

This Official Statement can be found on the World Wide Web at: www.pfm.com.

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes. See "LEGAL MATTERS – Tax Exemption" and "Proposed Form of Legal Opinion" for the Bonds herein. The Bonds will not be designated by the County as "Qualified Tax Exempt Obligations" for purposes of Section 265(b)(3) of the Code.

OFFICIAL STATEMENT

\$29,340,000

GENERAL OBLIGATION AIRPORT BONDS, SERIES 2007A DANE COUNTY, WISCONSIN

Dated: April 1, 2007

Due: June 1, 2008/2017

The \$29,340,000 General Obligation Airport Bonds, Series 2007A (the "Bonds") are being issued by Dane County, Wisconsin (the "County") pursuant to Chapter 67 of the Wisconsin Statutes to pay the cost of the construction of a parking ramp addition to the Dane County Airport. The Bonds will be general obligations of the County for which its full faith and credit and unlimited taxing powers are pledged. The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of CEDE & Co., as nominee of The Depository Trust Company (the "Depository"). The Depository will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. (See "Book-Entry Only System" herein.)

Principal, payable on each June 1 commencing June 1, 2008 as set forth below, and interest on the Bonds, payable semiannually on each June 1 and December 1 commencing December 1, 2007, will be paid to the Depository, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds. See "Book-Entry Only System" herein.

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP 236091</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP 236091</u>
2008	\$ 2,465,000	4.000%	3.640%	XE9	2013	\$ 2,965,000	4.000%	3.670%	XK5
2009	2,555,000	4.000%	3.670%	XF6	2014	3,080,000	4.000%	3.690%	XL3
2010	2,655,000	4.000%	3.660%	XG4	2015	3,205,000	4.000%	3.700%	XM1
2011	2,755,000	4.000%	3.650%	XH2	2016	3,335,000	4.000%	3.750%	XN9
2012	2,855,000	4.000%	3.650%	XJ8	2017	3,470,000	4.000%	3.760%	XP4

The Bonds maturing on June 1, 2016 and thereafter are subject to prior redemption at the option of the County on June 1, 2015 and any date thereafter at a price of par plus accrued interest.

Registrar/Paying Agent: County Treasurer.

Not Bank Qualified: The Bonds are not designated as "Qualified Tax-Exempt Obligations."

Legal Opinion: Quarles & Brady LLP, Milwaukee, Wisconsin.

First Southwest Company has agreed to purchase the General Obligation Airport Bonds, Series 2007A from Dane County, Wisconsin for an aggregate price of **\$29,729,123.91** plus accrued interest. The Bonds will be available for delivery on or about April 5, 2007.

The date of this Official Statement is March 15, 2007

(THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.)

First Southwest Company



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

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DANE COUNTY, WISCONSIN

County Executive

Kathleen M. Falk

Board of Supervisors

Scott A. McDonell..... Chairperson
John Hendrick..... First Vice-Chairperson
Brett Hulsey..... Second Vice-Chairperson
Michael Hanson..... Sergeant At Arms
Sheila Stubbs Sergeant At Arms

1	Scott McDonell	14	Michael Hanson	27	Kyle Richmond
2	Barbara Vedder	15	Richard Brown	28	Vernon Wendt
3	Elaine DeSmidt	16	Dave de Felice	29	Dave Ripp
4	Brett Hulsey	17	Tom Stoebig	30	Patrick Downing
5	Ashok Kumor	18	Dorothy Wheeler	31	Gerald Jensen
6	John Hendrick	19	Jeff Kostelic	32	Mike Willett
7	Matt Veldran	20	Duane Gau	33	Jack Martz
8	Carousel Andrea Bayrd	21	David Wiganowsky	34	Patrick Miles
9	Ruth Ann Schoer	22	Dennis O'Loughlin	35	Donna Vogel
10	David Worzala	23	Sheila Stubbs	36	Rich Pertzborn
11	Al Matano	24	Dale Suslick	37	Bob Salov
12	Paul Rusk	25	Eileen Bruskwewitz		
13	Chuck Erickson	26	Mark Opitz		

County Clerk

Robert H. Ohlsen

County Treasurer

David M. Gawenda

Director of Administration

Bonnie Hammersley

Controller

Charles R. Hicklin

Corporate Counsel

Marcia A. Mackenzie

Bond Counsel

Qualres & Brady LLP
Milwaukee, Wisconsin

Financial Advisor

Public Financial Management, Inc.
Milwaukee, Wisconsin

INTRODUCTION TO THE OFFICIAL STATEMENT

The following information is furnished solely to provide limited introductory information regarding the County's \$29,340,000 General Obligation Airport Bonds, Series 2007A (the "Bonds"), and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the appendices hereto.

- Issuer:** Dane County, Wisconsin.
- Security:** The Bonds will be general obligations of the County, secured by an unlimited tax levy. The Bonds will be payable from ad valorem taxes levied upon all taxable property in the County which may be levied without limitation of rate or amount.
- Purpose and Authority:** The Bonds are being issued to finance a parking ramp addition to the Dane County Airport pursuant to the Laws of the State of Wisconsin including Chapter 67 of the Wisconsin Statutes and resolutions adopted by the County Board on February 15, 2007 and March 15, 2007.
- Optional Redemption:** The Bonds maturing in the years June 1, 2016 and thereafter are subject to prior redemption on June 1, 2015 and any date thereafter at a price of par plus accrued interest to the redemption date.
- Denominations:** \$5,000 or integral multiples thereof.
- Registration & Exchange:** Upon presentation to the Registrar, Bonds will be exchanged for one or more Bonds in multiples of \$5,000.
- Record Date:** The 15th day of the month preceding the payment date.
- Principal Payments:** Annually, June 1, 2008 through 2017.
- Interest Payments:** On each June 1 and December 1, commencing December 1, 2007.
- Not Bank Qualified:** The Bonds will not be designated as "Qualified Tax-Exempt Obligations."
- Professional Consultants:**
Financial Advisor: Public Financial Management, Inc.
Milwaukee, Wisconsin

Bond Counsel: Quarles & Brady LLP
Milwaukee, Wisconsin
- Legal Matters:** Legal matters incident to the authorization and issuance of the Bonds are subject to the opinion of Quarles & Brady LLP, Bond Counsel, as to validity and tax exemption. The opinion will be substantially in the form set forth in Appendix B attached hereto. Bond Counsel has not participated in the preparation of Official Statement except for information under the headings "LEGAL MATTERS – Tax Considerations" and "LEGAL MATTERS – Approval of Legal Proceedings" and in the Official Notice of Sale.
- Conditions Affecting Issuance of Obligations:** The Bonds are offered when, as and if issued, subject to the approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

- Delivery:** The County will deliver the Bonds anywhere in the United States as designated by the purchaser within 40 days against payment in immediately available funds. Delivery is expected on or about April 5, 2007.
- Book-Entry Only:** The Bonds will be issued as book-entry only securities through The Depository Trust Company.
- No Litigation:** There is no litigation now pending or, to the knowledge of County officials, threatened, which questions the validity of the Bonds or of any proceedings of the County taken with respect to the issuance or sale thereof.
- Limitations on Offering or Reoffering Securities:** No dealer, broker, salesman or other person has been authorized by the County or the Financial Advisor to give any information or to make any representations other than those contained in the Official Statement and, if given or made, such information and representations must not be relied upon as having been authorized by the County, or the Financial Advisor. The Official Statement does not constitute an offer to sell or solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.
- Continuing Disclosure:** The resolution awarding the sale of the Bonds, will covenant and agree on behalf of the County, for the benefit of the holders of the Bonds from time to time, to comply with the provisions of Securities and Exchange Commission Regulations, 17 C.F.R. Section 240. Paragraph (b)(5) of 15c2-12, (“Rule 15c2-12”); and, for this purpose, to provide to nationally recognized securities repositories and any Wisconsin state information depository, annual financial information of the type included in the Official Statement, including audited financial statements, and notice of the occurrence of events which materially affect the terms, payment, security, rating or tax status of the Bonds. The County is the only “obligated person” in respect of the Bonds within the meaning of Rule 15c2-12. A description of the undertaking is in Appendix D.

Questions regarding the Bonds or the Official Statement can be directed to and additional copies of the Official Statement, the City’s audited financial reports and the Resolutions authorizing the Bonds may be obtained from Public Financial Management, Inc., 115 South 84th Street, Suite 100, Milwaukee, Wisconsin 53214, (414) 771-2700, the City’s financial advisor.

DESCRIPTION OF THE BONDS

Authorization and Purpose

The Bonds are being issued pursuant to Section 67 of Wisconsin Statutes, an authorizing resolution that was adopted on February 15, and an award resolution for the Bonds adopted by the County Board of Supervisors on March 15, 2007.

The proceeds of the Bonds will be used to finance the construction of a parking ramp addition at the Dane County Airport.

Sources and Uses

The estimated sources and uses for the Bonds are as follows.

Table 1
Estimated Sources and Uses

<u>Estimated Sources:</u>	<u>Amount</u>
Par Amount	\$ 29,340,000.00
Original Issue Premium	432,451.40
Accrued Interest	13,040.00
Total Sources of Funds	<u>\$ 29,785,491.40</u>
<u>Estimated Uses:</u>	
Project Fund	\$ 29,276,700.00
Debt Service Fund	402,163.91
Cost of Issuance	63,300.00
Underwriter's Discount	43,327.49
Total Uses of Funds	<u>\$ 29,785,491.40</u>

Security Provisions

Non-repealable, Direct, Annual Tax. As security for the Bonds, the County pledges its full faith, credit and taxing powers and there will be levied on all of the taxable property in the County a non-repealable, direct, annual tax in an amount and the times sufficient to pay the principal of and interest on the Bonds. The taxes will be levied under the Award Resolution for collection in each of the years 2008 through 2017 for the Bonds.

The Award Resolution provides that the taxes will be, from year to year, carried onto the tax rolls of the County and collected as other taxes are collected and that the County shall not repeal such levies or obstruct the collection of the taxes. Provision is made for reducing the amount of taxes carried onto the tax rolls by the amount of any surplus money in the Debt Service Fund for the Bonds.

Debt Service Fund

Pursuant to the Award Resolution, a separate account designated as the "Debt Service Fund Account for \$29,340,000 Dane County General Obligation Airport Bonds, Series 2007A, dated April 1, 2007" will be established within the treasury of the County.

The Award Resolution provides that the proceeds of taxes levied in the Award Resolution when collected by the Treasurer shall be placed and kept by the Treasurer as a separate fund irrevocably pledged for paying the principal of and interest on the Bonds so long as any such Bonds shall remain outstanding. Any accrued interest and any premium received at the time of delivery of the Bonds shall be paid over to said fund. Interest on or principal of the Bonds falling due at any time when there shall be on hand in the Debt Service Fund insufficient funds for the payment of such principal and interest shall be paid promptly when due from other funds of the County.

Borrowed Money Fund

The Award Resolution establishes a Borrowed Money Fund into which the proceeds of the Bonds shall be placed and kept by the Treasurer designated as the "Borrowed Money Fund." Monies in the Borrowed Money Fund, including the earnings thereon, shall be used solely for the purpose for which borrowed or for transfer to the Debt Service Fund as provided by law. The Treasurer may pay any costs relating to the issuance of the Bonds with investment of the Borrowed Money Fund out of said funds.

Redemption Provisions

The Bonds maturing in the years June 1, 2016 and thereafter are subject to prior redemption on June 1, 2015 and any date thereafter at a price of par plus accrued interest to the redemption date.

Redemption may be in whole or in part and if in part at the option of the County and in such manner as the County shall determine. If less than all Bonds of one maturity are called for redemption, the County will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

Notice of Redemption

The County, so long as the Global Book Entry System is used for recording ownership of the Bonds, shall send any notice of redemption to The Depository Trust Company (the "Depository"). Any such notice of redemption shall be in the possession of the Depository no less than thirty and no more than sixty days prior to the redemption date. Any failure of the Depository to mail such notice to any participants shall not affect the validity of the redemption of Bonds. In the case of certificated bonds, the Registrar shall give notice of redemption of any bonds by first class mail to the holders thereof registered on its books not less than thirty days and not more than sixty days prior to the date fixed for redemption.

Interest Payments and Computation

Interest on the Bonds will be computed on a 360-day year, 30-day month basis. Payments coming due on a non-business day will be paid the following business day. Interest will be payable semiannually on June 1 and December 1 commencing December 1, 2007.

Registration, Transfer and Exchange

The Bonds will be initially registered in the name of Cede & Co., as nominee of the Depository. The Depository will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. See "Book-Entry Only System."

Book-Entry Only System

The information contained in the following paragraphs of this subsection “Book-Entry Only System” has been extracted from a schedule prepared by Depository Trust Company (“DTC”) entitled “SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY ONLY ISSUANCE.” The County makes no representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered certificate will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such annual maturity, and such certificates will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (“Direct Participants”). DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Certificate (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the County or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the County or the Trustee, disbursements of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

NEITHER THE COUNTY, NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO CERTIFICATEHOLDERS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS CERTIFICATEHOLDER; OR (5) THE SELECTION BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE BONDS.

Continuing Disclosure

The County has covenanted for the benefit of the holders of the Bonds to provide certain financial information and operating data relating to the County by not later than 365 days following the end of its fiscal year (the "Annual Report") and to provide notices of the occurrence of certain enumerated events if deemed by the County to be material. The Annual Report will be filed by the County with each Nationally Recognized Municipal Securities Information Repository (and with any designated State Information Depository). The notices of material events will be filed by the County with the Municipal Securities Rulemaking Board (and with any designated State Information Depository). The specific nature of the information to be contained in the Annual Report or the notices of material events is summarized below under the caption Appendix D - "Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5).

A failure by the County to comply with the undertaking will not constitute an event of default on the Bonds (although holders will have the right to obtain specific performance of the obligation under the undertaking). Nevertheless such a failure must be reported in accordance with the Rule and must be considered by any broker dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The County has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

THE COUNTY

Introduction

Dane County, located in south central Wisconsin, covers an area of 1,238 square miles and is approximately 70 miles west of Milwaukee. The County is a single-county metropolitan area comprised of eight cities, nineteen villages and thirty-four townships, with an estimated population of 464,513. The County seat is located in the City of Madison, which is the state capitol. The City of Madison is also home to over 40,000 students at the University of Wisconsin-Madison and Madison Area Technical College. The County was incorporated in 1839 under the General Laws of the State of Wisconsin. The County has the third highest equalized property tax base and per capita income and is the second most populous county in the State. The County is recognized as having an exceptionally high level of citizen participation in civic and governmental affairs; substantial continuing effort is committed to insuring citizen input as an integral part of County government.

County Officials

The County Executive

Dane County is organized under a County Executive form of government. The County Executive is a non-partisan position, elected in a county-wide election for a four-year term. The County Executive coordinates and directs all management functions of County government, and appoints all department heads, members of boards, committees and commissions unless otherwise provided by law. The County Executive is the chief executive officer of the County and has veto power over all acts of the Board of Supervisors. A two-thirds vote of members is required to overturn a County Executive veto.

The County Board

The County is governed by a non-partisan, thirty-seven member Board of Supervisors elected by district to two-year terms. From its members, the Board elects a chairperson, responsible for conducting the proceedings of the Board at its meetings. The Board exercises legislative control over all County government operations.

Administration Organization

Dane County Government includes 30 departments. Department heads are appointed by and report to the County Executive, except those departments headed by elected officials. Departments operate within six broad functional areas including general government; public safety and criminal justice; public works; health and human services; culture, education and recreation; and conservation and economic development. The County employs approximately 2,100 full-time equivalent persons.

General Government

A countywide system of budget preparation, financial planning and reporting and fiscal control is provided by the Department of Administration. Other general government functions include the County Executive and County Board and the constitutional offices of County Clerk, County Treasurer and Register of Deeds.

Public Safety and Criminal Justice

Sheriff operations include bailiff services, process serving, traffic control and patrol, investigation and jail facilities. The County operates three jail facilities including a 144 bed work release facility, a 400 bed minimum security facility and a 400 bed main jail. The 400 bed minimum security facility opened in late 1994. Other public safety functions include the constitutional offices of the Coroner, District Attorney and Clerk of Courts and the seventeen branch court system. The County, in conjunction with the City of Madison, has developed a county-operated consolidated public safety communications center, including enhanced 911 technologies. The juvenile court program operates a juvenile detention center and shelter home facility.

Public Works

The Department of Public Works, Highway and Transportation maintains 542 miles of County owned roads and, under a maintenance contract with the State, 400 miles of Interstate and State highways. Mass transit services are provided to selected areas of Dane County through vendor contracts. The County also maintains a 1,000 stall parking facility near the courthouse.

Health and Human Services

The Department of Human Services provides services which contribute to the self-sufficiency, treatment, care and/or protection of persons who are developmentally disabled, mentally ill, alcohol and other drug dependent, elderly with long-term support needs, physically disabled, as well as persons with sensory disabilities, abused and neglected children and their families, juveniles with severe problems, and those in need of financial assistance. The County operates a 120-bed geriatric-psychiatric care facility, situated on 100 acres of land.

Culture, Education and Recreation

The Alliant Energy Center of Dane County (the "Center") includes 160 acres of land, a variety of multi-purpose buildings and a parking capacity of over 4,000 cars. A 100,000 square foot exhibit hall opened for business in the fall of 1995. The Center provides a variety of activities for the citizens of the County and neighboring counties, including: amateur sports, concerts, trade and consumer shows, agricultural events, youth hockey, banquets, conventions, and other activities, such as the County Fair, World Dairy Expo, various festivals and other outside events. Annual attendance at Center activities is approximately 1,050,000 persons.

The Parks Department provides for open space and recreational needs of Dane County residents through a 5,403 acre park system including 32 parks. The facilities of the zoo include a zoological park, educational exhibits and a children's zoo. The zoo currently exhibits approximately 800 animals representing 180 species. Educational services are provided through University of Wisconsin extension programs and a County library system available to all County residents.

County Airport

The Dane County Regional Airport occupies approximately 3,000 acres in the northeast section of Madison. Significant features include a terminal building and parking facility, a system of runways, taxiways and ramps to support aeronautical activity, a maintenance facility, general aviation facilities, air cargo facilities, air national guard and army national guard flying units, and an industrial airpark. The terminal building was expanded from 30,000 to 90,000 square feet in 1985, to 125,000 square feet in 1991 and to 265,000 square feet in 2006. A 1,345 stall parking ramp was opened for business in the fall of 1993 at the Airport and in 1998 was expanded by adding 482 stalls.

Proceeds from the Bonds will be used to construct a new parking facility. The facility is expected to add approximately 1,350 new stalls and it will be located directly west of the existing structure.

The terminal building has eleven loading bridges with parking for fourteen aircraft, and commuter gate facilities to accommodate ground boarding. The terminal building also provides space for eight on-site rental car agencies, seven food and beverage concepts and three retail locations.

There are currently 11 airlines serving the airport with over 100 flights per day. The three primary airlines are Northwest Airlines, United Express and American Eagle.

The following table shows the number of passengers, amount of mail, and amount of freight transported via the airport since 2001.

Table 2
Airport Activity

<u>Year</u>	<u>Total Passengers</u>	<u>Mail (lbs.)¹</u>	<u>Freight (lbs.)</u>
2006	1,603,451	167	26,341,927
2005	1,611,731	208	24,180,100
2004	1,684,937	1,915	21,905,615
2003	1,597,570	241,762	25,992,585
2002	1,524,420	361,946	26,356,579
2001	1,336,251	1,346,463	26,333,947

Employee Relations and Collective Bargaining

The County employs approximately 2,100 full-time equivalent persons, approximately 1,800 of whom are represented by eight bargaining units.

Wisconsin Statutes provide for a limited “right to strike” procedure for municipal labor organizations. This procedure does not apply to law enforcement and fire fighting personnel. Wisconsin Statutes require a mediation-arbitration process for Wisconsin public-employers and employee labor organizations. This process effectively eliminates the prospect that labor and management would provide the opportunity for the right to strike to be exercised. The County has enjoyed favorable relations with both union officials and other employees, evidenced by the absence of any labor action in more than 20 years. The successful labor relations are based in part on the terms of the union agreements and the labor professionals employed by the County. The agreements allow for the existence of a grievance process wherein labor representatives meet with County management to reconcile disputes. A bargaining committee, consisting of union officials is also authorized by contract to negotiate with the County’s bargaining team, consisting of an outside professional labor relations attorney, Director of Administration, Employee Relations Manager and Senior Personnel Manager.

Relationship of the County to other Political Subdivisions

Dane County includes thirty-four townships, nineteen villages, eight cities, all or a part of twenty-eight school districts, and twenty sanitary districts. A conspicuous policy of cooperation and non-duplication of service between the County and these local units of government is confirmed by the following examples.

1. The City and County have developed a County-operated consolidated public safety communications center (E-911), used by all municipalities in the County.
2. A regional Emergency Medical Services System is coordinated by the County.
3. Special education programs have been transferred from the County to local school districts.
4. The County contracts with the City of Madison for the manufacture of road and street signs, radio repair, use of telecommunications equipment, and shares with the City of Madison ownership and operation of the City-County Building.
5. The extension of City of Madison bus service to other governmental entities has been aided by County funding.

¹ After September 11, 2001 the Dane County Regional Airport experienced an abrupt decline in mail poundage, which has continued to the present day.

6. Lake management services, previously provided by the City of Madison, are now provided by the County.
7. The County operates a Printing & Services Center used by over one hundred local government agencies.
8. Sanitary landfills and recycling programs available to all local units of government are operated by the County.
9. Henry Vilas Zoo, previously operated by the City of Madison, is now owned and operated by the County.
10. The County Sheriff Department is the lead agency for the Multi-Jurisdictional Drug Enforcement Group.
11. The County, as a member of Regional Rail Transit Commission, appropriates funds to ensure important rail transportation services are not abandoned.
12. The County has developed a series of economic development summits to involve municipalities directly with private sector resources and to encourage strategic economic growth.
13. The City of Madison and the County are in the process of combining their respective Public Health agencies to create a unified “City-County Health Department.”

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ECONOMIC AND DEMOGRAPHIC INFORMATION

Economic Information

The County has enjoyed a stable economy over a long period of time; resources are well diversified between government, education, trade, service, manufacturing, agriculture and construction sectors. The County is a leading Wisconsin county for agriculture and ranks second in the State for the number of farms with 2,887 and the amount of land used in farms with 515,475 acres. Dane County ranks first in the State for corn for grain and silage, and chewing tobacco, and ranks high in soybeans, milk produced, and the number of cattle raised. The County's agriculture functions with almost no irrigation.

Dane County's diversity of urban and rural interests and abundance of community and natural resources combine to provide an excellent quality of life. The following demonstrate the condition of the County's economy.

Population, Income Levels, and School Enrollments

Table 3 shows the population of the County as recorded in the United States Department of Commerce, Bureau of the Census and the current estimate from the State of Wisconsin, Department of Administration.

Table 3
Population Statistics

<u>Year</u>	<u>Population</u>
2006	464,513
2000	426,526
1990	367,085
1980	323,545
1970	290,272
1960	222,095

Per capita income data for the County, State and the U.S. for the years 2000 through 2005 are presented in the following table.

