

DADE COUNTY, GEORGIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2012



**HENDERSON HUTCHERSON
& MCCULLOUGH, PLLC**

DADE COUNTY, GEORGIA

TABLE OF CONTENTS

JUNE 30, 2012

	PAGE
INTRODUCTORY SECTION COUNTY OFFICIALS	1
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	2-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4-11
BASIC FINANCIAL STATEMENTS GOVERNMENT-WIDE FINANCIAL STATEMENTS –	
STATEMENT OF NET ASSETS	12
STATEMENT OF ACTIVITIES	13-14
FUND FINANCIAL STATEMENTS –	
BALANCE SHEET – GOVERNMENTAL FUNDS	15-16
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS	17
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS	18-19
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	20
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GAAP BASIS – GENERAL FUND	21-24
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GAAP BASIS – SPECIAL REVENUE FUND	25
STATEMENT OF FIDUCIARY NET ASSETS – FIDUCIARY FUNDS	26
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS – FIDUCIARY FUNDS	27
NOTES TO FINANCIAL STATEMENTS	28-46

(Continued)

DADE COUNTY, GEORGIA

TABLE OF CONTENTS

JUNE 30, 2012

SUPPLEMENTAL DATA SECTION

SCHEDULE OF PROPERTY TAX RATES – EACH OF THE LAST FIVE YEARS (UNAUDITED)	47
SCHEDULE OF OUTSTANDING BONDS (UNAUDITED)	48
SCHEDULE OF CAPITAL PROJECTS CONSTRUCTED WITH SPECIAL PURPOSE LOCAL OPTION SALES TAX	49-50

COMPLIANCE AND INTERNAL CONTROL SECTION

INDEPENDENT AUDITOR'S REPORT ON STATE OF GEORGIA GRANT CERTIFICATION FORMS	51
GRANT CERTIFICATION FORM	52
GRANT CERTIFICATION FORM	53
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	54-55
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	56
SCHEDULE OF PRIOR YEAR FINDINGS	57

DADE COUNTY, GEORGIA

COUNTY OFFICIALS

JUNE 30, 2012

Ted Rumley	Chairperson / County Executive
Scottie 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 AUDITOR'S 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, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. 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 \$309,161 and total net assets of \$289,337 as of June 30, 2012, and total revenues of \$475,043 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, 2012, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and the E-911 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 January 21, 2013, 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 47 and 48 are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 pages 49 and 50 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
January 21, 2013

*Henderson Hutcherson
& McCullough, PLLC*

DADE COUNTY, GEORGIA

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2012

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, 2012. 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)

DADE COUNTY, GEORGIA

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2012

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 four 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, the E-911 special revenue fund, and the law library special revenue fund, all of which are considered to be major funds. The County adopts an annual budget for the general fund and E-911 special revenue fund. A project length budget is adopted for the capital projects fund. 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 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 \$14,981,758 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)

DADE COUNTY, GEORGIA

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2012

	Governmental Activities	
	June 30, 2012	June 30, 2011
Current and other assets	\$ 5,827,818	\$ 7,737,269
Capital assets	<u>16,629,190</u>	<u>15,440,309</u>
 Total assets	<u><u>\$ 22,457,008</u></u>	<u><u>\$23,177,578</u></u>
 Liabilities		
Other	\$ 339,026	\$ 1,862,297
Long-term	<u>7,226,224</u>	<u>6,760,463</u>
 Total liabilities	<u>7,565,250</u>	<u>8,622,760</u>
 Net assets		
Invested in capital assets, net of related debt	9,517,645	9,373,398
Restricted	1,645,264	1,951,459
Unrestricted	<u>3,818,849</u>	<u>3,229,961</u>
 Total net assets	<u>14,981,758</u>	<u>14,554,818</u>
 Total liabilities and net assets	<u><u>\$ 22,547,008</u></u>	<u><u>\$23,177,578</u></u>

Changes in net assets. For the year ending June 30, 2012, net assets of the County increased 2.05% or \$301,495.

