DADE COUNTY, GEORGIA

FINANCIAL STATEMENTS

DECEMBER 31, 2006

DADE COUNTY, GEORGIA

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DECEMBER 31, 2006

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DADE COUNTY, GEORGIA

COUNTY OFFICIALS

DECEMBER 31, 2006

Ben Brandon	Commission Chairman
Scott Pittman	Commissioner
Sarah Moore	Commissioner
Tommy L. Lowery	Commissioner
David Young	Commissioner
Don Townsend	County Clerk
Robin Rogers	County Attorney

HENDERSON HUTCHERSON & McCULLOUGH, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Dade County, Georgia
Trenton, Georgia

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Dade County, Georgia, as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the index. These financial statements are the responsibility of the Dade County, Georgia's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Dade County Health Department (a component unit), whose statements reflect total assets of $345,224 and total net assets of $322,683 as of June 30, 2006, and total revenues of $470,349 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the Dade County Health Department, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Dade County, Georgia, as of December 31, 2006, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2007, on our consideration of Dade County, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on page 4 through 11 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dade County, Georgia's basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis, as required by the U.S. office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The Introductory Section on page 1 and the supplemental data section on pages 39 through 41 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and supplemental data sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them. The Schedule of Special Purpose Local Option Sales Tax on page 39 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Chattanooga, Tennessee
June 28, 2007

Henderson Hutcherson & McCullough, PLLC

DADE COUNTY, GEORGIA

MANAGEMENT DISCUSSION AND ANALYSIS

YEAR ENDED DECEMBER 31, 2006

This section of Dade County's annual financial report presents a narrative overview and analysis of the County's financial performance for the year ended December 31, 2006. Please read it in conjunction with the County's financial statements which follow. This discussion and analysis is intended to serve as an introduction to the County's financial statements. The basic financial statements consist of three parts: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Dade County implemented the new reporting model required under Governmental Accounting Standards during fiscal 2004.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with both long-term and short-term information about the County's overall financial status in a manner similar to private-sector businesses. There are two government-wide financial statements.

> **Statement of net assets** – presents information about the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.
>
> **Statement of activities** – presents information showing how the County's net assets change during the most recent fiscal year. All current revenues and expenses are taken into account regardless of the timing of the related cash flows. Thus revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years.

The government-wide financial statements include not only the County itself (known as the primary government) but also one legally separate entity (known as a component unit). The Dade County Health Department, although legally separate, is important because the County is financially accountable for it.

Fund financial statements. The fund financial statements provide more detailed information about the most significant funds – not necessarily the County as a whole. Some funds are required by State or Federal law or by bond covenants; other funds are established by the County Commission to help it control and manage money for designated or restricted purposes, or to show that it is meeting legal responsibilities for how certain taxes, grants and other monies are used. All funds of the County are governmental type funds.

(Continued)

Governmental funds – The County's basic services are included in governmental funds. The focus of these funds is on (1) how cash and other financial assets that can be readily converted to cash were received and used and (2) what remains at the end of the fiscal year for future spending. This detailed short-term view helps in determining whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not include the additional long-term focus of the government-wide financial statements, we provide additional information after the governmental fund statement that explains the difference between the long-term view and the short-term view.

Dade County, Georgia, maintains two governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund and the capital projects fund, both of which are considered to be major funds. The County adopts an annual budget for both of these funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with these budgets.

Fiduciary funds – The County collects and holds funds for the benefit of other governmental units or private individuals. Funds collected and held by the County for other governments are maintained in agency funds. Funds that are held for the benefit of private individuals are private-purpose trust funds. As these funds are not for the benefit or use of the County, they are excluded from the total government summary.

Notes to financial statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The additional information contained in these notes is essential to a full understanding of the information provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements discussed above, this report also presents supplementary information about the County's insurance coverages and about the value of property supporting the County's tax base and the enacted rates for the past several years.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net assets. Net assets may serve over time as a useful indicator of the government's financial position. In the case of Dade County, assets exceed liabilities by $11,643,870 at the close of the most recent fiscal year. Over one-half of the County's assets are related to its investment in capital assets such as buildings and equipment. Because capital assets are used to provide services to citizens, the assets are not available for future spending. The remaining balance is available to meet the County's ongoing obligations. A condensed summary of the net assets of the County is provided below.

(Continued)

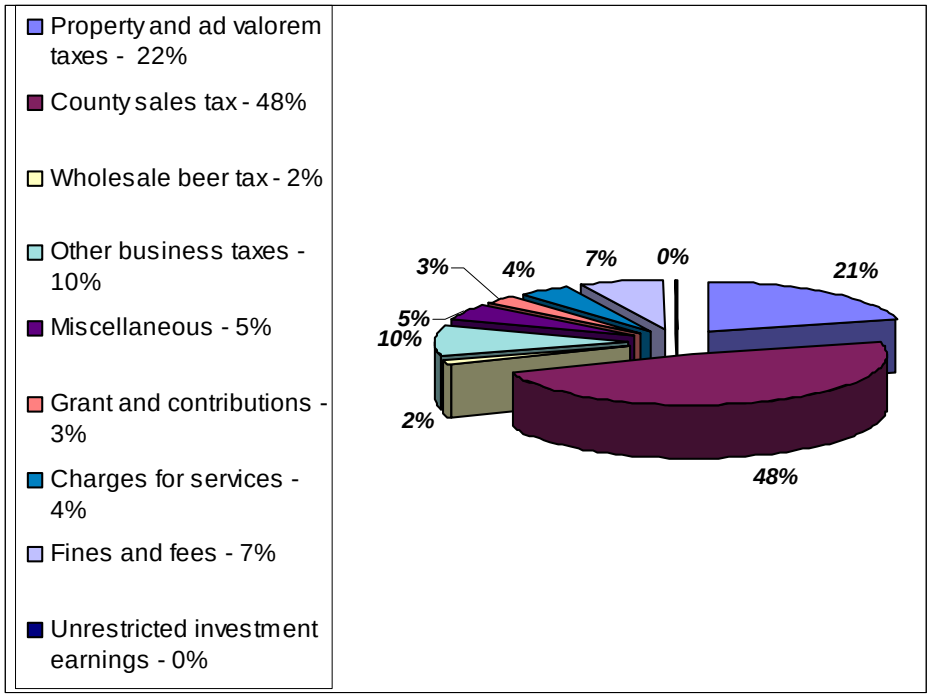
	Governmental Activities	
	2006	**2005**
Current and other assets	$ 4,824,633	$ 5,254,364
Capital assets	11,975,107	11,618,036
Total assets	$16,799,740	$16,872,400
Liabilities		
Other	$ 2,447,797	$ 2,025,363
Long-term	2,708,073	3,706,604
Total liabilities	5,155,870	5,731,967
Net assets		
Invested in capital assets, net of related debt	8,110,494	5,087,012
Restricted	181,253	121,454
Unrestricted	3,352,123	5,931,967
Total net assets	11,643,870	11,140,433
Total liabilities and net assets	$16,799,740	$16,872,400

Changes in net assets. For the fiscal year ending December 31, 2006, net assets of the County increased 4.5% or $503,437.

