

1 FROM THE OFFICE OF JOSPEH J. CZARNEZKI

2 MILWAUKEE COUNTY CLERK

3 County Ordinance No. 12-15

4 File No. 12-418

5
6 AN ORDINANCE

7
8 The County Board of Supervisors of the County of Milwaukee does ordain as
9 follows:

10
11 **SECTION 1.** Section 34.07 (1) thru (67) of the General Ordinances of Milwaukee
12 County is deleted in its entirety as follows:

13 ~~34.07. -- Unreserved fund balance.~~

14 ~~(1) Prepare a report on the year end unreserved fund balance (surplus/deficit) in the~~
15 ~~general fund of the county no later than June 1 of the following year, and make it~~
16 ~~available simultaneously to the county executive and county board, including an~~
17 ~~analysis of the changes in fund balance between years and disclosure of any~~
18 ~~differences, and their fiscal impact, in accounting transactions or policies with prior~~
19 ~~year's computation.~~

20 ~~(2) All accounting and budgeting under this section shall be in accordance with~~
21 ~~generally accepted accounting principals (GAAP) for government as promulgated~~
22 ~~by the governmental accounting standards board.~~

23 ~~(3) For the purpose of this section, words shall be defined in accordance with~~
24 ~~generally accepted accounting principles as follows:~~

25 ~~(a) Assets. Resources owned or held by the county which have a monetary~~
26 ~~value.~~

27 ~~(b) Current assets. Assets which are available, can be readily available by~~
28 ~~conversion to cash within one (1) year, or which will be used up within~~
29 ~~one (1) year to finance current operations or to pay current liabilities.~~
30 ~~(Examples include, but are not limited to, cash, temporary investments,~~
31 ~~taxes receivable which will be collected within one (1) year.)~~

32 ~~(c) Current liabilities. Liabilities which are payable within one (1) year.~~

33 ~~(d) Encumbrances. Commitment of an appropriation for future delivery of~~
34 ~~goods or services.~~

35 ~~(e) Fund. A fiscal and accounting entity with a self-balancing set of~~
36 ~~accounts recording cash and other financial resources, together with all~~
37 ~~related liabilities and residual balances which are segregated for the~~
38 ~~purpose of carrying on specific activities or attaining certain objectives.~~
39 ~~(Examples of funds include enterprise, internal service, debt service,~~
40 ~~capital project, general, trust and agency.)~~

41 ~~(f) Fund balance. Represents the fund equity of governmental funds.~~

42 ~~(g) General fund. The fund used to account for all financial resources~~
43 ~~except those required to be accounted for in another fund.~~

- 44 ~~(h) Governmental fund. A term used when referring to a government's~~
45 ~~general, capital project, special revenue or debt service fund.~~
- 46 ~~(i) Liabilities. Debt or other legal obligations arising out of transactions in~~
47 ~~the past which must be liquidated at some future date. The term does~~
48 ~~not include encumbrances.~~
- 49 ~~(j) Noncurrent. Items receivable or payable after one (1) year.~~
- 50 ~~(k) Proprietary fund. A term used when referring to a government's~~
51 ~~enterprise and internal service funds.~~
- 52 ~~(l) Reserve. An account used to segregate a portion of fund balance that is~~
53 ~~not appropriated for expenditure or is segregated for specific future use.~~
- 54 ~~(m) Transfers. Represent residual and/or operating transfers of money from~~
55 ~~a fund receiving revenue to the fund through which resources are~~
56 ~~expended.~~
- 57 ~~(n) Unreserved fund balance. Is the amount in the general fund which~~
58 ~~results when liabilities and reserves are deducted from assets.~~
- 59 ~~(o) Working capital. Reflects the excess of current assets over current~~
60 ~~liabilities.~~
- 61 ~~(4) The following reserves will be used to compute the unreserved fund balance~~
62 ~~(surplus/deficit) in the general fund.~~
- 63 ~~(a) Those reserves representing an amount segregated from fund balance~~
64 ~~established for a specific future use including the following:~~
- 65 ~~(1) Reserve for encumbrances. An amount set aside for~~
66 ~~future delivery of goods or services.~~
- 67 ~~(2) Reserve for appropriation and estimated revenue~~
68 ~~carryover. Represents available appropriations authorized~~
69 ~~by the county board, offset by any related estimated non-~~
70 ~~property tax revenue, for which the purpose of the~~
71 ~~appropriation remains.~~
- 72 ~~(3) Reserve for the redemption or repurchase of bonded~~
73 ~~obligations. Represents available appropriations~~
74 ~~authorized by the county board for the redemption or~~
75 ~~repurchase of county bonds. However, any appropriation~~
76 ~~to this reserve from the surplus of the previous fiscal year~~
77 ~~must be adopted by a vote of two-thirds of the members-~~
78 ~~elect of the county board.~~
- 79 ~~(4) Reserve for future year appropriations. Represents the~~
80 ~~amount of surplus or deficit from the previous fiscal year~~
81 ~~which is appropriated in the succeeding years. (For~~
82 ~~example, 1980 surplus appropriated in the 1982 budget.)~~
- 83 ~~(b) Those reserves that are not available for expenditure or not available to~~
84 ~~finance current operations are known as reserves for working capital,~~
85 ~~including the following:~~
- 86 ~~(1) Reserve for imprest accounts. Represents imprest cash~~
87 ~~amounts established in various departments of the county.~~
- 88 ~~(2) Reserve for taxes receivable. Represents the noncurrent~~
89 ~~portion of taxes receivable due the county.~~

