

**COUNTY OF MILWAUKEE  
INTEROFFICE COMMUNICATION**

DATE : April 24, 2015

TO : Supervisor Marina Dimitrijevic, Chairwoman, County Board of Supervisors

FROM : Josh Fudge, Director of Performance, Strategy and Budget, DAS  
Scott B. Manske, Comptroller, Office of the Comptroller

SUBJECT : **Report of 2014 Lapsed (Completed/Abandoned) Capital Project/Major Repairs**

**REQUEST**

The Department of Administrative Services (DAS) and the Office of the Comptroller (Comptroller) are requesting approval of the recommended expenditures and revenues to be lapsed that are associated with capital expenditures (operating 8500 accounting series) and capital projects that have been completed or abandoned in accordance with Section 32.91 of the Milwaukee County General Ordinances (Section 32.91).

The DAS and the Comptroller are also requesting the movement of the lapsed funds to the County's reserves.

**BACKGROUND**

In previous years, the DAS and the Office of the Comptroller submitted this report to the Finance, Personnel and Audit Committee; however, the focus of the report was approval of which items would be **carried over** into the subsequent year and not which items were to be lapsed (**completed/abandoned**). The Ordinance allows for the **automatic** carryover of funds until the purpose of the funds has been accomplished or if there has been no expenditure or encumbrance for a period of three years. For the action items, requested approvals are directly related to the lapsing of capital expenditures (8500 accounting series of Department Operating Budgets) and capital projects and also the contribution of the lapsed funds to County reserves.

This year's report has been modified so that it fully complies with the language in Section 32.91 Carryover of Appropriations:

*Every appropriation excepting an appropriation for a capital expenditure, or a major repair (operating 8500 accounting series), shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure or a major repair shall continue in force until the purpose for which it was made has been accomplished or abandoned. The purpose of such appropriation for any capital expenditure or a major repair shall be considered abandoned if three (3) years pass without any expenditure from, or encumbrance of, the appropriation concerned. A final comprehensive annual list of capital projects and major repairs identified as*

*completed and/or recommended to be abandoned shall be submitted to the committee on finance and audit of the county board by the department of administrative services division of fiscal affairs no later than May 1st of each year. The committee shall review this report and submit its recommendations to the county board. Failure of the county board to take action prior to June 1 shall be deemed approval of the department of administrative services recommendations.*

The attached resolution seeks approval from the County Board for the following actions:

- Approval to lapse capital expenditures within the 8500 accounting series of department operating budgets (**Schedule A**)
- Approval to lapse completed/abandoned non-airport capital projects (**Schedule B**)
- Approval to lapse completed/abandoned airport capital projects (**Schedule C**)
- Approval to contribute \$537,345 of unspent bonds and lapse a cash deficit of \$210,732 to the County's debt service reserve
- Approval to contribute lapsed funds of \$1,086 of unspent bonds and \$1,184,449 of cash to the appropriate airport balance sheet account.

The following schedule relates to the automatic lapsing of capital expenditures and major repairs that do not have any expenses or encumbrances **for a period of three years** and are being provided for informational purposes only:

- Lapsing of capital expenditures or major repairs without any expenditure or encumbrance for a period of three years. (**Schedule D**) *None for 2014*

The following schedules relate to capital items and related revenues that are being automatically carried over from 2014 to 2015, in accordance with Milwaukee County Ordinances and Wisconsin State Statutes, and are being provided for informational purposes only:

- Carryover of capital expenditures within department operating budgets. (**Schedule E**)
- Carryover of revenues related to operating carryovers/encumbrances (**Schedule F**)
- Carryover of capital improvement projects (**Schedule G**)

For several years, the DAS has limited operating carryovers to those that are offset with non-County revenue, those offset with department surpluses and/or for extenuating circumstances. This policy has been continued for 2015.

**REQUESTED LAPSING OF CAPITAL EXPENDITURES/MAJOR REPAIRS****Operating Lapsed Capital Expenditures (Detailed in Schedule A)**

Operating budget capital outlay, equipment and major maintenance appropriations that are recommended to be lapsed total \$2,398,206.

Of the items that are being lapsed there were only two appropriations which were requested by a department that are recommended to be abandoned. The Office of the Sheriff has requested to carryover \$100,000 for the purchase of automated license plate readers and mobile data computers; however, these appropriations were recommended to be lapsed since the department (as of Period 13) was projecting a deficit of approximately \$6 million. The remaining appropriations being lapsed were not requested to be carried over by departments.