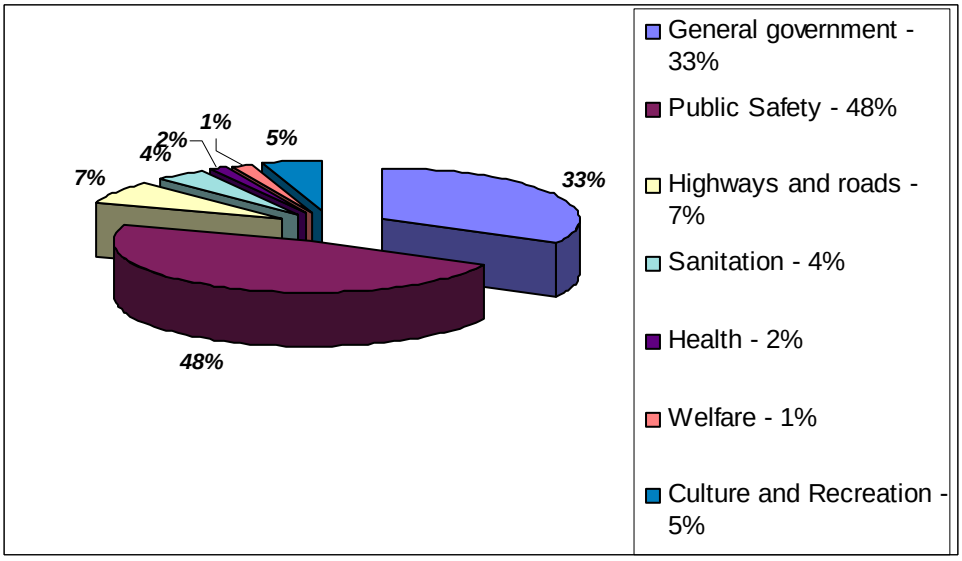
At the end of the current fiscal year, Dade County, Georgia is able to report a positive balance in net assets.

The graphs below summarize the sources of the County's revenues of $9,662,856 and total program expenses of $9,159,419.

Total Revenues by Source



Total Expenditures by Function



A complete picture of the changes in net assets of the County is provided in the summary below.

	Governmental Activities	
	2006	**2005**
REVENUES		
Program revenues		
Charges for services	$ 1,084,741	$ 576,321
Grants	122,269	634,709
Fines and fees	165,139	671,106
General revenues		
Property and ad valorem taxes	2,028,218	2,006,256
County sales tax	4,624,389	3,756,897
Wholesale beer tax	162,095	183,332
Other business taxes	965,190	876,207
Miscellaneous	489,258	321,215
Investment income	21,557	17,319
Total revenue	9,662,856	9,043,362
EXPENSES		
General government	2,748,217	2,437,942
Public safety	4,349,158	4,106,594
Highways and roads	666,462	780,461
Sanitation	400,726	1,724,965
Health	147,746	143,452
Welfare	234,949	99,076
Culture and recreation	462,599	422,713
Interest on long-term debt	149,562	143,370
TOTAL EXPENSES	9,159,419	9,858,573
Increase (decrease) in net assets	503,437	(815,211)
Net assets – beginning of year	11,140,433	11,955,644
Net assets – end of year	$11,643,870	$11,140,433

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Dade County, Georgia uses fund accounting to help it control and manage money for particular purposes or to demonstrate compliance with legal requirements. More detailed analysis is provided below for the County's funds.

Governmental Funds. Governmental funds focus on providing information on the near-term flow of resources. As the County completed the year, its governmental funds reported a fund balance of $2,311,204. Ninety-two percent of this balance is unreserved, which is available for spending at the County's discretion. Information about the County's governmental funds is presented below.

> **General fund.** This fund is the chief operating fund of the County and $1,907,929 is the current fund balance held in the general fund. The decrease in general fund balance was $259,940 a 12% decrease from the beginning of the fiscal year.
>
> **Capital projects fund.** This fund separately accounts for all of the revenues and costs incurred by the County construction or purchase of assets with SPLOST funds. The current fund balance of $403,275 is a decrease from the beginning of the year of $538,772 or 57%. This decrease is the result of planned expenditures of funds for the purchase or construction of capital assets as contemplated by the SPLOST referendum.

The County's final budget was amended subsequent to the end of the year to allow for the appropriation of revenues and expenditures that had not been budgeted for during the year. Budgeted revenues were increased by $387,251 while budgeted expenditures were increased by $280,808. Transfers from the capital projects fund were budgeted for $-0- while the actual transfer amounted to $69,671. The County's fund balance was budgeted for a deficit of $(436,053). The actual fund balance deficit was $(326,611). Therefore, the County's budgeted fund balance deficit was decreased by $106,442.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the year, the County had $11,975,107, net of accumulated depreciation, invested in capital assets. This investment includes land, buildings and improvements, vehicles, equipment and infrastructure (construction in process) as listed in the table below.

	Beginning Balance	Additions	Retirements/ Disposals	Ending Balance
Land	$ 715,036	$ -	$ -	$ 715,036
Buildings and improvements	7,555,425	45,712	-	7,601,137
Parks and playgrounds	1,020,896	-	-	1,020,896
Machinery and equipment	5,236,468	489,924	-	5,726,392
Infrastructure	2,826,552	741,419	-	3,567,971
Construction in process	-	-	-	-
	17,354,377	1,277,055	-	18,631,432
Accumulated depreciation	5,736,341	919,984	-	6,656,325
Total capital assets, net of accumulated depreciation	$11,618,036	$ 357,071	$ -	$11,975,107

Major additions for the year are infrastructure of $741,419, and machinery and equipment for various departments of $489,924.

As allowed by GASB 34, the County has elected not to record on the books the estimated cost of infrastructure already in place at the time of implementation, thus the total for capital assets does not include existing roads, bridges, sewers or water lines currently in existence.

At the end of the current year, Dade County, Georgia had total bonded debt outstanding of $3,605,000. All of this represents bonds secured by SPLOST revenues issued by the County to fund construction.

Additional information on Dade County's capital assets and long-term debt can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Dade County, Georgia is situated in the northwest corner of the state and is approximately 20 miles across the state line from Chattanooga, Tennessee, a large urban center. Dade County is a largely rural area of North Georgia devoted to agricultural and recreation activities. Economic activity in the region is slower than that found in much of the State of Georgia, with growth coming in small increments. The area has an unemployment rate that reflects the state average rate, and no significant changes are expected in the coming year. Property tax rates have remained constant for several years with the growth in revenue generated primarily in sales tax collections and the modest economic growth in the community. However, the current county-wide revaluation of property is expected to reflect the true economic growth rate the county has been experiencing over the last 10 years that heretofore has not been reflected in the value of the county's tax digest.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Ben Brandon, Commission Chairman
Dade County Commission
P.O. Box 613
Trenton, Georgia 30763
706-657-4625

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT (Continued)

Separately issued financial statements may be obtained for the Dade County Health Department which is shown as a component unit of Dade County at the following address:

Dade County Health Department
229 First Street
Trenton, Georgia 30752

DADE COUNTY, GEORGIA

STATEMENT OF NET ASSETS

DECEMBER 31, 2006

	Governmental Activities	Component Unit
ASSETS		
Cash	$ 2,093,146	$307,012
Property taxes receivable, net	378,580	-
Due from other governments	698,895	38,212
Prepaid assets	-	-
Other receivables	1,654,012	-
Capital assets, net of accumulated depreciation	11,975,107	-
Total assets	$16,799,740	$345,224
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	$ 1,123,553	$ 1,771
Due to other governments	-	10,207
Bonds payable – due in one year	1,175,000	-
Bonds payable – due in more than one year	2,430,000	-
Notes payable-due in one year	149,244	-
Notes payable-due in more than one year	110,369	-
Compensated absences payable	167,704	10,563
Total liabilities	5,155,870	22,541
NET ASSETS		
Invested in capital assets, net of related liability	8,110,494	-
Restricted for grants	181,253	-
Unrestricted	3,352,123	322,683
Total net assets	11,643,870	322,683
Total liabilities and net assets	$16,799,740	$345,224

The accompanying notes are an integral part of these financial statements.