- 133 (3) Committed – Amounts that can only be used for specific purposes pursuant
134 to constraints imposed by action of the County’s legislative and executive
135 branches of government. The commitment can occur by resolution or
136 ordinance. The ability to commit funds must be viewed in light of State
137 Statute 59.60.
- 138 (4) Assigned – Amounts that are constrained by the County’s intent to be used
139 for a specific purpose. Intent is expressed by the legislative, executive
140 branch or an official of the County to which the governing body has
141 assigned this authority. The County assigns intent to departmental
142 managers for the encumbering of appropriations, in accordance with
143 ordinances, regarding the contracting or purchasing with outside agencies.
144 The Comptroller shall ensure that there are adequate funds in the
145 department prior to the encumbering of any funds.
- 146 b) In accordance with Governmental Accounting Standards Board statements,
147 proprietary fund types (Internal Service Funds and Enterprise Funds) fund
148 balance is composed of the following:
- 149 (1) Unrestricted – amounts that are not constrained by outside creditors,
150 agencies or governments.
- 151 (2) Restricted – Amounts that are restricted for certain purposes or in order to
152 meet the intent of legal or contractual constraints from creditors, debtors,
153 agencies, or governments, or by legal means from legislation from outside
154 governments, or by judicial decisions.
- 155 (3) Invested in Capital Assets, Net of Related Debt – Value of capital assets,
156 net of depreciation, and unpaid debt obligations associated with the
157 purchase of the capital assets.
- 158
- 159 2) Prepare a report on the year-end Available fund balance (surplus/deficit) in the
160 general fund of the county no later than June 1 of the following year, and make it
161 available simultaneously to the county executive and county board, including an
162 analysis of the changes in fund balance between years and disclosure of any
163 differences, and their fiscal impact, in accounting transactions or policies with prior
164 year's computation.
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- 166 3) All accounting and budgeting under this section shall be in accordance with
167 generally accepted accounting principals (GAAP) for government as promulgated by
168 the governmental accounting standards board, as required by State Statute.
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- 170 4) For the purpose of this section, words shall be defined in accordance with generally
171 accepted accounting principles as follows:
- 172 a) Assets. Resources owned or held by the county which have a monetary value.
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- 174 b) Current assets. Assets which are available, can be readily available by
175 conversion to cash within one (1) year, or which will be used up within one (1)
176 year to finance current operations or to pay current liabilities. (Examples include,
177 but are not limited to, cash, temporary investments, taxes receivable which will
178 be collected within one (1) year.)
179
180 c) Current liabilities. Liabilities which are payable within one (1) year.
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182 d) Encumbrances. Commitment of an appropriation for future delivery of goods or
183 services.
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185 e) Fund. A fiscal and accounting entity with a self-balancing set of accounts
186 recording cash and other financial resources, together with all related liabilities
187 and residual balances which are segregated for the purpose of carrying on
188 specific activities or attaining certain objectives. (Examples of funds include
189 enterprise, internal service, debt service, capital project, general, trust and
190 agency.)
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192 f) Fund balance. Represents the fund equity of governmental funds as defined by
193 ordinance 32.91 1) a).
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195 g) General fund. The fund used to account for all financial resources except those
196 required to be accounted for in another fund.
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198 h) Governmental fund. A term used when referring to a government's general,
199 capital project, special revenue or debt service fund.
200 i) Liabilities. Debt or other legal obligations arising out of transactions in the past
201 which must be liquidated at some future date. The term does not include
202 encumbrances.
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204 j) Noncurrent. Items receivable or payable after one (1) year.
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206 k) Proprietary fund. A term used when referring to a government's enterprise and
207 internal service funds.
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209 l) Unavailable Fund Balance. An account used to segregate a portion of fund
210 balance that is not appropriated for expenditure or is segregated for specific
211 future use, including non-spendable, restricted, committed or available balances.
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213 m) Transfers. Represent residual and/or operating transfers of money from a fund
214 receiving revenue to the fund through which resources are expended.

