DADE COUNTY, GEORGIA

FINANCIAL STATEMENTS

JUNE 30, 2010

HENDERSON HUTCHERSON & McCULLOUGH, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

DADE COUNTY, GEORGIA

INDEX

JUNE 30, 2010

	PAGE
INTRODUCTORY SECTION	
COUNTY OFFICIALS	1
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	2-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4-11
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS –	
STATEMENT OF NET ASSETS	12
STATEMENT OF ACTIVITIES	13-14
FUND FINANCIAL STATEMENTS –	
BALANCE SHEET – GOVERNMENTAL FUNDS	15
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS	16
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS	17
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	18
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GAAP BASIS - GENERAL FUND	19-22
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GAAP BASIS – SPECIAL REVENUE FUND	23
STATEMENT OF FIDUCIARY NET ASSETS – FIDUCIARY FUNDS	24
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS – FIDUCIARY FUNDS	25
NOTES TO FINANCIAL STATEMENTS	26-42
SUPPLEMENTAL DATA SECTION	
SCHEDULE OF PROPERTY TAX RATES – EACH OF THE LAST FIVE YEARS (UNAUDITED)	43

(Continued)

DADE COUNTY, GEORGIA

INDEX

JUNE 30, 2010

SCHEDULE OF OUTSTANDING BONDS 44

SCHEDULE OF CAPITAL PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX 45

COMPLIANCE AND INTERNAL CONTROL SECTION

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS 46-47

INDEPENDENT AUDITORS' REPORT ON STATE OF GEORGIA GRANT CERTIFICATION FORMS 48

GRANT CERTIFICATION FORM 49-52

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* 53-54

SCHEDULE OF FINDINGS AND RESPONSES 55

SCHEDULE OF PRIOR YEAR FINDINGS 56

DADE COUNTY, GEORGIA

COUNTY OFFICIALS

JUNE 30, 2010

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 six months ended June 30, 2010, 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 $336,642 and total net assets of $314,106 as of June 30, 2010, and total revenues of $497,269 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us and our opinions, 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 opinions.

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 June 30, 2010, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and special revenue fund for the six months 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 1, 2011, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 43 through 44 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 45 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 1, 2011

Henderson Hutcherson & McCullough, PLLC

DADE COUNTY, GEORGIA

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

SIX MONTHS ENDED JUNE 30, 2010

This section of Dade County's annual financial report presents a narrative overview and analysis of the County's financial performance for the six months ended June 30, 2010. 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 reporting model required under Governmental Accounting Standards during fiscal year 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 period. 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 three 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, capital projects fund and the special revenue fund, all of which are considered to be major funds. The County adopts an annual budget for all three 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 coverage and about the value of property supporting the County's tax base and the enacted rates for the past several years.

Change in fiscal year end. The County changed its fiscal year end from December 31 to June 30 during the current fiscal year. The financial statements for the current period include the activity from January 1, 2010 to June 30, 2010.

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 $13,686,093 at the close of the most recent fiscal period. 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	
	June 30, 2010	**December 31, 2009**
Current and other assets	$ 7,116,443	$ 9,429,602
Capital assets	14,546,064	12,900,565
Total assets	$ 21,662,507	$ 22,330,167
Liabilities		
Other	$ 1,911,398	$ 1,550,925
Long-term	6,065,016	6,073,734
Total liabilities	7,976,414	7,624,659
Net assets		
Invested in capital assets, net of related debt	7,438,401	5,744,613
Restricted	150,422	150,422
Unrestricted	6,097,270	8,810,473
Total net assets	13,686,093	14,705,508
Total liabilities and net assets	$ 21,662,507	$ 22,330,167

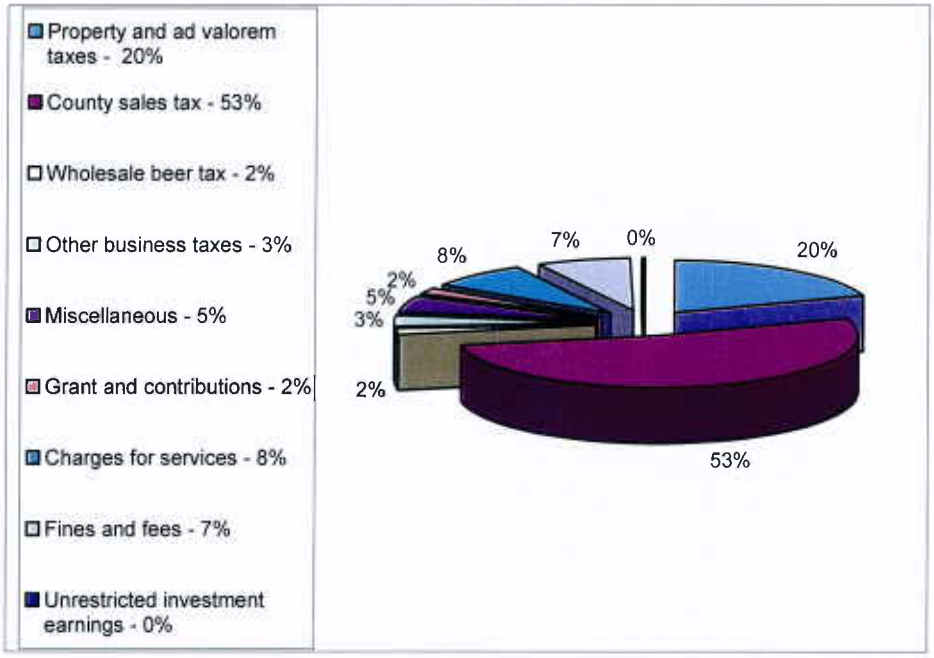
Changes in net assets. For the six months ending June 30, 2010, net assets of the County decreased 6.76% or $1,019,415.