DADE COUNTY, GEORGIA

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2006

	Expenses	Program Revenues: Charges for Services and Fines	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	$2,748,217	$ 399,261	$ 11,616	$ 2,880
Public safety	4,349,158	685,480	59,770	-
Highways and roads	666,462	-	50,883	-
Sanitation	400,726	-	-	-
Health	147,746	-	-	-
Welfare	234,949	-	-	-
Culture and Recreation	462,599	-	-	162,259
Interest on long-term debt	149,562	-	-	-
Total primary government	$9,159,419	$1,084,741	$122,269	$165,139
Component unit	$ 435,399	$ 133,933	$206,761	$ -
General revenues:				
Property and ad valorem taxes				
County sales tax				
Wholesale beer tax				
Other business taxes				
Grants and contribution not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous				
Total general revenues				
Changes in net assets				
Net assets, beginning of year				
Net assets, end of year				

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Assets	
Governmental Activities	Component Unit
$(2,334,460)	
(3,603,908)	
(615,579)	
(400,726)	
(147,746)	
(234,949)	
(300,340)	
(149,562)	
(7,787,270)	
	$(94,705)
2,028,218	
4,624,389	
162,095	
965,190	
-	124,058
21,557	5,170
489,258	427
8,290,707	129,655
503,437	34,950
11,140,433	287,733
$11,643,870	$322,683

DADE COUNTY, GEORGIA

BALANCE SHEET – GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2006

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash	$ 262,174	$1,830,972	$2,093,146
Property taxes receivable, net	378,580	-	378,580
Due from other funds	1,442,919	-	1,442,919
Due from other governments	311,340	387,555	698,895
Prepaid assets	-	-	-
Other receivables	211,093	-	211,093
Total assets	$2,606,106	$2,218,527	$4,824,633
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	$ 624,470	$ 499,081	$1,123,551
Due to other funds	-	-	-
Bonds payable-due in one year	-	1,175,000	1,175,000
Notes payable-due in one year	8,073	141,171	149,244
Deferred property tax revenue	65,634	-	65,634
Total liabilities	698,177	1,815,252	2,513,429
FUND BALANCES			
Reserved for grants	181,253	-	181,253
Unreserved	1,726,676	403,275	2,129,951
Total fund balances	1,907,929	403,275	2,311,204
Total liabilities and fund balances	$2,606,106	$2,218,527	$4,824,633

The accompanying notes are an integral part of these financial statements.

DADE COUNTY, GEORGIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

YEAR ENDED DECEMBER 31, 2006

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

Fund balance	$ 2,311,204
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	65,632
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	(2,708,073)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	11,975,107
Net assets of governmental activities	**$11,643,870**

The accompanying notes are an integral part of these financial statements.

DADE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2006

	General	Capital Projects	Total Governmental Funds
REVENUES			
Taxes	$5,368,824	$2,564,413	$ 7,933,237
Intergovernmental revenues	287,408	-	287,408
Charges for services	399,261	-	399,261
Fines and forfeitures	685,480	-	685,480
Notes proceeds	25,638	170,182	195,820
Miscellaneous	483,240	27,575	510,815
Total revenues	7,249,851	2,762,170	10,012,021
EXPENDITURES			
General government	1,957,102	1,527,371	3,484,473
Public safety	3,975,649	186,341	4,161,990
Highways and streets	549,563	21,144	570,707
Sanitation	381,793	1,863	383,656
Health	145,325	74	145,399
Welfare	224,397	-	224,397
Culture and recreation	345,633	(266)	345,367
Debt service	-	1,494,744	1,494,744
Total expenditures	7,579,462	3,231,271	10,810,733
Excess (deficiency) of revenues over (under) expenditures	(329,611)	(469,101)	(798,712)
Other financing sources (uses)			
Transfers in	69,671	-	69,671
Transfers out	-	(69,671)	(69,671)
Total other financing services and uses	69,671	(69,671)	-
Net change in fund balances	(259,940)	(538,772)	(798,712)
FUND BALANCE – beginning of year	2,167,869	942,047	3,109,916
FUND BALANCE – end of year	$1,907,929	$ 403,275	$ 2,311,204

The accompanying notes are an integral part of these financial statements.

DADE COUNTY, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2006

Amounts reported for governmental activities in the statement of activities on page 14 are different because:

Net change in fund balances – total governmental funds	$ (798,712)
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of net assets	1,277,055
Depreciation expense on governmental capital assets are included in the governmental activities in the statement of activities	(919,984)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(153,345)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	1,098,423
Change in net assets of governmental activities	**$ 503,437**

The accompanying notes are an integral part of these financial statements.

DADE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GAAP BASIS – GENERAL FUND

YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts			Variance to Final Budget - Over/ (Under)
	Original	Final	Actual Amounts	
REVENUES				
Taxes –				
Financial institution tax	$ 20,000	$ 18,331	$ 18,331	$ -
Insurance premium tax	600,000	609,883	609,883	-
Intangible tax	125,000	127,661	127,661	-
Malt beverage/wine tax	182,600	162,095	162,095	-
Motor vehicle tags	255,000	266,219	266,219	-
Property taxes	1,820,000	1,915,344	1,915,344	-
Real estate transfer tax	28,000	35,500	35,500	-
State railroad tax	12,000	5,208	5,208	-
State sales tax	1,900,000	2,059,977	2,059,977	-
State of Georgia, TVA in lieu of tax	125,000	145,354	145,354	-
Other taxes	-	23,252	23,252	-
Total taxes	5,067,600	5,368,824	5,368,824	-
Intergovernmental revenues –				
C.O.P.S. grant	-	48,759	48,759	-
Department of Transportation grants	45,000	50,883	50,883	-
Other grants	100,000	187,766	187,766	-
Total intergovernmental revenues	145,000	287,408	287,408	-
Charges for services –				
Electrical inspections	14,000	11,979	11,979	-
Inmate housing	205,000	123,414	123,414	-
E-911 access fees	112,000	89,771	89,771	-
Recycling sales	35,000	27,059	27,059	-
Transfer station fees	160,000	130,414	130,414	-
Septic permits	-	16,624	16,624	-
Total charges for services	526,000	399,261	399,261	-

The accompanying notes are an integral part of these financial statements.

DADE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GAAP BASIS – GENERAL FUND

YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts			Variance to Final Budget -
	Original	Final	Actual Amounts	Over/ (Under)
Fines and forfeitures –				
Superior Court	$ 300,000	$ 320,190	$ 320,190	$ -
Probate Court	300,000	234,159	234,159	-
Magistrate Court	115,000	61,422	61,422	-
Juvenile Court	6,000	10,488	10,488	-
Fines for jail staffing, operations	60,000	59,221	59,221	-
Total fines and forfeitures	781,000	685,480	685,480	-
Miscellaneous revenues –				
Communication fees	40,000	33,597	33,597	-
Drug awareness	-	36,311	36,311	-
Interest	15,000	3,982	3,982	-
Miscellaneous	55,000	244,116	244,116	-
Rents	138,000	136,619	136,619	-
Sale of surplus equipment	75,000	38,428	38,428	-
Telephone commissions	20,000	-	-	-
Victim's assistance	-	15,825	15,825	-
Total miscellaneous revenues	343,000	508,878	508,878	-
Total revenues	6,862,600	7,249,851	7,249,851	-
EXPENDITURES				
General government –				
Administrative	788,596	888,200	888,200	-
Tax Commissioner	265,800	256,993	256,993	-
Extension	43,000	45,345	45,345	-
Soil conservation	26,300	16,938	16,938	-
Registrars	135,550	133,103	133,103	-
Tax Assessor	389,900	322,278	322,278	-
Building maintenance	212,750	152,000	152,000	-
Maintenance shop	182,200	142,245	142,245	-
Total general government	2,044,096	1,957,102	1,957,102	-

The accompanying notes are an integral part of these financial statements.