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

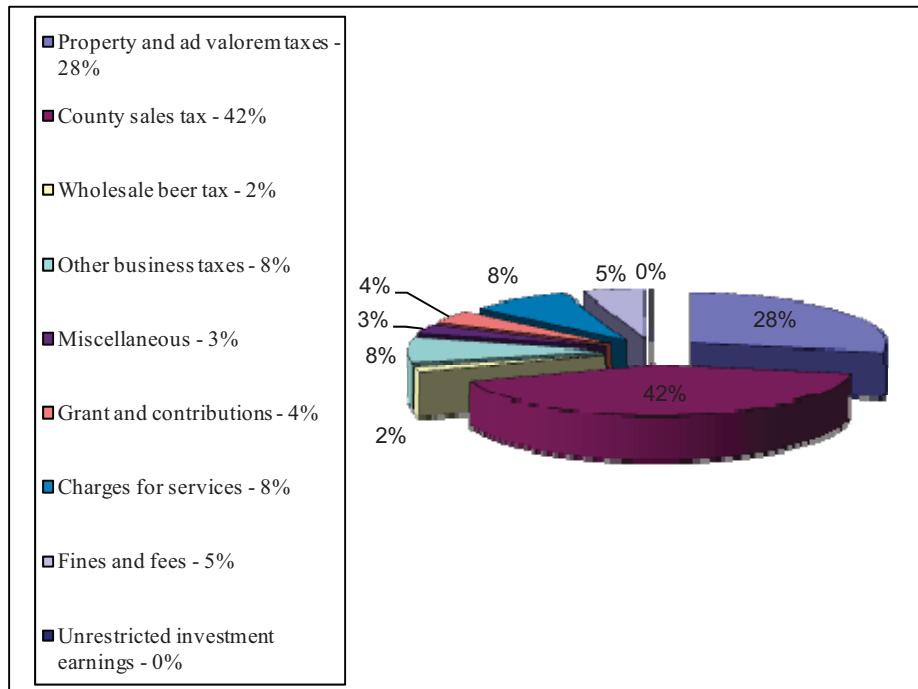
DADE COUNTY, GEORGIA

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

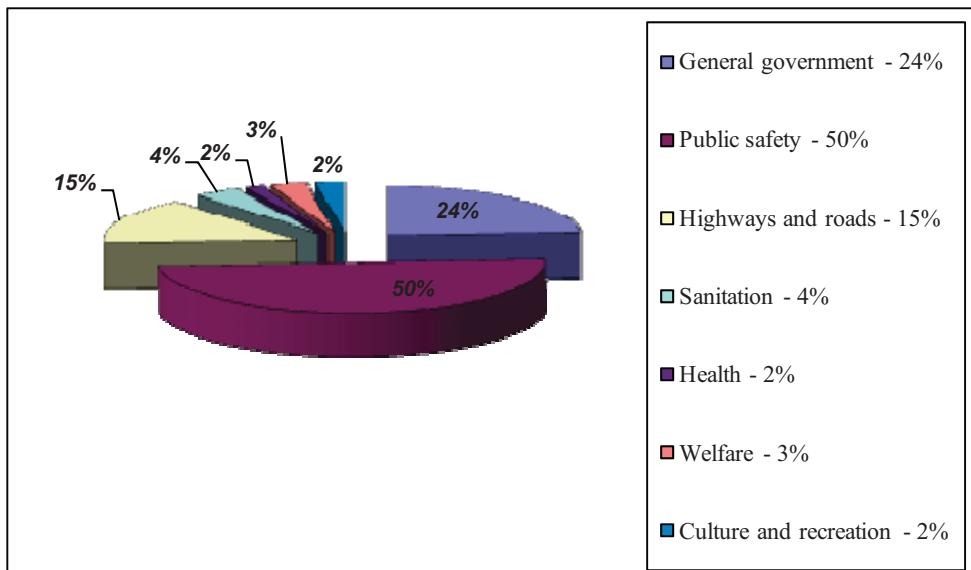
YEAR ENDED JUNE 30, 2012

The graphs below summarize the sources of the County's revenues of \$10,927,945 and total program expenses of \$10,626,450.

Total Revenues by Source



Total Expenditures by Function



DADE COUNTY, GEORGIA

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2012

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

	Governmental Activities	
	Year Ended June 30, 2012	Year Ended June 30, 2011
REVENUES		
Program revenues		
Charges for services	\$ 917,394	\$ 637,696
Grants	461,322	2,158,004
Fines and fees	549,280	623,551
General revenues		
Property and ad valorem taxes	3,042,833	3,466,379
County sales tax	4,587,161	4,243,044
Wholesale beer tax	171,693	166,844
Other business taxes	854,209	886,390
Miscellaneous	336,504	186,888
Investment income	<u>7,549</u>	<u>13,616</u>
Total revenue	<u>10,927,945</u>	<u>12,382,412</u>
EXPENSES		
General government	2,216,179	2,622,657
Public safety	5,327,129	5,337,013
Highways and roads	1,607,703	2,405,848
Sanitation	403,814	355,912
Health	168,168	176,835
Welfare	318,164	302,847
Culture and recreation	253,740	261,167
Interest on long-term debt	<u>331,553</u>	<u>298,137</u>
Total expenses	<u>10,626,450</u>	<u>11,760,416</u>
Increase (decrease) in net assets	301,495	621,996
Net assets – beginning of period, <i>restated</i>	<u>14,680,263</u>	<u>13,932,822</u>
Net assets – end of period	<u>\$ 14,981,758</u>	<u>\$ 14,554,818</u>

Beginning net assets were restated due to the omission of prepaid insurance, the amount of \$117,984. Additionally, the County's law library fund was reclassified as a special revenue fund, reporting a beginning net asset balance of \$7,461. Together, the adjustment to beginning net assets totaled \$125,445.

DADE COUNTY, GEORGIA

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2012

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds. Governmental funds focus on providing information on the near-term flow of resources. As the County completed the year, its governmental funds reported a fund balance of \$2,074,346. 15.6% 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 \$591,471 is the current fund balance held in the general fund. The decrease in general fund balance of \$154,172 was a 20.68% decrease from the beginning of the fiscal period.

E-911 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 the same as in the prior year.

Law library special revenue fund. This fund separately accounts for all the revenues and costs incurred by the County's law library operation. The increase in fund balance of \$448 was a 6.00% increase from the beginning of the fiscal period.

Capital projects fund. This fund separately accounts for all of the revenues and costs incurred by the County construction or purchase of assets with the Special Purpose Local Option Sales Tax (SPLOST) funds. The current fund balance of \$1,474,966 is a decrease from the beginning of the period of \$326,071 or 18.10%. 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 to changes in operations. The increase totaled \$1,254,425 in appropriations.

DADE COUNTY, GEORGIA

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the fiscal year, the County had \$16,629,190, 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	11,858,023	370,522	-	12,228,545
Parks and playgrounds	863,361	-	-	863,361
Machinery and equipment	8,428,019	1,310,580	-	9,738,599
Infrastructure	4,247,064	154,267	-	4,401,331
Construction in process	<u>38,439</u>	<u>610,462</u>	<u>-</u>	<u>648,901</u>
	26,149,942	2,445,831	-	28,595,773
Accumulated depreciation	<u>10,709,633</u>	<u>1,256,950</u>	<u>-</u>	<u>11,966,583</u>
Total capital assets, net of accumulated depreciation	<u><u>\$15,440,309</u></u>	<u><u>\$1,188,881</u></u>	<u><u>\$ -</u></u>	<u><u>\$16,629,190</u></u>

Major additions for the year are equipment purchases for various departments of \$1,310,580, the larger items being new E-911 hardware/software, an excavator, and new energy efficient equipment for the County's buildings.

As allowed by Governmental Accounting Standards Board (GASB) Statement No. 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, 2012, Dade County, Georgia, had total bonded debt outstanding of \$4,465,000. 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. Sales tax revenues have begun to trend upwards, which indicates economic growth. 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.

