DADE COUNTY, GEORGIA

FINANCIAL STATEMENTS

DECEMBER 31, 2008

HENDERSON HUTCHERSON & McCULLOUGH, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

DADE COUNTY, GEORGIA

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DECEMBER 31, 2008

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DADE COUNTY, GEORGIA

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DADE COUNTY, GEORGIA

COUNTY OFFICIALS

DECEMBER 31, 2008

Ted Rumley	Chairperson / County Executive
Scott Pittman	Commissioner
Robert Goff	Commissioner
Tommy L. Lowery	Commissioner
Peter Cervelli	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, 2008, 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 opinions 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 $337,676 and total net assets of $309,862 as of June 30, 2008, and total revenues of $496,242 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, 2008, 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 May 29, 2009, 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, the introductory section on page 1 and the supplemental data section on pages 41 through 42 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, the introductory section and the supplemental data section 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 43 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
May 29, 2009

Henderson Hutcherson & McCullough, PLLC

DADE COUNTY, GEORGIA

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

YEAR ENDED DECEMBER 31, 2008

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, 2008. 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 $14,647,731 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	
	2008	**2007**
Current and other assets	$ 11,968,732	$ 5,197,797
Capital assets	11,202,112	11,597,166
Total assets	$23,170,844	$16,794,963
Liabilities		
Other	$ 1,733,650	$ 1,835,394
Long-term	6,789,463	1,435,765
Total liabilities	8,523,113	3,271,159
Net assets		
Invested in capital assets, net of related debt	3,336,938	9,056,797
Restricted	150,422	150,422
Unrestricted	11,160,371	4,316,585
Total net assets	14,647,731	13,523,804
Total liabilities and net assets	$23,170,844	$16,794,963

Changes in net assets. For the fiscal year ending December 31, 2008, net assets of the County increased 8.31% or $1,123,927.