DADE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GAAP BASIS – GENERAL FUND

YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts			Variance to Final Budget - Over/ (Under)
	Original	Final	Actual Amounts	
Highways and streets	$ 692,700	$ 549,563	$ 549,563	$ -
Sanitation	419,800	381,793	381,793	-
Health	124,100	145,325	145,325	-
Welfare –				
Welfare	28,500	38,427	38,427	-
Public transportation	93,900	125,344	125,344	-
Economic development	54,300	60,626	60,626	-
Total welfare	176,700	224,397	224,397	-
Public safety –				
Sheriff	1,221,000	1,376,681	1,376,681	-
Fire	131,600	136,075	136,075	-
Jail	862,150	1,037,191	1,037,191	-
Ambulance	100,000	73,312	73,312	-
Coroner	18,307	15,013	15,013	-
District Attorney	95,700	58,644	58,644	-
Public Defender	69,000	54,278	54,278	-
Communications	489,050	494,922	464,922	-
Superior Court	305,500	362,285	362,285	-
Probate Court	198,600	198,354	198,354	-
Magistrate Court	100,600	111,137	111,137	-
Juvenile Court	46,500	70,640	70,640	-
Emergency management	23,550	17,117	17,117	-
Total public safety	3,661,557	3,975,649	3,975,649	-
Culture and recreation –				
Library	59,000	232,679	232,679	-
Recreation	120,700	112,954	112,954	-
Total culture and recreation	179,700	345,633	345,633	-
Total expenditures	7,298,653	7,579,462	7,579,462	-

The accompanying notes are an integral part of these financial statements.

DADE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GAAP BASIS – GENERAL FUND

YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts			Variance to Final Budget -
	Original	Final	Actual Amounts	Over/ (Under)
Excess of expenditures over Revenues expenditures	$(436,053)	$(329,611)	$ (329,611)	$ -
OTHER FINANCING USES				
Transfer to/from Capital Projects Fund	-	69,671	69,671	-
EXCESS OF REVENUES AND OTHER USES OVER REVENUE AND OTHER SOURCES	$(436,053)	$(259,940)	(259,940)	$ -
FUND BALANCE – beginning of year			2,167,869	
FUND BALANCE – end of year			**$1,907,929**	

The accompanying notes are an integral part of these financial statements.

DADE COUNTY, GEORGIA

STATEMENT OF FIDUCIARY NET ASSETS – FIDUCIARY FUNDS

DECEMBER 31, 2006

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash	$ 74,899	$ 744,915
Restricted cash	516,600	-
Property taxes receivable	-	3,260,877
Total assets	$591,499	$4,005,792
LIABILITIES		
Payables to other governments	$ 3,624	$3,724,648
Other payables	523,963	281,144
Total liabilities	527,587	4,005,792
NET ASSETS		
Held in trust for others	63,912	-
Total liabilities and net assets	$591,499	$4,005,792

The accompanying notes are an integral part of these financial statements.

DADE COUNTY, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS – FIDUCIARY FUNDS

YEAR ENDED DECEMBER 31, 2006

	Private Purpose Trust Funds
ADDITIONS	
Proceeds from court fines	$ 9,227
Sales of commissary goods	114,721
Interest	1,464
Total additions	125,412
DEDUCTIONS	
Supplies purchased for library	8,354
Supplies purchased for jail commissary	105,836
Total deductions	114,190
CHANGE IN NET ASSETS	11,222
Net assets – beginning of year	52,690
Net assets – end of year	$ 63,912

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements of Dade County, Georgia have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. The significant accounting policies of the County are described below.

Reporting Entity

Dade County, Georgia is a legal subdivision of the State and operates under the laws of the State of Georgia. Effective January 1, 2005, the commission structure changed to an at-large, elected county executive, who serves as the chairman of the commission, and four part-time commissioners elected by district.

The financial statements of the County have been prepared in accordance with generally accepted accounting principals (GAAP) as applied to governmental units. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with the subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

In June 1999, the GASB issued Statement Number 34, *"Basic Financial Statements and Management Discussion and Analysis for State and Local Governments."* This statement provides for the most significant change in financial reporting in over twenty years and was scheduled for a phased implementation based on the size of the government. There are new reporting requirements regarding a local government's infrastructure – such as roads, bridges, sewers, etc. The County has implemented GASB Number 34 according to its requirements. Additionally, under GASB 34, smaller governments were relieved of the requirement to record the existing infrastructure at the time of implementation, but will record all new infrastructure assets constructed.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement Number 14, *"The Financial Reporting Entity*," and GAAP. This statement requires that the financial statements present Dade County, Georgia (the primary government) and any component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting one of the following criteria: the primary government is accountable for the component unit (i.e., the primary government appoints the voting majority of the potential component unit board and the primary government is able to impose its will upon the potential component unit) or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Dade County Health Department

The Dade County Health Department provides health care services and health education to the residents of Dade County, Georgia. The Board of the Health Department is composed of seven members, four of which are appointed by the Dade County Commission. The Commission has authority over the budget of the Health Department and is responsible for setting fee rates for services the Health Department provides. The Health Department is presented as a governmental fund type. Complete financial statements may be obtained at the Dade County Health Department's administrative office at: Dade County Health Department, 229 First Street, Trenton, Georgia 30752.

The following related organizations are excluded from the financial reporting entity because the County is not financially accountable for them:

The Development Authority of Dade County
Dade County Industrial Development Authority
Dade County Department of Family and Children's Services

The County appoints a voting majority of the Dade County Department of Family and Children's Services' board.

The following organizations are not related and did not meet the criteria for inclusion in these financial statements:

Dade County Board of Education
Dade County Water and Sewer Authority

Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the County are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures or expenses as appropriate. Governmental resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The basic financial statements of the County are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements

The County's government-wide financial statements include a Statement of Net Assets and a Statement of Activities that report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. These statements present a summary of governmental activities for the County. They also include separate columns for information on the County's component unit.

These statements are presented on an "economic resources measurement focus" and the accrual basis of accounting, as are the fiduciary fund financial statements. Accordingly, all of the County's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the County are reported in three categories 1) charges for services; 2) operating grants and contributions; and 3) capital grants and contributions. Expenses are classified by function for governmental activities. Administrative overhead charges are made to various functions and are included in direct expenses. When an expense is incurred for which both restricted and unrestricted net assets are available, restricted resources are applied first.

The County applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure.

Government Fund Financial Statements

Government fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the government-wide financial statements. The County has presented all major funds that met those qualifications.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in the current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available for financial expenditures of the current period. Accordingly, revenues are recognized when received in cash, except that revenues subject to accrual (generally sixty days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the County, are property tax and sales tax. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Dade County, Georgia reports the following major governmental funds:

General Fund. The general fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects Fund. This fund accounts for the accumulation of resources provided by the Special Purpose Local Option Sales Tax (SPLOST), approved by the voters of Dade County, for use in the purchase or construction of capital assets such as buildings, playgrounds, roads, bridges or sewers.

Additionally, the County reports the following fund types:

The private-purpose trust funds are used to account for resources held in trust for the following:

Law Library. This fund is established according to official Code of Georgia Annotated (O.C.G.A.) Title 36-15. Revenue is collected from court costs and must be spent on books, periodicals, etc.

Inmate Trust. This fund accounts for inmate's funds to be used on concessions. The concession profits are to be spent on inmate maintenance.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The agency funds account for the accumulation and distribution of funds performed by officers of the County for the benefit of other governments.

Tax Commissioner. This fund accounts for the collection of property taxes and other local taxes levied by the County Commission, County School Board and the State. Taxes collected are remitted on a monthly basis to the respective taxing authority.