Table 4
Per Capita Personal Income²

<u>Year</u>	<u>Dane County</u>	<u>State of Wisconsin</u>	<u>United States</u>
2005	not available	\$ 33,251	\$ 34,495
2004	\$ 38,448	32,157	32,937
2003	36,455	30,685	31,472
2002	35,462	29,937	30,804
2001	34,462	29,361	30,527
2000	33,534	28,573	29,847

² Bureau of Economic Analysis; www.bea.gov

Fall registration school enrollment data for all public and private schools within the County for the last five years are as follows.

Table 5
School Enrollments³

<u>Year</u>	<u>Enrollments</u>
2005/2006	72,829
2004/2005 ⁴	71,222
2003/2004	73,126
2002/2003	72,764
2001/2002	72,041

Construction

Construction activity in the County is indicated by the number and construction value of building permits issued, as set forth in the following table.

Table 6
Construction Activity

<u>Year</u>	<u>Non-Residential Construction</u>		<u>Residential Construction</u>	
	<u># of Projects</u>	<u>Value</u>	<u># of Permits</u>	<u>Value</u>
2005	533	\$ 565,000,000	5,114	\$ 833,124,000
2004	495	535,000,000	5,306	841,515,000
2003	514	522,000,000	6,117	838,524,000
2002	526	468,000,000	4,335	594,029,000
2001	n.a.	421,000,000	4,435	506,292,000

Buying Income

Sales and Marketing Management’s annual “Survey of Buying Power” reports effective buying income (EBI); results for the Madison, Wisconsin Metropolitan Statistical Area (MSA) are presented in Table 7 below.

Table 7
Effective Buying Income by Category (2005)

<u>Effective Buying Income Category</u>	<u>Percent of Madison MSA Households</u>	<u>Percent of Wisconsin Households</u>	<u>Percent of United States Households</u>
Under \$20,000	15.7%	18.8%	20.7%
\$20,000-34,999	19.6%	22.3%	21.8%
\$35,000-49,999	21.3%	22.6%	19.3%
\$50,000 and over	<u>43.4%</u>	<u>36.3%</u>	<u>38.2%</u>
	100.0%	100.0%	100.0%

³ Wisconsin Department of Public Instruction, www.dpi.state.wi.us

⁴ Changes in data collection occurred in year 2004/2005 and subsequently this year’s data is not comprehensive

Sales Tax Collections

The following table shows the County's sales tax collections for the last five years, and the percentage change over the previous year.

Table 8
Sales Tax Collections

<u>Year</u>	<u>Sales Tax Collections</u>	<u>Percentage Change</u>
2006	\$ 42,507,951	4.65%
2005	40,620,232	-1.88%
2004	41,398,611	5.74%
2003	39,150,714	5.18%
2002	37,221,575	1.68%

Unemployment Statistics

The Department of Workforce Development provides estimates of the unemployment rate for Dane County and the State of Wisconsin. Table 9 provides the average annual unemployment rate for the last five years and for December 2006. The information presented in this table has not been seasonally adjusted.

Table 9
Unemployment Statistics

<u>Year</u>	<u>Dane County</u>	<u>State of Wisconsin</u>
2006 ⁵	3.0%	4.5%
2005	3.1%	4.7%
2004	3.2%	5.0%
2003	3.6%	5.6%
2002	3.4%	5.6%
2001	2.8%	4.4%
2000	2.3%	3.4%

⁵ Data for December 2006 only – not seasonally adjusted

Employment

The County's economy is characterized by agriculture, manufacturing, wholesale and retail trade, institutional and public-sector activity, plus office, commercial and service-oriented business. Table 10 presents employment by selected categories within the Dane County/Madison MSA for the last five years. This data is provided in cooperation with the Bureau of Labor Statistics, the State of Wisconsin conducts the Current Employment Statistics (CES) survey to collect data each month on employment, hours, and earnings from a sample of nonfarm establishments (including government).

Table 10
Employment ⁶

<u>Series Description</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Natural Resources and Mining	16,100	16,100	16,300	16,700	17,000
Manufacturing	34,300	32,800	32,200	31,900	32,300
Trade, Transportation, and Utilities	60,200	59,400	59,800	60,400	30,700
Finance and Insurance	19,600	20,900	21,800	23,300	24,500
Health Care and Social Assistance	28,300	30,100	30,000	31,100	31,700
Accommodation and Food Services	22,300	22,700	23,300	24,400	25,500
Other Services, excluding Public	14,800	15,600	15,800	17,000	17,500
Government	81,900	80,900	79,700	79,700	79,600
	<u>277,500</u>	<u>278,500</u>	<u>278,900</u>	<u>284,500</u>	<u>258,800</u>

Major Employers

Table 11 lists the largest employers in the County as of 2005.

Table 11
Major Employers ⁷

<u>Employer</u>	<u>Product/Business</u>	<u>Employment</u>
State of Wisconsin	Government	41,151 ⁸
Madison Metro. School District	Education	5,921
U.S. Government	Federal Government	4,629 ⁹
American Family Mutual Insurance	Insurance	3,700
Wisconsin Physicians Insurance Corp.	Insurance	3,604
Meriter Health Services	Medical Care	3,393
Dean Health Services	Medical Care	3,306
City of Madison	Government	3,071
Univ. of Wisconsin Medical Foundation	Medical Care	3,064
Telephone and Data Systems (TDS)	Communication	2,855
Dane County Government	Government	2,672
CUNA Mutual Group	Credit Union Insurance	2,500
St. Mary's Hospital Medical Center	Medical Care	2,466
Oscar Meyer Foods (Kraft)	Meat Processing	2,200

⁶ Wisconsin Department of Workforce Development, <http://worknet.wisconsin.gov>

⁷ Source: Greater Madison Chamber of Commerce and the Dane County Community Analysis and Planning Division

⁸ Includes State of Wisconsin, University of Wisconsin, and University Hospitals

⁹ Includes Veterans Hospital and U.S. Postal Service

FINANCIAL SUMMARY

The following financial summary presents pertinent statistics relating to property valuations as assessed in 2006 for taxes collectible in 2007, indebtedness, population and area, and the indebtedness of overlapping governmental units to the County. The information provided in the Financial Summary is subject in all respects to more complete information contained in this Official Statement.

Equalized Value TID in. (January 1, 2006)	\$ 47,086,428,500
General Obligation Long-Term Debt (Including the Bonds)	\$ 220,520,033
Overlapping Debt (as of December 31, 2005)	\$ 1,125,020,044
Population (January 1, 2006 State Estimate)	464,513

<u>Debt Statistics</u>	<u>Amount</u>	<u>Debt Per Capita (464,513)</u>	<u>Debt as % of Equalized Value</u>
Direct Debt (Levy Supported)	\$ 220,520,033	\$ 475	0.47%
Overlapping Debt	<u>1,125,020,044</u>	<u>2,422</u>	<u>2.39%</u>
Total	<u><u>\$ 1,345,540,077</u></u>	<u><u>\$ 2,897</u></u>	<u><u>2.86%</u></u>

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INDEBTEDNESS

General Obligation Long-Term Debt

Tables 12 below and Table 13 on the following page present the County's general obligation long-term debt as of April 1, 2007, and includes the Bonds.

Table 12
Outstanding General Obligation Long-Term Debt by Issue

<u>Date of Issue</u>	<u>Type of Obligation</u>	<u>Amount Issued</u>	<u>Final Maturity</u>	<u>Interest Rates Outstanding</u>	<u>Principal Outstanding</u>
09/01/1998	Refunding Bonds, Series 1998B	\$ 19,965,000	03/01/2014	4.50% - 4.80%	\$ 14,370,000
03/01/2001	Promissory Notes, Series 2001A	2,445,000	03/01/2011	4.10% - 4.30%	1,090,000
03/01/2001	Corporate Purpose, Series 2001B	3,030,000	03/01/2021	4.25% - 4.50%	2,370,000
12/01/2002	G.O. Bonds, Series 2002A	30,125,000	06/01/2022	3.25% - 5.00%	20,720,000
12/01/2002	G.O. Bonds, Series 2002B (Airport)	29,445,000	06/01/2014	5.00%	24,225,000
12/01/2002	Taxable G.O. Bonds, Series 2002C	14,175,000	12/01/2022	3.70% - 5.85%	13,335,000
12/01/2002	Taxable G.O. Bonds, Series 2002D	4,970,000	12/01/2012	5.15%	4,970,000
07/01/2003	G.O. Bonds, Series 2003A	28,480,000	06/01/2023	2.00% - 5.00%	25,855,000
07/01/2003	G.O. Bonds, Series 2003B (Airport)	25,265,000	06/01/2023	3.50% - 4.75%	25,265,000
07/01/2003	Promissory Notes, Series 2003C	15,075,000	06/01/2013	2.125%-3.300%	9,545,000
11/01/2004	G.O. Bonds Series 2004A	7,185,000	06/01/2024	2.250%-4.375%	6,225,000
11/01/2004	Refunding Notes, Series 2004B	3,480,000	06/01/2009	2.75% - 3.00%	2,460,000
03/15/2005	State Trust Fund Loan	282,500	03/15/2010	3.50%	140,033
07/01/2005	G.O. Bonds, Series 2005A	14,260,000	06/01/2025	3.25% - 4.30%	13,630,000
02/15/2006	Promissory Notes, Series 2006A	9,200,000	06/01/2015	4.00%	9,200,000
02/15/2006	Refunding Bonds, Series 2006B	17,780,000	09/01/2025	4.000%-4.375%	17,780,000
04/01/2007	G.O. Bonds, Series 2007A (Airport)	29,340,000	06/01/2017	4.00%	29,340,000
Total					\$ 220,520,033

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Table 13
Annual Maturity Schedule
(as of April 1, 2007 and includes the Bonds)

<u>Year</u>	<u>Outstanding G.O. Debt</u>		<u>This Issue</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2007	\$ 14,886,233	\$ 8,206,649	--	\$ 782,400	\$ 23,875,282
2008	14,626,233	7,660,593	\$ 2,465,000	1,124,300	25,876,126
2009	13,604,400	7,123,733	2,555,000	1,023,900	24,307,033
2010	13,444,400	6,591,140	2,655,000	919,700	23,610,240
2011	14,185,000	6,009,770	2,755,000	811,500	23,761,270
2012	19,075,000	5,422,431	2,855,000	699,300	28,051,731
2013	14,470,000	4,550,868	2,965,000	582,900	22,568,768
2014	13,665,000	3,924,046	3,080,000	462,000	21,131,046
2015	8,100,000	3,432,704	3,205,000	336,300	15,074,004
2016	7,260,000	3,089,132	3,335,000	205,500	13,889,632
2017	7,615,000	2,752,853	3,470,000	69,400	13,907,253
2018	7,985,000	2,393,578	--	--	10,378,578
2019	8,385,000	2,008,180	--	--	10,393,180
2020	8,800,000	1,593,226	--	--	10,393,226
2021	8,900,000	1,155,038	--	--	10,055,038
2022	9,140,000	713,246	--	--	9,853,246
2023	6,060,000	296,808	--	--	6,356,808
2024	1,740,000	116,734	--	--	1,856,734
2025	1,475,000	47,621	--	--	1,522,621
Total	<u>193,416,267</u>	<u>67,088,347</u>	<u>29,340,000</u>	<u>7,017,200</u>	<u>296,861,814</u>
Payments made by 4/1/2007	<u>(2,236,233)</u>	<u>(832,517)</u>	<u>--</u>	<u>--</u>	<u>(3,068,750)</u>
Total	<u>\$191,180,033</u>	<u>\$66,255,831</u>	<u>\$29,340,000</u>	<u>\$7,017,200</u>	<u>\$293,793,064</u>

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Short-Term Debt

The County does not issue short-term debt for operational purposes.

Overlapping Debt

There are many taxing jurisdictions within the County which have general obligation debt outstanding. Table 14 sets forth the general obligation debt for those jurisdictions and the amount of their debt allocable to the County as of December 31, 2005.

Table 14
Overlapping Debt

<u>Taxing District</u>	<u>Outstanding Net Debt Within County</u>
School Districts	\$ 507,616,303
Cities	393,732,261
Villages	132,998,573
Sanitary Districts	68,708,868
Towns	21,964,039
Total Overlapping Debt	<u>\$ 1,125,020,044</u>

Debt Trends

The trend of net direct debt (i.e. property tax supported debt) and overlapping debt as of December 31 for the years 2000 through 2005 is contained in Table 15 below.

Table 15
Net Direct and Net Indirect Debt

<u>Year</u>	<u>Net Direct County Debt</u>	<u>Overlapping County Debt</u>	<u>Total Net Direct and Overlapping Debt</u>
2005	\$ 123,480,661	\$ 1,125,020,044	\$ 1,248,500,705
2004	122,156,850	1,044,870,815	1,167,027,665
2003	133,849,641	957,863,218	1,091,712,859
2002	134,904,521	823,631,251	958,535,772
2001	65,620,990	803,631,251	869,252,241
2000	67,039,101	743,667,469	810,706,570

Debt Ratios

Table 16 shows the County’s outstanding general obligation direct and indirect debt as a percentage of equalized value and per capita for the years 2001 through 2006.

Table 16
Outstanding Debt Per Capita and
As a Percent of Equalized Valuation

<u>Year</u>	<u>Population</u>	<u>Equalized Value</u> ¹⁰	<u>Net Direct County Debt</u>		<u>Net Direct and Overlapping Debt</u>	
			<u>% of Equalized Valuation</u>	<u>Per Capita</u>	<u>% of Equalized Valuation</u>	<u>Per Capita</u>
2006	464,513	\$ 47,086,428,500	0.26%	\$ 266	2.65%	\$ 2,688
2005	458,297	42,799,728,500	0.29%	267	2.73%	2,546
2004	450,730	38,538,686,600	0.35%	297	2.83%	2,422
2003	445,253	34,696,825,100	0.39%	303	2.76%	2,153
2002	438,881	32,050,119,700	0.20%	150	2.71%	1,981
2001	431,815	29,373,916,900	0.23%	155	2.76%	1,877

Legal Debt Limit

The County has the power to incur indebtedness for County purposes specified by statute (Article 11 Section 3 of the Wisconsin Constitution and Chapter 67, Wisconsin Statutes) in an aggregate amount, not exceeding five percent of the equalized value of taxable property in the County, as last determined by the State of Wisconsin Department of Revenue. In general, such indebtedness may be in the form of bonds and promissory notes for various public purposes.

The County’s unused borrowing capacity after issuance of the Bonds will be as follows.

2006 Equalized Value	\$ 47,086,428,500
Legal Debt Limit (5% of Equalized Value)	2,354,321,425
Debt Outstanding (9.4% of Capacity)	<u>220,520,033</u>
Remaining borrowing capacity (90.6% of Capacity)	<u><u>\$ 2,133,801,392</u></u>

No Default on County Indebtedness

The County has never defaulted on any of its prior or outstanding indebtedness.

Future Financings

The County anticipates issuing general obligation bonds later in 2007 to finance capital improvement projects.

¹⁰ Tax Increment District (TID) values included

FINANCIAL INFORMATION

Financial Reports

The County's accounts are independently audited. Excerpts from the audit for the year ended December 31, 2005 are attached hereto as Appendix A. Copies of prior audits are available upon request from the County. A comparative Statement of Revenues, Expenditures and Changes in Fund Balance for the General Fund for years 2003 to 2005 is presented below.

Table 17
Statement of Revenues, Expenditures and
Changes in Fund Balance for the General Fund
(Years Ended December 31)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Revenues			
Taxes	116,526,358	121,863,441	124,554,482
Intergovernmental	23,143,231	25,206,273	22,902,356
Public Charges for Services	16,088,498	16,271,223	15,275,482
Fines, Forfeitures and Penalties	2,176,795	2,227,519	2,145,341
Licenses and Permits	830,360	909,497	918,960
Investment Income	1,013,716	1,060,697	2,507,950
Miscellaneous	4,648,941	4,764,028	4,741,217
Total Revenues	164,427,899	172,302,678	173,045,788
 Expenditures			
General Government	21,408,171	21,053,001	22,171,120
Health and Human Services	403,515	405,677	397,978
Public Safety and Criminal Justice	70,218,666	71,817,589	77,015,660
Public Works	1,143,869	895,436	855,549
Culture, Education and Recreation	12,382,709	12,616,329	13,872,611
Conservation and Economic Development	4,601,236	4,590,537	4,050,274
Capital Outlay	1,359,571	2,863,432	1,501,800
Total Expenditures	111,517,737	114,242,001	119,864,992
 Excess (Deficiency) of Revenues Over Expenditures	52,910,162	58,060,677	53,180,796
 Other Financing Sources (Uses)	(51,533,950)	(51,535,363)	(50,977,758)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,376,212	6,525,314	2,203,038
Fund Balance - January 1	18,898,734	20,274,946	26,800,260
Fund Balance - December 31	20,274,946	26,800,260	29,003,298

Budgeting

All County departments are required to submit their annual budget requests for the ensuing year to the County Executive by July 31. The Department of Administration reviews the requests in detail with the departments during September.

After all of the requests have been reviewed the County Executive submits a proposed Executive Budget to the County Board of Supervisors. The County Ordinances require that this be done on or before October 1. The Board of Supervisors completes its review and adopts the budget on or before December 1 to ensure that property tax bills can be furnished to property tax payers in a timely manner so as to allow for their payment prior to December 31 if the taxpayer so chooses.

County policy requires that budgeted revenues and appropriations for the ensuing year be established on a modified accrual basis of accounting, controlled within individual agencies except for certain agencies which are controlled by individual programs and/or groups of programs, within the agency, and are monitored by an annual appropriation and encumbrance system. Budgeted revenues and appropriations are approved by the County Board of Supervisors. Budget is defined as the originally approved budget, plus or minus approved revisions.

Supplemental budget appropriations may be made from unanticipated revenues received or fund equity, as defined by state statutes, adopted by two-thirds approval of the County Board of Supervisors. Management can expend funds within individual agencies or programs, as appropriated, without approval of the County Board of Supervisors. Budgets for the General Fund and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principal (GAAP).

Investments

The County has adopted a formal investment policy which delegates authority to the County Treasurer to invest money of the County, to sell or exchange securities purchased and to provide for the safekeeping of such securities.

State statutes authorize the County to invest in obligations of the United States Treasury, U.S. government agencies and instrumentalities, obligations of Wisconsin governmental units, time deposits with maturities of less than three years in any financial institution in Wisconsin governmental units, time deposits with maturities of less than three years in any financial institution in Wisconsin, the State of Wisconsin Local Government Investment Pool, the Wisconsin Investment Trust and any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency. The County only deposits and invests its monies in investments allowed by State Statute.

All investments in financial institutions are insured to \$100,000 by federal depository insurance, and are guaranteed by the State up to \$400,000 for each depository, for losses incurred, subject to the availability of funds in the State's Deposit Guarantee Fund (the State is not currently replenishing this Fund).

A description of investment practices and investments at year-end 2005 is included in Appendix A in the Notes to Financial Statements. A summary of the market value of the County's investments as of December 31, 2006 is presented below.

Table 18
Dane County Investments

State Investment Pool	\$ 53,496,411
Repurchase Agreements	3,158,771
Demand Deposits and Cash	<u>31,437,310</u>
Total	<u><u>\$ 88,092,492</u></u>

PROPERTY VALUATIONS AND TAXES

Tax Assessment

The valuation of all real and personal property is the responsibility of the City and Village assessors within the County with the exception of real and personal manufacturing property. The equalized value of each county is the sum of the evaluations of all cities, villages, and towns within its boundaries. The valuation of manufacturing property is the responsibility of the Wisconsin Department of Revenue.

Assessments are made as of January 1st of each year in accordance with the provisions of Wisconsin Statutes. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 15. The law requires that all property subject to assessment be valued in accordance with procedures set forth in the Wisconsin Property Assessment Manual. Assessments must be based on actual view or from the best information that the assessor can practicably obtain, and be at the full value which could ordinarily be obtained at private sale.

Wisconsin courts have determined that the constitutional requirement for uniformity of assessment is met even though the assessment in question may be less than full value, provide all property within the tax district is assessed at the same proximate level. Beginning in 1986, all municipalities were required to assess taxable property at a minimum of 90 percent of State equalized values at least once every five years.

The assessment of a class of property may also be lowered to obtain uniformity. This procedure is also utilized by the Wisconsin Department of Revenue to equate full value assessments of manufacturing property to the local level of all taxable non-manufacturing assessments.

The State of Wisconsin equalizes local assessments to full values. This equalized valuation is the basis used in computing the five percent State constitutional debt limitation.

Table 19 shows the total equalized value trends for the County for the past five years.

Table 19
Property Value Trends¹¹

<u>Year</u>	<u>Real Estate</u> <u>Equalized Value</u>	<u>Personal Property</u> <u>Equalized Value</u>	<u>Total Property</u> <u>Equalized Value</u>
2006	\$ 45,953,247,700	\$ 1,133,180,800	\$ 47,086,428,500
2005	41,705,583,500	1,094,145,000	42,799,728,500
2004	37,496,760,200	1,041,926,400	38,538,686,600
2003	33,702,155,800	994,669,300	34,696,825,100
2002	31,011,047,100	1,039,072,600	32,050,119,700

¹¹ Tax Increment District (TID) values included

Table 20 breaks down Dane County’s total equalized value as of January 1, 2006 by category.

Table 20
2006 Equalized Value by Category¹²

	2006 <u>Equalized Value</u>	Percent of <u>Total Value</u>
Residential	\$ 33,449,959,100	71.0%
Commercial	10,740,215,000	22.8%
Manufacturing	785,481,500	1.7%
Agriculture	100,047,500	0.2%
Undeveloped	52,822,800	0.1%
Ag Forest	92,311,700	0.2%
Forest	56,332,700	0.1%
Other	676,077,400	1.4%
Personal Property	1,133,180,800	2.4%
Total	<u>\$ 47,086,428,500</u>	<u>100.0%</u>

Levy Limits

Section 66.77 Wis. Stats., imposed a property tax rate limit on Wisconsin counties, effective August 12, 1993. Separate limits were imposed for operating levy rates and the debt service levy rates. Initially, the baseline for the rate limit was the 1992 actual tax rate adopted for 1993 budget purposes. The County may not exceed this operating levy rate and debt levy rate limits unless one or more specified conditions apply, as described below. The statute establishes specific penalties for failure to meet the limit requirements. Among the penalties for exceeding the limits are reductions in state shared revenues and transportation aids.

Operating Budget Levy Rate

The property tax rate established for general County operating purposes as part of the 1993 adopted budget was approximately \$4.08 per \$1,000 of equalized value (including regional planning and other administrative levies). The only conditions under which the maximum rate may be increased are if services are transferred between governmental units (transfers to other governmental units reduced the maximum rate) or if a referendum is approved by a majority of local electors to allow the maximum rate to be increased. An operating property tax rate of approximately \$1.99 per \$1,000 of equalized value was established for the County’s 2007 general purpose budget.

