

**SUBJECT: POLICY REGARDING PROCEDURES AND GUIDELINES FOR CAPITAL
PROJECT CLOSURE**

Purpose: The purpose of this APM is to provide guidance regarding when Capital Projects should be closed in order for the City of Madison to maintain an accurate, transparent, and current ERP system along with compliance for arbitrage requirements. (See *Post-Issuance Compliance Policies and Procedures for more information on arbitrage requirements.*)

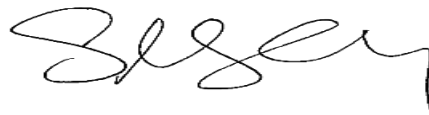
Guidelines: These guidelines apply to all City agencies and capital projects. The Finance Department may close capital projects at their discretion after consulting with the appropriate agency, and will look to cancel any remaining capital budget authority.

Effective Date: Upon execution. Finance will inform agencies of any projects that meet the below criteria. Agency staff may submit exemptions for any projects that meet the below criteria, including projects that are part of a program. Finance Department staff will review exemptions on a case by case basis.

Policy: A capital project will be deemed eligible for immediate closure and budget cancellation when the following metrics are met:

- At least two years have passed since funding for the construction phase of the project was adopted
- If applicable, at least two years have passed since the program (major project) was appropriated
- Projects are no longer included in the City's Adopted Capital Improvement Plan, and/or the Horizon List in their current form
- Project has been fully funded and all project allocations were finalized
- If applicable, sufficient General Obligation borrowing has been received to match the funding actuals in the project
- In each of the prior two years, expenditures in the project have not exceeded \$10,000
- No outstanding encumbrances on the project remain, and/or the capital asset(s) has been placed-in-service.

Procedure: The Finance Department, in conjunction with the agencies will conduct periodic reviews in May and November annually to analyze the open projects within the Capital Projects Fund. Following the review, if the Finance Department determines that an open capital project meets the criteria above and the responsible agency has not provided sufficient reason to keep the project open, they will initiate a budget adjustment cancelling any remaining expenditure and/or funding authority on the project. In the case of multiple projects within a program, the Finance Department will remove remaining encumbrances and return the funds to the program to be used for other projects. Additionally, any remaining operating budget within the project will be removed. Once completed, the Finance Department will close the project within the City's general/project ledger software solution; preventing further recording of transactions to the project. If it is determined at a later date that work within the scope of a previously closed project will continue in some capacity, a new capital project may be appropriated and established.



Satya V. Rhodes-Conway
Mayor

APM No. 1-8
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