Clerk of Superior Court, Magistrate Court, Probate Court and Juvenile Court. These funds account for the collection of court fines and costs levied within the jurisdictional powers of the elected officials. Amounts collected are disbursed on a monthly basis as prescribed by state law.

Budgets and budgetary accounting. Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund. All annual appropriations lapse at fiscal year end. Budgeted amounts are as originally adopted, or as amended by the Board.

Cash and cash equivalents. Cash and cash equivalents for balance sheet purposes, consist of demand deposits and certificates of deposit with original maturities of three months or less, primarily with local financial institutions.

Restricted cash. In the Fiduciary Funds, restricted cash balances are composed of amounts held by the Clerk of Superior Court for the Indigent Defense Council as well as cash bonds held in the Inmate Trust Fund.

Encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services. Encumbrance accounting is used to assure effective budgetary control and accountability and to facilitate effective cash planning and control. During the current year, Dade County did not utilize encumbrance accounting. Material commitments at year end have been disclosed in the financial statements and the subsequent year's appropriations will provide authority to complete these transactions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes. Under State law, a subdivision of the State may levy a property tax. Property tax revenues are recognized on the modified accrual basis. A receivable should be recognized as of the date when an enforceable legal claim to the taxable property arises. This date is known as the "lien date". The receivable should be recognized as of year-end, December 31. The receivable should be recognized for the entire tax levy of the ensuing year. Taxes not expected to be collected within sixty days after the end of the year are recorded as deferred revenue. County tax collections are done by the Dade County Tax Commissioner.

The property tax calendar applicable to the current fiscal year is as follows:

Lien date	January 1, 2006
Levy date	December 29, 2006
Tax bills mailed	December 29, 2006
Payment due dates	October 1 through February 28, 2006
Delinquency date	March 1, 2007

The County-wide tax rate for the 2006 levy year was $17.23 per $1,000 of assessed value which includes the separately assessed County school tax of $12.50, the County government rate of $4.48 and the State of Georgia Rate of $.25. The assessed value of property is approximately forty percent of the appraised (or estimated market) value.

The allowance for uncollectible taxes at December 31, 2006 was $45,443.

Compensated absences. It is the County's policy to permit employees to accumulate earned but unused vacation benefits. Vacation pay is accrued when incurred in the government-wide financial statements. A liability for this amount is reported in governmental funds only if it has matured.

The County's sick time policy does not allow for the accumulation of sick time benefits.

Capital assets. Capital assets, including infrastructure additions are recorded at historical cost. Contributed capital assets are recorded at their estimated fair market value on the date contributed. Capital assets include public domain infrastructure assets consisting of roads, bridges, streets and sidewalks, sewers, lighting systems and drainage systems. The County defines capital assets as assets with an initial, individual cost of more than $1,000 ($10,000 for infrastructure assets) and an estimated useful life of three years or more.

Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	Useful Life
Building, improvements, parks and playgrounds	10-50 years
Infrastructure	50 years
Equipment	5-20 years
Vehicles	10 years

NOTE 2 – CASH DEPOSITS AND INVESTMENTS

The County has defined cash and cash equivalents to include cash on hand, demand deposits and cash with fiscal agent. Investments are stated at cost, which approximates fair value.

State statutes authorize the County to invest in obligations of, or obligations guaranteed by the U.S. Government and agencies of corporations of the U.S. Government obligations of any state; obligations of any political subdivision of any state; certificates of deposit or time deposits of any national state bank or savings and loan which have deposits insured by the FDIC or FSLIC; prime bankers acceptances; repurchase agreements; and the Georgia fund 1.

The County, during the year, invested funds in certificate of deposits.

At December 31, 2006, the carrying amount of the County's deposits was $2,093,146 and the bank balance was $2,347,670. The bank balance is categorized below as to credit risk. Category 1 includes deposits either covered by federal depository insurance, by collateral held by the County's agent in the County's name or by the Federal Reserve Banks acting as third party agents. Category 2 includes deposits covered by collateral held by the pledging bank's agent in the County's name. Category 3 includes deposits either uninsured, uncollateralized or covered by collateral held by the pledging bank or its agent, but not in the County's name.

All of the County's deposits were category 1 and insured.

NOTE 3 – PROPERTY, PLANT AND EQUIPMENT

Capital asset activity for the year ended December 31, 2006, is as follows:

	Balance January 1, 2006	Additions	Retirements	Balance December 31, 2006
Governmental activities:				
Non-depreciable assets				
Land	$ 715,036	$ -	$ -	$ 715,036
Construction-in-process	-	-	-	-
Total non-depreciable assets	715,036	-	-	715,036
Depreciable assets				
Buildings and improvements	7,555,425	45,712	-	7,601,137
Machinery and equipment	5,236,468	489,924	-	5,726,392
Roads, bridges and other infrastructure	2,826,552	741,419	-	3,567,971
Parks and playgrounds	1,020,896	-	-	1,020,896
Total depreciable assets	16,639,341	1,277,055	-	17,916,396
Less: accumulated depreciation for:				
Buildings and improvements	1,221,064	102,196	-	1,323,260
Machinery and equipment	3,691,162	610,218	-	4,301,380
Roads, bridges and infrastructure	63,300	104,847	-	168,147
Parks and playgrounds	760,815	102,723	-	863,538
Total accumulated depreciation	5,736,341	919,984	-	6,656,325
Total depreciable assets	10,903,000	357,071	-	11,260,071
Capital assets, net	$11,618,036	$ 357,071	$ -	$11,975,107

Depreciation expense is charged to functions as follows:

Primary Government - Governmental Activities:	
General Government	$166,244
Public Safety	406,763
Highways and Streets	176,382
Sanitation	40,466
Health	2,346
Welfare	10,552
Culture and Recreation	117,231
	$919,984

NOTE 4 – RETIREMENT PLAN

The County has adopted a deferred compensation plan with the assets being held in trust for the exclusive benefit of participants and their beneficiaries and is being administered by AI-Valic Institutional Services. The Plan was created in accordance with Internal Revenue Code Section 403(b) and is considered a defined contribution plan. The County has no fiduciary relationship with the trust and the plan's assets are not reported in the County's financial statements. All full-time employees of the County that have completed six months of service to the County are eligible to participate.

In accordance with Dade County's policies and procedures manual, the Plan requires that the County matches 100% of the first 3% of the employees salary deferred. The Dade County Commission acts as the trustee for the plan and can amend the Plan provisions and contribution requirements at any time. Vesting in the plan follows a six-year graduated schedule.

Total contributions to the plan for 2006 were $96,196, of which $33,250 was by the County. The Plan incurred a net gain in fair value of investment of $35,997. For the year ended December 31, 2006, the total payroll covered by this plan was $3,384,397. Participating employees totaled 47 as of December 31, 2006.

NOTE 5 – CAPITAL PROJECTS FUND LONG-TERM OBLIGATIONS

General obligation bonds consist of a 2003 sales tax bond for the purpose of funding capital improvements. The original amount of issue was $5,900,000 and is due in annual principal installments of $1,140,000 to $1,230,000 through October 2009 with an interest rate of 2.43%.

Debt service requirements to maturity for the general obligation bonds of the County are as follows:

	Principal	Interest	Total
2007	$1,175,000	$ 87,602	$1,262,602
2008	1,200,000	59,049	1,259,049
2009	1,230,000	29,889	1,259,889
	$3,605,000	$176,540	$3,781,540

Interest expense for 2006 charged to general government expense was $149,562.