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- n) Available fund balance. Is the amount in the general fund which results when liabilities and Unavailable Fund Balance are deducted from assets, and is carried over to the subsequent budget year to increase (deficit) or reduce (surplus) the required tax levy.
- o) Working capital. Reflects the excess of current assets over current liabilities.
- 5) The following Fund Balance reserves will be used to compute the Unavailable fund balance (surplus/deficit) in the general fund.
 - a) Those Fund balance Reserves representing an amount segregated from fund balance established for a specific future use including the following:
 - (1) Reserve for encumbrances. An amount set aside for future delivery of goods or services, whereby a contract has been entered into by departments.
 - (2) Reserve for Carryovers including appropriation and estimated revenue carryover. Represents available capital appropriations authorized by the county board, offset by any related estimated revenue, for which the purpose of the capital appropriation remains. The Reserve for Carryovers shall be considered to be either a Restricted Fund Balance or Committed Fund Balance, depending on the funding source for the carryover. Those capital projects funded by State or Federal funds, bond funds, or PFC funds shall be restricted fund balance.
 - (3) Reserve for Debt Service for the redemption or repurchase of bonded obligations. Represents available appropriations authorized by the county board for the redemption or repurchase of county bonds. However, any appropriation to this reserve from the surplus of the previous fiscal year must be adopted by a vote of two-thirds of the members-elect of the county board.
 - (4) Reserve for future year appropriations. Represents the Available Fund Balance which is appropriated in the succeeding budget year. (For example, 1980 surplus appropriated in the 1982 budget.)
 - b) Those reserves that are not available for expenditure or not available to finance current operations are also a part of Unavailable Fund Balance. including the following:

- 255 (1) Reserve for imprest accounts. Represents imprest cash amounts
256 established in various departments of the county, and is considered to be a
257 restricted fund balance.
- 258 (2) Reserve for delinquent taxes receivable. Represents the noncurrent portion
259 of taxes receivable due the county and is considered to be a restricted fund
260 balance.
- 261 (3) Reserve for inventories. Represents the amount established for inventories
262 of goods and supplies and is considered to be a non-spendable fund
263 balance.
- 264 (4) Reserve for Investments. Represents the market value of investments that
265 exceeds book value. Since the County tends to hold their investments to
266 maturity, the market gain is short-lived, and does not provide an overall
267 surplus that should be used to offset appropriations. This is considered to
268 be a Restricted Fund Balance.
- 269 (5) Reserve for other noncurrent assets and liabilities. Represents amounts
270 segregated from fund balance which reflect the noncurrent portion of
271 assets and liabilities.
- 272 (6) Reserves for Special Revenue Funds. Represents all reserves of Special
273 Revenue Funds that has been restricted due to legal, contractual, or other
274 government legislation. The County Board and County Executive shall be
275 required to approve the establishment of any Reserves for Special
276 Revenue Funds, and the reason for the restriction of fund balance.
- 277 (7) Reserves of Restricted General Fund Balance. Represents any portion of
278 fund balance in the General Fund that is restricted from spending by
279 outside legal or contractual agreement, or by legislation of another
280 governmental body, that can impose a restriction on the County. The
281 County Board shall annually be informed of any restrictions in General
282 Fund Balance.
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- 284 6) The Available fund balance is calculated by deducting liabilities and reserves under
285 Ordinance 32.91 5) from assets in the general fund, after all transfers have been
286 made between the general fund and other governmental and proprietary funds for
287 fixed assets and accumulated depreciation and for operations of those funds, net of
288 any restricted fund balances applicable to those proprietary funds.
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- 290 7) The Available fund balance, prior to the adoption of the tax levy, may, by
291 resolution adopted by two-thirds of the members-elect of the county board, be
292 appropriated in whole or part to provide for emergency needs pursuant to s.
293 59.60(9), Wis. Stats. Otherwise the unreserved fund balance in the general fund
294 shall be used in calculating the following year's tax levy.
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296 8) All enterprise funds must submit a quarterly report to the committee on financial
297 and audit, a tabulation of year-to-day expenses and revenues, and projected year-
298 end expenses and revenues. A corrective plan must also be provided for any net
299 year-end deficits.

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302 **SECTION 3.** This ordinance shall become effective upon passage and publication.

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Adopted by the Milwaukee County Board of Supervisors

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May 24, 2012

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