# DADE COUNTY, GEORGIA

FINANCIAL STATEMENTS

JUNE 30, 2011

HENDERSON HUTCHERSON & McCULLOUGH, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

# DADE COUNTY, GEORGIA

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JUNE 30, 2011


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# DADE COUNTY, GEORGIA

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# DADE COUNTY, GEORGIA

COUNTY OFFICIALS

JUNE 30, 2011

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| | |
|---|---|
| Ted Rumley | Chairperson / County Executive |
| Scott Pittman | Commissioner |
| Robert Goff | Commissioner |
| Mitchell Smith | Commissioner |
| Peter Cervelli | Commissioner |
| Don Townsend | County Clerk |
| Robin Rogers | County Attorney |

HENDERSON HUTCHERSON & McCULLOUGH, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Dade County, Georgia, as of and for the year ended June 30, 2011, 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 $327,411 and total net assets of $304,695 as of June 30, 2011, and total revenues of $471,455 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, 2011, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2012, 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 introductory section on page 1 and the supplemental data section on pages 44 through 46 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and supplemental data section have not been subjected to the audit procedures applied in the audit of basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The Schedule of Special Purpose Local Option Sales Tax on page 46 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
February 6, 2012

Henderson Hutcherson & McCullough, PLLC

# DADE COUNTY, GEORGIA

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2011

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This section of Dade County's annual financial report presents a narrative overview and analysis of the County's financial performance for the year ended June 30, 2011. 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 year. All current revenues and expenses are taken into account regardless of the timing of the related cash flows. Thus revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years.

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

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

(Continued)

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

Dade County, Georgia, maintains 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.

## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

**Net assets**. Net assets may serve over time as a useful indicator of the government's financial position. In the case of Dade County, assets exceed liabilities by $14,554,818 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)

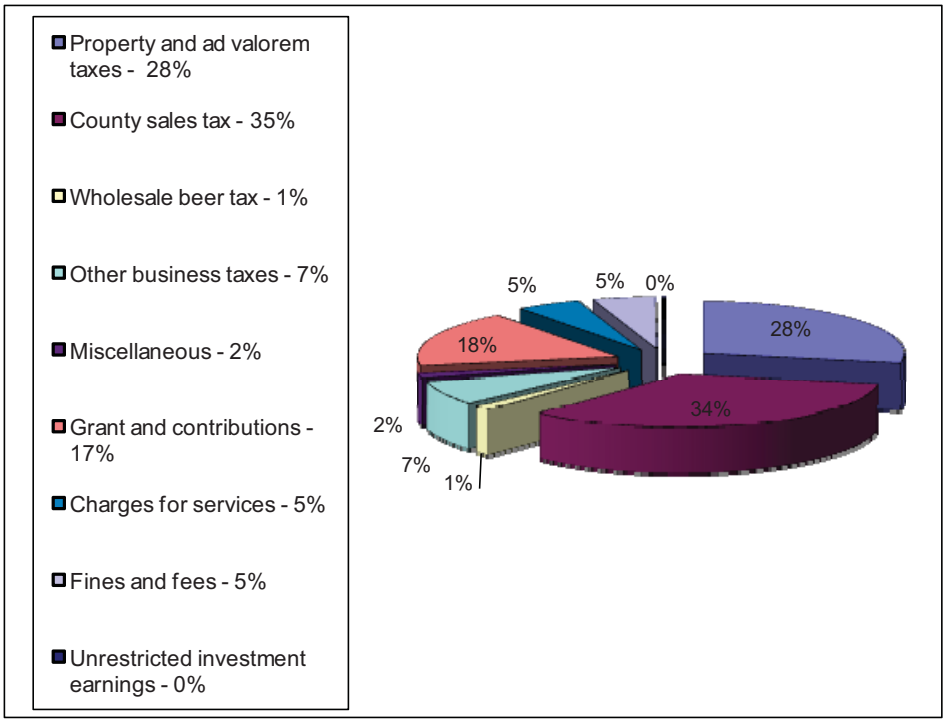
| | Governmental Activities | |
|---|---|---|
| | **June 30, 2011** | **June 30, 2010** |
| Current and other assets | $ 7,737,269 | $ 7,116,443 |
| Capital assets | 15,440,309 | 14,546,064 |
| Total assets | $ 23,177,578 | $21,662,507 |
| Liabilities | | |
| Other | $ 1,862,297 | $ 1,911,398 |
| Long-term | 6,760,463 | 6,065,016 |
| Total liabilities | 8,622,760 | 7,976,414 |
| Net assets | | |
| Invested in capital assets, net of related debt | 9,373,398 | 7,438,401 |
| Restricted | 1,951,459 | 150,422 |
| Unrestricted | 3,229,961 | 6,097,270 |
| Total net assets | 14,554,818 | 13,686,093 |
| Total liabilities and net assets | $ 23,177,578 | $21,662,507 |

**Changes in net assets.** For the year ending June 30, 2011, net assets of the County increased 4.40% or $621,996.

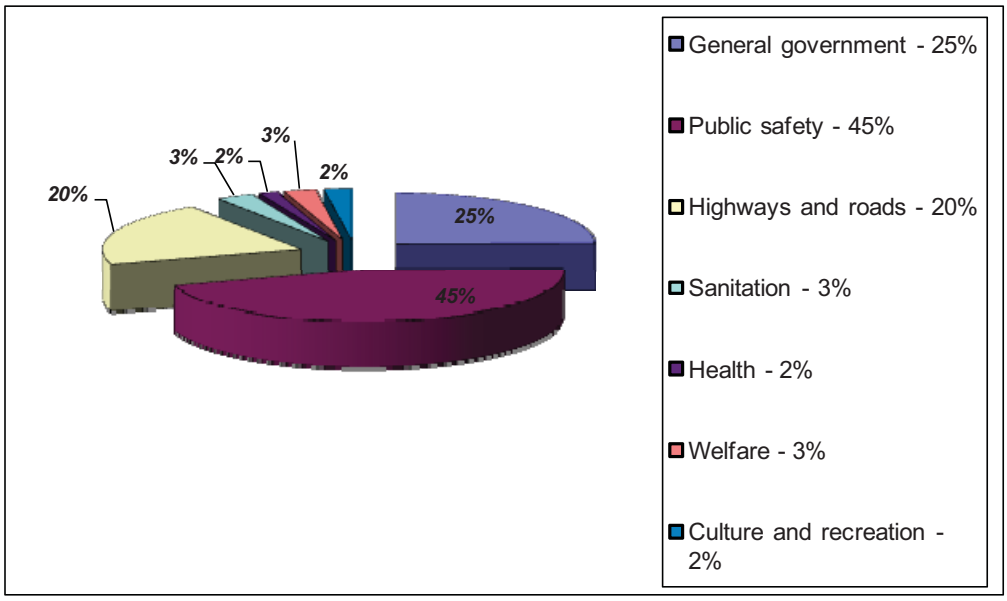
At the end of the current period, Dade County, Georgia is able to report a positive balance in net assets.