(Continued)

NOTE 5 – CAPITAL PROJECTS FUND LONG-TERM OBLIGATIONS (Continued)

Capital Lease Payable. On September 23, 2005 the county entered into a capital lease agreement with Ford Motor Credit Company to purchase vehicles. The County is obligated under the agreement to repay the lease in installments consisting of (i) principal repayments payable annually for a 2 year term in certain amounts and on certain dates as specified in the agreement and (ii) interest payments payable monthly at the rate and on the date or dates as specified in the agreement. The vehicles may be purchased at the end of the lease term for one dollar. The economic substance of the lease is that the County is financing the vehicles through the lease in the amount of $333,669 at an interest rate of 4.70%.

On March 20, 2006 the county entered into a capital lease agreement with Ford Motor Credit Company to purchase vehicles. The County is obligated under the agreement to repay the lease in installments consisting of principal repayments and interest payable annually for a 2-year term in certain amounts and on certain dates as specified in the agreement. The vehicles may be purchased at the end of the lease term for one dollar. The economic substance of the lease is that the County is financing the vehicles through the lease in the amount of $16,610 at an interest rate of 5.75%.

On September 18, 2006 the County entered into a capital lease agreement with Ford Motor Credit Company to purchase vehicles. The County is obligated under the agreement to repay the lease in installments consisting of principal repayments and interest payable annually for a 2 year term in certain amounts and on certain dates as specified in the agreement. The vehicles may be purchased at the end of the lease term for one dollar. The economic substance of the lease is that the County is financing the vehicles through the lease in the amount of $131,662 at an interest rate of 6.60%.

Minimum future lease payments required to maturity for the capital lease payables of the County are as follows:

2007	$149,244
2008	40,336
2009	33,898
2010	36,135
	259,613
Less imputed interest	(28,876)
Present value of minimum future lease payments	$230,737

(Continued)

NOTE 5 – CAPITAL PROJECTS FUND LONG-TERM OBLIGATIONS (Continued)

Changes in long-term liabilities. During the year ended December 31, 2006, the following changes occurred in long-term liabilities:

Primary government – government to activities

	Balance Jan 1	Additions	Reductions	Balance Dec. 31	Due Within One Year
General obligation bonds	$4,760,000	$ -	$1,155,000	$3,605,000	$1,175,000
Note payable	217,300	195,805	153,492	259,613	149,244
Compensated absences	99,894	67,810	-	167,704	-
	$5,077,194	$263,615	$1,308,492	$4,032,317	$1,324,244

NOTE 6 – FUND EQUITY

Reservations of fund balance of governmental funds are created to either satisfy legal covenants that require that a portion of the fund balance be segregated or identify the portion of the fund balance that is not appropriated for future expenditures. Specific reservations of the fund balance accounts are summarized below.

Reserved for Jail Operations. This reserve was created for unexpended fines which are required to be used for jail staffing and operations.

Reserved for Drug Control. This reserve was established for funds to be used for drug enforcement activities.

Reserved for Drug Awareness. This reserve was established for portions of fines to be used for establishing a community program for counseling or education regarding drug and substance abuse.

Reserved for Juvenile Services. This reserve was established for funds to be used for providing various juvenile services in the Country.

NOTE 7 – CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

(Continued)

NOTE 7 – CONTINGENT LIABILITIES (Continued)

The County is presently involved in a number of matters involving pending litigation, overtly threatened litigation, claims or assessments. While the County intends to defend these actions, the ultimate outcome is uncertain at this time. The County's management and legal counsel is of the opinion that any unfavorable outcome would not materially affect the financial statements.

NOTE 8 – RISK MANAGEMENT

Dade County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by a public entity risk pool for all major programs. There have been no significant reductions in coverage. Settlement amounts have not exceeded coverage for the current year or the three prior years. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

The County contracts with the Association County Commissioners of Georgia-Interlocal Risk Management Agency (ACCG-IRMA) for combined automobile, crime, liability and property coverage. As a public entity risk pool, ACCG-IRMA is obligated to Dade County as well as approximately sixty other Georgia County members to cover casualty and property losses as follows:

- to establish and administer a risk management service;
- to prevent or lessen the incidence and severity of casualty and property losses occurring in the operation of county government; and
- to defend and protect, in accordance with this contract and related coverage descriptions, any Member of ACCG-IRMA against liability or losses stated in such documents. The activities of ACCG-IRMA shall not constitute conduct of an insurance business.

As a member of ACCG-IRMA, Dade County is obligated as follows:

(1) To participate at all times in at least one Fund which is established by the Board of Trustees of ACCG-IRMA.

(2) To pay all contributions, assessments or other sums due to such times and in such amounts as shall be established by the Board.

(3) To select a person to serve as a Member representative.

(Continued)

NOTE 8 – RISK MANAGEMENT (Continued)

(4) To allow the Board and its agents reasonable access to all facilities of the Member and all records, including but not limited to financial records, which related to the purposes of ACCG-IRMA.

(5) To allow attorneys appointed by ACCG-IRMA to represent the Member in investigation, settlement discussions and all levels of litigation arising out of any claim made against a Member within the scope of loss protection furnished by the Fund or Funds established by ACCG-IRMA.

(6) To assist and cooperate in the defense and settlement of claims against a Member.

(7) To furnish full cooperation to ACCG-IRMA's attorneys, claims adjusters, service companies and any agent, employee, officer or independent contractor of ACCG-IRMA relating to the purposes of ACCG-IRMA.

(8) To follow all loss reduction and prevention procedures established by ACCG-IRMA.

(9) To furnish ACCG-IRMA such budget, operating and underwriting information as may be requested by the Board.

(10) To report as promptly as possible, and in accordance with any Coverage Descriptions issued, all incidents which could result in ACCG-IRMA or any Fund established by ACCG-IRMA being required to pay a claim or claims for loss or injuries to county property or injuries to persons or property when such loss or injury is within the scope of the protection of a Fund or Funds in which the Member participates.

Pursuant to Title 34, Chapter 9, Article 5 of the Official Code of Georgia Annotated, the County became a member of the Association County Commissioners of Georgia-Group Self Insurance Workers' Compensation Fund. The liability of the Fund to the employees of any employer is specifically limited to such obligations as are imposed by applicable state laws against the employer for workers' compensation and/or employer's liability. The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death with the preview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation, therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent. The Fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

(Continued)

NOTE 8 – RISK MANAGEMENT (Continued)

Dade County's responsibilities as a member of the ACCG-GSIWCF are as follows:

- To pay all contributions, assessments or other sums due to ACCG-GSIWCF at such times and in such amounts as shall be established by the ACCG-GSIWCF.
- To select a person to serve as a contact person and safety representative.
- To allow ACCG-GSIWCF and its agents reasonable access to all facilities of the County and all records, including, but not limited to financial records, which related to the purposes of ACCG-GSIWCF.
- To allow attorneys appointed by ACCG-GSIWCF to represent the County in investigation, settlement discussions and all levels of litigation arising out of any claim made against the County within the scope of loss prevention furnished by ACCG-GSIWCF.
- To assist and cooperate in the defense and settlement of claims against the County.
- To furnish full cooperation to ACCG-GSIWCF attorneys, claims adjusters, Service Company, and any agent, employee, officer or independent contractor of ACCG-GSIWCF relating to the purpose of ACCG-GSIWCF.
- To follow all loss reduction and prevention procedures established by ACCG-GSIWCF.
- To furnish to ACCG-GSIWCF such remuneration and underwriting information as may be requested.
- To report as promptly as possible, all incidents which could result in ACCG-GSIWCF being required to pay workers' compensation on behalf of the County.

