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Owner: *Matthew Fortman:*  
*11002001-Director -*  
*Financial Services*

Policy Area: *Fiscal*

References:

## BHD Reserve Policy

**Approved by the Mental Health Board on 10/25/18**

### Purpose:

To establish a process for withdrawing funds from the Behavioral Health Division Operational and Capital Reserves established under WI 2013 Act 203.

### Scope:

Milwaukee County Behavioral Health Division (BHD)

### Policy:

2013 Act 203 created the Milwaukee County Mental Health Board (MCMHB), enacted by Wis. Stat. § 51.41. Among its provisions is a requirement that at year-end, any unexpended / unencumbered mental health budget funds be held by the Milwaukee County Treasurer in a mental health reserve fund. Once that fund reaches a \$10 million balance, any surplus amounts may be used for “any mental health function, program, or service in Milwaukee County.” Wis. Stat. § 51.41(4)(d):

*The treasurer in Milwaukee County shall hold any moneys that at the end of a fiscal year have not been expended or encumbered from the amount budgeted for mental health functions, programs, and services in a mental health reserve fund. Moneys in the reserve fund may be used at any time to cover deficits in the Milwaukee County mental health budget. If the amount in the reserve fund exceeds \$10,000,000, the amount exceeding \$10,000,000 may be used at any time for any mental health function, program, or service in Milwaukee County. Moneys in the reserve fund may be used only for the purposes described in this paragraph.*

2013 Act 203 shifted authority for the building reserve fund from the County Board to the Milwaukee County Mental Health Board. Wis. Stat. § 46.18(13):

*In Milwaukee County, the Milwaukee County mental health board, for mental health infirmary structures and equipment, shall ensure the maintenance, as a segregated cash reserve, of an*

*annual charge of 2 percent of the original cost of new construction or purchase or of the appraised value of existing mental health infirmity structures and equipment. If the infirmity or any of its equipment is replaced, any net cost of replacement in excess of the original cost is subject to an annual charge of 2%... In Milwaukee County, the Milwaukee County mental health board may require to be appropriated from reserve sums for mental health infirmaries to be expended for the enlargement, modernization, or replacement of a mental health infirmity and its equipment.*

## Definitions:

Operating Reserve: A segregated fund held in order to meet emergency or short-term needs established in Wis. Stat. § 51.41(4)(d).

Capital Reserve: A segregated fund held in order to be expended on the enlargement, modernization, or replacement of mental health infirmity and its equipment per Wis. Stat. § 46.18(13).

## Procedure:

To access reserve funds, the BHD Administrator will submit a memorandum to the MCMHB Finance Committee requesting the release of funds. In the memo, BHD will outline the project(s) being funded, the amount being requested, justification as to why the project(s) are appropriate for reserve funds, and the anticipated impact on reserve funds.

The Finance Committee will review the request and make a recommendation to the full MCMHB. If the MCMHB approves of the request, BHD will submit a fund transfer to the Department of Administrative Services requesting an amendment to the current year budget. In the fund transfer document, expenses will be increased by the anticipated current year cost of the approved project(s) to be funded through reserves. Offsetting revenue will be added in the form of a contribution from reserves.

BHD will deliver a quarterly report of all current reserve balances, outstanding projects anticipated to affect reserve balances, and anticipated future reserve balances.

## References:

Wis. Stat. § 51.41(4)(d)

Wis. Stat. § 46.18(13)

## Monitors:

N/A

## Attachments:

[Reserve Balance Report Example](#)  
[Reserve Fund Transfer Example](#)

## Approval Signatures

Step Description	Approver	Date
Mental Health Board	Michael Lappen: 11008000-BHD Administrator	10/30/2018
	Michael Lappen: 11008000-BHD Administrator	10/30/2018
	Matthew Fortman: 11002001-Director - Financial Services	10/26/2018