The graphs below summarize the sources of the County's revenues of $12,382,412 and total program expenses of $11,760,416.

**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 | |
|---|---|---|
| | **Year Ended June 30, 2011** | **Six Months Ended June 30, 2010** |
| **REVENUES** | | |
| Program revenues | | |
| Charges for services | $ 637,696 | $ 313,030 |
| Grants | 2,158,004 | 74,817 |
| Fines and fees | 623,551 | 292,431 |
| General revenues | | |
| Property and ad valorem taxes | 3,466,379 | 770,576 |
| County sales tax | 4,243,044 | 2,037,712 |
| Wholesale beer tax | 166,844 | 77,947 |
| Other business taxes | 886,390 | 131,711 |
| Miscellaneous | 186,888 | 193,699 |
| Investment income | 13,616 | 15,622 |
| Total revenue | 12,382,412 | 3,907,545 |
| **EXPENSES** | | |
| General government | 2,622,657 | 1,080,593 |
| Public safety | 5,337,013 | 2,653,097 |
| Highways and roads | 2,405,848 | 450,010 |
| Sanitation | 355,912 | 190,791 |
| Health | 176,835 | 101,541 |
| Welfare | 302,847 | 146,467 |
| Culture and recreation | 261,167 | 138,318 |
| Interest on long-term debt | 298,137 | 166,143 |
| Total expenses | 11,760,416 | 4,926,960 |
| Increase (decrease) in net assets | 621,996 | (1,019,415) |
| Net assets – beginning of period, *restated* | 13,932,822 | 14,705,508 |
| Net assets – end of period | $ 14,554,818 | $ 13,686,093 |

**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.

(Continued)

**Governmental Funds.** Governmental funds focus on providing information on the near-term flow of resources. As the County completed the year, its governmental funds reported a fund balance of $3,421,002. Seventy-nine percent of this balance is unassigned, which is available for spending at the County's discretion. Information about the County's governmental funds is presented below.

**General fund.** This fund is the chief operating fund of the County and $1,177,659 is the current fund balance held in the general fund. The decrease in general fund balance was $(2,882,037) a 70.90% 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 $-0- is an increase from the beginning of the period of $3,478,452 or 100%.

**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 $1,801,037 is a decrease from the beginning of the period of $(1,038,720) or 36.50%. 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 and relate mainly to the tornado cleanup effort. The increase totaled $1,548,555 in appropriations.

## CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the fiscal year, the County had $15,440,309, 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 | 7,760,876 | 4,097,147 | - | 11,858,023 |
| Parks and playgrounds | 856,179 | 7,182 | - | 863,361 |
| Machinery and equipment | 7,978,979 | 449,040 | - | 8,428,019 |
| Infrastructure | 4,003,732 | 243,332 | - | 4,247,064 |
| Construction in process | 2,821,343 | 1,553,330 | 4,336,234 | 38,439 |
| | 24,136,145 | 6,350,031 | - | 26,149,942 |
| Accumulated depreciation | 9,590,081 | 1,119,552 | - | 10,709,633 |
| Total capital assets, net of accumulated depreciation | $14,546,064 | $5,230,479 | $4,336,234 | $15,440,309 |

(Continued)

**CAPITAL ASSET AND DEBT ADMINISTRATION (**Continued)

Major additions for the year are construction in progress for various departments of $1,553,330, the largest being the new judicial facility which was completed at June 30, 2011.

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, 2011, Dade County, Georgia had total bonded debt outstanding of $5,495,000. 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, 2011

| | Governmental Activities | Component Unit |
|---|---|---|
| **ASSETS** | | |
| Cash | $ 1,948,189 | $ 258,285 |
| Property taxes receivable, net | 328,639 | - |
| Due from other governments | 3,385,951 | 62,555 |
| Inventory | 20,987 | 215 |
| Prepaid items | 74,586 | - |
| Other assets | 63,609 | - |
| Other receivables | 1,915,308 | - |
| Non-depreciable capital assets | 753,475 | - |
| Capital assets, net of accumulated depreciation | 14,686,834 | 6,356 |
| Total assets | $ 23,177,578 | $ 327,411 |
| **LIABILITIES AND NET ASSETS** | | |
| **LIABILITIES** | | |
| Accounts payable and accrued liabilities | $ 1,862,297 | $ 1,551 |
| Due to other governments | - | 9,697 |
| Bonds payable - due in one year | 1,030,000 | - |
| Bonds payable - due in more than one year | 4,465,000 | - |
| Notes payable - due in one year | 741,241 | - |
| Notes payable - due in more than one year | 380,670 | - |
| Premium on bonds payable | 13,010 | - |
| Compensated absences payable | 130,542 | 11,468 |
| Total liabilities | 8,622,760 | 22,716 |
| **NET ASSETS** | | |
| Invested in capital assets, net of related liabilities | 9,373,398 | 6,356 |
| Restricted for: | | |
| Public safety | 150,422 | - |
| Capital projects | 1,801,037 | - |
| Unrestricted | 3,229,961 | 298,339 |
| Total net assets | 14,554,818 | 304,695 |
| Total liabilities and net assets | $ 23,177,578 | $ 327,411 |