DADE COUNTY, GEORGIA

MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)

YEAR ENDED JUNE 30, 2012

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

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, 2012

	Governmental Activities	Component Unit
ASSETS		
Cash	\$ 2,022,200	\$ 262,509
Property taxes receivable, net	231,956	-
Due from other governments	3,343,131	38,746
Inventory	13,010	209
Prepaid items	92,145	-
Other assets	34,383	-
Other receivables	180,993	1,774
Non-depreciable capital assets	1,363,937	-
Capital assets, net of accumulated depreciation	<u>15,265,253</u>	<u>5,923</u>
 Total assets	 <u>\$ 22,547,008</u>	 <u>\$ 309,161</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 339,026	\$ 677
Due to other governments	-	6,648
Bonds payable - due in one year	1,060,000	-
Bonds payable - due in more than one year	3,405,000	-
Notes payable - due in one year	1,112,053	-
Notes payable - due in more than one year	1,534,492	-
Premium on bonds payable	7,032	-
Compensated absences payable	<u>107,647</u>	<u>12,499</u>
 Total liabilities	 <u>7,565,250</u>	 <u>19,824</u>
NET ASSETS		
Invested in capital assets, net of related liabilities	9,517,645	5,923
Restricted for:		
Public safety	170,298	-
Capital projects	1,474,966	-
Unrestricted	<u>3,818,849</u>	<u>283,414</u>
 Total net assets	 <u>14,981,758</u>	 <u>289,337</u>
 Total liabilities and net assets	 <u>\$ 22,547,008</u>	 <u>\$ 309,161</u>

DADE COUNTY, GEORGIA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2012

	<u>Program Revenues</u>			
	Charges for Services and Fines Expenses	Operating Grants and Contributions	Capital Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
General government	\$ 2,216,179	\$ 917,394	\$ 161,349	\$ -
Public safety	5,327,129	549,280	5,000	-
Highways and roads	1,607,703	-	292,973	-
Sanitation	403,814	-	-	-
Health	168,168	-	2,000	-
Welfare	318,164	-	-	-
Culture and recreation	253,740	-	-	-
Interest on long-term debt	331,553	-	-	-
 Total primary government	 <u>\$ 10,626,450</u>	 <u>\$ 1,466,674</u>	 <u>\$ 461,322</u>	 <u>\$ -</u>
 Component unit	 <u>\$ 490,401</u>	 <u>\$ 156,168</u>	 <u>\$ 162,111</u>	 <u>\$ -</u>
 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, <i>restated</i>				
 Net assets, end of period				

**Net (Expense) Revenue and
Changes in Net Assets**

**Governmental Component
Activities Unit**

\$ (1,137,436)	
(4,772,849)	
(1,314,730)	
(403,814)	
(166,168)	
(318,164)	
(253,740)	
(331,553)	
	<u>(8,698,454)</u>
	<u>(172,122)</u>
3,042,833	
4,587,161	
171,693	
854,209	
-	152,000
7,549	2,859
<u>336,504</u>	<u>1,905</u>
<u>8,999,949</u>	<u>156,764</u>
<u>301,495</u>	<u>(15,358)</u>
<u>14,680,263</u>	<u>304,695</u>
<u>\$ 14,981,758</u>	<u>\$ 289,337</u>

DADE COUNTY, GEORGIA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

	General	Capital Projects	E-911
ASSETS			
Cash	\$ 925,805	\$ 1,088,486	\$ -
Property taxes receivable, net	231,956	-	-
Due from other governments	339,873	424,835	-
Other receivables	180,993	-	-
Inventory	13,010	-	-
Prepaid items	<u>92,145</u>	-	-
 Total assets	 <u>\$ 1,783,782</u>	 <u>\$ 1,513,321</u>	 <u>\$ -</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	\$ 228,010	\$ 38,355	\$ -
Tax anticipation note payable	750,000	-	-
Deferred property tax revenue	<u>214,301</u>	-	-
 Total liabilities	 <u>1,192,311</u>	 <u>38,355</u>	 <u>-</u>
FUND BALANCES			
Nonspendable			
Inventories and prepaid items	105,155	-	-
Restricted for:			
Public safety	162,389	-	-
Capital projects	- 1,474,966	1,474,966	-
Unassigned	<u>323,927</u>	-	-
 Total fund balances	 <u>591,471</u>	 <u>1,474,966</u>	 <u>-</u>
 Total liabilities and fund balances	 <u>\$ 1,783,782</u>	 <u>\$ 1,513,321</u>	 <u>\$ -</u>

Law Library	Governmental Funds	Total
----------------	-----------------------	-------

\$ 7,909	\$ 2,022,200	
- 231,956		
- 764,708		
- 180,993		
- 13,010		
- 92,145		
<hr/>		
<u>\$ 7,909</u>	<u>\$ 3,297,103</u>	

\$ -	\$ 266,365	
- 750,000		
- 214,301		
<hr/>		
<u>-</u>	<u>1,230,666</u>	

- 105,155		
7,909 170,298		
- 1,474,966		
- 323,927		
<hr/>		
<u>7,909</u>	<u>2,074,346</u>	
<hr/>		
<u>\$ 7,909</u>	<u>\$ 3,297,103</u>	

DADE COUNTY, GEORGIA

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

YEAR ENDED JUNE 30, 2012

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

Fund balance	\$ 2,074,346
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds	214,301
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	\$ 4,465,000
Add: premiums	7,032
Subtract: bond costs	(34,383)
Notes payable	1,896,545
Compensated absences	<u>107,647</u>
Accrued interest payable	<u>6,441,841</u>
	<u>72,661</u>
	(6,514,502)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	<u>16,629,190</u>
Net assets of governmental activities	<u><u>\$ 14,981,758</u></u>

