



**COUNTY OF MILWAUKEE**  
**INTEROFFICE COMMUNICATION**

Office of the Comptroller  
**Scott B. Manske, Comptroller**

**DATE :** April 24, 2017

**TO :** Supervisor Theodore Lipscomb, Sr., Chairman, County Board of Supervisors

**FROM :** Scott Manske, Milwaukee County Comptroller  
Steven Kreklow, Director, Office of Performance, Strategy and Budget

**SUBJECT :** 2016 Report of Departmental Surpluses and Deficits

In the event of a surplus, State Statute 59.60 (5)(g) and County Ordinance 32.91 (4)(a)(3) allow the County to transfer surplus funds into a Debt Service Reserve. The transfer must have the approval of 2/3 of the voting members of the County Board.

The 2016 unaudited fiscal year result is currently projected with a surplus that could exceed \$10.0 million. This amount is a preliminary report of the annual results since the 2016 year-end audit has not been completed.

Under State Statute, the one-time annual surplus of the County is required to be applied against the tax levy requirements of the subsequent year's budget, in this case, the 2018 budget. In 2015, the year-end surplus was \$25.5 million, of which \$5 million was reserved for 2017 operations and the remaining amount of the surplus was transferred to the Debt Service Reserve. It is recommended that the amount of surplus available to offset the subsequent year's budget be maintained at \$5.0 million.

Due to the fact that the 2017 County-wide projection is currently a deficit, albeit early in the year, and due to the fact that current fiscal forecast projects continued structural imbalance in 2018, the Office of the Comptroller and the Department of Administrative Services – Office of Performance, Strategy and Budget (DAS-PSB) are recommending that the 2016 year-end surplus be transferred to the Debt Service Reserve with the exception of \$5.0 million which, by State Statute, will be reserved for the 2018 operations budget. This would be the same action as was taken in 2016 with the 2015 surplus. This would allow for the 2016 surplus, beyond the \$5.0 million to be available to service outstanding debt, to offset any issues in the current fiscal year (2017) or future fiscal years. The final amount placed into the Debt Service Reserve will be determined once the year-end audit has been completed.

By prudently placing the funds into the Debt Service Reserve, the funds would be available to offset potential deficits in future years. Should the County experience unforeseen expenditures, the Debt Service Reserve could offset any deficit in the current year.

**Recommendation:**

The Office of the Comptroller and DAS-PSB recommend the approval of the attached resolution to transfer all but \$5,000,000 of the 2016 year-end surplus to the Debt Service Reserve.



**Scott Manske, Milwaukee County Comptroller**



**Steven Kreklow, Director, Office of Performance, Strategy and Budget**

**cc: Chris Abele, County Executive**  
**Supervisor Peggy West, Chairwoman, Finance & Audit Committee**  
**Finance & Audit Committee**  
**Teig Whaley-Smith, Director, Department of Administrative Services**  
**Janelle Jensen, Committee Clerk, County Clerk**  
**Department Heads**