Due to the change in the year end from December 31 to June 30 and the timing of collection and recognition of revenue, the change in net assets for the six-month period was expected to be a decrease.

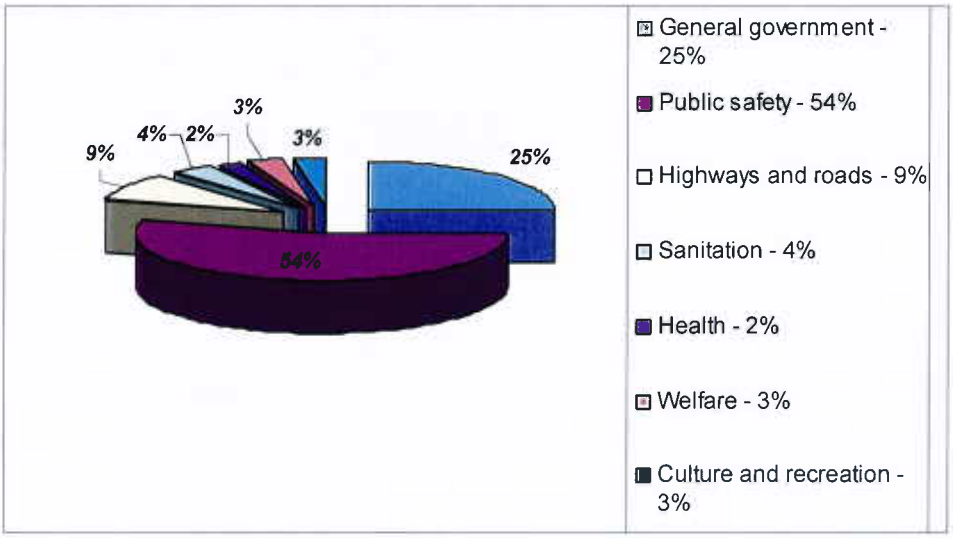
At the end of the current period, Dade County, Georgia is able to report a positive balance in net assets.

The graphs below summarize the sources of the County's revenues of $3,907,545 and total program expenses of $4,926,960.

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	
	Six Months Ended June 30, 2010	**Year Ended December 31, 2009**
REVENUES		
Program revenues		
Charges for services	$ 313,030	$ 648,307
Grants	74,817	149,049
Fines and fees	292,431	591,303
General revenues		
Property and ad valorem taxes	770,576	2,752,043
County sales tax	2,037,712	3,897,859
Wholesale beer tax	77,947	171,461
Other business taxes	131,711	931,360
Miscellaneous	193,699	361,003
Investment income	15,622	41,220
Total revenue	3,907,545	9,543,605
EXPENSES		
General government	1,080,593	2,374,243
Public safety	2,653,097	4,891,652
Highways and roads	450,010	705,166
Sanitation	190,791	394,405
Health	101,541	176,624
Welfare	146,467	282,738
Culture and recreation	138,318	292,417
Interest on long-term debt	166,143	368,583
Total expenses	4,926,960	9,485,828
Increase (decrease) in net assets	(1,019,415)	57,777
Net assets – beginning of period	14,705,508	14,647,731
Net assets – end of period	$ 13,686,093	$ 14,705,508

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 six months, its governmental funds reported a fund balance of $3,174,273. Ninety-five 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 $3,812,967 is the current fund balance held in the general fund. The decrease in general fund balance was $(1,194,660) a 23.36% decrease from the beginning of the fiscal period.

Special revenue fund. This fund separately accounts for all the revenues and costs incurred by the County's Emergency Communications District (E-911). The current fund balance of $(3,478,452) is a decrease from the beginning of the period of $(219,524) or 6.74%.

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 $2,839,758 is a decrease from the beginning of the period of $(1,058,816) or 27.16%. This decrease 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 decrease totaled $1,130,240 in appropriations.

Due to the change in the year end from December 31 to June 30 and the timing of collection and recognition of revenue, the change in fund balances for the six-month period was expected to be a decrease.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the six months, the County had $14,546,064, 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	7,751,803	9,073	-	7,760,876
Parks and playgrounds	856,179	-	-	856,179
Machinery and equipment	7,853,209	125,770	-	7,978,979
Infrastructure	3,899,648	104,084	-	4,003,732
Construction in process	675,455	2,145,888	-	2,821,343
	21,751,330	2,384,815	-	24,136,145
Accumulated depreciation	8,850,765	739,316	-	9,590,081
Total capital assets, net of accumulated depreciation	$12,900,565	$1,645,499	$ -	$14,546,064

Major additions for the six months are construction in progress for various departments of $2,145,888.

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.