NOTE 9 – IMPOSITION OF SPECIAL LOCAL OPTION SALES TAX

The County passed a new special one percent (1%) retail sales and use tax on June 17, 2003, to be collected within Dade County for the purpose of financing certain capital outlay projects. A maximum cost of $12,275,000 for the projects are as follows: County sewer projects - $1,000,000; City of Trenton - $2,000,000; fire equipment and hydrants - $875,000; Sheriff's department equipment - $360,000; Library - $540,000; Justice Building addition - $2,000,000; County Courthouse renovations - $250,000; Recreational projects - $1,100,000; County equipment purchases - $1,100,000; and County roads, streets and bridges - $3,050,000. The tax began July 1, 2005, and is to remain in effect for twenty (20) calendar quarters or until the $12,275,000 is exceeded, whichever occurs first.

NOTE 10 – JOINT VENTURE

Under Georgia law, the County, in conjunction with other cities and counties in the ten county northwest Georgia area, is a member of the Coosa Valley Regional Development Center (RDC) and is required to pay annual dues thereto. During its year ended December 31, 2006, the County paid $14,579 in such dues. Membership in a RDC is required by the Official Code of Georgia Annotated (O.C.G.A.) Section 50-8-34 which provides for the organizational structure of the RDC in Georgia. The RDC board membership includes the chief elected official of each county and municipality in the area. O.C.G.A. 50-8-39.1 provides that member governments are liable for any debts or obligations of a RDC. Separate financial statements may be obtained from: Coosa Valley Regional Development Authority, P.O. Box 1793, Rome, GA 30162-1793.

NOTE 11 – OPERATING LEASE

The County leases a portion of its administration building to the State of Georgia's Department of Family and Children's Services under a cancelable operating lease that expires in 2016. In addition, a ratable portion of shared expenses, such as utilities, are billed to the State by the County and included in the amounts reported as rental income to the County.

Future minimum rental revenue anticipated under this operating lease for the periods after December 31, 2006, are as follows:

2007	$ 131,940
2008	131,940
2009	131,940
2010	131,940
2011	131,940
Thereafter	659,700
Total	$1,319,400

Rental revenue received for the year ended December 31, 2006 was $131,940.

NOTE 12 – INTERFUND RECEIVABLES AND PAYABLES

During the course of normal operations, the County has numerous transactions between funds. Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, or other miscellaneous receivables/payables between funds. Interfund receivables/payables are transactions reimbursing a fund for expenditures made for the benefit of another fund. Such transactions are recorded as expenditures and an interfund payable in the receiving fund. Such transactions are recorded as an interfund receivable in the disbursing fund. On the governmental funds balance sheet, receivables and payables resulting from short-term interfund loans are classified as "interfund loan receivables/payables." These amounts are eliminated on the statement of net assets.

(Continued)

NOTE 12 – INTERFUND RECEIVABLES AND PAYABLES (Continued)

Receivable Primary Government	Payable Primary Government	Amount
General	Tax Commissioner	$1,360,294
General	Superior Court	56,894
General	Juvenile Court	1,017
General	Magistrate Court	7,766
General	Probate Court	16,948
		$1,442,919

DADE COUNTY, GEORGIA

SCHEDULE OF PROPERTY TAX RATES

LAST FIVE YEARS

FOR EACH OF THE FIVE YEARS ENDED DECEMBER 31, 2006

Tax Year	Tax Status	State of Georgia	Dade County	Dade County School Board	Total
2006	Unincorporated	$ .25	$ 4.48	$12.50	$17.23
	Incorporated	.25	6.28	12.50	19.03
2005	Unincorporated	.25	5.54	13.00	18.79
	Incorporated	.25	7.91	13.00	21.16
2004	Unincorporated	.25	5.65	13.00	18.90
	Incorporated	.25	7.77	13.00	21.02
2003	Unincorporated	.25	6.60	13.99	20.84
	Incorporated	.25	8.82	13.99	23.06
2002	Unincorporated	.25	5.65	13.99	19.89
	Incorporated	.25	7.73	13.99	21.97
2001	Unincorporated	.25	5.65	15.40	21.30
	Incorporated	.25	7.88	15.40	23.53

DADE COUNTY, GEORGIA

SCHEDULE OF OUTSTANDING BONDS

GENERAL LONG-TERM DEBT

DECEMBER 31, 2006

Bond: General Obligation Sales Tax Bonds, Series 2003

Bond Date: December 16, 2003

Total Issue: $5,900,000

Interest Rate: 2.43%

Year Ending December 31	Maturity Date	Note Principal	Interest Due April 1 and October 1	Total Annual Cost
2007	October 1, 2007	$1,175,000	$ 87,602	$1,262,602
2008	October 1, 2008	1,200,000	59,049	1,259,049
2009	October 1, 2009	1,230,000	29,889	1,259,889
		$3,605,000	$176,540	$3,781,540

DADE COUNTY, GEORGIA

SCHEDULE OF CAPITAL PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX

YEAR ENDED DECEMBER 31, 2006

2003 REFERENDUM

Project	Original Estimated Costs	Prior Year Expenditures	Current Year Expenditures	Total Expenditures	Completion Percentage
Sheriff	$ 360,000	$360,000	$ -	$ 360,000	100%
Emergency-911	150,000	150,000	(2,587)	147,413	98
City of Trenton	2,000,000	392,603	390,601	783,204	39
Courthouse renovation	250,000	43,600	1,312	44,912	18
Justice building	2,000,000	249,889	55,762	305,651	15
Library	540,000	-	2,039	2,039	-
Recreation	1,100,000	1,100,000	-	1,100,000	100
Sanitation	150,000	150,000	-	150,000	100
Vehicle maintenance	300,000	35,693	53,450	89,143	30
County sewer	1,000,000	1,000,000	-	1,000,000	100
County roads, streets and bridges	3,050,000	-	636,998	636,998	21
Public works	500,000	454,188	-	454,188	91
Fire equipment	875,000	638,210	(10,000)	628,210	72
Expenditures to be reallocated	-	186,149	650	186,799	
Total	$12,275,000	$4,760,332	$1,128,225	$5,888,557	

DADE COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED DECEMBER 31, 2006

GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	Pass-Through GRANTOR'S NUMBER	DISBURSEMENTS/ EXPENDITURES
FEDERAL ASSISTANCE			
U.S. Department of Transportation – Passed-through Georgia Department of Transportation Section 5311 Rural Public Transportation Program	20.509		$ 50,883
U.S. Department of Agriculture – Soil and Waste Conservation Grant	10.902		11,616
U.S. Federal Emergency Management Agency – Passed-through Georgia Emergency Management agency Emergency Services	97.036	EO6-8-043	2,880
U.S. Department of Justice –			
Community Oriented Policing Services Grant	16.710	2006CKWX0400	48,759
Juvenile Accountability Incentive Block Grants	16.523	03B-ST-0003 04B-ST-0001	5,690
Total federal assistance			119,828
STATE ASSISTANCE			
Georgia Public Library Service – Major Repair and Renovation Grant Program			162,259
Total state assistance			162,259
Total federal and state assistance			$282,087

DADE COUNTY, GEORGIA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

DECEMBER 31, 2006

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the County and is presented on the accrual basis of accounting utilizing the same accounting principles used in the preparation of the general-purpose financial statements.
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HENDERSON HUTCHERSON & McCULLOUGH, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON STATE OF GEORGIA GRANT CERTIFICATION FORMS

To the Board of Commissioners
Dade County, Georgia
Trenton, Georgia

We have examined management's assertion included in the accompanying State of Georgia Grant Certification Forms about Dade County, Georgia's compliance during the fiscal year ended December 31, 2006, with requirements to use grant proceeds solely for the purpose for which the grant was made for the following grant awards:

Georgia Public Library Service – Major Repair and Renovation Grant Program

Management is responsible for Dade County, Georgia's compliance with this requirement. Our responsibility is to express an opinion on management's assertion about Dade County, Georgia's compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Dade County, Georgia's compliance with this requirement and performing such other procedure as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Dade County, Georgia's compliance with the specified requirement.