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

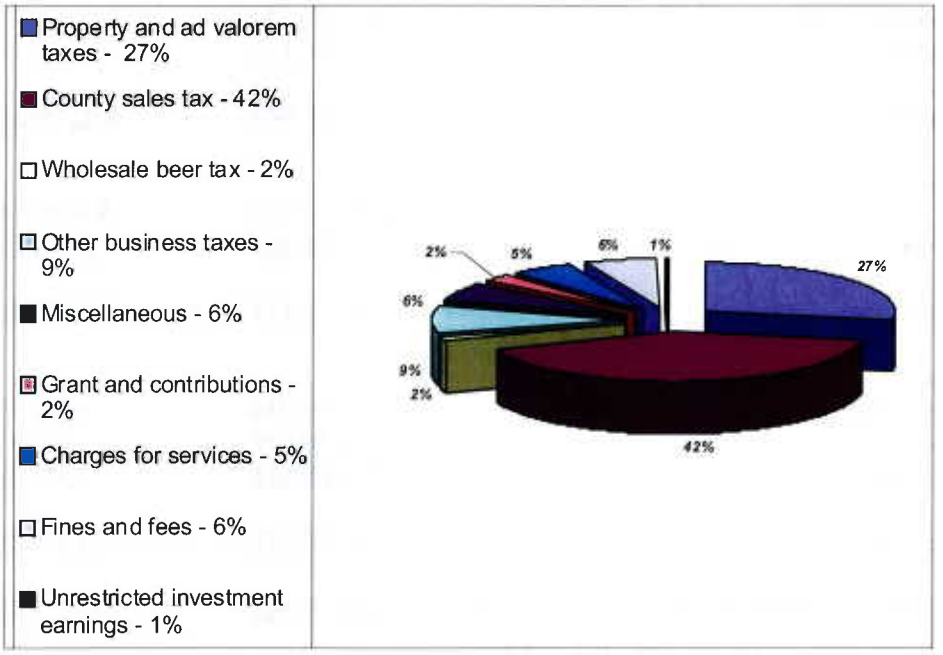
DADE COUNTY, GEORGIA

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

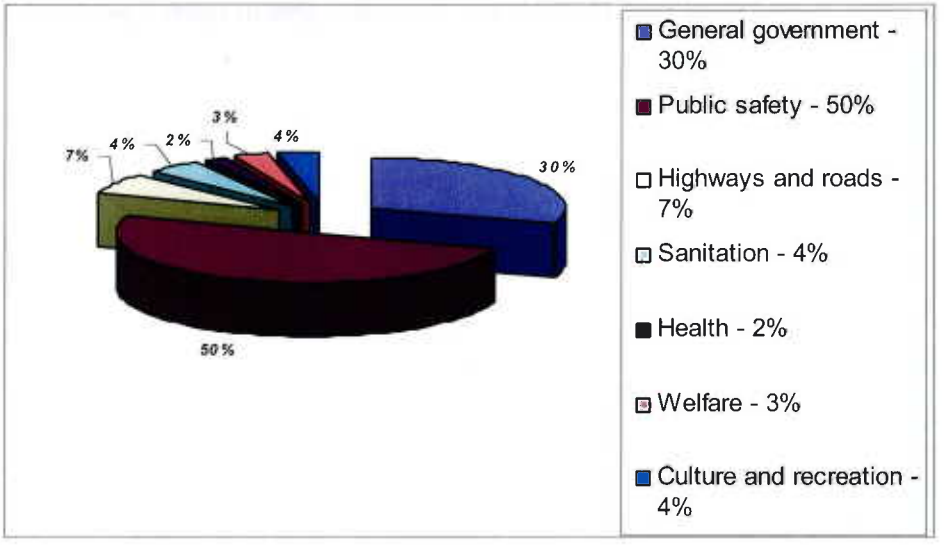
YEAR ENDED DECEMBER 31, 2008

The graphs below summarize the sources of the County's revenues of $10,699,126 and total program expenses of $9,575,199.

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	
	2008	**2007**
REVENUES		
Program revenues		
Charges for services	$ 570,734	$ 465,689
Grants	256,469	118,362
Fines and fees	647,057	667,574
General revenues		
Property and ad valorem taxes	2,927,438	3,071,308
County sales tax	4,482,621	4,766,925
Wholesale beer tax	165,555	165,710
Other business taxes	938,150	969,091
Miscellaneous	674,851	713,722
Investment income	36,251	78,889
Total revenue	10,699,126	11,017,270
EXPENSES		
General government	2,762,924	2,655,417
Public safety	4,832,900	4,681,640
Highways and roads	634,683	678,289
Sanitation	430,994	361,273
Health	188,241	167,631
Welfare	278,070	250,352
Culture and recreation	335,374	293,005
Interest on long-term debt	112,013	49,729
Total expenses	9,575,199	9,137,336
Increase (decrease) in net assets	1,123,927	1,879,934
Net assets – beginning of year	13,523,804	11,643,870
Net assets – end of year	$14,647,731	$13,523,804

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 $8,101,026. Ninety-eight 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 $2,403,085 is the current fund balance held in the general fund. The increase in general fund balance was $256,446 a 12% increase 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 $5,697,941 is an increase from the beginning of the year of $3,523,402 or 162%. This increase is the result of planned expenditures of funds for the purchase or construction of capital assets as contemplated by the SPLOST referendum.

Differences between the original budget and the final amended budget were within the normal course of County business; the increase totaled $235,400 in appropriations.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the year, the County had $11,202,112, 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	7,610,683	-	-	7,610,683
Parks and playgrounds	1,029,422	6,427	-	1,035,849
Machinery and equipment	5,945,378	512,787	-	6,458,165
Infrastructure	3,864,507	35,141	-	3,899,648
Construction in process	49,624	25,789	-	75,413
	19,214,650	580,144	-	19,794,794
Accumulated depreciation	7,617,484	975,198	-	8,592,682
Total capital assets, net of accumulated depreciation	$11,597,166	$(395,054)	$ -	$11,202,112

Major additions for the year are machinery and equipment for various departments of $512,787.

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 $7,730,000. 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. A county-wide revaluation of property was conducted in 2006 to reflect the true economic growth rate the county has been experiencing.

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:

Ted Rumley, County Executive
Dade County Commission
P.O. Box 613
Trenton, Georgia 30752
706-657-4625

(Continued)

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
71 Case Avenue
Trenton, Georgia 30752

DADE COUNTY, GEORGIA

STATEMENT OF NET ASSETS

DECEMBER 31, 2008

	Governmental Activities	Component Unit
ASSETS		
Cash	$ 6,571,943	$ 313,190
Property taxes receivable, net	1,102,041	-
Due from other governments	3,729,852	23,416
Inventory	24,845	416
Other assets	112,084	-
Other receivables	427,967	654
Non-depreciable capital assets	790,449	-
Capital assets, net of accumulated depreciation	10,411,663	-
Total assets	$ 23,170,844	$ 337,676
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	$ 438,015	$ 1,027
Due to other governments	-	11,924
Bonds payable - due in one year	1,230,000	-
Bonds payable - due in more than one year	6,500,000	-
Notes payable - due in one year	65,635	-
Notes payable - due in more than one year	69,539	-
Premium on bonds payable	22,925	-
Compensated absences payable	196,999	14,863
Total liabilities	8,523,113	27,814
NET ASSETS		
Invested in capital assets, net of related liabilities	3,336,938	-
Restricted for grants	150,422	-
Unrestricted	11,160,371	309,862
Total net assets	14,647,731	309,862
Total liabilities and net assets	$ 23,170,844	$ 337,676