As of June 30, 2010, Dade County, Georgia had total bonded debt outstanding of $6,500,000. 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 any 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

JUNE 30, 2010

	Governmental Activities	Component Unit
ASSETS		
Cash	$ 3,016,531	$ 323,163
Property taxes receivable, net	20,936	-
Due from other governments	3,744,307	13,001
Inventory	24,241	478
Other assets	75,285	-
Other receivables	235,143	-
Non-depreciable capital assets	3,536,379	-
Capital assets, net of accumulated depreciation	11,009,685	-
Total assets	$ 21,662,507	$ 336,642
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	$ 717,609	$ 180
Due to other governments	-	11,172
Bonds payable - due in one year	1,005,000	-
Bonds payable - due in more than one year	5,495,000	-
Notes payable - due in one year	188,789	-
Notes payable - due in more than one year	418,874	-
Premium on bonds payable	15,398	-
Compensated absences payable	135,744	11,184
Total liabilities	7,976,414	22,536
NET ASSETS		
Invested in capital assets, net of related liabilities	7,438,401	-
Restricted	150,422	-
Unrestricted	6,097,270	314,106
Total net assets	13,686,093	314,106
Total liabilities and net assets	$ 21,662,507	$ 336,642

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

DADE COUNTY, GEORGIA

STATEMENT OF ACTIVITIES

SIX MONTHS ENDED JUNE 30, 2010

		Program Revenues		
	Expenses	Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	$ 1,080,593	$ 313,030	$ 24,378	$ -
Public safety	2,653,097	292,431	5,250	-
Highways and roads	450,010	-	45,189	-
Sanitation	190,791	-	-	-
Health	101,541	-	-	-
Welfare	146,467	-	-	-
Culture and recreation	138,318	-	-	-
Interest on long-term debt	166,143	-	-	-
Total primary government	$ 4,926,960	$ 605,461	$ 74,817	$ -
Component unit (Year ended June 30, 2010)	$ 490,820	$ 198,855	$ 138,804	$ -
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 period				
Net assets, end of period				

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

Net (Expense) Revenue and Changes in Net Assets	
Governmental Activities	**Component Unit**
$ (743,185)	
(2,355,416)	
(404,821)	
(190,791)	
(101,541)	
(146,467)	
(138,318)	
(166,143)	
(4,246,682)	
	(153,161)
770,576	
2,037,712	
77,947	
131,711	
-	155,700
15,622	3,113
193,699	797
3,227,267	159,610
(1,019,415)	6,449
14,705,508	307,657
$ 13,686,093	$ 314,106

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

DADE COUNTY, GEORGIA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010

	General	Capital Projects	Special Revenue	Total Governmental Funds
ASSETS				
Cash	$ 533,492	$ 2,483,039	$ -	$ 3,016,531
Property taxes receivable, net	20,936	-	-	20,936
Due from other governments	308,577	385,726	-	694,303
Due from other funds	3,478,452	-	-	3,478,452
Inventory	24,241	-	-	24,241
Other receivables	235,143	-	-	235,143
Total assets	$ 4,600,841	$ 2,868,765	$ -	$ 7,469,606
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	$ 624,074	$ 29,007	$ -	$ 653,081
Due to other funds	-	-	3,478,452	3,478,452
Deferred property tax revenue	163,800	-	-	163,800
Total liabilities	787,874	29,007	3,478,452	4,295,333
FUND BALANCES				
Reserved	150,422	-	-	150,422
Unreserved	3,662,545	2,839,758	(3,478,452)	3,023,851
Total fund balances	3,812,967	2,839,758	(3,478,452)	3,174,273
Total liabilities and fund balances	$ 4,600,841	$ 2,868,765	$ -	$ 7,469,606

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

SIX MONTHS ENDED JUNE 30, 2010

Amounts reported for governmental activities in the statement of net assets are different		
Fund balance		$ 3,174,273
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds		163,803
Long-term assets receivable from other governments are not due until 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	$ 6,500,000	
Add: premiums	15,398	
Subtract: bond costs	(75,285)	
Notes payable	607,663	
Compensated absences	135,744	
	7,183,520	
Accrued interest payable	64,527	
		(7,248,047)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		14,546,064
Net assets of governmental activities		$ 13,686,093

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

SIX MONTHS ENDED JUNE 30, 2010

	General	Capital Projects	Special Revenue	Total Governmental Funds
REVENUES				
Taxes	$2,094,280	$1,132,059	$ -	$ 3,226,339
Intergovernmental revenues	74,817	-	-	74,817
Charges for services	185,597	-	127,433	313,030
Fines and forfeitures	292,431	-	-	292,431
Miscellaneous	192,810	16,511	-	209,321
Total revenues	2,839,935	1,148,570	127,433	4,115,938
EXPENDITURES:				
Current:				
General government	974,336	8,216	-	982,552
Public safety	1,817,189	57,990	265,800	2,140,979
Highways and streets	277,082	74,053	-	351,135
Sanitation	196,593	-	-	196,593
Health	100,524	-	-	100,524
Welfare	143,193	-	-	143,193
Culture and recreation	96,786	1,670	-	98,456
Debt service:				
Principal	-	48,290	-	48,290
Interest	-	142,401	-	142,401
Capital outlay:				
General government	29,750	2,074,571	-	2,104,321
Public safety	27,171	3,364	81,157	111,692
Highways and streets	26,357	126,175	-	152,532
Sanitation	594	6,000	-	6,594
Culture and recreation	1,895	7,781	-	9,676
Intergovernmental:				
City of Trenton	-	-	-	-
Total expenditures	3,691,470	2,550,511	346,957	6,588,938
Excess (deficiency) of revenues over (under) expenditures	(851,535)	(1,401,941)	(219,524)	(2,473,000)
Other financing sources (uses)				
Transfers in	-	343,125	-	343,125
Transfers out	(343,125)	-	-	(343,125)
Total other financing services (uses)	(343,125)	343,125	-	-
Net change in fund balances	(1,194,660)	(1,058,816)	(219,524)	(2,473,000)
FUND BALANCE - beginning of period	5,007,627	3,898,574	(3,258,928)	5,647,273
FUND BALANCE - end of period	$3,812,967	$2,839,758	$(3,478,452)	$ 3,174,273

