

Category: 200  
Number: 225

1. 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 other post-employment benefits.
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 Controller/CAO shall be responsible for the implementation of this policy.
5. DEFINITIONS:
  - 5.1 General Fund: Used to account for all financial resources except those required to be accounted for in another fund.
  - 5.2 General Public Improvement Fund: Used to account for all financial resources set aside for public improvement projects.
  - 5.3 Other Post-Employment Benefit (OPEB) Fund: Used to account for 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 revenues exceed expenditures at the end of a fiscal year and is calculated by determining the amount by which revenues received exceed the expenditures.
  - 5.5 Employee Payroll 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 inconsistent 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. To avoid the necessity of borrowing funds and paying interest costs to make payroll, this reserve is necessary.

- 5.6 Budget Stabilization: Designated 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.
- 5.7 Fund Balance/Reserves: Designated portions of assets, which represent financial resources available to finance expenditures other than those tentatively planned.
- 5.8 Sheriff's Department Jail Division: This activity in the General Fund (101) is used to account for the operation of the Saginaw County Adult Detention Facility (Jail).
- 5.9 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 Employee Payroll Reserve and the Budget Stabilization Reserve.

6.1.2.1 Any budget surplus in the Sheriff's Department Jail Division on an annual basis would be transferred to a Debt Service Fund for Jail Bond (LTGO Bond, Series 2017).

6.1.3 Any remaining surplus after bringing the General Fund reserves into compliance with County Policy #221 Fund Balance Policy and transferring Jail operating surplus will then be divided equally among the following:

6.1.3.1 One-third of the remaining budget surplus will be distributed to the General Public Improvement Fund to be used towards capital improvement projects approved by the Board of Commissioners.

6.1.3.2 One-third of the remaining budget surplus will be distributed to the Other Post-Employment Benefits (OPEB) fund to be used towards retiree healthcare.

6.1.3.3 The remaining one-third 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 Controller/CAO 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. CONTROLLER/CAO LEGAL COUNSEL REVIEW: The Controller/CAO 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 Controller/CAO

Approved as to Legal Content:  
Saginaw County Civil Counsel

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