Debt Service Levy Rate

The County adopted a debt levy rate of approximately \$1.42 per \$1,000 of equalized value as part of the 1993 budget. The conditions under which the debt service rate may be increased include: approval of issuance of debt at a referendum, adoption of a resolution by the County Board of Supervisors which sets forth its “reasonable expectation” that the issuance of the debt will not result in an increase in the tax rate, actual authorization of the debt prior to the August 12, 1993 effective date of the rate limit, issuance of debt for regional projects as described in Section 67.05(7)(f), Wisconsin Statutes, issuance of debt to refund outstanding municipal obligations, or, adoption of a resolution to issue debt which is approved by a ¾ vote of the members-elect of the County Board. In conformance with the conditions outlined above, the County levied a debt levy rate \$0.244 per \$1,000 of equalized value for the 2007 budget.

¹² Tax Increment District (TID) values included

Property Tax Credits

School Tax Credit – Wisconsin Statutes provide for a school tax credit which is a direct payment by the State to the municipalities. This tax credit is used to reduce the public schools tax levy reflected on individual property tax bills.

Lottery Tax Credit – Wisconsin Statutes provide for a lottery tax credit financed with proceeds from the state lottery. This tax credit is also shown on individual property tax bills.

Homestead Credit – Wisconsin Statutes provide for a Homestead Credit. Indirectly related to property taxes, this is a direct claim by the taxpayer to the State whereby household with income of less than \$24,500 may qualify for a State income tax credit. This credit is based on the amount of property taxes paid. Renters are also eligible for this credit.

Property Tax Collections and Other Major County Revenues

Property Tax

Real estate and personal property taxes become due as of January 31 of each year. Taxpayers may pay their property taxes in installments. The number of installment payments varies for each individual municipality. Municipalities initially collect all property taxes including county and school taxes. On or before January 15 and February 15, the City or Village treasurer settles with other taxing jurisdictions including the County for all collections through December and January respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the City or Village Treasurer additionally settles with the other taxing jurisdictions including the County on the 15th day of each month following the month in which an installment payment is required. The County subsequently has a tax settlement with the municipalities in August of each year. The County exclusively purchases all uncollected real property taxes from the municipality, issues a tax certificate and assumes the collection responsibility. As a last resort, the County Treasurer can foreclose after approximately two years. Tax liens are the first liens against real estate and remain valid for eleven years.

State Shared Revenues

The State of Wisconsin distributes revenues collected from state taxes to municipal and county governments. These revenues can be used at the discretion of local governments to finance local services. Sections 79.03 and 79.04 of Wisconsin Statutes outline a formula to allocate these revenues to local government units. The allocation formula for counties is based on a number of variables including taxable property values, utility property values, population, property tax levies and certain user fees. Shared revenue payments are made by the State on the fourth Monday in July (15%) and the third Monday in November (85%). The 2007 Adopted Budget includes \$4,182,647 million in anticipated State Shared Revenues.

County Sales and Use Tax

Beginning April 1, 1991, a 0.5% percent sales and use tax was enacted by Dane County. The tax, which is authorized under Section 77.70 of Wisconsin Statutes, is administered by the State of Wisconsin and is imposed on goods and services which are currently subject to a 5.0 percent state sales tax. The State distributes payments to the County seven to eleven weeks after the taxes are collected by retailers.

The County's property tax collections, including collections for the County and all other local taxing authorities in the County, for the previous five years are summarized in Table 21.

Table 21
Property Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collected First Year</u>	
		<u>Amount</u>	<u>Percent</u>
2005	\$ 775,620,038	\$ 771,731,855	99.50%
2004	731,298,367	728,190,120	99.57%
2003	681,382,484	678,211,750	99.53%
2002	638,806,863	635,653,401	99.51%
2001	601,404,211	597,745,581	99.39%

Total County taxes, as a sum of property tax levies and County sales tax, budgeted for the last five years are shown below.

Table 22
County Property and Sales Taxes

<u>Year</u>	<u>Budgeted</u>	<u>Budgeted</u>	<u>Total</u>
	<u>Property</u>	<u>County Sales</u>	<u>Budgeted</u>
	<u>Tax Levy</u>	<u>Tax Levy</u>	<u>County Taxes</u>
2007	\$ 110,172,695	\$ 42,992,110	\$ 153,164,805
2006	105,045,958	42,867,110	147,913,068
2005	100,806,058	42,548,000	143,354,058
2004	97,456,418	39,687,000	137,143,418
2003	92,948,455	39,553,300	132,501,755

The ten largest taxpayers in the County based on January 1, 2006 Equalized Values are found in Table 23.

Table 23
Largest Taxpayers

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Percent of Total</u>	
		<u>2006</u>	<u>Equalized</u>
		<u>Equalized Value</u>	<u>Valuation</u>
Madison Joint Venture	Shopping Centers	\$ 182,399,500	0.39%
American Family Insurance	Insurance	157,914,200	0.34%
Epic Systems	Medical Software	116,992,600	0.25%
Greenway Office Center	Office Buildings	91,792,900	0.19%
Covance Laboratories	Research	67,714,000	0.14%
University Research Park	Research & Technology Park	61,589,700	0.13%
Greenway Center LLC	Retail Stores	51,298,600	0.11%
University Research Park Inc	Research & Technology Park	46,666,800	0.10%
General Casualty	Insurance	40,423,800	0.09%
Wingra Building Group	Property Management	40,100,900	0.09%
Total - Top 10 Taxpayers		<u>856,893,000</u>	<u>1.82%</u>
Total - Dane County 2006		<u>47,086,428,500</u>	

LEGAL MATTERS

Pending Litigation

There is no pending litigation or, to the knowledge of the Dane County Corporation Counsel's Office, threatened litigation, which would restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contest or affect the validity of the Bonds or of any proceedings of the County taken with respect to the issuance and sale of the Bonds.

There are various pending cases against Dane County which involve claims for monetary damages. Some of these claims are uninsured. It is the opinion of the Dane County Corporation Counsel's Office, however, that these pending cases are not unusual in number and amount. Based upon past experience in similar matters, the Dane County Corporation Counsel's Office does not believe these cases will have a material adverse effect on the financial position of the County.

Approval of Legal Proceedings

Certain legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Quarles & Brady LLP, Bond Counsel, whose approving legal opinion will be available at the time of the delivery of the Bonds. The proposed form of such opinion is attached hereto as Appendix B. Bond Counsel has not participated in the preparation of this Official Statement, except for guidance concerning the sections entitled "LEGAL MATTERS - Tax Exemption" and will not pass upon its accuracy, completeness or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in the Official Statement, and will express no opinion with respect thereto.

See Appendix B "Legal Opinion" for the Bonds.

Tax Exemption

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Bonds under existing law in substantially the following form:

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Village has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Village complies with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time, legislation is proposed which, if enacted, could alter one or more of the federal tax matters referred to above or would adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any of such proposals may be enacted and whether, if enacted, such proposals will apply to bonds (such as the Bonds) issued prior to enactment.

Not Qualified Tax-Exempt Obligations

The County will not designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) relating to the ability of financial institutions to deduct from income for Federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

Original Issue Premium

To the extent that the initial offering prices of certain of the Bonds are more than the principal amount payable at maturity, such Bonds (“Premium Bonds”) will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have “amortizable bond premium” within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant instant rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds.

Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

MISCELLANEOUS

Ratings

The Bonds are rated “Aaa” by Moody’s Investors Service, Inc. and “AAA” by Fitch Ratings. A rating reflects only the view of the rating organization and explanations of the significance of such rating may be obtained from the rating agency furnishing the same. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Underwriting

First Southwest Company (the “Underwriter”) has agreed to purchase the Bonds from the County. The Underwriter’s compensation in connection with the Bonds is \$43,327.49. The Underwriter will be obligated to purchase all such Bonds if any such Bonds are purchased. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) as prices lower than the offering prices set forth on the cover page.

Financial Advisor

The County has retained Public Financial Management, Inc., of Milwaukee, Wisconsin, as financial advisor (the "Financial Advisor") in connection with the issuance of the Bonds. In preparing the Official Statement, the Financial Advisor has relied upon governmental officials, and other sources, which have access to relevant data to provide accurate information for the Official Statement, and the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Financial Advisor is not a public accounting firm and has not been engaged by the County to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

Requests for information concerning the County should be addressed to Public Financial Management, Inc., 115 South 84th Street, Suite 100, Milwaukee, Wisconsin 53214 (414/771-2700).

Certificates Concerning Official Statement

Concurrently with the delivery of the Bonds, the County Executive of the County will deliver to the purchasers of the Bonds a certificate stating, that, to the best of her knowledge, the Official Statement did not as of its date and as of the sale date and does not, as of the date of delivery of the Bonds, contain an untrue statement of a material fact or omit to state a material fact required to be included therein for the purpose for which the Official Statement is to be used or necessary to make the statements therein, in the light of the circumstances under which they were made not misleading.

By Kathleen M. Falk
County Executive
Dane County, Wisconsin

APPENDIX A

**Dane County, Wisconsin
Excerpts from Financial Statements
for the Year Ending December 31, 2005**

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COUNTY OF DANE
STATEMENT OF NET ASSETS
December 31, 2005

	Primary Government			Component Units
	Governmental Activities	Business- type Activities	Totals	
ASSETS				
Cash and investments	\$ 57,681,620	\$ 43,659,232	\$ 101,350,852	\$ 4,382,118
Receivables (net of allowance for uncollectibles)				
Taxes	100,856,440	4,180,823	105,037,263	-
Delinquent taxes	7,420,317	-	7,420,317	-
Accounts	3,082,427	3,649,783	6,732,210	1,915,255
Loans	4,259,605	-	4,259,605	193,903
Other	706,834	-	706,834	3,514
Due from other governmental units	16,577,680	2,877,048	19,454,728	28,438
Internal balances	(98,048)	98,048	-	-
Inventories	-	1,549,106	1,549,106	123,355
Internal advances	(573,536)	573,536	-	-
Prepaid items	19,107	80,329	99,436	5,270
Deposits	50,000	-	50,000	-
Restricted Assets				
Temporarily Restricted				
Cash and investments	-	11,484,731	11,484,731	162,805
Deposit with Wisconsin Municipal Mutual Insurance Co.	1,809,171	-	1,809,171	-
Other assets	301,462	371,956	673,418	-
Capital Assets				
Land	63,535,471	29,043,177	92,578,648	1,197,431
Construction in progress	1,448,914	16,894,219	18,343,133	29,907
Land Improvements (non-depreciable)	28,472,599	-	28,472,599	-
Land Improvements (depreciable)	9,669,835	106,756,221	116,426,056	-
Buildings	142,965,779	110,812,023	253,777,802	5,824,604
Zoo animals	369,205	-	369,205	-
Machinery and equipment	20,168,598	37,034,957	57,203,555	335,703
Infrastructure	88,343,761	-	88,343,761	-
Less: Accumulated depreciation	(81,811,313)	(79,819,733)	(161,631,046)	(5,124,973)
Total Assets	<u>465,265,928</u>	<u>289,245,456</u>	<u>754,511,384</u>	<u>9,077,330</u>
LIABILITIES				
Accounts payable	10,891,164	2,837,456	13,728,620	1,495,301
Accrued payroll and payroll taxes	4,857,704	1,004,367	5,862,071	-
Other accrued liabilities and deposits	6,082,995	355,312	6,438,307	53,823
Due to other governmental units	6,891,592	1,216,831	8,108,423	7,083
Unearned revenue	102,937,323	4,282,386	107,219,709	237,209
Noncurrent Liabilities				
Due within one year	18,467,883	4,888,364	23,356,247	50,708
Due in more than one year	147,421,673	84,513,094	211,934,767	337,498
Total Liabilities	<u>297,550,334</u>	<u>79,097,810</u>	<u>376,648,144</u>	<u>2,181,822</u>
NET ASSETS				
Invested in capital assets, net of related debt	174,670,044	164,138,875	338,808,919	1,935,245
Restricted for:				
Health services	1,003,039	-	1,003,039	-
Library operations	35,579	-	35,579	-
Improvement of land information	1,406,558	-	1,406,558	-
Construction or repairs to bridges and culverts	169,897	-	169,897	-
CDBG	1,529,532	-	1,529,532	-
HOME	1,118,840	-	1,118,840	-
Grant funding proceeds	573,491	-	573,491	-
Trust activities - expendable	436,052	-	436,052	-
Capital projects	-	6,485,426	6,485,426	-
Landfill long-term care costs	-	41,149	41,149	-
Zoo exhibits	-	-	-	2,218,945
Housing programs	-	-	-	284,400
Unrestricted (deficit)	<u>(13,227,438)</u>	<u>39,482,196</u>	<u>26,254,758</u>	<u>2,457,118</u>
TOTAL NET ASSETS	\$ 167,715,594	\$ 210,147,646	\$ 377,863,240	\$ 6,895,708

See accompanying notes to financial statements.

COUNTY OF DANE

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities				
General government	\$ 22,871,308	\$ 4,865,768	\$ 5,185,803	\$ -
Health and human services	200,734,092	5,254,621	148,009,181	-
Public safety and criminal justice	80,838,195	7,517,004	7,145,673	605,848
Public works	6,097,457	717,347	148,096	7,093,388
Culture, education and recreation	19,648,299	9,091,937	220,124	1,542,786
Conservation and economic development	9,109,179	1,921,977	5,237,693	594,249
Interest and fiscal charges	5,077,733	-	-	-
Total Governmental Activities	344,376,263	29,368,654	165,946,570	9,836,271
Business-type Activities				
Airport	18,889,923	13,744,945	10,725	25,768,338
Highway	17,397,795	11,706,327	3,854,742	-
Sanitary landfill	8,280,434	6,930,381	-	-
Badger Prairie Health Care Center	13,810,658	6,002,735	961,725	-
Printing and services - non-major fund	918,650	895,462	19,725	-
Methane gas - non-major fund	461,641	1,302,575	-	-
Total Business-type Activities	59,759,101	40,582,425	4,846,917	25,768,338
Total Primary Government	\$ 404,135,364	\$ 69,951,079	\$ 170,793,487	\$ 35,604,609
Component Units				
Henry Vilas Park Zoological Society, Inc.	2,806,232	1,108,493	-	2,436,487
Dane County Housing Authority	8,889,216	637,687	8,080,861	-
Total Component Units	\$ 11,695,448	\$ 1,746,180	\$ 8,080,861	\$ 2,436,487

General Revenues

Taxes

Property taxes, levied for general purposes
 Property taxes, levied for debt service
 Property taxes, levied for highway purposes
 Sales taxes
 Other taxes

Intergovernmental revenues not restricted to specific programs

Public gifts and/or grants

Investment income

Gain on the sale of assets

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

NET ASSETS - Beginning (as restated)

NET ASSETS - ENDING

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Totals	Component Units
\$ (12,819,737)	\$ -	\$ (12,819,737)	\$ -
(47,470,290)	-	(47,470,290)	-
(65,569,670)	-	(65,569,670)	-
1,861,374	-	1,861,374	-
(8,793,452)	-	(8,793,452)	-
(1,355,260)	-	(1,355,260)	-
<u>(5,077,733)</u>	<u>-</u>	<u>(5,077,733)</u>	<u>-</u>
<u>(139,224,768)</u>	<u>-</u>	<u>(139,224,768)</u>	<u>-</u>
-	20,634,085	20,634,085	-
-	(1,836,726)	(1,836,726)	-
-	(1,350,053)	(1,350,053)	-
-	(6,846,198)	(6,846,198)	-
-	(3,463)	(3,463)	-
-	<u>840,934</u>	<u>840,934</u>	<u>-</u>
-	<u>11,438,579</u>	<u>11,438,579</u>	<u>-</u>
(139,224,768)	11,438,579	(127,786,189)	-
-	-	-	738,748
-	-	-	(170,668)
86,318,786	-	86,318,786	-
9,979,192	-	9,979,192	-
-	4,499,824	4,499,824	-
40,620,232	-	40,620,232	-
4,656,050	-	4,656,050	-
5,783,147	-	5,783,147	-
427,710	-	427,710	-
3,666,737	1,493,860	5,160,597	73,399
-	7,531	7,531	-
564,572	331,551	896,123	782,917
<u>(3,702,394)</u>	<u>3,702,394</u>	<u>-</u>	<u>-</u>
<u>148,314,032</u>	<u>10,035,160</u>	<u>158,349,192</u>	<u>856,316</u>
9,089,264	21,473,739	30,563,003	1,424,396
<u>158,626,330</u>	<u>188,673,907</u>	<u>347,300,237</u>	<u>5,471,312</u>
<u>\$ 167,715,594</u>	<u>\$ 210,147,646</u>	<u>\$ 377,863,240</u>	<u>\$ 6,895,708</u>

See accompanying notes to financial statements.

COUNTY OF DANE

**BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2005**

	<u>General</u>	<u>Human Services</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and investments	\$ 21,464,540	\$ 3,167,842	\$ 588,231	\$ 22,232,192	\$ 3,537,814	\$ 50,990,619
Receivables						
Taxes	83,097,335	-	10,984,040	-	6,795,065	100,856,440
Delinquent taxes	7,420,317	-	-	-	-	7,420,317
Accounts	1,896,252	295,170	-	-	21,955	2,213,377
Loans	-	-	-	-	4,259,605	4,259,605
Other	706,834	-	-	-	-	706,834
Due from other governments	9,791,182	5,760,567	-	298,150	723,098	16,572,997
Due from other funds	-	-	-	-	250,616	250,616
Prepaid items	8,203	10,427	-	-	150	18,780
Total Assets	\$ 124,384,663	\$ 9,234,006	\$ 11,552,271	\$ 22,530,342	\$ 15,588,303	\$ 183,289,585
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 1,837,740	\$ 5,632,895	\$ -	\$ 2,688,538	\$ 647,882	\$ 10,807,055
Accrued payroll and payroll taxes	3,722,225	878,725	-	-	202,444	4,803,394
Other accrued liabilities and deposits	1,239,002	-	-	-	-	1,239,002
Due to other governments	2,853,420	2,542,496	-	75,937	1,419,603	6,891,456
Due to other funds	89,410	6,798	-	-	251,664	347,872
Deferred revenue	85,639,568	-	10,964,040	214,202	9,979,670	106,797,480
Total Liabilities	95,381,365	9,060,914	10,964,040	2,978,677	12,501,283	130,886,259
Fund Balances						
Reserved for:						
Encumbrances	566,096	-	-	2,776,535	1,689,868	5,032,499
Prepaid items	8,203	10,427	-	-	-	18,630
Non-county levy portion of delinquent taxes receivable	4,118,326	-	-	-	-	4,118,326
Long-term receivables	688,761	-	-	-	-	688,761
Debt service	-	-	588,231	-	-	588,231
Trust activities	-	-	-	-	436,052	436,052
Unreserved and designated, reported in:						
General fund	8,942,166	-	-	-	-	8,942,166
Unreserved and undesignated, reported in:						
General fund	14,679,746	-	-	-	-	14,679,746
Special revenue funds	-	182,865	-	-	961,120	1,123,785
Capital projects fund	-	-	-	16,775,130	-	16,775,130
Total Fund Balances	29,003,298	173,092	588,231	19,551,665	3,087,040	52,403,326
Total Liabilities and Fund Balances	\$ 124,384,663	\$ 9,234,006	\$ 11,552,271	\$ 22,530,342	\$ 15,588,303	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II.A.	271,458,242
Some receivables that are not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	3,860,157
Internal service funds are reported in the statement of net assets as governmental funds	6,434,396
Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds. See Note II.A.	<u>(166,440,527)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 167,715,594

COUNTY OF DANE

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2005**

	General	Human Services	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 124,554,482	\$ -	\$ 9,979,192	\$ -	\$ 6,984,611	\$ 141,518,285
Intergovernmental	22,902,356	145,883,383	-	722,847	5,263,321	174,771,907
Public charges for services	15,275,482	149,277	-	1,072,629	770,091	17,267,479
Fines, forfeitures and penalties	2,145,341	-	-	-	-	2,145,341
Licenses and permits	918,960	-	-	-	964,467	1,883,427
Investment income	2,507,950	-	812,043	-	-	3,319,993
Miscellaneous	4,741,217	4,035,249	1,554,848	-	154,693	10,486,007
Total Revenues	173,045,788	150,067,909	12,346,083	1,795,476	14,137,183	351,392,439
EXPENDITURES						
Current						
General government	22,171,120	-	-	-	-	22,171,120
Health and human services	397,978	194,170,746	-	-	5,505,717	200,074,441
Public safety and criminal justice	77,015,660	-	-	-	-	77,015,660
Public works	855,548	-	-	-	147,331	1,002,880
Culture, education and recreation	13,872,611	-	-	-	3,619,662	17,492,273
Conservation and economic development	4,050,274	-	-	-	5,648,547	9,698,821
Capital Outlay	1,501,800	2,065	-	19,214,885	17,006	20,735,756
Debt Service						
Principal retirement	-	-	12,095,295	-	-	12,095,295
Interest and fees	-	-	5,585,862	-	-	5,585,862
Total Expenditures	119,864,992	194,172,811	17,681,157	19,214,885	14,938,263	365,872,108
Excess (deficiency) of revenues over (under) expenditures	53,180,796	(44,104,902)	(5,335,074)	(17,419,409)	(801,080)	(14,479,669)
OTHER FINANCING SOURCES (USES)						
General obligation debt issued	1,043,000	-	112,300	13,378,534	-	14,533,834
Debt premium	-	-	3,773	-	-	3,773
Capital lease	12,307	52,091	-	-	15,958	80,356
Transfers in	682,096	43,174,164	3,209,299	-	-	47,065,559
Transfers out	(52,715,161)	-	-	-	(42,045)	(52,757,206)
Total Other Financing Sources (Uses)	(50,977,758)	43,226,255	3,325,372	13,378,534	(26,087)	8,928,316
Net Change in Fund Balance	2,203,038	(878,647)	(2,009,702)	(4,040,875)	(827,167)	(5,553,353)
FUND BALANCES - Beginning (as restated)	26,800,260	1,051,739	2,597,933	23,592,540	3,914,207	57,956,679
FUND BALANCES - ENDING	\$ 29,003,298	\$ 173,092	\$ 588,231	\$ 19,551,665	\$ 3,087,040	\$ 52,403,326

See accompanying notes to financial statements.

COUNTY OF DANE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2005

Net change in fund balances - total governmental funds	\$ (5,553,353)
Amounts reported for governmental activities in the statement of activities are different because:	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of net assets the cost of these assets is capitalized and they are depreciated over their estimated useful lives with depreciation expense reported in the statement of activities.</p>	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	20,735,756
Less: Some items are reported as capital outlay but are not capitalized	(645,892)
Depreciation is reported in the government-wide statements - less internal service funds	(7,262,507)
Capital contributions reported in the government-wide statements (infrastructure)	7,093,388
Infrastructure financed by the highway fund	1,989,253
Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets.	(2,265,902)
Receivables not currently available are reported as deferred revenue in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.	46,540
Debt and lease proceeds provide current financial resources to governmental funds, but issuing these obligations increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Refer to note II.B.	(2,468,279)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	108,181
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	(2,257,225)
Claims and judgments	70,000
Disability benefits	10,615
Accrued interest on debt	400,769
Internal service funds are used by management to charge the costs of printing, workers compensation, liability insurance, employee benefits and food service costs to individual funds. The decrease in net assets of the internal service funds is reported with governmental activities.	<u>(912,080)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 9,089,264</u>

See accompanying notes to financial statements.