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

SIX MONTHS ENDED JUNE 30, 2010

Amounts reported for governmental activities in the statement of activities on page 14 are different because:		
Net change in fund balances – total governmental funds		$ (2,473,000)
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of net assets, net of reclassifications and retirements		2,384,815
Depreciation expense on governmental capital assets are included in the governmental activities in the statement of activities		(739,315)
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		(8,070)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		(208,393)
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.		
Issue of new debt	-	
Principal paid on debt	48,290	
Amortization of bond premium and costs	(9,745)	
Accrued interest	(13,997)	
		24,548
Change in net assets of governmental activities		$ (1,019,415)

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

SIX MONTHS ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance to Final Budget - Over/ (Under)
	Original	Final		
Revenues				
Taxes –				
Financial institution tax	$ 20,000	$ 20,000	$ 12,663	$ (7,337)
Intangible tax	37,200	37,200	21,073	(16,127)
Malt beverage/wine tax	77,400	77,400	77,947	547
Motor vehicle tags	145,000	145,000	113,064	(31,936)
Property taxes	2,140,800	1,010,560	865,905	(144,655)
Real estate transfer tax	4,500	4,500	5,350	850
State railroad tax	5,000	5,000	-	(5,000)
State sales tax	850,000	850,000	905,653	55,653
State of Georgia, TVA in lieu of tax	91,500	91,500	92,625	1,125
Total taxes	3,371,400	2,241,160	2,094,280	(146,880)
Intergovernmental revenues –				
Department of Transportation grants	39,300	70,900	45,189	(25,711)
Other grants	19,825	19,825	29,628	9,803
Total intergovernmental revenues	59,125	90,725	74,817	(15,908)
Charges for services –				
Electrical inspections	3,390	3,390	3,000	(390)
Inmate housing	40,000	40,000	44,268	4,268
Recycling sales	12,000	12,000	18,665	6,665
Transfer station fees	80,000	80,000	70,326	(9,674)
Public works fees	5,400	5,400	5,147	(253)
Recreation activity fees	4,500	4,500	175	(4,325)
Utilities/fuel reimbursements	28,700	28,700	26,020	(2,680)
Board of Health fees	750	750	-	(750)
Board of Education fees	9,740	9,740	-	(9,740)
City of Trenton fees	2,360	2,360	8,375	6,015
Ambulance fees	-	-	7,932	7,932
Miscellaneous fees	2,620	2,620	1,689	(931)
Total charges for services	189,460	189,460	185,597	(3,863)

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

SIX MONTHS ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance to Final Budget - Over/ (Under)
	Original	Final		
Fines and forfeitures –				
Superior Court	$ 156,900	$ 156,900	$ 123,747	$ (33,153)
Probate Court	103,620	103,620	89,920	(13,700)
Magistrate Court	20,160	20,160	37,927	17,767
Juvenile Court	1,475	1,475	3,488	2,013
Fines for jail staffing, operations	8,000	8,000	37,349	29,349
Total fines and forfeitures	290,155	290,155	292,431	2,276
Miscellaneous revenues –				
Communication fees	20,000	20,000	14,479	(5,521)
Drug awareness	-	-	25,616	25,616
Note proceeds	30,000	30,000	-	(30,000)
Interest	3,000	3,000	2,673	(327)
Miscellaneous	10,090	11,190	49,479	38,289
Rents	69,270	69,270	69,370	100
Reimbursement of damaged property	6,000	6,000	20,148	14,148
Sale of surplus equipment	-	-	-	-
Victim's assistance	-	-	11,045	11,045
Total miscellaneous revenues	138,360	139,460	192,810	53,350
Total revenues	4,048,500	2,950,960	2,839,935	(111,025)
Expenditures				
General government –				
Administrative	350,700	350,700	307,616	(43,084)
Tax Commissioner	152,000	152,000	142,094	(9,906)
Extension	33,300	33,300	23,414	(9,886)
Soil conservation	20,100	20,100	19,301	(799)
Registrars	66,000	66,000	66,433	433
Tax Assessor	126,000	126,000	114,011	(11,989)
Building maintenance	212,000	212,000	212,801	801
Planning and development	31,700	31,700	32,820	1,120
Courts and administration	20,000	20,000	16,506	(3,494)
Maintenance shop	70,000	70,000	69,090	(910)
Total general government	1,081,800	1,081,800	1,004,086	(77,714)