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

# DADE COUNTY, GEORGIA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2011

| | | Program Revenues | | |
|---|---|---|---|---|
| | Expenses | Charges for Services and Fines | Operating Grants and Contributions | Capital Grants and Contributions |
| **GOVERNMENTAL ACTIVITIES** | | | | |
| General government | $ 2,622,657 | $ 637,696 | $ 252,623 | $ - |
| Public safety | 5,337,013 | 623,551 | 41,057 | - |
| Highways and roads | 2,405,848 | - | 1,862,324 | - |
| Sanitation | 355,912 | - | - | - |
| Health | 176,835 | - | 2,000 | - |
| Welfare | 302,847 | - | - | - |
| Culture and recreation | 261,167 | - | - | - |
| Interest on long-term debt | 298,137 | - | - | - |
| Total primary government | $ 11,760,416 | $ 1,261,247 | $ 2,158,004 | $ - |
| Component unit | $ 480,866 | $ 162,536 | $ 145,592 | $ - |
| General revenues: | | | | |
| Property and ad valorem taxes | | | | |
| County sales tax | | | | |
| Wholesale beer tax | | | | |
| Other business taxes | | | | |
| Grants and contributions not restricted to specific programs | | | | |
| Unrestricted investment earnings | | | | |
| Miscellaneous | | | | |
| Total general revenues | | | | |
| Changes in net assets | | | | |
| Net assets, beginning of period, *restated* | | | | |
| Net assets, end of period | | | | |

| | Net (Expense) Revenue and Changes in Net Assets | |
|---|---|---|
| | **Governmental Activities** | **Component Unit** |
| | $ (1,732,338) | |
| | (4,672,405) | |
| | (543,524) | |
| | (355,912) | |
| | (174,835) | |
| | (302,847) | |
| | (261,167) | |
| | (298,137) | |
| | (8,341,165) | |
| | | (172,738) |
| | 3,466,379 | |
| | 4,243,044 | |
| | 166,844 | |
| | 886,390 | |
| | - | 155,700 |
| | 13,616 | 2,969 |
| | 186,888 | 4,658 |
| | 8,963,161 | 163,327 |
| | 621,996 | (9,411) |
| | 13,932,822 | 314,106 |
| | $ 14,554,818 | $ 304,695 |

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

# DADE COUNTY, GEORGIA

## BALANCE SHEET - GOVERNMENTAL FUNDS

## JUNE 30, 2011

| | General | Capital Projects | Special Revenue | Total Governmental Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash | $ 522,502 | $ 1,425,687 | $ - | $ 1,948,189 |
| Property taxes receivable, net | 328,639 | - | - | 328,639 |
| Due from other governments | 358,902 | 448,626 | - | 807,528 |
| Other receivables | 1,915,308 | - | - | 1,915,308 |
| Inventory | 20,987 | - | - | 20,987 |
| Prepaid items | 74,586 | - | - | 74,586 |
| Total assets | $ 3,220,924 | $ 1,874,313 | $ - | $ 5,095,237 |
| **LIABILITIES AND FUND BALANCES** | | | | |
| **LIABILITIES** | | | | |
| Accounts payable and accrued liabilities | $ 1,735,375 | $ 73,276 | $ - | $ 1,808,651 |
| Deferred property tax revenue | 307,890 | - | - | 307,890 |
| Total liabilities | 2,043,265 | 73,276 | - | 2,116,541 |
| **FUND BALANCES** | | | | |
| Nonspendable | | | | |
| Inventories and prepaid items | 95,573 | - | - | 95,573 |
| Restricted for: | | | | |
| Public safety | 150,422 | - | - | 150,422 |
| Capital projects | - | 1,801,037 | - | 1,801,037 |
| Unassigned | 931,664 | - | - | 931,664 |
| Total fund balances | 1,177,659 | 1,801,037 | - | 2,978,696 |
| Total liabilities and fund balances | $ 3,220,924 | $ 1,874,313 | $ - | $ 5,095,237 |

# DADE COUNTY, GEORGIA

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

## YEAR ENDED JUNE 30, 2011

| | | |
|---|---|---|
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Fund balance | | $ 2,978,696 |
| Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds | | 307,890 |
| Long-term assets receivable from other governments are not due until the related long-term liability is due and payable | | 2,578,423 |
| 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 | $ 5,495,000 | |
| Add: premiums | 13,010 | |
| Subtract: bond costs | (63,609) | |
| Notes payable | 1,121,911 | |
| Compensated absences | 130,542 | |
| | 6,696,854 | |
| Accrued interest payable | 53,646 | |
| | | (6,750,500) |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | | 15,440,309 |
| Net assets of governmental activities | | $ 14,554,818 |

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

# DADE COUNTY, GEORGIA

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

YEAR ENDED JUNE 30, 2011

| | General | Capital Projects | Special Revenue | Total Governmental Funds |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Taxes | $ 6,261,322 | $ 2,357,248 | $ - | $ 8,618,570 |
| Intergovernmental revenues | 2,158,004 | - | - | 2,158,004 |
| Charges for services | 375,058 | - | 262,638 | 637,696 |
| Fines and forfeitures | 623,551 | - | - | 623,551 |
| Miscellaneous | 189,825 | 10,679 | - | 200,504 |
| Total revenues | 9,607,760 | 2,367,927 | 262,638 | 12,238,325 |
| **EXPENDITURES:** | | | | |
| Current: | | | | |
| General government | 1,966,964 | 10,699 | - | 1,977,663 |
| Public safety | 4,071,168 | 20,900 | 633,173 | 4,725,241 |
| Highways and streets | 2,156,056 | 54,566 | - | 2,210,622 |
| Sanitation | 306,939 | - | - | 306,939 |
| Health | 176,363 | - | - | 176,363 |
| Welfare | 295,666 | - | - | 295,666 |
| Culture and recreation | 180,345 | 3,513 | - | 183,858 |
| Debt service: | | | | |
| Principal | 532,669 | 1,181,399 | - | 1,714,068 |
| Interest | 8,210 | 291,520 | - | 299,730 |
| Capital outlay: | | | | |
| General government | 25,166 | 1,437,956 | - | 1,463,122 |
| Public safety | 77,713 | 423,235 | 902 | 501,850 |
| Highways and streets | 33,691 | 5,829 | - | 39,520 |
| Welfare | 2,123 | - | - | 2,123 |
| Culture and recreation | 7,182 | - | - | 7,182 |
| Total expenditures | 9,840,255 | 3,429,617 | 634,075 | 13,903,948 |
| Excess (deficiency) of revenues over (under) expenditures | (232,495) | (1,061,690) | (371,437) | (1,665,622) |
| Other financing sources (uses) | | | | |
| Transfers in | 183,347 | - | 3,849,889 | 4,033,236 |
| Transfers out | (3,849,889) | (183,347) | - | (4,033,236) |
| Note proceeds | 1,017,000 | 206,316 | - | 1,223,316 |
| Total other financing services (uses) | (2,649,542) | 22,969 | 3,849,889 | 1,223,316 |
| Net change in fund balances | (2,882,037) | (1,038,721) | 3,478,452 | (442,306) |
| **FUND BALANCE** - beginning of period, *restated* | 4,059,696 | 2,839,758 | (3,478,452) | 3,421,002 |
| **FUND BALANCE** - end of period | $ 1,177,659 | $ 1,801,037 | $ - | $ 2,978,696 |