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COUNTY OF DANE

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
December 31, 2005

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Airport</u>	<u>Highway</u>	<u>Sanitary Landfill</u>
ASSETS			
Current Assets			
Cash and investments	\$ 37,654,348	\$ 1,392,750	\$ 4,202,929
Taxes receivable	-	4,180,823	-
Accounts receivable, net	1,765,057	215,631	770,520
Due from other governments	1,664	2,796,226	-
Due from other funds	-	141,069	72,863
Inventories	-	1,456,341	-
Prepaid items	2,157	78,041	65
Deposits	-	-	-
Restricted cash and investments	-	-	46,640
Total Current Assets	<u>39,423,226</u>	<u>10,260,881</u>	<u>5,093,017</u>
Noncurrent Assets			
Restricted cash and investments	6,485,426	-	4,894,344
Advances to other funds	-	-	573,536
Other assets	371,956	-	-
Capital Assets			
Land	27,430,587	139,166	1,427,436
Construction in progress	16,698,457	195,762	-
Land improvements	90,434,154	525,487	15,442,133
Buildings	101,145,635	4,989,743	648,694
Machinery and equipment	7,989,990	15,111,163	5,598,172
Less: Accumulated depreciation	(51,600,572)	(10,422,725)	(11,773,229)
Total Capital Assets (Net of Accumulated Depreciation)	<u>192,098,251</u>	<u>10,538,596</u>	<u>11,343,206</u>
Total Noncurrent Assets	<u>198,955,633</u>	<u>10,538,596</u>	<u>16,811,086</u>
Total Assets	<u>238,378,859</u>	<u>20,799,477</u>	<u>21,904,103</u>

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Badger Prairie</u>	<u>Non-major</u>	<u>Totals</u>	<u>Activities -</u>
<u>Health Care</u>	<u>Proprietary</u>	<u>Current Year</u>	<u>Internal</u>
<u>Center</u>	<u>Funds</u>		<u>Service Funds</u>
\$ 2,000	\$ 407,205	\$ 43,659,232	\$ 6,701,001
-	-	4,180,823	-
688,642	209,933	3,649,783	869,050
-	79,158	2,877,048	4,683
-	-	213,932	-
29,758	63,007	1,549,106	-
66	-	80,329	327
-	-	-	50,000
-	-	46,640	-
<u>720,466</u>	<u>759,303</u>	<u>56,256,893</u>	<u>7,625,061</u>
58,321	-	11,438,091	1,809,171
-	-	573,536	-
-	-	371,956	-
45,988	-	29,043,177	-
-	-	16,894,219	-
354,447	-	106,756,221	-
4,027,951	-	110,812,023	1,968,705
2,543,304	5,792,328	37,034,957	974,337
<u>(4,336,998)</u>	<u>(1,686,209)</u>	<u>(79,819,733)</u>	<u>(1,238,435)</u>
<u>2,634,692</u>	<u>4,106,119</u>	<u>220,720,864</u>	<u>1,704,607</u>
<u>2,693,013</u>	<u>4,106,119</u>	<u>233,104,447</u>	<u>3,513,778</u>
<u>3,413,479</u>	<u>4,865,422</u>	<u>289,361,340</u>	<u>11,138,839</u>

See accompanying notes to financial statements.

COUNTY OF DANE

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
December 31, 2005

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Airport</u>	<u>Highway</u>	<u>Sanitary Landfill</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 259,016	\$ 2,134,589	\$ 188,142
Accrued payroll and payroll taxes	203,762	357,573	45,401
Accrued compensated absences	392,711	594,559	136,727
Other accrued liabilities and deposits	239,602	1,443	-
Due to other governments	538,583	446,070	204,310
Due to other funds	-	-	39,593
Current portion of postclosure care costs	-	-	46,640
Current portion of general obligation debt	2,635,000	38,609	-
Current portion of notes payable	-	-	-
Current portion of leases payable	-	-	-
Unearned revenue	25,000	4,257,386	-
Total Current Liabilities	<u>4,293,674</u>	<u>7,830,229</u>	<u>660,813</u>
Noncurrent Liabilities			
Advances from other funds	-	-	-
Leases payable	-	-	-
Accrued compensated absences	1,156,203	2,028,920	346,582
Long-term care and postclosure care costs payable	-	-	5,758,611
General obligation debt	49,490,000	107,768	-
Unamortized premium on debt	1,832,139	-	-
Total Noncurrent Liabilities	<u>52,478,342</u>	<u>2,136,688</u>	<u>6,105,193</u>
Total Liabilities	<u>56,772,016</u>	<u>9,966,917</u>	<u>6,766,006</u>
NET ASSETS			
Invested in capital assets, net of related debt	138,542,903	10,392,219	11,343,206
Restricted for:			
Capital projects	6,485,426	-	-
Landfill long-term care costs	-	-	41,149
Unrestricted (deficit)	<u>36,578,514</u>	<u>440,341</u>	<u>3,753,742</u>
TOTAL NET ASSETS (DEFICIT)	<u>\$ 181,606,843</u>	<u>\$ 10,832,560</u>	<u>\$ 15,138,097</u>

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Badger Prairie</u>	<u>Non-major</u>	<u>Totals</u>	<u>Activities -</u>
<u>Health Care</u>	<u>Proprietary</u>	<u>Current Year</u>	<u>Internal</u>
<u>Center</u>	<u>Funds</u>		<u>Service Funds</u>
\$ 229,217	\$ 26,492	\$ 2,837,456	\$ 84,106
377,800	19,831	1,004,367	54,309
455,746	42,371	1,622,114	37,726
109,804	4,463	355,312	3,779,139
27,868	-	1,216,831	135
73,217	3,074	115,884	792
-	-	46,640	-
263,154	248,796	3,185,559	-
34,051	-	34,051	-
-	-	-	6,198
-	-	4,282,386	-
<u>1,570,857</u>	<u>345,027</u>	<u>14,700,600</u>	<u>3,962,405</u>
-	-	-	573,536
-	-	-	13,516
1,273,458	125,983	4,931,146	154,986
-	-	5,758,611	-
636,430	1,757,000	51,991,198	-
-	-	1,832,139	-
<u>1,909,888</u>	<u>1,882,983</u>	<u>64,513,094</u>	<u>742,038</u>
<u>3,480,745</u>	<u>2,228,010</u>	<u>79,213,694</u>	<u>4,704,443</u>
1,703,666	2,156,881	164,138,875	1,684,893
-	-	6,485,426	-
-	-	41,149	-
<u>(1,770,932)</u>	<u>480,531</u>	<u>39,482,196</u>	<u>4,749,503</u>
<u>\$ (67,266)</u>	<u>\$ 2,637,412</u>	<u>\$ 210,147,646</u>	<u>\$ 6,434,396</u>

See accompanying notes to financial statements.

COUNTY OF DANE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS For the Year Ended December 31, 2005

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Airport</u>	<u>Highway</u>	<u>Sanitary Landfill</u>
OPERATING REVENUES			
Charges for services	\$ 8,059,595	\$ 10,708,342	\$ 6,827,293
Intergovernmental charges for services	-	3,854,742	-
Parking fees and concession sales	5,424,615	-	-
Other	271,460	24,922	103,088
Total Operating Revenues	<u>13,755,670</u>	<u>14,588,006</u>	<u>6,930,381</u>
OPERATING EXPENSES			
Personal services	4,434,916	9,152,608	1,558,753
Contractual services	1,914,667	861,618	2,588,225
Highway operations	-	8,381,992	-
Insurance services	-	-	-
Other	1,994,300	-	3,056,415
Depreciation	5,427,877	985,319	985,608
Total Operating Expenses	<u>13,771,760</u>	<u>19,381,537</u>	<u>8,189,001</u>
Operating Income (Loss)	<u>(16,090)</u>	<u>(4,793,531)</u>	<u>(1,258,620)</u>
NONOPERATING REVENUES (EXPENSES)			
Taxes	-	4,499,824	-
Intergovernmental grants	-	973,063	-
Investment income	1,427,234	-	66,626
Interest expense	(2,519,620)	(5,512)	-
Interest charged to construction	2,069,812	-	-
Amortization of bond premium	331,551	-	-
Gain/(Loss) on sale or disposal of capital assets	7,073	-	(91,433)
Passenger facility charges	3,186,691	-	-
Total Nonoperating Revenues (Expenses)	<u>4,502,741</u>	<u>5,467,375</u>	<u>(24,807)</u>
Income (Loss) Before Contributions and Transfers	4,486,651	673,844	(1,283,427)
Capital contributions	17,913,292	-	-
Transfers in	-	1,043,000	-
Transfers out	-	(1,193,112)	-
Change in Net Assets	22,399,943	523,732	(1,283,427)
TOTAL NET ASSETS - Beginning (as restated)	<u>159,206,900</u>	<u>10,308,828</u>	<u>16,421,524</u>
TOTAL NET ASSETS - ENDING (DEFICIT)	<u>\$ 181,606,843</u>	<u>\$ 10,832,560</u>	<u>\$ 15,138,097</u>

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Badger Prairie</u>	<u>Non-major</u>	<u>Totals</u>	<u>Activities-</u>
<u>Health Care</u>	<u>Proprietary</u>	<u>Current Year</u>	<u>Internal</u>
<u>Center</u>	<u>Funds</u>		<u>Service Funds</u>
\$ 5,989,208	\$ 2,217,762	\$ 33,802,200	\$ 5,756,945
-	-	3,854,742	-
-	-	5,424,615	-
13,527	-	412,997	8,076
<u>6,002,735</u>	<u>2,217,762</u>	<u>43,494,554</u>	<u>5,765,021</u>
10,193,031	559,012	25,898,320	1,827,069
2,277,280	79,447	7,721,237	103,169
-	-	8,381,992	-
-	-	-	3,376,298
1,111,836	457,034	6,619,585	1,478,777
200,755	251,877	7,851,436	70,939
<u>13,782,902</u>	<u>1,347,370</u>	<u>56,472,570</u>	<u>6,856,252</u>
<u>(7,780,167)</u>	<u>870,392</u>	<u>(12,978,016)</u>	<u>(1,091,231)</u>
-	-	4,499,824	-
961,725	-	1,934,788	-
-	-	1,493,860	183,745
(27,755)	(32,921)	(2,585,808)	(4,594)
-	-	2,069,812	-
-	-	331,551	-
-	458	(83,902)	-
-	-	3,186,691	-
<u>933,970</u>	<u>(32,463)</u>	<u>10,846,816</u>	<u>179,151</u>
<u>(6,846,197)</u>	<u>837,929</u>	<u>(2,131,200)</u>	<u>(912,080)</u>
-	-	17,913,292	-
6,523,855	-	7,566,855	-
-	(682,096)	(1,875,208)	-
<u>(322,342)</u>	<u>155,833</u>	<u>21,473,739</u>	<u>(912,080)</u>
<u>255,076</u>	<u>2,481,579</u>	<u>188,673,907</u>	<u>7,346,476</u>
<u>\$ (67,266)</u>	<u>\$ 2,637,412</u>	<u>\$ 210,147,646</u>	<u>\$ 6,434,396</u>

See accompanying notes to financial statements.

COUNTY OF DANE

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPES
For the Year Ended December 31, 2005**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Airport</u>	<u>Highway</u>	<u>Sanitary Landfill</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 13,396,720	\$ 12,663,866	\$ 6,770,211
Received from other funds	-	-	-
Paid to suppliers for goods and services	(4,065,344)	(8,073,321)	(4,570,155)
Paid to employees for services	(4,234,302)	(9,151,908)	(1,558,753)
Net Cash Flows From Operating Activities	<u>5,097,074</u>	<u>(4,561,363)</u>	<u>641,303</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	1,043,000	-
Transfers out	-	(1,193,112)	-
General property taxes	-	4,499,824	-
Intergovernmental grants	-	973,063	-
Payment of other long-term debt	-	-	-
Advances from other funds	-	-	-
Net Cash Flows From Noncapital Financing Activities	<u>-</u>	<u>5,322,775</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on long-term debt	(2,585,000)	(69,640)	-
Interest paid on capital debt	(2,483,681)	(5,511)	-
Acquisition and construction of capital assets	(33,177,671)	(780,732)	(1,269,114)
Passenger facility charges	3,186,691	-	-
Capital contributions	17,913,292	-	-
Net Cash Flows From Capital and Related Financing Activities	<u>(17,146,369)</u>	<u>(855,883)</u>	<u>(1,269,114)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	1,427,234	-	66,626
Marketable securities purchased	-	-	(67,001)
Net Cash Flows From Investing Activities	<u>1,427,234</u>	<u>-</u>	<u>(375)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(10,622,061)	(94,471)	(628,186)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>54,761,835</u>	<u>1,487,221</u>	<u>4,877,755</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 44,139,774</u>	<u>\$ 1,392,750</u>	<u>\$ 4,249,569</u>

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Badger Prairie</u>	<u>Non-major</u>	<u>Totals</u>	<u>Activities -</u>
<u>Health Care</u>	<u>Proprietary</u>	<u>Current Year</u>	<u>Internal</u>
<u>Center</u>	<u>Funds</u>		<u>Service Funds</u>
\$ 6,015,437	\$ 1,710,871	\$ 40,557,105	\$ 74,434
-	427,995	427,995	5,648,996
(2,742,672)	(697,956)	(20,149,448)	(4,134,455)
<u>(10,561,106)</u>	<u>(559,012)</u>	<u>(26,065,081)</u>	<u>(1,827,069)</u>
<u>(7,288,341)</u>	<u>881,898</u>	<u>(5,229,429)</u>	<u>(238,094)</u>
6,523,855	-	7,566,855	-
-	(682,096)	(1,875,208)	-
-	-	4,499,824	-
961,725	-	1,934,788	-
-	-	-	(130,000)
-	-	-	<u>573,536</u>
<u>7,485,580</u>	<u>(682,096)</u>	<u>12,126,259</u>	<u>443,536</u>
(287,124)	(246,717)	(3,188,481)	(7,361)
(27,754)	(56,170)	(2,573,116)	(4,595)
(97,062)	(110,512)	(35,435,091)	-
-	-	3,186,691	-
-	-	<u>17,913,292</u>	-
<u>(411,940)</u>	<u>(413,399)</u>	<u>(20,096,705)</u>	<u>(11,956)</u>
-	-	1,493,860	183,745
-	-	(67,001)	-
-	-	<u>1,426,859</u>	<u>183,745</u>
(214,701)	(213,597)	(11,773,016)	377,231
<u>275,022</u>	<u>620,802</u>	<u>62,022,635</u>	<u>6,323,770</u>
<u>\$ 60,321</u>	<u>\$ 407,205</u>	<u>\$ 50,249,619</u>	<u>\$ 6,701,001</u>

See accompanying notes to financial statements.

COUNTY OF DANE

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUND TYPES
 For the Year Ended December 31, 2005

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Airport</u>	<u>Highway</u>	<u>Sanitary Landfill</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (16,090)	\$ (4,793,531)	\$ (1,258,620)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Non-cash items included in operating income:			
Depreciation	5,427,877	985,319	985,608
Changes in assets and liabilities			
Accounts receivable	(357,376)	109,748	486,229
Due from other funds	(1,664)	(30,041)	(646,399)
Due from other governments	-	(1,714,226)	-
Inventories	-	463,775	-
Prepaid items	(1,670)	(70,403)	(65)
Accounts payable	(203,368)	898,182	(187,599)
Accrued payroll and payroll taxes	-	209,822	26,930
Accrued compensated absences	249,275	116,590	-
Other accrued liabilities and deposits	-	-	157,865
Due to other governments	-	(446,977)	-
Due to other funds	-	-	58,297
Unearned revenue	90	(289,621)	-
Long-term care and postclosure care costs payable	-	-	1,019,057
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 5,097,074	\$ (4,561,363)	\$ 641,303
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS			
Cash and investments - statement of net assets - proprietary fund	\$ 37,654,348	\$ 1,392,750	\$ 4,202,929
Restricted cash and investments - statement of net assets - proprietary fund			
Current	-	-	46,640
Noncurrent	6,485,426	-	4,894,344
Less: Non-cash equivalents	-	-	(4,894,344)
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 44,139,774	\$ 1,392,750	\$ 4,249,569
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Interest charged to construction	\$ 2,069,812	\$ -	\$ -
Capital lease	-	-	-

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Badger Prairie</u>	<u>Non-major</u>	<u>Totals</u>	<u>Activities -</u>
<u>Health Care</u>	<u>Proprietary</u>	<u>Current Year</u>	<u>Internal</u>
<u>Center</u>	<u>Funds</u>		<u>Service Funds</u>
\$ (7,780,167)	\$ 870,392	\$ (12,978,016)	\$ (1,091,231)
200,755	251,877	7,851,436	70,939
12,702	(116,990)	134,313	(41,593)
-	6,282	(671,822)	-
-	(201)	(1,714,427)	-
(4,415)	23,215	482,575	-
(66)	-	(72,204)	(327)
224,876	(176,724)	555,367	19,826
(32,216)	10,439	214,975	-
-	11,841	377,706	5,178
-	-	157,865	801,523
21,678	-	(425,299)	(681)
68,512	1,767	128,576	(1,728)
-	-	(289,531)	-
-	-	1,019,057	-
<u>\$ (7,288,341)</u>	<u>\$ 881,898</u>	<u>\$ (5,229,429)</u>	<u>\$ (238,094)</u>
\$ 2,000	\$ 407,205	\$ 43,659,232	\$ 6,701,001
-	-	46,640	-
58,321	-	11,438,091	-
-	-	(4,894,344)	-
<u>\$ 60,321</u>	<u>\$ 407,205</u>	<u>\$ 50,249,619</u>	<u>\$ 6,701,001</u>
\$ -	\$ -	\$ 2,069,812	\$ -
-	-	-	27,075

See accompanying notes to financial statements.

COUNTY OF DANE

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2005

	Private Purpose Trusts	Agency Funds
ASSETS		
Cash and investments	\$ 223,281	\$ 15,351,422
Taxes receivable	-	9,111,144
Total Assets	<u>223,281</u>	<u>24,462,566</u>
LIABILITIES		
Accounts payable	450	4,904
Other accrued liabilities and deposits	-	3,607,888
Due to other governmental units	-	20,849,774
Total Liabilities	<u>450</u>	<u>24,462,566</u>
NET ASSETS		
Reserved for private purpose trust activities	<u>222,831</u>	-
TOTAL NET ASSETS	<u>\$ 222,831</u>	<u>\$ -</u>

See accompanying notes to financial statements.

COUNTY OF DANE

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended December 31, 2005**

	<u>Private Purpose Trusts</u>
ADDITIONS	
Investment income	\$ 9,133
Total Additions	<u>9,133</u>
DEDUCTIONS	
Scholarships and Badger Prairie Health Care Center patient benefits	<u>6,799</u>
Total Deductions	<u>6,799</u>
Change in Net Assets	2,334
NET ASSETS - Beginning	<u>220,497</u>
NET ASSETS - ENDING	<u>\$ 222,831</u>

See accompanying notes to financial statements.

COUNTY OF DANE

**STATEMENT OF NET ASSETS
COMPONENT UNITS
December 31, 2005**

	Dane County Housing Authority	Henry Vilas Park Zoological Society, Inc.	Totals
ASSETS			
Cash and investments	\$ 1,050,367	\$ 3,331,751	\$ 4,382,118
Receivables			
Accounts	11,861	1,903,394	1,915,255
Loans	193,903	-	193,903
Interest	-	3,514	3,514
Due from other governments	28,438	-	28,438
Inventories	-	123,355	123,355
Prepaid items	4,584	686	5,270
Total Current Assets	1,289,153	5,362,700	6,651,853
Noncurrent Assets			
Restricted cash and investments	97,355	65,450	162,805
Capital Assets			
Land	1,197,431	-	1,197,431
Construction in progress	29,907	-	29,907
Buildings	5,824,604	-	5,824,604
Machinery and equipment	162,508	173,195	335,703
Less accumulated depreciation	<u>(5,005,125)</u>	<u>(119,848)</u>	<u>(5,124,973)</u>
Total Capital Assets (Net of Accumulated Depreciation)	2,209,325	53,347	2,262,672
Total Noncurrent Assets	2,306,680	118,797	2,425,477
Total Assets	3,595,833	5,481,497	9,077,330
LIABILITIES			
Current Liabilities			
Accounts payable	16,819	1,478,482	1,495,301
Other accrued liabilities and deposits	53,823	-	53,823
Due to other governments	-	7,083	7,083
Current portion of unfunded pension obligation	10,560	-	10,560
Current portion of notes payable	40,148	-	40,148
Unearned revenue	43,306	-	43,306
Total Current Liabilities	164,656	1,485,565	1,650,221
Noncurrent Liabilities			
Unfunded pension obligation	216,692	-	216,692
Notes payable	46,932	-	46,932
Other long-term liabilities	73,874	-	73,874
Deferred revenue	193,903	-	193,903
Total Noncurrent Liabilities	531,401	-	531,401
Total Liabilities	696,057	1,485,565	2,181,622
NET ASSETS			
Invested in capital assets, net of related debt	1,935,245	-	1,935,245
Restricted	284,400	2,218,945	2,503,345
Unrestricted	680,131	1,776,987	2,457,118
TOTAL NET ASSETS	\$ 2,899,776	\$ 3,995,932	\$ 6,895,708

See accompanying notes to financial statements.

COUNTY OF DANE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - COMPONENT UNITS

For the Year Ended December 31, 2005

	Dane County Housing Authority	Henry Vilas Park Zoological Society, Inc.	Totals
OPERATING REVENUES			
Intergovernmental	\$ 7,825,224	\$ -	\$ 7,825,224
Charges for services	637,687	1,108,493	1,746,180
Investment income	20,189	53,210	73,399
Miscellaneous	376,166	662,388	1,038,554
Total Operating Revenues	<u>8,859,266</u>	<u>1,824,091</u>	<u>10,683,357</u>
OPERATING EXPENSES			
Current			
Culture, education and recreation	-	2,806,232	2,806,232
Conservation and development	8,877,457	-	8,877,457
Total Operating Expenses	<u>8,877,457</u>	<u>2,806,232</u>	<u>11,683,689</u>
Operating Income (Loss)	<u>(18,191)</u>	<u>(982,141)</u>	<u>(1,000,332)</u>
NONOPERATING EXPENSES			
Interest expense	11,759	-	11,759
Income (Loss) Before Contributions	<u>(29,950)</u>	<u>(982,141)</u>	<u>(1,012,091)</u>
Capital contributions	-	2,436,487	2,436,487
Net Change in Net Assets	<u>(29,950)</u>	<u>1,454,346</u>	<u>1,424,396</u>
TOTAL NET ASSETS - Beginning	<u>2,929,726</u>	<u>2,541,586</u>	<u>5,471,312</u>
TOTAL NET ASSETS - ENDING	<u>\$ 2,899,776</u>	<u>\$ 3,995,932</u>	<u>\$ 6,895,708</u>

See accompanying notes to financial statements.