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

SIX MONTHS ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance to Final Budget - Over/ (Under)
	Original	Final		
Highways and streets	$ 260,000	$ 260,000	$ 303,439	$ 43,439
Sanitation	226,000	226,000	197,187	(28,813)
Health	92,700	92,700	100,524	7,824
Welfare –				
Welfare	25,800	25,800	25,799	(1)
Public transportation	87,000	118,600	94,231	(24,369)
Economic development	22,000	22,000	23,163	1,163
Total welfare	134,800	166,400	143,193	(23,207)
Public safety –				
Sheriff	737,500	739,300	723,872	(15,428)
Fire	107,300	104,200	82,000	(22,200)
Jail	536,400	536,400	528,677	(7,723)
Animal control	9,000	9,000	2,882	(6,118)
Ambulance	58,500	58,500	54,515	(3,985)
Coroner	17,200	17,200	17,110	(90)
District Attorney	40,500	40,500	36,382	(4,118)
Public Defender	40,500	40,500	39,117	(1,383)
Superior Court	147,600	150,000	140,966	(9,034)
Probate Court	117,700	117,700	106,343	(11,357)
Magistrate Court	65,200	65,200	60,035	(5,165)
Juvenile Court	32,250	32,250	41,843	9,593
Community watch	-	-	1,933	1,933
Emergency management	12,500	12,500	8,685	(3,815)
Total public safety	1,922,150	1,923,250	1,844,360	(78,890)
Culture and recreation –				
Library	37,650	37,650	38,110	460
Senior center	7,900	7,900	7,814	(86)
Recreation	65,000	65,000	52,757	(12,243)
Total culture and recreation	110,550	110,550	98,681	(11,869)
Total expenditures	3,828,000	3,860,700	3,691,470	(169,230)

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

SIX MONTHS ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance to Final Budget - Over/ (Under)
	Orignal	Final		
Excess of revenues over (under) expenditures	$ 220,500	$ (909,740)	$ (851,535)	$ 58,205
Other financing sources (uses)				
Fund balance appropriation	-	1,130,240	-	(1,130,240)
Transfer to/from Capital Projects Fund	-	-	(343,125)	(343,125)
Excess of revenues and other sources over expenditures and other uses	$ 220,500	$ 220,500	(1,194,660)	$(1,415,160)
Fund balance - beginning of period			5,007,627	
Fund balance - end of period			$ 3,812,967	

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 - SPECIAL REVENUE FUND

SIX MONTHS ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance to Final Budget - Over/ (Under)
	Original	Final		
Revenues				
Charges for services –				
E-911 access fees	$ 139,500	$ 139,500	$ 127,433	$ (12,067)
Total charges for services	139,500	139,500	127,433	(12,067)
Total revenues	139,500	139,500	127,433	(12,067)
Expenditures				
Public safety –				
Communications	360,000	360,000	346,957	(13,043)
Total public safety	360,000	360,000	346,957	(13,043)
Total expenditures	360,000	360,000	346,957	(13,043)
Excess of revenues over expenditures	$ (220,500)	$ (220,500)	(219,524)	$ 976
Fund balance - beginning of period			(3,258,928)	
Fund balance - end of period			$(3,478,452)	

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

DADE COUNTY, GEORGIA

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2010

	Private Purpose Trust Funds	Agency Funds
Assets		
Cash	$ 115,746	$ 385,796
Restricted cash	103,729	-
Property taxes receivable	-	631,455
Total assets	$ 219,475	$ 1,017,251
Liabilities		
Payables to other governments	$ 60,149	$ 453,893
Other payables	3,624	563,358
Total liabilities	63,773	1,017,251
Net Assets		
Held in trust for others	155,702	-
Total liabilities and net assets	$ 219,475	$ 1,017,251

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

DADE COUNTY, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

SIX MONTHS ENDED JUNE 30, 2010

	Private Purpose Trust Funds
Additions	
Proceeds from court fines	$ 7,640
Sales of commissary goods	77,493
Interest	2,444
Total additions	87,577
Deductions	
Supplies purchased for library	3,520
Supplies purchased for jail commissary	45,583
Total deductions	49,103
Change in Net Assets	38,474
Net assets at beginning of period	117,228
Net assets at end of period	$ 155,702

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic 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 principles (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.

Special Revenue Fund. This fund accounts for the revenues and costs incurred by the County's Emergency Communications District (E-911). Separate accounting is required due to legal or regulatory provisions or administrative action.

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.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and special revenue 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 six months, Dade County did not utilize encumbrance accounting. Material commitments 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 June 30. 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, 2010
Levy date	October 1, 2010
Tax bills mailed	October 18, 2010
Payment due dates	October 20 through December 20, 2010
Delinquency date	December 21, 2010

The County-wide tax rate for the 2010 levy year was $19.65 per $1,000 of assessed value which includes the separately assessed County school tax of $12.92, the County government rate of $6.48 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 June 30, 2010 was $5,916.

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	5 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.

Change in fiscal year end. The County changed its fiscal year end from December 31 to June 30 during the current fiscal year. The financial statements for the current period include the activity from January 1, 2010 to June 30, 2010.

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 period, invested funds in certificate of deposits.