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

DADE COUNTY, GEORGIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2008

		Program Revenues		
	Expenses	Charges for Services and Fines	Operating Grants and Contribution	Capital Grants and Contribution
GOVERNMENTAL ACTIVITIES				
General government	$ 2,762,924	$ 570,734	28,230	$ -
Public safety	4,832,900	647,057	109,483	-
Highways and roads	634,683	-	118,756	-
Sanitation	430,994	-	-	-
Health	188,241	-	-	-
Welfare	278,070	-	-	-
Culture and recreation	335,374	-	-	-
Interest on long-term debt	112,013	-	-	-
Total primary government	$ 9,575,199	$ 1,217,791	$ 256,469	$ -
Component unit	$ 490,338	$ 178,903	$ 162,761	$ -
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**
$ (2,163,960)	
(4,076,360)	
(515,927)	
(430,994)	
(188,241)	
(278,070)	
(335,374)	
(112,013)	
(8,100,939)	
	(148,674)
2,927,438	
4,482,621	
165,555	
938,150	
-	148,350
36,251	6,096
674,851	132
9,224,866	154,578
1,123,927	5,904
13,523,804	303,958
$ 14,647,731	$ 309,862

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

DADE COUNTY, GEORGIA

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2008

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash	$ 1,223,083	$ 5,348,860	$ 6,571,943
Property taxes receivable, net	1,102,041	-	1,102,041
Due from other funds	153,507	-	153,507
Due from other governments	301,817	378,034	679,851
Inventory	24,845	-	24,845
Other receivables	271,204	3,257	274,461
Total assets	$ 3,076,497	$ 5,730,151	$ 8,806,648
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	$ 346,159	$ 32,210	$ 378,369
Due to other funds	-	-	-
Deferred property tax revenue	327,253	-	327,253
Total liabilities	673,412	32,210	705,622
FUND BALANCES			
Reserved for grants	150,422	-	150,422
Unreserved	2,252,663	5,697,941	7,950,604
Total fund balances	2,403,085	5,697,941	8,101,026
Total liabilities and fund balances	$ 3,076,497	$ 5,730,151	$ 8,806,648

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, 2008

Amounts reported for governmental activities in the statement of net assets are different because:		
Fund balance		$ 8,101,026
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds		327,253
Long-term assets receivable from other governments are not due the related long-term liability is due and payable		3,050,000
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net assets. This item consists of the following:		
General obligation bonds	$ 7,730,000	
Add: original issue premiums	22,925	
Subtract: orginal bond costs	(112,084)	
Notes payable	135,174	
Compensated absences	196,999	
	7,973,014	
Accrued interest payable	59,646	
		(8,032,660)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		11,202,112
Net assets of governmental activities		$ 14,647,731

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, 2008

	General	Capital Projects	Total Governmental Funds
REVENUES			
Taxes	$ 5,978,050	$ 2,490,022	$ 8,468,072
Intergovernmental revenues	256,469	-	256,469
Charges for services	570,734	-	570,734
Fines and forfeitures	647,056	-	647,056
Miscellaneous	652,632	58,472	711,104
Total revenues	8,104,941	2,548,494	10,653,435
EXPENDITURES:			
Current:			
General government	2,006,991	-	2,006,991
Public safety	4,622,548	-	4,622,548
Highways and streets	88,938	-	88,938
Sanitation	478,290	-	478,290
Health	185,894	-	185,894
Welfare	268,294	-	268,294
Culture and recreation	253,654	-	253,654
Debt service:			
Principal	-	1,275,494	1,275,494
Interest	-	49,101	49,101
Capital outlay:			
General government	-	619,095	619,095
Public safety	-	129,542	129,542
Highways and streets	-	352,537	352,537
Sanitation	-	1,083	1,083
Total expenditures	7,904,609	2,426,852	10,331,461
Excess (deficiency) of revenues over (under) expenditures	200,332	121,642	321,974
Other financing sources (uses)			
Bond proceeds	-	3,357,575	3,357,575
Note proceeds	-	100,299	100,299
Transfers in	100,299	44,185	144,484
Transfers out	(44,185)	(100,299)	(144,484)
Total other financing services and uses	56,114	3,401,760	3,457,874
Net change in fund balances	256,446	3,523,402	3,779,848
FUND BALANCE - beginning of year	2,146,639	2,174,539	4,321,178
FUND BALANCE - end of year	$ 2,403,085	$ 5,697,941	$ 8,101,026