COUNTY OF DANE

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COUNTY OF DANE

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COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County of Dane, Wisconsin conform to generally accepted accounting principles as applicable to governmental units.

A. REPORTING ENTITY

This report includes all of the funds of the County of Dane. The reporting entity for the County consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. The discretely presented component units are reported in a separate column in the government-wide financial to emphasize that they are legally separate from the government. This report does not contain any blended component units.

Discretely Presented Component Units

Dane County Housing Authority

The government-wide financial statements include the Dane County Housing Authority ("Housing Authority") as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the County Executive. Wisconsin Statutes provide for circumstances whereby the County can impose its will on the Housing Authority, and also create a potential financial benefit to or burden on the County. See Note IV.K. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2005. Separately issued financial statements of the Dane County Housing Authority may be obtained from the Housing Authority's office, 2001 West Broadway, Suite 1, Monona, Wisconsin 53713-3707.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units (cont.)

Henry Vilas Park Zoological Society, Inc.

The government-wide financial statements include the Henry Vilas Park Zoological Society, Inc. (the Society) as a component unit. The Society is a legally separate organization that has been presented as a discrete component unit according to the provisions of GASB No. 39, as defined in Note I.A. See Note IV.L. The information presented is for the fiscal year ended March 31, 2005. Separately issued financial statements of the Society may be obtained from the Henry Vilas Park Zoological Society's office, 606 South Randall Avenue, Madison, WI 53715-1665.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The County does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses.

Separate financial statements are provided for governmental funds and proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the County believes is particularly important to financial statement users may be reported as a major fund.

The County reports the following major governmental funds:

- General – accounts for the County's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.
- Human Services – accounts for resources legally restricted to supporting expenditures for the human services related programs.
- Debt Service – used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.
- Capital Projects – used to account for financial resources to be used for the acquisition of equipment and/or major capital facilities.

The County reports the following major enterprise funds:

- Airport – accounts for operations and maintenance of the County's airport
- Highway – accounts for funds used to maintain and improve roadways within the County's jurisdiction
- Sanitary Landfill – accounts for operations and maintenance of a sanitary landfill serving as a solid waste disposal site for the entire County
- Badger Prairie Health Care Center – accounts for activity associated with the operations and maintenance of the County's health care facility.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The County reports the following non-major governmental and enterprise funds:

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

- Board of Health
- Library
- Land Information
- Bridge Aid
- Community Development Block Grant (CDBG) Loans
- HOME
- Commerce Revolving Loan
- Scheidegger Trust Fund

Enterprise Funds – may be used to report any activity for which a fee is charged to external users for goods or services and must be used for activities which meet certain debt or cost recovery criteria.

- Printing and Services
- Methane Gas

In addition, the County reports the following fund types:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis.

Internal service funds have been established by the County to pay for workers' compensation and general liability claims and to purchase insurance coverage from outside carriers or to self-insure certain employee benefits. Additionally, Employee Benefits, and Consolidated Food Service operations are accounted for as internal service funds. Billings for services to user funds and other governmental units are based on standard rates which are set at a level intended to recover the costs of providing services.

Private-purpose trust funds are used to report certain trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The John T. Lyle, Blockstein Memorial, and Lyman Anderson trust operations are accounted for as private-purpose trust funds.

Agency funds are used to account for the receipt and disbursement of various taxes, deposits and assessments held by the County in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net assets and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred revenues. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenues when earned. Unbilled receivables are recorded as revenues when services are provided.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for human services reimbursable grants, for which available is defined as 180 days. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded in the year levied as receivables and deferred revenues. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the County is entitled to the resources and the amounts are available. Amounts owed to the County which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The County reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from taxes levied in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received before the County has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting and do not have a measurement focus.

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board, and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. The proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Airport, Highway, Sanitary Landfill, Badger Prairie Health Care Center, Printing and Services, and Methane Gas are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

For purposes of the statement of cash flows, the County considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

Investment of County funds is restricted by state statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
2. Bonds or securities of any County, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

The County has adopted an investment policy. That policy follows the state statute for allowable investments.

As described in Note IV.A., the County is exposed to the following deposit and investment risks: custodial credit risk (deposits and investments), interest rate risk and credit risk. The County's investment policy does not specifically address these risks.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of governmental accounting funds is allocated to the general fund, with the exception of the airport, John T. Lyle Trust, and the Blockstein Memorial trust funds which are allocated interest based upon the pooled interest rate. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2005, the fair value of the County's share of the LGIPs assets was substantially equal to the amount as reported in these statements.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

1. Deposits and Investments (cont.)

The Madison Community Foundation ("the Foundation") is a community endowment fund. The Foundation is not registered with the Securities and Exchange Commission. It constitutes a contractual agreement between the County and the Foundation with respect to investment of County assets. The Foundation reports the fair value of its underlying assets annually. At December 31, 2005, the fair value of the Foundation's assets was substantially equal to the County's share as reported in Note IV.A.

See Note IV.A. for further information.

2. Receivables

a. Property and Sales Tax

Property taxes are levied in December on the assessed value as of the prior January 1. They are not legally available for appropriation until the ensuing year. In addition to property taxes for the County, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the Statement of Fiduciary Net Assets – Fiduciary Funds in the Agency column.

Property tax calendar – 2005 tax roll:

Lien date and levy date	December 2005
Tax bills mailed	December 2005
Payment in full, or	January 31, 2006
First installment due	January 31, 2006
Second installment due	July 31, 2006
Personal property taxes in full	January 31, 2006
Tax sale – 2005 delinquent real estate taxes	October 2008

Property taxes are due, in the year subsequent to levy, on the last day of January, and collected by local treasurers through that date, at which time unpaid taxes are assigned to the County and appropriate receivables and payables are recorded. Tax collections become the responsibility of the County and taxes receivable include unpaid taxes levied for all taxing entities within the County. The County makes restitution to local districts in August for payables recorded at the settlement date without regard to collected funds. A lien is placed on all properties for which a portion of the current tax levy remains unpaid as of September 1. The interest and penalties on taxes not paid within 60 days of the end of the current fiscal period is shown as deferred revenue until it is received in cash.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

2. Receivables (cont.)

a. Property and Sales Tax (cont.)

The portion of County property taxes receivable at December 31, 2005, which relates to taxes initially levied by other municipalities and uncollected within sixty days after year-end, has been reflected in the accompanying financial statements as a reservation of fund balance of the general fund in the amount of \$4,118,326.

The County has a .5% sales tax which is collected by the State of Wisconsin. Total revenues of \$40,620,232 from this tax for the 2005 fiscal year are recorded in the general fund.

b. Allowances

No allowance for uncollectible delinquent taxes has been provided because of the County's demonstrated ability to recover any losses through the sale of the applicable property.

Accounts receivable in all funds have been adjusted for all known uncollectible accounts.

c. Due To/From/Advances

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental and business-type activities are eliminated in the statement of net assets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

d. Loans Receivable

The County has received federal and state grant funds for economic development loan programs to various businesses. The County records a loan receivable when the loan has been made and funds have been disbursed.

It is the County's policy to record deferred revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are prepared as designated fund balance in the fund financial statements.

e. Other

This represents a lawsuit settlement that the County was awarded. The County receives an annual payment with the final payment due to the County in 2006. The revenues are recognized when they are received. Refer to Note IV.B.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

3. Inventories and Prepaid Items

Governmental fund inventory items are charged to expenditure accounts when purchased. Year-end inventory was not significant. Proprietary fund inventories are generally used for construction or for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average, and charged to construction or operation and maintenance expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

4. Restricted Assets

Cash and Investments

Certain proceeds and other cash balances of the County's enterprise funds are classified as restricted on the balance sheet because their use is limited. Restricted assets included in the Badger Prairie Health Care Center Enterprise fund at December 31, 2005 consist of patient trust funds which are not legally available to the County to finance operations. Restricted assets included in the Sanitary Landfill Enterprise fund at December 31, 2005 represents deposits with the State of Wisconsin Department of Natural Resources for long-term care and closure costs of landfill sites. Restricted assets included in the Airport enterprise fund at December 31, 2005 consists of passenger facility charges as authorized by the Federal Aviation Administration.

Deposit with Wisconsin Municipal Mutual Insurance Company

Refer to Note V.B.

5. Capital Assets

Government-Wide Statements

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets. The County will capitalize infrastructure if it exceeds the following thresholds: 1) Roads - 25% of the County's definition of a segment, 2) Bridges - over 20 feet, and 3) Culverts - over 10 feet. The County is also capitalizing all traffic signals. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation.

COUNTY OF DANE

**NOTES TO FINANCIAL STATEMENTS
December 31, 2005**

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. \$2,069,812 of net interest was capitalized during the current year in the Airport fund. The cost of property replaced, retired or otherwise disposed of, is deducted from capital assets and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Land Improvements	10-20 Years
Buildings	20-40 Years
Zoo animals	4-55 Years
Machinery and Equipment	5-10 Years
Roads	25-40 Years
Bridges	50 Years
Traffic Signals	40 Years
Culverts	50 Years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

6. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and the proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

7. Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

7. Compensated Absences (cont.)

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, or are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2005 are determined on the basis of current salary rates and include salary related payments.

8. Long-Term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consists primarily of notes and bonds payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the issue using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

The County does not engage in conduit debt transactions.

9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. Refer to Note V.C. on commitments and contingencies.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (cont.)

10. Equity Classifications

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less any unspent debt proceeds.
- b. Restricted net assets – Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Unreserved fund balance may include funds set aside by management for specific uses, which are labeled “designated.” The balance of unreserved fund balance is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.” The details of this \$271,458,242 difference is as follows:

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS (cont.)

Land	\$ 63,535,471
Construction in progress	1,448,914
Land improvements	38,142,434
Zoo animals	142,965,779
Buildings	369,205
Machinery and equipment	20,168,598
Infrastructure	88,343,761
Less: Accumulated depreciation	(81,811,313)
Less: Internal service fund capital assets, net of depreciation	<u>(1,704,607)</u>
Adjustment for Capital Assets	<u>\$271,458,242</u>

Another element of this reconciliation explains that "some liabilities, including long-term debt are not due and payable in the current period and therefore are not reported in the funds." The details of this \$166,440,526 difference in liabilities is as follows:

Bonds and notes payable	\$ 132,970,292
Compensated absences	31,055,531
Other long-term liabilities	212,304
Capital lease obligations	55,684
Accrued interest	1,064,859
Unamortized debt discount, premium and issue costs	<u>1,081,857</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 166,440,527</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$(2,468,279) difference is as follows:

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (cont.)

Debt issued or incurred:	
General obligation debt	\$ (14,533,834)
Capital lease	(80,356)
Principal repayments:	
General obligation debt	12,095,295
Capital lease	<u>50,616</u>
Net Adjustment to Decrease Net Changes in Fund Balances – Total Governmental Funds to arrive at Changes in Net Assets of Governmental Activities	<u>\$ (2,468,279)</u>

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I.C.

All County departments are required to submit their annual budget requests for the ensuing year to the County Executive by July 31. The Department of Administration reviews the requests in detail with the departments during September.

After all of the requests have been reviewed the County Executive submits her proposed Executive Budget to the County Board of Supervisors. The County Ordinances require that this be done on or before October 1. The Board of Supervisors completes its review and adopts the budget on or before December 1 to ensure that property tax bills can be furnished to property tax payers in a timely manner so as to allow for their payment prior to December 31 if the taxpayer so chooses.

County policy requires that budgeted revenues and expenditures/expenses for the ensuing year be established on a modified accrual basis of accounting, controlled within individual agencies, and are monitored by an annual appropriation and encumbrance system. Budgeted revenues and expenditures/expenses are approved by the County Board of Supervisors. The budget is defined as the originally approved budget, plus or minus approved revisions.

Formal budgetary integration is employed as a management control device for the general, special revenue, enterprise and internal service funds.

A budget has been adopted for the general fund, certain special revenue funds, and the debt service fund. A budget has not been formally adopted for the Scheidegger Trust special revenue fund. The capital projects fund budget was adopted at the project level. Wisconsin Statute 65.90 requires that an annual budget be adopted for all funds.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

A. BUDGETARY INFORMATION (cont.)

The adopted budgets for enterprise and internal service funds are prepared on a basis consistent with generally accepted accounting principles except for the treatment of capital outlay, depreciation and principal payments on long-term debt. For budget purposes, capital outlay and principal payments on long-term debt are included as an expense, whereas, for accounting purposes, only depreciation is included as an expense.

Budgetary amounts lapse at year-end, except for appropriations of capital projects which have multi-year budgets and those approved by the County Board as a carryforward to the ensuing year. Unexpended appropriations, net of anticipated revenues, carried forward to 2005 at December 31, 2005, have been classified as fund balance designated for subsequent year's expenditures, net of anticipated revenues. The total carried forward is as follows:

General Fund	\$ 1,916,398
Special Revenue Fund – Human Services	102,118
Special Revenue Fund – Land Information	533,573
Special Revenue Fund – Bridge Aid	137,626
Special Revenue Fund – Board of Health	524,290
Capital Projects Fund – Capital Projects	14,842,621

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

The following fund had an excess of expenditures or transfers out over appropriations at the legal level of budgetary control for the year ended December 31, 2005:

Major Fund	<u>Excess</u>
Debt Service Fund	\$ 2,742,457

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end.

As of December 31, 2005, the following individual fund held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Special Revenue Fund – CDBG loans	\$ 85,781	Grants not sufficient to cover expenditures
Special Revenue Fund – HOME	15,562	Grants not sufficient to cover expenditures
Enterprise Fund – Badger Prairie Health Care Center	67,267	Charges for services not sufficient to cover expenditures

It is anticipated that future grant revenues and charges for services will provide sufficient funding to eliminate these deficits.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

D. LIMITATIONS ON THE COUNTY'S TAX LEVY RATE AND ITS ABILITY TO ISSUE NEW DEBT

As part of Wisconsin's State Budget Bill (1993 Act 16), new legislation was passed that limits the County's future tax levy rates. Generally, the County is limited to its 1992 tax levy rate, based upon current legislation (State Statute Section 59.605(2)). However, this limitation does not affect debt authorized prior to August 12, 1993 or refunding bonds.

The County may also exceed the limitation by holding a referendum (according to state statutes) authorizing the county board to approve a higher rate. The County may also exceed the rate if it increases the services it provides due to a transfer of these services from another governmental unit.

The State Budget Bill also imposes restrictions on the County's ability to issue new debt. Generally, referendum approval is required to issue unlimited tax general obligation debt, with the following exceptions:

- Refunding debt issues
- 75% approval by the county board
- A reasonable expectation that the new debt can be accommodated within the existing tax rate
- Other exceptions as listed in State Statutes Section 67.045

The County is in compliance with the limitation.

E. LIMITATIONS ON THE COUNTY'S TAX LEVY

As part of Wisconsin's Act 25 (2005), new legislation was passed that limits the County's future tax levies. Generally, the County is limited to its prior tax levy dollar amount, increased by the greater of the percentage change in the County's equalized value due to new construction, or 2%. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit begins with the 2005 levy collected in 2006 and is set to expire after the 2006 levy.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The County's cash and investments at year end were comprised of the following:

	<u>Carrying Value</u>	<u>Bank and Investment Balances</u>	<u>Associated Risks</u>
Demand deposits and cash on hand	\$ 28,770,975	\$ 32,726,255	Custodial
U.S. government securities	14,375,119	14,375,119	Interest rate and custodial
Madison Community Foundation	97,134	97,134	Interest rate and credit
Local government bonds	61,508	61,508	interest rate and custodial
Repurchase agreements	6,034,390	6,034,390	Credit, custodial, interest rate
LGIP	78,115,259	78,115,259	Interest rate and credit
Mutual funds	<u>955,901</u>	<u>955,901</u>	Interest rate risk and custodial
Total Cash and Investments	<u>\$ 128,410,286</u>	<u>\$ 132,365,566</u>	
Reconciliation to financial statements			
Per statement of net assets			
Unrestricted cash and investments	\$ 101,350,852		
Restricted cash and investments	11,484,731		
Per statement of net assets –			
Fiduciary Funds			
Private purpose trust	223,281		
Agency	<u>15,351,422</u>		
Total Cash and Investments	<u>\$ 128,410,286</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$100,000 for interest bearing accounts and \$100,000 for noninterest bearing accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any FDIC and State of Wisconsin Guarantee Fund insurance.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

The Securities Investor Protection Corporation (SIPC), created by the Securities Investor Protection Act of 1970, is an independent government-sponsored corporation (not an agency of the U.S. government).

The County's investments at A.G. Edwards provide SIPC membership account protection up to a maximum of \$500,000 per customer, of which \$100,000 may be in cash.

The County does not maintain any collateral agreements with its banks.

Custodial Credit Risk

Deposits – Custodial credit risk is the risk that in the event of a financial institution failure, the County's deposits may not be returned to the County.

As of December 31, 2005, \$12,994,279 of the County's total bank balances of \$25,540,991 were exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 12,994,279</u>
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Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As of December 31, 2005, the County's investments were exposed to custodial credit risk as follows:

U.S. Government Securities

Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 9,581,508</u>
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Mutual Fund

Neither insured nor registered and held by counterparty's trust department or agent not in the County's name	<u>\$ 955,901</u>
--	-------------------

Credit Risk

Credit risk-the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2005, the County's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poor's</u>	<u>Fitch Ratings</u>	<u>Moody's Investor Service</u>
Local government bonds	AAA	Not available	AAA
Federated mutual fund	AAAm	AAA	Aaa

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

The County also had investments in the following external pools which are not rated:

Local Government Investment Pool
Madison Community Foundation

Interest Rate Risk

Interest rate-risk the risk that changes in interest rates will adversely affect the fair value of an investment.

As of December 31, 2005, the County's investments were as follows:

<u>Specific Investments</u>	<u>Maturity Date</u>	<u>Call Date (if applicable)</u>	<u>Fair Value</u>
Madison Community Foundation	N/A	N/A	\$ 97,134
Local government bonds	7/01/06	N/A	10,071
Local government bonds	12/01/09	N/A	25,742
Local government bonds	7/01/12	7/01/07	25,695
Repurchase agreements	1/01/06	N/A	6,034,390
Federated mutual fund	N/A	N/A	955,901
LGIP	N/A	N/A	<u>78,115,259</u>
Total			<u>\$ 85,264,192</u>

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>				
		<u>Less than 6 months</u>	<u>6 months- 1 year</u>	<u>1 year- 2 years</u>	<u>2 years- 3 years</u>	<u>3 years- 5 years</u>
U.S. Government Securities	\$14,375,119	\$1,591,315	\$1,872,458	\$4,865,184	\$3,517,770	\$2,528,392

See Note I.D.1. for further information on deposit and investment policies.

B. RECEIVABLES

All of the receivables are expected to be collected within one year except for \$2,704,532 in the CDBG fund, \$1,118,840 in the HOME fund, and \$436,233 in the Commerce Revolving Loan fund.

Uncollectible Amounts

Revenues of the County are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows:

Uncollectibles related to Badger Prairie Health Care Center \$ 3,937

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

Deferred Revenues

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Totals</u>
Property taxes receivable for subsequent year	\$ -	\$ 100,856,440	\$ 100,856,440
County portion of tax certificates (including interest)	-	1,866,681	1,866,681
Loans receivable	3,184,605	-	3,184,605
Long-term receivable	675,552	-	675,552
Donations	-	214,202	214,202
	<u> </u>	<u> </u>	<u> </u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 3,860,157</u>	<u>\$ 102,937,323</u>	<u>\$ 106,797,480</u>

Taxes

At December 31, 2005, current and delinquent taxes and related interest and penalties receivable by year of tax levy were as follows:

	<u>Current*</u>	<u>Delinquent</u>	<u>Totals</u>
2005	\$ 105,037,263	\$ -	\$ 105,037,263
2004	-	4,635,078	4,635,078
2003	-	1,499,510	1,499,510
2002	-	627,387	627,387
2001	-	329,694	329,694
2000 and prior	-	328,648	328,648
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 105,037,263</u>	<u>\$ 7,420,317</u>	<u>\$ 112,457,580</u>

* This includes governmental and business-type activities.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

Other Accounts Receivable

The other accounts receivable balance in the general fund includes a receivable from the University of Wisconsin ("UW") men's hockey program for terminating a contract with the Alliant Energy Center of Dane County for use of the coliseum. The receivable balance of \$675,552 is offset by deferred revenue.

C. RESTRICTED ASSETS

Restricted assets of \$58,321 included in the Badger Prairie Health Care Center enterprise fund at December 31, 2005 consist of patient trust funds which are not legally available to the County to finance current operations. Restricted assets of \$4,940,984 included in the Sanitary Landfill enterprise fund at December 31, 2005 represents deposits with the State of Wisconsin Department of Natural Resources for long-term care and closure costs of landfill sites. Restricted assets of \$6,485,426 included in the Airport enterprise fund at December 31, 2005 is the accumulation of unspent passenger facility charges as authorized by the Federal Aviation Administration (FAA). The charges are to be used to finance various FAA approved construction projects.

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balance (As restated)	Additions ⁽²⁾	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 52,090,296	\$ 11,445,175	\$ -	\$ 63,535,471
Construction in progress	35,242,092	1,337,417	35,130,595	1,448,914
Land improvements ⁽¹⁾	26,907,999	2,287,100	722,500	28,472,599
Total Capital Assets Not Being Depreciated	<u>114,240,387</u>	<u>15,069,692</u>	<u>35,853,095</u>	<u>93,456,984</u>

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance (As restated)	Additions ⁽²⁾	Deletions	Ending Balance
Governmental Activities (cont.)				
Capital assets being depreciated				
Land improvements	\$ 9,615,771	\$ 54,064	\$ -	\$ 9,669,835
Buildings	105,576,554	37,389,225	-	142,965,779
Zoo animals	364,450	33,550	28,795	369,205
Machinery and equipment	19,150,764	4,154,005	3,136,171	20,168,598
Roadways – infrastructure	71,965,034	6,860,285	2,167,369	76,657,950
Bridges – infrastructure	6,493,071	359,527	12,500	6,840,098
Traffic signals – infrastructure	3,197,063	409,632	282,882	3,323,813
Culverts – infrastructure	1,521,900	-	-	1,521,900
Total Other Capital Assets Being Depreciated	<u>217,884,607</u>	<u>49,260,288</u>	<u>5,627,717</u>	<u>261,517,178</u>
 Total Capital Assets at Historical Cost	 <u>332,124,994</u>	 <u>64,329,980</u>	 <u>41,480,812</u>	 <u>354,974,162</u>
 Less: Accumulated depreciation for				
Land improvements	(4,231,646)	(284,062)	-	(4,515,708)
Buildings	(33,166,662)	(2,679,411)	-	(35,846,073)
Zoo animals	(137,556)	(18,705)	25,103	(131,158)
Machinery and equipment	(12,321,499)	(1,252,161)	2,782,289	(10,791,371)
Roadways	(24,421,625)	(2,861,042)	1,255,790	(26,026,877)
Bridges	(2,518,691)	(130,523)	12,500	(2,636,714)
Traffic signals	(865,763)	(77,542)	8,833	(934,472)
Culverts	(898,940)	(30,000)	-	(928,940)
Total Accumulated Depreciation	<u>(78,562,382)</u>	<u>(7,333,446)</u>	<u>4,084,515</u>	<u>(81,811,313)</u>
 Net Capital Assets Being Depreciated	 <u>139,322,225</u>	 <u>41,926,842</u>	 <u>1,543,202</u>	 <u>179,705,865</u>
 Total Governmental Activities Capital Assets, Net of Depreciation	 <u>\$ 253,562,612</u>	 <u>\$ 56,996,534</u>	 <u>\$ 37,396,297</u>	 <u>\$ 273,162,849</u>

⁽¹⁾ This represents the nondepreciable portion (residual value) of the County's roads.

