

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 (7) of the General Ordinances of Milwaukee County
12 is deleted in its entirety.

13
14
15 **SECTION 2.** Section 34.07 (1) thru (6) of the General Ordinances of Milwaukee County
16 is created in its entirety as follows:

17
18 **34.07. - Fund balance.**

19 1) Fund Balance measures the net financial resources available to finance
20 expenditures of future periods.

21 a) In accordance with Governmental Accounting Standards Board statements
22 governmental fund types (General Fund, Capital Projects Fund, Debt Service
23 Fund, and Special Revenue Funds) fund balance is composed of the following:

24 (1) Non-Spendable – balance cannot be spent by the County, or must be
25 maintained intact due to legal or contractual arrangements.

26 (2) Restricted – Restraints are placed on the use of resources from outside of
27 the County. These restraints come from creditors, debt covenants,
28 contributors, and laws or regulations of other governments (State of
29 Wisconsin or Federal Government). The County may use the funds that
30 were restricted or imposed by law but only under the rules established by
31 other government's legislation. The County's Available Fund Balance and
32 Debt Service Reserve is controlled by State Statute 59.60

33 (3) Committed – Amounts that can only be used for specific purposes pursuant
34 to constraints imposed by action of the County's legislative and executive
35 branches of government. The commitment can occur by resolution or
36 ordinance. The ability to commit funds must be viewed in light of State
37 Statute 59.60.

38 (4) Assigned – Amounts that are constrained by the County's intent to be used
39 for a specific purpose. Intent is expressed by the legislative, executive
40 branch or an official of the County to which the governing body has
41 assigned this authority. The County assigns intent to departmental

- 42 managers for the encumbering of appropriations, in accordance with
43 ordinances, regarding the contracting or purchasing with outside agencies.
44 The Comptroller shall ensure that there are adequate funds in the
45 department prior to the encumbering of any funds.
- 46 b) In accordance with Governmental Accounting Standards Board statements,
47 proprietary fund types (Internal Service Funds and Enterprise Funds) fund
48 balance is composed of the following:
- 49 (1) Unrestricted – amounts that are not constrained by outside creditors,
50 agencies or governments.
 - 51 (2) Restricted – Amounts that are restricted for certain purposes or in order to
52 meet the intent of legal or contractual constraints from creditors, debtors,
53 agencies, or governments, or by legal means from legislation from outside
54 governments, or by judicial decisions.
 - 55 (3) Invested in Capital Assets, Net of Related Debt – Value of capital assets,
56 net of depreciation, and unpaid debt obligations associated with the
57 purchase of the capital assets.
- 58
- 59 2) Prepare a report on the year-end Available fund balance (surplus/deficit) in the
60 general fund of the county no later than June 1 of the following year, and make it
61 available simultaneously to the county executive and county board, including an
62 analysis of the changes in fund balance between years and disclosure of any
63 differences, and their fiscal impact, in accounting transactions or policies with prior
64 year's computation.
- 65
- 66 3) All accounting and budgeting under this section shall be in accordance with
67 generally accepted accounting principals (GAAP) for government as promulgated by
68 the governmental accounting standards board, as required by State Statute.
- 69
- 70 4) For the purpose of this section, words shall be defined in accordance with generally
71 accepted accounting principles as follows:
- 72 a) *Assets*. Resources owned or held by the county which have a monetary value.
73
 - 74 b) *Current assets*. Assets which are available, can be readily available by
75 conversion to cash within one (1) year, or which will be used up within one (1)
76 year to finance current operations or to pay current liabilities. (Examples include,
77 but are not limited to, cash, temporary investments, taxes receivable which will
78 be collected within one (1) year.)
 - 79
 - 80 c) *Current liabilities*. Liabilities which are payable within one (1) year.
 - 81

- 82 d) *Encumbrances*. Commitment of an appropriation for future delivery of goods or
83 services.
84
- 85 e) *Fund*. A fiscal and accounting entity with a self-balancing set of accounts
86 recording cash and other financial resources, together with all related liabilities
87 and residual balances which are segregated for the purpose of carrying on
88 specific activities or attaining certain objectives. (Examples of funds include
89 enterprise, internal service, debt service, capital project, general, trust and
90 agency.)
91
- 92 f) *Fund balance*. Represents the fund equity of governmental funds as defined by
93 ordinance 32.91 1) a).
94
- 95 g) *General fund*. The fund used to account for all financial resources except those
96 required to be accounted for in another fund.
97
- 98 h) *Governmental fund*. A term used when referring to a government's general,
99 capital project, special revenue or debt service fund.
- 100 i) *Liabilities*. Debt or other legal obligations arising out of transactions in the past
101 which must be liquidated at some future date. The term does not include
102 encumbrances.
103
- 104 j) *Noncurrent*. Items receivable or payable after one (1) year.
105
- 106 k) *Proprietary fund*. A term used when referring to a government's enterprise and
107 internal service funds.
108
- 109 l) *Unavailable Fund Balance*. An account used to segregate a portion of fund
110 balance that is not appropriated for expenditure or is segregated for specific
111 future use, including non-spendable, restricted, committed or available balances.
112
- 113 m) *Transfers*. Represent residual and/or operating transfers of money from a fund
114 receiving revenue to the fund through which resources are expended.
115
- 116 n) *Available fund balance*. Is the amount in the general fund which results when
117 liabilities and Unavailable Fund Balance are deducted from assets, and is carried
118 over to the subsequent budget year to increase (deficit) or reduce (surplus) the
119 required tax levy.
120
- 121 o) *Working capital*. Reflects the excess of current assets over current liabilities.
122