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, 2008

Amounts reported for governmental activities in the statement of activities on page 14 are different because:		
Net change in fund balances – total governmental funds	$	321,974
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of net assets		580,144
Depreciation expense on governmental capital assets are included in the governmental activities in the statement of activities		(975,198)
Certain items reported 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		(61,267)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		45,692
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. Also, governmental funds report the effect of premiums and deferred amount on refundings when debt is first used, whereas these amounts are deferred and amortized in the statement of activities. The amount is the net effect of these differences in the treatment on long-term debt and related items.		(2,245,292)
Change in net assets of governmental activities	$	(2,333,947)

DADE COUNTY, GEORGIA

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

YEAR ENDED DECEMBER 31, 2008

	Budgeted Amounts		Actual Amounts	Variance to Final Budget - Over/ (Under)
	Original	Final		
Revenues				
Taxes –				
Financial institution tax	$ 9,000	$ 9,000	$ 18,493	$ 9,493
Insurance premium tax	670,000	670,000	656,931	(13,069)
Intangible tax	130,000	130,000	96,680	(33,320)
Malt beverage/wine tax	160,000	160,000	165,555	5,555
Motor vehicle tags	240,000	240,000	311,617	71,617
Property taxes	2,824,000	2,824,000	2,570,129	(253,871)
Real estate transfer tax	28,000	28,000	19,975	(8,025)
State railroad tax	10,000	10,000	4,124	(5,876)
State sales tax	2,310,000	2,310,000	1,992,601	(317,399)
State of Georgia, TVA in lieu of tax	170,000	170,000	116,945	(53,055)
Other taxes	1,400	1,400	25,000	23,600
Total taxes	6,552,400	6,552,400	5,978,050	(574,350)
Intergovernmental revenues –				
Department of Transportation grants	75,500	75,500	118,755	43,255
Other grants	74,500	140,065	137,714	(2,351)
Total intergovernmental revenues	150,000	215,565	256,468	40,904
Charges for services –				
Electrical inspections	12,000	12,000	8,707	(3,293)
Inmate housing	80,000	80,000	107,332	27,332
E-911 access fees	250,000	285,000	266,006	(18,994)
Recycling sales	25,000	25,000	42,060	17,060
Transfer station fees	160,000	160,000	144,563	(15,437)
Erosion control fee	24,000	24,000	-	(24,000)
Recreation activity fees	25,000	25,000	2,066	(22,934)
Total charges for services	576,000	611,000	570,734	(40,266)

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, 2008

	Budgeted Amounts		Actual Amounts	Variance to Final Budget - Over/ (Under)
	Original	Final		
Fines and forfeitures –				
Superior Court	$ 354,000	$ 354,000	$ 346,681	$ (7,319)
Probate Court	228,000	228,000	195,554	(32,446)
Magistrate Court	60,000	60,000	49,048	(10,952)
Juvenile Court	7,000	7,000	5,670	(1,330)
Fines for jail staffing, operations	-	-	50,103	50,103
Total fines and forfeitures	649,000	649,000	647,056	(1,944)
Miscellaneous revenues –				
Communication fees	15,000	15,000	20,655	5,655
Drug awareness	-	-	51,938	51,938
Interest	4,000	4,000	3,054	(946)
Miscellaneous	255,600	416,000	403,186	(12,814)
Rents	128,000	128,000	136,140	8,140
Sale of surplus equipment	30,000	45,000	20,212	(24,788)
Victim's assistance	-	-	17,447	17,447
Total miscellaneous revenues	432,600	608,000	652,633	44,633
Total revenues	8,360,000	8,635,965	8,104,941	(531,024)
Expenditures				
General government –				
Administrative	856,500	1,068,900	754,718	(314,182)
Tax Commissioner	312,000	312,000	297,049	(14,951)
Extension	60,000	65,000	58,996	(6,004)
Soil conservation	37,700	37,700	37,650	(50)
Registrars	155,900	195,900	196,197	297
Tax Assessor	347,000	347,000	288,941	(58,059)
Building maintenance	175,000	175,000	151,694	(23,306)
Planning and development	78,000	66,000	60,486	(5,514)
Courts and administration	60,000	60,000	48,408	(11,592)
Maintenance shop	140,100	130,100	112,852	(17,248)
Total general government	2,222,200	2,457,600	2,006,991	(450,609)

