



W. Martin Morics, C.P.A.  
Comptroller

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Deputy Comptroller

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Office of the Comptroller

November 15, 2004

Mr. Rocky Marcoux, Commissioner  
Department of City Development  
809 N. Broadway  
Milwaukee, WI 53202

Mr. Jeffrey Mantes, Commissioner  
Department of Public Works  
841 N. Broadway, Room 516  
Milwaukee, WI 53202

Dear Mr. Marcoux and Mr. Mantes:

In preparing the City's books for year-end, some issues regarding TID #48 – Park East have come to my attention. There is approximately \$3.8 million of Grantor Funding authorized for Park East, with approximately \$1.0 million actually expended. Grantor Funding is reimbursement from the Grantor for amounts that the City expends. Approximately \$1.0 million of Park East expenditures have been paid to the State from Grantor Funding from the State. It is unusual for a payment to the Grantor to be reimbursed by the Grantor. The invoice paid by the Grantor Funding was billed in April, and we would like clarification on whether the City will be reimbursed by the State for any or all of the expenditures. In the event that any or all of the Grantor Funding will not be received, the City's Auditors (KPMG) will require an alternate 2004 funding source for the expenditures.

Based upon a review of State billings, it appears that the Grantor is performing all the major work for Park East. Normally, Grantor funding is not established when the City is not performing the work. In such instances, only the City share is established to pay our share.

It has come to our attention that the State is about to bill the City for approximately \$7.2 million of City Share for additional Park East expenditures. The Auditors will require the amount to be recorded in 2004 along with a funding source. We have reviewed accounts for Park East and TID #48, and could not find any encumbrances for the related contracts. In order to assist us in preparing the books for year-end, could you please clarify the following:

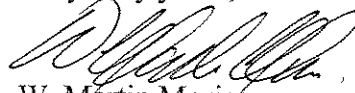
1. Will the City be receiving reimbursement from the State for the \$1 million paid to the State through Grantor Share? If not, what alternate funding source should be used to fund the expenditure?
2. Can the City expect to receive reimbursement for the remaining \$2.8 million of unexpended Grantor Share?
3. What funding source(s) will be used to pay the additional \$7.2 million of Park East expenditures by the State.
4. Are there other expenditures we should be aware of?

Letter to Mr. Marcoux  
November 15, 2004  
Page 2 of 2

Pending clarification of these issues, we have returned the unused Grantor Share in Park East accounts to the Parent Account, and reserved TID Borrowed Funds for the anticipated expenditures. There is approximately \$8.5 million of unallocated TID Borrowing Authority, of which, \$3 million is set aside for financing costs (capitalized interest). In the event that all of the expenditures will be funded with TID Borrowing Authority, the remaining \$5.5 million of unallocated TID Borrowing Authority is insufficient to cover the \$8.2 million of expenditures (\$1.0 million Grantor Funding plus \$7.2 million of additional billings). Please note: although the amounts may not actually be paid until 2005, generally accepted accounting principles will not allow 2005 budget authority to fund expenditures incurred in 2004.

We would appreciate a timely response by no later than Tuesday, November 23<sup>rd</sup>. If you would like additional information on the project, feel welcome to contact Richard Li at extension 2319.

Very truly yours,



W. Martin Morjes  
Comptroller

cc: Michael Murphy  
Marianne Walsh  
Mark Nicolini  
Thomas Croasdaile  
Michael Wisniewski

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