- 123 5) The following Fund Balance reserves will be used to compute the Unavailable fund
124 balance (surplus/deficit) in the general fund.
- 125 a) Those Fund balance Reserves representing an amount segregated from fund
126 balance established for a specific future use including the following:
- 127
- 128 (1) *Reserve for encumbrances.* An amount set aside for future delivery of
129 goods or services, whereby a contract has been entered into by
130 departments.
- 131
- 132 (2) *Reserve for Carryovers including appropriation and estimated revenue*
133 *carryover.* Represents available capital appropriations authorized by the
134 county board, offset by any related estimated revenue, for which the
135 purpose of the capital appropriation remains. The Reserve for Carryovers
136 shall be considered to be either a Restricted Fund Balance or Committed
137 Fund Balance, depending on the funding source for the carryover. Those
138 capital projects funded by State or Federal funds, bond funds, or PFC
139 funds shall be restricted fund balance.
- 140
- 141 (3) *Reserve for Debt Service for the redemption or repurchase of bonded*
142 *obligations.* Represents available appropriations authorized by the county
143 board for the redemption or repurchase of county bonds. However, any
144 appropriation to this reserve from the surplus of the previous fiscal year
145 must be adopted by a vote of two-thirds of the members-elect of the county
146 board.
- 147
- 148 (4) *Reserve for future year appropriations.* Represents the Available Fund
149 Balance which is appropriated in the succeeding budget year. (For
150 example, 1980 surplus appropriated in the 1982 budget.)
- 151
- 152 b) Those reserves that are not available for expenditure or not available to finance
153 current operations are also a part of Unavailable Fund Balance. including the
154 following:
- 155 (1) *Reserve for imprest accounts.* Represents imprest cash amounts
156 established in various departments of the county, and is considered to be a
157 restricted fund balance.
- 158 (2) *Reserve for delinquent taxes receivable.* Represents the noncurrent portion
159 of taxes receivable due the county and is considered to be a restricted fund
160 balance.
- 161 (3) *Reserve for inventories.* Represents the amount established for inventories
162 of goods and supplies and is considered to be a non-spendable fund
163 balance.

- 164 (4) *Reserve for Investments. Represents the market value of investments that*
165 *exceeds book value. Since the County tends to hold their investments to*
166 *maturity, the market gain is short-lived, and does not provide an overall*
167 *surplus that should be used to offset appropriations. This is considered to*
168 *be a Restricted Fund Balance.*
- 169 (5) *Reserve for other noncurrent assets and liabilities.* Represents amounts
170 segregated from fund balance which reflect the noncurrent portion of
171 assets and liabilities.
- 172 (6) *Reserves for Special Revenue Funds.* Represents all reserves of Special
173 Revenue Funds that has been restricted due to legal, contractual, or other
174 government legislation. The County Board and County Executive shall be
175 required to approve the establishment of any Reserves for Special
176 Revenue Funds, and the reason for the restriction of fund balance.
- 177 (7) *Reserves of Restricted General Fund Balance.* Represents any portion of
178 fund balance in the General Fund that is restricted from spending by
179 outside legal or contractual agreement, or by legislation of another
180 governmental body, that can impose a restriction on the County. The
181 County Board shall annually be informed of any restrictions in General
182 Fund Balance.
- 183
- 184 6) The Available fund balance is calculated by deducting liabilities and reserves under
185 Ordinance 32.91 5) from assets in the general fund, after all transfers have been
186 made between the general fund and other governmental and proprietary funds for
187 fixed assets and accumulated depreciation and for operations of those funds, net of
188 any restricted fund balances applicable to those proprietary funds.
- 189
- 190 7) The Available fund balance, prior to the adoption of the tax levy, may, by
191 resolution adopted by two-thirds of the members-elect of the county board, be
192 appropriated in whole or part to provide for emergency needs pursuant to s.
193 59.60(9), Wis. Stats. Otherwise the unreserved fund balance in the general fund
194 shall be used in calculating the following year's tax levy.
- 195
- 196 8) All enterprise funds must submit a quarterly report to the committee on financial
197 and audit, a tabulation of year-to-day expenses and revenues, and projected year-
198 end expenses and revenues. A corrective plan must also be provided for any net
199 year-end deficits.

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

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**Adopted by the Milwaukee County Board of Supervisors
May 24, 2012**

Engrossed by County Clerk 6/4/12