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

# DADE COUNTY, GEORGIA

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

## YEAR ENDED JUNE 30, 2011

| | | |
|---|---|---|
| Amounts reported for governmental activities in the statement of activities on page 14 are different because: | | |
| Net change in fund balances – total governmental funds | | $ (442,306) |
| Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of net assets, net of reclassifications and retirements | | 2,013,797 |
| Depreciation expense on governmental capital assets are included in the governmental activities in the statement of activities | | (1,119,552) |
| 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 | | |
| Compensated absences | 5,202 | |
| Intergovernmental Special Purpose Local Option Sales Tax | (471,577) | |
| | | (466,375) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds | | 144,087 |
| 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 | (1,223,316) | |
| Principal paid on debt | 1,714,068 | |
| Amortization of bond premium and costs | (9,288) | |
| Accrued interest | 10,881 | |
| | | 492,345 |
| Change in net assets of governmental activities | | $ 621,996 |

# DADE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCE - BUDGET AND ACTUAL - GAAP BASIS - GENERAL FUND

YEAR ENDED JUNE 30, 2011

| | Budgeted Amounts | | | Variance to Final Budget - Over/ (Under) |
|---|---|---|---|---|
| | Original | Final | Actual Amounts | |
| **Revenues** | | | | |
| Taxes – | | | | |
| Financial institution tax | $ 20,000 | $ 12,283 | $ 12,283 | $ - |
| Franchise tax | 27,000 | 31,290 | 31,290 | - |
| Insurance premium tax | 650,000 | 629,752 | 629,752 | - |
| Intangible tax | 42,000 | 44,134 | 44,134 | - |
| Malt beverage/wine tax | 168,100 | 166,844 | 166,844 | - |
| Motor vehicle tags | 296,000 | 126,165 | 126,165 | - |
| Property taxes | 3,287,200 | 3,164,837 | 3,164,837 | - |
| Real estate transfer tax | 12,000 | 6,740 | 6,740 | - |
| State railroad tax | 7,400 | 8,047 | 8,047 | - |
| State sales tax | 1,800,000 | 1,885,796 | 1,885,796 | - |
| State of Georgia, TVA in lieu of tax | 184,500 | 185,434 | 185,434 | - |
| Total taxes | 6,494,200 | 6,261,322 | 6,261,322 | - |
| Intergovernmental revenues – | | | | |
| Department of Transportation grants | 85,000 | 199,841 | 199,841 | - |
| FEMA grant | - | 1,776,536 | 1,776,536 | - |
| Other grants | 85,700 | 181,627 | 181,627 | - |
| Total intergovernmental revenues | 170,700 | 2,158,004 | 2,158,004 | - |
| Charges for services – | | | | |
| Electrical inspections | 7,200 | 7,648 | 7,648 | - |
| Inmate housing | 108,000 | 88,908 | 88,908 | - |
| Recycling sales | 30,000 | 33,153 | 33,153 | - |
| Transfer station fees | 160,000 | 152,365 | 152,365 | - |
| Public works fees | 5,000 | 10,596 | 10,596 | - |
| Recreation activity fees | 5,000 | 1,650 | 1,650 | - |
| Utilities/fuel reimbursements | 55,860 | 61,404 | 61,404 | - |
| Boards of Education/Health fees | 19,650 | 8,830 | 8,830 | - |
| City of Trenton fees | 8,330 | 937 | 937 | - |
| Miscellaneous fees | 5,570 | 9,567 | 9,567 | - |
| Total charges for services | 404,610 | 375,058 | 375,058 | - |

# DADE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCE - BUDGET AND ACTUAL - GAAP BASIS - GENERAL FUND

YEAR ENDED JUNE 30, 2011

| | Budgeted Amounts | | Actual Amounts | Variance to Final Budget - Over/ (Under) |
|---|---|---|---|---|
| | Original | Final | | |
| Fines and forfeitures – | | | | |
| Superior Court | $ 328,830 | $ 291,735 | $ 291,735 | $ - |
| Probate Court | 182,400 | 165,548 | 165,548 | - |
| Magistrate Court | 32,400 | 35,125 | 35,125 | - |
| Juvenile Court | 3,000 | 5,642 | 5,642 | - |
| Fines for jail staffing, operations | 8,800 | 55,013 | 55,013 | - |
| Drug awareness | - | 53,087 | 53,087 | - |
| Victim's assistance | - | 17,401 | 17,401 | - |
| Total fines and forfeitures | 555,430 | 623,551 | 623,551 | - |
| Miscellaneous revenues – | | | | |
| Interest | 3,000 | 2,937 | 2,937 | - |
| Miscellaneous | 19,520 | 17,928 | 17,928 | - |
| Rents | 136,940 | 136,540 | 136,540 | - |
| Reimbursement of damaged property | 5,000 | 25,105 | 25,105 | - |
| Sale of surplus equipment | 105,000 | 7,315 | 7,315 | - |
| Total miscellaneous revenues | 269,460 | 189,825 | 189,825 | - |
| Total revenues | 7,894,400 | 9,607,760 | 9,607,760 | - |
| **Expenditures** | | | | |
| General government – | | | | |
| Administrative | 559,850 | 702,674 | 702,674 | - |
| Legislative services | 13,400 | 7,458 | 7,458 | - |
| Tax Commissioner | 301,500 | 290,309 | 290,309 | - |
| Extension | 52,800 | 38,789 | 38,789 | - |
| Soil conservation | 39,800 | 40,187 | 40,187 | - |
| Registrars | 158,000 | 74,917 | 74,917 | - |
| Tax Assessor | 259,700 | 252,567 | 252,567 | - |
| Building maintenance | 423,400 | 332,267 | 332,267 | - |
| Planning and development | 63,700 | 58,239 | 58,239 | - |
| Courts and administration | 47,600 | 48,556 | 48,556 | - |
| Maintenance shop | 146,800 | 146,167 | 146,167 | - |
| Total general government | 2,066,550 | 1,992,130 | 1,992,130 | - |