DADE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2012

	General	Capital Projects	E-911
REVENUES			
Taxes	\$ 6,201,087	\$ 2,548,398	\$ -
Intergovernmental revenues	461,322	-	-
Charges for services	642,429	-	274,965
Fines and forfeitures	542,582	-	-
Miscellaneous	338,687	5,366	-
Total revenues	<u>8,186,107</u>	<u>2,553,764</u>	<u>274,965</u>
EXPENDITURES:			
Current:			
General government	2,049,635	5,108	-
Public safety	3,882,752	1,573	695,683
Highways and streets	1,290,979	102,488	-
Sanitation	362,901	3,896	-
Health	167,696	-	-
Welfare	310,051	-	-
Culture and recreation	172,440	9,390	-
Debt service:			
Principal	34,450	1,261,737	-
Interest	41,115	248,175	-
Capital outlay:			
General government	763,083	10,742	-
Public safety	34,873	1,064,538	3,832
Highways and streets	2,421	488,777	-
Sanitation	9,189	-	-
Welfare	2,249	-	-
Culture and recreation	12,287	53,840	-
Total expenditures	<u>9,136,121</u>	<u>3,250,264</u>	<u>699,515</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(950,014)</u>	<u>(696,500)</u>	<u>(424,550)</u>
Other financing sources (uses)			
Transfers in	483,012	-	424,550
Transfers out	(424,550)	(483,012)	-
Capital lease	737,380	853,441	-
Total other financing services (uses)	<u>795,842</u>	<u>370,429</u>	<u>424,550</u>
Net change in fund balances	(154,172)	(326,071)	-
FUND BALANCE - beginning of period, restated	<u>745,643</u>	<u>1,801,037</u>	<u>-</u>
FUND BALANCE - end of period	<u>\$ 591,471</u>	<u>\$ 1,474,966</u>	<u>\$ -</u>

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

Law Library	Governmental Funds	Total
----------------	-----------------------	-------

\$	-	\$ 8,749,485
	-	461,322
	-	917,394
6,698		549,280
	-	344,053
<u>6,698</u>		<u>11,021,534</u>

	-	2,054,743
6,250		4,586,258
	-	1,393,467
	-	366,797
	-	167,696
	-	310,051
	-	181,830
	-	1,296,187
	-	289,290

	-	773,825
6,250		1,103,243
	-	491,198
	-	9,189
	-	2,249
	-	66,127
<u>6,250</u>		<u>13,085,901</u>

<u>448</u>		<u>(2,070,616)</u>
------------	--	--------------------

	-	907,562
	-	(907,562)
	<u>-</u>	<u>1,590,821</u>
	<u>-</u>	<u>1,590,821</u>

448		(479,795)
-----	--	-----------

<u>7,461</u>		<u>2,554,141</u>
<u>\$ 7,909</u>		<u>\$ 2,074,346</u>

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, 2012

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

Net change in fund balances – total governmental funds	\$ (479,795)
Capital outlay, reported as expenditures in governmental funds, are shown as capital assets in the statement of net assets, net of reclassifications and retirements	2,445,831
Depreciation expense on governmental capital assets are included in the governmental activities in the statement of activities	(1,256,950)
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	22,895
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(93,589)
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	(1,590,821)
Principal paid on debt	1,296,187
Amortization of bond premium and costs	(23,248)
Accrued interest	<u>(19,015)</u>
	<u>(336,897)</u>
Change in net assets of governmental activities	<u>\$ 301,495</u>

DADE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCE - BUDGET AND ACTUAL - GAAP BASIS - GENERAL FUND

YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Variance with	
	Original	Final	Actual	Final
				Budget
Revenues				
Taxes –				
Financial institution tax	\$ 18,000	\$ 18,000	\$ 14,168	\$ (3,832)
Franchise tax	24,000	36,000	32,714	(3,286)
Insurance premium tax	620,000	620,000	599,459	(20,541)
Intangible tax	42,000	42,000	40,163	(1,837)
Malt beverage/wine tax	154,000	162,000	171,693	9,693
Motor vehicle tags	60,000	60,000	64,320	4,320
Property taxes	3,133,000	3,176,000	3,039,388	(136,612)
Real estate transfer tax	7,000	7,000	13,896	6,896
State railroad tax	7,200	8,000	7,122	(878)
State sales tax	1,800,000	1,800,000	2,038,763	238,763
State of Georgia, TVA in lieu of tax	<u>142,000</u>	<u>160,000</u>	<u>179,401</u>	<u>19,401</u>
Total taxes	<u>6,007,200</u>	<u>6,089,000</u>	<u>6,201,087</u>	<u>112,087</u>
Intergovernmental revenues –				
Department of Transportation				
grants	86,000	86,000	84,715	(1,285)
FEMA grant	-	427,800	203,258	(224,542)
Other grants	<u>100,740</u>	<u>125,770</u>	<u>173,349</u>	<u>47,579</u>
Total intergovernmental revenues	<u>186,740</u>	<u>639,570</u>	<u>461,322</u>	<u>(178,248)</u>
Charges for services –				
Electrical inspections	6,960	6,960	6,423	(537)
Inmate housing	95,000	95,000	81,214	(13,786)
Recycling sales	36,000	36,000	45,966	9,966
Transfer station fees	130,000	130,000	165,726	35,726
Public works fees	5,000	5,000	9,230	4,230
Recreation activity fees	1,800	1,800	70	(1,730)
Utilities/fuel reimbursements	55,680	66,350	60,832	(5,518)
Boards of Education/Health fees	16,000	16,000	16,755	755
State road maintenance fees	-	164,857	164,857	-
Water and sewer services	-	59,918	45,742	(14,176)
City of Trenton fees	7,800	111,450	4,767	(106,683)
Miscellaneous fees	<u>25,616</u>	<u>25,696</u>	<u>40,847</u>	<u>15,151</u>
Total charges for services	<u>379,856</u>	<u>719,031</u>	<u>642,429</u>	<u>(76,602)</u>