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, 2008

	Budgeted Amounts		Actual Amounts	Variance to Final Budget - Over/ (Under)
	Original	Final		
Highways and streets	$ 471,300	$ 471,300	$ 88,938	$ (382,362)
Sanitation	522,400	522,400	478,290	(44,110)
Health	173,500	173,500	185,894	12,394
Welfare –				
Welfare	34,700	50,500	47,536	(2,964)
Public transportation	162,000	141,200	160,328	19,128
Economic development	64,000	64,000	60,430	(3,570)
Total welfare	260,700	255,700	268,294	12,594
Public safety –				
Sheriff	1,598,000	1,688,465	1,780,961	92,496
Fire	149,000	189,800	137,391	(52,409)
Jail	1,075,000	1,075,000	1,028,398	(46,602)
Animal control	4,000	14,000	2,407	(11,593)
Ambulance	130,000	180,800	229,405	48,605
Coroner	17,000	17,000	20,172	3,172
District Attorney	81,000	81,000	75,994	(5,006)
Public Defender	78,600	78,600	73,597	(5,003)
Communications	558,000	589,000	538,018	(50,982)
Superior Court	330,000	330,000	290,054	(39,946)
Probate Court	241,500	241,500	212,363	(29,137)
Magistrate Court	141,000	141,000	137,844	(3,156)
Juvenile Court	64,800	73,700	79,096	5,396
Emergency management	24,000	25,100	16,848	(8,252)
Total public safety	4,491,900	4,724,965	4,622,548	(102,417)
Culture and recreation –				
Library	74,000	74,000	75,719	1,719
Senior center	19,000	23,500	26,279	2,779
Recreation	181,500	174,500	151,656	(22,844)
Total culture and recreation	274,500	272,000	253,654	(18,346)
Total expenditures	8,416,500	8,877,465	7,904,609	(972,856)

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, 2008

	Budgeted Amounts		Actual Amounts	Variance to Final Budget - Over/ (Under)
	Orignal	Final		
Excess of revenues over expenditures	$ (56,500)	$ (241,500)	$ 200,332	$ 441,832
Other financing sources (uses)				
Miscellaneous expenses	(338,500)	(103,500)	-	103,500
Transfer to/from Capital Projects Fund	345,000	345,000	56,114	(288,886)
Excess of revenues and other sources over expenditures and other uses		$ -	256,446	$ 256,446
Fund balance - beginning of year			2,146,639	
Fund balance - end of year			$ 2,403,085	

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

DADE COUNTY, GEORGIA

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

December 31, 2008

	Private Purpose Trust Funds	Agency Funds
Assets		
Cash	$ 92,375	$ 3,318,197
Restricted cash	71,730	-
Property taxes receivable	-	1,904,549
Total assets	$ 164,105	$ 5,222,746
Liabilities		
Payables to other governments	$ 61,025	$ 3,921,370
Other payables	3,624	1,301,376
Total liabilities	64,649	5,222,746
Net Assets		
Held in trust for others	99,456	-
Total liabilities and net assets	$ 164,105	$ 5,222,746

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, 2008

	Private Purpose Trust Funds
Additions	
Proceeds from court fines	$ 9,228
Sales of commissary goods	76,898
Interest	2,682
Total additions	88,808
Deductions	
Supplies purchased for library	2,318
Supplies purchased for jail commissary	64,014
Total deductions	66,332
Change in Net Assets	22,476
Net assets at beginning of year	76,980
Net assets at end of year	$ 99,456

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, 2006, 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.

(Continued)

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, 71 Case Avenue, Trenton, Georgia 30752.

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

Primary Health Care of Dade County
The Development Authority of Dade County
Dade County Industrial Development Authority
Dade County Department of Family and Children's Services
Hutcheson Medical Center, Inc.

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

(Continued)

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.

(Continued)

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.

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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Inventories. Inventories are valued at cost, which approximates market value using the first-in, first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The costs are recorded as expenditures at the time individual inventory items are used (consumption method).

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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Lien date	January 1, 2008
Levy date	October 1, 2008
Tax bills mailed	October 18, 2008
Payment due dates	October 20 through December 20, 2008
Delinquency date	December 21, 2008

The County-wide tax rate for the 2008 levy year was $19.10 per $1,000 of assessed value which includes the separately assessed County school tax of $12.42, the County government rate of $6.43 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, 2008 was $45,827.

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:

	Useful Life
Building, improvements, parks and playgrounds	10-50 years
Infrastructure	50 years
Equipment	5-20 years
Vehicles	8 years

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Obligations. In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Similarly, long-term debt and other obligations of the County are recorded as liabilities in the appropriate fund. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net to the applicable bond premium or discount. Bond issuance costs are reported as deferred charged and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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, 2008, the carrying amount of the County's deposits was $6,571,943 and the bank balance was $6,887,067. 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, 2008, is as follows:

	Balance January 1, 2008	Additions	Retirements	Balance December 31, 2008
Governmental activities:				
Non-depreciable assets				
Land	$ 715,036	$ -	$ -	$ 715,036
Construction-in-process	49,624	25,789	-	75,413
Total non-depreciable assets	764,660	25,789	-	790,449
Depreciable assets				
Buildings and improvements	7,610,683	-	-	7,610,683
Machinery and equipment	5,945,378	512,787	-	6,458,165
Roads, bridges and other infrastructure	3,864,507	35,141	-	3,899,648
Parks and playgrounds	1,029,422	6,427	-	1,035,849
Total depreciable assets	18,449,990	554,355	-	19,004,345
Less: accumulated depreciation for:				
Buildings and improvements	1,545,538	222,278	-	1,767,816
Machinery and equipment	4,846,359	558,805	-	5,405,164
Roads, bridges and infrastructure	287,192	121,389	-	408,581
Parks and playgrounds	938,395	72,726	-	1,011,121
Total accumulated depreciation	7,617,484	975,198	-	8,592,682
Total depreciable assets	10,832,506	(420,843)	-	10,411,663
Capital assets, net	$11,597,166	$ (395,054)	$ -	$11,202,112

Depreciation expense is charged to functions as follows:

Primary Government - Governmental Activities:	
General government	$ 169,282
Public safety	424,020
Highways and streets	193,208
Sanitation	53,003
Health	2,346
Welfare	10,552
Culture and recreation	122,787
	$ 975,198

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 2008 were $133,290, of which $43,976 was by the County. The Plan incurred a net loss in fair value of investment of $147,874. For the year ended December 31, 2008, the total payroll covered by this plan was $3,623,157. Participating employees totaled 48 as of December 31, 2008.

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%.

General obligation bonds also consist of a 2008 sales tax bond for the purpose of funding capital improvements. The original amount of issue was $6,500,000 and is due in annual principal installments of $1,005,000 to $1,170,000 through November 2015 with interest rates ranging from 4.00% to 5.00%.

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

	Principal	Interest	Total
2009	$1,230,000	$ 316,395	$1,546,395
2010	1,005,000	285,713	1,290,713
2011	1,030,000	245,512	1,275,512
2012	1,060,000	204,313	1,264,313
2013	1,100,000	161,912	1,261,912
2014	1,135,000	112,413	1,247,413
2015	1,170,000	58,500	1,228,500
	$7,730,000	$1,384,758	$9,114,758

Interest expense for 2008 charged to general government expense was $112,014.

(Continued)

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

Capital Lease Payable

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 4 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%.

On January 21, 2008 the County entered into a capital lease agreement with Ford Motor Credit Company to purchase equipment. The County is obligated under the agreement to repay the lease in installments consisting of principal repayments and interest payable annually for a 3 year term in certain amounts and on certain dates as specified in the agreement. The equipment 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 equipment through the lease in the amount of $65,141 at an interest rate of 5.25%.

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

2009	$ 65,635
2010	69,539
	135,174
Less imputed interest	12,181
Present value of minimum future lease payments	$122,993

Changes in long-term liabilities. During the year ended December 31, 2008, 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	$2,430,000	$6,500,000	$1,200,000	$7,730,000	$1,230,000
Note payable	110,369	100,299	75,494	135,174	65,635
Compensated absences	135,732	61,267	-	196,999	-
	$2,676,101	$6,661,566	$1,275,494	$8,062,173	$1,295,635

(Continued)

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

Debt service requirements for general obligation bonds, notes payable and other debt are met by the General Fund and Capital Projects. Compensated absences are liquidated by the General Fund.

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.

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.

(Continued)

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.

(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.

(Continued)

NOTE 8 – RISK MANAGEMENT (Continued)

(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.

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.

(Continued)

NOTE 8 – RISK MANAGEMENT (Continued)

- 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, 2004, and is to remain in effect for twenty (20) calendar quarters or until the $12,275,000 is exceeded, whichever occurs first. As of December 31, 2007, the Commission approved revised costs, with a maximum cost of $12,275,000, for the projects as follows: County sewer projects - $1,014,564; City of Trenton - $2,000,000; fire equipment and hydrants - $812,359; Sheriff's department equipment - $360,000; Library - $540,000; Justice Building addition - $2,117,694; County Courthouse renovations - $250,000; Recreational projects - $1,230,907; County equipment purchases - $990,311; and County roads, streets and bridges - $2,959,165.