# DADE COUNTY, GEORGIA

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

YEAR ENDED JUNE 30, 2011

| | Budgeted Amounts | | Actual Amounts | Variance to Final Budget - Over/ (Under) |
|---|---|---|---|---|
| | Original | Final | | |
| Highways and streets | $ 702,980 | $ 2,189,747 | $ 2,189,747 | $ - |
| Sanitation | 445,500 | 306,939 | 306,939 | - |
| Health | 183,000 | 176,363 | 176,363 | - |
| Welfare – | | | | |
| Welfare | 51,700 | 54,708 | 54,708 | - |
| Public transportation | 176,700 | 189,196 | 189,196 | - |
| Economic development | 58,000 | 53,885 | 53,885 | - |
| Total welfare | 286,400 | 297,789 | 297,789 | - |
| Public safety – | | | | |
| Sheriff | 1,493,499 | 1,447,914 | 1,447,914 | - |
| Fire | 196,800 | 187,178 | 187,178 | - |
| Jail | 1,069,000 | 1,255,985 | 1,255,985 | - |
| Animal control | 14,000 | 3,674 | 3,674 | - |
| Ambulance | 125,000 | 208,848 | 208,848 | - |
| Coroner | 31,800 | 30,926 | 30,926 | - |
| District Attorney | 81,000 | 70,991 | 70,991 | - |
| Public Defender | 79,700 | 78,141 | 78,141 | - |
| Superior Court | 294,600 | 261,813 | 261,813 | - |
| Probate Court | 239,200 | 224,007 | 224,007 | - |
| Magistrate Court | 126,000 | 128,745 | 128,745 | - |
| Juvenile Court | 64,500 | 72,607 | 72,607 | - |
| Community watch | 4,800 | 2,493 | 2,493 | - |
| Emergency management | 27,000 | 175,559 | 175,559 | - |
| Total public safety | 3,846,899 | 4,148,881 | 4,148,881 | - |
| Culture and recreation – | | | | |
| Library | 75,300 | 69,248 | 69,248 | - |
| Senior center | 20,000 | 14,444 | 14,444 | - |
| Recreation | 136,300 | 103,835 | 103,835 | - |
| Total culture and recreation | 231,600 | 187,527 | 187,527 | - |

# DADE COUNTY, GEORGIA

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

YEAR ENDED JUNE 30, 2011

| | Budgeted Amounts | | Actual Amounts | Variance to Final Budget - Over/ (Under) |
|---|---|---|---|---|
| | Orignal | Final | | |
| Debt service – | | | | |
| Principal | $ 517,716 | $ 532,669 | $ 532,669 | $ - |
| Interest | 11,055 | 8,210 | 8,210 | - |
| Total debt service | 528,771 | 540,879 | 540,879 | - |
| Total expenditures | 8,291,700 | 9,840,255 | 9,840,255 | - |
| Excess of revenues over (under) expenditures | (397,300) | (232,495) | (232,495) | - |
| **Other financing sources (uses)** | | | | |
| Fund balance appropriation | 278,800 | - | - | - |
| Transfers in | - | 183,347 | 183,347 | - |
| Transfers out | (348,500) | (3,849,889) | (3,849,889) | - |
| Note proceeds | 467,000 | 1,017,000 | 1,017,000 | - |
| Total other financing services (uses) | 397,300 | (2,649,542) | (2,649,542) | - |
| **Excess of revenues and other sources (under) expenditures and other uses** | $ - | $(2,882,037) | (2,882,037) | $ - |
| **Fund balance** - beginning of period**,** *restated* | | | 4,059,696 | |
| **Fund balance -** end of period | | | $ 1,177,659 | |

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

YEAR ENDED JUNE 30, 2011

| | Budgeted Amounts | | Actual Amounts | Variance to Final Budget - Over/ (Under) |
|---|---|---|---|---|
| | Original | Final | | |
| **Revenues** | | | | |
| Charges for services – | | | | |
| E-911 access fees | $ 303,500 | $ 303,500 | $ 262,638 | $ (40,862) |
| Total charges for services | 303,500 | 303,500 | 262,638 | (40,862) |
| Total revenues | 303,500 | 303,500 | 262,638 | (40,862) |
| **Expenditures** | | | | |
| Public safety – | | | | |
| Communications | 652,000 | 652,000 | 634,075 | 17,925 |
| Total public safety | 652,000 | 652,000 | 634,075 | 17,925 |
| Total expenditures | 652,000 | 652,000 | 634,075 | 17,925 |
| Excess of revenues over (under) expenditures | (348,500) | (348,500) | (371,437) | (22,937) |
| Other financing sources | | | | |
| Transfers | 348,500 | 348,500 | 3,849,889 | 3,501,389 |
| **Excess of revenues and other sources over expenditures and other uses** | $ - | $ - | 3,478,452 | $ 3,478,452 |
| **Fund balance** - beginning of period | | | (3,478,452) | |
| **Fund balance -** end of period | | | $ - | |

# DADE COUNTY, GEORGIA

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

## JUNE 30, 2011

| | Private Purpose Trust Funds | Agency Funds |
|---|---|---|
| **Assets** | | |
| Cash | $ 107,274 | $ 577,381 |
| Restricted cash | 120,340 | - |
| Property taxes receivable | - | 1,066,673 |
| Total assets | $ 227,614 | $ 1,644,054 |
| **Liabilities** | | |
| Payables to other governments | $ 72,587 | $ 1,155,149 |
| Other payables | 3,625 | 488,905 |
| Total liabilities | 76,212 | 1,644,054 |
| **Net Assets** | | |
| Held in trust for others | 151,402 | - |
| Total liabilities and net assets | $ 227,614 | $ 1,644,054 |

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

# DADE COUNTY, GEORGIA

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

## YEAR ENDED JUNE 30, 2011

| | Private Purpose Trust Funds |
|---|---|
| **Additions** | |
| Proceeds from court fines | $ 6,564 |
| Sales of commissary goods | 94,792 |
| Interest | 2,861 |
| Total additions | 104,217 |
| **Deductions** | |
| Supplies purchased for library | 23,096 |
| Supplies purchased for jail commissary | 85,421 |
| Total deductions | 108,517 |
| **Change in Net Assets** | (4,300) |
| Net assets at beginning of period | 155,702 |
| Net assets at end of period | $ 151,402 |

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.

**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. Real and personal property taxes are levied after acceptance of the County's tax digest by the State of Georgia Department of Revenue. Property taxes are levied and mailed on October 1, 2010. The taxes were based on January 1, 2010 assessed values and were due December 20, 2010, after which date liens can be attached. Motor vehicle taxes are assessed January 1, based on values on January 1; due dates are based on the birth date of the registered owner.

(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 |
| Levy date | October 1 |
| Tax bills mailed | October 20 |
| Payment due dates | October 20 through December 20 |
| Delinquency date | December 21 |

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, 2011 was $16,293.

**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.

**Fund Financial Statements.** The County implemented GASB Statement No. 54, Fund Balance reporting and Governmental Fund Type Definitions, as of the year ended June 30, 2011.

