



# COUNTY OF DANE

DEPARTMENT OF ADMINISTRATION

## CONTROLLER DIVISION

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Madison, Wisconsin 53703

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CHARLES HICKLIN  
Controller

TRAVIS MYREN  
Director of Administration

### MEMORANDUM

Date: September 15, 2011  
To: Joe Parisi, County Executive  
From: Chuck Hicklin, Controller

Re: 2011 Borrowing Resolution

Sub. 2 to Res. 107 is before the County Board for adoption at the meeting this evening. There have been questions raised as to what the implications would be if the County Board were to fail to adopt this resolution and halt the 2011 borrowing package.

The borrowing includes funds to support \$24.1 million in capital projects. This total includes a range of small and large projects authorized in the capital budget. It has been the practice of the county for many years to proceed with capital projects during the fiscal year and reimburse the treasury through the borrowing in September or October each year.

I have reviewed the current status of the projects included in sub. 2 to Res. 107. Of the \$24,165,056 in projects included in the resolution, the county has spent \$5,938,042 and has contracts outstanding on an additional \$12,765,778. Of the unspent-unencumbered balance, \$2.5 million would be dedicated to the reconstruction of University Avenue. While the county has not signed a formal agreement for the project at this time, the City of Madison and the State of Wisconsin are proceeding with the project in anticipation of county involvement. The total also includes \$434,000 for purchase of squad cars for the Sheriff's office that will save the county nearly \$100,000 compared to waiting until 2012 to purchase the new Ford police interceptor models. The total includes funds to refinance current vehicles leases for the Human Services and Land and Water Resources Departments which will also resulting in cost savings in 2012.

I cannot stress enough as to the negative consequences on the county if this resolution is not approved by the County Board. The most immediate impact would be that the county would be required to finance the \$5.9 million in funds

already spent from its general fund. The county's general fund balance is projected to be \$702,032 at the end of 2011. If the capital expenditures must be financed from the general fund, this balance would change to \$(5,236,010). I would predict that such a reduction in the county's general fund, especially one resulting from a decision by the County Board to not borrow for approved projects, would lead to a reduction in the county's bond rating.

An additional impact would be that the county would need to attempt to cancel contracts it has established, because the county would not have funds to make further payments on the contracts. This would disrupt progress on significant projects such as the radio replacement project, the computer aided dispatch system, and major highway projects. Cancellation of these contracts would make affect public safety, transportation and other services provided by the county, would likely result in penalties and potential litigation.