DADE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCE - BUDGET AND ACTUAL - GAAP BASIS - GENERAL FUND

YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Variance with	
	Original	Final	Actual Amounts	Final Budget
Fines and forfeitures –				
Superior Court	\$ 258,000	\$ 258,000	\$ 202,351	\$ (55,649)
Probate Court	169,480	175,000	177,503	2,503
Magistrate Court	30,000	30,000	34,884	4,884
Juvenile Court	1,660	1,530	3,690	2,160
Fines for jail staffing, operations	20,684	25,784	65,332	39,548
Drug awareness	-	-	42,405	42,405
Victim's assistance	-	-	16,417	16,417
 Total fines and forfeitures	 479,824	 490,314	 542,582	 52,268
 Miscellaneous revenues –				
Interest	1,800	1,840	2,183	343
Miscellaneous	14,620	65,000	64,986	(14)
Rents	136,940	143,590	143,522	(68)
Damaged property reimbursement	11,200	120,000	119,996	(4)
Sale of surplus equipment	3,600	98,000	8,000	(90,000)
 Total miscellaneous revenues	 168,160	 428,430	 338,687	 (89,743)
 Total revenues	 7,221,780	 8,366,345	 8,186,107	 (180,238)
 Expenditures				
General government –				
Administrative	1,267,641	1,454,030	1,453,540	490
Legislative services	13,400	14,400	14,322	78
Tax Commissioner	297,300	297,300	293,383	3,917
Extension	61,900	53,800	51,576	2,224
Soil conservation	41,200	39,100	39,047	53
Registrars	138,000	123,600	96,713	26,887
Tax Assessor	261,500	260,200	260,182	18
Building maintenance	471,500	440,700	337,027	103,673
Planning and development	61,700	59,600	59,588	12
Courts and administration	72,900	75,400	75,318	82
Maintenance shop	139,400	132,100	132,022	78
 Total general government	 2,826,441	 2,950,230	 2,812,718	 137,512

DADE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCE - BUDGET AND ACTUAL - GAAP BASIS - GENERAL FUND

YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Variance with	
	Original	Final	Actual Amounts	Final Budget
Highways and streets	\$ 582,500	\$ 1,599,794	\$ 1,293,400	\$ 306,394
Sanitation	348,700	373,700	372,090	1,610
Health	180,500	169,500	167,696	1,804
Welfare –				
Welfare	54,800	54,800	54,595	205
Public transportation	207,300	201,000	200,908	92
Economic development	58,000	56,800	56,797	3
Total welfare	<u>320,100</u>	<u>312,600</u>	<u>312,300</u>	<u>300</u>
Public safety –				
Sheriff	1,376,400	1,336,700	1,403,817	(67,117)
Fire	200,600	200,600	183,107	17,493
Jail	1,051,200	1,029,200	1,153,873	(124,673)
Animal control	4,000	4,200	4,047	153
Ambulance	124,800	168,000	167,935	65
Coroner	32,800	31,400	29,810	1,590
District Attorney	82,700	82,700	70,797	11,903
Public Defender	84,000	84,000	80,736	3,264
Superior Court	278,000	259,400	248,570	10,830
Probate Court	271,300	262,300	233,496	28,804
Magistrate Court	127,900	124,900	76,761	48,139
Juvenile Court	76,700	122,700	121,712	988
Community watch	3,600	3,600	3,206	394
Department of Juvenile Justice	-	11,900	2,784	9,116
Emergency management	<u>26,600</u>	<u>137,031</u>	<u>136,974</u>	<u>57</u>
Total public safety	<u>3,740,600</u>	<u>3,858,631</u>	<u>3,917,625</u>	<u>(58,994)</u>
Culture and recreation –				
Library	69,500	64,800	64,800	-
Senior center	15,800	19,800	19,678	122
Recreation	<u>115,200</u>	<u>105,000</u>	<u>100,249</u>	<u>4,751</u>
Total culture and recreation	<u>200,500</u>	<u>189,600</u>	<u>184,727</u>	<u>4,873</u>

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

DADE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCE - BUDGET AND ACTUAL - GAAP BASIS - GENERAL FUND

YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Variance with	
	Original	Final	Actual	Final
		Amounts		Budget
Debt service –				
Principal	\$ 12,196	\$ 12,200	\$ 34,450	\$ (22,250)
Interest	<u>6,163</u>	<u>5,870</u>	<u>41,115</u>	<u>(35,245)</u>
Total debt service	<u>18,359</u>	<u>18,070</u>	<u>75,565</u>	<u>(57,495)</u>
Total expenditures	<u>8,217,700</u>	<u>9,472,125</u>	<u>9,136,121</u>	<u>336,004</u>
Excess of revenues over (under) expenditures	<u>(995,920)</u>	<u>(1,105,780)</u>	<u>(950,014)</u>	<u>155,766</u>
Other financing sources (uses)				
Fund balance appropriation	723,920	488,680	-	(488,680)
Transfers in	-	280,000	483,012	203,012
Transfers out	(478,000)	(412,900)	(424,550)	(11,650)
Note proceeds	<u>750,000</u>	<u>750,000</u>	<u>737,380</u>	<u>(12,620)</u>
Total other financing services (uses)	<u>995,920</u>	<u>1,105,780</u>	<u>795,842</u>	<u>(309,938)</u>
Excess of revenues and other sources (under) expenditures and other uses	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>(154,172)</u>	<u>\$ (154,172)</u>
Fund balance - beginning of period, restated			<u>745,643</u>	
Fund balance - end of period			<u>\$ 591,471</u>	

DADE COUNTY, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCE - BUDGET AND ACTUAL - GAAP BASIS - SPECIAL REVENUE FUND

YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Variance with	
	Original	Final	Actual	Final
		Amounts		Budget
Revenues				
Charges for services –				
E-911 access fees	\$ 241,000	\$ 253,500	\$ 274,965	\$ 21,465
Total charges for services	<u>241,000</u>	<u>253,500</u>	<u>274,965</u>	<u>21,465</u>
Total revenues	<u>241,000</u>	<u>253,500</u>	<u>274,965</u>	<u>21,465</u>
Expenditures				
Public safety –				
Communications	719,000	666,400	699,515	(33,115)
Total public safety	<u>719,000</u>	<u>666,400</u>	<u>699,515</u>	<u>(33,115)</u>
Total expenditures	<u>719,000</u>	<u>666,400</u>	<u>699,515</u>	<u>(33,115)</u>
Excess of revenues over (under) expenditures	(478,000)	(412,900)	(424,550)	(11,650)
Other financing sources				
Transfers	478,000	412,900	424,550	11,650
Excess of revenues and other sources over expenditures and other uses	<u>\$ _____ -</u>	<u>\$ _____ -</u>	-	<u>\$ _____ -</u>
Fund balance - beginning of period				_____ -
Fund balance - end of period			<u>\$ _____ -</u>	

DADE COUNTY, GEORGIA

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2012

	Private Purpose Trust Funds	Agency Funds
Assets		
Cash	\$ 110,677	\$ 370,247
Restricted cash	109,661	-
Property taxes receivable	-	<u>719,402</u>
Total assets	<u>\$ 220,338</u>	<u>\$ 1,089,649</u>
Liabilities		
Payables to other governments	\$ -	\$ 759,582
Other payables	<u>110,796</u>	<u>330,067</u>
Total liabilities	<u>110,796</u>	<u>1,089,649</u>
Net Assets		
Held in trust for others	<u>109,542</u>	-
Total liabilities and net assets	<u>\$ 220,338</u>	<u>\$ 1,089,649</u>

DADE COUNTY, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2012

	Private Purpose Trust Funds
Additions	
Sales of commissary goods	\$ 85,585
Interest	<u>1,289</u>
Total additions	<u>86,874</u>
Deductions	
Supplies purchased for jail commissary	<u>74,721</u>
Total deductions	<u>74,721</u>
Change in Net Assets	12,153
Net assets at beginning of period	<u>97,389</u>
Net assets at end of period	<u>\$ 109,542</u>

DADE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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 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 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 No. 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 Statement No. 34 according to its requirements. Additionally, under GASB Statement No. 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 No. 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)

DADE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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)

DADE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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 financial statements of the County have been prepared in accordance with GAAP as applied to governmental units. The GASB is the standard-setting body for governmental accounting and financial reporting. Pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the financial statements of enterprise funds in accordance with an election made by the County under GASB Statement No. 20.

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)

DADE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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 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 Funds. The E-911 fund accounts for the revenues and costs incurred by the County’s Emergency Communications District (E-911). Separate accounting is required due to legal, regulatory, or administrative action. The Law Library 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.

Additionally, the County reports the following fund types:

The private-purpose trust fund is used to account for resources held in trust for the following:

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)

DADE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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 E-911 special revenue fund. All annual appropriations lapse at fiscal year end. Budgeted amounts are as originally adopted, or as amended by the Board.

For the year ended June 30, 2012, expenditures exceeded appropriations in the sheriff and jail departments (the legal level of budgetary control) within the public safety function of the general fund by \$67,117 and \$124,673, respectively.

+

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 and prepaid items. 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).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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 were levied then mailed on October 8, 2011. The taxes were based on January 1, 2011, assessed values and were due December 20, 2011, 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)

DADE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Lien date	June 1
Levy date	November 15
Tax bills mailed	October 8
Payment due dates	October 8 through December 20
Delinquency date	December 21

The County-wide tax rate for the 2011 levy year was \$19.53 per \$1,000 of assessed value which includes the separately assessed County school tax of \$12.92, the County government rate of \$6.36 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, 2012, was \$8,096.

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. General infrastructure assets acquired prior to July 1, 2003, are not reported in the basic financial statements. 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)

DADE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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.

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 Federal Deposit Insurance Corporation (FDIC) or Federal Savings and Loan Insurance Corporation (FSLIC); prime bankers acceptances; repurchase agreements; and the Georgia fund 1.

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

(Continued)

DADE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 2 – CASH DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2012, the carrying amount of the County's deposits was \$2,609,500 and the bank balance was \$2,605,585. 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, 2012, is as follows:

	Balance June 30, 2011	Reclassifications and Additions	Reclassifications and Retirements	Balance June 30, 2012
Governmental activities:				
Non-depreciable assets				
Land	\$ 715,036	\$ -	\$ -	\$ 715,036
Construction-in-process	<u>38,439</u>	<u>610,462</u>	<u>-</u>	<u>648,901</u>
Total non-depreciable assets	<u>753,475</u>	<u>610,462</u>	<u>-</u>	<u>1,363,937</u>
Depreciable assets				
Buildings and improvements	11,858,023	370,522	-	12,228,545
Machinery and equipment	8,428,019	1,310,580	-	9,738,599
Roads, bridges and other infrastructure	4,247,064	154,267	-	4,401,331
Parks and playgrounds	<u>863,361</u>	<u>-</u>	<u>-</u>	<u>863,361</u>
Total depreciable assets	<u>25,396,467</u>	<u>1,835,369</u>	<u>-</u>	<u>27,231,836</u>
Less: accumulated depreciation for:				
Buildings and improvements	3,154,479	306,515	-	3,460,994
Machinery and equipment	6,094,468	774,936	-	6,869,404
Roads, bridges and infrastructure	715,632	137,925	-	853,557
Parks and playgrounds	<u>745,054</u>	<u>37,574</u>	<u>-</u>	<u>782,628</u>
Total accumulated depreciation	<u>10,709,633</u>	<u>1,256,950</u>	<u>-</u>	<u>11,966,583</u>
Total depreciable assets	<u>14,686,834</u>	<u>578,419</u>	<u>-</u>	<u>15,265,253</u>
Capital assets, net	<u>\$ 15,440,309</u>	<u>\$ 1,188,881</u>	<u>\$ -</u>	<u>\$ 16,629,190</u>

DADE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 3 – PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expense is charged to functions as follows:

Primary Government - Governmental Activities:

General government	\$ 178,620
Public safety	740,870
Highways and streets	210,342
Sanitation	40,913
Health	472
Welfare	7,464
Culture and recreation	<u>78,269</u>
	<u>\$ 1,256,950</u>

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 457(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, 2012, were \$37,857.