(continued)

NOTE 9 – IMPOSITION OF SPECIAL LOCAL OPTION SALES TAX (continued)

The County passed a new special one percent (1%) retail sales and use tax on July 15, 2008, to be collected within Dade County for the purpose of financing certain capital outlay projects. A maximum cost of $18,000,000 for the projects are as follows: (i) Dade County road, street, and bridge purposes, which purposes may include sidewalks, bicycle paths and capital equipment; acquiring, constructing, and equipping a new court facility, including any necessary capital costs for the relocation of governmental offices or services; public safety facilities and equipment including fire department, mountain rescue, emergency 911, and other county emergency services; installation of new water lines and fire hydrants by the Dade County Water and Sewer Authority; vehicles and equipment for the road department, sheriff's department, recreation department, and the extension agency; adding to, remodeling and renovating county facilities and acquiring any property, both real and personal, and equipment necessary including the transfer station, county jail, recreation facilities, animal control, the old courthouse, a community building at Davis, a walking track at New Home; and, purchasing new books, computers and other technology for the Dade County Library, (ii) for the Dade County Industrial Development Authority, acquisition of land and construction of related infrastructure for future industrial development, and (iii) for the City of Trenton, public safety facilities, vehicles and equipment for police and fire departments; equipment and renovation of facilities for waste water treatment and utilities; road, street, and bridge purposes, which purposes may include sidewalks, bicycle paths and capital equipment; new construction, renovations and equipment for parks and recreation; city animal control facilities and renovations and equipment for city hall and city administration. The tax will begin July 1, 2009, and is to remain in effect for twenty-four (24) calendar quarters for until the $18,000,000 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, 2008, the County paid $14,414 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, 2008, are as follows:

2009	$ 131,940
2010	131,940
2011	131,940
2012	131,940
Thereafter	527,760
Total	$1,055,520

Rental revenue received for the year ended December 31, 2008 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.

Receivable Primary Government	Payable Primary Government	Amount
General	Tax Commissioner	$ 67,101
General	Superior Court	68,030
General	Juvenile Court	304
General	Magistrate Court	2,495
General	Probate Court	15,577
		$ 153,507

DADE COUNTY, GEORGIA

SCHEDULE OF PROPERTY TAX RATES

EACH OF THE LAST FIVE YEARS (UNAUDITED)

FOR EACH OF THE FIVE YEARS ENDED DECEMBER 31, 2008

Tax Year	Tax Status	State of Georgia	Dade County	Dade County School Board	Total
2008	Unincorporated	$ .25	$ 6.43	$12.42	$19.10
	Incorporated	.25	8.19	12.42	20.86
2007	Unincorporated	.25	6.48	12.50	19.23
	Incorporated	.25	8.28	12.50	21.03
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

DADE COUNTY, GEORGIA

SCHEDULE OF OUTSTANDING BONDS (UNAUDITED)

GENERAL LONG-TERM DEBT

DECEMBER 31, 2008

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
2009	October 1, 2009	$1,230,000	$ 29,889	$1,259,889
		$1,230,000	$ 29,889	$1,259,889

Bond: General Obligation Sales Tax Bonds, Series 2008

Bond Date: October 30, 2008

Total Issue: $6,500,000

Interest Rate: 4.00% - 5.00%

Year Ending December 31	Maturity Date	Note Principal	Interest Due May 1 and November 1	Total Annual Cost
2009	November 1, 2009	$ -	$ 286,506	$ 286,506
2010	November 1, 2010	1,005,000	285,713	1,290,713
2011	November 1, 2011	1,030,000	245,513	1,275,513
2012	November 1, 2012	1,060,000	204,312	1,264,312
2013	November 1, 2013	1,100,000	161,913	1,261,913
2014	November 1, 2014	1,135,000	112,412	1,247,412
2015	November 1, 2015	1,170,000	58,500	1,228,500
		$6,500,000	$1,354,869	$7,854,869

DADE COUNTY, GEORGIA

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

YEAR ENDED DECEMBER 31, 2008

2003 REFERENDUM

Project	Original Estimated Costs	Revised Estimated Costs	Prior Year Expenditures	Current Year Expenditures	Total Expenditures	Completion Percentage
Sheriff -- vehicles/ equipment	$ 360,000	$ 360,000	$ 360,000	$ -	$ 360,000	100%
E-911 – equipment	150,000	241,823	241,823	-	241,823	100
City of Trenton	2,000,000	2,000,000	1,184,664	402,973	1,587,637	79
Courthouse renovation	250,000	250,000	46,955	-	46,955	19
Justice building	2,000,000	2,117,694	391,960	46,301	438,261	21
Library – facility renovation	540,000	540,000	4,079	5,940	10,019	2
Recreation -- facilities/ fields	1,100,000	1,230,908	1,230,908	-	1,230,908	100
Sanitation	150,000	145,459	145,459	-	145,459	100
Vehicle maintenance	300,000	101,614	101,614	-	101,614	100
County sewer	1,000,000	1,014,564	1,014,564	-	1,014,564	100
County roads, streets and bridges	3,050,000	2,959,165	2,244,070	537,303	2,781,373	94
Public works	500,000	501,414	501,414	-	501,414	100
Fire equipment	875,000	812,359	703,734	108,625	812,359	100
Total	$12,275,000	$12,275,000	$8,171,244	$1,101,142	$9,272,386	