At June 30, 2010, the carrying amount of the County's deposits was $3,016,531 and the bank balance was $3,482,555. 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 six months ended June 30, 2010, is as follows:

	Balance January 1, 2010	Additions	Retirements	Balance June 30, 2010
Governmental activities:				
Non-depreciable assets				
Land	$ 715,036	$ -	$ -	$ 715,036
Construction-in-process	675,455	2,145,888	-	2,821,343
Total non-depreciable assets	1,390,491	2,145,888	-	3,536,379
Depreciable assets				
Buildings and improvements	7,751,803	9,073	-	7,760,876
Machinery and equipment	7,853,209	125,770	-	7,978,979
Roads, bridges and other infrastructure	3,899,648	104,084	-	4,003,732
Parks and playgrounds	856,179	-	-	856,179
Total depreciable assets	20,360,839	238,927	-	20,599,766
Less: accumulated depreciation for:				
Buildings and improvements	1,950,266	102,793	-	2,053,059
Machinery and equipment	5,466,340	183,994	-	5,650,334
Roads, bridges and infrastructure	529,970	419,473	-	949,443
Parks and playgrounds	904,189	33,056	-	937,245
Total accumulated depreciation	8,850,765	739,316	-	9,590,081
Total depreciable assets	11,510,074	(500,389)	-	11,009,685
Capital assets, net	$12,900,565	$ 1,645,499	$ -	$14,546,064

Depreciation expense is charged to functions as follows:

Primary Government - Governmental Activities:	
General government	$ 92,660
Public safety	476,025
Highways and streets	98,876
Sanitation	27,553
Health	1,017
Welfare	3,322
Culture and recreation	39,863
	$ 739,316

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 six months ended June 30, 2010 were $29,125, of which $12,177 was by the County. The Plan incurred a net loss in fair value of investment of $16,475. For the six months ended June 30, 2010, the total payroll covered by this plan was $1,692,557. Participating employees totaled 58 as of June 30, 2010.

NOTE 5 – CAPITAL PROJECTS FUND LONG-TERM OBLIGATIONS

General obligation bonds 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
2011	$1,005,000	$ 265,613	$1,270,613
2012	1,030,000	224,912	1,254,912
2013	1,060,000	183,113	1,243,113
2014	1,100,000	137,162	1,237,162
2015	1,135,000	85,456	1,220,456
2016	1,170,000	29,250	1,199,250
	$6,500,000	$ 925,506	$7,425,506

Interest expense for six months ended June 30, 2010 charged to general government expense was $166,143.

(Continued)

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

Capital Lease Payable

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%.

On January 15, 2009 the County entered into a capital lease agreement with Graybar Financial Services to purchase a phone system. 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 $82,372 at an interest rate of 3.82%.

On November 4, 2009 the County entered into a capital lease agreement with Baystone Financial Group 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 5 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 $647,179 at an interest rate of 4.89%.

On December 18, 2009 the County entered into a capital lease agreement with Toshiba Financial Services 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 1 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 $3,225 at an interest rate of 25.00%.

(Continued)

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

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

2011	$ 218,710
2012	161,387
2013	149,028
2014	149,028
	678,153
Less imputed interest	70,490
Present value of minimum future lease payments	$ 607,663

Changes in long-term liabilities. During the six months ended June 30, 2010, the following changes occurred in long-term liabilities:

Primary government – government to activities

	Balance Jan 1	Additions	Reductions	Balance June 30	Due Within One Year
General obligation bonds	$6,500,000	$ -	$ -	$6,500,000	$1,005,000
Note payable	655,952	-	48,289	607,663	188,789
Compensated absences	127,674	8,070	-	135,744	-
	$7,283,626	$ 8,070	$48,289	$7,243,407	$1,193,789

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.

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.

(Continued)

NOTE 8 – RISK MANAGEMENT (Continued)

(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.

(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 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 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 began on July 1, 2009, and is to remain in effect for twenty-four (24) calendar quarters or 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 period ended June 30, 2010, the County paid $11,366 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 June 30, 2010, are as follows:

2011	$131,940
2012	131,940
2013	131,940
2014	131,940
Thereafter	263,880
Total	$791,640

Rental revenue received for the six months ended June 30, 2010 was $69,370.

NOTE 12 – INTERFUND TRANSFERS

Transfers within the County are substantially for the purposes of subsidizing operating functions and funding capital projects and asset acquisition. Resources are accumulated in a fund or component unit to support and simplify the administration of various projects or programs. Interfund transfers are transactions between transferring funds out of one fund to support he operations of another fund.

Transfers in Primary Government	Transfers out Primary Government	Amount
Capital Projects	General Fund	$343,125

NOTE 13 – 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 an interfund receivable in the disbursing fund. On the governmental funds balance sheet, receivables and payables resulting form 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	Special Revenue	$3,478,452

NOTE 14 – RECLASSIFICATION

Certain amounts in prior year financial statements have been reclassified for comparative purposes to conform to presentation in the current six months financial statements. These reclassifications have no material impact on the financial statements.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the balance sheet date through the date of the auditor's report (the date the financial statements were available to be issued) for potential recognition or disclosure in the financial statements. Management has not identified any items requiring recognition or disclosure.