In the fund financial statements, fund balance consists of Nonspendable fund balance which includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. Restricted fund balance are amounts restricted to specific purposes. Committed fund balance are amounts that can only be used for specific as pursuant to official action by the County Commission prior to the end of the reporting period. Assigned fund balance are amounts the County intends to use for a specific purpose but is neither restricted nor committed. The County Commission has authority to assign fund balance. Unassigned fund balance represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund.

When restricted and other fund balance resources are available for use, it is the County's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

**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.

(Continued)

**NOTE 2 – CASH DEPOSITS AND INVESTMENTS** (Continued)

At June 30, 2011, the carrying amount of the County's deposits was $2,745,911 and the bank balance was $2,976,018. The bank balance is categorized below as to credit risk. Category 1 includes deposits either covered by federal depository insurance, by collateral held by the County's agent in the County's name or by the Federal Reserve Banks acting as third party agents. Category 2 includes deposits covered by collateral held by the pledging bank's agent in the County's name. Category 3 includes deposits either uninsured, uncollateralized or covered by collateral held by the pledging bank or its agent, but not in the County's name.

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

**NOTE 3 – PROPERTY, PLANT AND EQUIPMENT**

Capital asset activity for the year ended June 30, 2011, is as follows:

| | Balance June 30, 2010 | Reclassifications and Additions | Reclassifications and Retirements | Balance June 30, 2011 |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| Non-depreciable assets | | | | |
| Land | $ 715,036 | $ - | $ - | $ 715,036 |
| Construction-in-process | 2,821,343 | 1,553,330 | 4,336,234 | 38,439 |
| Total non-depreciable assets | 3,536,379 | 1,553,330 | 4,336,234 | 753,475 |
| Depreciable assets | | | | |
| Buildings and improvements | 7,760,876 | 4,097,147 | - | 11,858,023 |
| Machinery and equipment | 7,978,979 | 449,040 | - | 8,428,019 |
| Roads, bridges and other infrastructure | 4,003,732 | 243,332 | - | 4,247,064 |
| Parks and playgrounds | 856,179 | 7,182 | - | 863,361 |
| Total depreciable assets | 20,599,766 | 4,796,701 | - | 25,396,467 |
| Less: accumulated depreciation for: | | | | |
| Buildings and improvements | 2,053,059 | 199,249 | - | 2,252,308 |
| Machinery and equipment | 5,650,334 | 743,606 | - | 6,393,940 |
| Roads, bridges and infrastructure | 949,443 | 124,353 | - | 1,073,796 |
| Parks and playgrounds | 937,245 | 52,344 | - | 989,589 |
| Total accumulated depreciation | 9,590,081 | 1,119,552 | - | 10,709,633 |
| Total depreciable assets | 11,009,685 | 3,677,149 | - | 14,686,834 |
| Capital assets, net | $14,546,064 | $ 5,230,479 | $ (4,336,234) | $15,440,309 |

**NOTE 3 – PROPERTY, PLANT AND EQUIPMENT** (Continued)

Depreciation expense is charged to functions as follows:

| | |
|---|---|
| Primary Government - Governmental Activities: | |
| General government | $ 178,619 |
| Public safety | 611,772 |
| Highways and streets | 195,226 |
| Sanitation | 48,973 |
| Health | 472 |
| Welfare | 7,181 |
| Culture and recreation | 77,309 |
| | $ 1,119,552 |

**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 employee's 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 year ended June 30, 2011 were $43,887. The Plan incurred a net loss in fair value of investment of $16,475. For the year ended June 30, 2011, the total payroll covered by this plan was $3,340,407. Participating employees totaled 58 as of June 30, 2011.

**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%.

(Continued)

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

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

| | Principal | Interest | Total |
|---|---|---|---|
| 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 |
| | $5,495,000 | $ 659,893 | $6,154,893 |

Interest expense for year ended June 30, 2011 charged to governmental activities expense was $272,313.

**Note payable**

On June 23, 2011, the County obtained a tax anticipation note in the amount of $750,000. The proceeds of the TAN were provided to the General Fund as operating resources for the County. As of June 30, 2011, the County has drawn $550,000. The TAN is due and payable on December 31, 2011.

The following is a summary of short-term debt transactions for Dade County for the year ended June 30, 2011:

| | Balance June 30, 2010 | Additions | Reductions | Balance June 30, 2011 |
|---|---|---|---|---|
| Tax anticipation note | $ - | $1,017,000 | $ 467,000 | $ 550,000 |

**Capital Lease Payable**

On February 28, 2011 the County entered into a capital lease agreement with Ford Motor Credit Company to purchase six police vehicles. 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 economic substance of the lease is that the County is financing the equipment through the lease in the amount of $206,316 at an interest rate of 2.21%.

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%.

(Continued)

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

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%.

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

| | |
|---|---|
| 2012 | $ 214,666 |
| 2013 | 202,307 |
| 2014 | 201,307 |
| | 618,280 |
| Less imputed interest | 46,369 |
| Present value of minimum future lease payments | $ 571,911 |

**Changes in long-term liabilities.** During the year ended June 30, 2011, the following changes occurred in long-term liabilities:

Primary government – government to activities

| | Balance June 30, 2010 | Additions | Reductions | Balance June 30, 2011 | Due Within One Year |
|---|---|---|---|---|---|
| General obligation bonds | $6,500,000 | $ - | $1,005,000 | $5,495,000 | $1,030,000 |
| Note payable | 607,663 | 1,223,316 | 709,068 | 1,121,911 | 741,241 |
| Compensated absences | 135,744 | 130,542 | 135,744 | 130,542 | 130,542 |
| | $7,243,407 | $1,353,858 | $1,849,812 | $6,747,453 | $1,901,783 |

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 BALANCE

Restrictions 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 restrictions of fund balance accounts are as follows:

**General Fund.** Restricted fund balance totals $150,422 which is restricted for public safety purposes. The detail of general fund restrictions is summarized below.

**Restricted for Jail Operations.** This restriction was created for unexpended fines which are required to be used for jail staffing and operations. The amount restricted at June 30, 2011 totals $30,746.

**Reserved for Drug Control.** This restriction was established by local ordinance for funds to be used for drug enforcement activities. The amount restricted at June 30, 2011 totals $10,863.

**Reserved for Drug Awareness.** This restriction was established for portions of fines which are required to be used for establishing a community program for counseling or education regarding drug and substance abuse. The amount restricted at June 30, 2011 totals $97,170.

**Reserved for Juvenile Services.** This restriction was established for funds required to be used for providing various juvenile services in the County. The amount restricted at June 30, 2011 totals $11,643.

**Capital Projects Fund.** Restricted fund balance totals $1,801,037 which is restricted for capital projects as required by O.C.G.A. 48-8-121.