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)

DADE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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
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	<u>1,170,000</u>	<u>29,250</u>	<u>1,199,250</u>
	<u><u>\$4,465,000</u></u>	<u><u>\$ 434,981</u></u>	<u><u>\$4,899,981</u></u>

Interest expense for year ended June 30, 2012, charged to governmental activities expense, for bond interest only, was \$218,046.

Note payable

On March 9, 2012, the County obtained a tax anticipation note (TAN) 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, 2012, the County has drawn \$750,000. The TAN is due and payable on December 31, 2012.

The following is a summary of short-term debt transactions for Dade County for the year ended June 30, 2012:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012
Tax anticipation note	\$ 550,000	\$ 900,000	\$ 700,000	\$ 750,000

Capital Lease Payable

On November 4, 2009, the County entered into a capital lease agreement with Baystone Financial Group (Kansas State Bank) to purchase fire equipment. The County is obligated under the agreement to repay the lease in installments consisting of principal repayments and interest payable annually for a 5 year term in certain amounts and on certain dates as specified in the agreement. The equipment may be purchased at the end of the lease term for one dollar. The economic substance of the lease is that the County is financing the equipment through the lease in the amount of \$647,179 at an interest rate of 4.89%.

On January 7, 2011, the County entered into a capital lease agreement with Chevron Energy Solutions to purchase energy efficient/energy consumption savings equipment. The County is obligated under the agreement to repay the lease in installments consisting of principal repayments and interest payable annually for a 15 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 \$737,380 at an interest rate of 4.00%.

(Continued)

DADE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

On February 28, 2011, the County entered into a capital lease agreement with Regions Equipment Finance 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 July 25, 2011, the County entered into a capital lease agreement with Bancorp South Finance to purchase an excavator. 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 \$292,380 at an interest rate of 3.19%.

On January 15, 2012, the County entered into a capital lease agreement with Pinnacle Public Finance to purchase E-911 hardware and software. 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 \$561,061 at an interest rate of 3.80%.

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

2013	\$ 435,583
2014	437,583
2015	237,276
2016	239,276
2017	241,276
2018-2022	348,310
2023-2026	<u>323,048</u>
	2,262,352
Less imputed interest	<u>365,807</u>
Present value of minimum future lease payments	<u>\$1,896,545</u>

(Continued)

DADE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

Changes in long-term liabilities. During the year ended June 30, 2012, the following changes occurred in long-term liabilities:

Primary government

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
General obligation bonds	\$5,495,000	\$ -	\$1,005,000	\$4,465,000	\$1,060,000
Capital lease	571,911	1,590,821	266,187	1,896,545	362,053
Note payable	550,000	900,000	700,000	750,000	750,000
Compensated absences	<u>130,542</u>	<u>107,647</u>	<u>130,542</u>	<u>107,647</u>	<u>107,647</u>
	<u>\$6,747,453</u>	<u>\$1,353,858</u>	<u>\$2,101,729</u>	<u>\$7,219,192</u>	<u>\$2,279,700</u>

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 \$162,389 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, 2012, totals \$28,242.

Restricted 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, 2012, totals \$3,450.

(Continued)

DADE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 6 – FUND BALANCE (Continued)

Restricted 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, 2012, totals \$107,173.

Restricted 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, 2012, totals \$20,276.

Restricted Sheriff and Victim Assistance. The restriction was established for portion of fines which are required to be used for the Sheriff's Department in establishing and operating a victim's assistance program. The amount restricted at June 30, 2012, totals \$3,248.

Law Library Fund. Fund balance totals \$7,909 which is restricted for the operation of the County's law library activity.

Capital Projects Fund. Fund balance totals \$1,474,966 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.

DADE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 8 – RISK MANAGEMENT

Dade County, Georgia, 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)

DADE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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 (ACCG-GSIWCF). 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)

DADE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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.

(Continued)

DADE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

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.

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 Northwest Georgia Regional Commission (RDC) and is required to pay annual dues thereto. During its year ended June 30, 2012, the County paid \$14,322 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.

DADE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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, 2012, are as follows:

2013	\$ 131,940
2014	131,940
2015	131,940
2016	131,940
Total	<u>\$ 527,760</u>

Rental revenue received for the year ended June 30, 2012, 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	Transfers out	
<u>Primary Government</u>	<u>Primary Government</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 483,012
Special Revenue Fund	General Fund	424,550

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, 2012, the County had no outstanding interfund balances.

DADE COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 14 – PRIOR PERIOD ADJUSTMENT

At June 30, 2011, the County's prepaid liability insurance was recorded in error. A correction of \$117,984 was recorded to increase the prepaid asset account. The effect of the adjustment is as follows:

	General Fund Fund Balance	Governmental-wide Net Assets
Beginning balance, as previously reported	\$ 627,659	\$14,562,279
Prior period adjustment:		
Increase in fund balance/net assets	117,984	117,984
Restated beginning balance	<u>\$ 745,643</u>	<u>\$14,680,263</u>

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
2012	Unincorporated	\$.25	\$ 6.36	\$12.92	\$19.53
	Incorporated	.25	8.21	12.92	21.38
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

DADE COUNTY, GEORGIA

SCHEDULE OF OUTSTANDING BONDS (UNAUDITED)

GENERAL LONG-TERM DEBT

JUNE 30, 2012

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
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	<u>1,170,000</u>	<u>29,250</u>	<u>1,199,250</u>
		<u>\$4,456,000</u>	<u>\$ 434,981</u>	<u>\$4,899,981</u>