In our opinion, management's assertion that Dade County, Georgia complied with the aforementioned requirement for the fiscal year ended December 31, 2006, is fairly stated, in all material respects.

Chattanooga, Tennessee
June 28, 2007

Henderson Hutcherson & McCullough, PLLC

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CHATTANOOGA, TENNESSEE 37402-2713
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AN INDEPENDENT MEMBER OF THE BDO SEIDMAN ALLIANCE

STATE OF GEORGIA GRANT CERTIFICATION FORM

A	Local Government	Dade County, Georgia
B	Information for Year Ended	December 31, 2006
C	State Awarding Agency	Georgia Public Library Service
D	Grant Identification Number	N/A
E	Grant Title	Major Repair and Renovation Grant Program
F	Grant Award Date	June 23, 2006
G	Grant Amount	$ 162,259
H	Balance-Prior year (Cash or Accrued or Deferred Revenue)	$ 0
I	Grant Receipts or Revenue Recognized	$ 162,259
J	Grant Disbursements or Expenditures	$ 162,259
K	Balance – Current Year (Cash) or Accrued or Deferred Revenue) Line H + Line I – Line J)	$ -

Certification of Local Government Officials

I have reviewed the information presented above and certify that it is accurate and correct. I further certify that the proceeds of the grant award identified above were used solely for the express purpose or purposes for which the grant was made. I understand that failure to comply with the provisions of the law applicable to this grant award shall result in a forfeiture of such grant and the return to the state of any such grant funds received.

Signature of Chief Elected Official_____ Date_____

Signature of Chief Financial Officer_____ Date_____

HENDERSON HUTCHERSON & McCULLOUGH, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Commissioners
Dade County, Georgia
Trenton, Georgia

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dade County, Georgia, as of and for the year ended December 31, 2006, which collectively comprise Dade County, Georgia's basic financial statements, and have issued our report thereon dated June 28, 2007. We did not audit the financial statements of the Dade County Health Department (a component unit) whose statements reflect total assets of $345,224 and total net assets of $322,683 as of June 30, 2006, and total revenues of $470,349 for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included in Dade County Health Department, is based on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

PRIMARY GOVERNMENT – DADE COUNTY, GEORGIA

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dade County, Georgia's control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Dade County, Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Dade County, Georgia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the Dade County, Georgia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Dade County, Georgia's financial statements that is more than inconsequential will not be prevented or detected by the Dade County, Georgia's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting, as described in items 06.1-06.02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Dade County, Georgia's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider items 06.01 to 06.02 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dade County, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 06.1 – 06.02.

Dade County, Georgia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Dade County, Georgia's response and, accordingly, we express no opinion on it.

COMPONENT UNIT – THE DADE COUNTY HEALTH DEPARTMENT

Internal Control Over Financial Reporting

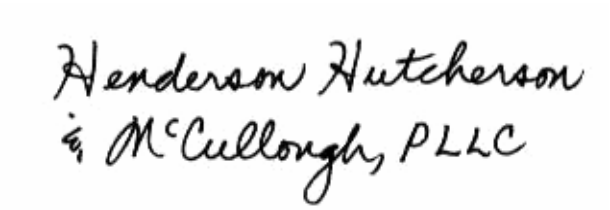
The report issued by other auditors did not disclose any matters involving the internal control over financial reporting and its operations that were considered to be material weaknesses.

Compliance and Other Matters

The report issued by other auditors disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Commissioners and management, federal awarding agencies, the State of Georgia and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Chattanooga, Tennessee
June 28, 2007



DADE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED DECEMBER 31, 2006

SECTION II – FINANCIAL STATEMENT FINDINGS

06.1 Condition: There is inadequate control over financial transactions because duties for collecting, disbursing and recording funds are not exclusively segregated. Each department of the County has responsibility for collections of fees and taxes and requires employees to perform this duty as well as several others.

Criteria: The County is required to maintain an adequate system of internal controls to prevent errors from going undetected for an extended time and to safeguard assets of the County.

Cause: Due to the size of the County, there are only a limited number of employees in several of the Court Clerks' offices, there is inadequate control over financial transactions because duties for collecting, disbursing and recording funds are not exclusively segregated.

Effect: Lack of proper segregation of duties allows for errors, both unintentional and deliberate, to go undetected by management for an extended time and reduces the safeguards over assets.

Recommendation: We recommend that duties related to custody and recording of assets in the main office be separated as much as possible in order to enhance internal controls.

Management's response: Management will continue to monitor the activities and procedures of the staff in the Court Clerk's offices in an effort to minimize the risk associated with the insufficient segregation of duties. We have no plans to add staff for the current year.

06.2 Condition: Schedules of cash, accounts receivable, and accounts payable did not agree to the general ledger.

Criteria: The County is required to maintain an adequate set of financial records. This includes providing for a system of internal controls to identify likely material adjustments and corrections of recorded amounts and providing for effective oversight of financial reporting and internal controls.

Cause: There was considerable turnover of personnel in the main office.

Effect: It was necessary to propose a number of journal entries to correct account coding and properly reflect County transactions. As a result, monthly reports may have been incomplete or inaccurate. Budgeting and forecasts based on this data may have been incomplete or inaccurate.

Recommendation: We recommend that the County assign a responsible individual to supervise accounting clerical personnel, prepare monthly financial statements, analyze and investigate variances between budget and actual, and reconcile accounts on a monthly basis. In order to make the financial statements as meaningful as possible, the County should reconcile the general ledger accounts for cash, accounts receivable, and accounts payable.

Management Response: We now have in place someone who is supervising the accounting personnel. The accounting technician is enrolled in courses through the Carl Vinson Institute of Government and is working toward the completion of Level I.

DADE COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED DECEMBER 31, 2006

FINDINGS FROM DECEMBER 31 2005

05.1 Condition: There is inadequate control over financial transactions because duties for collecting, disbursing and recording funds are not exclusively segregated. Each department of the County has responsibility for collections of fees and taxes and requires employees to perform this duty as well as several others.

Current Status: Management has reviewed assigned duties and segregated duties to the extent possible.

Management will continue to monitor the activities and procedures of the staff in the Court Clerk's offices in an effort to minimize the risk associated with the insufficient segregation of duties. We have no plans to add staff for the current year.

05.2 Condition: The general ledger was not in balance and schedules of cash, accounts receivable, and accounts payable did not agree to the general ledger. Prior year adjusting journal entries had not been posted.

Current Status: Improvement has been noted in this area in that the general ledger was in balance and prior year journal entries had been posted. However, schedules and reconciliations did not agree to the general ledger.

05.3 Condition: The general ledger was not in balance

Current Status: The general ledger was in balance.

05.4 Condition: There is inadequate documentation of the approval process for paid invoices including matching the purchase order to the invoice and noting how the invoices were recorded into the accounts.

Current Status: Management took steps in 2006 to implement a policy that should remedy this situation and require all purchase orders be approved by the ordering department and having all invoices matched with the purchase order issued for the item(s). All invoices must then be approved by the department head or constitutional officer before payment is made to the vendor. The Finance Committee is monitoring payment of invoices.

05.5 Condition: Cash is received at the Park, Maintenance Barn and Transfer Station. These funds are not always remitted to the main office for deposit to the bank account.

Current Status: Management has taken steps to correct this issue. The concern has been addressed by a change in financial policies and changes in personnel in the departments affected.

DADE COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED DECEMBER 31, 2005

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

05.6 Condition: The general ledger did not record grant funds received as grant revenues. Many times grant funds received were recorded as offsets to expense accounts; therefore, it was difficult to identify grant revenue.

Current Status: Management has instructed the bookkeeper in the proper accounting for grant revenues and expenses. This area is much improved.