DADE COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED DECEMBER 31, 2008

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		$ 118,756
U.S. Department of Agriculture – Soil and Waste Conservation Grant	10.902		27,230
U.S. Federal Emergency Management Agency – Passed-through Georgia Emergency Management agency Emergency Services	97.004		75,465
U.S. Department of Justice – Juvenile Accountability Incentive Block Grants	16.523	04B-ST-0001 05B-ST-0001	14,653
Total federal assistance			236,104
STATE ASSISTANCE			
Association County Commissioners of Georgia – Health Promotion & Wellness Incentive Grant			1,000
Criminal Justice Coordination Council – Lookout Mountain Judicial Circuit Drug Task Force Grant			19,365
Total state assistance			20,365
Total federal and state assistance			$ 256,469

DADE COUNTY, GEORGIA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

DECEMBER 31, 2008

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.

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, 2008, with requirements to use grant proceeds solely for the purpose for which the grant was made for the following grant awards:

Association County Commissioners of Georgia – Health Promotion & Wellness Incentive Grant
Criminal Justice Coordination Council – Lookout Mountain Judicial Circuit Drug Task Force Grant

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 attestation 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, 2008, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Georgia Department of Audits and Accounts and the State grantor agency identified on the Grant Certification Form and is not intended to be and should not be used by anyone other than the specified parties.

Chattanooga, Tennessee
May 29, 2009

Henderson Hutcherson & McCullough, PLLC

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

A	Local Government	Dade County, Georgia
B	State Awarding Agency	Association County Commissioners of Georgia
C	Grant Identification Number	N/A
D	Grant Title	Health Promotion & Wellness Incentive Grant
E	Grant Award Date	March 24, 2008
F	Grant Amount	$1,000.00

		COLUMN 1 **Current Year Activity** For the Year Ended: December 31, 2008	COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: December 31, 2008
G	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$0.00	
H	Grant Receipts or Revenue Recognized	$1,000.00	$1,000.00
I	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$0.00	$0.00
J	Disbursements or Expenditures for Audit Fees	$0.00	$0.00
K	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$1,000.00	$1,000.00

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.

Signature of Chief Elected Official Jerry Rumley Date June-23-09

Signature of Chief Financial Officer [signature] Date 6-18-09

State of Georgia Grant Certification Form
Local Government Recipient (with no subrecipient)

A	Local Government	Dade County, Georgia
B	State Awarding Agency	Criminal Justice Coordination Council
C	Grant Identification Number	B07-8-027
D	Grant Title	Lookout Mountain Judicial Circuit Drug Task Force Grant
E	Grant Award Date	October 2, 2008
F	Grant Amount	$19,365.00

		COLUMN 1 **Current Year Activity** For the Year Ended: December 31, 2008	COLUMN 2 **Cumulative Grant Activity** Through the Year Ended: December 31, 2008
G	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$0.00	
H	Grant Receipts or Revenue Recognized	$19,365.00	$19,365.00
I	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$19,365.00	$19,365.00
J	Disbursements or Expenditures for Audit Fees	$0.00	$0.00
K	Balance - Current Year (Cash or Accrued or Deferred Revenue) [Line H (col 1 only) + Line I - Line J - Line K]	$0.00	$0.00

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.

Signature of Chief Elected Official Jack M Ramsey Date June-23-09

Signature of Chief Financial Officer [signature] Date 6-18-09

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, 2008, which collectively comprise Dade County, Georgia's basic financial statements, and have issued our report thereon dated May 29, 2009. We did not audit the financial statements of the Dade County Health Department (a component unit) whose statements reflect total assets of $337,676 and total net assets of $309,862 as of June 30, 2008, and total revenues of $496,242 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 item 08.1.

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 item 08.1 to be a material weakness.

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 08.1.

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
May 29, 2009

Henderson Hutcherson & McCullough, PLLC

DADE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED DECEMBER 31, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS

08.1 Condition: Schedules of cash, accounts receivable, and accounts payable did not agree to the general ledger. Bank statements had not been reconciled as of year end.

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: Due to turnover of personnel in the main office, during calendar year 2008, those performing accounting duties have not had training in basic bookkeeping and accounting.

Effect: Although many journal entries were made throughout the year, 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 personnel in the main office be trained in basic bookkeeping and accounting courses. 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: Beginning in 2009, a newly-elected County Executive took office. We will be periodically monitoring the status of the reconciliations and schedules. We will also pursue accounting education for the staff. If the budget allows, the hiring of additional staff may also be necessary.

DADE COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED DECEMBER 31, 2008

FINDINGS FROM DECEMBER 31 2007

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

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 still did not agree to the general ledger.