## 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 are of the opinion that any unfavorable outcome would not materially affect the financial statements.

## NOTE 8 – RISK MANAGEMENT

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

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

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

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

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

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

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

(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.

(Continued)

**NOTE 8 – RISK MANAGEMENT** (Continued)

(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 year ended June 30, 2011, the County paid $13,769 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, 2011, are as follows:

| | |
|---|---|
| 2012 | $131,940 |
| 2013 | 131,940 |
| 2014 | 131,940 |
| 2015 | 131,940 |
| 2016 | 131,940 |
| Total | $659,700 |

Rental revenue received for the year ended June 30, 2011 was $131,940.

## 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 the operations of another fund.

| Transfers in Primary Government | Transfers out Primary Government | Amount |
|---|---|---|
| General Fund | Capital Projects Fund | $ 183,347 |
| Special Revenue Fund | General Fund | 3,849,889 |

## 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 from short-term interfund loans are classified as "interfund loan receivables/payables." These amounts are eliminated on the statement of net assets. As June 30, 2011, the County had no outstanding interfund balances.

## NOTE 14 – PRIOR PERIOD ADJUSTMENT

At June 30, 2010 the County's property tax receivable and prepaid assets accounts were recorded in error. Corrections of $183,104 and $63,625 were recorded to adjust the property tax receivable and prepaid asset accounts, respectively. The effects of the adjustments are as follows:

| | General Fund | Governmental-wide Activities |
|---|---|---|
| Beginning balance | $3,812,967 | $13,686,093 |
| Prior period adjustments | | |
| Correction to property tax receivable | 183,104 | 183,104 |
| Correction of prepaid assets | 63,625 | 63,625 |
| Restated beginning balance | $4,059,696 | $13,932,822 |

## 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 YEAR ENDED JUNE 30
AND FOUR YEARS ENDED JUNE 30

| Tax Year | Tax Status | State of Georgia | Dade County | Dade County School Board | Total |
|---|---|---|---|---|---|
| 2011 | Unincorporated | $ .25 | $ 6.48 | $12.92 | $19.65 |
| | Incorporated | .25 | 8.20 | 12.92 | 21.37 |
| 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 |

# DADE COUNTY, GEORGIA

SCHEDULE OF OUTSTANDING BONDS (UNAUDITED)

GENERAL LONG-TERM DEBT

JUNE 30, 2011

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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 |
|---|---|---|---|---|
| 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 |
| | | $5,495,000 | $ 659,893 | $6,154,893 |

# DADE COUNTY, GEORGIA

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

YEAR ENDED JUNE 30, 2011

**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 | 1,962,435 | 116,244 | 2,078,679 | 98 |
| Library – facility renovation | 540,000 | 63,018 | 13,019 | - | 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 | 812,305 | - | 812,305 | 100 |
| Total | $12,275,000 | $11,458,810 | $11,196,513 | $ 116,244 | $11,312,757 | |

**2008 REFERENDUM**

| Project | Original Estimated Costs | Revised Estimated Costs | Prior Year Expenditures | Current Period Expenditures | Total Expenditures | Completion Percentage |
|---|---|---|---|---|---|---|
| County - various | $14,950,000 | $ - | $ 3,607,289 | $ 3,313,372 | $ 6,920,661 | 46% |
| City of Trenton – various | 2,060,000 | - | - | - | - | - |
| Industrial Development Authority - various | 990,000 | - | - | - | - | - |
| Total | $18,000,000 | $ - | $ 3,607,289 | $ 3,313,372 | $ 6,920,661 | |

# DADE COUNTY, GEORGIA

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

## YEAR ENDED JUNE 30, 2011

| GRANTOR PROGRAM TITLE | FEDERAL CFDA NUMBER | PASS-THROUGH GRANT NUMBER | FEDERAL EXPENDITURES |
|---|---|---|---|
| U.S. Department of Agriculture | | | |
| Environmental Quality Incentives Program | 10.912 | 65-4310-10-444 | $ 14,075 |
| U.S. Department of Justice | | | |
| Pass-through Lookout Mountain Judicial Circuit | | | |
| Multi-Jurisdictional Drug Task Force | 16.804 | 10-8-015 | 36,057 |
| Pass-through Criminal Justice Coordinating Council | | | |
| Court Security Grant | 16.804 | B82-8-116 | 13,297 |
| Pass-through Council of Juvenile Court Judges of Georgia | | | |
| Purchase of Services for Juvenile Offenders Program | 16.523 | JB-08ST-0002 | 5,397 |
| Total U.S. Department of Justice | | | 54,751 |
| U.S. Department of Transportation | | | |
| Pass-through Georgia Department of Transportation | | | |
| Section 5311 Rural Public Transportation | 20.509 | GA-18-4031 | 80,788 |
| U.S. Department of Homeland Security | | | |
| Pass-through Georgia Emergency Management Agency | | | |
| Disaster Recovery Grant | 97.036 | 083-99083-00 | 1,567,532 |
| Emergency Management Performance Grant | 97.042 | 2010-EP-00-0013 | 5,000 |
| Total U.S. Department of Homeland Security | | | 1,572,532 |
| Total federal expenditures | | | $ 1,722,146 |

# DADE COUNTY, GEORGIA

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2011

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal 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 basic 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 Form about Dade County, Georgia's compliance during the year ended June 30, 2011, with requirements to use grant proceeds solely for the purpose for which the grant was made for the following grant awards:

Lookout Mountain Community Services Board – Transportation 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 year ended June 30, 2011, 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
February 6, 2012

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 | Lookout Mountain Community Services Board |
| C | Grant Identification Number | FY 2010 |
| D | Grant Title | Transportation Grant |
| E | Grant Award Date | January 1, 2010 |
| F | Grant Amount | $17,241.00 |

| | | COLUMN 1<br>**Current Year Activity**<br><br>For the Year Ended:<br>June 30, 2011 | COLUMN 2<br>**Cumulative Grant Activity**<br><br>Through the Year Ended:<br>June 30, 2011 |
|---|---|---|---|
| G | Balance - Prior Year (Cash or Accrued or Deferred Revenue) | $0.00 | |
| H | Grant Receipts or Revenue Recognized | $5,237.00 | $17,241.00 |
| I | Grant Disbursements or Expenditures EXCLUDING AUDIT FEES | $5,237.00 | $17,241.00 |
| 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: February 6, 2012