⁽²⁾ \$7,093,388 of the current year additions represent infrastructure assets contributed by other local governments and the state. This is reflected as capital grants and contributions on the public works line item on the statement of activities. The assets are shown on the statement of net assets in the governmental activities column.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 499,376
Human services	211,685
Public safety	1,748,446
Public works, which includes the depreciation of roadways, bridges, traffic signals, and culverts	3,236,908
Culture, education, and recreation	1,596,426
Conservation and economic development	<u>40,605</u>
Total Governmental Activities Depreciation Expense	<u>\$ 7,333,446</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets not being depreciated				
Land	\$ 29,043,177	\$ -	\$ -	\$ 29,043,177
Construction in progress	<u>46,244,975</u>	<u>15,001,349</u>	<u>44,352,105</u>	<u>16,894,219</u>
Total Capital Assets Not Being Depreciated	<u>75,288,152</u>	<u>15,001,349</u>	<u>44,352,105</u>	<u>45,937,396</u>
Capital assets being depreciated				
Land improvements	105,998,324	782,619	24,722	106,756,221
Buildings	49,384,589	61,480,622	53,188	110,812,023
Machinery and equipment	<u>36,243,556</u>	<u>2,118,927</u>	<u>1,327,526</u>	<u>37,034,957</u>
Total Capital Assets Being Depreciated	<u>191,626,469</u>	<u>64,382,168</u>	<u>1,405,436</u>	<u>254,603,201</u>
Total Capital Assets at Historical Cost	<u>266,914,621</u>	<u>79,383,517</u>	<u>45,757,541</u>	<u>300,540,597</u>
Less: Accumulated depreciation for				
Land improvements	(40,574,292)	(3,862,460)	24,722	(44,412,030)
Buildings	(13,919,617)	(1,958,013)	53,188	(15,824,442)
Machinery and equipment	<u>(18,552,435)</u>	<u>(2,030,963)</u>	<u>1,000,137</u>	<u>(19,583,261)</u>
Total Accumulated Depreciation	<u>(73,046,344)</u>	<u>(7,851,436)</u>	<u>1,078,047</u>	<u>(79,819,733)</u>
Net Business-type Capital Assets Being Depreciated	<u>118,580,125</u>	<u>56,530,732</u>	<u>327,389</u>	<u>174,783,468</u>
Total Business-type Capital Assets, Net of Depreciation	<u>\$ 193,868,277</u>	<u>\$ 71,532,081</u>	<u>\$ 44,679,494</u>	<u>\$ 220,720,864</u>

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-type Activities

Airport	\$ 5,427,877
Highway	985,319
Sanitary Landfill	985,608
Badger Prairie Health Care Center	200,755
Printing and services	19,618
Methane gas	<u>232,259</u>
Total Business-type Activities	
Depreciation Expense	<u>\$ 7,851,436</u>

E. INTERFUND RECEIVABLES/PAYABLES/ADVANCES AND TRANSFERS

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Amount
Non-major Governmental Fund	Non-major Governmental Funds	<u>\$ 250,616</u>
Enterprise – Highway	General	89,410
	Special Revenue – Human Services	6,798
	Non-major Governmental Funds	1,048
	Enterprise – Badger Prairie Health Care Center	354
	Enterprise – Sanitary Landfill	39,593
	Non-major Proprietary Fund	3,074
	Internal Service – Consolidated Food Service	792
		<u>141,069</u>
Enterprise – Sanitary Landfill	Enterprise – Badger Prairie Health Care Center	<u>72,863</u>
Total – Fund Financial Statements		464,548
Less: eliminations		<u>(366,500)</u>
Total Government-Wide Financial Statements		<u>\$ 98,048</u>
Governmental Activities	Business-type Activities	\$ -
Business-type Activities	Governmental Activities	<u>98,048</u>
Total		<u>\$ 98,048</u>

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES/ADVANCES AND TRANSFERS (cont.)

Interfund Receivables/Payables (cont.)

The principal purpose of the land information and sanitary landfill fund receivables are to cover cash shortages. The principal purpose of the highway fund receivables is to record the billing amounts due from other funds for services provided.

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts are due within one year.

For the statement of net assets, interfund receivable/payable balances which are owed within the governmental activities or business-type activities are netted and eliminated.

Advances

The sanitary landfill enterprise fund is advancing funds to the consolidated foods fund, which is an internal service fund. No repayment schedule has been established.

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amount Not Due Within One Year</u>
Enterprise – Sanitary Landfill	Internal Service – Consolidated Foods	\$ 573,536	\$ 573,536
Totals – Fund and Government-Wide Financial Statements		<u>\$ 573,536</u>	<u>\$ 573,536</u>
Governmental Activities	Business-type Activities	\$ -	
Business-type Activities	Governmental Activities	<u>573,536</u>	
Total		<u>\$ 573,536</u>	

The principal purpose of this interfund advance is to provide cash until the consolidated foods fund is able to generate sufficient revenues to cover expenditures.

For the statement of net assets, interfund advance balances which are owed within the governmental activities or business-type activities are netted and eliminated.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES/ADVANCES AND TRANSFERS (cont.)

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	Enterprise – Methane Gas	\$ 682,096	Annual transfer of methane gas fund's net income to general fund.
Special Revenue – Human services	General	43,174,164	Transfer tax subsidy.
Debt service	General	1,974,142	Transfer debt service payments.
Debt service	Enterprise – Highway	1,193,112	Transfer funds for infrastructure debt payment.
Debt service	Library	42,045	Transfer funds for library debt payment.
Enterprise – Highway	General	1,043,000	To transfer debt proceeds to be used for infrastructure.
Enterprise – Badger Prairie health care center	General	<u>6,523,855</u>	Transfer tax subsidy.
	Sub-Total – Fund Financial Statements	54,632,414	
	Eliminate interfund activity	(45,190,351)	
	Reclassify infrastructure costs paid by the highway enterprise fund	<u>1,989,253</u>	
	Total	<u>\$ 11,431,316</u>	
Governmental Activities	Business-type Activities	\$ 3,864,461	
Business-type Activities	Governmental Activities	<u>(7,566,855)</u>	
	Total	<u>\$ (3,702,394)</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
Bonds and Notes Payable					
General obligation debt					
General	\$ 130,531,753	\$ 14,533,834	\$ 12,095,295	\$ 132,970,292	\$ 10,517,656
Add/(Subtract) Deferred Amounts For:					
Premium on debt	1,871,003	3,773	191,477	1,683,299	-
Discount on debt	(340,855)	-	(40,875)	(299,980)	-
Sub-totals	<u>132,061,901</u>	<u>14,537,607</u>	<u>12,245,897</u>	<u>134,353,611</u>	<u>10,517,656</u>
Other Liabilities					
Vested compensated absences - general	28,798,306	9,847,788	7,590,563	31,055,531	7,866,765
Vested compensated absences - internal services	193,923	42,903	44,114	192,712	37,726
Claims and judgments (Note V.C.) - general	70,000	-	70,000	-	-
Claims and judgments (Note V.C.) - internal services	130,000	-	130,000	-	-
Disability benefits (Note V.C.)	222,919	-	10,615	212,304	10,615
Capital leases – general (Note IV.G.)	25,944	80,356	50,616	55,684	28,923
Capital leases – internal services (Note IV.G.)	-	27,075	7,361	19,714	6,198
Total Other Liabilities	<u>29,441,092</u>	<u>9,998,122</u>	<u>7,903,269</u>	<u>31,535,945</u>	<u>7,950,227</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 161,502,993</u>	<u>\$ 24,535,729</u>	<u>\$ 20,149,166</u>	<u>\$ 165,889,556</u>	<u>\$ 18,467,883</u>
BUSINESS-TYPE ACTIVITIES					
Bonds and Notes Payable					
General obligation debt	\$ 58,332,191	\$ -	\$ 3,155,434	\$ 55,176,757	\$ 3,185,559
Add Deferred Amounts For:					
Premiums on Debt	2,163,690	-	331,551	1,832,139	-
Sub-totals	<u>60,495,881</u>	<u>-</u>	<u>3,486,985</u>	<u>57,008,896</u>	<u>3,185,559</u>
Other Liabilities					
Vested compensated absences	6,173,374	1,988,942	1,609,056	6,553,260	1,622,114
Long-term care and postclosure care costs payable (Note IV.H.)	4,786,194	1,065,697	46,640	5,805,251	46,640
Other notes payable	67,098	-	33,047	34,051	34,051
Total Other Liabilities	<u>11,026,666</u>	<u>3,054,639</u>	<u>1,688,743</u>	<u>12,392,562</u>	<u>1,702,805</u>
Total Business-type Activities Long-Term Liabilities	<u>\$ 71,522,547</u>	<u>\$ 3,054,639</u>	<u>\$ 5,175,728</u>	<u>\$ 69,401,458</u>	<u>\$ 4,888,364</u>

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the County. Notes and bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the County may not exceed five percent of the equalized value of taxable property within the County's jurisdiction. The debt limit as of December 31, 2005, was \$2,139,986,425. Total general obligation debt outstanding at year end was \$188,147,049.

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance 12-31-05</u>
Governmental Activities					
General Obligation Debt					
General Obligation Bonds, Series 2005A	07/07/05	06/01/25	3.25-4.30%	\$ 14,260,000	\$ 14,260,000
2005 State Trust Fund Loan	11/08/05	03/15/10	3.50%	273,834	273,834
General Obligation Bonds, Series 2004A	11/01/04	06/01/22	2.00-4.375%	7,032,794	6,538,676
General Obligation Refunding Promissory Notes, Series 2004B	11/01/04	06/01/09	2.75-3.00%	3,021,823	3,021,823
General Obligation Bonds, Series 2003A	06/26/03	06/01/23	2.00-5.00%	28,480,000	27,035,000
General Obligation Promissory Notes, Series 2003C	06/26/03	06/01/23	2.00-3.30%	12,279,112	9,221,115
General Obligation Bonds, Series 2002A	12/01/02	06/01/22	3.00-5.00%	29,922,618	22,910,204
Taxable General Obligation Bonds, Series 2002C	12/01/02	12/01/22	1.75-5.85%	14,175,000	13,610,000
Taxable General Obligation Bonds, Series 2002D	12/01/02	12/01/12	5.15%	4,970,000	4,970,000
General Obligation Promissory Notes, Series 2001A	09/01/01	03/01/11	4.00-4.30%	2,144,500	1,381,426
General Obligation Corporate Purpose Bonds, Series 2001B	03/29/01	09/01/21	4.00-5.00%	3,030,000	2,605,000
General Obligation Corporate Purpose Bonds, Series 2000	11/09/00	09/01/20	5.00-5.50%	11,725,000	9,170,000
General Obligation Promissory Notes, Series 1998B	09/01/98	03/01/14	4.10-4.50%	19,965,000	17,915,000
1997 State Trust Fund Loan	01/22/97	03/15/06	5.75%	420,000	58,214
Total Governmental Activities – General Obligation Debt					\$ 132,970,292

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 12-31-05
Business-type Activities					
General Obligation Debt					
General Obligation Bonds, Series 2004A	11/01/04	06/01/22	2.00-4.375%	\$ 152,206	\$ 121,324
General Obligation Refunding					
Promissory Notes, Series 2004B	11/01/04	06/01/09	2.75-3.00%	458,178	458,178
General Obligation Bonds, Series 2003B	06/26/03	06/01/23	3.50-4.75%	25,265,000	25,265,000
General Obligation Bonds, Series 2003C	06/26/03	06/01/23	2.00-3.30%	2,795,888	2,203,885
General Obligation Bonds, Series 2002A	12/01/02	06/01/22	3.00-5.00%	202,382	74,796
General Obligation Bonds, Series 2002B	12/01/02	06/01/14	5.00%	29,445,000	26,860,000
General Obligation Promissory Notes, Purpose Bonds, Series 2001A	09/01/01	03/01/11	4.00-4.30%	300,500	193,574
Total Business-type Activities General Obligation Debt					\$ 55,176,757

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt		Totals
	Principal	Interest	Principal	Interest	
2006	\$ 10,517,656	\$ 5,809,518	\$ 3,185,559	\$ 2,440,778	\$ 21,953,511
2007	9,879,271	5,258,517	3,233,244	2,294,270	20,665,302
2008	9,550,767	4,917,923	3,262,250	2,144,281	19,875,221
2009	9,000,770	4,584,855	3,229,649	1,991,737	18,807,011
2010	8,793,470	4,249,513	3,239,413	1,837,053	18,119,449
2011 – 2015	40,633,358	15,529,992	22,201,642	6,003,701	84,368,693
2016 – 2020	27,485,000	8,070,796	9,915,000	2,786,725	48,257,521
2021 – 2025	17,110,000	1,386,391	6,910,000	500,888	25,907,279
Totals	\$ 132,970,292	\$ 49,807,505	\$ 55,176,757	\$ 19,999,433	\$ 257,953,987

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Other Notes Payable - Business-type Activities

Notes payable at December 31, 2005 consist of the following:

	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Indebted- ness</u>	<u>Balance 12-31-05</u>
Business-type Activities Notes Payable					
Alliant Energy loan	11/20/01	12/31/06	3%	\$ 160,500	<u>\$ 34,051</u>
Total Business-type Activities – Other Notes Payable					<u><u>\$ 34,051</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Business-type Activities Other Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2006	<u>\$ 34,051</u>	<u>\$ 557</u>
Totals	<u><u>\$ 34,051</u></u>	<u><u>\$ 557</u></u>

Capital Leases

Refer to Note IV.G.

Other Debt Information

Estimated payments of other long-term liabilities (vested compensated absences, claims and judgments, disability benefits, capital leases, long-term care, and postclosure care costs payable) are not included in the debt service requirements to maturity schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund and human services fund.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. The County believes it is in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Prior-Year Defeasance of Debt

In prior years, the County defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. At December 31, 2005, \$1,500,000 of bonds outstanding are considered defeased. The bonds are callable on June 1, 2006.

G. LEASE DISCLOSURES

Lessee – Capital Leases

In current and prior years, the County acquired capital assets through lease/purchase agreements. The gross amount of these assets under capital leases is \$123,996 and are presented in the capital assets in the governmental activities. The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Machinery and equipment	\$ 123,996
Less: Accumulated depreciation	<u>(20,105)</u>
Total	<u>\$ 103,891</u>

The future minimum lease obligations and the net present value on these minimum lease payments as of December 31, 2005, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Governmental Activities</u>
2006	\$ 35,121	\$ 4,126	\$ 39,247
2007	33,326	2,208	35,534
2008	<u>6,951</u>	<u>410</u>	<u>7,361</u>
Sub-Totals	<u>\$ 75,398</u>	<u>\$ 6,744</u>	82,142
Less: Amount representing interest			<u>(6,744)</u>
Present Value of Minimum Lease Payments			<u>\$ 75,398</u>

Lessee – Operating Leases

The County has no material operating leases with a remaining noncancellable term exceeding one year.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

G. LEASE DISCLOSURES (cont.)

Lessor – Airport Leases

The County is a lessor of certain airport facilities such as terminal concession space, warehouses and hangars under various operating leases. Lease terms vary with lease expiration dates ranging from 2006 through 2086. Revenues and related expenses for these leases are recorded in the airport fund.

Future minimum lease payments to be received under noncancellable operating leases as of December 31, 2005, are as follows:

<u>Year Ending</u> <u>December 31,</u>	
2006	\$ 1,664,164
2007	1,313,064
2008	1,293,076
2009	1,218,794
2010	1,009,648
Thereafter	<u>56,517,312</u>
Total Future Minimum Rentals	<u>\$ 63,016,058</u>

The amounts above do not include contingent rentals based on usage or sales dollars which may be received under certain leases. Contingent rentals approximated \$6,546,500 for the year ended December 31, 2005.

H. CLOSURE AND POSTCLOSURE CARE COST

State and federal laws and regulations require the County to place a final cover on its Rodefild and Verona landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The \$4,779,171 reported as landfill closure and postclosure care liability at December 31, 2005 for the Rodefild landfill, represents the cumulative amount reported to date based on the use of 79.06 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$1,265,821 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2005. The County expects to close the landfill in the year 2015. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The \$1,026,080 reported as landfill postclosure care costs payable at December 31, 2005 for the Verona landfill represents the costs to be incurred for postclosure care on this closed landfill. The County closed the landfill in the year 1988. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

H. CLOSURE AND POSTCLOSURE CARE COST (cont.)

The County is required by state and federal laws and regulations to make annual contributions to a trust to finance closure and postclosure care. The County is in compliance with these requirements, and, at December 31, 2005 deposits with the Wisconsin Department of Natural Resources of \$4,894,344, which approximates fair market value, are held for the Rodefild and Verona landfills for these purposes. These are reported as restricted assets on the statement of net assets. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by charges to future landfill users or from future tax revenue.

I. GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES NET ASSETS/FUND BALANCES

Governmental and business-type activities net assets reported on the government wide statement of net assets at December 31, 2005 includes the following:

Governmental Activities

Invested in capital assets, net of related debt	
Land	\$ 63,535,471
Construction in progress	1,448,914
Other capital assets, net of accumulated depreciation	208,178,464
Less: Related long-term debt outstanding, premium, discount, and issuance costs (excluding unspent bond proceeds)	<u>(98,492,805)</u>
Total Invested in Capital Assets	<u>174,670,044</u>
Restricted	
Nonmajor Funds	
Board of health	1,003,039
Library	35,579
Land information	1,406,558
Bridge aid	169,897
CDBG loans	1,529,532
HOME	1,118,840
Commerce revolving loan	573,491
Scheidegger trust fund	<u>436,052</u>
Total Restricted	<u>6,272,988</u>
Unrestricted (deficit)	<u>(13,227,438)</u>
Total Governmental Activities Net Assets	<u>\$ 167,715,594</u>

COUNTY OF DANE
NOTES TO FINANCIAL STATEMENTS
 December 31, 2005

NOTE IV - DETAILED NOTES ON ALL FUNDS (cont.)

1. GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES NET ASSETS/FUND BALANCES (cont.)

Governmental Activities (cont.)

Governmental fund balances reported on the fund financial statement at December 31, 2005 include the following:

Major Funds	Encumbrances	Reserved										Totals
		Prepaid Items	Delinquent Taxes	Long-Term Receivables	Debt Service	Trust Purposes	Designated	Undesignated (Deficit)				
General Fund	\$ 566,096	\$ 8,203	\$ 4,118,326	\$ 688,761	\$ -	\$ -	\$ 8,942,166	\$ 14,679,746	\$ 29,003,298			
Human Services	-	10,427	-	-	-	-	-	162,665	173,092			
Debt Service	-	-	-	-	588,231	-	-	-	588,231			
Capital Projects	2,776,535	-	-	-	-	-	-	16,775,130	19,551,665			
Non-Major Funds												
Board of Health	524,290	-	-	-	-	-	-	478,749	1,003,039			
Library	-	-	-	-	-	-	-	35,579	35,579			
Land Information	68,871	-	-	-	-	-	-	1,337,687	1,406,558			
Bridge Aid	-	-	-	-	-	-	-	169,897	169,897			
CDBG Loans	482,466	-	-	-	-	-	-	(568,247)	(85,781)			
HOME	614,241	-	-	-	-	-	-	(629,803)	(15,562)			
Commerce - Revolving Loan	-	-	-	-	-	-	-	137,268	137,268			
Scheidegger Trust	-	-	-	-	-	-	-	436,052	436,052			
Total	\$ 5,032,499	\$ 18,630	\$ 4,118,326	\$ 688,761	\$ 588,231	\$ 436,052	\$ 8,942,166	\$ 32,578,661	\$ 52,403,326			

The general fund's designated fund balance is comprised of the following:

Tax deed sales	\$ 116,446
Fund balance applied to the 2006 budget	5,131,639
Alliant Energy Center	1,777,683
Carry forwards to 2006	1,916,398
Total	\$ 8,942,166

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

I. GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES NET ASSETS/FUND BALANCES (cont.)

Business-type Activities

Invested in capital assets, net of related debt	
Land	\$ 29,043,177
Construction in progress	16,894,219
Other capital assets, net of accumulated depreciation	174,783,468
Less: related long-term debt outstanding, premium, discount, and issuance costs (excluding unspent capital related debt proceeds)	<u>(56,581,989)</u>
Total Invested in Capital Assets	<u>164,138,875</u>
Restricted	
Airport:	
Capital projects	6,485,426
Sanitary Landfill:	
Long-term care costs	<u>41,149</u>
Total Restricted	<u>6,526,575</u>
Unrestricted	<u>39,482,196</u>
Total Business-type Activities Net Assets	<u>\$ 210,147,646</u>

J. RESTATEMENT OF FUND BALANCES/NET ASSETS

Net assets have been restated in the Governmental Activities, due to the addition of a salvage value on capital assets, adjustments to capital assets, and to correct a liability classification. Also, the business-type activities, printing and services fund, methane gas fund, Badger Prairie health care fund, sanitary landfill fund, airport fund, and the consolidated food service fund have been restated due to the addition of a salvage value on capital assets.

Net Assets – Governmental Activities

December 31, 2004 (as reported)	\$ 152,905,042
Add: Salvage value associated with capital assets	4,511,267
Add: Other capital asset adjustments	244,616
Add: Amount reported as a liability in prior years	<u>965,405</u>
Net Assets – January 1, 2005 (as restated)	<u>\$ 158,626,330</u>

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

J. RESTATEMENT OF FUND BALANCES/NET ASSETS (cont.)

Net Assets – Business-type Activities

December 31, 2004 (as reported)	\$ 180,644,197
Add: Salvage value associated with capital assets	<u>8,029,710</u>
Net Assets – January 1, 2005 (as restated)	<u>\$ 188,673,907</u>

Net Assets – Airport

December 31, 2004 (as reported)	\$ 152,709,504
Add: Salvage value associated with capital assets	<u>6,497,396</u>
Net Assets – January 1, 2005 (as restated)	<u>\$ 159,206,900</u>

Net Assets – Sanitary Landfill

December 31, 2004 (as reported)	\$ 15,214,732
Add: Salvage value associated with capital assets	<u>1,206,792</u>
Net Assets – January 1, 2005 (as restated)	<u>\$ 16,421,524</u>

Net Assets – Badger Prairie Health Care

December 31, 2004 (as reported)	\$ 82,450
Add: Salvage value associated with capital assets	<u>172,626</u>
Net Assets – January 1, 2005 (as restated)	<u>\$ 255,076</u>

Net Assets – Printing and Services

December 31, 2004 (as reported)	\$ 134,553
Add: Salvage value associated with capital assets	<u>53,331</u>
Net Assets – January 1, 2005 (as restated)	<u>\$ 187,884</u>

Net Assets – Methane Gas

December 31, 2004 (as reported)	\$ 2,194,130
Add: Salvage value associated with capital assets	<u>99,565</u>
Net Assets – January 1, 2005 (as restated)	<u>\$ 2,293,695</u>

COUNTY OF DANE

**NOTES TO FINANCIAL STATEMENTS
December 31, 2005**

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

J. RESTATEMENT OF FUND BALANCES/NET ASSETS (cont.)

Net Assets – Consolidated Food Service

December 31, 2004 (as reported)	\$ 909,163
Add: Salvage value associated with capital assets	<u>129,722</u>
Net Assets – January 1, 2005 (as restated)	<u>\$ 1,038,885</u>

Fund balance has been restated due to the improper classification of a liability.