DADE COUNTY, GEORGIA

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

YEAR ENDED JUNE 30, 2012

2003 Referendum

Project	Original Estimated Costs	Revised Estimated Costs	Prior Year Expenditures	Current Period Expenditures
Sheriff-vehicles/equipment	\$ 360,000	\$ 360,000	\$ 360,000	\$ -
E-911 equipment	150,000	241,823	241,823	-
City of Trenton	2,000,000	1,970,895	1,970,895	-
Courtroom renovation	250,000	106,955	46,955	-
Justice building	2,000,000	2,114,679	2,078,679	97,013
Library - facility renovation	540,000	63,018	13,019	50,000
Recreation - facilities/fields	1,100,000	1,230,908	1,230,908	-
Sanitation	150,000	145,459	145,459	-
Vehicle maintenance	300,000	101,614	101,614	-
County sewer	1,000,000	1,014,564	1,014,564	-
County roads, streets and bridges	3,050,000	2,795,122	2,795,122	-
Public works	500,000	501,414	501,414	-
Fire equipment	875,000	812,359	812,305	-
	<u>\$ 12,275,000</u>	<u>\$ 11,458,810</u>	<u>\$ 11,312,757</u>	<u>\$ 147,013</u>

2008 Referendum

Project	Original Estimated Costs	Revised Estimated Costs	Prior Year Expenditures	Current Period Expenditures
County	\$ 14,950,000	\$ 14,950,000		
New court facility			\$ 2,821,347	\$ -
Fire equipment			937,030	4,840
Emergency services			240,711	799,072
Parks and recreation			68,867	3,840
County projects - other			41,578	157,095
Roads and bridges			240,526	634,954
Fire truck			298,055	-
Public works			55,498	407,223
Sheriff's department			152,331	53,279
Parking lot			579,272	7,669
Library			5,183	8,379
City of Trenton	2,060,000	2,060,000		-
Industrial Development Authority	990,000	990,000		
	<u>\$ 18,000,000</u>	<u>\$ 18,000,000</u>	<u>5,440,398</u>	<u>2,076,351</u>
Reconciling Items				
Debt Service				
Principal			1,229,689	1,261,737
Interest			433,921	248,175
Total Expenditures Per Financial Statement				
Including Transfers Out			<u>\$ 7,104,008</u>	<u>\$ 3,733,276</u>

Total Expenditures	Completion Percentage
\$ 360,000	100%
241,823	100%
1,970,895	100%
46,955	44%
2,175,692	103%
63,019	100%
1,230,908	100%
145,459	100%
101,614	100%
1,014,564	100%
 2,795,122	 100%
501,414	100%
812,305	100%
<u>\$ 11,459,770</u>	

Total Expenditures	Completion Percentage
	50%
\$ 2,821,347	
941,870	
1,039,783	
72,707	
198,673	
875,480	
298,055	
462,721	
205,610	
586,941	
13,562	
 -	 -
 <u>7,516,749</u>	 <u>-</u>
 2,491,426	 2,491,426
<u>682,096</u>	<u>682,096</u>
 <u>\$ 10,690,271</u>	 <u>2,491,426</u>



**HENDERSON HUTCHERSON
& MCCULLOUGH, PLLC**

Certified Public Accountants

**INDEPENDENT AUDITOR'S 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, 2012, 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, 2012, 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
January 21, 2013

*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 2011
D	Grant Title	Transportation Grant
E	Grant Award Date	July 1, 2010
F	Grant Amount	\$17,297.00

	<u>COLUMN 1</u> Current Year Activity	<u>COLUMN 2</u> Cumulative Grant Activity
	For the Year Ended: June 30, 2012	Through the Year Ended: June 30, 2012

G	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	\$0.00	
H	Grant Receipts or Revenue Recognized	\$1,485.00	\$17,297.00
I	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	\$1,485.00	\$17,297.00
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: January 21, 2013

Signature of Chief Financial Officer _____ Date: January 21, 2013

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 2012
D	Grant Title	Transportation Grant
E	Grant Award Date	July 1, 2011
F	Grant Amount	\$21,816.00

	<u>COLUMN 1</u> Current Year Activity	<u>COLUMN 2</u> Cumulative Grant Activity
	For the Year Ended: June 30, 2012	Through the Year Ended: June 30, 2012

G	Balance - Prior Year (Cash or Accrued or Deferred Revenue)	\$0.00	
H	Grant Receipts or Revenue Recognized	\$21,390.00	\$21,390.00
I	Grant Disbursements or Expenditures EXCLUDING AUDIT FEES	\$21,390.00	\$21,390.00
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: January 21, 2013

Signature of Chief Financial Officer _____ Date: January 21, 2013



**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, 2012, which collectively comprise Dade County, Georgia's basic financial statements, and have issued our report thereon dated January 21, 2013. We did not audit the financial statements of the Dade County Health Department (a component unit) whose statements reflect total assets of \$309,161 and total net assets of \$289,337 as of June 30, 2012, and total revenues of \$475,043 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 a deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be a significant deficiency in internal control over financial reporting (Reference 12.1). 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
January 21, 2013

*Henderson Hutcherson
& McCullough, PLLC*

DADE COUNTY, GEORGIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2012

12.1 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.

Criteria: General journal entries are often required to post non-cash transactions, non-standard or non-routine 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. All three employees have the capability to post journal entries at his/her discretion.

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 should consider implementing system controls that only allows the responsible individual to enter journal entries.

Management Response: Dade County Board of Commissioners (the "board") resolves to abide the aforementioned finding by accepting our auditor's recommendation to implement a new policy and procedure providing for increased controls over the journal entry process. The board shall vote to authorize this new policy and procedure, and hereby instructs the County finance staff to fully comply with each required tenet as provided. This policy and procedure shall serve to separate duties in order to bring a system of controls that only allows the responsible individual to enter journal entries.

DADE COUNTY, GEORGIA

SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 2012

FINDINGS FROM JUNE 30, 2011

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

Status: Corrected.

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.

Status: Not corrected; see current year finding 12.1.