

LRB –RESEARCH AND ANALYSIS

SEPTEMBER 19, 2007

ITEM 17, FILE 070681

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #070681 is a communication from the Comptroller's Office transmitting a report entitled "Schedule of Inventory Balances and Adjustments to the Inventory Reserve and Reserve for Tax Stabilization" for fiscal year ended 2006.

Background and Discussion

1. S.304-29-4-f of the Milwaukee Code authorizes the Comptroller to make withdrawals from the tax stabilization fund to temporarily adjust inventory reserves in recognition of temporary increases in inventory levels in accordance with accepted accounting principals and prudent financial practices. When such reserves exceed amounts reasonable and properly necessary, the excess shall be returned to the tax stabilization fund.
2. S. 304-29-4-f of the Milwaukee Code requires the Comptroller to provide the Common Council with a separate report of adjustments for inventory reserve made to the Reserve for Tax Stabilization.
3. Inventory items are purchased and retained as assets of the City of Milwaukee. Since inventory items are not recorded as expenditures of the City until an operating department uses them, they are reserved and segregated as a portion of the Tax Stabilization Fund.
4. For 2006, there was a net decrease of \$1,791,389.99 to the reserve for the Tax Stabilization Fund because the inventory balance increased from \$5,069,018.81 at the beginning of 2006 to approximately \$6,860,408.80 million at the end of 2006.

Fiscal Impact

The file is a communication and has no fiscal impact.

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