Human Services Fund

Fund Balance – December 31, 2004 (as reported)	\$ 86,334
Add: Amount reported as a liability in prior years	<u>965,405</u>
Fund Balance – January 1, 2005 (as restated)	<u>\$ 1,051,739</u>

K. COMPONENT UNIT – DANE COUNTY HOUSING AUTHORITY

This report contains the Dane County Housing Authority (Authority), which is included as a component unit. Financial information combined with the Henry Vilas Park Zoological Society, Inc., also a component unit of the County, and is presented as a discrete column in the statement of net assets and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

- a. **Basis of Accounting/Measurement Focus**
The authority follows the full accrual basis of accounting and the flow of economic resources measurement focus.
- b. **Deposits and Investments**

	<u>Carrying Value</u>	<u>Bank Balance</u>	<u>Associated Risks</u>
Demand deposits	\$ 1,046,312	\$ 1,069,862	Custodial Credit and interest rate
LGIP	<u>101,410</u>	<u>101,410</u>	
Total Deposits and Investments	<u>\$ 1,147,722</u>	<u>\$ 1,171,272</u>	

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

K. COMPONENT UNIT – DANE COUNTY HOUSING AUTHORITY (cont.)

b. Deposits and Investments (cont.)

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Housing Authority's deposits may not be returned to the Housing Authority.

As of December 31, 2005 \$9,161 of the Housing Authority's total bank balances of \$1,069,862 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	<u>\$ 9,161</u>
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Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Housing Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Housing Authority does not have any investments exposed to custodial credit risk.

Credit Risk

The Housing Authority held investments in the following external pools which are not rated:

Local Government Investment Pool

Interest Rate Risk

As of December 31, 2005 the Housing Authority's investments were rated as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
External investment pools	\$ 101,410	0.0887
Total	<u>\$ 101,410</u>	
Portfolio weighted average maturity		<u>0.09</u>

The Housing Authority does not have an investment policy.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

K. COMPONENT UNIT – DANE COUNTY HOUSING AUTHORITY (cont.)

c. Section 8 Funding

Section 8 funding provided by HUD represents a majority of DCHA's revenue. If DCHA's Section 8 contracts were reduced or discontinued, DCHA would have no obligation to make payments to landlords or other external parties. Nevertheless, such a reduction in Section 8 funding could have a substantial effect on the activities of DCHA.

d. Conduit Debt

DCHA has authorized several developers to issue bonds using DCHA's credit. The proceeds of these bonds were used for housing projects that serve elderly or low-income tenants. The bonds do not constitute an indebtedness or pledge of the faith and credit of DCHA. The amount of principal balance outstanding at December 31, 2005 has not been determined.

e. Loans Receivable

DCHA loans money to homeowners and landlords and receives mortgage-backed notes receivable in exchange. These loans were made from funds originally provided by federal grant programs. The note agreements specify repayment terms, including installment payments and payment in full upon transfer of the property, and in some instances are non-interest-bearing. When the notes are repaid, the funds become the property of DCHA and are restricted for future rehabilitation projects.

Loans receivable and activity therein consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Community Development				
Block Grant				
1976 Homeowners	\$ 65,134	\$ -	\$ -	\$ 65,134
1982 Homeowners	119,219	-	17,858	101,361
1982 Habitat for Humanity	20,800	-	14,400	6,400
HUD Section 17 Rental Rehab	<u>22,947</u>	<u>-</u>	<u>1,939</u>	<u>21,008</u>
 Loans Receivable	 <u>\$ 228,100</u>	 <u>\$ -</u>	 <u>\$ 34,197</u>	 <u>\$ 193,903</u>

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

K. COMPONENT UNIT – DANE COUNTY HOUSING AUTHORITY (cont.)

f. Property and Equipment

Property and equipment, and activity therein, consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Useful Lives (Years)</u>
Land and improvements	\$ 1,191,500	\$ 5,931	\$ -	\$ 1,197,431	N/A
Buildings	5,824,604	-	-	5,824,604	27.5
Equipment	149,124	13,384	-	162,508	5-15
Work in progress	<u>19,926</u>	<u>29,907</u>	<u>19,926</u>	<u>29,907</u>	N/A
Property and equipment	7,185,154	49,222	19,926	7,214,450	
Less: Accumulated depreciation	<u>(4,752,228)</u>	<u>(252,897)</u>	<u>-</u>	<u>(5,005,125)</u>	
Property and Equipment – net	<u>\$ 2,432,926</u>	<u>\$ (203,675)</u>	<u>\$ 19,926</u>	<u>\$ 2,209,325</u>	

g. Long-Term Obligations

Notes payable at December 31, 2005 consisted of a mortgage payable to the U.S. Department of Agriculture – Rural Housing Service in monthly installments of \$3,979, including interest at 11%. The note is secured by real estate and matures in December 2030. The U.S. government subsidizes payments of principal and interest on the note.

Principal payments on the Rural Housing loan during 2005 were \$35,984. Interest expense was as follows for 2005:

Base amount required by loan agreement	\$ 11,759
Excess rents applied to interest	<u>-</u>
Amount paid by DCHA	11,759
U.S. government interest subsidy	<u>11,759</u>
Interest Expense	<u>\$ -</u>

Future principal payments cannot presently be determined. See Note IV.K.h.

h. Contingency

DCHA is party to a revolving loan agreement with Dane County Community Development Block Grant (CDBG). Revolving loan funds are used for lead-based paint abatement and other public housing and group home improvements. The revolving loan balance at December 31, 2005 was \$187,000. The loan is non-interest-bearing, and no payments are required until the properties are sold. Based on past experience with CDBG in similar circumstances, management of DCHA has determined that were these properties to be sold, the proceeds would most likely be used by DCHA to support other activities in the Major Rehabilitation CDBG Fund. Therefore, the revolving loan balance has been included in the restricted net assets of this fund.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

K. COMPONENT UNIT – DANE COUNTY HOUSING AUTHORITY (cont.)

h. Contingency (cont.)

The United States Department of Agriculture informed the Authority that it miscalculated the portion of the subsidy and payment applied to the principal and interest on the Authority's Rural Housing loan. The USDA cannot presently determine what portion, if any, of the subsidy will be reallocated from principal to interest expense; however, the amount of the loss will not exceed \$313,000. Since the amount of the loss cannot be determined, no amounts have been reflected in the financial statements.

i. Employee Retirement System

All eligible DCHA employees participate in the Wisconsin Retirement System (WRS), a cost-sharing multiple-employer public employee retirement system. All permanent employees expected to work over 600 hours per year are eligible to participate in WRS. Covered employees are required by statute to contribute 5.6% of their salary to the Plan for 2005. Employers may make these contributions to the Plan on behalf of the employees.

Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits. For 2005, the payroll for DCHA employees covered by the system was \$490,250; the employer's total payroll was \$493,343. The total required contribution for 2005 was \$55,889, which consisted of \$27,454 or 5.6% of payroll from the employer and \$28,435 or 5.8% of payroll from employees. Total contributions for the years ending December 31, 2005 and 2004 were \$53,555 and \$48,793, respectively, equal to the required contribution for each year.

Employees who retire at or after age 65 are entitled to receive a retirement benefit. Employees may retire at age 55 and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years of earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS
December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

K. COMPONENT UNIT – DANE COUNTY HOUSING AUTHORITY (cont.)

i. Employee Retirement System (cont.)

WRS uses the "Entry Age Normal with Frozen Initial Liability" actuarial method in establishing employer contribution rates. Under this method, the unfunded actuarial accrued liability (pension-related debt) is affected only by the monthly amortization payments, compound interest, the added liability created by new employer units, and any liabilities caused by a change in benefit provisions. All actuarial gains or losses arising from the difference between actual and assumed experience are reflected in the determination of the normal cost. Employers' pension-related debt for prior service costs is being amortized over a 40-year period beginning January 1, 1990. Historical trend information showing WRSs progress in accumulating sufficient assets to pay benefits is presented in its annual financial report. As of December 31, 2005, pension-related debt for DCHA was \$170,060 (current portion \$7,874). This liability was determined in accordance with GASB Statement No. 27 regarding pension-related debt. The actuarial methods and assumptions used are unchanged from those used prior to the implementation of GASB Statement No. 27.

j. Post-Employment Benefits Other Than Pension Benefits

In addition to the pension benefits provided to employees through the Wisconsin Retirement System, DCHA provides post-employment health insurance benefits to retired employees with accumulated unused sick pay. These benefits are available until the employee uses up unused sick pay. Currently, two retirees meet these eligibility requirements. DCHA pays the total cost of the insurance and is obligated for benefits under both union and individual employment contracts. The amount of benefits paid for the year was \$6,256 for 2005.

Expenditures for the benefit described are recognized on a pay-as-you-go basis. The estimated future liability for currently eligible retired employees is reported in the accumulated vacation and sick pay. No liability has been computed for employees not yet retired, since DCHA is only obligated to pay this benefit paid to those employees who have retired from DCHA.

k. Operating Lease

DCHA leases facilities for operation of its programs. This lease is classified as an operating lease. Rent expense for the year ended December 31, 2005 was \$80,223.

Future minimum lease payments are as follows:

2006	\$ 47,606
Total	\$ 47,606

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

I. Risk Management

DCHA is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

m. Line of Credit

DCHA established a \$300,000 line of credit in 2005 with interest at the prime rate. The line of credit is secured by real estate and terminates in August 2005. There were no borrowings against the line of credit in 2005.

n. Subsequent Events

In February 2006, the Authority sold its Devonshire group home for \$210,000.

In April 2006, the Authority had an accepted offer to purchase an office building for \$853,000 subject to three contingencies. The contingencies are to obtain financing, pass a building inspection and the approval of the board of directors.

L. COMPONENT UNIT - HENRY VILAS PARK ZOOLOGICAL SOCIETY, INC.

This report contains the Henry Vilas Park Zoological Society, Inc. (the Society), which is included as a component unit. Financial information is combined with the Dane County Housing Authority, also a component unit of the County, and is presented as a discrete column in the statement of net assets and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

a. Nature of Activities

Henry Vilas Park Zoological Society, Inc. (the Society) is incorporated as a not-for-profit organization. The purpose of the Society is to educate the public in zoology and stimulate interest and appreciation of the animal kingdom. The Society uses its net contributions and receipts for the improvement, enlargements, maintenance, and construction of buildings and facilities for the Henry Vilas Park Zoo (the Zoo), the replacement and acquisition of animals for the Zoo, and to fund the educational programs and efforts of the Society. The Zoo is located in Madison, Wisconsin and is owned and operated by the County of Dane.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNIT - HENRY VILAS PARK ZOOLOGICAL SOCIETY, INC. (cont.)

- b. A summary of the Society's significant accounting policies follows:

Use of Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses, including functional allocations during the reporting period. Actual results could differ from those estimates.

Inventories: Inventories are valued at the lower of cost or market using the first-in, first-out (FIFO) method.

Equipment: Equipment which exceeds \$500 is recorded at cost when purchased and at fair market value when received through donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Contributions: Contributions of cash and other assets are recorded as revenue when received or unconditionally pledged. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Pledges Receivable: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue.

Classification of Net Assets: The Society reports its net assets and changes therein in the following categories:

Unrestricted Net Assets – Unrestricted net assets represent resources that are generally available for support of the Society's activities.

Temporarily Restricted Net Assets – Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

L. COMPONENT UNIT - HENRY VILAS PARK ZOOLOGICAL SOCIETY, INC. (cont.)

c. Restricted Cash and Investments

As of March 31, 2005, the Society had a cash account totaling \$65,450, which is restricted for animal replacement for the zoo.

d. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for expenditures related to the polar bears exhibit, children's zoo, and other projects at March 31, 2005.

e. Concentration of Credit Risk

Financial instruments that potentially subject the Society to credit risk consist principally of a money market fund, certificates of deposit, and cash deposits in financial institutions. The balances in the money market fund, the certificates of deposit, and cash deposits at certain financial institution are in excess of amounts insured by the FDIC.

f. Concessions Income Agreement and Due for Zoo Improvements

Any and all profits derived from the operation of the concessions stand by the Society are to be expended for capital improvements to and/or animal acquisitions for the Zoo, under an agreement with the County of Dane. Such expenditures are made for projects mutually agreeable to the Society and the County of Dane Zoo Director and become the property of the County of Dane. As of March 31, 2005, all profits derived from the concessions stand operation by the Society were expended or incurred for capital improvements to and/or animal acquisitions for the Zoo. Those expenditures are included with contributions to the Zoo in the accompanying statements of activities.

Similarly, the Society raises contributions and other support to expend on projects mutually agreeable to the Society and the County of Dane with such improvements or animals becoming the property of the County of Dane. The estimated payable for Zoo improvements to the County of Dane was \$7,083 as of March 31, 2005.

g. Contributed Services

The Society recognizes contribution revenue for certain services received at the fair value of those services. Those services primarily consist of skilled labor used in conducting special events or to enhance non-financial assets, which are then contributed to the County of Dane. The total amount of those services for the years ended March 31, 2005 was \$162,651. Additionally, the Society received volunteer time provided by various individuals during 2005, who gave their time to the Society's programs, administration, and fund raising campaigns. No amounts have been reflected in the statements for these donated services since no objective basis is available to measure the value of such services.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

All eligible County employees participate in the Wisconsin Retirement System (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS). All permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the General category are required by statute to contribute 5.6% of their salary (2.6% for Executives and Elected Officials, 4.5% for Protective Occupations with Social Security, and 3.2% for Protective Occupations without Social Security) to the plan.

Employers generally make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for County employees covered by the system for the year ended December 31, 2005 was \$101,832,458; the employer's total payroll was \$103,122,342. The total required contribution for the year ended December 31, 2005 was \$12,821,359 or 12.6 percent of covered payroll. Of this amount, 100 percent was contributed by the employer for the current year. Total contributions for the years ending December 31, 2004 and 2003 were \$12,033,529 and \$10,874,708, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 55 for protective occupation employees) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings are the average of the employee's three highest year's earnings. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The System issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

The unfunded prior service liability for the County as of December 31, 2005, was \$-0-. The County paid off the unfunded prior service liability in 2004.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The County is self-insured for workers' compensation and accounts for such activity in the Workers' Compensation internal service fund. The County participates in a public entity risk pool called WMMIC to provide coverage for losses from torts; errors and omissions; and public liability claims arising subsequent to January 1, 1991. The County purchases commercial insurance for all other risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Public Entity Risk Pool

Wisconsin Municipal Mutual Insurance Company (WMMIC) is a mutual company operating solely within the property and liability insurance industry. WMMIC was organized to provide property and liability insurance and risk management services to participant municipalities. The aggregate annual maximum coverage per municipality is \$5,000,000. At December 31, 2005, WMMIC was owned by fourteen municipalities. Responsibility for the operation and management of WMMIC is vested in its board of directors which is comprised of various municipal officials.

WMMIC was formed pursuant to an Intergovernmental Charter-Contract dated November 1, 1987 by municipal members. WMMIC's initial capitalization was obtained by a \$13,935,000 tax exempt Revenue Bond issuance. WMMIC forwarded the proceeds of the issuance to Fuji Bank, Ltd. (the "Bank") in return for a letter of credit. Payment of all principal and up to 185 days of interest on the bonds is fully secured by the letter of credit. WMMIC is only contingently liable for payment on the bond indebtedness in the event of failure of the Bank.

Concurrent with Revenue Bond issuance, the municipal members of WMMIC borrowed an equivalent aggregate amount from the Bank and invested the net proceeds in WMMIC. The municipal members are obligated to make principal and interest payments on their indebtedness to the Bank in an amount which is identical to the debt service on the Revenue Bonds.

WMMIC is self-insured for all insurance risks up to a maximum of \$5,000,000 of losses involving two or more of its members. Losses paid by WMMIC plus administrative costs will be recovered through premiums of the participating pool of municipalities. The County's share of such losses is 10.59%. A list of other members and their share of participation is in the WMMIC report. Financial statements of WMMIC are available from: Wisconsin Municipal Mutual Insurance Company, 4785 Hayes Road, Madison, WI 53704-7364.

The County's investment in WMMIC is reported on the statement of net assets as a deposit. The amount reported is the original capitalization of \$1,809,171.

All funds of the County participate in the risk management program and make payments to the Workers' Compensation and Liability Insurance internal service funds. Workers' Compensation charges are based primarily on payroll and worker classification. Charges for general liability are based primarily on exposure and claims experience.

COUNTY OF DANE

**NOTES TO FINANCIAL STATEMENTS
December 31, 2005**

NOTE V – OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

The claims liabilities for general liability and workers' compensation are actuarially determined using a discount rate of 6%. At December 31, 2005, the County has recognized \$1,859,642 in claims liabilities for general liability, including the WMMIC SIR liability, and has reported \$4,086,097 as retained earnings reserved for self-insurance losses related to general liability. In addition, at December 31, 2005, the County has recognized \$1,919,497 of incurred but not reported claims liabilities for workers' compensation and has retained earnings of \$391,536 for self insurance losses related to workers' compensation.

Liabilities of the funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Changes in the claims liability balances during the past two fiscal years are as follows:

	<u>Workers' Compensation</u>		<u>Liability</u>	
	<u>December 31, 2005</u>	<u>December 31, 2004</u>	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Unpaid claims, beginning of fiscal year	\$ 1,456,966	\$ 2,537,419	\$ 1,538,098	\$ 2,334,559
Incurred claims (including IBNRs) and changes in estimates	2,298,450	(7,863)	493,402	(501,903)
Claim payments	<u>(1,835,919)</u>	<u>(1,072,590)</u>	<u>(171,858)</u>	<u>(294,558)</u>
 Unpaid Claims, End of Fiscal Year	 <u>\$ 1,919,497</u>	 <u>\$ 1,456,966</u>	 <u>\$ 1,859,642</u>	 <u>\$ 1,538,098</u>

C. COMMITMENTS AND CONTINGENCIES

From time to time, the County is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the County Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS December 31, 2005

NOTE V – OTHER INFORMATION (cont.)

C. COMMITMENTS AND CONTINGENCIES (cont.)

During 2005, the County borrowed \$14,421,534 for the purpose of making various capital improvements. These monies, as well as other revenue sources, are reflected in the County's capital projects fund (\$13,378,534) and the general fund (\$1,043,000). Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. The balance of contract amounts plus open purchase orders is reported as reserved for encumbrances in the governmental fund financial statements.

Funding for the operating budget of the County comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits, and other miscellaneous revenues. The State of Wisconsin provides a variety of aid and grant programs which benefit the County. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget processes. The State of Wisconsin is currently experiencing budget problems, and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the County.

The County is required by State Statutes to provide financial assistance for medical costs incurred by qualifying County residents. The County reimburses health care facilities directly for services provided to such residents. The County's liability related to medical services is based on the County's determination of individual patient eligibility, which may be disputed by the health care providers. Therefore, the liability recorded at December 31, 2005, represents the County's estimate of the amount due to such providers.

In 1998, the University of Wisconsin ("UW") terminated a contract with the Alliant Energy Center of Dane County for the use of the coliseum for the men's hockey program. In settlement, the County will receive \$500,000 per year through the year 2006. In conjunction with the termination of the UW contract, the County was sued by the concessionaire for breach of contract. The County has agreed to pay the concessionaire \$200,000 per year for a total of \$1,400,000 over the remaining term of that contract. The County has made payments to date of \$1,400,000. The balance due as of December 31, 2005 is \$-0-.

Under the terms of a stipulation order issued by the State of Wisconsin Department of Industry, Labor, and Human Relations, the County is making monthly payments to a former Deputy Sheriff. The payments under this order are \$885 per month. The payments are due for the life of the ex-deputy sheriff. \$212,304 has been included as governmental activities long-term obligations.

The airport maintains receivable balances with several airlines that have filed bankruptcy and are attempting to restructure. An allowance for doubtful accounts has not been established since the County believes it will still be able to collect on the receivable balances.

COUNTY OF DANE

NOTES TO FINANCIAL STATEMENTS

December 31, 2005

NOTE V – OTHER INFORMATION (cont.)

D. HENRY VILAS ZOO

In 1983, the County entered into an agreement with the City of Madison for the joint operation of the Henry Vilas Zoo (the "Zoo"). The purpose of the agreement was to transfer substantial control, authority, and funding of the Zoo from the City of Madison to the County. This transfer became effective January 1, 1987, when the County's authority and responsibility for the Zoo was extended to include budgetary approval, administrative support and ownership of property. Under the terms of the agreement, the portion of County funding to maintain and operate the Zoo will remain at 80%, with the City funding the remaining 20%. The activities of the Zoo are accounted for in the general fund.

This agreement may be terminated by either party effective at the beginning of any calendar year, provided at least fourteen months advance notice is given. In the event of termination of the agreement, all assets shall revert to the City of Madison. This agreement is automatically renewable on an annual basis.

E. SUBSEQUENT EVENT

On February 15, 2006, the County issued general obligation notes in the amount of \$9,200,000 with an interest rate of 4%. This amount will be used to fund various capital projects.

Also on February 15, 2006, the County issued general obligation bonds in the amount of \$17,780,000 with an interest rate varying from 4.000-4.375%. A portion of this issue will be used to refund the 2000 general obligation bonds. The remainder will be used to fund various capital projects.

F. RELATED ENTITIES

Administrative offices, court facilities and the maximum security jail of the County are housed in a building which includes similar facilities for the City of Madison. Certain occupancy expenses are reimbursed by the City of Madison and have been recorded as operating revenues rather than as an offset against County expenditures.

