5.4 **Budget Surplus:** A budget surplus occurs when actual revenues exceed actual expenditures at the end of a fiscal year and is calculated by determining the amount by which revenues received exceed the expenditures.
 - 5.5 **Fund Balance:** Refers to the net position of governmental funds calculated in accordance with generally accepted accounting principles (GAAP), which represents the total accumulation of operating surpluses and deficits since the beginning of the fund's existence. Fund balance is intended to serve as a measure of the financial resources available in a governmental fund and can be separated into five (5) separate categories based on the type and source of constraints on how resources can be spent: nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

5.6 Fixed Operational Reserve: Funds required to meet continuing financial needs in order to maintain a positive cash position in a fund. This is essential when revenue streams are not consistent with expenditure streams (payroll and benefits), due to tax collection dates beginning much later than fiscal years begin or when revenues are on a reimbursement basis. Maintaining a proper balance in this fund avoids the necessity of borrowing funds and paying interest costs to process recurring fixed expenditures such as payroll and benefit payments.

5.7 Budget Stabilization: Assigned portions of assets, which represent financial resources, dedicated to maintaining the long-term financial viability of a specific fund. These funds will be available for emergency and unforeseen measures such as the loss of a revenue stream or the increase in an expense area, or a combination of revenue losses and expenditure increases.

5.8 LTGO: Limited Tax General Obligation

6. POLICY:

6.1 BUDGET SURPLUS DISTRIBUTION FOR GENERAL FUND

6.1.1 If at the end of a fiscal year it is determined that actual revenues exceed actual expenditures after all adjustments and audit adjustments have been made and posted, then a budget surplus exists.

6.1.2 The budget surplus will first be used to bring any reserve balances in the General Fund into compliance with County Policy #221 Fund Balance Policy. Those reserve balances are identified as the Assigned Fund balance for Fixed Operational Reserve and the Budget Stabilization Reserve.

6.1.2 Any remaining surplus after bringing the General Fund reserves into compliance with County Policy #221 Fund Balance Policy will then be divided equally among the following, unless an alternate distribution is adopted by the Board of Commissioners in any given budget year:

6.1.2.1 One-half (50%) of the remaining budget surplus will be distributed to the Public Improvement Fund to be used towards projects approved by the Board of Commissioners.

6.1.2.2 The remaining half (50%) will be distributed to the General Fund Reserve Fund Balance Accounts to be used towards maintaining an adequate level of reserves.

7. ADMINISTRATIVE PROCEDURES: The Administrator shall be responsible for developing, updating and implementing the budget surplus distribution within the General Fund of the County as identified within this policy.

8. ADMINITRATOR LEGAL COUNSEL REVIEW: The Administrator has determined that this policy as submitted to the Board of Commissioners contains the necessary substance in order to carry out the purpose of the policy. County Civil Counsel has determined that this policy as submitted contains content that appears to be legal activities of the Saginaw County Board of Commissioners.

Approved as to Substance:
Saginaw County Administrator

Approved as to Legal Content:
Saginaw County Civil Counsel

ADOPTED: May 19, 2015
AMENDED: November 21, 2017; May 19, 2026