DADE COUNTY, GEORGIA

SCHEDULE OF PROPERTY TAX RATES

EACH OF THE LAST FIVE YEARS (UNAUDITED)

FOR CURRENT SIX MONTHS ENDED JUNE 30
AND FOUR YEARS ENDED DECEMBER 31

Tax Year	Tax Status	State of Georgia	Dade County	Dade County School Board	Total
2010	Unincorporated	$ .25	$ 6.48	$12.92	$19.65
	Incorporated	.25	8.20	12.92	21.37
2009	Unincorporated	.25	6.43	12.42	19.10
	Incorporated	.25	8.19	12.42	20.86
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

DADE COUNTY, GEORGIA

SCHEDULE OF OUTSTANDING BONDS (UNAUDITED)

GENERAL LONG-TERM DEBT

JUNE 30, 2010

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 June 30	Maturity Date	Note Principal	Interest Due May 1 and November 1	Total Annual Cost
2011	November 1, 2010	$1,005,000	$ 265,613	$1,270,613
2012	November 1, 2011	1,030,000	224,912	1,254,912
2013	November 1, 2012	1,060,000	183,113	1,243,113
2014	November 1, 2013	1,100,000	137,162	1,237,162
2015	November 1, 2014	1,135,000	85,456	1,220,456
2016	November 1, 2015	1,170,000	29,250	1,199,250
		$6,500,000	$ 925,506	$7,425,506

DADE COUNTY, GEORGIA

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

SIX MONTHS ENDED JUNE 30, 2010

2003 REFERENDUM

Project	Original Estimated Costs	Revised Estimated Costs	Prior Year Expenditures	Current Period 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	1,970,895	1,970,895	-	1,970,895	100
Courthouse renovation	250,000	106,955	46,955	-	46,955	44
Justice building	2,000,000	2,114,679	1,084,328	878,107	1,962,435	93
Library – facility renovation	540,000	63,018	10,019	3,000	13,019	21
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	2,795,122	2,795,122	-	2,795,122	100
Public works	500,000	501,414	501,414	-	501,414	100
Fire equipment	875,000	812,359	812,359	-	812,359	100
Total	$12,275,000	$11,458,810	$10,315,460	$ 881,107	$11,196,567	

2008 REFERENDUM

Project	Original Estimated Costs	Revised Estimated Costs	Prior Year Expenditures	Current Period Expenditures	Total Expenditures	Completion Percentage
County - various	$14,950,000	$ -	$ 1,390,568	$ 1,228,400	$ 2,618,968	18%
City of Trenton – various	2,060,000	-	-	-	-	-
Industrial Development Authority - various	990,000	-	-	-	-	-
Total	$18,000,000	$ -	$ 1,390,568	$ 1,228,400	$ 2,618,968	

DADE COUNTY, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

SIX MONTHS ENDED JUNE 30, 2010

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		$ 45,189
U.S. Department of Agriculture – Soil and Waste Conservation Grant	10.902		4,855
U.S. Department of Justice – Juvenile Accountability Incentive Block Grants	16.523	07B-ST-0001	3,019
Total federal assistance			53,063
STATE ASSISTANCE			
Association County Commissioners of Georgia – Health Promotion & Wellness Incentive Grant			2,000
Georgia Emergency Management Agency – Emergency Management Performance Grant			5,250
Georgia Department of Community Affairs – Local Assistance Grant			2,500
Lookout Mountain Community Services Board – Transportation Grant			12,004
Total state assistance			21,754
Total federal and state assistance			$ 74,817

DADE COUNTY, GEORGIA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

JUNE 30, 2010

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 six months ended June 30, 2010, 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
Georgia Emergency Management Agency – Emergency Management Performance Grant
Georgia Department of Community Affairs – Local Assistance Grant
Lookout Mountain Community Services Board – Transportation 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 six months ended June 30, 2010, 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
June 1, 2011

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	May 26, 2010
F	Grant Amount	$2,000.00

		COLUMN 1 **Current Year Activity** For the Six Months Ended: June 30, 2010	COLUMN 2 **Cumulative Grant Activity** Through the Six Months Ended: June 30, 2010
G	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$0.00	
H	Grant Receipts or Revenue Recognized	$2,000.00	$2,000.00
I	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$2,000.00	$2,000.00
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 _____ Date 6-21-11

Signature of Chief Financial Officer _____ Date 6/2/11

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

A	Local Government	Dade County, Georgia
B	State Awarding Agency	Georgia Department of Community Affairs
C	Grant Identification Number	08-C-L-124
D	Grant Title	Local Assistance Grant
E	Grant Award Date	November 5, 2007
F	Grant Amount	$10,000.00

		COLUMN 1 **Current Year Activity** For the Six Months Ended: June 30, 2010	COLUMN 2 **Cumulative Grant Activity** Through the Six Months Ended: June 30, 2010
G	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$7,500.00	
H	Grant Receipts or Revenue Recognized	$2,500.00	$10,000.00
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]	$10,000.00	$10,000.00

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 _____ Date 6-21-11

Signature of Chief Financial Officer _____ Date 6/2/11

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

A	Local Government	Dade County, Georgia
B	State Awarding Agency	Georgia Emergency Management Agency
C	Grant Identification Number	P09-9-043
D	Grant Title	Emergency Management Performance Grant
E	Grant Award Date	June 21, 2010
F	Grant Amount	$5,250.00

		COLUMN 1 **Current Year Activity** For the Six Months Ended: June 30, 2010	COLUMN 2 **Cumulative Grant Activity** Through the Six Months Ended: June 30, 2010
G	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$0.00	
H	Grant Receipts or Revenue Recognized	$5,250.00	$5,250.00
I	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$5,250.00	$5,250.00
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 _____ Date 6-21-11