G. PUBLIC HEALTH MERGER

During 2005, the City of Madison, Wisconsin and Dane County merged their public health departments to avoid duplication of services and improve operational efficiencies. Subsequent agreements between the City and County will be executed to govern later phases with full integration into a city-county health department by December 31, 2007.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF DANE

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 124,821,826	\$ 124,821,826	\$ 124,554,482	\$ (267,344)
Intergovernmental	20,363,179	29,326,760	22,902,356	(6,424,404)
Public charges for services	16,419,138	15,625,802	15,275,482	(350,320)
Fines, forfeitures and penalties	2,438,100	2,438,100	2,145,341	(292,759)
Licenses and permits	742,950	758,950	918,960	160,010
Investment income	1,516,100	1,516,100	2,507,950	991,850
Miscellaneous	4,594,261	5,104,665	4,741,217	(363,448)
Total Revenues	170,895,554	179,592,203	173,045,788	(6,546,415)
EXPENDITURES				
Current				
General government	22,704,837	23,133,062	22,171,120	961,942
Health and human services	420,026	449,195	397,978	51,217
Public safety and criminal justice	72,507,464	74,330,031	77,015,660	(2,685,629)
Public works	662,831	813,391	855,549	(42,158)
Culture, education and recreation	15,367,127	17,284,200	13,872,611	3,411,589
Conservation and economic development	4,161,167	8,417,697	4,050,274	4,367,423
Capital Outlay	735,600	2,901,023	1,501,800	1,399,223
Total Expenditures	116,559,052	127,328,599	119,864,992	7,463,607
Excess of revenues over expenditures	54,336,502	52,263,604	53,180,796	917,192
OTHER FINANCING SOURCES (USES)				
General obligation debt issued	-	-	1,043,000	1,043,000
Capital lease	-	22,354	12,307	(10,047)
Transfers in	728,300	728,300	682,096	(46,204)
Transfers out	(57,575,373)	(57,575,373)	(52,715,161)	4,860,212
Total Other Financing Sources (Uses)	(56,847,073)	(56,824,719)	(50,977,758)	5,846,961
Net Change in Fund Balance	(2,510,571)	(4,561,115)	2,203,038	6,764,153
FUND BALANCE - Beginning	26,800,260	26,800,260	26,800,260	-
FUND BALANCE - ENDING	\$ 24,289,689	\$ 22,239,145	\$ 29,003,298	\$ 6,764,153

COUNTY OF DANE

**HUMAN SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL**

For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 136,743,855	\$ 142,141,680	\$ 145,883,383	\$ 3,741,703
Public charges for services	106,500	106,500	149,277	42,777
Miscellaneous	<u>4,473,019</u>	<u>4,482,213</u>	<u>4,035,249</u>	<u>(446,964)</u>
Total Revenues	<u>141,323,374</u>	<u>146,730,393</u>	<u>150,067,909</u>	<u>3,337,516</u>
EXPENDITURES				
Current				
Health and Human Services				
Personal services	27,131,061	27,523,171	26,778,366	744,805
Contractual services	162,258,552	167,253,603	162,967,940	4,285,663
Other	<u>1,943,652</u>	<u>2,058,355</u>	<u>4,424,440</u>	<u>(2,366,085)</u>
Total Health and Human Services	191,333,265	196,835,129	194,170,746	2,664,383
Capital Outlay	<u>3,000</u>	<u>3,000</u>	<u>2,065</u>	<u>935</u>
Total Expenditures	<u>191,336,265</u>	<u>196,838,129</u>	<u>194,172,811</u>	<u>2,665,318</u>
Excess (deficiency) of revenues over (under) expenditures	(50,012,891)	(50,107,736)	(44,104,902)	6,002,834
OTHER FINANCING SOURCES				
Capital lease	-	-	52,091	52,091
Transfers in	<u>50,176,372</u>	<u>50,176,372</u>	<u>43,174,164</u>	<u>(7,002,208)</u>
Total Other Financing Sources	<u>50,176,372</u>	<u>50,176,372</u>	<u>43,226,255</u>	<u>(6,950,117)</u>
Net Change in Fund Balance	163,481	68,636	(878,647)	(947,283)
FUND BALANCE - Beginning	<u>1,051,739</u>	<u>1,051,739</u>	<u>1,051,739</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 1,215,220</u>	<u>\$ 1,120,375</u>	<u>\$ 173,092</u>	<u>\$ (947,283)</u>

COUNTY OF DANE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION December 31, 2005

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I.C.

The County controls expenditures at the agency level of expenditures except for certain agencies (i.e., corporation counsel) which are adopted by individual programs and/or groups of programs (i.e., child support), within the agency. Some individual agencies experienced expenditures which exceeded appropriations in the general fund:

Excess expenditures over appropriations are as follows:

	<u>Amended Budget</u>	<u>Annual Expenditures</u>	<u>Excess</u>
<u>General Fund</u>			
Current Expenditures			
Sheriff	\$ 50,009,819	\$ 52,362,750	\$ 2,352,931
Public Safety Communications	4,571,345	4,771,827	200,482
Juvenile Court Program	2,957,385	3,011,703	54,318
Clerk of Courts	2,411,914	2,850,711	438,797
Coroner	902,951	928,317	25,366
District Attorney	3,869,191	4,042,504	173,313
Public Works	547,891	623,006	75,115
Henry Vilas Zoo	1,763,439	1,787,376	23,937

The excess expenditures were funded through transfers from other general fund agencies which had sufficient funds available.

GENERAL FUND

**Schedule of Expenditures
Compared to Budget**

COUNTY OF DANE

GENERAL FUND SCHEDULE OF EXPENDITURES COMPARED TO BUDGET For the Year Ended December 31, 2005

CURRENT EXPENDITURES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
County Board	\$ 770,416	\$ 804,583	\$ 760,833	\$ 43,750
Executive	1,881,004	1,944,759	1,846,243	98,516
County Clerk	546,292	551,492	507,024	44,468
Administrative	6,322,597	6,462,247	6,280,474	181,773
Treasurer	582,190	582,190	521,570	60,620
Corporation Counsel	4,776,908	4,955,807	4,947,626	8,181
Register of Deeds	1,409,377	1,409,377	1,318,058	91,319
Facilities Management	5,900,350	5,906,904	5,559,189	347,715
Humane Society	430,103	430,103	430,103	-
Other	85,600	85,600	-	85,600
Total General Government	22,704,837	23,133,062	22,171,120	961,942
HEALTH AND HUMAN SERVICES				
Veterans' Services	420,026	449,195	397,978	51,217
PUBLIC SAFETY AND CRIMINAL JUSTICE				
Sheriff	49,133,308	50,009,819	52,362,750	(2,352,931)
Public Safety Communications	4,571,345	4,571,345	4,771,827	(200,482)
Emergency Planning	1,162,253	1,497,916	1,162,750	335,166
Juvenile Court Program	2,846,475	2,957,385	3,011,703	(54,318)
Clerk of Courts	2,335,212	2,411,914	2,850,711	(438,797)
Family Court Commissioner	8,086,603	8,109,510	7,885,098	224,412
Coroner	733,000	902,951	928,317	(25,366)
District Attorney	3,639,268	3,869,191	4,042,504	(173,313)
Total Public Safety and Criminal Justice	72,507,464	74,330,031	77,015,660	(2,685,629)
PUBLIC WORKS				
Parking Ramp	265,500	265,500	232,543	32,957
Public Works	397,331	547,891	623,006	(75,115)
Total Public Works	662,831	813,391	855,549	(42,158)
CULTURE, EDUCATION AND RECREATION				
Henry Vilas Zoo	1,755,300	1,763,439	1,787,376	(23,937)
Parks	3,639,295	5,404,765	4,090,032	1,314,733
Alliant Center	8,910,942	8,924,123	6,879,636	2,044,487
County Extension	762,700	892,983	816,677	76,306
Other	298,890	298,890	298,890	-
Total Culture, Education and Recreation	15,367,127	17,284,200	13,872,611	3,411,589
CONSERVATION AND ECONOMIC DEVELOPMENT				
Land Conservation	1,163,192	5,092,744	1,219,397	3,873,347
Planning and Development	2,997,975	3,324,953	2,830,877	494,076
Total Conservation and Economic Development	4,161,167	8,417,697	4,050,274	4,367,423
Total Current Expenditures	115,823,452	124,427,576	118,363,192	6,064,384

COUNTY OF DANE

GENERAL FUND (cont.)
 SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
 For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
CAPITAL OUTLAY				
GENERAL GOVERNMENT				
Facilities Management	\$ -	\$ 32,694	\$ -	\$ 32,694
Total General Government	-	32,694	-	32,694
PUBLIC SAFETY AND CRIMINAL JUSTICE				
Sheriff	294,100	901,416	769,416	132,000
Emergency Planning	-	263,668	214,509	49,159
Total Public Safety and Criminal Justice	294,100	1,165,084	983,925	181,159
CULTURE, EDUCATION AND RECREATION				
Parks	9,000	123,236	20,238	102,998
Alliant Center	432,500	1,156,873	497,637	659,236
Other	-	-	-	-
Total Culture, Education and Recreation	441,500	1,280,109	517,875	762,234
CONSERVATION AND ECONOMIC DEVELOPMENT				
Planning and Development	-	423,136	-	423,136
Total Conservation and Economic Development	-	423,136	-	423,136
Total Capital Outlay	735,600	2,901,023	1,501,800	1,399,223
TOTAL CURRENT EXPENDITURES AND CAPITAL OUTLAY	\$ 116,559,052	\$ 127,328,599	\$ 119,864,992	\$ 7,463,607

APPENDIX B

Legal Opinion

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April 5, 2007

Re: Dane County, Wisconsin ("Issuer")
\$29,340,000 General Obligation Airport Bonds, Series 2007A,
dated April 1, 2007 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on June 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2008	\$2,465,000	4.00%
2009	2,555,000	4.00
2010	2,655,000	4.00
2011	2,755,000	4.00
2012	2,855,000	4.00
2013	2,965,000	4.00
2014	3,080,000	4.00
2015	3,205,000	4.00
2016	3,335,000	4.00
2017	3,470,000	4.00

Interest is payable semi-annually on June 1 and December 1 of each year commencing on December 1, 2007.

The Bonds maturing on June 1, 2016 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on June 1, 2015 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon our examination, it is our opinion under existing law that:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Bonds, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.

3. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on corporations (as that term is defined for federal income tax purposes) and individuals. However, for purposes of computing the alternative minimum tax imposed on corporations, the interest on the Bonds is included in adjusted current earnings. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

APPENDIX C

Official Notice of Sale

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\$29,340,000
General Obligation Airport Bonds, Series 2007A,
Dane County, Wisconsin

OFFICIAL NOTICE OF SALE

Date, Time and Place. SEALED AND ELECTRONIC BIDS will be received by Public Financial Management, Inc., 115 South 84th Street, Suite 100, Milwaukee, Wisconsin 53214, financial advisor acting on behalf of Dane County, Wisconsin (the "County"), for all but not part of the County's \$29,340,000 General Obligation Airport Bonds, Series 2007A, dated April 1, 2007 (the "Bonds"), until 10:00 a.m. (Central Time) on:

March 15, 2007

at which time sealed bids will be opened, electronic bids retrieved and all bids publicly read. Sealed bids should be mailed or delivered to the offices of Public Financial Management, Inc., 115 South 84th Street, Suite 100, Milwaukee, Wisconsin 53214, Attention: Brian Della, or faxed to (414) 771-1041, and plainly marked "Bid for Dane County General Obligation Airport Bonds, Series 2007A." Bids will only be considered if the required good faith deposit or financial surety bond has been received. Electronic bids must be submitted through Parity®. A meeting of the County Board of the Supervisors will be held on said date for the purpose of taking action on such bids as may be received.

Terms of the Bonds. The Bonds will be dated April 1, 2007 and will mature June 1 in the years and amounts as follows:

MATURITY SCHEDULE

<u>Year</u>	<u>Amount</u>
2008	\$ 2,465,000
2009	2,555,000
2010	2,655,000
2011	2,755,000
2012	2,855,000
2013	2,965,000
2014	3,080,000
2015	3,205,000
2016	3,335,000
2017	3,470,000

Interest on said Bonds will be payable semi-annually on June 1 and December 1, commencing December 1, 2007.

Term Bond Option. Proposals for the Bonds may contain a maturity schedule providing for a combination of serial and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above.

Call Feature. At the option of the County, the Bonds maturing on June 1, 2016 and thereafter shall be subject to redemption prior to maturity on June 1, 2015 or on any date thereafter at a price of par plus accrued interest to the date of redemption. Said Bonds shall be redeemable in whole or in part, in such order of maturity as the County may select, at a price of par plus accrued interest to the date of redemption.

Registration. The Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). The County will assume no liability for failure of DTC, its participants or other nominees to promptly transfer payments to beneficial owners of the Bonds. In the event that the securities depository relationship with DTC for the Bonds is terminated and the County does not appoint a successor depository, the County will prepare, authenticate and deliver, at its expense, fully registered certificated Bonds in the denomination of \$5,000 or any integral multiple thereof in the aggregate principal amount of Bonds of the same maturities and with the same interest rate or rates then outstanding to the beneficial owners of the Bonds.

Security and Purpose. The Bonds are general obligations of the County. The principal of and interest on the Bonds will be payable from ad valorem taxes, which shall be levied without limitation as to rate or amount upon all taxable property located in the territory of the County. The Bonds are to be issued to finance the cost of the construction of a parking ramp addition at the Dane County Airport and issuance expenses.

Not Bank Qualified. The Bonds will not be designated “qualified tax-exempt obligations” pursuant to the provisions of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Bid Specifications. Bids shall be received on an interest rate basis in an integral multiple of One-Twentieth (1/20) or One-Eighth (1/8) of One Percent (1%). Any number of rates may be bid, but no interest rate specified for any maturity may be lower than the interest rate specified for any earlier maturity. All Bonds of the same maturity shall bear the same interest rate. A rate of interest must be named for each maturity; a zero rate of interest shall not be named; and the premium, if any, must be paid in cash as part of the purchase price. No supplemental interest shall be specified. Each bid shall offer to purchase all of the Bonds and shall offer a price (payable in federal or other immediately available funds) which is not less than \$29,178,630 (99.45% of par) plus accrued interest to the date of delivery. The County reserves the right, in its discretion, to reject any or all bids, and to waive any informality in any bid.

Good Faith Deposit. A good faith deposit in the amount of Two Hundred Ninety-Three Thousand Four Hundred Dollars (\$293,400) must be submitted with each bid. The good faith deposit must be in the form of a certified or cashier’s check or a financial surety bond, payable to the Treasurer of the County. If a check is used, it must accompany each bid. If a financial surety bond is used, it must be from an insurance company licensed to issue such a financial surety bond in the State of Wisconsin and preapproved by Public Financial Management, Inc. and such financial surety bond must be submitted to Public Financial Management, Inc. prior to the opening of bids. The financial surety bond must identify each bidder whose deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder utilizing a financial surety bond, that purchaser is required to submit its deposit to the County in the form of a wire transfer not later than 3:30 p.m. (Central Time) on the next business day following the

award. If such deposit is not received by that time, the financial surety bond may be drawn on by the County to satisfy the deposit requirement. The deposit of the successful bidder shall constitute a good faith deposit and shall be retained by the County to insure performance of the requirements of the sale by the successful bidder. In the event the successful bidder shall fail to comply with the terms of its bid, the deposit will be forfeited as full and complete liquidated damages. Upon delivery of the Bonds, the deposit will be applied to the purchase price of the Bonds or returned to the purchaser, but no interest shall be allowed thereon. After the award is made to the successful bidder, the deposits of the unsuccessful bidders will be returned forthwith.

Insurance on Bonds. In the event the successful bidder obtains a bond insurance policy for all or a portion of the Bonds, by or on behalf of it or any other member of its underwriting group, the successful bidder is responsible for making sure that disclosure information is provided about the credit enhancement provider (for example, through a wrapper to the Official Statement). The County will cooperate with the successful bidder in this manner. The costs of obtaining any bond insurance policy and the costs of providing disclosure information about the credit enhancement provider shall be paid by the successful bidder. In addition, the successful bidder will be required, as a condition for delivery of the Bonds, to certify that the premium will be less than the present value of the interest expected to be saved as a result of such insurance.

Electronic Bidding. The County assumes no responsibility or liability for electronic bids. If any provisions in this Official Notice of Sale conflict with information provided by Parity®, this Official Notice of Sale shall control. Further information about the electronic bidding service providers, including any fee charged and applicable requirements, may be obtained from:

Parity®/i-Deal
1359 Broadway, 2nd Floor
New York, New York 10018
(212) 849-5021 phone

Award. All bids received shall be considered at a meeting of the County Board of Supervisors to be held on the bidding date and, unless all bids are rejected, the Bonds shall be awarded during the County Board meeting on said date to the best bidder whose proposal shall result in the lowest true interest cost rate to the County. The true interest cost is computed as the discount rate which, when used with semiannual compounding to determine the present worth of the principal and interest payments as of the date of the Bonds, produces an amount equal to the purchase price. If two or more bids provide the same lowest true interest rate, the County shall determine which proposal shall be accepted, and such determination shall be final. A computation by the bidder of such true interest cost rate contained in any bid shall be for information only and shall not constitute a part of the bid. The purchaser shall pay accrued interest from the date of the Bonds to the date of delivery and payment of the purchase price.

Delivery. The Bonds will be delivered in typewritten form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, securities depository of the Bonds for the establishment of book-entry accounts at the direction of the successful bidder, within approximately 45 days after the award. Payment at the time of delivery must be made in federal or other immediately available funds. In the event delivery is not made within 45 days after the date of the sale of the Bonds, the successful bidder may, prior to tender of the Bonds, at its option, be relieved of its obligation under the contract to purchase the Bonds and its good faith

check shall be returned, but no interest shall be allowed thereon. Delivery of the Bonds is currently anticipated to be on or about April 5, 2007.

Legal Opinion. The successful bidder will be furnished without cost, the unqualified approving legal opinion of Quarles and Brady LLP, Milwaukee, Wisconsin, Bond Counsel. A Continuing Disclosure Certificate will be delivered at closing setting forth the details and terms of the County's undertaking and such Continuing Disclosure Certificate is a condition of closing.

CUSIP Numbers. The County will assume no obligation for the assignment of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon. The County will permit such numbers to be assigned and printed at the expense of the original purchaser, but neither the failure to print such numbers on any Bonds nor any error with respect thereto will constitute cause for failure or refusal by the original purchaser to accept delivery of the Bonds.

Reoffering Price. Simultaneously with or before delivery of the Bonds, the successful bidder shall furnish to the County a certificate, made on the best knowledge, information and belief of the successful bidder, acceptable to Bond Counsel, stating the initial reoffering price to the public of the Bonds and further stating that a substantial amount of the Bonds was sold to the public or final purchasers thereof (not including bond houses and brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at or below such initial reoffering price.

Official Statement. Upon the sale of the Bonds, the County will publish an Official Statement in substantially the same form as the Preliminary Official Statement subject to minor additions, deletions and revisions as required to complete the Preliminary Official Statement. Promptly after the sale date, but in no event later than seven business days after such date, the County will provide the successful bidder with up to 75 copies of the final Official Statement without cost. The successful bidder agrees to supply to the County all necessary pricing information and any underwriter identification necessary to complete the final Official Statement within 24 hours after the award of Bonds.

Certification Regarding Official Statement. The County will deliver, at closing, a certificate, executed by appropriate officers of the County acting in their official capacities, to the effect that the facts contained in the Official Statement relating to the County and the Bonds are true and correct in all material respects, and that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Undertaking to Provide Continuing Disclosure. In order to assist bidders in complying with SEC Rule 15c2-12, as amended, the County will covenant to undertake (pursuant to a Resolution to be adopted by the Board of the County), to provide annual reports and timely notice of certain events for the benefit of holders of the Bonds. The details and terms of the undertaking are set forth in a Continuing Disclosure Certificate to be executed and delivered by the County, a form of which is included in the Preliminary Official Statement and in the final Official Statement.

Transcript of Proceedings. A transcript of the proceedings relative to the issuance of the Bonds will be furnished to the successful bidder without cost, including a Closing Certificate

stating that there is no litigation pending or threatened affecting the validity of or the security for the Bonds.

Irregularities. The County Board of Supervisors reserves the right to reject any and all bids and to waive any and all irregularities.

Information. The Official Statement can be viewed on the worldwide web at www.pfm.com or copies of the Preliminary Official Statement and additional information may be obtained by addressing inquiries to the County's financial advisor, Public Financial Management, Inc., 115 South 84th Street, Suite 100, Milwaukee, Wisconsin 53214, Attention: Brian Della,, phone (414) 771-2700, or to the undersigned:

Charles Hicklin, Controller
Dane County, Wisconsin
210 Martin Luther King, Jr. Blvd., Room 426
Madison, Wisconsin 53703
(608) 266-4109 phone
(608) 266-4425 fax

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APPENDIX D

Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Dane County, Wisconsin (the "Issuer") in connection with the issuance of \$29,340,000 General Obligation Airport Bonds, Series 2007A, dated April 1, 2007 (the "Securities"). The Securities are being issued pursuant to an Authorizing Resolution adopted by the Governing Body of the Issuer on February 15, 2007 and an Award Resolution adopted by the Governing Body of the Issuer on March 15, 2007 (collectively, the "Resolution") and delivered to First Southwest Company, Dallas, Texas (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule. Any filing under this Disclosure Certificate may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at <http://www.disclosureusa.org> unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the final Official Statement dated March 15, 2007 delivered in connection with the Securities, which is available from the MSRB.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the County Board of Supervisors of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means Dane County, Wisconsin which is the obligated person with respect to the Securities.

"Issuer Contact" means the Controller of the Issuer who can be contacted at 210 Martin Luther King, Jr. Boulevard, Room 426, Madison, Wisconsin 53703, phone (608) 266-4109, fax (608) 266-4425.

"Material Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board located at 1900 Duke Street, Suite 600, Alexandria, Virginia 22314.

"NRMSIR" means any nationally recognized municipal securities information repository as recognized from time to time by the SEC for purposes of the Rule.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Repository" means each NRMSIR and each SID, if any.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

"SID" means any public or private repository or entity designated by the State of Wisconsin as a state information depository for the purpose of the Rule. As of the date of this Certificate, there is no SID.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year that ended December 31, 2006, provide each Repository with an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to each Repository when and if available.

(b) If the Issuer is unable or fails to provide to the Repositories an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the NRMSIRs, the MSRB and any SID.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each NRMSIR and each SID, if any.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. Indebtedness
2. Financial Information
3. Property Valuations and Taxes

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events if material with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Securities;
7. Modification to rights of holders of the Securities;
8. Securities calls;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities; and
11. Rating changes.

(b) Whenever a Material Event occurs, the Issuer shall as soon as possible determine under applicable legal standards if such event would constitute material information for holders

of Securities, provided, that any event under subsection (a) (8), (9) or (11) will always be deemed to be material.

(c) If the Issuer determines that knowledge of the occurrence of a Material Event would be material, the Issuer shall promptly file a notice of such occurrence with either all NRMSIRs or with the MSRB and with any SID. Notwithstanding the foregoing, notice of Material Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(d) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertakings to violate the Rule. The provisions of this Disclosure Certificate constituting the Undertaking or any provision hereof, shall be null and void in the event that the Issuer delivers to each then existing NRMSIR and the SID, if any, an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Securities. The provisions of this Disclosure Certificate constituting the Undertaking may be amended without the consent of the holders of the Securities, but only upon the delivery by the Issuer to each then existing NRMSIR and the SID, if any, of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Disclosure Certificate and by the Issuer with the Rule.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have

no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 10. Default. (a) The Issuer has never failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of material events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 5th day of April, 2007.

Scott A. McDonell
Chairperson

(SEAL)

Robert H. Ohlsen
County Clerk

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