Included in the lapsed amount is \$55,000 in the Org. Unit 4900 Medical Examiner in expenditure authority for equipment approved as part of the Innovation Fund (Resolution File No. 14-290). Resolution File No. 15-91 authorized and directed the DAS and the Comptroller to carry over \$55,000 in the Medical Examiner's budget to purchase the equipment identified as part of the Innovation Fund resolution. Therefore, this amount has already been carried over.

**Lapsed Non-Airport Capital Improvement Projects (Detailed in Schedule B)**

The capital improvement appropriations and revenues not recommended for carryover is included in Schedule B. The financial impact of these lapsed projects along with adjustments to continuing projects is that a cash deficit of \$210,732 is requested to be lapsed to the County's general fund and unspent bonds of \$537,345 is requested to be allocated to the County's debt service reserve. The cash deficit is primarily driven by lapsing \$500,000 of unrealized revenue in Project WP143 Mitchell Park Greenhouse. The final fiscal position of the project is currently being evaluated and will not be finalized until negotiations with the State of Wisconsin Department of Transportation are completed.

The cash amount reflects the lapsing of \$145,000 in cash from Project WE056 – Acute & Children's Unit Whiteboard Units and \$70,000 in cash from Project WO205 CCAP Scanning Equipment. As stated previously, this amount was previously approved for carry over in Resolution File 15-91. The lapsed \$215,000 amount was combined with the overall corporate purpose projects, which results in a net cash deficit of \$425,732.

**Lapsed Airport Capital Improvement Projects (Detailed in Schedule C)**

The Airport capital improvement appropriations and revenues not recommended for carryover is included in Schedule C. The financial impact of these lapsed projects along with adjustments to continuing projects results in the Airport receiving a contribution to its reserves of \$1,185,535 from the lapsed capital projects. The contribution consists of \$1,184,449 in cash and \$1,086 in Airport bond proceeds

**INFORMATIONAL SCHEDULES RELATING TO CARRYOVERS****Capital Projects/Major Repairs Being Abandoned After 3 years Of No Activity (Detailed in Schedule D)**

There are no projects without expenditures or encumbrances for a period of three years.

**Operating Carryovers (Detailed in Schedule E and Schedule F)**

Operating budget capital outlay, equipment and major maintenance appropriations being carried over from 2014 to 2015 total \$3,852,960 (Schedule E). Revenues being carried over relating to Capital Outlays and Encumbrances total \$6,945,595 (Schedule F). This compares to carryovers from 2013 to 2014 of \$6,253,733 and \$8,242,785 respectively.

**Capital Carryovers (Detailed in Schedule G)**

Schedule G is included to summarize capital expenditures and revenues being carried over to 2015. Capital project fund expenditure appropriation carryovers from 2014 to 2015 total \$76,956,492 for corporate purpose projects. Associated revenues to be carried over total \$41,929,446. This compares to appropriation carryovers of \$63,642,527 for 2013 to 2014. The associated capital improvement revenue carryovers from a year ago totaled \$51,508,405.

Airport capital improvement expenditure and revenue carryovers from 2014 to 2015 total \$43,269,780 and \$69,380,837, respectively. Revenues exceed expenditure carryovers due primarily to the carryover of revenues associated with expenditures already encumbered. This compares to carryovers of \$59,822,458 in expenditures and \$113,639,792 in revenues for the Airport from 2013 to 2014

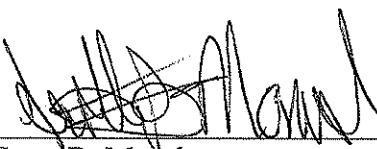
Recommendation

The DAS and the Comptroller recommend the lapsing of operating budget capital outlay, equipment and major maintenance appropriations that total \$2,398,206.

It is also recommended that \$1,233,918 of expenditure authority and \$907,306 of revenue budget for non-airport projects is lapsed. The resulting cash deficit of \$210,732 will be applied to the 2014 general fund and the \$537,345 in unspent bond proceeds are recommended to be deposited to the debt service reserve.

Finally, it is recommended that \$17,440,512 of expenditure authority and \$16,254,977 of revenue budget for airport projects is lapsed. The resulting \$1,086 in unspent bond proceeds and \$1,184,449 in cash are recommended to be deposited to the appropriate airport balance sheet account.

  
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Josh Edge  
Director of PSB

  
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Scott B. Manske  
Office of the Comptroller

Attachments

pc: Chris Abele, County Executive  
Raisa Koltun, Chief of Staff, Milwaukee County Executive  
Kelly Bablitch, Chief of Staff, Milwaukee County Board  
Stephen Cady, Comptroller, Research Director  
Department Heads