Signature of Chief Financial Officer_____ Date: February 6, 2012

# 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 | FY 2011 |
| D | Grant Title | Transportation Grant |
| E | Grant Award Date | July 1, 2010 |
| F | Grant Amount | $17,296.51 |

| | | COLUMN 1<br>**Current Year Activity**<br>For the Year Ended:<br>June 30, 2011 | COLUMN 2<br>**Cumulative Grant Activity**<br>Through the Year Ended:<br>June 30, 2011 |
|---|---|---|---|
| G | Balance - Prior Year (Cash or Accrued or Deferred Revenue) | $0.00 | |
| H | Grant Receipts or Revenue Recognized | $15,812.00 | $15,812.00 |
| I | Grant Disbursements or Expenditures EXCLUDING AUDIT FEES | $15,812.00 | $15,812.00 |
| 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: February 6, 2012

Signature of Chief Financial Officer_____ Date: February 6, 2012

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 year ended June 30, 2011, which collectively comprise Dade County, Georgia's basic financial statements, and have issued our report thereon dated February 6, 2012. We did not audit the financial statements of the Dade County Health Department (a component unit) whose statements reflect total assets of $327,411 and total net assets of $304,695 as of June 30, 2011, and total revenues of $471,455 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 (Reference 11.1 and 11.2). 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 no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standard.*

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
February 6, 2012

Henderson Hutcherson & McCullough, PLLC

HENDERSON HUTCHERSON & McCULLOUGH, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited Dade County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material on Dade County's major federal program for the year ended June 30, 2011. Dade County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Dade County's management. Our responsibility is to express an opinion on Dade County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dade County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Dade County's compliance with those requirements.

In our opinion, Dade County, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of Dade County, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on
internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dade County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the County Commission, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Chattanooga, Tennessee
February 6, 2012

Henderson Hutcherson
& McCullough, PLLC

# DADE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2011

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**SECTION I – SUMMARY OF AUDIT RESULTS**

**Opinion on Financial Statements:**

Unqualified opinion issued on the financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control Deficiencies:**

Disclosed.

**Material Noncompliance:**

None disclosed.

**Internal Control Deficiencies over Major Programs:**

None disclosed.

**Opinion on Compliance for Major Programs:**

Unqualified opinion.

**Findings Disclosed under OMB Circular A-133 Section .510(a):**

None disclosed.

**Major Program:**

U.S. Department of Homeland Security
Disaster Recovery Grant, CFDA #97.036

**Dollar Threshold Level Between Type A and Type B Programs:**

$300,000

**Low-Risk Auditee Under OMB Circular A-133 Section .530:**

No

# DADE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2011

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## SECTION II – FINANCIAL STATEMENT FINDINGS

11.1 Condition: Schedules of cash, accounts receivable, and accounts payable did not agree to the general ledger. (This comment is repeated from the period ended June 30, 2010.)

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: Personnel performing accounting duties lacked sufficient training in basic bookkeeping and accounting knowledge.

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 and budgeting reports based on the data may have been incomplete or inaccurate. The County's internal control did not adequately identify and correct certain misstatements in the fund and governmental-wide financial statements.

Recommendation: We recommend that a controller be hired to supervise and manage the general ledger functions of the County. The addition of a controller would increase the controls over the County's accounting functions and would also be an additional resource for management by providing budgets, analyses, and other reports that could be useful in making decisions. We also recommend that each financial staff person cross-trains to learn all vital functions within the accounting department. Cross-training would ensure that the accounting functions are properly carried out in the absence one individual.

Management Response: Dade County Board of Commissioners supports training each employee to achieve that individual's full potential to enhance and protect the financial function while managing public funds. This Board has instituted the following procedures to insure higher compliance and performance of the financial function. In 2010 the County purchased a major upgrade to the financial software - Microsoft Dynamics 7.0 SL for ease of posting of accounting entries and reconciliation. In August 2011 Senior Management evaluated the entire accounts payable and accounts receivable process. Employee evaluations revealed inherent deficiencies in financial procedures; whereas management reviewed work production the following twenty-four weeks with reevaluations every eight weeks. In October 2011 the accounts receivable module was relegated to another employee, thus relieving the initial employee from too much responsibility. Also, management instituted exact step-by-step procedures to ensure compliance of processing accounts payable. The Board will also hire an individual with adequate training and experience in bookkeeping and accounting to serve as the controller.

11.2 Condition: During our audit we noted that the County lacks adequate controls over the journal entry process. Proper controls require that the journal entry process be divided into three categories which provide for proper authorization, recording, and monitoring of all journal entries posted within the County's accounting records. Each finance staff member has the capacity to authorize, record, and monitor journal entries with no independent, third-party review.

Criteria: General journal entries are often required to post non-cash transactions, non-standard or nonroutine transactions or to correct errors.

Cause: The County finance staff consists of three personnel, each of whom are responsible for separate transaction cycles. Each employee monitors his/her assigned transaction cycle, which includes posting journal entries with no independent review process in place.

Effect: The County is exposed to increased risk that the financial statements could be materially misstated, whether by error or intentionally, and not be detected in a timely manner. There is an increased risk due to management's capability to override controls.

Recommendation: Management should implement policies and procedures that provide for increased controls over the journal entry process. The authorization, recording, and monitoring over journal entries should not be completed by the same individual.

Management Response: Dade County Board of Commissioners realizes the conditions set forth as outlined above. However, Dade County, Georgia was hit by three catastrophic tornadoes on April 27, 2011 and was awarded a National Emergency Grant (NEG), which tripled the staff of our office from May to December 2011. Although the additional staff was helpful in providing necessary funds to many unemployed individuals in Dade County, Georgia, the staff caused backlogs of work in other areas of County governmental offices. One of those offices was that of the Chief Financial Officer, who stopped being a CFO and became an HRO ~ Human Resource Officer. He trained ten additional staff members to perform storm-related job activities while working for Dade County Board of Commissioners. Because of these additional duties, the County outsourced some of the financial reconciliations, audit functions were neglected, and the fiscal year's budget was revamped on three occasions. Budget amendments were due to massive fluctuations in revenues and expenses caused by FEMA grant reimbursements and storm debris management expenses. Effective February 9, 2012 the NEG ended and the Commission office has acquired additional staff to answer incoming calls, receipt accounts receivable, initialize and sort incoming vouchers for accounts payable and image all incoming documents into an electronic format for easier retrieval. All other duties have been delegated to the original staff positions, allowing the CFO to carefully monitor each entry made to the general ledger on a weekly basis. If errors are discovered, the CFO shall cause the employee who made the error to record an adjusting journal entry correcting that error, and authorized by the County Executive.

# DADE COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 2011

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**FINDINGS FROM JUNE 30, 2010**

10.1 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.