Signature of Chief Financial Officer _____ Date 6/2/11

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

A	Local Government	Dade County, Georgia
B	State Awarding Agency	Lookout Mountain Community Services Board
C	Grant Identification Number	N/A
D	Grant Title	Transportation Grant
E	Grant Award Date	January 1, 2010
F	Grant Amount	$17,241.00

		COLUMN 1 **Current Year Activity** For the Six Months Ended: June 30, 2010	COLUMN 2 **Cumulative Grant Activity** Through the Six Months Ended: June 30, 2010
G	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	$0.00	
H	Grant Receipts or Revenue Recognized	$12,004.00	$12,004.00
I	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	$12,004.00	$12,004.00
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 Brumley Date 6-21-11

Signature of Chief Financial Officer [signature] Date 6/2/11

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, the discretely presented component unit, each major fund and the aggregate remaining fund information of Dade County, Georgia, as of and for the six months ended June 30, 2010, which collectively comprise Dade County, Georgia's basic financial statements, and have issued our report thereon dated June 1, 2011. We did not audit the financial statements of the Dade County Health Department (a component unit) whose statements reflect total assets of $336,642 and total net assets of $314,106 as of June 30, 2010, and total revenues of $497,269 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 internal 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.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph if this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 10.1.

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
June 1, 2011

Henderson Hutcherson & McCullough, PLLC

DADE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES

SIX MONTHS ENDED JUNE 30, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS

10.1 Condition: Schedules of cash and accounts receivable did not agree to the general ledger. (This comment is repeated from the year ended December 31, 2009.)

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: Those personnel performing accounting duties have not had sufficient 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 continue their training 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 on a monthly basis.

Management Response: We are continuing the accounting education for the staff. Beginning in 2010, the accounting software was upgraded to a newer version, which allows for greater ease in posting of accounting entries and reconciliation.

DADE COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS

SIX MONTHS ENDED JUNE 30, 2010

FINDINGS FROM DECEMBER 31 2009

09.1 Condition: Schedules of cash and accounts receivable 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: Those personnel performing accounting duties have not had sufficient 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 continue their training 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: We are continuing the accounting education for the staff. Beginning in 2010, the accounting software was upgraded to a newer version, which allows for greater ease in posting of accounting entries and reconciliation.

Ted Rumley, Chairman/County Executive
Mitchell Smith, District 1
Scottie Pittman, District 2
Robert Goff, District 3
Peter Cervelli, District 4

Board of Commissioners
Dade County, Georgia

Administrative Building
71 Case Avenue
P.O. Box 613
Trenton, Georgia 30752-0613
Phone 706-657-4625
Fax 706-657-5116
www.dadecounty-ga.gov

June 1, 2011

Henderson Hutcherson & McCullough, PLLC
1200 Market Street
Chattanooga, Tennessee 37402

We are providing this letter in connection with your audit of the financial statements of Dade County, Georgia as of June 30, 2010 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Dade County, Georgia and the respective changes in financial position and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of June 1, 2011, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.

2. We have made available to you all –

   a. Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.

   b. Minutes of the meetings of the Board or summaries of actions of recent meetings for which minutes have not yet been prepared.

3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or the schedule of expenditures of federal and state awards.

5. We believe the effects of any uncorrected financial statement misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We know of none at this time.

6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:

   a. Management,

   b. Employees who have significant roles in internal control, or

   c. Others where the fraud could have a material effect on the financial statements.

8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

9. We have a process to track the status of audit findings and recommendations.

10. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

11. The authority has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fund equity.

12. The following, if any, have been properly recorded or disclosed in the financial statements:

    a. Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.

    b. Guarantees, whether written or oral, under which the authority is contingently liable.

    c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates are reasonable in the circumstances, consistently applied, and adequately disclosed.

13. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

14. There are no –

    a. Violations or possible violations of budget ordinances, laws and regulations, provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance.

    b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, *Accounting for Contingencies*.

    c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.

    d. Reservations or designation of net assets that were not properly authorized and approved.

15. The authority has satisfactory title to all owned assets, there are no liens or encumbrances on such assets, and no asset has been pledged as collateral.

16. The authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

15. The financial statements include all activities relating to the merger of municipalities within Dade County, Georgia that have joined with the authority and properly disclose all other joint ventures and other related organizations.

16. The financial statements properly classify all funds and activities.

17. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

18. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.

19. Provisions for uncollectible receivables have been properly identified and recorded.

20. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

21. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

22. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

23. Special and extraordinary items are appropriately classified and reported.

24. Deposits and investment securities are properly classified in category of custodial credit risk.

25. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.

26. With respect to federal award programs:

a) We are responsible for complying with, and have complied with in all material respects, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal program.

b) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to reportable conditions (including material weaknesses) reported in the schedule of findings and questioned costs.

c) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relating to major federal programs.

d) We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

e) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

f) We have charged costs to federal awards in accordance with applicable cost principles.

g) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

As part of your audit, you assisted in the preparation of the draft financial statements and related notes from the trial balance. We have reviewed and approved those financial statements and related notes and believe they are adequately supported by the books and records of the government.

Ted Rumley, County Executive

Don Townsend, County Clerk